

Grey Sauble Conservation Authority
Financial Statements
For the year ended December 31, 2006



BDO Dunwoody LLP
Chartered Accountants
and Advisors

Driving growth

Grey Sauble Conservation Authority
Financial Statements
For the year ended December 31, 2004

Contents

Auditors' Report	2
Financial Statements	
Statement of Financial Position	3
Statement of Continuity of Reserve Funds	4
Statement of Operations and Surplus	5
Notes to Financial Statements	6 - 8
Auditor's Comments on Supplementary Financial Information	9
Schedule of Revenue	10
Schedule of Rental Recoveries and Expenditures	11
Schedule of Water Management Expenditures	12
Schedule of Environmental Planning Expenditures	13
Schedule of Forestry Expenditures	14
Schedule of Conservation and Administrative Expenditures	15
Schedule of Sourcewater and Forest 2020 Expenditures	16
Schedule of Capital and Other Project Expenditures	17

Auditors' Report

**To the Members of
Grey Sauble Conservation Authority**

We have audited the statement of financial position of the Grey Sauble Conservation Authority as at December 31, 2006 and the statements of operations and surplus and continuity of reserve funds for the year then ended. These financial statements are the responsibility of the Conservation Authority's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Conservation Authority as at December 31, 2006 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

BDO Dunwoody LLP

Chartered Accountants

Owen Sound, Ontario
January 20, 2007

Grey Sauble Conservation Authority Statement of Financial Position

December 31 **2006** **2005**

Assets

Current

Cash - operating fund	\$	119,297	\$	524,936
Cash - reserve funds		1,187,491		915,219
Accounts receivable		49,917		57,971
Prepaid expenses		6,609		-
		1,363,314		1,498,126

Liabilities and Surplus


Current

Accounts payable and accrued liabilities	\$	64,503	\$	93,676
Deferred revenue (Note 4)		137,466		47,745
		201,969		141,421

Surplus

Reserve for working capital		60,000		60,000
Reserve Funds (Page 4)		949,812		1,263,307
Surplus (Page 5)		151,533		33,398
		1,161,345		1,356,705
		\$ 1,363,314		\$ 1,498,126

On behalf of the Board:



Director



Director

Grey Sauble Conservation Authority Statement of Continuity of Reserve Funds

For the year ended December 31, 2006	Special (Note 5)	Computer Replacement	Major Dam Maintenance	Vehicle Replacement
Balance, beginning of year	\$ 106,039	\$ 8,716	\$ 75,606	\$ 59,598
Appropriations from operations	25,353	6,000	2,781	44,602
Interfund transfers	(41,067)	-	-	-
Interest earned	4,068	355	3,036	2,330
	94,393	15,071	81,423	106,530
Appropriations to operations	-	7,050	43,208	-
Balance, end of year	\$ 94,393	\$ 8,021	\$ 38,215	\$ 106,530

For the year ended December 31, 2006	Administration Centre	Forest Management	Total 2006	Total 2005
Balance, beginning of year	\$ 63,595	\$ 949,753	\$ 1,263,307	\$ 1,005,811
Appropriations from operations	25,637	241,124	345,497	663,750
Interfund transfers	-	41,067	-	-
Interest earned	2,308	29,996	42,093	22,410
	91,540	1,261,940	1,650,897	1,691,971
Appropriations to operations	1,402	649,425	701,085	428,664
Balance, end of year	\$ 90,138	\$ 612,515	\$ 949,812	\$ 1,263,307

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

Grey Sauble Conservation Authority Statement of Operations and Surplus

For the year ended December 31, 2006	Budget	2006	2005
Revenue			
Government grants (Page 10)	\$ 197,691	\$ 191,892	\$ 132,874
Municipal levies	716,200	717,808	688,642
Special levies	27,474	75	6,873
Grey Bruce Forestry services (Page 10)	100,000	173,330	78,838
User fees	157,500	202,460	165,124
Timber and wood sales	275,000	236,441	434,726
Interest earned	8,000	23,580	14,206
Donations	20,000	23,301	42,445
Grey County forest management	104,500	82,608	64,271
Nature conservancy funding	-	-	82,950
Net rental recoveries (Page 11)	6,000	50,604	33,700
The Great Outdoors Daycamp	8,000	10,270	7,643
Forest 2020	-	-	306,932
Sourcewater Protection	60,000	52,419	85,091
Miscellaneous	40,935	9,778	22,030
	1,721,300	1,774,566	2,166,345
Expenditures			
Water management (Page 12)	176,623	165,869	152,151
Environmental planning (Page 13)	196,300	185,528	162,388
Forestry -Operations on Authority land (Page 14)	197,245	211,607	166,533
-Grey Bruce Forestry services (Page 14)	100,000	168,646	82,504
-Forest Management (Page 14)	94,000	74,283	60,005
Conservation properties (Page 15)	363,763	346,309	316,971
Cons. information and education (Page 15)	127,844	117,579	112,124
Administrative support (Page 15)	190,199	174,176	196,005
Capital and other projects (Page 17)	677,891	516,577	275,382
Miscellaneous and donations	12,200	9,953	162,211
Sourcewater protection (Page 16)	50,000	41,492	74,448
Forest 2020 (Page 16)	-	-	218,641
	2,186,065	2,012,019	1,979,363
Excess of revenue over expenditures (expenditures over revenue) for the year	(464,765)	(237,453)	186,982
Appropriations			
From reserve funds	841,878	701,085	428,664
To reserve funds	(377,113)	(345,497)	(663,750)
	464,765	355,588	(235,086)
Net surplus for the year	-	118,135	(48,104)
Surplus, beginning of year	33,398	33,398	81,502
Surplus, end of year	\$ 33,398	\$ 151,533	\$ 33,398

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

Grey Sauble Conservation Authority

Notes to Financial Statements

December 31, 2006

1. Nature of the Organization

The Grey Sauble Conservation Authority (the "Authority") is established under the Conservation Authorities Act of Ontario to further the conservation, restoration, development and management of natural resources, other than gas, oil, coal and minerals, for the watersheds within its area of jurisdiction. The watersheds include areas in the Municipalities of Arran-Elderslie, Grey Highlands and Meaford, the Towns of The Blue Mountains and South Bruce Peninsula, the Townships of Chatsworth and Georgian Bluffs and the City of Owen Sound.

The Authority's mission is:

In partnership with the stakeholders of the watershed, to promote and undertake sustainable management of renewable natural resources and provide responsible leadership to enhance bio-diversity and environmental awareness.

The Authority is a registered charity and is exempt from income taxes.

2. Summary of Significant Accounting Policies

The Authority has adopted the accounting principles as approved by Conservation Ontario and the Ministry of Natural Resources. The more significant accounting principles are as follows:

Accrual Accounting

The accrual basis of accounting is used to record expenditures in the period in which they are incurred and recognize income in the period in which it is earned, except for some Government grants on eligible expenses which may be recognized when received in the subsequent year.

Reserve Funds

Appropriations are made from operations to reserve funds for future expenditures and contingencies for such amounts as are deemed appropriate and upon approval of the Board of Directors.

Capital Expenditures

The cost of capital assets is fully expensed in the year of acquisition.

Vehicles and Equipment

The Authority operates a motor pool of vehicles and equipment. Internal charges for the use of vehicles and equipment are made to the various projects and programs of the Authority based on an hourly or distance-travelled rate, which is designed to recover all costs of operating the pool including replacement of equipment.

These internal charges are included in the appropriate expense classifications. Expenditures incurred by the motor pool for the purchase of equipment and the operating costs are netted against the recovery of expenses by internal charges and are reported in the Statement of Operations and Surplus.

Grey Sauble Conservation Authority

Notes to Financial Statements

December 31, 2006

2. Summary of Significant Accounting Policies (continued)

Financial Instruments

The Authority's financial instruments consist of cash, accounts receivable and accounts payable. Unless otherwise noted, it is management's opinion that the Authority is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying value, unless otherwise noted.

3. Pension Plan

The Authority makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of the members of it's 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 amount contributed to OMERS for 2006 was \$92,150 (2005 - \$77,593) for current service and is included as an expenditure on the statement of operations. The OMERS plan has reported a \$2.8 billion actuarial deficit at the end of 2005 (2004 - \$963 million actuarial deficit), based on actuarial liabilities of \$41.1 billion (2004 - \$37.8 billion) and actuarial assets of \$38.3 billion (2004 - \$36.8 billion).

4. Deferred Revenue

Deferred revenue consists of unexpended grants and donations restricted by contributors for specific purposes.

	<u>2006</u>	<u>2005</u>
Arboretum Alliance	\$ 3,915	\$ 5,246
Bighead River Erosion	675	-
Bio-Mapping	930	884
Bognor Dam Railings	(125)	-
Clarksburg Ice Study	16,886	17,130
Clendenan Dam Embankment	14,276	-
Clendenan Safety Study	-	709
Entrance Signs	19,937	-
Friends of John Muir/Epping Lookout	-	2,015
MNR Capital Projects	1,155	6,691
Rankin Dam Safety Study	16,226	-
Restricted Donation	1,844	1,844
Skylight Replacement	50,000	-
SWOOP Photography	5,299	-
Tara Dam	6,447	13,226
	<u>\$ 137,465</u>	<u>\$ 47,745</u>

Grey Sauble Conservation Authority Notes to Financial Statements

December 31, 2006

5. Special Reserve Funds

The Board of Directors has internally restricted amounts for future use towards the following projects:

	<u>2006</u>	<u>2005</u>
2008 IPM	\$ 5,000	\$ -
50th Anniversary	4,080	2,000
Arboretum Alliance	2,500	-
Fill Regulations Mapping	42,594	40,956
Inglis Falls Parking	-	24,407
Privy	8,380	8,058
Watershed Aerial Photography	31,839	30,618
	<u>\$ 94,393</u>	<u>\$ 106,039</u>

6. Budget Figures

The budget figures are those approved by the Board of the Authority and have not been audited.

7. Statement of Cash Flows

A statement of cash flows is not presented since the cash flow information is readily apparent from other financial statements or is adequately disclosed in the notes to the financial statements.

Auditors' Comments on Supplementary Financial Information

**To the Members of
Grey Sauble Conservation Authority**

The audited financial statements of the organization as at December 31, 2006 and our report thereon dated January 20, 2007 are presented in the preceding section of this annual report. The financial information presented hereinafter was derived from the accounting records tested by us as part of the auditing procedures followed in our examination of the financial statements and, in our opinion, it is fairly presented in all material respects in relation to the financial statements taken as a whole.

BDO Dunwoody LLP
Chartered Accountants

Owen Sound, Ontario
January 20, 2007

Grey Sauble Conservation Authority Schedule of Revenue

For the year ended December 31	Budget	2006	2005
Government Grants			
Provincial - Program Operating			
Flood control and warning	\$ 70,000	\$ 71,779	\$ 71,779
Special capital	102,000	106,165	11,517
MNR - stream gauges	6,691	5,536	30,809
	178,691	183,480	114,105
Provincial - Other			
Groundwater monitoring	-	-	1,476
Special infrastructure	15,000	488	13,003
Summer student program	4,000	7,924	4,290
	\$ 197,691	\$ 191,892	\$ 132,874
Grey Bruce Forestry Services			
Trees and landscape stock	\$ -	\$ 109,313	\$ 66,992
Planning	-	3,003	1,225
Planting	-	24,354	5,270
Site inspections	-	1,050	-
Tree marking	-	12,130	300
Tree planting incentive	-	22,710	4,257
Other	-	770	794
	\$ 100,000	\$ 173,330	\$ 78,838

Grey Sauble Conservation Authority Schedule of Rental Recoveries and Expenditures

For the year ended December 31	Budget	2006	2005
Recoveries			
Vehicle			
Flood control and warning	\$	4,890	\$ 3,453
Operating conservation property		22,496	16,391
Forest management		13,482	8,358
Grey Bruce Forestry services		5,831	10,433
Erosion control		12	16
Land use planning and regulation		17,843	12,266
Conservation information and education		1,597	1,860
Administrative support		1,254	1,613
Special programs		16,438	9,616
Equipment			
Flood control and warning		259	272
Operating conservation property		4,778	2,956
Forest management		96	13
Grey Bruce forestry services		571	-
Administrative support		-	88
Special programs		442	132
Computer			
		6,000	6,000
		<u>95,989</u>	<u>73,467</u>
Expenditures			
Vehicle			
Fuel		25,444	20,379
Repairs		8,046	10,367
Licenses and insurance		7,592	916
Equipment			
Fuel		1,186	1,200
Repairs		3,097	1,052
Licenses and insurance		20	5,853
		<u>45,385</u>	<u>39,767</u>
Excess of recoveries over expenditures	\$	6,000	\$ 50,604
	\$	50,604	\$ 33,700

Grey Sauble Conservation Authority Schedule of Water Management Expenditures

For the year ended December 31	Budget	2006	2005
Flood Forecast and Warning			
Salaries and benefits	\$ 101,589	\$ 101,589	\$ 98,484
Service contracts	1,100	1,000	1,000
Vehicle and equipment rentals	3,300	3,399	2,621
Materials and supplies	3,100	3,888	3,134
Services, rents and utilities	23,000	23,000	22,417
	132,089	132,876	127,656
Flood Control Structures			
Clendenan dam	9,000	9,000	4,028
Taylor Street retention pond	1,500	280	311
	10,500	9,280	4,339
Dams			
Salaries and benefits	10,461	10,461	10,017
Vehicle and equipment rentals	1,500	1,269	1,150
Materials and supplies	500	292	203
Services, rents and utilities	1,300	1,274	1,126
Dam maintenance	1,050	59	141
	14,811	13,355	12,637
Ice Management			
Various	9,000	-	-
Erosion Control			
Salaries and benefits	8,473	8,473	6,174
Vehicle and equipment rentals	200	22	16
Materials and supplies	250	548	188
Services, rents and utilities	1,300	1,315	1,141
	10,223	10,358	7,519
	\$ 176,623	\$ 165,869	\$ 152,151

Grey Sauble Conservation Authority Schedule of Environmental Planning Expenditures

For the year ended December 31	Budget	2006	2005
Drain Classification Study			
Materials and supplies	\$ -	\$ -	\$ 523
Bio-Mapping			
Salaries and benefits	3,000	2,936	3,361
Vehicle and equipment rentals	400	5	281
Materials and supplies	200	12	16
	3,600	2,953	3,658
Groundwater Monitoring			
Salaries and benefits	2,800	2,310	2,936
Vehicle and equipment rentals	1,200	697	973
Materials and supplies	2,000	5	-
Services, rents and utilities	1,000	1,086	2,355
	7,000	4,098	6,264
Watershed Management			
Salaries and benefits	28,986	28,972	20,685
Vehicle and equipment rentals	4,200	5,622	3,366
Materials and supplies	750	214	735
Services, rents and utilities	-	535	-
	33,936	35,343	24,786
Land Use Planning and Regulation			
Salaries and benefits	131,964	117,967	110,658
Service contracts	2,000	-	972
Vehicle and equipment rentals	9,200	10,752	7,384
Materials and supplies	2,100	3,015	2,035
Services, rents and utilities	6,500	11,400	6,108
	151,764	143,134	127,157
	\$ 196,300	\$ 185,528	\$ 162,388

Grey Sauble Conservation Authority Schedule of Forestry Expenditures

For the year ended December 31	Budget	2006	2005
Operations on Authority Land			
Salaries and benefits	\$ 122,545	\$ 122,545	\$ 94,133
Vehicle and equipment rentals	9,700	13,316	7,888
Materials and supplies	24,000	24,377	23,355
Services, rents and utilities	41,000	51,369	41,157
	\$ 197,245	\$ 211,607	\$ 166,533
Grey Bruce Forestry Services			
Purchases	\$ -	\$ 95,513	\$ 42,827
Planning	-	3,459	3,812
Planting	-	31,648	6,716
Site inspections	-	2,364	1,241
Pruning and marking	-	5,332	3,083
Vegetation control	-	17,528	1,938
Wages and benefits	-	6,902	6,587
Tree planting incentive program	-	-	4,413
Other	-	5,900	11,887
	\$ 100,000	\$ 168,646	\$ 82,504
Grey County Forest Management			
Wages	\$ -	\$ 55,504	\$ 47,180
Vehicle/equipment	-	16,178	11,314
Supplies	-	2,601	1,511
	\$ 94,000	\$ 74,283	\$ 60,005

Grey Sauble Conservation Authority
Schedule of Conservation and Administrative Expenditures

For the year ended December 31	Budget		2006	2005
Recreation Use Areas				
Salaries and benefits	\$ 211,963	\$ 211,963	\$ 176,757	
Service contracts	16,000	15,333	15,848	
Vehicle and equipment rentals	23,000	27,752	18,600	
Materials and supplies	12,400	19,585	10,722	
Services, rents and utilities	39,000	33,293	37,377	
Picnic table replacement	2,800	1,471	2,796	
Gate House	8,600	8,360	8,533	
Property taxes	50,000	26,217	40,529	
Community Conservation Team	-	-	4,455	
Arboretum Alliance	-	2,335	1,354	
	\$ 363,763	\$ 346,309	\$ 316,971	
Conservation Information and Education				
Salaries and benefits	\$ 88,944	\$ 62,704	\$ 60,245	
Foundation salaries and benefits	-	15,000	14,171	
Vehicle and equipment rentals	2,400	1,750	2,004	
Materials and supplies	2,600	3,894	1,936	
Services, rents and utilities	6,200	7,136	6,036	
Advertising contracts	17,100	16,874	18,298	
Brochures	-	-	270	
Web site design	2,600	1,100	1,304	
The Great Outdoors Daycamp	8,000	9,121	7,860	
	\$ 127,844	\$ 117,579	\$ 112,124	
Administrative Support				
Salaries and benefits	\$ 147,949	\$ 127,099	\$ 162,340	
Board members' allowances	4,000	3,870	3,337	
Vehicle and equipment rentals	3,100	2,707	2,501	
Materials and supplies	7,500	6,734	3,935	
Services, rents and utilities	24,000	30,902	23,332	
Minor infrastructure	650	615	560	
Biennial Tour	3,000	2,249	-	
	\$ 190,199	\$ 174,176	\$ 196,005	

**Grey Sauble Conservation Authority
Schedule of Sourcewater and Forest 2020 Expenditures**

For the year ended December 31	Budget		2006		2005
Sourcewater Protection					
Salaries and benefits	\$	-	\$	14,827	\$ 14,189
Vehicle and equipment rentals		-		654	185
Materials and supplies		-		10,410	47,107
Services, rents and utilities		-		15,601	12,967
	\$	50,000	\$	41,492	\$ 74,448
Forest 2020					
Salaries and benefits	\$	-	\$	-	\$ 28,331
Vehicle and equipment rentals		-		-	1,341
Materials and supplies		-		-	64
Tree planting		-		-	64,748
Tree purchase		-		-	93,586
Spraying		-		-	30,434
Site inspections		-		-	137
	\$	-	\$	-	\$ 218,641

Grey Sauble Conservation Authority Schedule of Capital and Other Project Expenditures

For the year ended December 31	Budget	2006	2005
Administration hydro	\$ -	\$ -	\$ 25,931
Vehicle purchase	-	-	44,686
50th anniversary	2,000	-	-
Administration centre barrier free entrance	5,000	-	-
Administration centre entrance signs	20,000	20,000	-
Clendenan dam safety study	-	-	39,291
Clendenan embankment/spillway	45,000	29,375	-
Clarksburg ice study	30,000	487	13,747
Tara dam engineering	-	7,665	11,774
Tara dam removal	90,000	87,302	-
Computer equipment	5,000	7,050	41,478
Bell house removal	-	-	1,500
Bighead river armour stone repair	2,000	825	-
Equipment	-	-	9,236
Butterfly garden	-	1,402	-
Minor infrastructure - signs	20,000	14,312	15,473
- property fencing	2,000	1,625	535
2008 plowing match	5,000	-	-
New stream gauges	6,691	5,536	30,809
Hibou water upgrade	-	-	11,299
Watershed aerial photography	15,000	-	-
Significant species	6,100	686	1,169
Stop logs	-	-	1,296
Carpet replacement	25,000	-	-
Skylight replacement	50,000	50,000	-
Signs at Epping lookout	-	2,681	485
Rankin dam safety study	30,000	21,250	-
Spirit Rock fence	11,000	-	-
Black's Park expenses	15,000	3,006	7,355
Forestry spraying and reforestation	23,900	16,489	-
Forestry surveys	50,000	-	-
MNR surveys	-	22,000	-
Trailer for ATV	3,500	2,219	-
Office/arboretum improvements	-	-	9,918
New shop roof	-	-	9,400
Trees for tomorrow	2,500	7,589	-
Supervisor for work program	18,200	-	-
Inglis Falls land acquisition	195,000	215,078	-
	\$ 677,891	\$ 516,577	\$ 275,382