

**North Bay-Mattawa
Conservation Authority
Financial Statements
For the year ended December 31, 2017**

North Bay-Mattawa Conservation Authority
Financial Statements
For the year ended December 31, 2017

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Independent Auditor's Report

To the Members of the North Bay-Mattawa Conservation Authority

We have audited the accompanying financial statements of the North Bay-Mattawa Conservation Authority which comprise the statement of financial position as at December 31, 2017 and the statements of operations, change in net debt and cash flows 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 entity'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 entity'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, these financial statements present fairly, in all material respects, the financial position of the North Bay-Mattawa Conservation Authority as at December 31, 2017 and the results of its operations, change in net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

 BDO Chartered CPAs

Chartered Professional Accountants, Licensed Public Accountants

North Bay, Ontario
April 25, 2018

**North Bay-Mattawa Conservation Authority
Statement of Financial Position**

December 31	2017	2016
Financial assets		
Cash and cash equivalents	\$ 535,348	\$ 562,723
Accounts receivable (Note 3)	179,456	97,556
Notes receivable (Note 4)	124,639	142,933
	839,443	803,212
Liabilities		
Accounts payable and accrued liabilities	159,138	200,289
Deferred revenue (Note 5)	532,023	506,303
Net long-term liabilities (Note 6a)	703,315	796,391
Employee future benefits (Note 7)	113,710	119,896
	1,508,186	1,622,879
Net debt	(668,743)	(819,667)
Non-financial assets		
Tangible capital assets (Note 2)	14,442,620	14,802,209
Prepaid expenses	13,241	12,758
	14,455,861	14,814,967
Accumulated surplus (Note 8)	\$ 13,787,118	\$ 13,995,300

On behalf of the Board:

_____ Director

_____ Director

North Bay-Mattawa Conservation Authority Statement of Operations

For the year ended December 31	2017 Budget	2017 Actual	2016 Actual
Revenues (Note 12)			
Core - Grant eligible	\$ 769,284	\$ 773,078	\$ 766,940
Core - Other	1,169,213	950,968	867,224
Core Capital	987,323	1,001,467	1,040,852
Interpretive Centre	187,331	186,908	187,199
Laurentian Ski Hill Capital Funding	-	61,134	64,114
Gain on disposal of tangible capital assets	-	23,125	3,082
	<u>3,113,151</u>	<u>2,996,680</u>	<u>2,929,411</u>
Expenses (Note 13)			
Core - Grant eligible	769,284	756,966	741,509
Core - Other	1,169,213	836,868	821,092
Core Capital	987,323	1,009,770	1,031,947
Interpretive Centre	187,331	174,633	179,014
Foster Wild Fund	-	-	6,021
Laurentian Ski Hill Capital	-	4,273	-
Amortization of tangible capital assets	-	422,352	415,282
	<u>3,113,151</u>	<u>3,204,862</u>	<u>3,194,865</u>
Annual deficit for the year	-	(208,182)	(265,454)
Accumulated surplus, beginning of year		<u>13,995,300</u>	<u>14,260,754</u>
Accumulated surplus, end of year		<u>\$ 13,787,118</u>	<u>\$ 13,995,300</u>

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

North Bay-Mattawa Conservation Authority Statement of Change in Net Debt

For the year ended December 31	2017 Budget	2017 Actual	2016 Actual
Annual deficit	\$ -	\$ (208,182)	\$ (265,454)
Acquisition of tangible capital assets	-	(62,763)	(161,789)
Amortization of tangible capital assets	-	422,352	415,282
Gain on disposition of tangible capital assets	-	(23,125)	(3,082)
Proceeds of disposition of tangible capital assets	-	23,125	3,082
	-	151,407	(11,961)
Acquisition of prepaid expenses	-	(13,241)	(12,758)
Use of prepaid expenses	-	12,758	16,827
	-	(483)	4,069
Change in net debt	-	150,924	(7,892)
Net debt, beginning of year	(819,667)	(819,667)	(811,775)
Net debt, end of year	\$ (819,667)	\$ (668,743)	\$ (819,667)

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

North Bay-Mattawa Conservation Authority Statement of Cash Flows

For the year ended December 31	2017	2016
Cash provided by (used in)		
Operating transactions		
Annual deficit	\$ (208,182)	\$ (265,454)
Items not involving cash		
Amortization of tangible capital assets	422,352	415,282
Gain on disposal of tangible capital assets	(23,125)	(3,082)
	<u>191,045</u>	<u>146,746</u>
Changes in non-cash working capital balances		
Accounts receivable	(81,900)	4,150
Notes receivable	18,294	10,000
Prepaid expenses	(483)	4,069
Accounts payable and accrued liabilities	(41,151)	35,089
Deferred revenue	25,720	32,427
Employee future benefits	(6,186)	(2,218)
	<u>105,339</u>	<u>230,263</u>
Capital transactions		
Acquisition of tangible capital assets	(62,763)	(161,789)
Proceeds of disposition of tangible capital assets	23,125	3,082
	<u>(39,638)</u>	<u>(158,707)</u>
Financing transactions		
Repayment of long-term debt	(93,076)	(46,316)
(Decrease) increase in cash and cash equivalents during the year	(27,375)	25,240
Cash and cash equivalents, beginning of year	<u>562,723</u>	<u>537,483</u>
Cash and cash equivalents, end of year	<u>\$ 535,348</u>	<u>\$ 562,723</u>

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

North Bay-Mattawa Conservation Authority

Notes to Financial Statements

December 31, 2017

1. Significant Accounting Policies

Nature of the Organization The Authority manages a program designed to further the conservation, restoration, development and management of natural resources other than gas, oil, coal, and minerals in the North Bay - Mattawa area. The Authority was incorporated under the Conservation Authorities Act of Ontario. The Authority is a registered charitable organization and is exempt from income taxes under the Canadian Income Tax Act.

**Management's
Responsibility for the
Financial Statements**

The financial statements of the Authority are the responsibility of management. They have been prepared in accordance with Canadian public sector accounting standards.

Cash and Cash Equivalents Management considers all highly liquid investments with maturity of three months or less at acquisition to be cash equivalents.

Notes Receivable The Authority records loans receivable at fair value when the loan is issued. The loan receivable is subsequently measured at the lower of cost and net recoverable value. When the Authority becomes aware that the loan is no longer recoverable, the loan is reduced by the amount of the loss and any loss is included in expenses for the period.

Tangible Capital Assets Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset commencing once the asset is available for productive use as follows:

Land	no amortization
Buildings	20 to 50 years
Infrastructure	5 to 50 years
Vehicles	3 to 5 years
Power equipment	5 to 20 years
Equipment	4 to 10 years

North Bay-Mattawa Conservation Authority

Notes to Financial Statements

December 31, 2017

1. Significant Accounting Policies (continued)

Employee Future Benefits	<p>The Authority offers non-pension post-retirement benefits to employees through non-pension defined benefit plans. The costs associated with these future benefits are actuarially determined using the projected benefits method prorated on service and best estimate assumptions. (See Note 7).</p> <p>Liabilities for vacations and vested sick leave credits earned but not taken are accrued as earned.</p> <p>The Authority is an employer member of the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer, defined benefit pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of the benefits. The Authority has adopted defined contribution plan accounting principles for this Plan because insufficient information is available to apply defined benefit plan accounting principles.</p> <p>The Authority records as pension expense the current service cost, amortization of past service costs and interest costs related to the future employer contributions to the Plan for past employee service.</p>
Revenue Recognition	<p>Provincial grant revenues are recognized in the year to which the program relates and expenditures are incurred in accordance with the terms and conditions of the respective grants. Municipal operating levies are recognized in the year they are levied to member municipalities and capital or special levies are recognized as funds are utilized on the applicable projects. Other revenues are recognized when they are invoiced and collection is reasonably assured.</p>
Deferred Revenue	<p>Certain amounts are received pursuant to agreements including specific levies and may only be used in the conduct of certain programs or in the delivery of specific services. These amounts are deferred when conditions or stipulations have not been met under the terms of these agreements.</p>

North Bay-Mattawa Conservation Authority Notes to Financial Statements

December 31, 2017

1. Significant Accounting Policies (continued)

Use of Estimates

The preparation of the financial statements in conformity with Canadian public sector accounting standards, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of financial statements, disclosure of contingent assets and liabilities and the reported amounts of revenues and expenses during the reporting period. The principal estimates used in the preparation of these financial statements are the estimated useful life of tangible capital assets and the estimates involved in employee future benefits. Actual results could differ from management's best estimates as additional information becomes available in the future.

**North Bay-Mattawa Conservation Authority
Notes to Financial Statements**

December 31, 2017

2. Tangible Capital Assets

	Land	Buildings	Infrastructure	Vehicles	Power Equipment	Equipment	Total
Cost, beginning of year	\$ 6,908,633	\$ 3,653,967	\$ 8,993,810	\$ 212,326	\$ 88,698	\$ 525,995	\$ 20,383,429
Additions	-	-	22,513	29,321	-	10,929	62,763
Disposals	-	-	-	(54,619)	(6,000)	-	(60,619)
Cost, end of year	6,908,633	3,653,967	9,016,323	187,028	82,698	536,924	20,385,573
Accumulated amortization, beginning of year	-	970,846	4,082,692	103,205	66,822	357,655	5,581,220
Amortization	-	75,805	277,738	32,721	3,413	32,675	422,352
Disposals	-	-	-	(54,619)	(6,000)	-	(60,619)
Accumulated amortization, end of year	-	1,046,651	4,360,430	81,307	64,235	390,330	5,942,953
Net carrying amount, end of year	\$ 6,908,633	\$ 2,607,316	\$ 4,655,893	\$ 105,721	\$ 18,463	\$ 146,594	\$ 14,442,620

**North Bay-Mattawa Conservation Authority
Notes to Financial Statements**

December 31, 2017

2. Tangible Capital Assets (continued)

	2016						
	Land	Buildings	Infrastructure	Vehicles	Power Equipment	Equipment	Total
Cost, beginning of year	\$ 6,867,825	\$ 3,653,967	\$ 8,976,036	\$ 156,681	\$ 88,698	\$ 493,765	\$20,236,972
Additions	40,808	-	17,774	70,977	-	32,230	161,789
Disposals	-	-	-	(15,332)	-	-	(15,332)
Cost, end of year	6,908,633	3,653,967	8,993,810	212,326	88,698	525,995	20,383,429
Accumulated amortization, beginning of year	-	895,041	3,805,231	94,080	63,368	323,550	5,181,270
Amortization	-	75,805	277,461	24,457	3,454	34,105	415,282
Disposals	-	-	-	(15,332)	-	-	(15,332)
Accumulated amortization, end of year	-	970,846	4,082,692	103,205	66,822	357,655	5,581,220
Net carrying amount, end of year	\$ 6,908,633	\$ 2,683,121	\$ 4,911,118	\$ 109,121	\$ 21,876	\$ 168,340	\$14,802,209

North Bay-Mattawa Conservation Authority Notes to Financial Statements

December 31, 2017

3. Accounts Receivable

	<u>2017</u>	<u>2016</u>
Sales tax recoverable	\$ 18,458	\$ 21,289
Fees for services and other	160,998	76,267
	<u>\$ 179,456</u>	<u>\$ 97,556</u>

4. Notes Receivable

	<u>2017</u>	<u>2016</u>
Equipment loan (i)	\$ 50,000	\$ 60,000
Operating loan (ii)	74,639	82,933
	<u>\$ 124,639</u>	<u>\$ 142,933</u>

Notes receivable are due from Laurentian Ski Hill Snowboarding Club with the following terms:

- (i) Equipment loan, interest free with annual principal repayments of \$10,000 commenced May 1, 2013 for 10 years. The receivable is secured by a charge against the equipment purchased with the loan. The receivable was recorded at cost on initial recognition.
- (ii) Operating loan, interest free with annual principal repayments of \$8,293 to commence May 1, 2017 for 10 years. The receivable is secured by a general security agreement over all assets of Laurentian Ski Hill Snowboarding Club. The receivable was recorded at cost on initial recognition.

North Bay-Mattawa Conservation Authority Notes to Financial Statements

December 31, 2017

5. Deferred Revenue

	2017	2016
Balance, beginning of year	\$ 506,303	\$ 473,876
Contributions received	920,953	956,836
Amounts recognized to revenue	(895,233)	(924,409)
Balance, end of year	\$ 532,023	\$ 506,303

Year end balances consist of the following:

	2017	2016
Municipal levies	\$ 322,200	\$ 281,945
Provincial grants	209,823	224,358
	\$ 532,023	\$ 506,303

6. Credit Facility Agreements

a. Long-term Liabilities

	2017	2016
Loan payable to the City of North Bay, repayable in annual installments equal to \$10,000. The loan is interest free and is due May 2023.	\$ 50,000	\$ 60,000
Loan payable - 2.59%, due June 2022, repayable in monthly installments of \$3,001 principal and interest.	653,315	736,391
	\$ 703,315	\$ 796,391

The interest bearing loan payable contains certain debt covenants regarding (i) financial reporting to the lender, (ii) standard covenants regarding the operation of the organization, (iii) restrictions on further borrowing without the lender's consent, and (iv) debt service coverage. The Authority was in compliance with all covenants as at December 31, 2017.

North Bay-Mattawa Conservation Authority Notes to Financial Statements

December 31, 2017

6. Credit Facility Agreements (continued)

a. Long-term Liabilities (continued)

Principal repayments estimated over the next five years and thereafter on these loans are as follows:

2018	\$	29,334
2019		29,841
2020		30,361
2021		30,894
2022		18,867
Thereafter		564,018
	\$	703,315

b. Line of Credit

The Authority also has a demand operating line of credit with its Canadian chartered bank permitting advances to a maximum of \$300,000 bearing interest at the bank's prime rate plus 0.25%. The balance utilized on this line at year end was \$Nil (2016 - \$Nil).

7. Employee Future Benefits

At December 31, this liability consists of the following:

	2017	2016
Accrued vacation for active employees	\$ 53,363	\$ 65,669
Post-retirement benefits (i)	60,347	54,227
	\$ 113,710	\$ 119,896

(i) These costs are determined in accordance with accepted actuarial practice. The figures presented are from an actuarial valuation report dated December 31, 2015. Selected information about this plan is as follows:

North Bay-Mattawa Conservation Authority Notes to Financial Statements

December 31, 2017

7. Employee Future Benefits (continued)

	2017	2016
Accrued benefit liability, beginning of year	\$ 54,227	\$ 48,489
Current service costs	3,873	3,724
Interest cost on obligation	2,247	2,014
Accrued benefit liability, end of year	\$ 60,347	\$ 54,227

Included in wages and salaries is a net benefit expense as follows:

	2017	2016
Current service costs	\$ 3,873	\$ 3,724
Interest cost on obligation	2,247	2,014
	\$ 6,120	\$ 5,738

Discount rate used at January 1	4%
Discount rate used at December 31	4%
Total value of plan assets	\$Nil
Expected average remaining service life of active employees	10.883 years
Health & medical cost inflation trend	8% in first year reducing by 0.5% until 4% attained

8. Accumulated Surplus

	2017	2016
General surplus (deficit)	\$ (115,037)	\$ (2,177)
Reserve - Septic building permit	175,184	67,040
Reserve - Laurentian Ski Hill Capital	101,376	44,515
Tangible capital assets	14,442,620	14,802,209
Amounts to be recovered from future revenues	(817,025)	(916,287)
	\$ 13,787,118	\$ 13,995,300

North Bay-Mattawa Conservation Authority Notes to Financial Statements

December 31, 2017

9. Pension Agreements

The Authority makes contributions to the Ontario Municipal Employees Retirement Fund ("OMERS"), which is a multi-employer pension plan, on behalf of full-time members of staff. The 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 Administration Corporation Board of Directors, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of the benefits. OMERS provides pension services to nearly half a million active and retired members and approximately 1,000 employers.

Each year an independent actuary determines the funding status of OMERS Primary Pension Plan (the Plan) by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial valuation of the Plan was conducted at December 31, 2017. The results of this valuation disclosed total going concern actuarial liabilities of \$94,431 million in respect of benefits accrued for service with actuarial assets at that date of \$89,028 million indicating a going concern actuarial deficit of \$5,403 million. Because OMERS is a multi-employer plan, 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. Contributions made by the Authority to OMERS for 2017 were \$129,723 (2016 - \$119,673).

10. Laurentian Ski Hill Snowboarding Club

Effective December 1, 2004 the operation of the business segment known as Jack Pine Hill was transferred by way of legal agreement to the Laurentian Ski Hill Snowboarding Club, a local not-for-profit organization, for proceeds of \$Nil. Under the terms of this agreement the Authority maintains legal title/ownership to a majority of the fixed assets of Jack Pine Hill and will provide the use of these assets to the Laurentian Ski Hill Snowboarding Club at an annual operating fee of \$29,220, plus an annual economic increase. The term of this agreement is to May 31, 2021 at which time the Laurentian Ski Hill Snowboarding Club may renew the agreement with the Authority by giving notice thereof in writing.

11. Segmented Reporting

The Canadian Institute of Chartered Accountants Public Sector Accounting Handbook Section PS 2700, Segment Disclosures, establishes standards on defining and disclosing segments in a government's financial statements. Government organizations that apply these standards are encouraged to provide the disclosures established by this section when their operations are diverse enough to warrant such disclosures.

North Bay-Mattawa Conservation Authority Notes to Financial Statements

December 31, 2017

12. Sources of Revenues

	2017	2016
Municipal levies	\$ 1,017,902	\$ 1,030,568
Provincial grants	648,885	679,231
Permits and fees	826,824	719,640
Other (i)	484,097	482,851
Donations	18,972	17,121
	\$ 2,996,680	\$ 2,929,411

(i) Included in other is internal rent and administration fees in the amount of \$268,498 (2016 - \$256,668).

13. Expenses by Object

	2017	2016
Wages and benefits	\$ 1,857,152	\$ 1,825,753
Program related expenses (i)	477,956	502,945
Occupancy expenses and utilities (i)	201,601	206,474
Insurance	53,515	54,118
Travel	55,328	49,432
Bank charges and interest on long-term debt	28,957	32,331
Consulting and other professional fees	51,824	27,509
Repairs and maintenance	7,165	18,137
Promotional expenses	5,581	9,200
Equipment rental and purchases	10,115	20,443
Office	21,857	18,841
Training	11,459	14,401
Amortization	422,352	415,281
	\$ 3,204,862	\$ 3,194,865

(i) Included in occupancy expenses and utilities and program related expenses are internal rent charges and administration fees in the amount of \$268,498 (2016 - \$256,668).