

Financial Statements of

**NICKEL DISTRICT
CONSERVATION AUTHORITY**

Year ended December 31, 2016



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INDEPENDENT AUDITORS' REPORT

To the Members of Nickel District Conservation Authority

We have audited the accompanying financial statements of Nickel District Conservation Authority, which comprise the statement of financial position as at December 31, 2016, the statement of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and notes, comprising 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.

Auditors' 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 our 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, we consider 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, the financial statements present fairly, in all material respects, the financial position of Nickel District Conservation Authority as at December 31, 2016, and its results of operations, changes in net financial assets and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

April 13, 2017
Sudbury, Canada

NICKEL DISTRICT CONSERVATION AUTHORITY

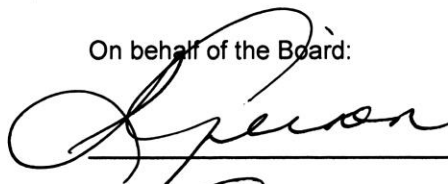
Statement of Financial Position


December 31, 2016, with comparative information for 2015

	2016	2015
Financial Assets		
Cash and investments (note 2)	\$ 183,224	354,141
Restricted cash and investments (note 2)	1,370,968	1,199,477
Accounts receivable	166,549	176,748
Prepaid expenses	123	-
	<u>1,720,864</u>	<u>1,730,366</u>
Financial Liabilities		
Accounts payable and accrued liabilities	110,790	68,581
Accumulated sick leave liability (note 5)	26,145	25,809
Deferred contributions (note 4)	193,000	157,524
Due to Junction Creek Stewardship Committee	282	30,503
Due to Nickel District Conservation Foundation	1,153	1,153
	<u>331,370</u>	<u>283,570</u>
Net financial assets	1,389,494	1,446,796
Non-Financial Assets		
Tangible capital assets (note 8)	10,719,357	10,962,744
Contingencies (note 9)		
Accumulated surplus (note 6)	\$ 12,108,851	12,409,540

See accompanying notes to financial statements.

On behalf of the Board:


_____ Chair


_____ Secretary - Treasurer

NICKEL DISTRICT CONSERVATION AUTHORITY

Statement of Operations and Accumulated Surplus

Year ended December 31, 2016, with comparative information for 2015

	Unrestricted	Restricted		2016	2015
		Externally	Internally	Total	Total
Revenue:					
Government grants:					
Source Water Protection					
Conservation Ontario/Province	\$ 164,695	-	-	\$ 164,695	206,160
MNR transfer payments	154,250	-	-	154,250	154,250
Provincial - other	109,102	-	-	109,102	23,088
Federal	14,183	-	-	14,183	2,639
Municipal levies	450,500	250,000	-	700,500	655,000
Corporate Grants	45,115	-	-	45,115	96,469
Municipal - other	5,600	-	-	5,600	8,172
Planning user fees	60,874	-	-	60,874	54,511
Solicitor enquiries	21,475	-	-	21,475	20,970
Donations	22,245	-	-	22,245	35,859
Camp Bitobig	70,297	-	-	70,297	62,968
School program fees	36,990	-	-	36,990	23,208
Property rental	28,749	-	61,069	89,818	90,340
Other	16,355	-	-	16,355	46,394
Friends of Lake Laurentian	-	-	-	-	3,037
Interest	-	-	-	-	8,031
	1,200,430	250,000	61,069	1,511,499	1,491,096
Expenses:					
Administration (schedule 1)	334,516	-	-	334,516	315,636
Program operations (schedule 2)	1,426,641	21,801	26,987	1,475,429	1,365,262
Other (schedule 3)	1,594	-	649	2,243	802
	1,762,751	21,801	27,636	1,812,188	1,681,700
Annual surplus (deficit)	(562,321)	228,199	33,433	(300,689)	(190,604)
Accumulated surplus, beginning of year	11,210,063	496,743	702,734	12,409,540	12,600,144
Inter-reserve transfers	90,141	(60,141)	(30,000)	-	-
Accumulated surplus, end of year	\$ 10,737,883	664,801	706,167	\$ 12,108,851	12,409,540

See accompanying notes to financial statements.

NICKEL DISTRICT CONSERVATION AUTHORITY

Statement of Changes in Net Financial Assets

Year ended December 31, 2016, with comparative information for 2015

	2016	2015
Annual deficit	\$ (300,689)	(190,604)
Amortization of tangible capital assets	333,528	325,605
Acquisition of tangible capital assets	(90,141)	(95,820)
Cash proceeds on disposition of capital assets	-	5,000
Change in net financial assets	(57,302)	44,181
Net financial assets, beginning of year	1,446,796	1,402,615
Net financial assets, end of year	\$ 1,389,494	1,446,796

See accompanying notes to financial statements.

NICKEL DISTRICT CONSERVATION AUTHORITY

Statement of Cash Flows

Year ended December 31, 2016, with comparative information for 2015

	2016	2015
Cash flows from operating activities:		
Annual deficit	\$ (300,689)	(190,604)
Item not involving cash:		
Amortization of tangible capital assets	333,528	325,605
	32,839	135,001
Changes in non-cash working capital:		
Decrease (increase) in accounts receivable	10,199	(44,515)
Increase in prepaid expenses	(123)	-
Increase in accounts payable and accrued liabilities	42,209	1,407
Increase (decrease) in accumulated sick leave liability	336	(24,436)
Increase (decrease) in deferred contributions	35,476	(56,124)
Decrease in Junction Creek Stewardship Committee	(30,221)	(34,853)
Increase in Nickel District Conservation Foundation	-	1,153
	90,715	(22,367)
Capital activities:		
Acquisition of tangible capital assets	(90,141)	(95,820)
Cash proceeds on disposition of capital assets	-	5,000
	(90,141)	(90,820)
Increase (decrease) in cash	574	(113,187)
Cash position, beginning of year	1,553,618	1,666,805
Cash position, end of year	\$ 1,554,192	1,553,618
Cash and investments is comprised of the following:		
Cash and investments	\$ 183,224	354,141
Restricted cash and investments	1,370,968	1,199,477
	\$ 1,554,192	1,553,618

See accompanying notes to financial statements.

NICKEL DISTRICT CONSERVATION AUTHORITY

Notes to Financial Statements

Year ended December 31, 2016

Nickel District Conservation Authority (the "Authority") is a land and water management agency established under the provisions of 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.

1. Significant accounting policies:

These financial statements are prepared in accordance with Canadian public sector accounting standards. The Authority's significant accounting policies are as follows

(a) Fund accounting:

Unrestricted:

Reserve for levy stabilization:

This reserve accounts for the Authority's program delivery and administrative activities. It consists of the difference between budgeted municipal levies and the municipalities' share of actual net expenses. The amount is available to reduce future municipal levies by the Authority.

Restricted internally:

i) Reserve for water control preventative maintenance:

This reserve was set up to fund maintenance costs for dam and erosion control structures, and water management engineering.

ii) Reserve for Lake Laurentian development:

This reserve was set up to fund development at Lake Laurentian.

iii) Reserve for flood forecasting system:

This reserve was set up to fund the upgrade and maintenance of the flood forecasting system.

iv) Reserve for Junction Creek water management (Berms):

This reserve was set up to fund development of this multi-phased capital project.

v) Reserve for accumulated sick leave:

Under the revised sick leave benefit plan, unused sick leave has been frozen at the number of days accumulated to December 31, 1989. Employees will become entitled to a cash payment when they leave the Authority's employment.

vi) Reserve for Friends of Lake Laurentian:

This reserve was set up to ensure that our community jewel, the Lake Laurentian Conservation Area, is appreciated and enhanced for future generations.

vii) Reserve for Fast Flow Water Program:

This reserve was set up to continue on with the education work with regards to the issue of swift water safety and to remember Adam Dickie.

NICKEL DISTRICT CONSERVATION AUTHORITY

Notes to Financial Statements (continued)

Year ended December 31, 2016

1. Significant accounting policies (continued):

(a) Fund accounting (continued):

Restricted externally (continued):

Reserve for special capital infrastructure:

This reserve was set up to provide funding to perform infrastructure maintenance on existing flood and erosion control structures. The funding is mainly locally generated, but can include, from year to year, provincial funds if Water and Erosion Control Infrastructure (WECI) projects are approved.

(b) Revenue recognition:

Restricted contributions related to operations are recognized as revenue of the reserve for levy stabilization in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund.

Unrestricted contributions are recognized as revenue of the reserve for levy stabilization in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonable assured.

Investment income earned on restricted reserves resources that will be spent on those activities is recognized as revenue of the restricted reserves. Unrestricted investment income earned on resources is recognized as revenue of the reserve for levy stabilization.

User fees from planning applications, solicitor inquiries and program fees are recognized as revenue of the reserve for levy stabilization when the services are rendered.

Gross revenue percentage rent due under the lease of the Maley Reservoir is recognized between the water control preventative maintenance reserve, Lake Laurentian development reserve, Flood forecasting system reserve, accumulated sick leave reserve and reserve for levy stabilization. All other rents received are recognized in the reserve for levy stabilization.

Donations are recognized upon receipt as revenue in the reserve for levy stabilization.

The Maley drive property rental is calculated as a percentage of sales in accordance with the terms of the agreement. All other property rental revenue is recognized as it is received at the beginning of the annual term.

When revenue from special programs is received in advance of the related expense, such revenue is deferred until the year in which the expense occurred.

(c) Cash and investments:

Cash and investments includes cash on hand, balances held in the bank, current term guaranteed investment certificates and investment in a treasury bill fund.

NICKEL DISTRICT CONSERVATION AUTHORITY

Notes to Financial Statements (continued)

Year ended December 31, 2016

1. Significant accounting policies (continued):

(d) Tangible capital assets:

Tangible capital assets are comprised of property, buildings, equipment, vehicles and infrastructure and are recognized in the period they are acquired. Tangible capital assets are recorded at cost which includes all amounts directly attributable to acquisition, construction, development or betterment of the asset. Amortization is provided on a straight-line basis, over the estimated useful life for all assets except land which is not amortized.

The estimated useful lives of tangible capital assets are estimated as follows:

Asset	Useful Life
Buildings	20 years
Equipment	10 - 20 years
Computers	5 years
Leasehold improvements	5 years (initial term of the lease)
Infrastructure	10 - 75 years
Vehicles	5 years

(e) 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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Significant items subject to such estimates and assumptions include the carrying amounts of tangible capital assets and deferred contributions. Actual results could differ from those estimates.

2. Cash and investments:

	2016	2015
Balances held in accounts by CIBC	\$ 483	\$ 225,956
Canadian Treasury bill fund with CIBC securities	–	655,030
Guaranteed investment certificate with CIBC, yielding interest at 1.65%, maturing March 12, 2018	–	593,044
Guaranteed investment certificate with Sun Life Financial, yielding interest at 1.25%, maturing July 20, 2020	81,209	79,588
Balances held in accounts by RBC Dominion Securities	1,314,279	–
Balances held in accounts by Royal Bank	158,221	–
	<u>\$ 1,554,192</u>	<u>\$ 1,553,618</u>

NICKEL DISTRICT CONSERVATION AUTHORITY

Notes to Financial Statements (continued)

Year ended December 31, 2016

2. Cash and investments (continued):

	2016	2015
Cash and investments	\$ 183,224	\$ 354,141
Restricted cash and investments	1,370,968	1,199,477
	\$ 1,554,192	\$ 1,553,618

3. Related party transactions:

	2016	2015
Municipal funding from the City of Greater Sudbury	\$ 700,500	\$ 655,000
Donations received from the Nickel District Conservation Foundation	14,062	3,068
Receivable from the City of Greater Sudbury	2,701	–
Municipal taxes paid to the City of Greater Sudbury	26,511	23,584

These transactions are in the normal course of operations and are measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

4. Deferred contributions:

The deferred contributions consist of:

	Balance, beginning of year	Contributions Received / Transfers In	Expenses Incurred / Transfers Out	Balance, end of year
Source Water Protection - operations and administration	\$ 117,918	219,124	(164,695)	\$ 172,347
Northern Watersports Centre – RBC Bluewater	33,615	–	(33,615)	–
Groundwater Partnership (City)	5,991	–	(228)	5,763
WECl Maley Drive	–	20,751	(5,861)	14,890
	\$ 157,524	239,875	(204,399)	\$ 193,000

NICKEL DISTRICT CONSERVATION AUTHORITY

Notes to Financial Statements (continued)

Year ended December 31, 2016

5. Accumulated sick leave liability:

Under the revised sick leave benefit plan, unused sick leave has been frozen at the number of days accumulated to December 31, 1989. Employees will become entitled to a cash payment when they leave the Authority's employment. The liability for these accumulated days, to the extent they are vested and could be taken in cash by employees on conclusion of employment is funded by operations.

6. Accumulated surplus:

a) Restricted:

	2016	2015
Restricted externally:		
Special capital infrastructure	\$ 664,801	\$ 496,743
Restricted internally:		
Water control preventative maintenance	313,772	293,704
Lake Laurentian Development	255,884	235,760
Flood forecasting system	116,208	125,980
Friends of Lake Laurentian	–	26,987
Junction Creek water management (Berms)	20,303	20,303
	706,167	702,734
	\$ 1,370,968	\$ 1,199,477

b) Unrestricted:

Levy stabilization	\$ 18,526	\$ 247,319
Tangible capital assets	10,719,357	10,962,744
	\$ 10,737,883	\$ 11,210,063
Total accumulated surplus	\$ 12,108,851	\$ 12,409,540

7. Pension plan:

The Authority contributes to a defined contribution pension plan for certain of its full time employees. Employer contributions made to the plan during the year amounts to \$24,333 (2015 - \$22,537).

NICKEL DISTRICT CONSERVATION AUTHORITY

Notes to Financial Statements (continued)

Year ended December 31, 2016

8. Tangible capital assets:

Cost	Balance at December 31, 2015	Additions and Transfers	Disposals and Write-offs	Balance at December 31, 2016
Land	\$ 5,913,700	-	-	5,913,700
Buildings	412,239	-	-	412,239
Infrastructure	15,707,782	-	-	15,707,782
Equipment	475,048	59,547	-	534,595
Leasehold improvements	134,704	5,595	-	140,299
Computers	87,220	-	-	87,220
Vehicles	-	24,999	-	24,999
Total	\$ 22,730,693	90,141	-	22,820,834

Accumulated amortization	Balance at December 31, 2015	Disposals and transfers	Amortization expense	Balance at December 31, 2016
Land	\$ -	-	-	-
Buildings	334,804	-	5,573	340,377
Infrastructure	10,808,617	-	283,317	11,091,934
Equipment	459,577	-	11,629	471,206
Leasehold improvements	80,823	-	27,500	108,323
Computers	84,128	-	1,342	85,470
Vehicles	-	-	4,167	4,167
Total	\$ 11,767,949	-	333,528	12,101,477

	Net book value, December 31, 2015	Net book value, December 31, 2016
Land	\$ 5,913,700	5,913,700
Buildings	77,435	71,862
Infrastructure	4,899,165	4,615,848
Equipment	15,471	63,389
Leasehold improvements	53,881	31,976
Computers	3,092	1,750
Vehicles	-	20,832
Total	\$ 10,962,744	10,719,357

NICKEL DISTRICT CONSERVATION AUTHORITY

Notes to Financial Statements (continued)

Year ended December 31, 2016

9. Contingent liabilities:

The Authority is involved from time to time in litigation, which arises in the normal course of business. In respect of any claims, the Authority believes that insurance coverage is adequate and that no material exposure exists on the eventual settlement of such litigation, therefore no provision has been made in the accompanying financial statements.

10. Lease commitment:

The Authority's premises are leased by way of an agreement requiring it to make monthly rent payments which expires March 30, 2018. The monthly rental payments for the year ended December 31, 2017 are expected to be \$5,155, which includes operating expenses and property taxes. This amount is adjusted annually by the landlord based on actual operating costs and property taxes.

11. Expenses by object:

	2016	2015
Salaries, wages and employee benefits	\$ 811,605	\$ 721,753
Materials, services and rents	667,055	637,045
Amortization	333,528	322,902
	<u>\$ 1,812,188</u>	<u>\$ 1,681,700</u>

12. Segmented reporting:

The Chartered Professional Accountants of Canada Public Sector Accounting Handbook Section PS2700, 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 disclosures established by this section when their operations are diverse enough to warrant such disclosures.

NICKEL DISTRICT CONSERVATION AUTHORITY

Notes to Financial Statements (continued)

Year ended December 31, 2016

13. Budget figures:

The budgeted figures presented below were adopted by the Authority on December 3, 2015.

Revenue:	
Municipal levies	\$ 670,500
Provincial grants	196,250
Nickel District Conservation Foundation donation	98,000
Program user fees	75,000
Property leases	33,900
Other	153,000
Reserves	148,000
	<hr/>
	\$ 1,374,650

Expenses:	
Wages and benefits	\$ 626,800
Materials and supplies	240,200
Outreach	27,000
Contract services	126,650
Overhead	248,000
Contributions to reserves	106,000
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	\$ 1,374,650

14. Comparative information:

Certain of the 2015 comparative information have been restated to conform with the 2016 presentation.

NICKEL DISTRICT CONSERVATION AUTHORITY

Administration
Statement of Expenses

Schedule 1

Year ended December 31, 2016, with comparative information for 2015

	2016	2015
Wages and benefits	\$ 120,455	120,098
General	116,158	107,521
Rent and utilities	4,150	3,293
Advertising and promotion	22,957	15,015
Travel and allowances	26,934	24,412
Equipment rental	772	6,439
Material and supplies	2,618	1,923
Amortization of tangible capital assets	40,472	36,935
	\$ 334,516	315,636

NICKEL DISTRICT CONSERVATION AUTHORITY

Program Operations Statement of Expenses

Schedule 2

Year ended December 31, 2016, with comparative information for 2015

	Unrestricted	Restricted		2016	2015
		Externally	Internally		
Program operations:					
Regulation enforcement	\$ 112,030	-	-	112,030	135,360
Flood control structures	107,034	-	-	107,034	108,129
Flood forecasting and warnings	116,697	-	-	116,697	148,198
Environmental Education	277,685	-	-	277,685	265,597
Conservation management	69,716	-	-	69,716	28,631
Erosion control structures	33,012	-	-	33,012	23,949
Forestry	41,121	-	-	41,121	-
WECI	21,801	21,801	-	43,602	-
Amortization of tangible capital assets	247,458	-	-	247,458	246,052
	1,026,554	21,801	-	1,048,355	955,916
Capital projects, surveys and studies:					
Source water protection - operations and administration	197,420	-	-	197,420	206,160
Climate change consortium	1,035	-	-	1,035	1,322
Monitoring	21,022	-	-	21,022	48,977
Conservation areas	72,849	-	-	72,849	72,762
Trails LLCA	35,421	-	-	35,421	37,507
Amortization tangible capital assets	45,598	-	-	45,598	42,618
Sign program	26,742	-	26,987	53,729	-
	400,087	-	26,987	427,074	409,346
	\$ 1,426,641	21,801	26,987	1,475,429	1,365,262

NICKEL DISTRICT CONSERVATION AUTHORITY

Other
Statement of Expenses

Schedule 3

Year ended December 31, 2016, with comparative information for 2015

	Unrestricted	Restricted Internally	2016	2015
Friends of Lake Laurentian	\$ -	-	-	802
NDCA/FLL	1,475	-	1,475	-
Interest	119	649	768	-
	\$ 1,594	649	2,243	802