



**LOWER THAMES VALLEY CONSERVATION AUTHORITY**

**INDEPENDENT AUDITOR'S REPORT AND  
FINANCIAL STATEMENTS**

**DECEMBER 31, 2021**

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## **INDEPENDENT AUDITOR'S REPORT**

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To the Members of the  
**Lower Thames Valley Conservation Authority**

### *Opinion*

We have audited the financial statements of the Lower Thames Valley Conservation Authority, which comprise the statement of financial position as at December 31, 2021, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Authority as at December 31, 2021, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### *Basis for Opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Responsibilities of Management and Those Charged with Governance for the Financial Statements*

Management is responsible for the preparation and fair presentation of the 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.

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## INDEPENDENT AUDITOR'S REPORT, continued

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In preparing the financial statements, management is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Authority or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Authority's financial reporting process.

### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- ◆ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ◆ Obtain an understanding of internal control relevant to the audit 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.
- ◆ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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**INDEPENDENT AUDITOR'S REPORT, continued**

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- ◆ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Authority to cease to continue as a going concern.
- ◆ Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*Baker Tilly CK, LLP*

Chatham, Ontario  
February 24, 2022

**CHARTERED PROFESSIONAL ACCOUNTANTS**  
**LICENSED PUBLIC ACCOUNTANTS**

**LOWER THAMES VALLEY CONSERVATION AUTHORITY**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2021**



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# LOWER THAMES VALLEY CONSERVATION AUTHORITY



## STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31, 2021

|  | 2021<br>Budget<br>(note 16) | 2021<br>Actual    | 2020<br>Actual    |
|--|-----------------------------|-------------------|-------------------|
| <b>REVENUES</b>  |                             |                   |                   |
| Municipal levies, Schedule 9   | \$ 1,682,082                | \$ 1,682,082      | \$ 1,667,457      |
| Miscellaneous income   | -                           | 69                | 315               |
| Grants   | 1,096,971                   | 1,403,009         | 1,112,915         |
| Government grants - special projects                                     | 8,861                       | 27,080            | 13,164            |
| Direct benefiting  | 287,000                     | 546,798           | 477,127           |
| Rental recoveries  | -                           | 138,583           | 76,899            |
| Oil and gas royalties  | -                           | 7,094             | 5,130             |
| Interest income  | -                           | 21,543            | 22,534            |
| Foundation revenue   | -                           | 4,716             | 5,427             |
| Conservation area revenues   | 188,990                     | 425,807           | 272,368           |
| Mapping revenue  | -                           | 53,174            | 15,468            |
| Donations  | -                           | 3,663             | -                 |
| Ska-Nah-Doht Village, Schedule 1   | 55,492                      | 79,248            | 64,245            |
|  | <u>3,319,396</u>            | <u>4,392,866</u>  | <u>3,733,049</u>  |
| <b>EXPENDITURES</b>  |                             |                   |                   |
| Ska-Nah-Doht Village, Schedule 1   | 114,813                     | 127,089           | 134,866           |
| Source protection, Schedule 2  | 32,481                      | 40,748            | 26,514            |
| Watershed monitoring, Schedule 3   | 93,441                      | 165,649           | 108,471           |
| Flood control structures, Schedule 4                                     | 320,700                     | 291,421           | 235,817           |
| Flood forecasting and warning, Schedule 5                                | 200,602                     | 164,460           | 174,053           |
| Regulations and plan review, Schedule 6                                  | 279,822                     | 342,249           | 290,447           |
| Conservation services - Stewardship, Schedule 7                          | 1,373,368                   | 1,792,008         | 1,548,239         |
| Maintenance and other non-eligible, Schedule 8                           | 904,169                     | 1,111,866         | 962,558           |
| Administration and other   | -                           | -                 | (6,092)           |
|  | <u>3,319,396</u>            | <u>4,035,490</u>  | <u>3,474,873</u>  |
| <b>ANNUAL SURPLUS BEFORE AMORTIZATION<br/>AND OTHER INCOME (EXPENSE)</b> | <u>-</u>                    | <u>357,376</u>    | <u>258,176</u>    |
| <b>AMORTIZATION AND OTHER INCOME (EXPENSE)</b>                           |                             |                   |                   |
| Amortization of tangible capital assets                                  | -                           | (254,720)         | (279,789)         |
| Gain on sale of tangible capital assets (note 4)                         | -                           | 442               | 6,000             |
| Amortization of deferred capital<br>contributions (note 7)               | -                           | 29,255            | 22,882            |
| Donations of tangible capital<br>assets (notes 4 and 14)                 | -                           | 70,000            | 235,771           |
| Writedown of tangible capital assets (note 4)                            | -                           | (1,380)           | (15,900)          |
|  | <u>-</u>                    | <u>(156,403)</u>  | <u>(31,036)</u>   |
| <b>ANNUAL SURPLUS</b>  | <u>\$ -</u>                 | <u>\$ 200,973</u> | <u>\$ 227,140</u> |

LOWER THAMES VALLEY CONSERVATION AUTHORITY



STATEMENT OF CHANGES IN NET ASSETS

YEAR ENDED DECEMBER 31, 2021

|   | INVESTMENT<br>IN TANGIBLE<br>CAPITAL<br>ASSETS | RESERVES          | OTHER             | Total<br>2021       | Total<br>2020       |
|---|--|-------------------|-------------------|---------------------|---------------------|
| <b>BALANCE,<br/>BEGINNING OF<br/>YEAR</b>       | \$ 6,628,320                                   | \$ 501,774        | \$ 326,975        | \$ 7,457,069        | \$ 7,229,929        |
| Annual surplus<br>(deficit)<br>(notes 9 and 11) | (20,066)                                       | -                 | 221,039           | 200,973             | 227,140             |
| Transfer from<br>reserves (note 12)             | -  | 7,094             | (7,094)           | -                   | -                   |
| <b>BALANCE, END OF<br/>YEAR</b>                 | <u>\$ 6,608,254</u>                            | <u>\$ 508,868</u> | <u>\$ 540,920</u> | <u>\$ 7,658,042</u> | <u>\$ 7,457,069</u> |

**LOWER THAMES VALLEY CONSERVATION AUTHORITY****STATEMENT OF FINANCIAL POSITION****DECEMBER 31, 2021**

|   | <b>2021</b>         | <b>2020</b>         |
|---|---------------------|---------------------|
| <b>FINANCIAL ASSETS</b>                           |                     |                     |
| Cash (note 3)                                     | \$ 1,814,520        | \$ 1,500,346        |
| Accounts receivable (note 8)                      | <u>1,024,172</u>    | <u>752,485</u>      |
|   | <u>2,838,692</u>    | <u>2,252,831</u>    |
| <b>FINANCIAL LIABILITIES</b>                      |                     |                     |
| Accounts payable and accrued liabilities (note 5) | 412,504             | 309,481             |
| Deferred revenue (note 6)                         | 1,224,039           | 999,026             |
| Deferred capital contributions (note 7)           | <u>172,301</u>      | <u>133,104</u>      |
|   | <u>1,808,844</u>    | <u>1,441,611</u>    |
| <b>NET FINANCIAL ASSETS (note 9)</b>              | <u>1,029,848</u>    | <u>811,220</u>      |
| <b>NON-FINANCIAL ASSETS</b>                       |                     |                     |
| Prepaid expenses                                  | 19,941              | 17,529              |
| Tangible capital assets (note 4)                  | <u>6,608,253</u>    | <u>6,628,320</u>    |
|   | <u>6,628,194</u>    | <u>6,645,849</u>    |
| <b>ACCUMULATED SURPLUS (note 10)</b>              | <u>\$ 7,658,042</u> | <u>\$ 7,457,069</u> |

**ON BEHALF OF THE BOARD**

A handwritten signature in blue ink, appearing to read "Andrew Thompson", written over a horizontal line.

**Chair**

A handwritten signature in blue ink, appearing to read "Linda McKillop", written over a horizontal line.

**Vice Chair**



**LOWER THAMES VALLEY CONSERVATION AUTHORITY**

**STATEMENT OF CASH FLOWS**

**YEAR ENDED DECEMBER 31, 2021**



|   | 2021                | 2020                |
|---|---------------------|---------------------|
| <b>OPERATING ACTIVITIES</b>                             |                     |                     |
| Annual surplus  | \$ 200,973          | \$ 227,140          |
| Adjustments for   |                     |                     |
| Amortization of tangible capital assets                 | 254,720             | 279,789             |
| Gain on sale of tangible capital assets (note 4)        | (442)               | (6,000)             |
| Writedown of tangible capital assets (note 4)           | 1,380               | 15,900              |
| Amortization of deferred capital contributions (note 7) | (29,255)            | (22,882)            |
| Contributed land (notes 13 and 14)                      | (70,000)            | (235,000)           |
|   | 357,376             | 258,947             |
| Change in non-cash working capital items (note 13)      | 53,938              | (77,132)            |
|   | <u>411,314</u>      | <u>181,815</u>      |
| <b>FINANCING ACTIVITY</b>                               |                     |                     |
| Tangible capital assets funded by capital contributions | <u>68,452</u>       | <u>75,524</u>       |
| <b>CAPITAL ACTIVITIES</b>                               |                     |                     |
| Purchase of tangible capital assets                     | (166,034)           | (156,172)           |
| Proceeds on sale of tangible capital assets             | 442                 | 6,000               |
|   | <u>(165,592)</u>    | <u>(150,172)</u>    |
| <b>INCREASE IN CASH</b>                                 | 314,174             | 107,167             |
| <b>CASH, BEGINNING OF YEAR</b>                          | <u>1,500,346</u>    | <u>1,393,179</u>    |
| <b>CASH, END OF YEAR</b>                                | <u>\$ 1,814,520</u> | <u>\$ 1,500,346</u> |

DECEMBER 31, 2021

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## 1. NATURE OF OPERATIONS

Lower Thames Valley Conservation Authority is a not-for-profit organization established on February 2, 1961 under the Conservation Authorities Act of Ontario in the area over which it has jurisdiction. The Authority undertakes a program designed to further the conservation, preservation, restoration, development and management of natural resources other than gas, oil, coal and minerals. The Authority is exempt from income taxes provided that certain requirements of the Income Tax Act are met.

## 2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Canadian public sector accounting standards. The significant accounting policies are detailed as follows:

### (a) CASH

Cash consists of balances with financial institutions, certificates of deposit, and short-term investments with maturities of 90 days or less.

### (b) TANGIBLE CAPITAL ASSETS

Tangible capital assets are significant economic resources that are managed by the Authority and are a key component in the long-term delivery of the Authority's programs. Tangible capital assets are recorded at cost. Cost includes the purchase price of the asset and all other costs incurred to make the asset available for use. The Authority provides for amortization using the straight-line method at rates designed to amortize the cost of the tangible capital assets over their estimated useful lives. The annual amortization rates are as follows:

|                        |             |
|------------------------|-------------|
| Buildings              | 20-50 years |
| Equipment              | 5-40 years  |
| Automotive             | 6-25 years  |
| Furniture and fixtures | 10 years    |
| Computer equipment     | 3 years     |

Tangible capital assets are reviewed for impairment whenever events or changes in the circumstances indicate that the carrying value may not be recoverable. If the total of the estimated undiscounted future cash flows is less than the carrying value of the asset, an impairment loss is recognized for the excess of the carrying value over the fair value of the asset during the year the impairment occurs.

Tangible capital assets under construction are not yet available for use and accordingly, are not being amortized. The assets will be placed into use as they are completed.

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**2. SIGNIFICANT ACCOUNTING POLICIES, continued**

**(c) RESERVES**

Reserves for future expenditures and contingencies are established as required at the discretion of the members of the Authority. Increases or decreases in these reserves are made by appropriations to or from operations and, where appropriate, upon approval of the Board of Directors.

The reserve for vehicle and equipment acquisitions is used for the purchase of vehicles and equipment.

The reserve for capital and maintenance projects on Authority lands and structures is used to hold royalties received from lands purchased using provincial funding to fund capital and maintenance projects on Authority lands.

The reserve for provincially eligible and mandated projects is used to hold royalties received from lands purchased using provincial funding to fund provincially-eligible expenditures.

The reserve for insurance deductibles is used to hold funding to pay the deductible on insurance claims and cover expenses related to the self-funded short-term disability policy.

The reserve for restructuring is used to hold funding to pay severance costs in the event of organizational restructuring.

The reserve for eastern district properties is used to hold funds for the improvement of eastern district conservation areas.

**(d) REVENUE RECOGNITION AND GOVERNMENT TRANSFERS**

The Authority follows the deferral method of accounting for contributions and government transfers. Restricted contributions and government transfers are deferred and are recognized as revenues in the year in which the related expenses are incurred or services performed. Unrestricted contributions and government transfers are recognized as revenues in the period in which events giving rise to the revenue occur, provided that the transactions are authorized, any eligibility criteria have been met, and a reasonable estimate can be made of the amount to be received.

Contributions and transfers related to tangible capital assets are credited to deferred capital contributions and are recognized as revenue on the same basis as amortization on the related asset is charged against operations. Contributions and transfers related to tangible capital assets that are not subject to amortization are recognized as a direct increase in net assets.

**2. SIGNIFICANT ACCOUNTING POLICIES, continued**

**(e) SEGMENTATION OF EXPENSES**

The Authority's expenses are segregated into several key program areas in the statement of operations and supporting schedules. These segments are identified and segregated on the basis of the programs operated by the Lower Thames Valley Conservation Authority and expenses are allocated to these segments according to the program to which they relate.

**(f) BASIS OF ACCOUNTING**

Revenues and expenses of the Authority have been recorded on an accrual basis and are recognized in the statement of operations in the year in which they have been earned and incurred, respectively, regardless of whether or not such transactions have been settled by the payment or receipt of cash.

**(g) CONTRIBUTED MATERIALS AND SERVICES**

Contributions of materials and services are recognized in the financial statements at fair value at the date of contribution, but only when a fair value can be reasonably estimated, when the materials and services are used in the normal course of operations, and when the materials and services would otherwise have been purchased. When a fair value cannot be determined, the contributed materials and services are recorded at a nominal value.

**(h) FINANCIAL INSTRUMENTS**

The Authority's financial assets consist of cash and accounts receivable. The Authority's financial liabilities consist of accounts payable and accrued liabilities. The Authority initially measures these financial instruments at fair value except for certain non-arm's length transactions that are measured at the exchange amount.

These financial instruments are subsequently measured at amortized cost and are evaluated for impairment at each statement of financial position date, with the write down recorded in annual surplus. Impairment reversals may occur and the asset can be written up to its original cost.

**2. SIGNIFICANT ACCOUNTING POLICIES, continued**

**(i) USE OF ESTIMATES**

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions, such as the allowance for doubtful accounts, useful life of tangible capital assets, amortization of tangible capital assets, accrued liabilities and deferred revenues that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of certain revenues and expenditures during the year. Actual results could differ from management's best estimates as additional information becomes available in the future. These estimates and assumptions are reviewed periodically and, as adjustments become known, they are reported in the periods in which they become known.

**3. BANK INDEBTEDNESS**

The Authority has available a revolving demand operating credit line in the amount of \$300,000. This credit facility bears interest at the rate of prime less 0.75% per annum and is unsecured. At year end, \$nil, (2020 - \$nil) of this demand operating credit line has been used.

**4. TANGIBLE CAPITAL ASSETS**

|                          | <b>2021</b>         |                                     | <b>2020</b>         |                                     |
|--------------------------|---------------------|-------------------------------------|---------------------|-------------------------------------|
|                          | <b>Cost</b>         | <b>Accumulated<br/>amortization</b> | <b>Cost</b>         | <b>Accumulated<br/>amortization</b> |
| Land                     | \$ 3,698,006        | \$ -                                | \$ 3,612,977        | \$ -                                |
| Buildings                | 7,409,292           | 4,807,935                           | 7,310,137           | 4,658,843                           |
| Equipment                | 955,165             | 803,134                             | 924,426             | 746,345                             |
| Automotive               | 507,439             | 381,945                             | 479,858             | 384,143                             |
| Furniture and fixtures   | 82,663              | 58,584                              | 81,211              | 52,651                              |
| Computer equipment       | 82,641              | 75,355                              | 80,728              | 71,243                              |
| Construction in progress | -                   | -                                   | 52,208              | -                                   |
|                          | <u>12,735,206</u>   | <u>6,126,953</u>                    | <u>12,541,545</u>   | <u>5,913,225</u>                    |
| Net book value           | <u>\$ 6,608,253</u> |                                     | <u>\$ 6,628,320</u> |                                     |

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#### 4. TANGIBLE CAPITAL ASSETS, continued

During the year, the Authority acquired \$77,297, (2020 - \$244,903) of land, \$65,679, (2020 - \$nil) of buildings, \$30,739, (2020 - \$48,021) of equipment, \$58,954, (2020 - \$32,670) of automotive equipment, \$1,452, (2020 - \$1,988) of furniture and fixtures \$1,913, (2020 - \$11,382) of computer equipment, and \$nil, (2020 - \$52,208) of construction in progress tangible capital assets. Land with a value of \$70,000, (2020 - \$235,000) was acquired through a donation of capital property.

During the year, construction in process tangible capital assets were completed and were transferred into use. This transfer resulted in costs of \$7,732, (2020 - \$nil) being transferred to land and \$44,476, (2020 - \$nil) being transferred to buildings, resulting in a \$nil, (\$52,208) balance remaining in construction in progress at year end. These tangible capital assets are now being amortized.

During the year, the Authority disposed of equipment with a cost of \$nil, (2020 - \$6,049) and accumulated amortization of \$nil, (2020 - \$6,049) for cash proceeds of \$nil, (2020 - \$nil), automotive equipment with a cost of \$29,373, (2020 - \$83,565) and accumulated amortization of \$29,373, (2020 - \$83,565) for cash proceeds of \$442, (2020 - \$6,000) and computer equipment with a cost of \$nil, (2020 - \$20,417) and accumulated amortization of \$nil, (2020 - \$20,417) for cash proceeds of \$nil, (2020 - \$nil). These disposals resulted in a gain on sale being recognized in the amount of \$442, (2020 - \$6,000).

During the year, the Authority wrote off buildings with a cost of \$11,000, (2020 - \$53,000) and accumulated amortization of \$9,620, (2020 - \$37,100) and automotive equipment with a cost of \$2,000, (2020 - \$nil) and accumulated amortization of \$2,000, (2020 - \$nil). In the opinion of management, these assets were no longer being used by the Authority and provided no future economic benefit. These writedowns resulted in the Authority recognizing an impairment loss of \$1,380, (2020 - \$15,900) in the current year. The impairment loss was recorded in other income on the statement of operations.

#### 5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

|                                | <u>2021</u>       | <u>2020</u>       |
|--------------------------------|-------------------|-------------------|
| Accounts payable               | \$ 290,882        | \$ 204,431        |
| Accrued liabilities            | 110,658           | 96,847            |
| Government remittances payable | <u>10,964</u>     | <u>8,203</u>      |
|                                | <u>\$ 412,504</u> | <u>\$ 309,481</u> |

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## 6. DEFERRED REVENUE

The Lower Thames Valley Conservation Authority receives certain amounts, principally from other public sector bodies, which may only be used in the conduct of certain programs or completion of specific work. These amounts are deferred and are recognized as revenues in the year in which the related expenses are incurred or services performed.

|   | <u>2021</u>         | <u>2020</u>       |
|---|---------------------|-------------------|
| Balance, beginning of year                | \$ 999,026          | \$ 914,790        |
| Amounts received and deferred in the year | 851,860             | 591,230           |
| Amounts recognized as revenue in the year | <u>(626,847)</u>    | <u>(506,994)</u>  |
| Balance, end of year                      | <u>\$ 1,224,039</u> | <u>\$ 999,026</u> |

## 7. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions related to tangible capital assets represent the unamortized amount of funding received for the purchase of capital assets. The amortization of deferred capital contributions is recorded as revenue in the statement of operations on the same basis as amortization is charged against the associated tangible capital asset.

|  | <u>2021</u>       | <u>2020</u>       |
|--|-------------------|-------------------|
| Opening balance                                | \$ 133,104        | \$ 80,462         |
| Amount received during the year                | 68,452            | 75,524            |
| Less: amount recognized in revenue in the year | <u>(29,255)</u>   | <u>(22,882)</u>   |
|  | <u>\$ 172,301</u> | <u>\$ 133,104</u> |

## 8. RELATED PARTY TRANSACTIONS

The Authority is related to the Lower Thames Valley Conservation Foundation by way of a common management team.

Included in accounts receivable at year end is \$5,499, (2020 - \$43,946) due from the Lower Thames Valley Conservation Foundation.

Transactions with related parties are recorded at the exchange amount. Management is of the opinion that these transactions were undertaken under the same terms and conditions as transactions with non-related parties. Amounts included in accounts receivable are held at normal trade terms.

**9. CHANGES IN NET FINANCIAL ASSETS**

|   | <u>2021</u>                | <u>2020</u>              |
|---|----------------------------|--------------------------|
| Net financial assets, beginning of year     | \$ 811,220                 | \$ 682,872               |
| Annual surplus (deficit)                    | 200,973                    | 227,140                  |
| Change in tangible capital assets (note 11) | 20,066                     | (95,483)                 |
| Change in prepaid expenses (note 13)        | <u>(2,411)</u>             | <u>(3,309)</u>           |
| Net financial assets, end of year           | <u><u>\$ 1,029,848</u></u> | <u><u>\$ 811,220</u></u> |

**10. ACCUMULATED SURPLUS**

|                                       | <u>2021</u>                | <u>2020</u>                |
|---------------------------------------|----------------------------|----------------------------|
| Investment in tangible capital assets | \$ 6,608,254               | \$ 6,628,320               |
| Reserves                              | 508,868                    | 501,774                    |
| Other                                 | <u>540,920</u>             | <u>326,975</u>             |
|                                       | <u><u>\$ 7,658,042</u></u> | <u><u>\$ 7,457,069</u></u> |

**11. CHANGE IN TANGIBLE CAPITAL ASSETS**

|  | <u>2021</u>               | <u>2020</u>             |
|--|---------------------------|-------------------------|
| Acquisition of tangible capital assets             | \$ 236,034                | \$ 391,172              |
| Amortization of tangible capital assets            | (254,720)                 | (279,789)               |
| Gain on sale of capital assets                     | 442                       | 6,000                   |
| Proceeds on disposition of tangible capital assets | (442)                     | (6,000)                 |
| Loss on writedown of tangible capital assets       | <u>(1,380)</u>            | <u>(15,900)</u>         |
|  | <u><u>\$ (20,066)</u></u> | <u><u>\$ 95,483</u></u> |



DECEMBER 31, 2021

## 12. RESERVES

The Lower Thames Valley Conservation Authority sets up internal reserves for operations, capital replacement, legal and other items in order to ensure funds are available to finance shortfalls. These reserves are replenished from operating surplus and, where appropriate, as directed by the Board of Directors.

|  | <u>BALANCE,<br/>BEGINNING<br/>OF YEAR</u> | <u>TRANSFER<br/>FROM<br/>SURPLUS</u> | <u>TRANSFER<br/>TO<br/>SURPLUS</u> | <u>BALANCE,<br/>END OF<br/>YEAR</u> |
|--|---|--------------------------------------|------------------------------------|-------------------------------------|
| Reserve for vehicle and equipment acquisitions                                 | \$ 38,390                                 | \$ -                                 | \$ -                               | \$ 38,390                           |
| Reserve for capital and maintenance projects on Authority lands and structures | 176,889                                   | 3,547                                | -                                  | 180,436                             |
| Reserve for provincially eligible and mandated projects                        | 31,960                                    | 3,547                                | -                                  | 35,507                              |
| Reserve for insurance deductibles  | 30,000                                    | -                                    | -                                  | 30,000                              |
| Reserve for restructuring  | 216,677                                   | -                                    | -                                  | 216,677                             |
| Reserve for eastern district properties  | <u>7,858</u>                              | <u>-</u>                             | <u>-</u>                           | <u>7,858</u>                        |
|  | <u>\$ 501,774</u>                         | <u>\$ 7,094</u>                      | <u>\$ -</u>                        | <u>\$ 508,868</u>                   |

Through acceptance of these financial statements, the Board of Directors approves a transfer of \$7,094, (2020 - \$5,130) from the annual surplus to reserve accounts and approved a transfer of \$nil, (2020 - \$nil) from reserve accounts to the statement of operations.

**13. CHANGE IN NON-CASH WORKING CAPITAL ITEMS**

|  | <u>2021</u>      | <u>2020</u>        |
|--|------------------|--------------------|
| Accounts receivable                      | \$ (271,687)     | \$ (256,687)       |
| Accounts payable and accrued liabilities | 103,023          | 98,628             |
| Deferred revenue                         | 225,013          | 84,236             |
| Prepaid expenses                         | <u>(2,411)</u>   | <u>(3,309)</u>     |
|  | <u>\$ 53,938</u> | <u>\$ (77,132)</u> |

During the year, the Authority acquired land with a fair value of \$70,000, (2020 - \$235,000) through a donation of capital property. This land was capitalized with the corresponding value of the donation being reported as donation income in the accompanying statement of operations.

**14. CONTRIBUTED MATERIALS AND SERVICES**

During the year, the Authority received a contribution of land that had a fair value of \$70,000, (2020 - \$235,000). This land is used in the normal course of operations for the Authority and has been recorded in the financial statements at December 31, 2021.

**15. COMPARATIVE FIGURES**

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year.

**16. BUDGET FIGURES**

The figures shown in the 'budget' column of the statement of operations and schedules to the financial statements are provided for information purposes only. The budget was prepared and approved by the board of directors of the Lower Thames Valley Conservation Authority and is unaudited.

**17. FINANCIAL INSTRUMENTS**

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments. In management's opinion, there has been no change to the Authority's risks during the year.

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**17. FINANCIAL INSTRUMENTS, continued**

**(a) MARKET RISK**

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether the factors are specific to the instrument or all instruments traded in the market. These risks are generally outside of the control of the Authority. In management's opinion, the Authority is not exposed to significant market risk.

**(b) CREDIT RISK**

Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. The Authority is exposed to credit risk in the event of non-payment by customers for their accounts receivable. The Authority believes there is minimal risk associated with these amounts due to the diversity of its customers and there are no significant concentrations of accounts receivable with any group of customers that are related to each other. The Authority reduces its exposure to credit risk by regularly monitoring outstanding accounts receivable and creating an allowance for bad debts when applicable. In the opinion of management, the credit risk exposure to the Authority is low and is not material.

**(c) CONCENTRATION OF CREDIT RISK**

Concentration risk is the risk that a customer has more than ten percent of the total accounts receivable balance and thus there is a higher risk to the Authority in the event of a default by one of these customers. At December 31, 2021, receivables from 1, (2020 - 2) customer comprised approximately 23%, (2020 - 24%) of the total outstanding receivables. The Authority reduces this risk by regularly assessing the credit risk associated with these accounts and closely monitoring any overdue balances. In the opinion of management, the concentration risk exposure to the Authority that is associated with their customers is low and is not material.

**(d) INTEREST RATE RISK**

Interest rate risk is the risk that future cash flows will be impacted by changes in interest rates. The Authority is exposed to interest rate risk on its bank indebtedness as the interest rate applicable to the Authority is variable based on the bank's prime rates. This exposure may have an impact on earnings in future years. The Authority reduces its exposure to interest rate risk by regularly monitoring published bank prime interest rates. The Authority does not use derivative instruments to reduce its exposure to interest rate risk. In the opinion of management, the interest rate risk exposure to the Authority is low and is not material.

LOWER THAMES VALLEY CONSERVATION AUTHORITY

SCHEDULES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021



SCHEDULE OF SKA-NAH-DOHT VILLAGE REVENUE AND EXPENDITURES Schedule 1

|  | 2021<br>Budget<br>(note 16) | 2021<br>Actual     | 2020<br>Actual     |
|--|-----------------------------|--------------------|--------------------|
| <b>REVENUE</b>                                   |                             |                    |                    |
| Donations  | \$ -                        | \$ 1,815           | \$ 55              |
| Gate receipts                                    | 32,500                      | 19,734             | 21,745             |
| Grants   | 22,992                      | 57,699             | 42,445             |
|  | <u>55,492</u>               | <u>79,248</u>      | <u>64,245</u>      |
| <b>EXPENDITURES</b>                              |                             |                    |                    |
| Administration                                   | -                           | 20                 | 297                |
| Administration overhead                          | 16,535                      | 14,477             | 17,789             |
| Advertising                                      | -                           | -                  | 170                |
| Events and activities                            | -                           | 5,822              | 75                 |
| Materials, supplies, taxes, insurance, utilities | 7,150                       | 17,379             | 19,015             |
| Wages and benefits                               | 91,128                      | 89,391             | 97,520             |
|  | <u>114,813</u>              | <u>127,089</u>     | <u>134,866</u>     |
| <b>ANNUAL SURPLUS (DEFICIT)</b>                  | <u>\$ (59,321)</u>          | <u>\$ (47,841)</u> | <u>\$ (70,621)</u> |

SCHEDULE OF SOURCE PROTECTION EXPENDITURES Schedule 2

|  | 2021<br>Budget<br>(note 16) | 2021<br>Actual   | 2020<br>Actual   |
|--|-----------------------------|------------------|------------------|
| Administration overhead                            | \$ -                        | \$ 4,642         | \$ 3,442         |
| Travel, materials, taxes, insurance, and utilities | -                           | -                | 642              |
| Wages and benefits                                 | 32,481                      | 36,106           | 22,430           |
|  | <u>32,481</u>               | <u>40,748</u>    | <u>26,514</u>    |
|  | <u>\$ 32,481</u>            | <u>\$ 40,748</u> | <u>\$ 26,514</u> |

**LOWER THAMES VALLEY CONSERVATION AUTHORITY**

**SCHEDULES TO THE FINANCIAL STATEMENTS**



**YEAR ENDED DECEMBER 31, 2021**

**SCHEDULE OF WATERSHED MONITORING EXPENDITURES**

**Schedule 3**

|   | <b>2021<br/>Budget<br/>(note 16)</b> | <b>2021<br/>Actual</b> | <b>2020<br/>Actual</b> |
|---|--------------------------------------|------------------------|------------------------|
| Administration overhead                           | \$ 13,457                            | \$ 18,870              | \$ 14,083              |
| Travel, materials, taxes, insurance and utilities | 41,838                               | 57,391                 | 43,504                 |
| Wages and benefits                                | 38,146                               | 89,388                 | 50,884                 |
|   | <u>\$ 93,441</u>                     | <u>\$ 165,649</u>      | <u>\$ 108,471</u>      |

**SCHEDULE OF FLOOD CONTROL STRUCTURES EXPENDITURES**

**Schedule 4**

|  | <b>2021<br/>Budget<br/>(note 16)</b> | <b>2021<br/>Actual</b> | <b>2020<br/>Actual</b> |
|--|--------------------------------------|------------------------|------------------------|
| Administration overhead                            | \$ 46,188                            | \$ 33,197              | \$ 30,616              |
| Aerial photography                                 | 10,109                               | 10,287                 | -                      |
| Travel, materials, taxes, insurance, and utilities | 58,920                               | 84,252                 | 74,234                 |
| Wages and benefits                                 | 205,483                              | 163,685                | 130,967                |
|  | <u>\$ 320,700</u>                    | <u>\$ 291,421</u>      | <u>\$ 235,817</u>      |

**SCHEDULE OF FLOOD FORECASTING AND WARNING EXPENDITURES**

**Schedule 5**

|  | <b>2021<br/>Budget<br/>(note 16)</b> | <b>2021<br/>Actual</b> | <b>2020<br/>Actual</b> |
|--|--------------------------------------|------------------------|------------------------|
| Administration overhead                            | \$ 28,891                            | \$ 18,734              | \$ 24,206              |
| Travel, materials, taxes, insurance, and utilities | 25,516                               | 9,565                  | 15,231                 |
| Wages and benefits                                 | 146,195                              | 136,161                | 134,616                |
|  | <u>\$ 200,602</u>                    | <u>\$ 164,460</u>      | <u>\$ 174,053</u>      |

LOWER THAMES VALLEY CONSERVATION AUTHORITY

SCHEDULES TO THE FINANCIAL STATEMENTS



YEAR ENDED DECEMBER 31, 2021

SCHEDULE OF REGULATIONS AND PLAN REVIEW EXPENDITURES

Schedule 6

|  | <b>2021<br/>Budget<br/>(note 16)</b> | <b>2021<br/>Actual</b> | <b>2020<br/>Actual</b> |
|--|--------------------------------------|------------------------|------------------------|
| Administration overhead                            | \$ 40,300                            | \$ 39,083              | \$ 38,135              |
| Travel, materials, taxes, insurance, and utilities | 30,950                               | 44,801                 | 28,202                 |
| Wages and benefits                                 | 208,572                              | 258,365                | 224,110                |
|  | <u>\$ 279,822</u>                    | <u>\$ 342,249</u>      | <u>\$ 290,447</u>      |

SCHEDULE OF CONSERVATION SERVICES - STEWARDSHIP  
EXPENDITURES

Schedule 7

|  | <b>2021<br/>Budget<br/>(note 16)</b> | <b>2021<br/>Actual</b> | <b>2020<br/>Actual</b> |
|--|--------------------------------------|------------------------|------------------------|
| Administration overhead                            | \$ 197,793                           | \$ 205,647             | \$ 201,643             |
| Travel, materials, taxes, insurance, and utilities | 536,006                              | 898,982                | 789,317                |
| Wages and benefits                                 | 639,569                              | 687,379                | 557,279                |
|  | <u>\$ 1,373,368</u>                  | <u>\$ 1,792,008</u>    | <u>\$ 1,548,239</u>    |

SCHEDULE OF MAINTENANCE AND OTHER NON-ELIGIBLE  
EXPENDITURES

Schedule 8

|                               | <b>2021<br/>Budget<br/>(note 16)</b> | <b>2021<br/>Actual</b> | <b>2020<br/>Actual</b> |
|-------------------------------|--------------------------------------|------------------------|------------------------|
| Community relations           | \$ 188,262                           | \$ 167,849             | \$ 162,528             |
| Conservation area maintenance | 631,238                              | 780,889                | 647,129                |
| Conservation education        | 84,669                               | 57,762                 | 68,745                 |
| Vehicle and equipment         | -                                    | 105,366                | 84,156                 |
|                               | <u>\$ 904,169</u>                    | <u>\$ 1,111,866</u>    | <u>\$ 962,558</u>      |

# LOWER THAMES VALLEY CONSERVATION AUTHORITY

## SCHEDULES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

### MUNICIPAL LEVY FOR 2021

Schedule 9

| MUNICIPALITY      | CURRENT<br>VALUE<br>ASSESSMENT<br>IN THE<br>WATERSHED | % OF LEVY         | MATCHING<br>LEVY<br>2021 | NON-<br>MATCHING<br>LEVY<br>2021 | SPECIAL<br>LEVY<br>2021 | TOTAL LEVY TOTAL LEVY<br>2021 2020 |
|-------------------|---|-------------------|--------------------------|----------------------------------|-------------------------|------------------------------------|
| Chatham-Kent      | \$ 8,345,569,397                                      | 57.0235 %         | 46,455 \$                | 795,829 \$                       | 205,000                 | \$ 1,047,284 \$ 1,040,790          |
| Dutton-Dunwich    | 535,843,061   | 3.6613 %          | 2,982                    | 51,098                           | -                       | 54,080 52,749                      |
| Lakeshore         | 1,374,648,019   | 9.3927 %          | 7,652                    | 131,086                          | -                       | 138,738 135,845                    |
| Leamington        | 339,813,388   | 2.3219 %          | 1,892                    | 32,404                           | -                       | 34,296 33,482                      |
| London            | 1,687,464,107   | 11.5301 %         | 9,393                    | 160,916                          | -                       | 170,309 169,671                    |
| Middlesex Centre  | 244,110,220   | 1.6680 %          | 1,359                    | 23,278                           | -                       | 24,637 24,079                      |
| Southwest         |   |                   |                          |                                  |                         |                                    |
| Middlesex         | 436,835,510   | 2.9848 %          | 2,432                    | 41,656                           | -                       | 44,088 43,496                      |
| Southwold         | 159,509,805   | 1.0899 %          | 888                      | 15,211                           | -                       | 16,099 15,749                      |
| Strathroy-Caradoc | 878,839,292   | 6.0049 %          | 4,892                    | 83,806                           | -                       | 88,698 87,307                      |
| West Elgin        | 632,674,394   | 4.3229 %          | 3,522                    | 60,331                           | -                       | 63,853 64,289                      |
|                   | <u>\$14,635,307,193</u>                               | <u>100.0000 %</u> | <u>81,467 \$</u>         | <u>1,395,615 \$</u>              | <u>205,000</u>          | <u>\$ 1,682,082 \$ 1,667,457</u>   |