Sault Ste. Marie Region Conservation Authority
Financial Statements
For the year ended December 31, 2018

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Independent Auditor’s Report

To the Board of Directors of Sault Ste. Marie Region Conservation Authority

Opinion

We have audited the financial statements of Sault Ste. Marie Region Conservation Authority (the Entity), which comprise the statement of financial position as at December 31, 2018, and the statements of operations and accumulated surplus, change in net financial 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 Entity as at December 31, 2018, and its results of its operations, change in net financial assets and 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 Entity 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 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.

In preparing the financial statements, management is responsible for assessing the Entity’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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity’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 Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- 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 Entity'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 Entity 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.

Chartered Professional Accountants, Licensed Public Accountants

Sault Ste. Marie, Ontario
March 19, 2019
<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$373,442</td>
<td>$374,988</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>85,209</td>
<td>18,833</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Demand loan</td>
<td>6,667</td>
<td>11,667</td>
</tr>
<tr>
<td>Accounts payable and accrued</td>
<td>20,161</td>
<td>20,900</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>55,506</td>
<td>55,434</td>
</tr>
<tr>
<td>Deferred government contributions</td>
<td>127,684</td>
<td>67,285</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net financial assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>248,633</td>
<td>238,535</td>
</tr>
<tr>
<td>Non-financial assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tangible capital assets</td>
<td>5,295,542</td>
<td>5,632,683</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>414</td>
<td>296</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accumulated surplus</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>$5,544,589</td>
<td>$5,871,514</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these financial statements.
Sault Ste. Marie Region Conservation Authority
Statement of Operations and Accumulated Surplus

For the year ended December 31

<table>
<thead>
<tr>
<th></th>
<th>Budget 2018</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Government contributions</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Provincial</td>
<td>$ 255,940</td>
<td>$ 256,046</td>
<td>$ 235,714</td>
</tr>
<tr>
<td>Municipal - City of Sault Ste. Marie</td>
<td>489,750</td>
<td>489,750</td>
<td>481,563</td>
</tr>
<tr>
<td>Municipal - City of Sault Ste. Marie - WECI</td>
<td>-</td>
<td>45,000</td>
<td>-</td>
</tr>
<tr>
<td>Municipal - Prince Township</td>
<td>5,374</td>
<td>5,374</td>
<td>5,284</td>
</tr>
<tr>
<td>Rental income</td>
<td>-</td>
<td>6,988</td>
<td>6,422</td>
</tr>
<tr>
<td>Other</td>
<td>35,500</td>
<td>71,429</td>
<td>65,393</td>
</tr>
<tr>
<td>Gain on sale of capital asset</td>
<td>-</td>
<td>-</td>
<td>4,867</td>
</tr>
<tr>
<td></td>
<td></td>
<td>786,564</td>
<td>874,587</td>
</tr>
<tr>
<td><strong>Expenses</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Administrative (Schedule 3)</td>
<td>478,248</td>
<td>440,576</td>
<td>383,999</td>
</tr>
<tr>
<td>Conservation land taxes and insurance</td>
<td>16,000</td>
<td>22,334</td>
<td>17,851</td>
</tr>
<tr>
<td>Water control (Schedule 3)</td>
<td>231,145</td>
<td>344,360</td>
<td>303,236</td>
</tr>
<tr>
<td>Trails and recreation</td>
<td>42,000</td>
<td>46,473</td>
<td>43,585</td>
</tr>
<tr>
<td>Legal fees</td>
<td>-</td>
<td>795</td>
<td>-</td>
</tr>
<tr>
<td>Other</td>
<td>7,000</td>
<td>9,833</td>
<td>32,930</td>
</tr>
<tr>
<td>Amortization of tangible capital assets</td>
<td>337,141</td>
<td>337,141</td>
<td>337,141</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1,111,534</td>
<td>1,201,512</td>
</tr>
<tr>
<td><strong>Annual deficit</strong></td>
<td>(324,970)</td>
<td>(326,925)</td>
<td>(319,499)</td>
</tr>
<tr>
<td><strong>Accumulated surplus, beginning of year</strong></td>
<td>5,871,514</td>
<td>5,871,514</td>
<td>6,191,013</td>
</tr>
<tr>
<td><strong>Accumulated surplus, end of year</strong></td>
<td>$ 5,546,544</td>
<td>$ 5,544,589</td>
<td>$ 5,871,514</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these financial statements.
### Sault Ste. Marie Region Conservation Authority

#### Statement of Changes in Net Financial Assets

<table>
<thead>
<tr>
<th></th>
<th>Budget 2018</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual deficit</td>
<td>$ (324,970)</td>
<td>$ (326,925)</td>
<td>$ (319,499)</td>
</tr>
<tr>
<td>Amortization of tangible capital assets</td>
<td>337,141</td>
<td>337,141</td>
<td>337,141</td>
</tr>
<tr>
<td>(Increase) decrease in prepaid expenses</td>
<td>-</td>
<td>(118)</td>
<td>3,356</td>
</tr>
<tr>
<td>Acquisition of tangible capital assets</td>
<td>-</td>
<td>-</td>
<td>(6,258)</td>
</tr>
<tr>
<td>Gain on disposal of tangible capital assets</td>
<td>-</td>
<td>-</td>
<td>(4,867)</td>
</tr>
<tr>
<td>Proceeds on sale of tangible capital assets</td>
<td>-</td>
<td>-</td>
<td>4,867</td>
</tr>
<tr>
<td>Increase (decrease) in net financial assets</td>
<td>12,171</td>
<td>10,098</td>
<td>14,740</td>
</tr>
<tr>
<td>Net financial assets, beginning of year</td>
<td>238,535</td>
<td>238,535</td>
<td>223,795</td>
</tr>
<tr>
<td>Net financial assets, end of year</td>
<td>$ 250,706</td>
<td>$ 248,633</td>
<td>$ 238,535</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these financial statements.
Sault Ste. Marie Region Conservation Authority
Statement of Cash Flows

For the year ended December 31

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating transactions</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Annual deficit</td>
<td>(326,925)</td>
<td>(319,499)</td>
</tr>
<tr>
<td>Items not involving cash</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gain on disposal of tangible capital assets</td>
<td>-</td>
<td>(4,867)</td>
</tr>
<tr>
<td>Amortization of tangible capital assets</td>
<td>337,141</td>
<td>337,141</td>
</tr>
<tr>
<td><strong>Changes in non-cash working capital balances</strong></td>
<td>10,216</td>
<td>12,775</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>(66,376)</td>
<td>(12,856)</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>(118)</td>
<td>3,356</td>
</tr>
<tr>
<td>Accounts payable and accrued liabilities</td>
<td>(739)</td>
<td>6,301</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>72</td>
<td>(284)</td>
</tr>
<tr>
<td>Deferred government contributions</td>
<td>60,399</td>
<td>(8,961)</td>
</tr>
<tr>
<td><strong>Capital transactions</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Acquisition of tangible capital assets</td>
<td>-</td>
<td>(6,258)</td>
</tr>
<tr>
<td>Proceeds on sale of tangible capital assets</td>
<td>-</td>
<td>4,867</td>
</tr>
<tr>
<td><strong>Cash flows from financing activities</strong></td>
<td>-</td>
<td>(1,391)</td>
</tr>
<tr>
<td>Principal payments on demand loan</td>
<td>(5,000)</td>
<td>(5,000)</td>
</tr>
<tr>
<td><strong>Decrease in cash and cash equivalents</strong></td>
<td>(1,546)</td>
<td>(6,060)</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents, beginning of year</strong></td>
<td>374,988</td>
<td>381,048</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents, end of year</strong></td>
<td>$373,442</td>
<td>$374,988</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these financial statements.
1. Significant accounting policies

a) Nature of operations

The Conservation Authority was established in 1963 by an Order in Council and operates under the Conservation Authorities Act of Ontario. Pursuant to the Conservation Authorities Act, the objectives of an authority are to establish and undertake, in the area over which it has jurisdiction, a program designed to further the conservation, restoration, development and management of natural resources other than gas, oil, coal and minerals. The Sault Ste. Marie Region Conservation Authority in particular was established to address flooding concerns within the watershed.

b) Basis of accounting

These financial statements have been prepared in accordance with Canadian public sector accounting standards, as recommended by the Public Sector Accounting Board.

c) Tangible capital assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, if any, of tangible capital assets is amortized on a straight-line basis, over the expected useful life of the asset, as follows:

<table>
<thead>
<tr>
<th>Asset</th>
<th>Life</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buildings</td>
<td>50 years</td>
</tr>
<tr>
<td>Flood control infrastructure</td>
<td>50 years</td>
</tr>
<tr>
<td>Vehicles and equipment</td>
<td>5 years</td>
</tr>
<tr>
<td>Computer equipment</td>
<td>5 years</td>
</tr>
</tbody>
</table>

d) Revenue recognition

Revenue is recognized in the period in which the transactions or events occurred that gave rise to the revenue. All revenue is recorded on an accrual basis.

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

Contributions, other than government transfers, are deferred when restrictions are placed on their use by the external contributor, and are recognized as revenue when used for the specific purpose.

e) Financial instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, they are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired.

f) Employee future benefits

The Authority provides pension benefits to specified employees through the Ontario Municipal Employees Retirement Fund (OMERS), a multi-employer plan. The Authority's contributions due during the period are expensed as incurred.

g) Use of estimates

The preparation of financial statements in accordance 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 the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management’s best estimates as additional information becomes available in the future.
# Sault Ste. Marie Region Conservation Authority
## Notes to Financial Statements

### December 31, 2018

<table>
<thead>
<tr>
<th>2. Cash and cash equivalents</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>General operating accounts</td>
<td>$146,207</td>
<td>$149,445</td>
</tr>
<tr>
<td>Restricted land sale proceeds</td>
<td>55,506</td>
<td>55,434</td>
</tr>
<tr>
<td>Land program funds</td>
<td>19,316</td>
<td>19,316</td>
</tr>
<tr>
<td>Short term investments</td>
<td>152,413</td>
<td>150,793</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$373,442</strong></td>
<td><strong>$374,988</strong></td>
</tr>
</tbody>
</table>

Short term investments consist of a flexible one year GIC with an interest rate of 1.20%.

### 3. Demand loan
The demand loan is repayable in monthly instalments of $417 plus interest at prime plus 1.5%, maturing March 2020.

### 4. Deferred revenue
Deferred revenue represents restricted land sale proceeds and accumulated interest to be used for future land acquisitions, subject to approval by the Ontario Ministry of Natural Resources.

### 5. Deferred government contributions

<table>
<thead>
<tr>
<th>Province of Ontario - Drinking Water Source Protection</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$113,767</td>
<td>$66,985</td>
</tr>
<tr>
<td>Province of Ontario - Other</td>
<td>13,617</td>
<td>-</td>
</tr>
<tr>
<td>Other</td>
<td>300</td>
<td>300</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$127,684</strong></td>
<td><strong>$67,285</strong></td>
</tr>
</tbody>
</table>

### 6. Accumulated surplus

<table>
<thead>
<tr>
<th>General surplus</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$220,584</td>
<td>$207,265</td>
</tr>
<tr>
<td>Reserve for forest management</td>
<td>10,222</td>
<td>10,222</td>
</tr>
<tr>
<td>Reserve for Outreach and Education - Water</td>
<td>18,241</td>
<td>21,344</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>249,047</strong></td>
<td><strong>238,831</strong></td>
</tr>
<tr>
<td>Investment in tangible capital assets</td>
<td><strong>5,285,542</strong></td>
<td><strong>5,632,683</strong></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$5,544,589</strong></td>
<td><strong>$5,871,514</strong></td>
</tr>
</tbody>
</table>

Allocation of annual surplus (deficit):

<table>
<thead>
<tr>
<th>General surplus</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$13,319</td>
<td>$33,281</td>
</tr>
<tr>
<td>Reserve for forest management</td>
<td>-</td>
<td>(21,897)</td>
</tr>
<tr>
<td>Reserve for Outreach and Education - Water</td>
<td>(3,103)</td>
<td>-</td>
</tr>
<tr>
<td>Investment in tangible capital assets</td>
<td>(337,141)</td>
<td>(330,883)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$(326,925)</strong></td>
<td><strong>$(319,499)</strong></td>
</tr>
</tbody>
</table>
7. Contingent liabilities

The Authority is involved with two legal claims and management has indicated that these claims have been referred to the Authority's insurer. Due to these claims, the Authority is subject to ongoing litigation, the outcomes of which can not be reasonably determined. Any loss as a result of this litigation will be recorded in the period that the loss is probable and measurable.

8. Pension agreements

The Authority makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of all permanent, full-time members of its staff. This plan is a defined benefit plan that specifies the amount of the retirement benefit to be received by the employees based on length of service and rates of pay. Employees and employers contribute jointly to the plan.

Because OMERS is a multi-employer pension plan, the Authority does not recognize any share of the pension plan deficit, as this is a joint responsibility of all Ontario municipal organizations and their employees. Employer's contributions for current and past service are included as an expense on the statement of operations. The amount contributed to OMERS for 2018 was $44,166 (2017 - $36,435).

9. Budget

The Authority's budget was not prepared on a basis consistent with that used to report actual results (Public Sector Accounting Standards). The budget was prepared on a modified accrual basis while Public Sector Accounting Standards now require a full accrual basis. The budget figures may anticipate use of reserves and/or surpluses accumulated in previous years to reduce current year expenditures. In addition, the budget expenses tangible capital expenditures rather than including amortization expense, and expenses principal payments of long term debt. As a result, the budget figures presented in the statements of operations and change in net financial assets represent the Financial Plan adopted by the Authority with adjustments as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Budget deficit for the year</td>
<td>$</td>
</tr>
<tr>
<td>Add:</td>
<td></td>
</tr>
<tr>
<td>Principal portion of loan payment</td>
<td>$12,171</td>
</tr>
<tr>
<td>Less:</td>
<td></td>
</tr>
<tr>
<td>Amortization</td>
<td>$(337,141)</td>
</tr>
<tr>
<td>Budget deficit per statement of operations</td>
<td>$ (324,970)</td>
</tr>
</tbody>
</table>
10. Segmented disclosure

The Authority provides a range of services to residents in its region. For management reporting purposes, operations and activities are organized by Fund. Funds were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations.

Services are provided by departments and their activities are reported in these funds. Certain departments that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

**General**

This department oversees the delivery of all government services. The department is responsible for ensuring that there are adequate policies and procedures in place to safeguard assets and to properly report financial activities.

**Drinking Water Source Protection**

The Ontario Ministry of the Environment, in partnership with the Ministry of Natural Resources and Conservation Ontario have developed legislation and regulations to implement Source Water Protection Plans to ensure clean drinking water for all Ontarians. Conservation authorities, with funding from the province, are coordinating scientific research, facilitating data gathering and analysis, developing computer models, bringing local residents and stakeholders together as well as providing opportunities for public involvement and comment on a local watershed basis.

For each reported segment, revenue and expenses include amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The Authority allocates certain wages and benefits to General operations and the Drinking Water Source Protection program based on the hours worked for each program. Occupancy costs and administrative expenses are allocated based on the floor area occupied and estimated resources used by each program.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in the summary of significant accounting policies. For additional information see Schedule 2 - Segment Disclosure.
11. Financial Instrument risk

The Authority's management monitors, evaluates and manages the principal risks assumed with financial instruments on a daily basis. The risks that arise from transacting financial instruments include liquidity risk, interest rate risk and credit risk.

**Liquidity risk**
Liquidity risk arises from the Authority's management of accounts payable and other current liabilities. It is the risk that the organization will encounter difficulty in meeting its financial obligations as they fall due.

**Interest rate risk**
Interest rate risk arises from the Authority's demand loan. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Authority's demand loan has a variable interest rate. Changes in the bank's prime lending rate can cause fluctuations in interest payments and cash flows.

**Credit risk**
Credit risk arises from the Authority's accounts receivable. It is the risk that a third party will fail to discharge its obligation to the organization thereby reducing the expected cash inflow.
Sault Ste. Marie Region Conservation Authority  
Schedule 1 - Tangible Capital Assets  
December 31, 2018

<table>
<thead>
<tr>
<th></th>
<th>Land</th>
<th>Buildings</th>
<th>Vehicles and Equipment</th>
<th>Computer Equipment</th>
<th>Flood Control</th>
<th>2018 Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cost</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance, beginning of year</td>
<td>$ 1,655,173</td>
<td>$ 304,350</td>
<td>$ 237,595</td>
<td>$ 26,122</td>
<td>$ 15,454,493</td>
<td>$ 17,677,733</td>
</tr>
<tr>
<td>Additions</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Balance, end of year</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1,655,173</td>
<td>304,350</td>
<td>237,595</td>
<td>26,122</td>
<td>15,454,493</td>
<td>17,677,733</td>
</tr>
</tbody>
</table>

| **Accumulated amortization** |          |           |                        |                    |               |            |
| Balance, beginning of year |          |           |                        |                    |               |            |
| Amortization               |          |           |                        |                    |               |            |
| Amortization               | -        | 197,851   | 26,122                 | 11,643,783         | 309,089       | 12,045,050  |
| Balance, end of year       | -        | 183,381   | 219,816                | 26,122             | 11,952,872    | 12,382,191  |

| **Net book value**         |          |           |                        |                    |               |            |
| Balance, 2017             | $ 1,655,173 | $ 120,969 | $ 17,779               |                    | $ 3,501,621   | $ 5,295,542 |

| Net book value, 2017       | $ 1,655,173 | $ 127,056 | $ 39,744               |                    | $ 3,810,710   | $ 5,632,683 |
**Sault Ste. Marie Region Conservation Authority**

**Schedule 2 - Segment Disclosure**

For the year ended December 31, 2018

<table>
<thead>
<tr>
<th>Revenue Source</th>
<th>Total 2017</th>
<th>Total 2017</th>
<th>Total 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Drinking Water</strong></td>
<td><strong>General</strong></td>
<td><strong>Protection</strong></td>
<td><strong>Total</strong></td>
</tr>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Government contributions</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Provincial</td>
<td>$ 162,153</td>
<td>$ 93,892</td>
<td>$ 256,045</td>
</tr>
<tr>
<td>Municipal - City of Sault Ste. Marie</td>
<td>534,750</td>
<td>-</td>
<td>534,750</td>
</tr>
<tr>
<td>Municipal - Prince Township</td>
<td>5,374</td>
<td>-</td>
<td>5,374</td>
</tr>
<tr>
<td>Rental income</td>
<td>6,989</td>
<td>-</td>
<td>6,989</td>
</tr>
<tr>
<td>Other</td>
<td>71,429</td>
<td>-</td>
<td>71,429</td>
</tr>
<tr>
<td>Gain on sale of capital asset</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td>780,695</td>
<td>93,892</td>
<td>874,587</td>
</tr>
<tr>
<td><strong>Expenses</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries and benefits</td>
<td>538,858</td>
<td>74,363</td>
<td>613,221</td>
</tr>
<tr>
<td>Materials and supplies</td>
<td>153,412</td>
<td>7,189</td>
<td>160,601</td>
</tr>
<tr>
<td>Contracted services</td>
<td>79,224</td>
<td>-</td>
<td>79,224</td>
</tr>
<tr>
<td>Rents and financial</td>
<td>11,325</td>
<td>-</td>
<td>11,325</td>
</tr>
<tr>
<td>Administration and rent transfers</td>
<td>(12,340)</td>
<td>12,340</td>
<td>-</td>
</tr>
<tr>
<td>Amortization</td>
<td>337,141</td>
<td>-</td>
<td>337,141</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td>1,107,620</td>
<td>93,892</td>
<td>1,201,512</td>
</tr>
</tbody>
</table>

**Deficiency of revenue over expenses**

| | $ (326,925) | $ - | $ (326,925) | $ (319,499) |
## Sault Ste. Marie Region Conservation Authority
### Schedule 3 - Administrative and Water Control Expenses

For the year ended December 31, 2018

<table>
<thead>
<tr>
<th></th>
<th>Drinking Water Source</th>
<th></th>
<th>Total</th>
<th>2017 Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>General</td>
<td>Protection</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Administrative</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Materials</td>
<td>$7,337</td>
<td>$-</td>
<td>$7,337</td>
<td>$9,095</td>
</tr>
<tr>
<td>Other</td>
<td>$100,283</td>
<td>$7,189</td>
<td>$107,472</td>
<td>$46,722</td>
</tr>
<tr>
<td>Rent and utilities</td>
<td>$4,181</td>
<td>$-</td>
<td>$4,181</td>
<td>$5,736</td>
</tr>
<tr>
<td>Staff training</td>
<td>$572</td>
<td>$-</td>
<td>$572</td>
<td>$3,867</td>
</tr>
<tr>
<td>Travel and allowance</td>
<td>$9,917</td>
<td>$-</td>
<td>$9,917</td>
<td>$12,828</td>
</tr>
<tr>
<td>Wages and benefits</td>
<td>$236,733</td>
<td>$74,364</td>
<td>$311,097</td>
<td>$305,751</td>
</tr>
<tr>
<td>Administration and rent transfers</td>
<td>$(12,340)</td>
<td>$12,340</td>
<td>$(12,340)</td>
<td>$(12,340)</td>
</tr>
<tr>
<td></td>
<td><strong>$346,683</strong></td>
<td><strong>$93,893</strong></td>
<td><strong>$440,576</strong></td>
<td><strong>$383,999</strong></td>
</tr>
<tr>
<td><strong>Water control</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Flood warning</td>
<td>$18,242</td>
<td>$-</td>
<td>$18,242</td>
<td>$23,973</td>
</tr>
<tr>
<td>Maintenance of control structures</td>
<td>$78,946</td>
<td>$-</td>
<td>$78,946</td>
<td>$59,776</td>
</tr>
<tr>
<td>Taxes, insurance and utilities</td>
<td>$34,016</td>
<td>$-</td>
<td>$34,016</td>
<td>$28,574</td>
</tr>
<tr>
<td>Wages and benefits</td>
<td>$259,409</td>
<td>$-</td>
<td>$259,409</td>
<td>$237,915</td>
</tr>
<tr>
<td>Vehicle &amp; maintenance expense/recovery</td>
<td>$(46,253)</td>
<td>$-</td>
<td>$(46,253)</td>
<td>$(47,002)</td>
</tr>
<tr>
<td></td>
<td><strong>$344,360</strong></td>
<td><strong>$-</strong></td>
<td><strong>$344,360</strong></td>
<td><strong>$303,236</strong></td>
</tr>
</tbody>
</table>