

DRAFT #4
May 30, 2018

Financial Statements of

**TORONTO AND REGION
CONSERVATION AUTHORITY**

Year ended December 31, 2017

INDEPENDENT AUDITORS' REPORT

To the Board of Directors 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, 2017, 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.

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, 2017, 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.

DRAFT

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

TORONTO AND REGION CONSERVATION AUTHORITY

DRAFT Statement of Financial Position
(In thousands of dollars)

December 31, 2017, with comparative information for 2016

	2017	2016
Assets		
Financial assets:		
Cash (note 2)	\$ 14,414	\$ 16,677
Investments (note 3)	21,997	28,083
Receivables (notes 4 and 13)	20,192	13,886
	56,603	58,646
Liabilities		
Financial liabilities:		
Payables and accrued liabilities	14,455	14,414
Vacation pay entitlements	2,663	2,461
Deferred revenue (note 5)	37,408	38,985
	54,526	55,860
Net financial assets	2,077	2,786
Non-financial assets:		
Other assets	941	721
Tangible capital assets (note 6)	461,869	451,419
	462,810	452,140
Accumulated surplus (note 7)	\$ 464,887	\$ 454,926

Contingent liabilities and commitments (note 14)

See accompanying notes to financial statements.

On behalf of Toronto and Region Conservation Authority:

_____ Chair

_____ Secretary Treasurer

TORONTO AND REGION CONSERVATION AUTHORITY

DRAFT Statement of Operations and Accumulated Surplus (In thousands of dollars)

Year ended December 31, 2017, with comparative information for 2016

	2017 Budget (note 15)	2017 Actual	2016 Actual
Revenue (note 16):			
Government funding (note 8)	\$ 85,432	\$ 82,549	\$ 70,125
Authority generated (notes 9 and 13)	30,112	38,410	31,619
Investment income	625	795	714
Net loss on disposal of tangible capital assets (note 6)	–	(3,111)	(69)
	116,169	118,643	102,389
Expenses (note 10):			
Watershed Studies and Strategies	4,020	3,781	3,439
Water Risk Management	28,549	25,060	16,841
Regional Biodiversity	13,185	14,269	12,394
Greenspace Securement and Management	5,854	6,283	5,625
Tourism and Recreation	22,258	21,845	21,528
Planning and Development Review	9,339	9,290	8,109
Education and Outreach	7,010	8,816	9,118
Sustainable Communities	11,601	8,584	7,701
Corporate Services	11,692	10,754	9,701
	113,508	108,682	94,456
Net surplus	2,661	9,961	7,933
Accumulated surplus, beginning of year	454,926	454,926	446,993
Accumulated surplus, end of year	\$ 457,587	\$ 464,887	\$ 454,926

See accompanying notes to financial statements.

TORONTO AND REGION CONSERVATION AUTHORITY

DRAFT Statement of Changes in Net Financial Assets

(In thousands of dollars)

Year ended December 31, 2017, with comparative information for 2016

	2017 Budget (note 15)	2017 Actual	2016 Actual
Net surplus	\$ 2,661	\$ 9,961	\$ 7,933
Acquisition of tangible capital assets	(12,717)	(21,138)	(13,579)
Contributed tangible capital assets	—	(1,167)	(299)
Net loss on disposal of tangible capital assets	—	3,111	69
Write-off of tangible capital assets (note 6)	—	1,429	25
Proceeds on disposal of tangible capital assets	—	450	10
Amortization	7,052	6,865	7,374
Change in other assets	—	(220)	(167)
Increase (decrease) in net financial assets	(3,004)	(709)	1,366
Net financial assets, beginning of year	2,786	2,786	1,420
Net financial assets, end of year	\$ (218)	\$ 2,077	\$ 2,786

See accompanying notes to financial statements.

TORONTO AND REGION CONSERVATION AUTHORITY

DRAFT Statement of Cash Flows

(In thousands of dollars)

Year ended December 31, 2017, with comparative information for 2016

	2017	2016
Cash provided by (used in):		
Operating activities:		
Net surplus	\$ 9,961	\$ 7,933
Items not involving cash:		
Amortization	6,865	7,374
Accrued interest on investments	(579)	(521)
Net loss on disposal of tangible capital assets	3,111	69
Write-off of tangible capital assets	1,429	25
Contributed tangible capital assets	(1,167)	(299)
Change in non-cash operating working capital:		
Receivables	(6,306)	(440)
Other assets	(220)	(167)
Payables and accrued liabilities	41	4,168
Vacation pay entitlements	202	(32)
Deferred revenue	(1,577)	5,162
	11,760	23,272
Investing activities:		
Purchase of investments	(500)	(11,871)
Proceeds on maturity of investments	7,165	4,060
	6,665	(7,811)
Capital activities:		
Purchase of tangible capital assets	(21,138)	(13,579)
Proceeds on disposal of tangible capital assets	450	10
	(20,688)	(13,569)
Increase (decrease) in cash	(2,263)	1,892
Cash, beginning of year	16,677	14,785
Cash, end of year	\$ 14,414	\$ 16,677

See accompanying notes to financial statements.

TORONTO AND REGION CONSERVATION AUTHORITY

DRAFT Notes to Financial Statements
(In thousands of dollars)

Year ended December 31, 2017

Toronto and Region Conservation Authority ("TRCA") delivers programs and services that further the conservation, restoration, development and management of natural resources other than gas, oil, coal and minerals. As the largest of the 36 provincial conservation authorities, TRCA's area of jurisdiction spans nine watersheds including those within 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 incorporated under the Conservation Authorities Act, having commenced operations in 1957. TRCA is a registered charity under the Income Tax Act (Canada) and, as such, is exempt from income taxes.

1. Significant accounting policies:

The financial statements for TRCA are the responsibility of and prepared by management in accordance with the Chartered Professional Accountants of Canada Public Sector Accounting Handbook, that sets out generally accepted accounting principles for government not-for-profit organizations in Canada. The financial statements have been prepared in accordance with Canadian Public Sector Accounting Standards ("PSAS"), excluding Sections PS4200 and PS4270, with 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

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

Year ended December 31, 2017

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, cashable guaranteed investment certificates, and all deposits in banks including interest bearing savings accounts.

(d) Investments:

Investments, which consist of guaranteed investment certificates, bonds and a portfolio with the One Investment Program, are recorded at cost. Investment income, including interest and dividends, 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 inventory for resale and prepaid expenses. Merchandise, food and beverage inventory for resale is 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

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

Year ended December 31, 2017

1. Significant accounting policies (continued):

(f) Tangible capital assets:

Tangible capital assets are recorded at cost, which includes amounts directly attributable to acquisition, design, construction development, improvement or betterment of the assets. Costs include overhead directly attributable to construction and development as well as interest costs that are directly attributable to the acquisition or construction of the asset. The cost, less the residual value of the tangible capital assets, is amortized on a straight-line basis over the estimated useful lives as follows:

Assets	Years
Infrastructure	25 - 50
Buildings and building improvements	10 - 55
Land improvements	20 - 40
Machinery and equipment	5 - 20
Vehicles	6 - 25

Tangible capital assets are written down when conditions indicate they are no longer able to contribute to TRCA's ability to provide goods or services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the statement of operations and accumulated surplus.

Contributed tangible capital assets are recorded at fair market value on the date of contribution, except in circumstances where fair market value cannot be reasonably determined, and a nominal value is recorded.

TRCA's collection of historical treasures, including artifacts and buildings, and works of art are not recognized in the financial statements.

(g) Change in accounting policy:

In the current year, TRCA changed the basis of amortization for vehicles from the declining balance method to the straight line method to more accurately reflect their usage (note 6).

TORONTO AND REGION CONSERVATION AUTHORITY

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

Year ended December 31, 2017

1. Significant accounting policies (continued):

(h) Vacation pay entitlements:

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.

(i) 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.

(j) 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.

(k) 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 reserve allocations are directed by the Board of Directors of TRCA.

TORONTO AND REGION CONSERVATION AUTHORITY

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

Year ended December 31, 2017

1. Significant accounting policies (continued):

(l) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of the revenue and expenses during the year. Items requiring the use of significant estimates include allowance for doubtful accounts, accrued liabilities, vacation pay entitlements and tangible capital assets. Estimates are based on the best information available at the time of preparation of the financial statements and are reviewed annually to reflect new information as it becomes available. Measurement uncertainty exists in these financial statements. Actual results could differ from these estimates.

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 Ministry of the Environment and Climate Change provided funding of \$461 (2016 - \$540) for source protection projects to the TRCA, which delivers the management function on behalf of the CTC Source Protection Region. Interest of \$8 (2016 - \$6) has been imputed on the unspent balance of the funds. Total funding of \$512 (2016 - \$703) is held in a separate bank account, which is included on the statement of financial position as cash, with a corresponding deferred revenue balance.

TORONTO AND REGION CONSERVATION AUTHORITY

DRAFT Notes to Financial Statements (continued)

(In thousands of dollars)

Year ended December 31, 2017

3. Investments:

	2017	2016
Provincial bonds:		
Interest rates: 1.63% - 2.60% (2016 - 1.63% - 3.62%)	\$ 6,502	\$ 8,052
Years of maturity: 2018 - 2022 (2016 - 2017 - 2022)		
Guaranteed investment certificates:		
Interest rates: 1.75% - 2.46% (2016 - 1.40% - 2.46%)	4,991	7,489
Years of maturity: 2018 - 2021 (2016 - 2017 - 2020)		
Municipal bonds:		
Interest rates: 1.58% - 1.85% (2016 - 1.58% - 1.85%)	1,639	1,611
Years of maturity: 2020 - 2021 (2016 - 2020 - 2021)		
Corporate bonds:		
Interest rates: 1.80% - 3.30% (2016 - 3.12% - 3.30%)	1,395	1,693
Years of maturity: 2018 - 2022 (2016 - 2018 - 2019)		
Financial institution bonds:		
Interest rates: 1.72% - 2.58% (2016 - 1.72% - 2.71%)	777	2,690
Year of maturity: 2020 (2016 - 2017 - 2020)		
The One Investment Program:		
Bond Portfolio	3,610	3,528
Universe Corporate Bond Portfolio	2,583	2,520
Equity Portfolio	500	500
	\$ 21,997	\$ 28,083

The fair market value of the investments at December 31, 2017 is \$21,743 (2016 - \$28,033).

4. Receivables:

	2017	2016
Government funding:		
Municipal	\$ 12,108	\$ 8,978
Federal	1,217	911
Provincial	105	1,066
Authority generated:		
Trade and other	4,374	860
The Living City Foundation (note 13)	2,388	2,071
	\$ 20,192	\$ 13,886

TORONTO AND REGION CONSERVATION AUTHORITY

DRAFT Notes to Financial Statements (continued)

(In thousands of dollars)

Year ended December 31, 2017

5. Deferred revenue:

	2017	2016
Government funding (a)	\$ 22,617	\$ 25,898
Authority generated (b)	14,791	13,087
	\$ 37,408	\$ 38,985

(a) Government funding:

				2017	2016
	Balance, beginning of year	Funding received	Funding recognized	Balance, end of year	Balance, end of year
Municipal:					
Capital levies	\$ 14,849	\$ 36,760	\$ (38,292)	\$ 13,317	\$ 14,849
Contract services	3,433	16,523	(17,721)	2,235	3,433
Other	148	3,597	(2,721)	1,024	148
Provincial	3,708	5,091	(6,944)	1,855	3,708
Federal	222	2,960	(2,943)	239	222
Revenue sharing policy (i)	3,538	931	(522)	3,947	3,538
	\$ 25,898	\$ 65,862	\$ (69,143)	\$ 22,617	\$ 25,898

The proceeds on the sale of properties of \$767 (2016 - \$747) 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, \$522 (2016 - \$284) was applied to the Greenspace acquisition project and nil (2016 - \$2) was applied to the revised project for the Etobicoke Motel Strip. Interest of \$45 (2016 - \$26) has been imputed on the unspent balance of the funds.

TORONTO AND REGION CONSERVATION AUTHORITY

DRAFT Notes to Financial Statements (continued)

(In thousands of dollars)

Year ended December 31, 2017

5. Deferred revenue (continued):

(b) Authority generated:

	2017	2016
Cash in lieu and compensation funds	\$ 6,513	\$ 7,114
Property easements	3,270	841
Master environmental servicing plans fees	2,579	2,215
Wedding and event deposits	948	627
Contract services	849	631
Other	632	1,659
	\$ 14,791	\$ 13,087

6. Tangible capital assets:

2017 - Cost	Opening	Additions	Transfers	Disposals	Closing
Land	\$ 346,937	\$ 2,453	\$ 82	\$ (3,343)	\$ 346,129
Infrastructure	156,019	7,621	4,601	(63)	168,178
Buildings and building improvements	58,080	892	201	(2,255)	56,918
Land improvements	14,517	742	398	—	15,657
Machinery and equipment	9,778	701	—	(3,677)	6,802
Vehicles	5,115	929	—	(392)	5,652
Assets under construction	10,945	8,965	(5,282)	(87)	14,541
	\$ 601,391	\$ 22,303	\$ —	\$ (9,817)	\$ 613,877

2017 - Accumulated amortization	Opening	Amortization - net	Disposals	Closing
Infrastructure	\$ 107,504	\$ 3,771	\$ (63)	\$ 111,212
Buildings and building improvements	28,770	2,024	(2,082)	28,712
Land improvements	5,568	630	—	6,198
Machinery and equipment	4,421	642	(2,336)	2,727
Vehicles	3,709	(202)	(348)	3,159
	\$ 149,972	\$ 6,865	\$ (4,829)	\$ 152,008

Net book value	2017	2016
Land	\$ 346,129	\$ 346,937
Infrastructure	56,966	48,515
Buildings and building improvements	28,206	29,310
Land improvements	9,459	8,949
Machinery and equipment	4,075	5,357
Vehicles	2,493	1,406
Assets under construction	14,541	10,945
	\$ 461,869	\$ 451,419

TORONTO AND REGION CONSERVATION AUTHORITY

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

Year ended December 31, 2017

6. Tangible capital assets (continued):

TRCA changed the basis of amortization for vehicles from the declining balance method to the straight-line method to more accurately reflect their usage. The change in amortization method has resulted in a \$623 reduction in accumulated amortization, which has been reflected in amortization expenses in the current period.

In the current year, TRCA transferred lands in the amount of \$3,342 (2016 - nil) to the City of Mississauga, which has been reflected in net loss on disposal of tangible capital assets. Further, TRCA received \$1,167 (2016 - \$299) of contributed tangible capital assets within the Greenspace Securement and Management service area.

7. Accumulated surplus:

	2017	2016
Tangible capital assets	\$ 461,869	\$ 451,419
Unfunded vacation pay entitlements	(1,496)	(1,847)
Operating reserves	2,756	3,006
Capital reserves	1,758	2,348
	<u>\$ 464,887</u>	<u>\$ 454,926</u>

8. Revenue - government funding:

	2017 Budget	2017 Actual	2016 Actual
Municipal:			
Capital levies	\$ 46,477	\$ 38,292	\$ 34,346
Contract services	12,717	17,721	10,343
Operating levies	13,928	13,928	13,552
Other	4,036	2,721	2,427
Provincial	6,752	6,944	6,646
Federal	1,522	2,943	2,811
	<u>\$ 85,432</u>	<u>\$ 82,549</u>	<u>\$ 70,125</u>

TORONTO AND REGION CONSERVATION AUTHORITY

DRAFT Notes to Financial Statements (continued)

(In thousands of dollars)

Year ended December 31, 2017

9. Revenue - authority generated:

	2017 Budget	2017 Actual	2016 Actual
Watershed Studies and Strategies:			
Watershed planning and reporting	\$ 143	\$ 99	\$ 3
Climate science	—	—	18
Water Risk Management:			
Erosion and flood management	20	2,116	292
Water resource science	36	57	21
Regional Biodiversity:			
Biodiversity monitoring	427	165	193
Ecosystem management	10	103	27
Restoration and regeneration	1,115	1,712	1,823
Greenspace Securement and Management:			
Rentals	402	188	2,454
Greenspace management	270	1,352	243
Greenspace securement	3,224	3,745	1,349
Tourism and Recreation:			
Site admissions and athletic fees	3,461	3,011	1,963
Wedding and corporate events	2,228	2,530	2,228
Camping and picnic permits	2,122	2,503	3,609
Heritage Village	1,538	1,944	1,750
Events and festivals	831	903	863
Facility rentals and other	160	443	395
Trails	15	324	32
Film and photography permits	141	249	431
Black Creek historic brewery	75	108	74
Planning and Development Review:			
Development planning	5,622	5,957	5,945
Environmental assessments	1,181	1,455	1,307
Education and Outreach:			
Educational programs	4,187	6,015	3,780
Sustainable Communities:			
Living City transition programs	2,383	2,217	1,764
Community engagement	315	293	424
Corporate Services	206	921	631
	\$ 30,112	\$ 38,410	\$ 31,619

TORONTO AND REGION CONSERVATION AUTHORITY

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

Year ended December 31, 2017

10. Expenses by object:

	2017 Budget	2017 Actual	2016 Actual
Compensation	\$ 61,751	\$ 61,535	\$ 57,990
Contract services	35,118	28,094	20,632
Materials and supplies	7,184	10,246	6,125
Utilities	1,159	1,021	1,215
Property taxes	1,244	921	1,120
Amortization	7,052	6,865	7,374
	\$ 113,508	\$ 108,682	\$ 94,456

11. Public sector salary disclosure:

TRCA is subject to The Public Sector Salary Disclosure Act, 1996. Salaries and taxable benefits for the 54 employees (2016 - 53 employees) that have been paid by TRCA and reported to the Province of Ontario in compliance with this legislation can be obtained from the 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.

As OMERS is a multi-employer defined benefit pension plan, any pension plan surpluses or deficits are a joint responsibility of all eligible organizations and their employees. As a result, TRCA does not recognize any share of the OMERS pension actuarial deficit of \$5,403,000 (2016 - \$5,720,000), as TRCA's portion of the amount is not determinable. TRCA's current service contributions to the OMERS pension plan in the amount of \$4,234 (2016 - \$3,923) are included as compensation in the current year.

TORONTO AND REGION CONSERVATION AUTHORITY

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

Year ended December 31, 2017

13. The Living City Foundation:

The Living City Foundation (the "Foundation") is an independent, non-controlled registered charitable organization which has its own Board of Directors. As such, TRCA's financial statements do not include the activities of the Foundation.

In the current year, the Foundation contributed \$4,665 (2016 - \$1,578) to TRCA programs, which is included as part of authority generated revenue. As at December 31, 2017, the Foundation has an externally restricted fund balance of \$3,893 (2016 - \$3,532), which is to be used primarily for undertaking TRCA projects, and an operating fund deficit of \$103 (2016 - \$447). 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

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

Year ended December 31, 2017

14. Contingent liabilities and commitments (continued):

(c) Lease commitments:

TRCA is committed under operating leases for office spaces over the next five years and thereafter, with minimum lease payments as follows:

2018	\$ 1,041
2019	1,075
2020	1,075
2021	585
2022	96
Thereafter	63
	<hr/>
	\$ 3,935

(d) Loan guarantee:

TRCA and the City of Toronto have jointly and severally provided a loan guarantee in the amount of \$4,600 (2016 - \$4,600) to Evergreen for the Don Valley Brick Works restoration project from its financial institutional lender. As of December 31, 2017, Evergreen's outstanding loan balance is \$2,752 (2016 - \$3,268), and is repayable in monthly installments, with the last payment due on April 15, 2023.

15. Budget figures:

The budget in the statement of operations was approved on March 24, 2017.

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

DRAFT Notes to Financial Statements (continued)

(In thousands of dollars)

Year ended December 31, 2017

17. Segmented disclosures:

	2017										2016
	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	\$ 3,649	\$ 28,725	\$ 12,747	\$ 3,090	\$ 8,848	\$ 2,490	\$ 5,684	\$ 7,317	\$ 9,999	\$ 82,549	\$ 70,125
Authority generated	99	2,173	1,980	5,285	12,018	7,410	6,015	2,509	921	38,410	31,619
Investment income	—	8	—	39	—	—	2	—	746	795	714
Net (loss) gain on disposal of tangible capital assets	—	(137)	—	(3,007)	—	—	—	—	33	(3,111)	(69)
	3,748	30,769	14,727	5,407	20,866	9,900	11,701	9,826	11,699	118,643	102,389
Expenses:											
Compensation	2,495	7,721	8,880	2,137	10,517	8,552	6,206	5,555	9,472	61,535	57,990
Contract services	699	10,134	4,190	840	4,119	375	1,077	1,589	5,070	28,094	20,632
Materials and supplies	57	2,260	2,058	619	2,235	159	685	401	1,772	10,246	6,125
Utilities	—	30	2	82	595	—	202	—	110	1,021	1,215
Property taxes	—	—	1	914	—	—	—	—	6	921	1,120
Amortization	2	1,440	29	777	3,414	2	182	240	780	6,865	7,374
Internal charges (recoveries)	528	3,475	(891)	914	965	202	464	799	(6,456)	—	—
	3,781	25,060	14,269	6,283	21,845	9,290	8,816	8,584	10,754	108,682	94,456
Net surplus (deficit)	\$ (33)	\$ 5,709	\$ 458	\$ (876)	\$ (979)	\$ 610	\$ 2,885	\$ 1,242	\$ 945	\$ 9,961	\$ 7,933