

**Grey Sauble Conservation Authority
Financial Statements
For the year ended December 31, 2007**

Grey Sauble Conservation Authority
Financial Statements
For the year ended December 31, 2007

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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 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 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

BDO Dunwoody LLP

Chartered Accountants, Licensed Public Accountants

Owen Sound, Ontario
February 8, 2008

Grey Sauble Conservation Authority Statement of Financial Position

December 31	2007	2006
		(Restated Note 8)

Assets

Current

Cash - operating fund	\$	411,215	\$	119,297
Cash - reserve funds		990,189		1,187,491
Accounts receivable		30,139		49,917
Prepaid expenses		-		6,609
		<u> </u>		<u> </u>
	\$	1,431,543	\$	1,363,314

Liabilities and Surplus


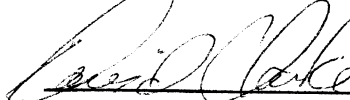
Current

Accounts payable and accrued liabilities	\$	66,133	\$	64,503
Deferred revenue (Note 4)		49,310		62,229
		<u> </u>		<u> </u>
		115,443		126,732

Surplus

Reserve for working capital	60,000	60,000
Reserve Funds (Page 4)	1,105,802	1,025,049
Surplus (Page 5)	150,298	151,533
	<hr/>	
	1,316,100	1,236,582
	<hr/>	
	\$ 1,431,543	\$ 1,363,314

On behalf of the Board:

 _____	Director
 _____	Director

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

Grey Sauble Conservation Authority Statement of Continuity of Reserve Funds

For the year ended December 31, 2007	Special (Note 5)	Computer Replacement	Major Dam Maintenance	Vehicle Replacement
Balance, beginning of year	\$ 94,393	\$ 8,021	\$ 38,215	\$ 106,530
Correction of error (Note 8)	5,300	-	-	-
Balance, beginning of year, as restated	99,693	8,021	38,215	106,530
Appropriations from operations	25,030	6,000	19,077	40,757
Interfund transfers	(32,485)	-	32,485	-
Interest earned	3,188	345	2,553	3,927
	95,426	14,366	92,330	151,214
Appropriations to operations	9,582	8,855	2,781	43,758
Balance, end of year	\$ 85,844	\$ 5,511	\$ 89,549	\$ 107,456

For the year ended December 31, 2007	Administration Centre	Forest Management	Total 2007	Total 2006
				(Restated Note 8)
Balance, beginning of year	\$ 90,138	\$ 612,515	\$ 949,812	\$ 1,263,307
Correction of error (Note 8)	69,937	-	75,237	-
Balance, beginning of year, as restated	160,075	612,515	1,025,049	1,263,307
Appropriations from operations	31,369	420,319	542,552	420,734
Interest earned	3,549	26,764	40,326	42,093
	194,993	1,059,598	1,607,927	1,726,134
Appropriations to operations	90,511	346,638	502,125	701,085
Balance, end of year	\$ 104,482	\$ 712,960	\$ 1,105,802	\$ 1,025,049

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	Budget	2007	2006 (Restated Note 8)
Revenue			
Government grants (Page 11)	\$ 148,844	\$ 142,629	\$ 157,048
Municipal levies	849,249	850,365	717,808
Special levies	4,500	-	75
Grey Bruce Forestry services (Page 11)	150,000	234,757	173,330
User fees	199,000	243,762	202,460
Timber and wood sales	275,000	298,196	236,441
Interest earned	20,000	23,491	23,580
Donations	20,000	25,376	23,301
Grey County forest management	84,000	98,416	82,608
Net rental recoveries (Page 12)	6,000	46,757	50,604
The Great Outdoors Daycamp	8,000	11,092	10,270
Sourcewater Protection	45,000	43,061	52,419
Miscellaneous	45,000	46,231	9,778
	1,854,593	2,064,133	1,739,722
Expenditures			
Water management (Page 13)	182,807	180,599	165,869
Environmental planning (Page 14)	219,986	246,766	185,528
Forestry			
-Operations on Authority land (Page 15)	214,775	213,910	211,607
-Grey Bruce Forestry services (Page 15)	150,000	222,952	168,646
-Grey County Forest Management (Page 15)	84,000	87,100	74,283
Recreation use areas (Page 16)	374,829	376,141	346,309
Cons. information and education (Page 16)	130,390	140,834	117,579
Administrative support (Page 16)	196,968	193,440	174,176
Capital and other projects (Page 18)	411,802	320,161	406,496
Miscellaneous and donations	12,200	11,426	9,953
Sourcewater protection (Page 17)	45,000	31,612	41,492
	2,022,757	2,024,941	1,901,938
Excess of revenue over expenditures (expenditures over revenue) for the year	(168,164)	39,192	(162,216)
Appropriations			
From reserve funds	533,164	502,125	701,085
To reserve funds	(365,000)	(542,552)	(420,734)
	168,164	(40,427)	280,351
Net surplus (deficit) for the year	-	(1,235)	118,135
Surplus, beginning of year	151,533	151,533	33,398
Surplus, end of year	\$ 151,533	\$ 150,298	\$ 151,533

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

Grey Sauble Conservation Authority

Notes to Financial Statements

December 31, 2007

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 financial statements have been prepared by the management of the Authority in accordance with Canadian generally accepted accounting 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 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.

Post-Employment Benefits

Defined contribution plan accounting is applied to the Authority's multi-employer defined benefit pension plan.

Revenue Recognition

Government grants related to operations are recognized as revenue in the year in which the related expenses are incurred.

General and special municipal levies are recognized as revenue in the year in which the related expenses are incurred.

Authority generated revenue is recognized when the price is fixed or determinable, collectability is reasonably assured and services are provided to customers.

Grey Sauble Conservation Authority

Notes to Financial Statements

December 31, 2007

2. Summary of Significant Accounting Policies (continued)

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.

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.

New Accounting Pronouncements

Recent accounting pronouncements that have been issued but are not yet effective, and have a potential implication for the Authority are as follows:

Tangible Capital Assets

For the year ended December 31, 2009 the Authority will be required to comply with Section 3150, Tangible Capital Assets of the Public Sector Accounting Board Handbook. Section 3150 requires the capitalization and amortization of tangible capital assets in the financial statements. As a transitional provision, Public Sector Guideline-7, Tangible Capital Assets of Local Governments, requires disclosure of information for each major class of tangible capital assets for which all the relevant information can be provided for the complete stock of tangible of that category.

The Authority is currently assessing the impact of the new standards.

Grey Sauble Conservation Authority Notes to Financial Statements

December 31, 2007

3. Pension Plan

The Authority makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of 14 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. Employees and employers contribute jointly to the plan. The amount contributed to OMERS for 2007 was \$107,037 (2006 - \$92,150). The contribution rate for 2006 was 6.5% to 10.7% depending on age and income level (2005 - 6% to 9.8%).

OMERS is a multi-employer plan, therefore any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Authority does not recognize any share of the OMERS pension surplus or deficit. The plan has reported a \$2.4 billion actuarial deficit at the end of 2006 (2005 - \$2.8 billion), based on actuarial liabilities of \$44.2 billion (2005 - \$41.1 billion) and actuarial assets of \$41.8 billion (2005 - \$38.3 billion).

4. Deferred Revenue

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

	2007	2006
Arboretum Alliance	\$ 1,315	\$ 3,915
Bio-Mapping	2,488	930
GSCA Foundation donations	10,485	-
Restricted donation	763	1,844
Tree planting	800	-
	15,851	6,689
MNR - Pool of funds	33,459	55,540
	\$ 49,310	\$ 62,229

Note that the prior year balances for the deferred revenue have been restated to match the current year presentation of deferred revenue.

Grey Sauble Conservation Authority Notes to Financial Statements

December 31, 2007

5. Special Reserve Funds

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

	<u>2007</u>	<u>2006</u>
2008 IPM	\$ 10,144	\$ 5,000
50th Anniversary	-	4,080
Arboretum Alliance	2,572	2,500
Fill Regulations Mapping	44,409	42,594
Privy/Capital Development	28,719	8,380
Watershed Aerial Photography	-	37,139
	<u>\$ 85,844</u>	<u>\$ 99,693</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.

8. Correction of Error

A prior period adjustment to correct an overstatement of grant revenues and an overstatement of capital expenditures, each for \$110,081 (resulting in a net change of \$Nil). Corresponding changes have been made to decrease deferred revenue and increase reserve funds in the amount of \$75,237 each.



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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, 2007 and our report thereon dated February 8, 2008 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.

Chartered Accountants, Licensed Public Accountants

Owen Sound, Ontario
February 8, 2008

Grey Sauble Conservation Authority Schedule of Revenue

For the year ended December 31	Budget	2007	2006
Government Grants			
Provincial - Program Operating			
Flood control and warning	\$ 71,779	\$ 71,779	\$ 71,779
Special capital	73,065	64,562	71,321
MNR - stream gauges	-	-	5,536
	144,844	136,341	148,636
Provincial - Other			
Special infrastructure	-	-	488
Summer student program	4,000	6,288	7,924
	\$ 148,844	\$ 142,629	\$ 157,048
Grey Bruce Forestry Services			
Trees and landscape stock	\$ -	\$ 93,641	\$ 109,313
Planning	-	12,161	3,003
Planting	-	47,720	24,354
Site inspections	-	-	1,050
Tree marking	-	361	12,130
Vegetation control	-	23,876	22,710
Other	-	948	770
Trees Ontario Foundation grants	-	56,050	-
	\$ 150,000	\$ 234,757	\$ 173,330

Grey Sauble Conservation Authority Schedule of Rental Recoveries and Expenditures

For the year ended December 31	Budget	2007	2006
Recoveries			
Vehicle			
Flood control and warning	\$ 3,237	\$ 4,890	
Operating conservation property	23,769	22,496	
Forest management	13,379	13,482	
Grey Bruce Forestry services	7,257	5,831	
Erosion control	60	12	
Land use planning and regulation	16,297	17,843	
Conservation information and education	1,937	1,597	
Administrative support	819	1,254	
Special programs	16,250	16,438	
Equipment			
Flood control and warning	270	259	
Operating conservation property	3,723	4,778	
Forest management	460	96	
Grey Bruce forestry services	1,010	571	
Special programs	831	442	
Computer	6,000	6,000	
	95,299	95,989	
Expenditures			
Vehicle			
Fuel	25,295	25,444	
Repairs	11,514	8,046	
Licenses and insurance	7,613	7,592	
Equipment			
Fuel	1,577	1,186	
Repairs	2,543	3,097	
Licenses and insurance	-	20	
	48,542	45,385	
Excess of recoveries over expenditures	\$ 6,000	\$ 46,757	\$ 50,604

Grey Sauble Conservation Authority Schedule of Water Management Expenditures

For the year ended December 31	Budget	2007	2006
Flood Forecast and Warning			
Salaries and benefits	\$ 105,718	\$ 105,718	\$ 101,589
Service contracts	1,000	1,000	1,000
Vehicle and equipment rentals	3,400	2,529	3,399
Materials and supplies	3,900	3,701	3,888
Services, rents and utilities	23,000	22,929	23,000
	137,018	135,877	132,876
Flood Control Structures			
Clendenan dam	9,000	9,000	9,000
Taylor Street retention pond	1,500	445	280
	10,500	9,445	9,280
Dams			
Salaries and benefits	10,942	9,442	10,461
Vehicle and equipment rentals	1,500	970	1,269
Materials and supplies	500	346	292
Services, rents and utilities	1,400	1,308	1,274
Dam maintenance	1,000	2,528	59
	15,342	14,594	13,355
Ice Management			
Various	9,000	10,000	-
Erosion Control			
Salaries and benefits	8,947	8,947	8,473
Vehicle and equipment rentals	200	60	22
Materials and supplies	500	335	548
Services, rents and utilities	1,300	1,341	1,315
	10,947	10,683	10,358
	\$ 182,807	\$ 180,599	\$ 165,869

Grey Sauble Conservation Authority Schedule of Environmental Planning Expenditures

For the year ended December 31	Budget	2007	2006
Bio-Mapping			
Salaries and benefits	\$ 3,000	\$ 2,244	\$ 2,936
Vehicle and equipment rentals	400	257	5
Materials and supplies	200	-	12
Services, rents and utilities	-	500	-
	3,600	3,001	2,953
Groundwater Monitoring			
Salaries and benefits	2,800	2,029	2,310
Vehicle and equipment rentals	700	1,123	697
Materials and supplies	500	1,885	5
Services, rents and utilities	1,100	1,283	1,086
	5,100	6,320	4,098
Watershed Management			
Salaries and benefits	30,569	30,569	28,972
Vehicle and equipment rentals	5,600	3,851	5,622
Materials and supplies	750	(319)	214
Services, rents and utilities	-	1,478	535
Sydenham river rehabilitation	-	12,264	-
	36,919	47,843	35,343
Land Use Planning and Regulation			
Salaries and benefits	146,867	151,445	117,967
Service contracts	2,000	12,682	-
Vehicle and equipment rentals	11,000	9,993	10,752
Materials and supplies	3,000	3,960	3,015
Services, rents and utilities	11,500	11,522	11,400
	174,367	189,602	143,134
	\$ 219,986	\$ 246,766	\$ 185,528

Grey Sauble Conservation Authority Schedule of Forestry Expenditures

For the year ended December 31	Budget	2007	2006
Operations on Authority Land			
Salaries and benefits	\$ 124,775	\$ 124,775	\$ 122,545
Vehicle and equipment rentals	13,500	14,172	13,316
Materials and supplies	24,500	23,388	24,377
Services, rents and utilities	52,000	51,575	51,369
	<u>\$ 214,775</u>	<u>\$ 213,910</u>	<u>\$ 211,607</u>

Grey Bruce Forestry Services (includes Trees Ontario Expenses)

Purchases	\$ -	\$ 122,238	\$ 95,513
Planning	-	19,024	3,459
Planting	-	52,180	31,648
Site inspections	-	452	2,364
Pruning and marking	-	-	5,332
Vegetation control	-	12,304	17,528
Wages and benefits	-	-	6,902
Other	-	16,754	5,900
	<u>\$ 150,000</u>	<u>\$ 222,952</u>	<u>\$ 168,646</u>

Grey County Forest Management

Wages	\$ -	\$ 69,078	\$ 55,504
Vehicle/equipment	-	16,639	16,178
Supplies	-	1,383	2,601
	<u>\$ 84,000</u>	<u>\$ 87,100</u>	<u>\$ 74,283</u>

Grey Sauble Conservation Authority

Schedule of Conservation and Administrative Expenditures

For the year ended December 31	Budget	2007	2006
Recreation Use Areas			
Salaries and benefits	\$ 220,629	\$ 220,629	\$ 211,963
Service contracts	21,000	18,018	15,333
Vehicle and equipment rentals	27,800	26,750	27,752
Materials and supplies	14,000	17,412	19,585
Services, rents and utilities	40,000	40,113	33,293
Picnic table replacement	2,800	548	1,471
Gate House	8,600	10,980	8,360
Property taxes	40,000	36,535	26,217
Arboretum Alliance	-	5,156	2,335
	\$ 374,829	\$ 376,141	\$ 346,309
Conservation Information and Education			
Salaries and benefits	\$ 85,890	\$ 70,890	\$ 62,704
Foundation salaries and benefits	-	15,000	15,000
Vehicle and equipment rentals	3,000	2,039	1,750
Materials and supplies	4,000	5,011	3,894
Services, rents and utilities	7,200	11,458	7,136
Advertising contracts	20,800	17,749	16,874
Web site design	1,500	-	1,100
The Great Outdoors Daycamp	8,000	8,347	9,121
50th Anniversary	-	10,340	-
	\$ 130,390	\$ 140,834	\$ 117,579
Administrative Support			
Salaries and benefits	\$ 150,718	\$ 149,828	\$ 127,099
Board members' allowances	4,000	4,435	3,870
Vehicle and equipment rentals	3,100	2,628	2,707
Materials and supplies	7,500	7,012	6,734
Services, rents and utilities	31,000	29,207	30,902
Minor infrastructure	650	330	615
Biennial Tour	-	-	2,249
	\$ 196,968	\$ 193,440	\$ 174,176

Grey Sauble Conservation Authority
Schedule of Sourcewater Protection Expenditures

For the year ended December 31	Budget	2007	2006
Sourcewater Protection			
Salaries and benefits	\$ -	\$ 8,094	\$ 14,827
Vehicle and equipment rentals	-	381	654
Materials and supplies	-	4,761	10,410
Services, rents and utilities	-	18,376	15,601
	<hr/>	<hr/>	<hr/>
	\$ 45,000	\$ 31,612	\$ 41,492

Grey Sauble Conservation Authority Schedule of Capital and Other Project Expenditures

For the year ended December 31	Budget	2007	2006
Vehicle purchase	\$ 46,200	\$ 43,758	\$ -
Tara dam donation project	-	1,081	-
Spirit Rock stairway upgrades	4,000	2,775	-
Administration centre -entrance signs	25,000	24,581	63
-replace carpet	25,000	20,538	-
Clendenan fishway	40,000	2,000	-
Clendenan embankment/spillway	14,276	18,773	15,099
Clarksburg ice study	-	-	487
Tara dam engineering	-	-	7,665
Tara dam removal	-	-	83,635
Computer equipment	5,000	8,855	7,050
Hibou -playground	5,000	-	-
-boardwalk replacement	4,000	1,410	-
Bighead river armour stone repair	-	-	150
Butterfly garden	-	-	1,402
Minor infrastructure - signs	25,000	52,870	14,312
- property fencing	-	-	1,625
2008 plowing match (Note 5)	5,000	-	-
New stream gauges	2,000	1,291	5,536
Watershed aerial photography	-	367	(5,300)
Significant species	7,900	-	686
Owen Sound mill dam safety study	45,000	26,844	-
Skylight replacement	50,000	32,211	-
Signs at Epping lookout	-	-	2,681
Rankin dam safety study	16,226	21,647	5,024
50th Anniversary	2,000	-	-
Black's Park expenses	1,000	924	3,006
Forestry -spraying and reforestation	-	13,520	16,489
-survey	50,000	-	-
Pottawatomi barn removal	5,000	4,500	-
MNR surveys	-	-	22,000
Trailer for ATV	-	-	2,219
Office/arboretum improvements	-	13,204	-
Trees for tomorrow	5,000	3,404	7,589
Shade structure for seedlings	2,200	2,344	-
Spirit Rock fence for foundations	11,000	11,178	-
Inglis Falls land acquisition	-	-	215,078
Inglis Falls bridge upgrade	16,000	12,086	-
	\$ 411,802	\$ 320,161	\$ 406,496