



Financial Statements

Toronto and Region Conservation Authority

December 31, 2015

Contents

	Page
Independent Auditor's Report	1 - 2
Statement of Financial Position	3
Statement of Operations and Accumulated Surplus	4
Statement of Changes in Net Financial Assets	5
Statement of Cash Flows	6
Notes to the Financial Statements	7 - 17

Independent Auditor's Report

Grant Thornton LLP
11th Floor
200 King Street West, Box 11
Toronto, ON
M5H 3T4
T +1 416 366 0100
F +1 416 360 4949
www.GrantThornton.ca

To the Members of the
Toronto and Region Conservation Authority

We have audited the accompanying financial statements of **Toronto and Region Conservation Authority** ("TRCA"), which comprise the statement of financial position as at December 31, 2015, and the statements of operations and accumulated surplus, changes in net financial assets, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditor's responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of TRCA as at December 31, 2015, and the results of its operations, changes in net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.



Markham, Canada
June 24, 2016

Chartered Professional Accountants
Licensed Public Accountants

Toronto and Region Conservation Authority

Statement of Financial Position

(in thousands of dollars)

December 31

2015

2014

Assets

Financial Assets

Cash (note 4)	\$ 14,785	\$ 10,906
Investments (note 5)	19,751	19,187
Receivables (note 6)	<u>13,446</u>	<u>15,868</u>
	<u>47,982</u>	<u>45,961</u>

Liabilities

Payables and accrued liabilities (note 7)	10,246	13,411
Vacation pay entitlements (note 8)	2,493	2,452
Deferred revenue (note 9)	<u>33,823</u>	<u>27,712</u>
	<u>46,562</u>	<u>43,575</u>

Net Financial Assets

<u>1,420</u>	<u>2,386</u>
--------------	--------------

Non-Financial Assets

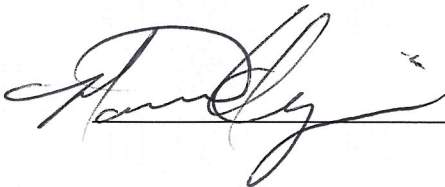
Other assets	554	952
Tangible capital assets (note 10)	<u>445,019</u>	<u>435,959</u>
	<u>445,573</u>	<u>436,911</u>

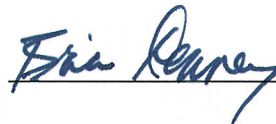
Accumulated Surplus (note 11)

\$ <u>446,993</u>	\$ <u>439,297</u>
-------------------	-------------------

Contingent liabilities and commitments (note 18)

On behalf of Toronto and Region Conservation Authority

 Chair

 Secretary Treasurer

Toronto and Region Conservation Authority

Statement of Operations and Accumulated Surplus

(in thousands of dollars)

Year Ended December 31	2015 <u>Budget</u> (note 19)	2015 <u>Actual</u>	2014 <u>Actual</u>
Revenue			
Government funding (note 12)	\$ 83,314	\$ 72,620	\$ 72,748
Authority generated (note 13)	32,272	29,265	27,610
Investment income	600	612	591
Net loss on sale of tangible capital assets	-	(292)	(74)
	<u>116,186</u>	<u>102,205</u>	<u>100,875</u>
Expenses (note 14)			
Watershed Studies and Strategies	2,915	2,005	2,303
Water Risk Management	27,861	21,422	17,799
Regional Biodiversity	14,855	11,346	11,988
Greenspace Securement and Management	6,847	5,508	5,834
Tourism and Recreation	21,191	21,693	23,528
Planning and Development Review	8,156	7,882	7,372
Education and Outreach	10,869	8,185	8,658
Sustainable Communities	10,349	8,586	8,865
Corporate Services	7,275	7,882	7,507
	<u>110,318</u>	<u>94,509</u>	<u>93,854</u>
Net Surplus	\$ <u>5,868</u>	\$ <u>7,696</u>	\$ <u>7,021</u>
Accumulated Surplus, beginning of year	<u>439,297</u>	<u>439,297</u>	<u>432,276</u>
Accumulated Surplus, end of year	\$ <u>445,165</u>	\$ <u>446,993</u>	\$ <u>439,297</u>

See accompanying notes to the financial statements.

Toronto and Region Conservation Authority

Statement of Changes in Net Financial Assets

(in thousands of dollars)

Year Ended December 31	2015	2015	2014
	<u>Budget</u> (note 19)	<u>Actual</u>	<u>Actual</u>
Net surplus for the year	\$ 5,868	\$ 7,696	\$ 7,021
Acquisition of tangible capital assets	(14,831)	(15,587)	(13,528)
Contributed tangible capital assets	-	(887)	(1,114)
Net loss on sale of tangible capital assets	-	292	74
Proceeds on disposal of tangible capital assets	-	20	51
Amortization	6,810	7,102	6,771
Change in other assets	-	398	(331)
Decrease in net financial assets	(2,153)	(966)	(1,056)
Net financial assets, beginning of year	<u>2,386</u>	<u>2,386</u>	<u>3,442</u>
Net financial assets, end of year	\$ <u>233</u>	\$ <u>1,420</u>	\$ <u>2,386</u>

See accompanying notes to the financial statements.

Toronto and Region Conservation Authority

Statement of Cash Flows

(in thousands of dollars)

Year Ended December 31

2015

2014

Operating

Net surplus for the year	\$	7,696	\$	7,021
Non-cash charge to operations				
Amortization		7,102		6,771
Net loss on sale of tangible capital assets		292		74
Contributed tangible capital assets		(887)		(1,114)
		<u>14,203</u>		<u>12,752</u>
Change in non-cash working capital				
Receivables		2,422		(1,012)
Other assets		398		(331)
Payables and accrued liabilities		(3,165)		3,909
Vacation pay entitlements		41		300
Deferred revenue		6,111		(203)
		<u>20,010</u>		<u>15,415</u>

Investing

Purchase of investments		(4,829)		(5,024)
Proceeds on maturity of investments		4,265		3,867
		<u>(564)</u>		<u>(1,157)</u>

Capital

Purchase of tangible capital assets		(15,587)		(13,528)
Proceeds of disposal of tangible capital assets		20		51
		<u>(15,567)</u>		<u>(13,477)</u>

Net increase in cash		3,879		781
Cash, beginning of year		<u>10,906</u>		<u>10,125</u>
Cash, end of year	\$	<u>14,785</u>	\$	<u>10,906</u>

See accompanying notes to the financial statements.

Toronto and Region Conservation Authority

Notes to the Financial Statements

(in thousands of dollars)

December 31, 2015

1. Nature of operations

Toronto and Region Conservation Authority ("TRCA") is established under the Conservation Authorities Act of Ontario to further the conservation, restoration, development and management of natural resources, other than gas, oil, coal and minerals for the nine watersheds within its area of jurisdiction. TRCA's area of jurisdiction includes areas in the City of Toronto, the Regional Municipalities of Durham, Peel and York (including lower-tier municipalities), the Township of Adjala-Tosorontio and Town of Mono. TRCA is a registered charitable organization and is exempt from income taxes under the Canadian Income Tax Act.

2. Summary of significant accounting policies

The financial statements for TRCA are the responsibility of and prepared by management in accordance with Canadian public sector accounting standards (PSAS) as established by the Public Sector Accounting Board, and include the following significant accounting policies:

Basis of accounting

The financial statements are prepared using an accrual basis of accounting which recognizes the effect of transactions and events in the period in which the transactions and events occur, regardless of whether there has been a receipt or payment of cash or its equivalent. Accrual accounting recognizes a liability until the obligation(s) or condition(s) underlying the liability is partly or wholly satisfied. Accrual accounting recognizes an asset until the future economic benefit underlying the asset is partly or wholly used or lost.

Revenue recognition

Government funding including transfers, municipal capital and operating levies, grants, contract services and management fees are recognized in the financial statements when the payments are authorized and all eligibility criteria have been met, except when there is a stipulation that gives rise to an obligation that meets the definition of a liability. In that case, the funding is recorded as deferred revenue and recognized as revenue as the stipulations are met.

Authority generated revenues including property rental income, contract services, admissions and parking, permits (development, camping, picnic, commercial filming and photography), environmental assessments, programs (education, family and community), events (weddings, festivals and corporate events), athletic fees and equipment rentals, program and event sponsorships, product sales (nursery, food, beverage and merchandise) and membership fees are recognized as revenue in the period in which the related services are performed. Amounts collected for which the related services have not been performed are recorded as deferred revenue and recognized as revenue when the related services are performed. Unrestricted donations are recorded as revenue in the period they are received or receivable, when a reasonable estimate can be made of the amount involved. Externally restricted donations, including funds received from The Living City Foundation, are deferred and recognized as revenue in the year in which the related expenses are recognized. Donated tangible capital assets are recorded at fair market value, when fair market value can be reasonably estimated.

Cash

Cash includes cash on hand and deposits in banks.

Toronto and Region Conservation Authority

Notes to the Financial Statements

(in thousands of dollars)

December 31, 2015

2. Summary of significant accounting policies (continued)

Investments

Investments, which consist of guaranteed investment certificates and government, financial institution and corporate bonds, are recorded at cost. Investment income is recognized when earned. Any discount or premium arising on purchase is amortized over the period to maturity. If there is a permanent loss in value, the investment will be written down to recognize the loss. The write-down would be included in the statement of operations.

Other assets

Other assets include prepaid expenses and inventory. Inventories of merchandise and food for resale are valued at the lower of cost and net realizable value. Nursery inventory is valued at the lower of cost and replacement value. Cost is determined on a first-in, first-out basis.

Tangible capital assets

Tangible capital assets are recorded at cost less accumulated amortization and write-downs, if any, which includes amounts directly attributable to acquisition, construction development, or betterment of the asset. Contributed tangible capital assets are recorded at fair market value at the date of contribution. Amortization is provided on a straight-line basis over the estimated useful life for all assets (except land, which is not amortized, and vehicles, which are amortized on a declining balance basis) as follows:

Infrastructure	10-50 years
Buildings and building improvements	10-55 years
Land improvements	20-40 years
Machinery and equipment	5-12 years
Vehicles	20-30% declining balance

Assets under construction are not amortized until the asset is available for productive use.

TRCA has a collection of art and historical buildings. These are not recognized in the financial statements.

When a capital asset no longer contributes to TRCA's ability to provide services or the value of the future economic benefits associated with the capital asset is less than its net book value, the carrying value of the capital asset is reduced to reflect the asset's value.

Contaminated sites

Contaminated sites are the result of contamination being introduced in air, soil, water or sediment of a chemical, organic, or radioactive material or live organism that exceed an environmental standard. A liability for remediation of contaminated sites is recognized, net of any expected recoveries, when all of the following criteria are met: a) an environmental standard exists; b) contamination exceeds the environmental standard; c) the organization is directly responsible or accepts responsibility for the liability; d) future economic benefits will be given up; and e) a reasonable estimate of the liability can be made. Changes in this estimate are recorded in TRCA's statement of operations.

Toronto and Region Conservation Authority

Notes to the Financial Statements

(in thousands of dollars)

December 31, 2015

2. Summary of significant accounting policies (continued)

Employee pension plan

The cost of the multi-employer defined benefit pension plan is recognized as the required contributions for employees' services are rendered in the period.

Reserves

TRCA sets up internal reserves to finance the cost of new and replacement vehicles, equipment and office accommodation, the maintenance of TRCA's tree donation program, and operating contingencies in order to ensure funds are available for financial relief in the event of a significant loss of revenues or other financial emergency for which no other source of funding is available. These reserves are replenished from net assets as directed by the Board. Increases and decreases in reserves are not recorded in the statement of operations.

Use of estimates

The preparation of financial statements, in conformity with PSAS, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenue and expenses during the reporting period. Accounts subject to estimates include allowance for doubtful accounts, accrued liabilities and tangible capital assets. Actual results could differ from those estimates.

Accounting standards and amendments issued but not yet effective

PS3450 – Financial Instruments

In June 2011, the Public Sector Accounting Standards Board released Section PS3450, Financial Instruments. This standard establishes how to account for and report all types of financial instruments, including derivatives.

This standard will be effective for periods beginning on or after April 1, 2019. TRCA will evaluate the impact of the change to its financial statements based on the characteristics of its financial instruments at the time of adoption.

3. Adoption of a new accounting standard

TRCA adopted Public Sector Accounting Standards Board Standard PS 3260 Liability for Contaminated Sites effective January 1, 2014. Under PS 3260, contaminated sites are defined as the result of contamination being introduced in air, soil, water or sediment of a chemical, organic, or radioactive material or live organism that exceeds an environmental standard. This Standard relates to sites that are not in productive use and sites in productive use where an unexpected event resulted in contamination. The adoption of PS 3260 had no impact on TRCA's financial statements.

Toronto and Region Conservation Authority

Notes to the Financial Statements

(in thousands of dollars)

December 31, 2015

4. Cash – CTC Source Protection Region

The Credit Valley, Toronto and Region and Central Lake Ontario Source Protection Region (“CTC Source Protection Region”) was established under the Clean Water Act of Ontario to ensure communities protect their drinking water supplies through prevention – by developing collaborative, watershed-based source protection plans that are locally driven and based on science. The CTC Source Protection Region’s jurisdiction includes the Credit Valley, Toronto and Region and Central Lake Ontario source protection areas, which are represented by the respective conservation authorities under the Clean Water Act. The Minister of the Environment and Climate Change provided funding of \$728 (2014 - \$691) for source protection projects to the TRCA, which delivers the management function on behalf of the region. Unspent funding of \$844 (2014 - \$948) is held in a separate bank account, which is included on the statement of financial position as cash, with a corresponding deferred revenue balance.

5. Investments

	<u>2015</u>	<u>2014</u>
Provincial bonds	\$ 6,771	\$ 6,476
Interest rates: 1.63% - 3.62% (2014: 1.78% - 3.62%)		
Years of maturity: 2017 - 2021 (2014: 2015 - 2019)		
Guaranteed investment certificates	4,880	4,701
Interest rates: 1.45% - 2.46% (2014: 1.70% - 2.46%)		
Years of maturity: 2016 - 2020 (2014: 2015 - 2019)		
Financial institution bonds	4,295	5,112
Interest rates: 1.90% - 3.51% (2014: 1.74% - 3.51%)		
Years of maturity: 2016 - 2017 (2014: 2015 - 2017)		
Corporate bonds	2,220	2,898
Interest rates: 3.12% - 3.30% (2014: 1.97% - 3.42%)		
Years of maturity: 2016 - 2019 (2014: 2015 - 2019)		
Municipal bonds	1,585	-
Interest rates: 1.58% - 1.85% (2014: Not applicable)		
Years of maturity: 2020 - 2021 (2014: Not applicable)		
	<u>\$ 19,751</u>	<u>\$ 19,187</u>

The fair market value of the investments at December 31, 2015 is \$19,931 (2014 - \$19,364).

6. Receivables

	<u>2015</u>	<u>2014</u>
Government funding		
Municipal	\$ 7,159	\$ 7,066
Federal	1,341	1,065
Provincial	629	1,180
Authority generated		
Trade and other	2,238	5,013
The Living City Foundation (note 17)	2,025	1,463
Employee loans	54	81
	<u>\$ 13,446</u>	<u>\$ 15,868</u>

Toronto and Region Conservation Authority

Notes to the Financial Statements

(in thousands of dollars)

December 31, 2015

7. Liabilities for contaminated sites

TRCA reports environmental liabilities related to the management and remediation of contaminated sites where TRCA is obligated or likely obligated to incur such costs. A contaminated site liability of \$nil (2014 – \$nil) has been recorded based on environmental assessments or estimations for those sites where an assessment has not been conducted. TRCA's ongoing efforts to assess contaminated sites may result in additional environmental remediation liabilities related to newly identified sites, or changes in the assessments or intended use of existing sites. Any changes to the TRCA's liabilities for contaminated sites will be accrued in the year in which they are assessed as likely and reasonably estimable.

8. Vacation pay entitlements

In accordance with TRCA practices, employees are entitled to payment equal to 100% of the value of their accrued vacation days upon leaving TRCA. The liability for the accumulated vacation days represents management's best estimate as to TRCA's future liability.

9. Deferred revenue

	<u>2015</u>	<u>2014</u>
Government funding (a)	\$ 21,948	\$ 17,912
Authority generated (b)	<u>11,875</u>	<u>9,800</u>
	<u>\$ 33,823</u>	<u>\$ 27,712</u>
 (a) Government funding		
	<u>2015</u>	<u>2014</u>
Municipal		
Capital levies	\$ 12,919	\$ 11,018
Contract services	2,828	3,442
Other	840	(196)
Provincial	1,850	1,546
Federal	447	321
Revenue sharing policy (i)	<u>3,064</u>	<u>1,781</u>
	<u>\$ 21,948</u>	<u>\$ 17,912</u>

(i) The proceeds on the sale of properties of \$1,853 (2014 - \$987) are attributed to the province and the member municipalities on the basis of their original contribution when the properties were acquired. The Ministry of Natural Resources and Forestry reserves the right to direct the purpose to which the provincial share of funds may be applied or to request a refund. The balance must always be maintained in proportion to the original contribution by the province and TRCA, represented by the member municipalities. TRCA is permitted to withdraw the municipal share of the funds provided that the corresponding provincial share is either matched by other sources of funding or returned to the province. In the current year, \$579 (2014 - \$151) was applied to the Greenspace acquisition project and \$7 (2014 - \$6) was applied to the revised project for the Etobicoke Motel Strip. Interest of \$16 (2014 - \$10) has been imputed on the unspent balance of the funds.

Toronto and Region Conservation Authority

Notes to the Financial Statements

(in thousands of dollars)

December 31, 2015

9. Deferred revenue (continued)

(b) Authority generated

	<u>2015</u>	<u>2014</u>
Cash in lieu and compensation	\$ 3,190	\$ 3,307
Master environmental servicing plans	2,201	1,534
Property easements	1,622	-
Oak Ridges Corridor Park	1,464	1,177
Contract services	703	459
Wedding and event deposits	446	423
Other	2,249	2,900
	<u>\$ 11,875</u>	<u>\$ 9,800</u>

10. Tangible capital assets

	<u>2015</u>				
	<u>Opening</u>	<u>Additions</u>	<u>Transfers</u>	<u>Disposals</u>	<u>Closing</u>
Cost					
Land	\$ 340,329	\$ 3,872	\$ 37	\$ -	\$ 344,238
Infrastructure	149,370	3,958	502	-	153,830
Buildings and building improvements	51,485	2,110	3,923	(281)	57,237
Land improvements	13,383	13	-	-	13,396
Machinery and equipment	7,864	2,052	-	(566)	9,350
Vehicles	4,382	578	-	(217)	4,743
Assets under construction	6,544	3,891	(4,462)	(174)	5,799
	<u>\$ 573,357</u>	<u>\$ 16,474</u>	<u>\$ -</u>	<u>\$ (1,238)</u>	<u>\$ 588,593</u>

	<u>2015</u>			
	<u>Opening</u>	<u>Amortization</u>	<u>Disposal</u>	<u>Closing</u>
Accumulated Amortization				
Infrastructure	\$ 100,690	\$ 3,406	\$ -	\$ 104,096
Buildings and building improvements	25,421	1,842	(149)	27,114
Land improvements	4,442	549	-	4,991
Machinery and equipment	3,659	886	(566)	3,979
Vehicles	3,186	419	(211)	3,394
	<u>\$ 137,398</u>	<u>\$ 7,102</u>	<u>\$ (926)</u>	<u>\$ 143,574</u>

	<u>2014</u>	<u>2015</u>
Net Book Value		
Land	\$ 340,329	\$ 344,238
Infrastructure	48,680	49,734
Buildings and building improvements	26,064	30,123
Land improvements	8,941	8,405
Machinery and equipment	4,205	5,371
Vehicles	1,196	1,349
Assets under construction	6,544	5,799
	<u>\$ 435,959</u>	<u>\$ 445,019</u>

Toronto and Region Conservation Authority

Notes to the Financial Statements

(in thousands of dollars)

December 31, 2015

10. Tangible capital assets (continued)

In the current year, TRCA sold tangible capital assets for \$20 (2014 - \$51), resulting in a net loss of \$292 (2014 - \$74). The value of contributed tangible capital assets within Greenspace Securement and Management received during the year is \$887 (2014 - \$1,114).

11. Accumulated surplus

TRCA segregates its accumulated surplus into the following internally allocated categories:

	<u>2015</u>	<u>2014</u>
Tangible capital assets	\$ 445,019	\$ 435,959
Unfunded vacation pay entitlements	(2,264)	(1,887)
Unallocated accumulated surplus (deficit)	<u>447</u>	<u>(994)</u>
Reserves		
Operating contingency	2,834	3,336
Office accommodation	842	2,747
Vehicles and equipment	106	127
Tree donation program	<u>9</u>	<u>9</u>
	<u>3,791</u>	<u>6,219</u>
	<u>\$ 446,993</u>	<u>\$ 439,297</u>

12. Government funding

	<u>2015</u>	<u>2015</u>	<u>2014</u>
	Budget	Actual	Actual
Municipal			
Capital levies	\$ 42,692	\$ 33,721	\$ 36,065
Contract services	17,956	16,190	15,589
Operating levies	13,285	13,288	12,851
Other	4,532	3,890	2,109
Provincial	3,572	3,670	4,160
Federal	<u>1,277</u>	<u>1,861</u>	<u>1,974</u>
	<u>\$ 83,314</u>	<u>\$ 72,620</u>	<u>\$ 72,748</u>

Toronto and Region Conservation Authority

Notes to the Financial Statements

(in thousands of dollars)

December 31, 2015

13. Authority generated

	<u>2015</u> Budget		<u>2015</u> Actual		<u>2014</u> Actual
Watershed Studies and Strategies					
Watershed planning and reporting	\$ 29	\$	28	\$	13
Climate science	18		-		23
Water Risk Management					
Erosion and flood management	100		430		118
Water resource science	234		113		114
Regional Biodiversity					
Biodiversity monitoring	167		137		150
Ecosystem management	110		150		83
Restoration and regeneration	1,949		821		1,025
Greenspace Securement and Management					
Greenspace management	1,375		383		271
Greenspace securement	3,150		2,405		1,393
Rentals	2,253		2,310		2,643
Tourism and Recreation					
Camping and picnic permits	2,634		3,251		2,744
Site admission and athletic fees	2,986		2,570		2,734
Wedding and corporate events	1,929		1,940		1,965
Events and festivals	812		865		786
Film and photography permits	60		163		75
Heritage Village	1,488		1,680		1,480
Black Creek historic brewery	49		55		78
Trails	212		178		271
Planning and Development Review					
Development planning	4,492		4,817		4,546
Environmental assessments	799		995		808
Education and Outreach					
Educational programs	4,573		3,118		3,432
Sustainable Communities					
Living City transition programs	2,242		1,949		1,816
Community engagement	424		449		568
Corporate Services	187		458		474
	<u>\$ 32,272</u>	<u>\$</u>	<u>29,265</u>	<u>\$</u>	<u>27,610</u>

Toronto and Region Conservation Authority

Notes to the Financial Statements

(in thousands of dollars)

December 31, 2015

14. Expenses by object

	<u>2015</u> Budget		<u>2015</u> Actual		<u>2014</u> Actual
Compensation	\$ 54,949	\$	55,866	\$	53,682
Contract services	38,139		23,046		24,550
Materials and supplies	8,324		6,293		6,682
Utilities	1,008		1,189		1,190
Property taxes	1,088		1,013		979
Amortization of tangible capital assets	6,810		7,102		6,771
	<u>\$ 110,318</u>	\$	<u>94,509</u>	\$	<u>93,854</u>

15. Public sector salary disclosure

TRCA is subject to The Public Sector Salary Disclosure Act, 1996. Salaries and taxable benefits for the 47 employees (2014 – 49 employees) that have been paid by TRCA and reported to the Province of Ontario in compliance with this legislation can be obtained from the Ontario Ministry of Finance or upon request from TRCA.

16. Employee pension plan

TRCA makes contributions to the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer pension plan, on behalf of its qualifying full and part-time employees. The plan is a defined benefit plan, which specifies the amount of the retirement benefit to be received by the employees based on the length of service, pension formula and best 60 months of earnings. Employees and employers contribute equally to the plan.

Because OMERS is a multi-employer pension plan, any pension plan surpluses or deficits are a joint responsibility of all Ontario municipalities and their employees. As a result, TRCA does not recognize any share of the OMERS pension actuarial deficit of \$6,977 million (2014 - \$7,078 million), as TRCA's portion of the amount is not determinable. Employers' current service contributions to the OMERS pension plan in the amount of \$3,705 (2014 – \$3,678) are included as compensation in the current year.

17. The Living City Foundation

During the year The Living City Foundation (the "Foundation") contributed \$1,857 (2014 - \$1,781) to TRCA programs, representing a significant portion of the Foundation's donations. The Foundation is an independent, non-controlled registered charitable organization which has its own Board. As such, the TRCA's financial statements do not include the activities of the Foundation. As at December 31, 2015, the Foundation has an externally restricted fund balance of \$2,638 (2014 - \$2,475), which is to be primarily used for undertaking TRCA projects and an operating fund deficit of \$502 (2014 - \$417). The receivable balance from the Foundation is non-interest bearing, unsecured and has no specified repayment terms.

Toronto and Region Conservation Authority

Notes to the Financial Statements

(in thousands of dollars)

December 31, 2015

18. Contingent liabilities and commitments

(a) Legal actions and claims

TRCA has received statements of claim as defendant under various legal actions resulting from its involvement in land purchases, fatalities, personal injuries and flooding on or adjacent to its properties. TRCA maintains insurance coverage against such risks and has notified its insurers of the legal actions and claims. It is not possible at this time to determine the outcome of these claims and, therefore, no provision has been made in these financial statements.

(b) Land expropriations

TRCA has completed the acquisition of lands required to undertake various projects. There are two projects where TRCA has acquired lands under the Expropriations Act. The first project is the Revised Project for the Etobicoke Motel Strip. Properties required for this project were obtained through expropriation from five owners. Funding was obtained from the City of Etobicoke and the Municipality of Metropolitan Toronto (now collectively known as the City of Toronto) and the Province of Ontario. To date four of the expropriations have been settled and the compensation has been paid.

The second project is the Mimico Waterfront Linear Park Project. This project is funded by the Toronto Waterfront Revitalization Corporation. One property was expropriated for this project and one property was acquired under Section 30 of the Expropriations Act. Both transactions have been settled and compensation has been paid. The additional payment for costs associated with the expropriated property is not determinable.

(c) Lease commitments

TRCA has entered into agreements to lease premises and equipment for various periods until 2021. Minimum lease payments in aggregate and for each of the next five years are as follows:

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>Thereafter</u>	<u>Total</u>
\$1,067	\$1,067	\$1,018	\$ 979	\$ 979	\$ 489	\$5,599

(d) Loan guarantee

TRCA and the City of Toronto have jointly and severally provided a loan guarantee in the amount of \$7.5 million to the Evergreen Foundation for the Don Valley Brick Works restoration project. The loan guarantee was renegotiated in 2014, reducing the amount of the guarantee to \$4.3 million for 2015. As of December 31, 2015, Evergreen Foundation had received advances in the amount of \$4.3 million (\$4.3 million as of December 31, 2014) from its financing institutional lender. The agreement requires annual reductions in the amounts guaranteed until June 30, 2023.

Toronto and Region Conservation Authority

Notes to the Financial Statements

(in thousands of dollars)

December 31, 2015

19. Budget figures

PSAS requires a comparison of TRCA's results for the year with those originally planned on the same basis as that used for the actual results. The budget in the statement of operations has been adjusted to be presented on a consistent basis as actual results. Below is a reconciliation of the figures from the approved budget to the budget on the financial statements:

	Approved <u>Budget</u>	<u>Reclassification</u>	<u>Amortization</u>	Tangible Capital <u>Assets</u>	Approved budget per financial <u>statements</u>
Total revenues	\$ <u>119,036</u>	\$ <u>(2,850)</u>	\$ _____	\$ _____	\$ <u>116,186</u>
Expenses					
Watershed Studies and Strategies	4,553	(1,646)	10	(2)	2,915
Water Risk Management	27,358	(159)	1,975	(1,313)	27,861
Regional Biodiversity	15,129	(47)	56	(283)	14,855
Land Securement and Management	9,582	(34)	912	(3,613)	6,847
Tourism and Recreation	22,611	(1,225)	2,595	(2,790)	21,191
Planning and Development Review	8,141	29	12	(26)	8,156
Education and Outreach	11,975	120	345	(1,571)	10,869
Sustainable Communities	7,321	3,013	35	(20)	10,349
Corporate Services	<u>11,668</u>	<u>(51)</u>	<u>867</u>	<u>(5,209)</u>	<u>7,275</u>
	\$ <u>118,338</u>	\$ _____	\$ <u>6,807</u>	\$ <u>(14,827)</u>	\$ <u>110,318</u>
Net surplus	\$ <u>698</u>				\$ <u>5,868</u>

20. Comparative figures

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted in the current year.