

Approved

**Grey Sauble Conservation Authority
Financial Statements
For the year ended December 31, 2005**



BDO Dunwoody LLP
Chartered Accountants
and Advisors

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

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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, 2005 and the statement of operations and surplus and continuity of reserves 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, 2005 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, 2006

**Grey Sauble Conservation Authority
Statement of Financial Position**

December 31 **2005** **2004**

Assets

Current

Cash - operating fund	\$	524,936	\$	233,014
Cash restricted for reserve funds		-		10,044
Cash - reserve funds		915,219		984,227
Accounts receivable		57,971		22,414
		\$ 1,498,126		\$ 1,249,699

Liabilities and Surplus

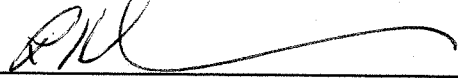
Current

Accounts payable and accrued liabilities	\$	93,676	\$	52,215
Deferred revenue (Note 4)		47,745		50,171
		141,421		102,386

Surplus

Reserve for Working Capital	60,000		60,000
Reserve Funds (Page 4)	1,263,307		1,005,811
Surplus (Page 6)	33,398		81,502
	1,356,705		1,147,313
	\$ 1,498,126		\$ 1,249,699

On behalf of the Board:


_____ Director


_____ Director

Grey Sauble Conservation Authority Statement of Continuity of Reserve Funds

For the year ended December 31, 2005	Special (Note 5)	Computer Replacement	Major Dam Maintenance	Vehicle Replacement
Balance, beginning of year	\$ 81,774	\$ 8,863	\$ 74,987	\$ 55,543
Appropriations from operations	42,634	6,000	-	27,997
Interest earned	1,910	331	1,915	1,058
	126,318	15,194	76,902	84,598
Appropriations to operations	20,279	6,478	1,296	25,000
Balance, end of year	\$ 106,039	\$ 8,716	\$ 75,606	\$ 59,598

For the year ended December 31, 2005	Administration Centre	Property	Forest Management	Total 2005	Total 2004
Balance, beginning of year	\$ 47,837	\$ 7,067	\$ 729,740	\$ 1,005,811	\$ 928,966
Appropriations from operations	24,569	-	562,550	663,750	420,448
Interest earned	1,107	27	16,062	22,410	20,854
	73,513	7,094	1,308,352	1,691,971	1,370,268
Appropriations to operations	9,918	7,094	358,599	428,664	364,457
Balance, end of year	\$ 63,595	\$ -	\$ 949,753	\$ 1,263,307	\$ 1,005,811

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, 2005	Budget	2005	2004
Revenue			
Government grants (Page 10)	\$ 157,003	\$ 132,874	\$ 85,261
Municipal levies	688,642	688,642	577,318
Special levies	66,811	6,873	5,822
Grey Bruce Forestry services (Page 10)	100,000	78,838	128,074
User fees	145,500	165,124	147,713
Timber and wood sales	275,000	434,726	324,768
Interest earned	8,000	14,206	8,882
Donations	20,000	42,445	18,302
Grey County forest management	104,500	64,271	-
Nature conservancy funding	82,950	82,950	-
Net rental recoveries (Page 11)	26,000	33,700	26,672
The Great Outdoors Daycamp	9,000	7,643	9,189
2004 IPM	-	-	14,373
Forest 2020	200,000	306,932	1,386
Sourcewater Protection	-	85,091	7,500
Miscellaneous	38,104	22,030	22,589
	1,921,510	2,166,345	1,377,849
Expenditures			
Water management (Page 12)	167,076	152,151	159,230
Environmental planning (Page 13)	169,562	162,388	157,316
Forestry -Operations on Authority land (Page 14)	165,175	166,533	151,644
-Grey Bruce Forestry services (Page 14)	100,000	82,504	126,342
-Forest Management (Page 14)	94,000	60,005	-
Conservation properties (Page 15)	337,936	316,971	315,096
Cons. information and education (Page 15)	114,930	112,124	115,253
Administrative support (Page 15)	199,719	196,005	165,855
Capital and other projects (Page 17)	391,777	275,382	127,563
Miscellaneous and donations	314,700	162,211	4,539
Sourcewater protection (Page 16)	-	74,448	7,501
Forest 2020 (Page 16)	200,000	218,641	1,386
	2,254,875	1,979,363	1,331,725
Excess of revenue over expenditures (expenditures over revenue) for the year	(333,365)	186,982	46,124
Appropriations			
From reserve funds	681,365	428,664	364,457
To reserve funds	(328,000)	(663,750)	(420,448)
	353,365	(235,086)	(55,991)
Net surplus for the year	20,000	(48,104)	(9,867)
Surplus, beginning of year	81,502	81,502	91,369
Surplus, end of year	\$ 101,502	\$ 33,398	\$ 81,502

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

Grey Sauble Conservation Authority

Notes to Financial Statements

December 31, 2005

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.

Reserves

Appropriations are made from operations to reserves 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, 2005

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 2005 was \$77,593 (2004 - \$65,743) for current service and is included as an expenditure on the statement of operations.

4. Deferred Revenue

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

	2005	2004
Arboretum Alliance	\$ 5,246	\$ -
Bio-Mapping	884	1,543
Clarksburg Ice Study	17,130	13,003
Clendenan Safety Study	709	-
Department of Fisheries and Oceans Fish Poster	-	1,744
Drain Classification Study	-	2,061
Friends of John Muir/Epping Lookout	2,015	2,500
GSCA Foundation - Eugenia cleanup	-	1,156
MNR Capital Projects	6,691	28,164
Restricted Donation	1,844	-
Tara Dam	13,226	-
	\$ 47,745	\$ 50,171

Grey Sauble Conservation Authority Notes to Financial Statements

December 31, 2005

5. Special Reserves

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

	<u>2005</u>		<u>2004</u>
50th Anniversary	\$ 2,000	\$	-
Fill Regulations Mapping	40,956		40,226
Inglis Falls Parking	24,407		13,435
Privy	8,058		8,000
Watershed Aerial Photography	30,618		20,113
	<u>\$ 106,039</u>	\$	<u>81,774</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.



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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, 2005 and our report thereon dated January 20, 2006 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, 2006

Grey Sauble Conservation Authority Schedule of Revenue

For the year ended December 31	Budget	2005	2004
Government Grants			
Provincial - Program Operating			
Flood control and warning	\$ 70,000	\$ 71,779	\$ 74,807
Special capital	70,000	11,517	1,836
MNR - stream gauges	-	30,809	-
	140,000	114,105	76,643
Provincial - Other			
Groundwater monitoring	-	1,476	-
Special Infrastructure	13,003	13,003	1,997
Summer student program	4,000	4,290	4,118
Federal - Summer student program	-	-	2,503
	\$ 157,003	\$ 132,874	\$ 85,261
Grey Bruce Forestry Services			
Trees and landscape stock	\$ -	\$ 66,992	\$ 89,204
Planning	-	1,225	2,910
Planting	-	5,270	13,780
Site inspections	-	-	800
Pruning and marking	-	300	7,618
Tree planting incentive	-	4,257	8,676
Other	-	794	5,086
	\$ 100,000	\$ 78,838	\$ 128,074

Grey Sauble Conservation Authority Schedule of Rental Recoveries and Expenditures

For the year ended December 31	Budget	2005	2004
Recoveries			
Vehicle			
Flood control and warning	\$	3,453	\$ 3,586
Operating conservation property		16,391	19,380
Forest management		8,358	6,118
Grey Bruce Forestry services		10,433	6,069
Erosion control		16	137
Land use planning and regulation		12,266	9,457
Conservation information and education		1,860	1,869
Administrative support		1,613	1,116
Special programs		9,616	3,886
Equipment			
Flood control and warning		272	207
Operating conservation property		2,956	3,354
Forest management		13	28
Administrative support		88	40
Special programs		132	-
Computer			
		6,000	6,000
		73,467	61,247
Expenditures			
Vehicle			
Fuel		20,379	14,265
Repairs		10,367	8,673
Licenses and insurance		916	6,532
Equipment			
Fuel		1,200	755
Repairs		1,052	4,098
Licenses and insurance		5,853	252
		39,767	34,575
Excess of recoveries over expenditures	\$	26,000	\$ 26,672

Grey Sauble Conservation Authority Schedule of Water Management Expenditures

For the year ended December 31	Budget	2005	2004
Flood Forecast and Warning			
Salaries and benefits	\$ 98,282	\$ 98,484	\$ 96,000
Service contracts	1,000	1,000	1,000
Vehicle and equipment rentals	3,000	2,621	2,869
Materials and supplies	2,800	3,134	2,578
Services, rents and utilities	21,500	22,417	20,236
	<u>126,582</u>	<u>127,656</u>	<u>122,683</u>
Flood Control Structures			
Clendenan dam	9,000	4,028	9,000
Taylor Street retention pond	1,500	311	166
	<u>10,500</u>	<u>4,339</u>	<u>9,166</u>
Dams			
Salaries and benefits	9,579	10,017	9,000
Service contracts	-	-	225
Vehicle and equipment rentals	1,100	1,150	1,095
Materials and supplies	700	203	718
Services, rents and utilities	1,000	1,126	901
Dam maintenance	1,000	141	608
	<u>13,379</u>	<u>12,637</u>	<u>12,547</u>
Ice Management			
Various	9,000	-	7,650
Erosion Control			
Salaries and benefits	6,165	6,174	5,800
Vehicle and equipment rentals	250	16	235
Materials and supplies	200	188	183
Services, rents and utilities	1,000	1,141	966
	<u>7,615</u>	<u>7,519</u>	<u>7,184</u>
	<u>\$ 167,076</u>	<u>\$ 152,151</u>	<u>\$ 159,230</u>

**Grey Sauble Conservation Authority
Schedule of Environmental Planning Expenditures**

For the year ended December 31	Budget	2005	2004
Drain Classification Study			
Materials and supplies	\$ -	\$ 523	\$ 1,222
Bio-Mapping			
Salaries and benefits	3,000	3,361	2,858
Vehicle and equipment rentals	300	281	278
Materials and supplies	200	16	6
	3,500	3,658	3,142
Groundwater Monitoring			
Salaries and benefits	2,800	2,936	2,806
Vehicle and equipment rentals	850	973	1,016
Materials and supplies	2,000	-	555
Services, rents and utilities	1,000	2,355	950
	6,650	6,264	5,327
Watershed Management			
Salaries and benefits	20,596	20,685	17,306
Vehicle and equipment rentals	4,400	3,366	4,338
Materials and supplies	500	735	117
Services, rents and utilities	-	-	9
	25,496	24,786	21,770
Land Use Planning and Regulation			
Salaries and benefits	115,916	110,658	106,670
Service contracts	2,000	972	1,960
Vehicle and equipment rentals	9,000	7,384	8,901
Materials and supplies	2,000	2,035	3,375
Services, rents and utilities	5,000	6,108	4,949
	133,916	127,157	125,855
	\$ 169,562	\$ 162,388	\$ 157,316

**Grey Sauble Conservation Authority
Schedule of Forestry Expenditures**

For the year ended December 31	Budget	2005	2004
Operations on Authority Land			
Salaries and benefits	\$ 110,675	\$ 94,133	\$ 99,177
Vehicle and equipment rentals	6,500	7,888	6,204
Materials and supplies	18,000	23,355	17,289
Services, rents and utilities	30,000	41,157	28,974
	\$ 165,175	\$ 166,533	\$ 151,644
Grey Bruce Forestry Services			
Purchases	\$ -	\$ 42,827	\$ 74,401
Planning	-	3,812	4,501
Planting	-	6,716	19,413
Site inspections	-	1,241	4,737
Pruning and marking	-	3,083	5,428
Vegetation control	-	1,938	6,418
Wages and benefits	-	6,587	1,974
Tree planting incentive program	-	4,413	7,679
Other	-	11,887	1,791
	\$ 100,000	\$ 82,504	\$ 126,342
Grey County Forest Management			
Wages	\$ -	\$ 47,180	\$ -
Vehicle/Equipment	-	11,314	-
Supplies	-	1,511	-
	\$ 94,000	\$ 60,005	\$ -

Grey Sauble Conservation Authority
Schedule of Conservation and Administrative Expenditures

For the year ended December 31	Budget	2005	2004
Recreation Use Areas			
Salaries and benefits	\$ 190,136	\$ 176,757	\$ 172,368
Service contracts	15,000	15,848	14,108
Vehicle and equipment rentals	22,000	18,600	21,710
Materials and supplies	12,000	10,722	11,592
Services, rents and utilities	37,400	37,377	33,163
Picnic table replacement	2,800	2,796	2,199
Gate House	8,600	8,533	8,559
Property taxes	50,000	40,529	47,725
Community Conservation Team	-	4,455	3,672
Arboretum Alliance	-	1,354	-
	\$ 337,936	\$ 316,971	\$ 315,096
Conservation Information and Education			
Salaries and benefits	\$ 77,930	\$ 60,245	\$ 58,479
Foundation salaries and benefits	-	14,171	15,000
Vehicle and equipment rentals	1,500	2,004	2,163
Materials and supplies	2,500	1,936	2,340
Services, rents and utilities	6,000	6,036	5,904
Advertising contracts	15,500	18,298	14,341
Brochures	-	270	6,266
Web site design	2,500	1,304	1,297
The Great Outdoors Daycamp	9,000	7,860	9,463
	\$ 114,930	\$ 112,124	\$ 115,253
Administrative Support			
Salaries and benefits	\$ 144,340	\$ 162,340	\$ 130,472
Board members' allowances	7,000	3,337	7,185
Vehicle and equipment rentals	22,279	2,501	1,752
Materials and supplies	7,000	3,935	6,035
Services, rents and utilities	18,500	23,332	18,076
Minor infrastructure	600	560	600
Biennial Tour	-	-	1,735
	\$ 199,719	\$ 196,005	\$ 165,855

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

For the year ended December 31	Budget	2005	2004
Sourcewater Protection			
Salaries and benefits	\$ -	\$ 14,189	\$ -
Vehicle and equipment rentals	-	185	-
Materials and supplies	-	47,107	7,296
Services, rents and utilities	-	12,967	205
	<u>\$ -</u>	<u>\$ 74,448</u>	<u>\$ 7,501</u>
Forest 2020			
Salaries and benefits	\$ -	\$ 28,331	\$ 1,166
Vehicle and equipment rentals	-	1,341	220
Materials and supplies	-	64	-
Tree planting	-	64,748	-
Tree purchase	-	93,586	-
Spraying	-	30,434	-
Site inspections	-	137	-
	<u>\$ 200,000</u>	<u>\$ 218,641</u>	<u>\$ 1,386</u>

**Grey Sauble Conservation Authority
Schedule of Capital and Other Project Expenditures**

For the year ended December 31	Budget	2005	2004
Administration hydro	\$ 27,000	\$ 25,931	\$ -
Vehicle purchase	53,000	44,686	-
Clendenan Dam Safety Study	52,000	39,291	-
Clarksburg Ice Study	26,006	13,747	3,994
Tara dam engineering	25,000	11,774	4,102
Computer equipment	40,500	41,478	12,065
Bell house removal	2,000	1,500	-
Equipment	12,500	9,236	2,327
Minor infrastructure - signs	4,000	15,473	3,220
- property fencing	-	535	1,088
Eugenia Falls Cleanup	1,156	-	-
2004 plowing match	-	-	30,718
New stream gauges	30,000	30,809	-
Hibou water upgrade	15,000	11,299	-
Watershed aerial photography (Note 5)	10,000	-	-
Significant species	2,500	1,169	-
Stop logs	1,500	1,296	-
Roof repairs	-	-	1,674
Signs at Epping Lookout	-	485	-
Rankin Dam railings	3,000	-	1,836
Regulation Mapping	20,000	-	-
Blacks Park expenses	10,000	7,355	12,120
Forestry spraying and reforestation	16,415	-	42,597
Office/Arboretum Improvements	10,000	9,918	9,057
New shop roof	9,800	9,400	-
Supervisor for work program	20,400	-	-
	\$ 391,777	\$ 275,382	\$ 124,798