

Financial Statements of

**TORONTO AND REGION
CONSERVATION AUTHORITY**

Year ended December 31, 2016



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INDEPENDENT AUDITORS' REPORT

To the Members of the Toronto and Region Conservation Authority

We have audited the accompanying financial statements of Toronto and Region Conservation Authority, which comprise the statement of financial position as at December 31, 2016, the statements 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.



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Opinion

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

Other Matter

The financial statements of Toronto and Region Conservation Authority as at and for the year ended December 31, 2015 were audited by another auditor who expressed an unqualified opinion on those financial statements on June 24, 2016.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

June 23, 2017
Vaughan, Canada

TORONTO AND REGION CONSERVATION AUTHORITY

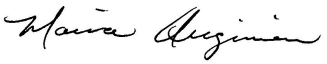
Statement of Financial Position
(In thousands of dollars)

December 31, 2016, with comparative information for 2015

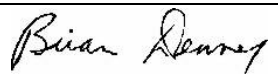
	2016	2015
Assets		
Financial assets:		
Cash (note 2)	\$ 16,677	\$ 14,785
Investments (note 3)	28,083	19,751
Receivables (note 4)	13,886	13,446
	<u>58,646</u>	<u>47,982</u>
Liabilities		
Financial liabilities:		
Payables and accrued liabilities	14,414	10,246
Vacation pay entitlements (note 1(g))	2,461	2,493
Deferred revenue (note 5)	38,985	33,823
	<u>55,860</u>	<u>46,562</u>
Net financial assets	2,786	1,420
Non-financial assets:		
Other assets	721	554
Tangible capital assets (note 6)	451,419	445,019
	<u>452,140</u>	<u>445,573</u>
Contingent liabilities and commitments (note 14)		
Accumulated surplus (note 7)	<u>\$ 454,926</u>	<u>\$ 446,993</u>

See accompanying notes to financial statements.

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, 2016, with comparative information for 2015

	2016 Budget (note 15)	2016 Actual	2015 Actual
Revenue:			
Government funding (note 8)	\$ 77,242	\$ 70,125	\$ 72,620
Authority generated (note 9)	29,490	31,619	29,265
Investment income	600	714	612
Net loss on sale of tangible capital assets (note 6)	–	(69)	(292)
	107,332	102,389	102,205
Expenses (note 10):			
Watershed Studies and Strategies	4,319	3,439	2,005
Water Risk Management	21,243	16,841	21,422
Regional Biodiversity	11,479	12,394	11,346
Greenspace Securement and Management	5,711	5,625	5,508
Tourism and Recreation	19,788	21,528	21,693
Planning and Development Review	8,441	8,109	7,882
Education and Outreach	9,643	9,118	8,185
Sustainable Communities	9,923	7,701	8,586
Corporate Services	8,751	9,701	7,882
	99,298	94,456	94,509
Net surplus	8,034	7,933	7,696
Accumulated surplus, beginning of year	446,993	446,993	439,297
Accumulated surplus, end of year	\$ 455,027	\$ 454,926	\$ 446,993

See accompanying notes to financial statements.

TORONTO AND REGION CONSERVATION AUTHORITY

Statement of Changes in Net Financial Assets
(In thousands of dollars)

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

	2016 Budget (note 15)	2016 Actual	2015 Actual
Net surplus	\$ 8,034	\$ 7,933	\$ 7,696
Acquisition of tangible capital assets	(15,422)	(13,579)	(15,587)
Contributed tangible capital assets	–	(299)	(887)
Net loss on sale of tangible capital assets	–	69	292
Write-off of tangible capital assets	–	25	–
Proceeds on disposal of tangible capital assets	–	10	20
Amortization	6,914	7,374	7,102
Change in other assets	–	(167)	398
Increase (decrease) in net financial assets	(474)	1,366	(966)
Net financial assets, beginning of year	1,420	1,420	2,386
Net financial assets, end of year	\$ 946	\$ 2,786	\$ 1,420

See accompanying notes to financial statements.

TORONTO AND REGION CONSERVATION AUTHORITY

Statement of Cash Flows
(In thousands of dollars)

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

	2016	2015
Cash provided by (used in):		
Operating activities:		
Net surplus	\$ 7,933	\$ 7,696
Items not involving cash:		
Amortization	7,374	7,102
Accrued interest on investments	(521)	(455)
Net loss on sale of tangible capital assets	69	292
Write-off of tangible capital assets	25	-
Contributed tangible capital assets	(299)	(887)
Change in non-cash operating working capital:		
Receivables	(440)	2,422
Other assets	(167)	398
Payables and accrued liabilities	4,168	(3,165)
Vacation pay entitlements	(32)	41
Deferred revenue	5,162	6,111
	<u>23,272</u>	<u>19,555</u>
Investing activities:		
Purchase of investments	(11,871)	(4,374)
Proceeds on maturity of investments	4,060	4,265
	<u>(7,811)</u>	<u>(109)</u>
Capital activities:		
Purchase of tangible capital assets	(13,579)	(15,587)
Proceeds on disposal of tangible capital assets	10	20
	<u>(13,569)</u>	<u>(15,567)</u>
Increase in cash	1,892	3,879
Cash, beginning of year	14,785	10,906
Cash, end of year	<u>\$ 16,677</u>	<u>\$ 14,785</u>

See accompanying notes to financial statements.

TORONTO AND REGION CONSERVATION AUTHORITY

Notes to Financial Statements
(In thousands of dollars)

Year ended December 31, 2016

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 the City of Toronto and areas in 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 Income Tax Act (Canada).

1. 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:

(a) 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.

(b) 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.

TORONTO AND REGION CONSERVATION AUTHORITY

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended December 31, 2016

1. Significant accounting policies (continued):

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 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.

(c) Cash:

Cash consists of cash on hand, and all deposits in banks including interest bearing savings accounts.

(d) Investments:

Investments, which consist of guaranteed investment certificates, bonds including interest and dividend and a portfolio with the One Investment Program, 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, an investment will be written down to recognize the loss. Any write-down would be included in the statement of operations and accumulated surplus.

(e) 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.

TORONTO AND REGION CONSERVATION AUTHORITY

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended December 31, 2016

1. Significant accounting policies (continued):

(f) Tangible capital assets:

Tangible capital assets are recorded at cost, which includes amounts directly attributable to acquisition, construction development, or betterment of the asset, less accumulated amortization and write-downs, if any. 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 tangible capital assets (except land, which is not amortized, asset under construction, which are not amortized and are transferred to another category when they are available for productive use, and vehicles, which are amortized on a declining-balance basis) as follows:

Assets	Basis	Rate
Infrastructure	Straight line	10 - 50 years
Buildings and building improvements	Straight line	10 - 55 years
Land improvements	Straight line	20 - 40 years
Machinery and equipment	Straight line	5 - 12 years
Vehicles	Declining balance	20 - 30%

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

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

(g) Vacation pay entitlements:

In accordance with TRCA policy, vacation entitlements are accrued for as earned by employees. The liability for the accumulated vacation days represents management's best estimate as to TRCA's future liability.

TORONTO AND REGION CONSERVATION AUTHORITY

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended December 31, 2016

1. Significant accounting policies (continued):

(h) 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) TRCA 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 and accumulated surplus.

(i) 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 year.

(j) Reserves:

TRCA internally allocates its accumulated surplus to capital reserves to finance the cost of tangible capital assets, purchases, maintenance and related expenditures and operating reserves 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 of Directors.

(k) 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 year. Accounts subject to estimates include allowance for doubtful accounts, accrued liabilities, vacation pay entitlements and tangible capital assets. Actual results could differ from those estimates.

TORONTO AND REGION CONSERVATION AUTHORITY

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended December 31, 2016

2. 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. In the current year, the Minister of the Environment and Climate Change provided additional funding of \$540 (2015 - \$781), and earned interest of \$6 (2015 - \$10) for source protection projects to the TRCA, which delivers the management function on behalf of the CTC Source Protection Region. Total funding of \$703 (2015 - \$844) is held in a separate bank account, which is included on the statement of financial position as cash, with a corresponding deferred revenue balance.

3. Investments:

	2016	2015
Provincial bonds:		
Interest rates: 1.63% - 3.62% (2015 - 1.63% - 3.62%)	\$ 8,052	\$ 6,771
Years of maturity: 2017 - 2022 (2015 - 2017 - 2021)		
Guaranteed investment certificates:		
Interest rates: 1.40% - 2.46% (2015 - 1.45% - 2.46%)	7,489	4,880
Years of maturity: 2017 - 2020 (2015 - 2016 - 2020)		
Financial institution bonds:		
Interest rates: 1.72% - 2.71% (2015 - 1.90% - 3.51%)	2,690	4,295
Years of maturity: 2017 - 2020 (2015 - 2016 - 2017)		
Corporate bonds:		
Interest rates: 3.12% - 3.30% (2015 - 3.12% - 3.30%)	1,693	2,220
Years of maturity: 2018 - 2019 (2015 - 2016 - 2019)		
Municipal bonds:		
Interest rates: 1.58% - 1.85% (2015 - 1.58% - 1.85%)	1,611	1,585
Years of maturity: 2020 - 2021 (2015 - 2020 - 2021)		
The One Investment Program:		
Bond Portfolio	3,528	-
Universe Corporate Bond Portfolio	2,520	-
Equity Portfolio	500	-
	\$ 28,083	\$ 19,751

The fair market value of the investments at December 31, 2016 is \$28,033 (2015 - \$19,931).

TORONTO AND REGION CONSERVATION AUTHORITY

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended December 31, 2016

4. Receivables:

	2016	2015
Government funding:		
Municipal	\$ 8,978	\$ 7,159
Federal	911	1,341
Provincial	1,066	629
Authority generated:		
Trade and other	823	2,238
The Living City Foundation (note 13)	2,071	2,025
Employee loans	37	54
	\$ 13,886	\$ 13,446

5. Deferred revenue:

	2016	2015
Government funding (a)	\$ 25,898	\$ 21,948
Authority generated (b)	13,087	11,875
	\$ 38,985	\$ 33,823

(a) Government funding:

	2016	2015
Municipal:		
Capital levies	\$ 14,849	\$ 12,919
Contract services	3,433	2,828
Other	148	840
Provincial	3,708	1,850
Federal	222	447
Revenue sharing policy	3,538	3,064
	\$ 25,898	\$ 21,948

TORONTO AND REGION CONSERVATION AUTHORITY

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended December 31, 2016

5. Deferred revenue (continued):

- (i) The proceeds on the sale of properties of \$747 (2015 - \$1,853) is 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, \$284 (2015 - \$579) was applied to the Greenspace acquisition project and \$2 (2015 - \$7) was applied to the revised project for the Etobicoke Motel Strip. Interest of \$26 (2015 - \$16) has been imputed on the unspent balance of the funds.

- (b) Authority generated:

	2016	2015
Cash in lieu and compensation funds	\$ 7,114	\$ 4,654
Master environmental servicing plans fees	2,215	2,201
Property easements	841	1,622
Contract services	631	703
Wedding and event deposits	627	446
Other	1,659	2,249
	<u>\$ 13,087</u>	<u>\$ 11,875</u>

TORONTO AND REGION CONSERVATION AUTHORITY

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended December 31, 2016

6. Tangible capital assets:

2016 - Cost	Opening	Additions	Transfers	Disposals	Closing
Land	\$ 344,238	\$ 2,649	\$ 51	\$ (1)	\$ 346,937
Infrastructure	153,830	1,404	785	-	156,019
Buildings and building improvements	57,237	767	436	(360)	58,080
Land improvements	13,396	511	610	-	14,517
Machinery and equipment	9,350	848	99	(519)	9,778
Vehicles	4,743	515	-	(143)	5,115
Assets under construction	5,799	7,184	(1,981)	(57)	10,945
	\$ 588,593	\$ 13,878	\$ -	\$ (1,080)	\$ 601,391

2016 - Accumulated amortization	Opening	Amortization	Disposals	Closing
Infrastructure	\$ 104,096	\$ 3,408	\$ -	\$ 107,504
Buildings and building improvements	27,114	1,972	(316)	28,770
Land improvements	4,991	577	-	5,568
Machinery and equipment	3,979	961	(519)	4,421
Vehicles	3,394	456	(141)	3,709
	\$ 143,574	\$ 7,374	\$ (976)	\$ 149,972

Net book value	2016	2015
Land	\$ 346,937	\$ 344,238
Infrastructure	48,515	49,734
Buildings and building improvements	29,310	30,123
Land improvements	8,949	8,405
Machinery and equipment	5,357	5,371
Vehicles	1,406	1,349
Assets under construction	10,945	5,799
	\$ 451,419	\$ 445,019

In the current year, TRCA sold tangible capital assets for \$10 (2015 - \$20), and wrote-off tangible capital assets of \$25 (2015 - nil), resulting in a net loss of \$69 (2015 - \$292). The value of contributed tangible capital assets received within the Greenspace Securement and Management service area during the year is \$299 (2015 - \$887).

TORONTO AND REGION CONSERVATION AUTHORITY

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended December 31, 2016

7. Accumulated surplus:

	2016	2015
Tangible capital assets	\$ 451,419	\$ 445,019
Unfunded vacation pay entitlements	(1,847)	(2,264)
Unallocated accumulated surplus	–	447
Operating reserves	3,006	2,834
Capital reserves	2,348	957
	\$ 454,926	\$ 446,993

8. Revenue - government funding:

	2016 Budget	2016 Actual	2015 Actual
Municipal:			
Capital levies	\$ 43,004	\$ 34,346	\$ 33,721
Contract services	5,674	10,343	16,190
Operating levies	13,552	13,552	13,288
Other	8,843	2,427	3,890
Provincial	3,263	4,193	3,670
Federal	1,861	1,740	1,861
Other - contract services	1,045	3,524	–
	\$ 77,242	\$ 70,125	\$ 72,620

TORONTO AND REGION CONSERVATION AUTHORITY

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended December 31, 2016

9. Revenue - authority generated:

	2016 Budget	2016 Actual	2015 Actual
Watershed Studies and Strategies:			
Watershed planning and reporting	\$ 167	\$ 3	\$ 28
Climate science	19	18	–
Water Risk Management:			
Erosion and flood management	290	292	430
Water resource science	32	21	113
Regional Biodiversity:			
Biodiversity monitoring	364	193	137
Ecosystem management	121	27	150
Restoration and regeneration	840	1,823	821
Greenspace Securement and Management:			
Rentals	2,495	2,454	2,310
Greenspace management	429	243	383
Greenspace securement	1,024	1,349	2,405
Tourism and Recreation:			
Camping and picnic permits	3,001	3,609	3,251
Site admissions and athletic fees	2,439	2,358	2,570
Wedding and corporate events	2,008	2,228	1,940
Events and festivals	807	863	865
Film and photography permits	245	431	163
Heritage Village	1,684	1,824	1,735
Trails	54	32	178
Planning and Development Review:			
Development planning	5,112	5,945	4,817
Environmental assessments	854	1,307	995
Education and Outreach:			
Educational programs	4,555	3,780	3,118
Sustainable Communities:			
Living City transition programs	2,417	1,764	1,949
Community engagement	369	424	449
Corporate Services	164	631	458
	\$ 29,490	\$ 31,619	\$ 29,265

TORONTO AND REGION CONSERVATION AUTHORITY

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended December 31, 2016

10. Expenses by object:

	2016 Budget	2016 Actual	2015 Actual
Compensation	\$ 58,058	\$ 57,990	\$ 55,866
Contract services	26,142	20,632	23,046
Materials and supplies	5,843	6,125	6,293
Utilities	1,112	1,215	1,189
Property taxes	1,229	1,120	1,013
Amortization	6,914	7,374	7,102
	<u>\$ 99,298</u>	<u>\$ 94,456</u>	<u>\$ 94,509</u>

11. Public sector salary disclosure:

TRCA is subject to The Public Sector Salary Disclosure Act, 1996. Salaries and taxable benefits for the 53 employees (2015 - 47 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.

12. 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 \$5,720 million (2015 - \$6,977 million), as TRCA's portion of the amount is not determinable. Employers' current service contributions to the OMERS pension plan in the amount of \$3,923 (2015 - \$3,705) are included as compensation in the current year.

TORONTO AND REGION CONSERVATION AUTHORITY

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended December 31, 2016

13. The Living City Foundation:

During the year, The Living City Foundation (the "Foundation") contributed \$1,578 (2015 - \$1,562) 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 of Directors. As such, the TRCA's financial statements do not include the activities of the Foundation. As at December 31, 2016, the Foundation has an externally restricted fund balance of \$3,532 (2015 - \$2,638), which is to be primarily used for undertaking TRCA projects and an operating fund deficit of \$447 (2015 - \$502). The receivable balance from the Foundation is non-interest bearing, unsecured and has no specified repayment terms.

14. 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 which includes acquiring lands under the Expropriations Act. A number of properties required for this Revised Project for the Etobicoke Motel Strip were obtained through expropriation from five owners. Funding was 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.

TORONTO AND REGION CONSERVATION AUTHORITY

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended December 31, 2016

14. Contingent liabilities and commitments (continued):

(c) Lease commitments:

TRCA has entered into lease agreements to lease certain of its premises for various periods until 2022. Minimum lease payments in aggregate and for each of the next five years and thereafter are as follows:

2017	\$ 1,008
2018	1,014
2019	994
2020	994
2021	505
Thereafter	16
	<hr/>
	\$ 4,531

(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, 2016, Evergreen Foundation had received advances in the amount of \$3.8 million (2015 - \$4.3 million) from its financing institutional leader. The agreement requires annual reductions in the amounts guaranteed until June 30, 2023.

TORONTO AND REGION CONSERVATION AUTHORITY

Notes to Financial Statements (continued)
(In thousands of dollars)

Year ended December 31, 2016

15. 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. The budget was approved on April 1, 2016. Below is a reconciliation of the figures from the approved budget to the budget on the financial statements:

	Approved budget	Reclassification	Approved budget per financial statements
Total revenue	\$ 107,332	\$ –	\$ 107,332
Expenses:			
Watershed Studies and Strategies	\$ 3,154	\$ 1,165	\$ 4,319
Water Risk Management	21,243	–	21,243
Regional Biodiversity	11,479	–	11,479
Greenspace Securement and Management	5,711	–	5,711
Tourism and Recreation Planning and Development Review	20,438	(650)	19,788
Education and Outreach	8,511	(70)	8,441
Sustainable Communities	8,923	720	9,643
Corporate Services	11,088	(1,165)	9,923
	8,751	–	8,751
	\$ 99,298	\$ –	\$ 99,298

16. Comparative information:

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

TORONTO AND REGION CONSERVATION AUTHORITY

Notes to Financial Statements
(In thousands of dollars)

Year ended December 31, 2016

17. Segmented disclosures:

										2016	2015
	Watershed Studies and Strategies	Water Risk Management	Regional Biodiversity	Greenspace Securement and Management	Tourism and Recreation	Planning and Development	Education and Outreach	Sustainable Communities	Corporate Services	Total	Total
Revenue:											
Government funding	\$ 3,676	\$ 20,447	\$ 10,385	\$ 1,306	\$ 10,186	\$ 2,576	\$ 6,983	\$ 6,064	\$ 8,502	\$ 70,125	\$ 72,620
Authority generated	(14)	348	2,042	4,047	11,345	7,252	3,780	2,188	631	31,619	29,265
Investment income	–	6	6	20	–	–	–	–	682	714	612
Net loss on sale of tangible capital assets	–	–	–	(50)	(16)	–	–	–	(3)	(69)	(292)
	3,662	20,801	12,433	5,323	21,515	9,828	10,763	8,252	9,812	102,389	102,205
Expenses:											
Compensation	2,199	6,322	8,425	2,277	10,700	7,622	6,427	5,171	8,847	57,990	55,866
Contracted services	391	6,269	2,747	1,217	3,464	222	1,274	1,300	3,748	20,632	23,046
Materials and supplies	28	784	1,558	123	2,074	42	590	191	735	6,125	6,293
Utilities	–	22	–	83	777	–	199	1	133	1,215	1,189
Property taxes	–	–	–	937	2	–	–	–	181	1,120	1,013
Amortization	5	1,413	56	766	3,333	23	204	61	1,513	7,374	7,102
Internal charges (recoveries)	816	2,031	(392)	222	1,178	200	424	977	(5,456)	–	–
	3,439	16,841	12,394	5,625	21,528	8,109	9,118	7,701	9,701	94,456	94,509
Net surplus (deficit)	\$ 223	\$ 3,960	\$ 39	\$ (302)	\$ (13)	\$ 1,719	\$ 1,645	\$ 551	\$ 111	\$ 7,933	\$ 7,696