

Essex Region Conservation Authority

**Financial Statements
December 31, 2018**

INDEPENDENT AUDITOR'S REPORT

To the Directors of Essex Region Conservation Authority

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Essex Region Conservation Authority, which comprise:

- the statement of financial position as at December 31, 2018
- the statement of operations for the year then ended
- the statement of cash flow for the year then ended
- the statement of net surplus for the year then ended
- and notes to the financial statements including summary of accounting policies.

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects the financial position of Essex Region Conservation Authority as at December 31, 2018, and the results of its financial activities and cash flow for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of Essex Region Conservation Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the Annual Report, but does not include the financial statement and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing Essex Region Conservation Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate Essex Region Conservation Authority or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Essex Region Conservation Authority's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Essex Region Conservation Authority's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Essex Region Conservation Authority's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Essex Region Conservation Authority to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within Essex Region Conservation Authority to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of Essex Region Conservation Authority's audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**HICKS, MacPHERSON, IATONNA
& DRIEDGER LLP**

*Hicks, MacPherson, Iatonna
& Driedger LLP*

Chartered Professional Accountants
Licensed Public Accountants

Leamington, Ontario
June 20, 2019

**Essex Region Conservation Authority
Statement of Financial Position
December 31**

	2018	2017
Financial Assets		
Cash and cash equivalents (Note 1(i))	\$ 2,694,074	\$ 1,987,859
Accounts receivable (Note 4)	1,286,759	1,827,925
	<u>3,980,832</u>	<u>3,815,784</u>
Financial Liabilities		
Accounts payable and accrued liabilities (Note 4)	777,909	1,234,787
Deferred revenues	1,853,466	1,252,030
	<u>2,631,375</u>	<u>2,486,818</u>
Net Surplus	1,349,457	1,328,966
Non-Financial Assets		
Tangible capital assets (Notes 1(c) and 2)	20,208,619	19,402,421
Prepaid expenses and inventory	60,493	56,636
	<u>20,269,112</u>	<u>19,459,057</u>
Accumulated surplus	\$ 21,618,569	\$ 20,788,023
Accumulated surplus consists of:		
Operating surplus	\$ 116,063	\$ 133,746
Reserves (Note 1 (d) and Schedule 5)	1,293,887	1,251,856
Equity in tangible capital assets	20,208,619	19,402,421
	<u>\$ 21,618,569</u>	<u>\$ 20,788,023</u>

The accompanying notes and schedules are an integral part of these financial statements.

On behalf of the Board:

_____ Chair

_____ Secretary-Treasurer

**Essex Region Conservation Authority
Statement of Operations
for the years ended December 31**

	2018 Budget (note 7)	2018 Actual	2017 Actual
Revenues			
Government grants & transfer payments:			
Provincial - Section 39	\$ 202,263	\$ 202,263	\$ 202,263
- Drinking Source Water Protection Program	112,500	92,752	91,835
- MNR (Water & Erosion Control Infrastructure)	30,000	21,500	90,000
- Other	415,500	375,612	616,024
Federal	1,545,500	1,536,139	1,092,550
Municipal			
Levy - General	2,098,752	2,098,752	1,997,733
Levy - Special	1,050,000	1,050,000	1,050,000
Remedial projects, studies and risk management services	936,300	2,686,682	1,002,504
Total government revenues	6,390,815	8,063,700	6,142,909
Self-generated & other revenues			
Fee for service, program fees and admissions	1,163,650	1,361,308	1,320,934
Leases and property rentals	75,300	78,085	71,031
Interdepartmental recoveries	620,000	809,034	716,862
Donations and other grants	-	-	-
General	274,600	302,104	277,356
Essex Region Conservation Foundation	232,000	270,120	558,100
In-kind contributions	20,000	578,259	118,335
Interest and miscellaneous income	15,000	44,782	27,032
Net gain on disposal of assets	-	3,166	251,798
Total other revenues	2,400,550	3,446,857	3,341,447
Change in deferred revenue			
Net transfers from / (to) deferred revenue	439,900	(601,436)	1,424,309
TOTAL REVENUES	\$ 9,231,265	\$ 10,909,121	\$ 10,908,665
Expenses			
Watershed management services (Schedule 1)	2,249,700	4,019,130	2,373,494
Conservation services (Schedule 2)	5,309,600	4,349,329	4,196,109
Communications & outreach (Schedule 3)	459,400	469,182	390,996
Corporate services (Schedule 4)	932,900	934,454	847,714
	8,951,600	9,772,095	7,808,314
Amortization	287,000	306,480	280,788
TOTAL EXPENSES	9,238,600	10,078,575	8,089,102
Net Surplus for the Year	(7,335)	830,546	2,819,564
Accumulated Surplus, Beginning of Year	20,788,023	20,788,023	17,968,460
Accumulated Surplus, End of Year	\$ 20,780,688	\$ 21,618,569	\$ 20,788,023

The accompanying notes and schedules are an integral part of these financial statements.

Essex Region Conservation Authority
Statement of Cash Flow
for the years ended December 31

	2018 Actual	2017 Actual
Cash provided for (used in):		
Operating Activities		
Net surplus for the year	\$ 830,546	\$ 2,819,564
Non cash items:		
Amortization	306,480	280,788
Gain on sale of tangible capital assets	(3,166)	(23,798)
Donations of land (FMV)	(550,000)	(77,100)
Decrease accounts receivable	541,166	11,902
Increase prepaid expenses and inventory	(3,857)	(1,949)
Decrease accounts payable and accruals	(456,878)	(74,037)
Increase (decrease) deferred revenues	601,436	(1,426,109)
	1,265,727	1,509,261
Investing/Capital Activities		
Constructed tangible capital assets - net	(220,893)	(748,633)
Construction in progress of tangible capital assets	(135,208)	(240,761)
Acquisition of land	(92,006)	(1,364,547)
Purchase of tangible capital assets - net	(111,405)	(160,840)
	(559,512)	(2,514,781)
(Decrease) Increase in cash and cash equivalents	706,215	(1,005,520)
Cash and cash equivalents, beginning of year	1,987,859	2,993,379
Cash and cash equivalents, end of year	\$ 2,694,074	\$ 1,987,859

The accompanying notes and schedules are an integral part of these financial statements.

**Essex Region Conservation Authority
Statement of Net Surplus
for the years ended December 31**

	2018 Budget (note 7)	2018 Actual	2017 Actual
Net surplus/(deficit) for the year	\$ (7,335)	\$ 830,546	\$ 2,819,564
Donated land	-	(550,000)	(77,100)
Acquisition of land	-	(92,006)	(1,364,549)
Acquisition and/or construction of tangible capital assets	-	(356,101)	(1,150,234)
Purchase of tangible capital assets	(100,000)	(111,405)	
Gain on sale/disposal/destruction of assets	-	(3,166)	(23,798)
Change in prepaid expenses and supplies inventory	-	(3,857)	(1,949)
Amortization of tangible capital assets	287,000	306,480	280,788
Increase in net surplus	179,665	20,491	482,722
Net surplus , beginning of year	1,328,966	1,328,966	846,244
Net surplus, end of year	\$ 1,508,631	\$ 1,349,457	\$ 1,328,966

The accompanying notes and schedules are an integral part of these financial statements.

Essex Region Conservation Authority
Notes to the Financial Statements
for the year ended December 31

Purpose of Organization

The Essex Region Conservation Authority (the "Authority") is a public sector agency, established under the Conservation Authorities Act of Ontario to further the conservation, restoration, development and management of natural resources, exclusive of gas, oil, coal and minerals for the watersheds within its area of jurisdiction.

The Authority is also a registered charity (107311177RR0001) as recognized by the Canada Revenue Agency.

1. Summary of Accounting Policies

- a) **Management Responsibility** – The financial statements of the Essex Region Conservation Authority are prepared by management in accordance with Canadian public sector accounting standards principles for organizations operating in the local government sector as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. The integrity and objectivity of these statements are also management's responsibility. Management is also responsible for all of the notes and schedules to the financial statements and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements. Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

- b) **Basis of Accounting** – Revenues and expenditures are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

- c) **Tangible Capital Assets** – Tangible capital assets, comprised of capital assets and capital work-in-progress, are recorded at cost less accumulated amortization and are classified according to their functional use. Donated tangible capital assets are reported at fair market value at the time of donation. Leasehold improvements are amortized on a straight-line basis over the lesser of the economic useful life of the improvement or the term of the related property management agreement or lease. Capital works-in-progress are not amortized until the asset is available for productive use. Tangible Capital Assets do not include: assets unrelated to the Authority's core business operations, such as ancillary rental dwellings, specialty assets purchased exclusively for purposes of fulfilling grant obligations, heritage/historical assets held in perpetuity and minority ownership in assets owned by other public sector organizations.

Essex Region Conservation Authority
Notes to the Financial Statements
for the year ended December 31

1. Summary of Accounting Policies (Continued)

c) Tangible Capital Assets (Continued)

Tangible capital assets are amortized on a straight-line basis over their estimated useful lives, as follows:

Land/Site Improvements	15 to 30 years
Buildings	25 to 50 years
Engineered Structures	15 to 30 years
Linear Assets (Sewer and Water)	35 to 60 years
Machinery and Field Equipment	7 to 40 years
Vehicles	7 years
Furniture & Fixtures	20 years
Computer Hardware & Software	4 to 10 years

- d) **Reserves** – Reserves for future expenditures and contingencies are established as required using the estimates of management. Increases or decreases in these reserves are made by appropriations to or from operations.

- e) **Interdepartmental Recoveries** – Internal charges for the use of the vehicles and equipment are made to the various projects and programs of the Authority. The internal charges are designed to recover the costs of operating the equipment, including replacement. Finance, administration and overhead items are partially charged to programs and projects, on a pro-rata basis.

- f) **In-Kind Contributions** – The Authority records various in-kind contributions made by private landowners and other public sector agencies at fair market value at time of donation. A landowner in-kind contribution is recorded when required by government grant programs to satisfy eligibility requirements and when the landowner contribution can be verified and valued. The Authority periodically receives property and tangible goods, donated by various agencies and private landowners, which also results in the recording of an in-kind contribution.

- g) **Government Transfers & Deferred Revenue** – The Authority receives certain amounts for which the related services have yet to be performed. The gross transfer payments received during the year are shown by government program, however, revenue unearned in the current period is recorded as a transfer to deferred revenue.

Essex Region Conservation Authority
Notes to the Financial Statements
for the year ended December 31

1. Summary of Significant Accounting Policies (Continued)

- h) **Use of Estimates** – The presentation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditures during the reporting period. Significant items subject to such estimates and assumptions include the valuation of accounts receivable, the carrying value of tangible capital assets and accruals. Actual results could differ from management’s best estimates as additional information becomes available in the future.

- i) **Cash and Cash Equivalents**- Cash and cash equivalents include cash balances and short term highly liquid investments that are readily converted to cash.

Essex Region Conservation Authority
Notes to the Financial Statements
for the year ended December 31

2. Tangible Capital Assets

Cost	Balance 31-Dec-17	Additions	Disposals	Balance 31-Dec-18
Land	\$ 11,424,043	\$ 642,006	\$ -	\$ 12,066,050
Land/Site improvements	5,470,827	166,339	(51,000)	5,586,165
Buildings	479,222	-	-	479,222
Engineered structures	1,658,492	229,419	(148,900)	1,739,011
Leasehold improvements	1,578,280	65,896	-	1,644,176
Machinery and field equipment	464,115	53,154	-	517,269
Vehicles	447,920	55,114	(23,505)	479,529
Furniture and fixtures	103,280	-	-	103,280
Computer hardware and software	157,334	6,303	(73,219)	90,418
Capital works-in-progress	240,761	135,208	(240,761)	135,208
	\$ 22,024,273	\$ 1,353,439	\$ (537,385)	\$ 22,840,328

Accumulated Amortization	Balance 31-Dec-17	Disposals	Amortization	Balance 31-Dec-18
Land	\$ -	\$ -	\$ -	\$ -
Land/Site improvements	223,345	(51,000)	62,984	235,329
Buildings	323,322	-	8,110	331,432
Engineered structures	802,320	(148,900)	55,636	709,056
Leasehold improvements	536,025	-	80,134	616,159
Machinery and field equipment	248,186	-	37,097	285,283
Vehicles	264,231	(23,505)	53,470	294,197
Furniture and fixtures	74,768	-	3,564	78,332
Computer hardware and software	149,654	(73,219)	5,485	81,920
Capital works-in-progress	-	-	-	-
	\$ 2,621,852	\$ (296,624)	\$ 306,480	\$ 2,631,708

	Net Book Value 31-Dec-17		Net Book Value 31-Dec-18
Land	\$ 11,424,043		\$ 12,066,050
Land/Site improvements	5,247,482		5,350,835
Buildings	155,900		147,790
Engineered structures	856,172		1,029,955
Leasehold improvements	1,042,255		1,028,017
Machinery and field equipment	215,929		231,986
Vehicles	183,689		185,333
Furniture and fixtures	28,512		24,948
Computer hardware and software	7,680		8,498
Capital works-in-progress	240,761		135,208
	\$ 19,402,421		\$ 20,208,619

Essex Region Conservation Authority
Notes to the Financial Statements
for the year ended December 31

2. Tangible Capital Assets (Continued)

Cost	Balance 31-Dec-16	Additions	Disposals	Balance 31-Dec-17
Land	\$ 9,982,396	\$ 1,441,647	\$ -	\$ 11,424,043
Land/Ste improvements	4,375,256	1,661,571	(566,000)	5,470,827
Buildings	479,222	-	-	479,222
Engineered structures	1,652,895	5,597	-	1,658,492
Leasehold improvements	1,578,280	-	-	1,578,280
Machinery and field equipment	432,122	75,005	(43,012)	464,115
Vehicles	412,008	107,038	(71,126)	447,920
Furniture and fixtures	103,280	-	-	103,280
Computer hardware and software	157,334	-	-	157,334
Capital works-in-progress	912,938	240,761	(912,938)	240,761
	\$ 20,085,730	\$ 3,531,620	\$ (1,593,076)	\$ 22,024,273
Accumulated Amortization	Balance 31-Dec-16	Disposals	Amortization	Balance 31-Dec-17
Land	\$ -	\$ -	\$ -	\$ -
Land/Ste improvements	731,817	(566,000)	57,528	223,345
Buildings	315,212	-	8,110	323,322
Engineered structures	755,861	-	46,459	802,320
Leasehold improvements	460,598	-	75,427	536,025
Machinery and field equipment	253,563	(40,010)	34,633	248,186
Vehicles	281,388	(71,126)	53,969	264,231
Furniture and fixtures	71,204	-	3,564	74,768
Computer hardware and software	148,556	-	1,098	149,654
Capital works-in-progress	-	-	-	-
	\$ 3,018,199	\$ (677,135)	\$ 280,788	\$ 2,621,852
	Net Book Value 31-Dec-16			Net Book Value 31-Dec-17
Land	\$ 9,982,396			\$ 11,424,043
Land/Ste improvements	3,643,439			5,247,482
Buildings	164,010			155,900
Engineered structures	897,034			856,172
Leasehold improvements	1,117,682			1,042,255
Machinery and field equipment	178,559			215,929
Vehicles	130,620			183,689
Furniture and fixtures	32,076			28,512
Computer hardware and software	8,778			7,680
Capital works-in-progress	912,938			240,761
	\$ 17,067,530			\$ 19,402,421

Essex Region Conservation Authority
Notes to the Financial Statements
for the year ended December 31

2. Tangible Capital Assets (Continued)

The Authority owns historic treasures which are not included above, including the Kingsville Train Station and the John R. Park Homestead and its related artifacts. The assets have significant heritage and historical value in perpetuity and are not amortized or recorded as tangible capital assets in the financial statements.

3. Financial Instruments

The fair values of cash and cash equivalents, accounts receivables, accounts payables and accrued liabilities approximate their carrying values because of their expected short term maturity and treatment on normal trade terms. It is management's opinion that the Authority is not exposed to significant interest or currency risks arising from these financial instruments.

4. Accounts Receivable

Included in accounts receivable is an HST Rebate of \$579,726 (2017 - \$575,664).
Included in accounts payable is HST payable of \$7,590 (2016 - \$104,882).

5. Pension Agreements

The Essex Region Conservation Authority belongs to the Ontario Municipal Employees Retirement Fund ("OMERS"), which is a multi-employer plan, on behalf of the members of its staff. This plan is a defined benefit 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. The cost of the plan is the employer's contribution to the plan.

The 2018 employer's portion of OMERS pension contributions was \$263,782 (2017 - \$260,248).

Essex Region Conservation Authority
Notes to the Financial Statements
for the year ended December 31

6. Expenses by Object

	Budget	2018	2017
Wages & benefits	\$ 3,730,350	\$ 3,726,051	\$ 3,505,200
Construction - municipal projects	989,875	2,729,331	1,143,946
Construction - special grant projects	732,200	638,457	329,642
Construction - ERCA capital projects	309,050	105,565	103,996
Plant material, removals and landowner subsidies - special grant projects	388,000	428,325	617,854
Plant material, removals and landowner subsidies - ERCA operations	17,000	40,435	36,545
Program supplies - special grant projects	138,900	128,283	121,387
Site & operational supplies - Conservation Areas	79,550	97,053	104,059
Office supplies & expenses - other ERCA operations	97,050	88,512	105,252
Occupancy, taxes, utilities & waste removal	308,150	284,140	304,139
Maintenance, repairs & security-sites	55,250	95,730	84,661
Maintenance, repairs & supplies-fleet/equipment	92,850	118,513	123,640
Equipment, software/hardware & website - special grant projects	9,000	108,144	117,218
Equipment, software/hardware & website - ERCA operations	53,500	61,672	70,298
Lab, data, technical & sub-contracted services - special grant	52,000	58,272	48,797
Lab, data, technical & sub-contracted services - ERCA operations	39,700	56,629	43,578
Insurance, audit & legal	105,950	112,689	94,103
Dues & memberships	42,050	45,267	41,837
Travel, training & professional development	24,150	32,603	29,912
Board, committee & meeting expenses	17,000	22,792	16,542
Bank, credit card charges and interest	17,950	10,391	24,066
In-kind supplies & services	20,000	28,259	41,235
Land acquisition & acquisition assistance	1,000,000	-	-
Amortization	287,000	306,480	280,788
	8,606,525	9,323,596	7,388,345
Internal recoveries charged to programs and included in revenues	632,075	754,979	700,408
Total Expenses	\$ 9,238,600	\$ 10,078,575	\$ 8,089,102

7. Budget Amounts:

The 2018 budget amounts that were approved on February 15, 2018, were not prepared on a basis consistent with that used to report actual results (Public Sector Accounting Board Standards). The budget included capital items such as infrastructure replacements and estimated costs for constructed assets, as project expenses, but the actual expenses have been removed in the Statement of Operations. The revenues attributable to these items continue to be included in the Statement of Operations, resulting in a significant positive variance for the surplus reported for the year. The following analysis is provided to assist readers in their understanding of differences between the approved budget and the audited financial statements:

Essex Region Conservation Authority
Notes to the Financial Statements
for the year ended December 31

7. Budget Amounts (Continued)

	Approved Budget (BD 06/18)	Actual
Budgeted Deficit	\$ (7,335)	
Capitalized (TCA) items included as operating expenses	270,000	
Land Acquisition	1,000,000	
Adjusted/Actual Net Surplus	<u>1,262,665</u>	830,546
Donated land	-	(550,000)
Gain on Sale of Vehicles	-	(3,166)
Capitalized (TCA) items	(270,000)	(356,101)
Land Acquisition	<u>(1,000,000)</u>	<u>(92,006)</u>
	(7,335)	(170,726)
Acquisition of fleet & equipment	(100,000)	(111,405)
Amortization	<u>287,000</u>	<u>306,480</u>
	179,665	24,348
Net transfers to reserves (Schedule 5)	<u>(293,000)</u>	<u>(42,031)</u>
Decrease in Operating Surplus	\$ (113,335)	\$ (17,683)

8. Credit Facility

The Authority maintains an operating line facility with the Canadian Imperial Bank of Commerce which bears interest at prime less .25% and is due on demand. As of December 31, 2018 no balance (2017 -\$0) was payable under this facility.

9. Commitments

On May 4, 2001 the Authority entered into a 30 year property management agreement, with the Province of Ontario (Ministry of Natural Resources), to manage the property known as Holiday Beach Conservation Area. The agreement can be terminated at any time, if notice is served at least 120 days in advance of the termination date.

Essex Region Conservation Authority
Notes to the Financial Statements
for the year ended December 31

10. Related Entity

Essex Region Conservation Foundation

The Authority has an economic interest in the Essex Region Conservation Foundation ("Foundation"). The Foundation was established for the purpose of raising funds and disbursing grants to the Authority and other organizations, which are working towards a shared vision of environmental sustainability.

The Foundation was incorporated under the laws of Ontario without share capital or benefit for its members and is therefore exempt from income taxes. The income generated by the Foundation is distributed to the Authority and other qualifying donees as the funds are requested and approved. The accounting policy followed in reporting the Foundation is note disclosure.

The transactions with the Foundation include \$270,120 (2017 - \$558,100) recorded as revenue. All amounts have been measured at the exchange amount.

The assets, liabilities, results of operations and cash flow for the Foundation for the years ended December 31 are as follows:

	2018	2017
<i>Financial position:</i>		
Total assets	\$ 853,398	\$ 417,502
Total liabilities	\$ 240,766	\$ 11,421
Net assets	612,632	406,081
	\$ 853,398	\$ 417,502
<i>Results of operations:</i>		
Total revenue	\$ 639,257	\$ 920,137
Total expenses (including grants)	432,706	865,876
Net income for the year	\$ 206,551	\$ 54,261
<i>Cash flows:</i>		
Operating	\$ 422,929	\$ 1,118,052
Investing	5,556	1,357
Distributions	(197,922)	(1,047,870)

11. Comparative Figures

Certain comparative figures have been reclassified to conform to the current year's presentation.

**Essex Region Conservation Authority
Schedules to Statement of Operations
For the year ended December 31**

	2018 Budget	2018 Actual	2017 Actual
Schedule 1- Watershed Management Services			
Flood & Erosion Prevention & Management			
Wages, benefits & professional development	\$ 145,000	\$ 167,908	\$ 159,262
Computers, data & telecommunications	32,000	32,521	41,441
Supplies, insurance & corporate services	39,600	48,856	34,571
Construction, consulting & technical resources	6,000	-	-
Vehicle charges	7,000	4,036	6,568
	229,600	253,321	241,842
Regulations, Compliance & Development Services			
Wages, benefits & professional development	526,000	514,394	480,562
Supplies, insurance & corporate services	88,200	115,946	101,820
Legal fees & consulting	10,000	-	422
Travel & vehicle charges	12,000	16,691	11,271
	636,200	647,031	594,075
Municipal Planning Support & Planning Studies			
Wages, benefits & professional development	240,200	251,667	257,237
Supplies, insurance & corporate services	33,100	42,487	43,969
Travel & vehicle charges	1,000	521	968
	274,300	294,675	302,174
Remedial Water & Erosion Control Infrastructure Projects & Studies (WECI)			
Consulting	32,375	41,232	111,765
Construction, materials & equipment	940,000	2,650,202	1,015,806
Wages, supplies, travel & allocated overhead	15,625	22,812	49,825
	988,000	2,714,246	1,177,396
Technical Studies, Assessments & Hazards Modelling			
Consulting/technical resources	10,000	33,677	16,094
Wages, benefits & professional development	100,000	62,183	36,561
Supplies & overhead	11,600	13,996	5,352
	121,600	109,856	58,007
	\$ 2,249,700	\$ 4,019,130	\$ 2,373,494

Essex Region Conservation Authority
Schedules to Statement of Operations
For the year ended December 31

	2018	2018	2017
	Budget	Actual	Actual
Schedule 2 - Conservation Services			
Conservation Areas, Land Protection & Restoration			
Program Planning, Management & Development			
Wages, benefits & professional development	\$ 138,100	\$ 125,032	\$ 88,544
Supplies, insurance & corporate support	20,400	22,603	23,588
Travel & vehicle	2,400	1,150	2,806
	<u>160,900</u>	<u>148,786</u>	<u>114,939</u>
Land Acquisition & Planning			
Wages, benefits & professional development	12,500	19,023	11,303
Supplies, insurance & corporate support	2,000	3,600	4,571
Non capitalized acquisition/preparation of property (<i>acquisitions are capitalized as TCA</i>)	1,000,000	322	7,652
Surveys, appraisals, consulting & legal	12,000	19,245	10,445
	<u>1,026,500</u>	<u>42,190</u>	<u>33,971</u>
Tree Planting and Land Restoration			
Wages, benefits & professional development	406,000	494,887	480,070
Contracted construction, engineering & technical resources	1,008,800	927,073	760,804
Supplies, insurance & corporate support	174,300	189,273	151,611
Vehicle & field equipment usage	92,000	94,223	99,737
Landowner contributions (donated services)	20,000	3,444	4,039
	<u>1,701,100</u>	<u>1,708,899</u>	<u>1,496,261</u>
Water, Soil or Septic Improvements (Landowner Incentive & Outreach Programs)			
Wages, benefits & professional development	30,000	19,196	25,679
Landowner grants/contributed landowner services	23,400	71,941	66,339
Supplies, insurance & corporate support	4,800	8,012	5,450
Vehicle & equipment	800	2,012	1,010
	<u>59,000</u>	<u>101,161</u>	<u>98,479</u>
Conservation Areas Maintenance			
Wages, benefits & professional development	246,050	218,845	192,251
Utilities, taxes, insurance & corporate allocation	157,250	162,986	162,910
Vehicle & field equipment charges	83,750	97,390	102,594
Maintenance supplies	51,850	64,712	60,699
Construction & capital items	33,600	40,424	54,563
Plant material & removal	7,500	12,258	24,202
	<u>580,000</u>	<u>596,615</u>	<u>597,220</u>
John R Park Homestead Conservation Area			
Revenues			
Admissions, sales & program fees	66,000	66,275	78,480
General levy	160,000	160,000	142,000
Government grants	28,700	28,728	29,434
Other grants & donations	15,500	16,234	10,078
Interdepartmental Recoveries	10,000	16,053	15,402
Net transfers to reserves	(10,000)	(10,000)	(2,000)
	<u>270,200</u>	<u>277,290</u>	<u>273,394</u>
Expenses			
Wages, benefits & professional development	195,000	177,540	184,077
Utilities, taxes, insurance & corporate allocation	34,700	39,340	27,997
Supplies & maintenance - office, site & curatorial	22,150	31,177	23,412
Events & cost of goods sold	5,700	7,615	9,627
Capital replacement & repairs	11,700	17,016	19,020
	<u>269,250</u>	<u>272,688</u>	<u>264,133</u>

Essex Region Conservation Authority
Schedules to Statement of Operations
For the year ended December 31

	2018 Budget	2018 Actual	2017 Actual
Schedule 2 - Conservation Services (Continued)			
Holiday Beach Conservation Area			
Revenues			
Admissions, events & camping fees	187,796	212,892	203,584
General levy	96,684	96,680	96,680
Property/land rental	21,000	28,617	16,544
Other grants & donations	100	1,500	542
Net transfers from reserves/deferred revenue	(8,500)	(28,900)	(9,500)
	297,080	310,789	307,850
Expenses			
Wages, benefits & professional development	132,000	142,987	128,992
Site, capital & major maintenance	30,000	34,298	19,178
Utilities, taxes, insurance & corporate allocation	66,000	57,065	62,158
Supplies - office, network, events & janitorial	46,100	53,227	63,287
Vehicle & field equipment usage	17,000	16,472	22,949
Consulting	4,500	3,383	5,314
	295,600	307,432	301,878
Conservation Areas/Trails Infrastructure Investment (Non capitalized)			
Contract construction, materials, consulting & technical resources	255,000	43,419	38,604
Wages, benefits & professional development	15,000	2,135	21,189
Insurance, legal & corporate allocation	-	17,425	16,810
Vehicle & field equipment charges	-	12,817	314
	270,000	75,797	76,917
Science, Research & Monitoring			
Drinking Water Source Protection Program - Ministry of the Environment			
Wages, benefits & professional development	100,500	89,585	76,548
Supplies, advertising, insurance & corporate support	12,900	21,122	22,464
Committee member per diems	1,000	5,575	1,000
Travel	1,100	1,816	1,647
	115,500	118,098	101,659
Research, Remediation & Monitoring - (Climate Change/RMS/WQ Studies/Demo Farm/DRCC)			
Wages, benefits & professional development	436,500	426,321	493,999
Supplies, insurance & corporate support	123,750	136,007	128,183
Lab/technical services, speciality equipment & software	60,350	160,696	162,309
Plant material, construction & landowner subsidies	85,600	89,107	154,947
Vehicle & field equipment charges	14,900	26,692	34,232
	721,100	838,823	973,671
Fleet & Equipment			
Fleet & Field/Shop Equipment			
Maintenance, repairs, rentals & non-capital replacements	60,500	77,842	88,188
Fuel	36,000	39,462	38,426
Insurance & licences	14,150	21,535	10,370
	110,650	138,839	136,983
	\$ 5,309,600	\$ 4,349,329	\$ 4,196,109

**Essex Region Conservation Authority
Schedules to Statement of Operations
For the year ended December 31**

	2018 Budget	2018 Actual	2017 Actual
Schedule 3 - Communications & Outreach			
Corporate Communications, Media & Community Outreach			
Wages, benefits & professional development	\$ 272,000	\$ 263,279	\$ 169,267
Supplies, consulting, insurance & corporate support	26,400	36,544	38,564
Travel, vehicle & equipment	2,500	5,979	1,953
	300,900	305,802	209,783
Student Education Program			
Wages, benefits & professional development	58,000	63,847	54,621
Supplies, insurance & corporate support	13,500	18,485	13,345
Travel, vehicle & equipment	1,500	1,560	1,133
	73,000	83,892	69,100
Community Events (Children's Water Festival, SCAR) & Special Grant Projects			
Wages, benefits & professional development	10,800	18,675	28,906
Plant materials, event supplies & technical/consulting resources	74,700	60,814	83,207
	85,500	79,489	112,114
	\$ 459,400	469,182	\$ 390,996

Schedule 4 - Corporate Services

Expenses			
Corporate & Shared Services (Administration, Finance, HR,(G)IS/IT)			
Wages, benefits & professional development	\$ 580,000	\$ 585,574	\$ 508,442
Occupancy	123,000	124,267	117,671
Professional fees - audit, legal & consulting	28,000	44,865	24,143
Dues & memberships	36,351	36,550	35,302
Foundation support	54,500	50,260	55,851
Office equipment, computers/network & phone	44,300	39,458	41,611
Supplies & miscellaneous	21,499	13,392	23,709
Board meetings & per diems	16,000	17,217	15,542
Travel (Staff & members)	10,250	7,556	9,933
Retiree benefits	16,000	12,320	12,550
Insurance (D&O, Main Office)	3,000	2,993	2,962
	932,900	934,454	847,714
	\$ 8,951,600	\$ 9,772,095	\$ 7,808,314

Essex Region Conservation Authority
Schedule 5- Continuity of Reserves

	Actual Balance at December 31, 2017	Budgeted Transfers to Reserves	Actual Transfers to Reserves	Budgeted Transfers from Reserves	Actual Transfers from Reserves	Actual Balance at December 31, 2018
Canard River Low Flow	20,319	-	-	-	-	20,319
Canard River Maintenance	27,538	-	-	-	-	27,538
Tree Replacement	90,000	-	-	-	-	90,000
Building/Suite	228,000	-	-	-	-	228,000
Infrastructure & Major Maintenance	501,808	475,000	329,600	270,000	394,669	436,739
Revenue Stabilization	134,342	11,000	31,000	-	-	165,342
Project Grant Matching	40,000	60,000	60,000	-	-	100,000
Office Equipment, Computers & Network	57,508	-	-	-	-	57,508
Vehicle & Equipment Replacement	60,787	-	-	-	15,000	45,787
Legal & Insurance Claims	53,000	-	-	-	-	53,000
General/Administration/Human Resources	19,180	-	3,100	-	-	22,280
Historic Properties	19,374	19,000	30,000	2,000	2,000	47,374
	\$ 1,251,856	\$ 565,000	\$ 453,700	\$ 272,000	\$ 411,669	\$ 1,293,887