

Financial Statements of

**LONG POINT REGION  
CONSERVATION AUTHORITY**

Year ended December 31, 2017

# LONG POINT REGION CONSERVATION AUTHORITY

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Year ended December 31, 2017

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of Long Point Region Conservation Authority

We have audited the accompanying financial statements of Long Point Region Conservation Authority (the "Authority"), which comprise the financial position as at December 31, 2017 and the statements of operations, changes in net financial assets and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.



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An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of Long Point Region Conservation Authority as at December 31, 2017, and its results of operations and the changes in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P'.

Chartered Professional Accountants, Licensed Public Accountants

Waterloo, Canada  
February 23, 2018

# LONG POINT REGION CONSERVATION AUTHORITY

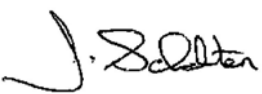
## Statement of Financial Position

December 31, 2017, with comparative information for 2016

	2017	2016
<b>Financial Assets</b>		
Cash (note 3)	\$ 289,033	\$ 388,870
Investments (note 4)	7,014,407	6,468,246
Accounts receivable	356,984	181,509
Accrued receivable	12,780	7,118
Other receivables	47,091	61,473
	<u>7,720,295</u>	<u>7,107,216</u>
<b>Financial Liabilities</b>		
Accounts payable and accrued liabilities	226,656	224,626
Deferred revenue (note 6)	944,993	870,783
	<u>1,171,649</u>	<u>1,095,409</u>
Net financial assets	6,548,646	6,011,807
<b>Non-Financial Assets</b>		
Tangible capital assets (note 5)	6,447,871	6,408,638
Net assets	<u>\$ 12,996,517</u>	<u>\$ 12,420,445</u>
<b>Accumulated Surplus</b>		
Accumulated surplus - internally restricted (note 7)	\$ 1,488,916	\$ 954,360
Accumulated surplus - externally restricted (note 8)	5,059,730	5,057,447
Accumulated surplus - tangible capital assets	6,447,871	6,408,638
Total accumulated surplus	<u>\$ 12,996,517</u>	<u>\$ 12,420,445</u>

See accompanying notes to financial statements.

On behalf of the Board:

  
Director

  
Director

# LONG POINT REGION CONSERVATION AUTHORITY

## Statement of Operations

Year ended December 31, 2017, with comparative information for 2016

	Budget 2017	Actual 2017	Actual 2016
	(note 10)		
Revenue:			
Municipal levies:			
General	\$ 1,462,129	\$ 1,462,129	\$ 1,412,680
Special	349,326	349,326	269,000
Government grants:			
Provincial transfer	68,240	68,240	68,240
Corporate/fixed services	94,696	299,393	303,591
Community relations	12,200	14,921	16,097
Watershed management services	217,616	386,292	388,861
Conservation land management - forestry	415,216	475,405	475,201
Backus Heritage conservation area	451,775	544,206	462,257
Conservation land management - conservation parks	902,582	926,881	904,917
Donations	-	50,000	-
Other	245,003	268,338	265,102
Loss on disposal of tangible capital assets	-	(1,805)	-
Total revenue	4,218,783	4,843,326	4,565,946
Expenditures:			
Corporate/fixed services	944,983	1,135,361	1,134,126
Community relations	136,212	183,386	135,608
Watershed management services	733,782	780,710	773,942
Conservation land management - forestry	349,399	393,096	347,662
Backus Heritage conservation area	578,209	617,351	573,334
Conservation land management - conservation parks	710,126	617,866	666,513
Other	550,284	539,484	528,576
Total expenditures	4,002,995	4,267,254	4,159,761
Excess of revenue over expenditures	\$ 215,788	\$ 576,072	\$ 406,185

See accompanying notes to financial statements.

# LONG POINT REGION CONSERVATION AUTHORITY

## Statement of Changes in Net Financial Assets

Year ended December 31, 2017, with comparative information for 2016

	2017	2016
Excess of revenue over expenditures	\$ 576,072	\$ 406,185
Acquisition of tangible capital assets	(178,694)	(199,275)
Loss on disposal of tangible capital assets	1,805	-
Proceeds on disposal of tangible capital assets	4,117	-
Amortization of tangible capital assets	133,539	133,638
Change in net financial assets	539,839	340,548
Net financial assets, beginning of year	6,011,807	5,671,259
Net financial assets, end of year	\$ 6,548,646	\$ 6,011,807

See accompanying notes to financial statements.

# LONG POINT REGION CONSERVATION AUTHORITY

## Statement of Cash Flows

Year ended December 31, 2017, with comparative information for 2016

	2017	2016
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenditures	\$ 576,072	\$ 406,185
Items not involving cash:		
Amortization of tangible capital assets	133,539	133,638
Loss on disposal of tangible capital assets	1,805	-
Changes in non-cash operating working capital:		
Accounts receivable	(175,475)	(62,403)
Accrued receivable	(5,662)	66,058
Other receivables	14,382	(13,522)
Accounts payable and accrued liabilities	2,030	18,609
Deferred revenue	74,210	7,603
	620,901	556,168
Investing activities:		
Acquisition of tangible capital assets	(178,694)	(199,275)
Change in investments	(546,161)	(462,166)
Proceeds on disposal of tangible capital assets	4,117	-
	(720,738)	(661,441)
Decrease in cash	(99,837)	(105,273)
Cash, beginning of year	388,870	494,143
Cash, end of year	\$ 289,033	\$ 388,870

See accompanying notes to financial statements.



# LONG POINT REGION CONSERVATION AUTHORITY

Notes to Financial Statements

Year ended December 31, 2017

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## 1. Purpose of organization:

The Long Point Region Conservation Authority (the Authority) is established under the Conservation Authorities Act of Ontario and works with local communities, and other partners, to achieve the conservation, restoration, development and responsible management of our water, land and natural habitats through programs that balance human, environmental and economic needs.

The objectives of the Authority are as follows:

- (a) To ensure that the Long Point Region watershed lands and waters are properly safeguarded, managed and restored.
- (b) To protect, manage and restore watershed woodlands, wetlands and natural habitats.
- (c) To develop and maintain programs that will protect life and property from natural hazards such as flooding and erosion.
- (d) To provide opportunities for the public to enjoy, learn from and respect the watershed's natural and cultural environments.

## 2. Significant accounting policies:

The financial statements of the Authority are prepared by management in accordance with Canadian generally accepted accounting principles for organizations operating in the local government sector as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by the Authority are as follows:

### (a) Description of fund balances:

Internally restricted funds are those with restrictions imposed by the Board of Directors. Internally restricted funds are as follows:

- (i) The Education Centre Maintenance Fund for the maintenance of the Backus Conservation Education Centre.
- (ii) The OPG Forest Corridor Fund for the long-term monitoring of forest areas.
- (iii) The Memorial Woodlot Fund for the donations to Memorial Woodlot Fund and cost to Memorial Woodlot Fund at Backus.
- (iv) The Lee Brown Waterfowl M.A. Capital Replacement Fund for the capital replacements of Lee Brown Waterfowl M.A.

# LONG POINT REGION CONSERVATION AUTHORITY

Notes to Financial Statements, continued

Year ended December 31, 2017

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## 2. Significant accounting policies (continued):

### (a) Description of fund balances (continued):

- (v) The Capital Levy fund for capital additions, replacements or improvements within the Authority.
- (vi) Externally restricted funds are those with restrictions imposed by the individuals external to the Board of Directors. Externally restricted funds are as follows:
  - revenues and expenditures related to the Backus Heritage Village are recorded in the Backus Heritage Village Trust Fund
  - revenues and expenditures related to the Leighton and Betty Brown scholarships are recorded in the Leighton and Betty Brown Scholarship Fund.

### (b) Revenue recognition:

The Authority follows the accrual method of accounting for contributions where unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Restricted contributions are deferred and recognized as revenue in the year in which the related expenditures are incurred.

### (c) Expenses:

Expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes expenditures in the period in which they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

### (d) Investments:

All of the investments are classified as held-to-maturity investments and are carried at amortized cost using the effective interest rate method. The Board has the intention to hold the investments until maturity.

# LONG POINT REGION CONSERVATION AUTHORITY

Notes to Financial Statements, continued

Year ended December 31, 2017

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## 2. Significant accounting policies (continued):

### (e) Tangible capital assets:

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets, excluding land and landfill sites, are amortized on a straight-line basis over their estimated useful lives as follows:

Asset	Useful Life - Years
Buildings and building improvements	50 years
Land improvements	20 years
Equipment	20 years
Computers	5 years
Vehicles	10 years
Infrastructure	20 - 50 years

Annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and also are recorded as revenue.

### (f) Donations:

The Authority records cash donations as revenue in the year cash is received. Donated materials and services are recorded as revenue and expenditure when the fair market value of the material and services donated is verifiable, only to the extent the Authority has issued a charitable donation receipt for those materials and services.

### (g) Use of estimates:

The preparation of financial statements occasionally requires management to make assumptions that affect reported amounts of certain assets and liabilities at the year-end date and certain revenue and expenditures for the year then ended. Actual amounts may differ from those estimates.

# LONG POINT REGION CONSERVATION AUTHORITY

Notes to Financial Statements, continued

Year ended December 31, 2017

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## 2. Significant accounting policies (continued):

### (h) Contaminated sites:

Contaminated sites are defined as the result of contamination being introduced in air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard.

A liability for remediation of contaminated sites is recognized, net of any expected recoveries, when all of the following criteria are met:

- (a) an environmental standard exists
- (b) contamination exceeds the environmental standard
- (c) the organization is directly responsible or accepts responsibility for the liability
- (d) future economic benefits will be given up, and
- (e) a reasonable estimate of the liability can be made.

## 3. Cash:

The cash balance is comprised of:

	2017	2016
General	\$ 275,805	\$ 380,464
Externally restricted:		
Backus Heritage Village	9,006	7,532
Leighton and Betty Brown Scholarship	4,222	874
	<u>\$ 289,033</u>	<u>\$ 388,870</u>

# LONG POINT REGION CONSERVATION AUTHORITY

Notes to Financial Statements, continued

Year ended December 31, 2017

## 4. Investments:

The Authority holds short-term guaranteed investment certificates, money market funds and cash within investments. The investment balance is comprised of:

	2017	2016
Government and corporate bonds, maturing at various dates between 2018 and 2031, yields varying between 1.2% and 5.96%	\$ 3,615,000	\$ 3,655,000
Guaranteed investment certificates maturing at various dates between 2018 and 2020, yields varying between 0.55% and 3.0%	1,274,081	676,540
Principal protected notes - fixed income note, yields varying between 0% and 7.5%	2,000,000	2,000,000
Money market funds, no specified maturity or yield	9,255	12,175
Cash	49,216	64,658
	6,947,552	6,408,373
Plus: accrued interest	13,886	14,783
Plus: unamortized purchase premium	52,969	45,090
	66,855	59,873
	\$ 7,014,407	\$ 6,468,246

# LONG POINT REGION CONSERVATION AUTHORITY

Notes to Financial Statements, continued

Year ended December 31, 2017

## 5. Tangible capital assets:

	Opening balance	Additions	Disposals	Balance, end of year	Accumulated amortization, beginning, of year	Net book value, beginning of year	Deletions	Amortization	Accumulated amortization, end of year	Net book value, end of year
Land	\$ 3,818,065	\$ -	\$ -	\$ 3,818,065	\$ -	\$ 3,818,065	\$ -	\$ -	\$ -	\$ 3,818,065
Land improvement	12,939	-	-	12,939	2,588	10,351	-	647	3,235	9,704
Building	2,643,672	2,569	-	2,646,241	1,023,848	1,619,824	-	51,754	1,075,602	1,570,639
Equipment	350,153	36,852	18,139	368,866	172,059	178,094	15,215	15,039	171,883	196,983
Computers	216,009	8,129	-	224,138	187,709	28,300	-	10,477	198,186	25,952
Vehicles	421,720	56,044	22,994	454,770	222,609	199,111	19,996	39,573	242,188	212,584
Infrastructure	1,007,270	75,100	-	1,082,370	452,377	554,893	-	16,049	468,426	613,944
	\$ 8,469,828	\$ 178,694	\$ 41,133	\$ 8,607,389	\$ 2,061,190	\$ 6,408,638	\$ 35,211	\$ 133,539	\$ 2,159,520	\$ 6,447,871

# LONG POINT REGION CONSERVATION AUTHORITY

Notes to Financial Statements, continued

Year ended December 31, 2017

## 6. Deferred revenue:

The Authority receives certain amounts principally from other public sector bodies, the proceeds of which may only be used in the conduct of certain programs or completion of specific work. Further, certain user charges and fees are collected, for which the related services have yet to be performed. These amounts are recognized as revenue when the related expenditures are incurred or services performed.

Deferred revenue balance is comprised of:

	2017	2016
Balance, beginning of year	\$ 870,783	\$ 863,180
Externally restricted contributions	231,943	102,298
Interest earned, restricted	(51,380)	59,166
Contributions used in operations	(106,353)	(153,861)
<b>Balance, end of year</b>	<b>\$ 944,993</b>	<b>\$ 870,783</b>

## 7. Internally restricted funds:

Internally restricted funds are comprised of the following:

	Balance, beginning of year	Transfer from operations	Transfer to operations	Balance, end of year
Education Centre				
Maintenance	\$ 100,000	\$ -	\$ -	\$ 100,000
OPG Forest Corridor	45,328	-	-	45,328
Memorial Woodlot	8,348	1,355	-	9,703
Lee Brown Waterfowl M.A.				
Capital Replacement	26,078	5,179	24,712	6,545
Capital Levy	327,854	347,986	167,235	508,605
Unrestricted Reserve	446,752	532,724	160,741	818,735
	<b>\$ 954,360</b>	<b>\$ 887,244</b>	<b>\$ 352,688</b>	<b>\$ 1,488,916</b>

# LONG POINT REGION CONSERVATION AUTHORITY

Notes to Financial Statements, continued

Year ended December 31, 2017

## 8. Externally restricted funds:

Externally restricted funds are comprised of the following:

	Balance, beginning of year	Excess revenue over expenditures	Transfer to internally restricted	Balance, end of year
Backus Heritage Village Leighton and Betty Brown Scholarship	\$ 69,532	\$ 1,475	\$ 2,500	\$ 68,507
Backus Woods	115,415	3,308	-	118,723
	4,872,500	-	-	4,872,500
	\$ 5,057,447	\$ 4,783	\$ 2,500	\$ 5,059,730

## 9. Pension agreements:

The Authority makes contributions to the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer plan, on behalf of full-time members of staff and eligible part-time staff. The plan is a defined benefit pension plan, which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. In 2017, the Authority's contribution to OMERS was \$133,478 (2016 - \$135,975).

The latest available report for the OMERS plan was December 31, 2016. At that time the plan reported a \$5.7 billion actuarial deficit (2015 - \$7.0 billion deficit), based on actuarial liabilities of \$87.0 billion (2015 - \$81.9 billion) and actuarial assets of \$81.2 billion (2015 - \$74.9 billion). Ongoing adequacy of the current contribution rates will need to be monitored and may lead to increased future funding requirements.

## 10. Budget figures - 2017

The planned results and planned amounts (budget information) have been derived from the budget approved by the Board on January 18, 2017.



# LONG POINT REGION CONSERVATION AUTHORITY

Notes to Financial Statements, continued

Year ended December 31, 2017

## 12. Segmented information:

	Corporate/ fixed services	Community relations	Watershed management services	Conservation land management/ forestry	Backus Heritage conservation area	Conservation land management/ conservation parks	Other	2017 Total
Revenue:								
Levies	\$ 556,286	\$ 124,012	\$ 474,368	\$ -	\$ 92,977	\$ -	\$ 563,812	\$ 1,811,455
Grants	-	-	68,240	-	-	-	-	68,240
Fees	299,393	14,921	386,292	-	544,206	926,881	268,338	2,440,031
Forestry	-	-	-	475,405	-	-	-	475,405
Donations	50,000	-	-	-	-	-	-	50,000
Loss on disposal of tangible capital assets	(1,805)	-	-	-	-	-	-	(1,805)
Total revenue	903,874	138,933	928,900	475,405	637,183	926,881	832,150	4,843,326
Expenditures:								
Salaries and wages	577,549	159,784	557,123	187,173	385,392	369,035	297,095	2,533,151
Administration	177,774	4,684	3,820	1,366	56,395	46,531	14,094	304,664
Professional fees and other services	104,228	8,838	171,430	102,882	68,520	89,003	28,547	573,448
Amortization	17,126	-	11,712	-	33,457	14,458	56,786	133,539
Repairs and maintenance	8,190	-	-	-	11,841	22,018	32,507	74,556
Motor pool	11,297	1,769	17,804	14,147	15,018	29,752	80,969	170,756
Other	239,197	8,311	18,821	87,528	46,728	47,069	29,486	477,140
Total expenditures	1,135,361	183,386	780,710	393,096	617,351	617,866	539,484	4,267,254
Excess (deficiency) of revenue over expenditures	\$ (231,487)	\$ (44,453)	\$ 148,190	\$ 82,309	\$ 19,832	\$ 309,015	\$ 292,666	\$ 576,072

# LONG POINT REGION CONSERVATION AUTHORITY

Notes to Financial Statements, continued

Year ended December 31, 2017

## 12. Segmented information (continued):

	Corporate/ fixed services	Community relations	Watershed management services	Conservation land management/ forestry	Backus Heritage conservation area	Conservation land management/ conservation parks	Other	2016 Total
Revenue:								
Levies	\$ 545,435	\$ 117,296	\$ 436,367	\$ -	\$ 90,459	\$ -	\$ 492,123	\$ 1,681,680
Grants	-	-	68,240	-	-	-	-	68,240
Fees	303,591	16,097	388,861	-	462,257	904,917	265,102	2,340,825
Forestry	-	-	-	475,201	-	-	-	475,201
Donations	-	-	-	-	-	-	-	-
Gain (loss) on disposal of tangible capital assets	-	-	-	-	-	-	-	-
<b>Total revenue</b>	<b>849,026</b>	<b>133,393</b>	<b>893,468</b>	<b>475,201</b>	<b>552,716</b>	<b>904,917</b>	<b>757,225</b>	<b>4,565,946</b>
Expenditures:								
Salaries and wages	552,114	98,900	546,494	188,090	390,006	359,042	291,532	2,426,178
Administration	170,134	11,213	5,068	927	61,048	69,269	15,409	333,068
Professional fees and other services	101,741	9,584	171,194	77,630	29,420	118,390	26,329	534,288
Amortization	15,984	-	22,057	-	33,172	13,407	49,018	133,638
Repairs and maintenance	8,271	-	477	-	13,418	30,703	49,527	102,396
Motor pool	18,646	6,994	19,444	16,509	14,916	23,873	74,081	174,463
Other	267,236	8,917	9,208	64,505	31,354	51,829	22,681	455,730
<b>Total expenditures</b>	<b>1,134,126</b>	<b>135,608</b>	<b>773,942</b>	<b>347,661</b>	<b>573,334</b>	<b>666,513</b>	<b>528,577</b>	<b>4,159,761</b>
Excess (deficiency) of revenue over expenditures	\$ (285,100)	\$ (2,215)	\$ 119,526	\$ 127,540	\$ (20,618)	\$ 238,404	\$ 228,648	\$ 406,185