

**GREY SAUBLE
CONSERVATION AUTHORITY**

FINANCIAL REPORT

DECEMBER 31, 2017

GREY SAUBLE CONSERVATION AUTHORITY

DECEMBER 31, 2017

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COLLINS BARROW SGB LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Grey Sauble Conservation Authority:

Report on the Financial Statements

We have audited the accompanying financial statements of Grey Sauble Conservation Authority, which comprise the statement of financial position as at December 31, 2017, and the statements of operations, change in net financial assets and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

Collins Barrow SGB LLP

Licensed Public Accountants
Collingwood, Ontario
April 25, 2018

GREY SAUBLE CONSERVATION AUTHORITY

STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31

| | 2017 | 2016 |
|--|------------------|-----------|
| | \$ | \$ |
| Financial assets | | |
| Cash - Operating fund (Note 2) | 517,693 | 45,381 |
| Cash - Reserve funds (Note 2) | 282,506 | 512,105 |
| Accounts receivable (Note 11) | 100,488 | 306,357 |
| Investment portfolio - Reserve funds (Note 3) | 1,088,033 | 1,055,503 |
| | 1,988,720 | 1,919,346 |
| Liabilities | | |
| Accounts payable and accrued liabilities (Note 11) | 214,582 | 204,426 |
| Other payables (Note 5) | 25,145 | 25,742 |
| Government remittances payable | 48,888 | 39,134 |
| Deferred revenue (Note 6) | 87,048 | 145,238 |
| | 375,663 | 414,540 |
| Net financial assets | 1,613,057 | 1,504,806 |
| Non-financial assets | | |
| Prepaid expenses | 27,956 | 20,884 |
| Tangible capital assets (Note 7) | 7,965,271 | 8,011,347 |
| | 7,993,227 | 8,032,231 |
| Accumulated surplus (Note 8) | 9,606,284 | 9,537,037 |

Approved _____ Director

_____ Director

The accompanying notes are an integral part of
these financial statements

GREY SAUBLE CONSERVATION AUTHORITY

STATEMENT OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31

| | Budget 2017 \$ (Note 10) | Actual 2017 \$ | Actual 2016 \$ |
|--|-----------------------------------|----------------------|----------------------|
| Revenue | | | |
| Municipal levies | 1,276,555 | 1,276,555 | 1,242,389 |
| Government grants - operating | 127,979 | 124,900 | 86,201 |
| Government grants - capital | - | 5,005 | 239,640 |
| Grey Bruce Forestry/Trees Ontario | 340,000 | 336,037 | 337,780 |
| Grey County Forestry Management | 170,000 | 171,524 | 215,436 |
| Timber and wood sales | 120,134 | 97,847 | 90,545 |
| User fees | 415,500 | 404,283 | 383,532 |
| Sourcewater protection | 233,329 | 233,329 | 202,591 |
| Net rental recoveries | - | 19,913 | 39,273 |
| Donations | 22,000 | 3,447 | 11,352 |
| Contributions for tangible capital assets | - | 357 | 132,056 |
| Risk management | 219,000 | 208,055 | 207,264 |
| Miscellaneous (Note 11) | 34,733 | 22,790 | 30,869 |
| Interest earned (Note 11) | - | 4,133 | 3,807 |
| Income on reserve accounts (Note 3) | - | 50,153 | 58,180 |
| | 2,959,230 | 2,958,328 | 3,280,915 |
| Expenses | | | |
| Water management | 139,058 | 125,308 | 115,751 |
| Environmental planning | 423,712 | 409,374 | 342,803 |
| Forestry | | | |
| -Operations on Authority land | 181,362 | 184,184 | 194,258 |
| -Grey Bruce Forestry/Ontario Trees | 338,300 | 325,618 | 326,868 |
| -Grey County Forest Management | 136,431 | 147,152 | 190,230 |
| Recreation use areas | 391,024 | 352,837 | 370,680 |
| Conservation information and education | 141,155 | 118,272 | 120,212 |
| Administrative support | 502,334 | 507,215 | 665,120 |
| Major projects | 164,000 | 9,362 | 413,414 |
| Miscellaneous | - | 20,989 | 17,805 |
| Risk management | 219,000 | 128,446 | 128,166 |
| Sourcewater protection | 238,488 | 233,329 | 202,675 |
| GIS/IT department | 199,110 | 191,094 | - |
| (Gain) loss on disposal of tangible capital assets | - | (1,033) | 78,120 |
| Amortization of tangible capital assets | - | 136,934 | 129,520 |
| | 3,073,974 | 2,889,081 | 3,295,622 |
| Annual (deficit) surplus (Note 10) | (114,744) | 69,247 | (14,707) |
| Accumulated surplus, beginning of year | 9,537,037 | 9,537,037 | 9,551,744 |
| Accumulated surplus, end of the year (Note 8) | 9,422,293 | 9,606,284 | 9,537,037 |

The accompanying notes are an integral part of
these financial statements

GREY SAUBLE CONSERVATION AUTHORITY

STATEMENT OF CHANGE IN NET FINANCIAL ASSETS FOR THE YEAR ENDED DECEMBER 31

| | Budget 2017 | Actual 2017 | Actual 2016 |
|--|----------------|------------------|----------------|
| | \$ | \$ | \$ |
| | (Note 10) | | |
| Annual (deficit) surplus | (114,744) | 69,247 | (14,707) |
| Acquisition of tangible capital assets | - | (91,683) | (309,437) |
| Amortization of tangible capital assets | - | 136,934 | 129,520 |
| (Gain) loss on disposal of tangible capital assets | - | (1,033) | 78,120 |
| Proceeds on disposal of tangible capital assets | - | 1,858 | - |
| Change in prepaid expenses | - | (7,072) | (3,745) |
| Change in net financial assets | (114,744) | 108,251 | (120,249) |
| Net financial assets, beginning of year | 1,504,806 | 1,504,806 | 1,625,055 |
| Net financial assets, end of year | 1,390,062 | 1,613,057 | 1,504,806 |

The accompanying notes are an integral part of
these financial statements

GREY SAUBLE CONSERVATION AUTHORITY

STATEMENT OF CASH FLOW FOR THE YEAR ENDED DECEMBER 31

| | 2017 | 2016 |
|--|-----------------|-----------|
| | \$ | \$ |
| Cash flows from (for): | | |
| Operating activities | | |
| Annual surplus (deficit) | 69,247 | (14,707) |
| Non-cash items: | | |
| Amortization of tangible capital assets | 136,934 | 129,520 |
| (Gain) loss on disposal of tangible capital assets | (1,033) | 78,120 |
| | 205,148 | 192,933 |
| Changes in: | | |
| Accounts receivable | 205,869 | (100,687) |
| Accounts payable and accrued liabilities | 10,159 | (104,924) |
| Other payables | (597) | 5,695 |
| Government remittances payable | 9,754 | 30,292 |
| Deferred revenue | (58,190) | (2,592) |
| Prepaid expenses | (7,072) | (3,745) |
| Net change in cash from operations | 365,071 | 16,972 |
| Investing activities | | |
| Increase in investment portfolio | (32,533) | (41,634) |
| Capital activities | | |
| Acquisition of tangible capital assets | (91,683) | (309,437) |
| Proceeds on disposal of tangible capital assets | 1,858 | - |
| | (89,825) | (309,437) |
| Net change in cash position | 242,713 | (334,099) |
| Cash, beginning of year | 557,486 | 891,585 |
| Cash, end of year | 800,199 | 557,486 |
| Comprised of: | | |
| Cash - Operating fund | 517,693 | 45,381 |
| Cash - Reserve funds | 282,506 | 512,105 |
| | 800,199 | 557,486 |

The accompanying notes are an integral part of
these financial statements

GREY SAUBLE CONSERVATION AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2017

Nature of Operations

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 Town of The Blue Mountains and the Town of 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.

1. Summary of Significant Accounting Policies

The financial statements are the representation of management prepared 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 Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by the Authority are as follows:

(a) Basis of Accounting

Sources of revenue and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable. Expenses 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.

(b) Cash and Cash Equivalents

Cash and cash equivalents include cash on deposit and short-term deposits with a maturity of less than three months at acquisition.

(c) Investment Portfolio

The investment portfolio is recorded at cost.

Gains and losses on sale of investments are recognized when the assets are sold. All other distributions from the portfolio investments are recognized when they are received or become receivable.

GREY SAUBLE CONSERVATION AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2017

1. Summary of Significant Accounting Policies (continued)

(d) Revenue Recognition

Government grants are recognized in the financial statements in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amount can be made.

General and special municipal levies are recognized as revenue when the amounts are levied on the municipalities.

Authority-generated revenue is recognized when the price is fixed or determinable, collectability is reasonably assured and services are provided to customers. Types of services include tree planting, site inspections, forest maintenance, property access fees, rentals and planning.

All other revenues are recognized on an accrual basis.

(e) Deferred Revenue

The Authority reports deferred revenue as follows:

When it sells gift certificates and proceeds are received. Revenue is recognized when the gift certificate is redeemed.

When it receives funds for planned future land purchases. Revenue is recognized when the land is purchased and ownership is transferred to the Authority.

For legal contingencies collected related to the Risk Management project. The revenue is recognized as legal fees are incurred or the project is completed.

When it receives funds for Source Water Protection for expenses that had not occurred. The revenue is recognized as related expenses are incurred.

(f) Tangible Capital Assets

Tangible capital assets are recorded at cost, which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Cost includes overheads directly attributable to construction and development.

Amortization is reflected on a straight-line basis over the estimated useful life of the assets. The useful life of the assets is based on estimates made by management. The following rates are used:

| | |
|---------------------------------------|--------------|
| Bridges and trails | 6 - 30 years |
| Buildings | 40 years |
| Dams and weirs | 50 years |
| Equipment | 15 years |
| Flood forecast equipment | 20 years |
| Information technology infrastructure | 3 - 15 years |
| Office furniture | 20 years |
| Vehicles | 10 years |

Contributed tangible capital assets are recognized as assets and revenue at fair value at the time they are received.

GREY SAUBLE CONSERVATION AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2017

1. Summary of Significant Accounting Policies (continued)

(g) 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 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 operating costs are netted against the internal charges and are reported in the statement of operations.

(h) Pension Plan

The Authority offers a pension plan for its full-time employees through the Ontario Municipal Employee Retirement System ("OMERS"). OMERS is a multi-employer, contributory, public sector pension fund established for employees of municipalities, local boards and school boards in Ontario. Participating employers and employees are required to make plan contributions based on participating employees' contributory earnings. The Authority accounts for its participation in OMERS as a defined contribution plan and recognizes the expense related to this plan as contributions are made, even though OMERS is itself a defined benefit plan.

(i) Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles 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 revenues and expenses during the reporting period. The principle estimates used in the preparation of these financial statements are the determination of the estimated useful life of tangible capital assets and valuation of tangible capital assets when testing for possible impairment. Actual results could differ from management's best estimates as additional information becomes available in the future.

2. Cash and Banking Facility

On December 31, 2017 the Authority had cash of \$800,199 (2016 - \$557,486) at one chartered bank. The Canada Deposit Insurance Corporation (CDIC) insures up to a maximum of \$100,000 per depositor at a CDIC member institution.

The Authority has a revolving credit facility available with a maximum limit of \$400,000. The facility bears interest at bank prime plus 0.50% and is due on demand. No amounts had been drawn on the facility at year end (2016 - \$NIL).

3. Investment Portfolio

The investment portfolio includes Canadian, U.S. and International equities, as well as bonds and cash. The fair market value of the investments at year end was \$1,123,546 (2016 - \$1,060,094). During the year, the investment portfolio generated interest revenue of \$46,405 (2016 - \$45,359) and realized capital losses of \$907 (2016 - capital gains of \$8,581). Income on reserve accounts, as reported on the statement of operations, includes all income and losses generated by the portfolio in addition to interest earned from reserve cash accounts.

GREY SAUBLE CONSERVATION AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2017

4. Pension Plan

The employees of the Authority participate in the Ontario Municipal Employees Retirement System ("OMERS"). Although the plan has a defined retirement benefit for employees, the related obligation of the Municipality cannot be identified. The Authority has applied defined contribution plan accounting as it has insufficient information to apply defined benefit plan accounting. The OMERS plan has several unrelated participating municipalities and costs are not specifically attributed to each participant. Amounts paid to OMERS for 2017 were \$138,756 (2016- \$125,368) for current service.

OMERS is a multi-employer plan, therefore any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. The most recent actuarial valuation of the Plan was conducted at December 31, 2016.

5. Other Payables

The Authority holds monies collected by the Beaver River Water Initiative ("BRWI"), Friends of Hibou, Extraordinary Tree and the Arboretum Alliance. These funds are distributed when the BRWI, Friends of Hibou, or the Arboretum Alliance require payment for expenses which they have incurred. As at December 31, 2017 the Authority held \$12,297 (2016 - \$11,593) on behalf of the BRWI, \$3,155 (2016 - \$NIL) on behalf of Friends of Hibou, \$NIL (2016 - \$5,430) on behalf of Extraordinary Tree and \$9,693 (2016 - \$8,719) on behalf of the Arboretum Alliance.

6. Deferred Revenue

Deferred revenue consists of the following:

| | 2017 | 2016 |
|--|---------------|----------------|
| | \$ | \$ |
| Timber sales deposits | - | 12,075 |
| Blue Mountain gift certificates | 4,000 | 4,000 |
| Northern Bruce mapping contract | - | 32,327 |
| Source water | 753 | 74,836 |
| Risk management legal contingency | 45,000 | 22,000 |
| Department of Fisheries - Haines Dam decommissioning | 13,445 | - |
| Outstanding planning permits | 22,810 | - |
| Miscellaneous other deferrals | 1,040 | - |
| | 87,048 | 145,238 |

GREY SAUBLE CONSERVATION AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2017

7. Tangible Capital Assets

Tangible capital assets consists of the following:

| | Balance 2016 | Additions | Disposals | Balance 2017 |
|---------------------------------------|-------------------|----------------|-----------------|-------------------|
| Cost | \$ | \$ | \$ | \$ |
| Land | 6,270,223 | - | - | 6,270,223 |
| Bridges and Trails | 375,555 | 22,000 | - | 397,555 |
| Buildings | 1,059,691 | - | (3,000) | 1,056,691 |
| Dams and Weirs | 2,116,930 | - | - | 2,116,930 |
| Equipment | 204,761 | - | - | 204,761 |
| Flood Forecast Equipment | 36,550 | - | - | 36,550 |
| Information Technology Infrastructure | 118,765 | 22,755 | - | 141,520 |
| Office Furniture | 48,593 | - | - | 48,593 |
| Vehicles | 264,993 | 46,928 | (18,735) | 293,186 |
| | 10,496,061 | 91,683 | (21,735) | 10,566,009 |
| Accumulated Amortization | | | | |
| Bridges and Trails | 130,980 | 15,135 | - | 146,115 |
| Buildings | 743,145 | 24,170 | (2,175) | 765,140 |
| Dams and Weirs | 1,199,570 | 41,295 | - | 1,240,865 |
| Equipment | 127,114 | 9,245 | - | 136,359 |
| Flood Forecast Equipment | 25,828 | 1,693 | - | 27,521 |
| Information Technology Infrastructure | 53,850 | 22,033 | - | 75,883 |
| Office Furniture | 36,782 | 1,095 | - | 37,877 |
| Vehicles | 167,445 | 22,268 | (18,735) | 170,978 |
| | 2,484,714 | 136,934 | (20,910) | 2,600,738 |
| Net Book Value | | | | |
| Land | 6,270,223 | | | 6,270,223 |
| Bridges and Trails | 244,575 | | | 251,440 |
| Buildings | 316,546 | | | 291,551 |
| Dams and Weirs | 917,360 | | | 876,065 |
| Equipment | 77,647 | | | 68,402 |
| Flood Forecast Equipment | 10,722 | | | 9,029 |
| Information Technology Infrastructure | 64,915 | | | 65,637 |
| Office Furniture | 11,811 | | | 10,716 |
| Vehicles | 97,548 | | | 122,208 |
| | 8,011,347 | | | 7,965,271 |

GREY SAUBLE CONSERVATION AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2017

8. Accumulated Surplus

Accumulated surplus consists of individual fund surplus and reserves as follows:

| | 2017 | 2016 |
|-------------------------------------|------------------|------------------|
| | \$ | \$ |
| Invested in tangible capital assets | 7,965,271 | 8,011,347 |
| General surplus (Note 10) | 114,681 | 132,345 |
| Reserve funds (Note 9) | 1,466,332 | 1,333,345 |
| Working capital reserve | 60,000 | 60,000 |
| | 9,606,284 | 9,537,037 |

9. Reserve Funds Set Aside for Specific Purpose

| | 2017 | 2016 |
|-----------------------|------------------|------------------|
| | \$ | \$ |
| Special projects | 149,182 | 58,511 |
| Computer replacement | 5,642 | 6,055 |
| Major dam maintenance | 88,190 | 80,927 |
| Vehicle replacement | 176,088 | 193,914 |
| Risk management | 160,870 | 79,055 |
| Administration centre | 283,858 | 253,779 |
| Forest management | 582,502 | 639,898 |
| Youth | 20,000 | 21,206 |
| | 1,466,332 | 1,333,345 |

10. Budgets

Under Canadian public sector accounting principles, budget amounts are to be reported on the statement of operations and changes in net financial assets for comparative purposes. The 2017 budget amounts for Grey Sauble Conservation Authority approved by the Board have been reclassified to conform to the basis of presentation of the revenues and expenses on the statements of operations and change in net financial assets. The budget numbers have not been audited. The following is a reconciliation of the budget approved by the Board:

| | Budget 2017 | Actual 2017 | Actual 2016 |
|---|----------------|----------------|----------------|
| | \$ | \$ | \$ |
| Annual surplus (deficit) | (114,744) | 69,247 | (14,707) |
| Prior year general surplus | 132,345 | 132,345 | 74,329 |
| Transfers from (to) reserves | 159,587 | (132,987) | 174,520 |
| Tangible capital asset acquisitions, disposals and write-down | - | (90,858) | (231,317) |
| Amortization | - | 136,934 | 129,520 |
| Operating surplus | 177,188 | 114,681 | 132,345 |

GREY SAUBLE CONSERVATION AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2017

11. Related Party Transactions

The Grey Sauble Conservation Foundation was founded to receive, accumulate and distribute funds and/or the income therefrom for the benefit of the Authority. The Foundation is incorporated under the Ontario Corporations Act and is a registered charity under the Income Tax Act. The Authority has representation on the Foundation's Board of Directors. Funds are solicited by the Foundation to further the mission of the Authority. Thus, as defined in the accounting recommendations of the Chartered Professional Accountants of Canada, the Authority has an economic interest in the Foundation.

Transactions with Grey Sauble Conservation Foundation include accounts receivable of \$3,726 (2016 - \$4,199), accounts payable of \$1,480 (2016 - \$NIL), interest revenue of \$1,221 (2016 - \$1,309), and other transfers to fund Authority activities included in miscellaneous revenue of \$8,100 (2016 - \$10,000).

12. Comparative Figures

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

**GREY SAUBLE
CONSERVATION AUTHORITY
SUPPLEMENTARY INFORMATION
DECEMBER 31, 2017**

GREY SAUBLE CONSERVATION AUTHORITY

DECEMBER 31, 2017

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COLLINS BARROW SGB LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

AUDITOR'S COMMENTS ON SUPPLEMENTARY FINANCIAL INFORMATION

To the Board of Directors of Grey Sauble Conservation Authority:

We have audited the financial statements of Grey Sauble Conservation Authority, which comprise the statement of financial position as at December 31, 2017, and the statements of operations, change in net financial assets and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information, and have issued our report thereon dated April 25, 2018 which contained an unmodified opinion on those financial statements. The audit was performed to form an opinion on the financial statements as a whole. The supplementary information is presented for the purposes of additional analysis and is not a required part of the financial statements. Such supplementary information is the responsibility of management and was derived from the underlying accounting and other records used to prepare the financial statements.

The supplementary information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such supplementary information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves.

Restriction on Distribution and Use

The supplementary information is prepared to provide additional information to the Board of Directors. As a result, the supplementary information may not be suitable for another purpose. Our report is intended solely for the Board of Directors and should not be distributed to or used by parties other than the Board of Directors.

Collins Barrow SGB LLP

Licensed Public Accountants
Collingwood, Ontario
April 25, 2018

GREY SAUBLE CONSERVATION AUTHORITY

SCHEDULE 1 SCHEDULE OF REVENUE FOR THE YEAR ENDED DECEMBER 31 (UNAUDITED)

| | Budget 2017 | Actual 2017 | Actual 2016 |
|--|----------------|----------------|----------------|
| | \$ | \$ | \$ |
| Government Grants | | | |
| Provincial - Program Operating | | | |
| Flood control and warning | 71,779 | 71,779 | 71,779 |
| Stewardship program | 45,000 | 31,500 | - |
| Groundwater monitoring | - | 3,703 | 484 |
| Summer student | 6,200 | 10,962 | 13,938 |
| Other | 5,000 | 6,956 | - |
| | 127,979 | 124,900 | 86,201 |
| Provincial and Federal - Other | | | |
| Special capital - current funding | - | 5,005 | 239,640 |
| | 127,979 | 129,905 | 325,841 |
| Grey Bruce Forestry/Trees Ontario | | | |
| Trees and landscape stock | - | 95,461 | 84,071 |
| Planning | - | 23,495 | 17,639 |
| Planting | - | 6,676 | 2,286 |
| Site inspections | - | 450 | 150 |
| Tree marking | - | 2,125 | 2,075 |
| Vegetation control | - | 14,887 | 9,763 |
| Other | - | 1,563 | 2,150 |
| Trees Ontario Foundation grants | - | 191,380 | 219,646 |
| | 340,000 | 336,037 | 337,780 |
| User Fees, Service Fees and Other Revenue Sources | | | |
| Parking fees | 117,000 | 73,004 | 59,233 |
| Planning fees | 225,000 | 260,503 | 252,426 |
| Rentals | 26,500 | 29,488 | 31,411 |
| Great Outdoors daycamp | 32,000 | 29,574 | 31,933 |
| GIS consulting | 15,000 | 11,714 | 8,529 |
| | 415,500 | 404,283 | 383,532 |

GREY SAUBLE CONSERVATION AUTHORITY

SCHEDULE 2 SCHEDULE OF RENTAL RECOVERIES AND EXPENDITURES FOR THE YEAR ENDED DECEMBER 31 (UNAUDITED)

| | Budget 2017 | Actual 2017 | Actual 2016 |
|---|----------------|----------------|----------------|
| | \$ | \$ | \$ |
| Recoveries | | | |
| Vehicle | | | |
| Flood control and warning | - | 6,412 | 3,087 |
| Operating conservation property | - | 22,850 | 22,517 |
| Forest management | - | 25,939 | 32,968 |
| Grey Bruce Forestry/Trees Ontario | - | 9,679 | 11,190 |
| Erosion control | - | 115 | 1,859 |
| Land use planning and regulation | - | 10,968 | 15,615 |
| Information and education | - | 873 | 1,692 |
| Administrative support | - | 2,326 | 2,590 |
| Special programs | - | 1,749 | 2,243 |
| Equipment | | | |
| Flood control and warning | - | - | 328 |
| Operating conservation property | - | 582 | 1,893 |
| Grey Bruce Forestry services | - | 1,709 | 3,946 |
| | 65,800 | 83,202 | 99,928 |
| Expenditures | | | |
| Vehicle | | | |
| Fuel | 29,500 | 26,043 | 26,477 |
| Repairs | 9,000 | 19,535 | 18,379 |
| Licenses and insurance | 7,800 | 6,487 | 7,119 |
| Equipment | | | |
| Fuel | 1,500 | 1,457 | 895 |
| Repairs | 18,000 | 9,767 | 7,786 |
| | 65,800 | 63,289 | 60,656 |
| Excess of recoveries over expenditures | - | 19,913 | 39,272 |

GREY SAUBLE CONSERVATION AUTHORITY

SCHEDULE 3 SCHEDULE OF WATER MANAGEMENT EXPENDITURES FOR THE YEAR ENDED DECEMBER 31 (UNAUDITED)

| | Budget 2017 | Actual 2017 | Actual 2016 |
|-----------------------------------|----------------|----------------|----------------|
| | \$ | \$ | \$ |
| Flood Forecast and Warning | | | |
| Salaries and benefits | 96,583 | 99,811 | 89,462 |
| Service contracts | - | - | 347 |
| Vehicle and equipment rentals | 3,200 | 3,950 | 3,732 |
| Materials and supplies | 2,500 | 3,158 | 4,736 |
| Training and uniforms | 750 | 254 | 134 |
| Services, rents and utilities | 3,000 | 1,851 | 1,837 |
| | 106,033 | 109,024 | 100,248 |
| Flood Control Structures | | | |
| Clendenan dam | 8,000 | 5,035 | 4,939 |
| Taylor Street retention pond | 1,000 | 354 | 50 |
| | 9,000 | 5,389 | 4,989 |
| Dams | | | |
| Salaries and benefits | 5,000 | 6,334 | 5,720 |
| Service contracts | 2,500 | 2,484 | 2,137 |
| Vehicle and equipment rentals | 1,300 | 340 | 286 |
| Materials and supplies | - | - | 475 |
| Services, rents and utilities | - | 183 | - |
| Dam maintenance | 1,200 | 492 | 889 |
| | 10,000 | 9,833 | 9,507 |
| Ice Management | | | |
| Various | 9,000 | - | - |
| Erosion Control | | | |
| Salaries and benefits | 4,125 | 850 | 211 |
| Vehicle and equipment rentals | 600 | 115 | 28 |
| Materials and supplies | 300 | 97 | 768 |
| | 5,025 | 1,062 | 1,007 |
| | 139,058 | 125,308 | 115,751 |

GREY SAUBLE CONSERVATION AUTHORITY

SCHEDULE 4 SCHEDULE OF ENVIRONMENTAL PLANNING EXPENDITURES FOR THE YEAR ENDED DECEMBER 31 (UNAUDITED)

| | Budget 2017 | Actual 2017 | Actual 2016 |
|---|----------------|----------------|----------------|
| | \$ | \$ | \$ |
| Bio-Mapping | | | |
| Salaries and benefits | 3,000 | 3,111 | 1,369 |
| Vehicle and equipment rentals | 5,200 | 172 | 103 |
| Materials and supplies | - | - | 63 |
| | 8,200 | 3,283 | 1,535 |
| Groundwater Monitoring | | | |
| Salaries and benefits | 55,987 | 4,300 | 3,761 |
| Vehicle and equipment rentals | - | 1,413 | 1,344 |
| Materials and supplies | 400 | 5 | - |
| | 56,387 | 5,718 | 5,105 |
| Watershed Management | | | |
| Salaries and benefits | 61,000 | 91,098 | 47,827 |
| Vehicle and equipment rentals | - | 2,772 | 5,074 |
| Materials and supplies | - | 950 | 185 |
| Services, rents and utilities | - | 102 | - |
| Watershed monitoring | 9,650 | 9,614 | 9,511 |
| | 70,650 | 104,536 | 62,597 |
| Land Use Planning and Regulation | | | |
| Salaries and benefits | 270,295 | 254,588 | 258,781 |
| Vehicle and equipment rentals | 10,680 | 11,193 | 9,944 |
| Materials and supplies | 4,500 | 29,424 | 4,367 |
| Training and uniforms | 3,000 | 632 | 474 |
| | 288,475 | 295,837 | 273,566 |
| | 423,712 | 409,374 | 342,803 |

GREY SAUBLE CONSERVATION AUTHORITY

SCHEDULE 5 SCHEDULE OF FORESTRY EXPENDITURES FOR THE YEAR ENDED DECEMBER 31 (UNAUDITED)

| | Budget 2017 | Actual 2017 | Actual 2016 |
|--|----------------|----------------|----------------|
| | \$ | \$ | \$ |
| Operations on Authority Land | | | |
| Salaries and benefits | 146,062 | 158,331 | 164,524 |
| Service contracts | 8,900 | 8,824 | 8,676 |
| Vehicle and equipment rentals | 8,900 | 6,697 | 8,564 |
| Materials and supplies | 15,000 | 9,285 | 9,797 |
| Training and uniforms | 2,500 | 1,047 | 197 |
| Services, rents and utilities | - | - | 2,500 |
| | 181,362 | 184,184 | 194,258 |
| Grey Bruce Forestry/Trees Ontario | | | |
| Purchases and Trees Ontario expenses | 142,000 | 140,002 | 135,676 |
| Salaries and benefits | 156,610 | 131,398 | 166,641 |
| 50 Million Trees program | - | 22,932 | 805 |
| Other | 39,690 | 31,286 | 23,746 |
| | 338,300 | 325,618 | 326,868 |
| Grey County Forest Management | | | |
| Salaries and benefits | 136,431 | 127,594 | 160,372 |
| Vehicle and equipment rentals | - | 16,204 | 23,670 |
| Supplies | - | 3,354 | 6,188 |
| | 136,431 | 147,152 | 190,230 |

GREY SAUBLE CONSERVATION AUTHORITY

SCHEDULE 6 SCHEDULE OF CONSERVATION AND ADMINISTRATIVE EXPENDITURES FOR THE YEAR ENDED DECEMBER 31 (UNAUDITED)

| | Budget 2017 | Actual 2017 | Actual 2016 |
|---|----------------|----------------|----------------|
| | \$ | \$ | \$ |
| Recreation Use Areas | | | |
| Salaries and benefits | 255,774 | 228,012 | 238,194 |
| Service contracts | 16,000 | 14,055 | 17,043 |
| Vehicle and equipment rentals | 22,250 | 22,867 | 23,378 |
| Materials and supplies | 15,000 | 17,972 | 17,215 |
| Services, rents and utilities | 20,000 | 13,064 | 10,556 |
| Training and uniforms | - | 1,093 | 1,134 |
| Property taxes | 62,000 | 55,774 | 63,160 |
| | 391,024 | 352,837 | 370,680 |
| Conservation Information and Education | | | |
| Salaries and benefits | 93,186 | 91,240 | 87,594 |
| Vehicle and equipment rentals | 1,869 | 878 | 1,715 |
| Materials and supplies | 3,900 | 777 | 2,097 |
| Training and uniforms | 500 | 100 | 764 |
| Canada 150 | 5,000 | 2,844 | - |
| Advertising contracts | 20,700 | 6,086 | 12,659 |
| The Great Outdoors Daycamp | 16,000 | 16,347 | 15,383 |
| | 141,155 | 118,272 | 120,212 |
| Administrative | | | |
| Salaries and benefits | 329,242 | 339,865 | 436,443 |
| Board members' allowances | 3,600 | 8,487 | 6,751 |
| Service contracts | - | - | 26,498 |
| Vehicle and equipment rentals | 2,492 | 1,236 | 3,160 |
| Materials and supplies | 20,000 | 22,369 | 31,966 |
| Services, rents and utilities | 147,000 | 135,258 | 160,302 |
| | 502,334 | 507,215 | 665,120 |

GREY SAUBLE CONSERVATION AUTHORITY

SCHEDULE 7 SCHEDULE OF SOURCEWATER, RISK MANAGEMENT AND GIS/IT EXPENDITURES FOR THE YEAR ENDED DECEMBER 31 (UNAUDITED)

| | Budget 2017 | Actual 2017 | Actual 2016 |
|-------------------------------|----------------|----------------|----------------|
| | \$ | \$ | \$ |
| Sourcewater Protection | | | |
| Salaries and benefits | 210,000 | 189,789 | 148,667 |
| Committee members' allowance | 6,000 | 4,050 | 5,177 |
| Vehicle and equipment rentals | 6,000 | 1,214 | 1,370 |
| Materials and supplies | 3,000 | 15,137 | 32,715 |
| Services, rents and utilities | 13,488 | 23,139 | 14,746 |
| | 238,488 | 233,329 | 202,675 |
| Risk Management | | | |
| Salaries and benefits | 156,000 | 121,580 | 120,789 |
| Vehicle and equipment rentals | 4,000 | 1,847 | 2,098 |
| Materials and supplies | 10,000 | 4,406 | 4,375 |
| Training and uniforms | - | 613 | 904 |
| Contingency | 49,000 | - | - |
| | 219,000 | 128,446 | 128,166 |
| GIS and IT Support | | | |
| Salaries and benefits | 117,220 | 119,948 | - |
| Service contracts | 48,000 | 48,565 | - |
| Vehicle and equipment rentals | 650 | 1,377 | - |
| Materials and supplies | 16,140 | 6,353 | - |
| Hardware and software | 14,600 | 11,654 | - |
| Training and uniforms | 2,500 | 3,197 | - |
| | 199,110 | 191,094 | - |

GREY SAUBLE CONSERVATION AUTHORITY

SCHEDULE 8 SCHEDULE OF OPERATING SURPLUS FOR THE YEAR ENDED DECEMBER 31 (UNAUDITED)

| | Budget 2017 | Actual 2017 | Actual 2016 |
|---|------------------|------------------|------------------|
| | \$ | \$ | \$ |
| Revenue | | | |
| Municipal levies | 1,276,555 | 1,276,555 | 1,242,389 |
| Government grants | 127,979 | 129,905 | 325,841 |
| Grey Bruce Forestry/Ontario Trees | 340,000 | 336,037 | 337,780 |
| Grey County Forestry Management | 170,000 | 171,524 | 215,436 |
| Timber and wood sales | 120,134 | 97,847 | 90,545 |
| User fees | 415,500 | 404,283 | 383,532 |
| Sourcewater Protection | 233,329 | 233,329 | 202,591 |
| Net rental recoveries | - | 19,913 | 39,272 |
| Donations | 22,000 | 3,447 | 11,353 |
| Contributions for tangible capital assets | - | 357 | 132,056 |
| Risk management | 219,000 | 208,055 | 207,264 |
| Miscellaneous | 34,733 | 22,790 | 30,869 |
| Interest earned | - | 4,133 | 3,807 |
| Proceeds on capital disposals | - | 1,858 | - |
| | 2,959,230 | 2,910,033 | 3,222,735 |
| Expenditures | | | |
| Water management | 139,058 | 125,308 | 115,751 |
| Environmental planning | 423,712 | 409,374 | 342,803 |
| Forestry | | | |
| Operations on Authority land | 181,362 | 184,184 | 194,258 |
| Grey Bruce Forestry/Ontario Trees | 338,300 | 325,618 | 326,868 |
| Grey County Forest Management | 136,431 | 147,152 | 190,230 |
| Recreation use areas | 391,024 | 352,837 | 370,680 |
| Conservation information and education | 141,155 | 118,272 | 120,212 |
| Administrative support | 502,334 | 507,215 | 665,120 |
| Miscellaneous | - | 20,989 | 17,805 |
| Risk management | 219,000 | 128,446 | 128,166 |
| Sourcewater protection | 238,488 | 233,329 | 202,675 |
| GIS/IT department | 199,110 | 191,094 | - |
| Major projects (Schedule 9) | 164,000 | 101,045 | 722,851 |
| | 3,073,974 | 2,844,863 | 3,397,419 |
| Net revenues (expenditures) | (114,744) | 65,170 | (174,684) |
| Appropriations | | | |
| From reserve funds | 235,187 | 146,618 | 343,010 |
| To reserve funds | (75,600) | (229,452) | (110,310) |
| | 159,587 | (82,834) | 232,700 |
| Net surplus (deficit) for the year | 44,843 | (17,664) | 58,016 |
| Operating surplus, beginning of the year | 132,345 | 132,345 | 74,329 |
| Operating surplus, end of the year | 177,188 | 114,681 | 132,345 |

GREY SAUBLE CONSERVATION AUTHORITY

SCHEDULE 9 SCHEDULE OF MAJOR AND OTHER PROJECT EXPENDITURES FOR THE YEAR ENDED DECEMBER 31 (UNAUDITED)

| | Budget 2017 | Actual 2017 | Actual 2016 |
|-------------------------------------|----------------|----------------|----------------|
| | \$ | \$ | \$ |
| Springmount pedestrian bridge | - | 22,000 | - |
| IT Equipment | - | 22,755 | 16,503 |
| Mill dam | - | 5,088 | 98,929 |
| Vehicle replacement | 60,000 | 46,928 | - |
| Aerial photography | - | 362 | - |
| Land | - | - | 173,856 |
| Admin Centre - Upgrades | - | - | 947 |
| Admin Centre - Entrance signs | 5,000 | 850 | - |
| Other Equipment | - | 3,062 | 579 |
| Inglis Falls Sewage Pump | 5,000 | - | - |
| Hibou trail | - | - | 8,690 |
| Sucker Creek - Cottage Decommission | 15,000 | - | - |
| Pottawatomi foot bridge | 2,000 | - | - |
| Haines Dam - Decommission | - | - | 398,111 |
| Spiral staircase - Spirit Rock | 77,000 | - | - |
| Spirit Rock - Ruin Wall Maintenance | - | - | 5,088 |
| Regulation Mapping | - | - | 20,148 |
| | 164,000 | 101,045 | 722,851 |