# WALKERTON Clean Water Centre

# ANNUAL REPORT

2015-2016



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# MESSAGE FROM THE CHAIR AND THE CEO

2015–16 was a year of successes, reflection, evaluation and planning for the Walkerton Clean Water Centre (the Centre). The Centre continued to deliver vital education, training and information to drinking water system owners, operators and operating authorities provincewide.

On behalf of the Ministry of the Environment and Climate Change (the Ministry), the Centre continued to administer and deliver mandatory courses. The Centre also completed the redevelopment of the Entry-Level Course for Drinking Water Operators 2015–16, in cooperation with the Ministry. The updated course launched on April 1, 2016. The Centre continued to deliver the course, Standard of Care — *Safe Drinking Water Act*, to 478 municipal officials, councillors and decision-makers, enabling them to better understand their obligations under the *Safe Drinking Water Act*, 2002.

To meet the needs of drinking water professionals, the Centre coordinated and delivered 31 hands-on courses, Maintenancefest events, Drinking Water Quality Management Standard workshops, specialized seminars, and Small Systems workshops. The Centre's quality assurance program helped to ensure that high-quality standards were upheld for all training initiatives. To date, the Centre has trained more than 62,000 participants.

The Technology Demonstration Facility provided handson training for operators and pilot testing of various drinking water treatment and distribution technologies. 315 individuals, including participants in hands-on training courses held at the Centre, toured the facility.

The Centre produced 12 publications in 2015–16, sharing relevant information with operators and decision-makers overseeing Ontario's drinking water systems.

During 2015–16, the Centre undertook a strategic planning project to review program direction and implement a new strategic plan (subject to a forthcoming Mandate Review in 2016-17). The Centre took a collaborative approach to developing the new strategic plan, including a comprehensive client consultation conducted in five locations across the province. The client consultation resulted in feedback from drinking water system owners, operators and operating authorities, including indigenous operators. Inspectors, regulators and Ministry representatives also participated and provided feedback. The primary focus of the client consultation was system vulnerabilities. The Centre plans to use this information to identify and address any gaps in the training needs of owners, operators and operating authorities of Ontario's drinking water systems.

We would like to take this opportunity to acknowledge the Government of Ontario for providing financial support, the Ministry for offering ongoing assistance, the Board of Directors for overseeing the Centre's operations and the staff for delivering on the Centre's mandate throughout the year.



John Stager,

Chair, Board of Directors



Roman Martiuk,

Chief Executive Officer

# 02 MISSION AND MANDATE

As part of the 2015–16 strategic planning process, the Centre's Board of Directors and staff reviewed and updated the Centre's mission and developed a new vision and statement of values.

#### Mission

Educating and supporting our clients as they address their water system risks in order to safeguard Ontario's drinking water.

# **Objects/Mandate**

Ontario Regulation 304/04, made under the *Development Corporations Act*, defines the Centre's objectives, which the Centre does either alone or in conjunction with other organizations, including:

- To co-ordinate and deliver education and training for owners, operators and operating authorities of drinking water systems.
- To provide information, education and advice to owners, operators and operating authorities of drinking water systems and to the public about,
  - i. the treatment of water necessary to ensure that drinking water is safe,
  - **ii.** the equipment and technology used to ensure that drinking water is safe,
  - **iii.** the operational requirements necessary to ensure that drinking water is safe, and
  - **iv.** other environmental issues related to drinking water.

- To sponsor research into any activities related to its objects.
- To provide advice to the Minister of the Environment and Climate Change (Minister) on research and development priorities to achieve and maintain safe drinking water.
- To conduct such further activities, consistent with its objects, as are described in any policy direction issued by the Minister or as set out in any agreement with the Minister.

During 2015-16, the Centre offered 31 hands-on courses.



# VISION AND STATEMENT OF VALUES

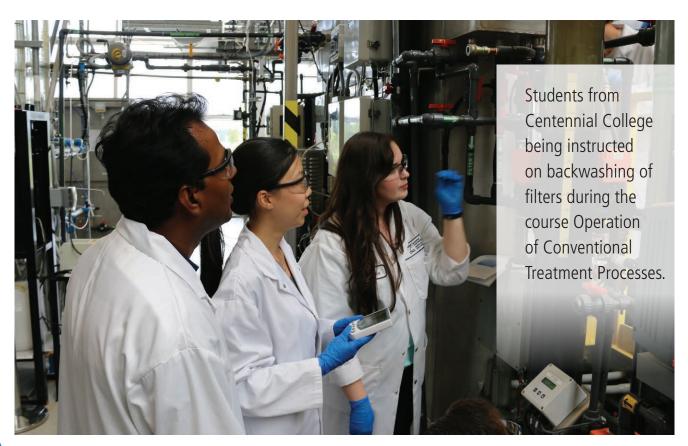
#### **Vision**

An agency known for its innovative and practical approach to building knowledge and capacity for those responsible for water systems, emphasizing system vulnerabilities.

#### **Statement of Values**

At the Centre, we will strive to provide a positive environment for our clients and employees, which is characterized by honesty, trust and accountability. We will live these values by:

- Being accountable to our clients and stakeholders
- Promoting fairness and equity
- Showing respect through genuine and transparent communications
- Providing a dynamic environment which encourages ideas, innovation and collaboration
- Being a responsive, client-driven service organization



# O4 CORPORATE PROFILE

The Centre, a provincial agency of the Government of Ontario, was established in October 2004 as a response to Associate Chief Justice Dennis O'Connor's recommendations in the Report of the Walkerton Inquiry. A Board of Directors of up to 12 members governs the Centre. The Centre operates out of a facility that serves as a platform for the provision of education, training and information to drinking water system owners, operators and operating authorities provincewide.

The Centre aims to meet the needs of drinking water professionals by delivering a comprehensive range of the highest quality training across Ontario. The Technology Demonstration Facility, with its leading-edge drinking water technologies, is used for hands-on training and to provide education, information and advice on water treatment and distribution equipment, technologies and operational requirements, and environmental issues related to drinking water. The Centre also assesses research gaps and needs, sponsors research that contributes to its mandate and uses research results to improve training. The Centre supports the drinking water related goals and priorities of the Government of Ontario, including the goal to improve drinking water for First Nations communities by delivering training to indigenous operators.

# OF CORPORATE GOVERNANCE

On the recommendation of the Minister, the Lieutenant Governor in Council appoints the Chair and members of the Centre's Board of Directors. Under the leadership of the Chair, the Board of Directors is responsible for overseeing the management of the Centre's activities.

The Centre is governed by Ontario Regulation 304/04, made under the *Development Corporations Act*, the Centre's By-law and a Memorandum of Understanding with the Minister.

## **Accountability**

The Centre is committed to public transparency and accountability. It is accountable to the people of Ontario. The Centre is required to comply with relevant Government of Ontario policies, directives and guidelines, such as the Agencies & Appointments Directive, the Procurement Directive and the Travel, Meal and Hospitality Expenses Directive, to meet expectations regarding its operations.

In accordance with the requirements of Ontario Regulation 304/04, the Centre must submit an annual report each fiscal year. This 2015–16 annual report includes the Centre's audited financial statements and is part of the accountability structure for the Centre. The Centre submits the report to the Minister, who tables it in the Ontario legislature, at which time the report is made available to the public on the Centre's website, **wcwc.ca**.

The Board of Directors is responsible for ensuring there is an annual external audit of the Centre's operations and financial transactions as required by both Ontario Regulation 304/04 and the Memorandum of Understanding. This annual audit is subject to review by the Auditor General of Ontario. In addition, the Ministry reviews the Centre's operations at least once every three years and the Minister may request an audit at any time.

The Agencies & Appointments Directive requires the Centre to prepare a business plan each year, covering at least three years of operation. The Board of Directors oversees and directs the development and implementation of business plans, including the review of risks, performance measures and outcomes, in consultation with the Ministry.

In addition to annual reports and business plans, the Centre is responsible for developing and implementing policies and procedures to ensure the transparency and accountability of its operations.



# OF BOARD OF DIRECTORS, 2015–16

The Lieutenant Governor in Council, on the advice of the Minister, appoints the Centre's Board of Directors. Members hold office for terms of up to three years and are eligible for reappointment for successive terms. The Board of Directors is accountable to the Ontario legislature through the Minister and is responsible for the overall supervision of the Centre's operations. The Board of Directors meets regularly. The total annual remuneration for all members of the Board of Directors was \$16,435.00 during 2015–16.

#### John Stager, Chair

Member since: December 17, 2013

Current term: December 17, 2015–December 16, 2018

Mr. Stager has more than 30 years of environmental management and organizational transformation experience. From 2008 to 2012 he was the Chief Drinking Water Inspector for the Province of Ontario, as well as the Assistant Deputy Minister for the Drinking Water Management Division within the Ministry of the Environment. Prior to holding that position, Mr. Stager was the Assistant Deputy Minister Lead for the Ministry's Inspections, Investigations and Enforcement Modernization Initiative from 2004 until 2008. In this capacity, he led a series of modernization initiatives across Ontario's 13 regulatory compliance ministries.

In 2000, Mr. Stager represented the Ontario government in Walkerton, providing cross-ministry support to individuals, families and businesses following the E-coli outbreak.

Mr. Stager holds a B.Sc. from Acadia University and is a graduate of Western's Ivey Executive Program and Harvard's Executive Program on Strategic Management of Regulatory and Enforcement Agencies. In 2008, Mr. Stager was the recipient of an Ontario government Amethyst Award for innovative leadership.

#### Cathie Brown, Vice-Chair

Senior Advisor, Association of Municipalities of Ontario

Member since: October 12, 2004

Current term: February 11, 2015–February 10, 2017

Ms. Brown is a Senior Advisor at the Association of Municipalities of Ontario. Prior to this, Ms. Brown was the Source Water Protection Project Manager for the Ausable Bayfield Maitland Valley Source Protection Region. Formerly, she was the Executive Director of the Ontario Rural Council.



## Lou Anthony D'Alessandro

Public Health Inspector, North Bay Parry Sound District Health Unit, Environmental Health Division

Member since: October 12, 2004

Current term: August 20, 2015–August 19, 2017

Mr. D'Alessandro is a certified public health inspector and has been involved with public health for more than 30 years. He is currently employed by the North Bay Parry Sound District Health Unit in the Environmental Health Division. Mr. D'Alessandro holds certification as a water quality analyst (class 1), onsite sewage system inspector (part 8 septic systems under the Ontario Building Code) and small water systems operator. Mr. D'Alessandro has managed several programs under the Health Protection and Promotion Act.

During 2015-16, the Centre delivered the Standard of Care – Safe Drinking Water Act course to 478 participants in 32 different locations.

#### Rui De Carvalho, M.Eng., P.Eng.

Senior Vice-President, R.J. Burnside & Associates Limited

Member since: October 12, 2004

Chair: September 8, 2009–September 7, 2012 Current term: October 22, 2014–October 21, 2016

Mr. De Carvalho has more than 39 years of experience as a consulting engineer in the water supply sector, both in Canada and internationally. In addition to various roles on municipal water supply projects, his experience also includes more than 25 years in the planning, design and implementation of water supply and infrastructure servicing in First Nations communities in Ontario, Alberta and Labrador. More recently, Mr. De Carvalho was Burnside's Project Director on a series of major projects related to the reconstruction and management of the urban water supply infrastructure in Mozambique. He currently serves as Chair of the Burnside Board of Directors.

Mr. De Carvalho is a Designated Consultant by Professional Engineers Ontario, a Designated Environmental Engineer by the American Academy of Environmental Engineers and a member of the International Water Association, the American Water Works Association, the Ontario Water Works Association and the Canadian Society for Civil Engineering.

## **Andrew Henry**

Division Manager, Regional Water Supply, Lake Huron & Elgin Area Water Supply Systems

Member since: May 6, 2015

Current term: May 6, 2015–May 5, 2017

Andrew Henry has an honours degree in civil and environmental engineering and is a registered professional engineer. Mr. Henry has held positions in the municipal sector including the City of Etobicoke (now part of Toronto), the District of Chilliwack, BC and the City of London, Ontario.

Mr. Henry has participated in numerous provincial initiatives, including the development of a best practices document with the Federation of Canadian Municipalities, the development of the Drinking Water Quality Management Standard (DWQMS), and on senior government advisory committees and work groups related to municipal drinking water licensing, source water protection, the Great Lakes, and emergency management/critical infrastructure assurance.

Mr. Henry is a member of the Lake Erie Source Protection Committee, the province's Operating Authority Accreditation Management Committee and is a Co-Chair of the Ontario Water/Wastewater Agency (OWWA) Response Network. Mr. Henry has served as the Vice-Chair of the OWWA Working Group for the development of support resources for the implementation of the DWQMS by Ontario municipalities and a provincial review committee for the Optimization Manual for Drinking Water Systems.

Mr. Henry is also on the Board of Directors for the Ontario Municipal Water Association (OMWA) and is the President of the OMWA for the term 2014-16.

## **Delbert (Deb) Shewfelt**

Member since: April 10, 2013

**Current term:** April 10, 2015–April 9, 2017

Mr. Shewfelt served on Goderich Town Council as Councillor, Reeve and Mayor for more than 28 years, 22 of those years as Mayor.

Mr. Shewfelt also served as a Huron County Councillor for four years in the 1970s and from 2000 to 2014, and is a Past Warden of Huron County (2008). Prior to his recent position as Mayor of Goderich, Mr. Shewfelt worked as a real estate broker and land developer.

Mr. Shewfelt has served on several boards and committees, including the Mayor's Committee of the Lake Huron Southeast Shores Initiative, Great Lakes and St. Lawrence Cities Initiative, Maitland Valley Conservation Authority (Chair) and the Joint Management Committee of the Ausable Bayfield Maitland Valley Source Protection Region.

Mr. Shewfelt served on the Advisory Panel of the Ontario Drinking Water Standard of Care Committee and is a Past Chair of the Ontario Municipal Water Association.

Mr. Shewfelt received the Queen Elizabeth II Silver Jubilee Medal in 1977 and the Queen Elizabeth II Diamond Jubilee Medal in 2012 for a lifetime of dedication to municipal service and environmental protection.

In 2015, Mr. Shewfelt was appointed to the board of ONE CARE INC. a not-for-profit health care provider offering home and community support services to citizens of Huron and Perth counties including: Meals on Wheels, EasyRide transportation, respite and adult day away programs.



#### **Laura Smit**

*Utilities Supervisor, Township of Severn* **Member since:** February 18, 2015

Current term: February 18, 2015-February 17, 2017

Ms. Smit has dedicated more than 12 years to operating and maintaining water and wastewater systems. Born and raised in Orillia, Ms. Smit began working with the Township of Severn in 2001.

Having accepted a position as Wastewater Plant Manager, Ms. Smit moved to Jasper, Alberta and served in this position for just over a year. She returned to the Township of Severn in 2008 and is now the Utilities Supervisor.

# Stephen Spitzig, CPA, CMA

Member since: October 12, 2004

Current term: November 5, 2014–November 4, 2016

Mr. Spitzig is an accountant in public practice with the Collins Barrow branch in Walkerton. He has been serving the farming and business community around the Walkerton area for over 30 years. He received his Chartered Professional Accountant designation in 2014 and has had his Certified Management Accountant designation from the Society of Management Accountants of Ontario since 1999. Mr. Spitzig also has an Honours Bachelor of Business Administration degree from Wilfrid Laurier University.

Born and raised in the town of Chepstow, Ontario, Mr. Spitzig has strong ties to the Walkerton area and supports the community through his volunteer service with various organizations.

#### **Susan Todd**

Dean, School of Science and Engineering Technology, Durham College

Member since: September 15, 2010

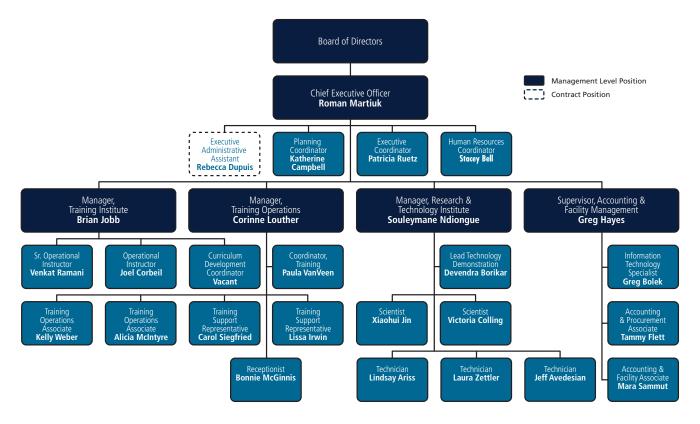
Current term: October 31, 2014–October 30, 2016

Ms. Todd has been involved in postsecondary education for 22 years and is currently Dean of the School of Science and Engineering Technology at Durham College in Oshawa, Ontario. Ms. Todd works with program advisory members, industrial partners, faculty and students to ensure that the college's programs are current and innovative.

Prior to her role as Dean, Ms. Todd taught courses in chemistry, biology and mathematics at the postsecondary level and developed eight new programs for Durham College, including the Water Quality Technician program.

Ms. Todd has past experience with both private industry and the federal government.

# ORGANIZATIONAL CHART



As at March 31, 2016



# **18** GOALS AND STRATEGIC DIRECTIONS

The Centre's business plan outlines its direction for the future, making the best use of resources to deliver on its goals. This annual report describes the Centre's progress toward reaching these goals, including:

- Meeting the needs of drinking water professionals by coordinating and delivering a comprehensive range of high-quality education and training provincewide.
- **Q2.** Providing information and advice about drinking water through the Technology Demonstration Facility and use of the facility as a platform for hands-on training.
- Sponsoring research that contributes directly to the Centre's objects.

# SUMMARY OF PERFORMANCE FOR 2015–16 ACTIVITIES

Initiative	Description	Performance Indicator	Status	Comments	
Education and Training	Meet the needs of drinking water professionals by coordinating and delivering a comprehensive range of high-quality education and training offerings provincewide.	Number of training participants  The Centre's 2015–16 business plan set a target to provide training to 7,274 participants.	Not achieved	The Centre trained 6,703 participants.  The Centre set a target to train 7,274 participants during 2015–16 compared to the 7,221 trained during 2014–15.	
		Evaluation of training quality Maintain a quality assurance index of >0.85. The quality assurance index is an evaluation of training quality.	Achieved	The quality assurance index for 2015–16 was 0.946. The maximum score is 1.0.	
		<b>Number of hands-on courses</b> Offer 26 hands-on courses.	Achieved	The Centre offered 31 hands-on courses during 2015–16.	
		training needs of drinking water professionals		The client consultation replaced the 2015-16 survey. Many of the same questions from the 2013-14 survey were asked during the client consultation. 100 per conference of respondents provided a satisfactory or higher ratir	
Information and Advice	Provide information and advice about drinking water through the Technology Demonstration Facility and use the facility as a platform for hands-on training.	Tours of the Technology Demonstration Facility Increase the number of individuals who tour the Technology Demonstration Facility by five per cent. Approximately 280 individuals were provided with technical tours during 2014–15.	Achieved	The Centre provided technical tours of the Technology Demonstration Facility to 315 individuals during 2015–16, an increase of approximately 12 per cent over 2014–15. Tour participants see examples of the various drinking water treatment and distribution technologies used in Ontario and learn about the equipment and operational requirements necessary to ensure that drinking water is safe.	
Sponsored Research	Sponsor research that contributes directly to the Centre's objects.	Number of publications  Produce 10 publications of Centre-supported research projects including internal research reports, fact sheets, refereed publications and external presentations by the Centre to share information with the owners, operators and operating authorities of drinking water systems.	Achieved	The Centre produced 12 research publications and two fact sheets during 2015–16 to share information with owners, operators and operating authorities of drinking water systems.	

## GOAL 1

Meeting the needs of drinking water professionals by coordinating and delivering a comprehensive range of high-quality education and training provincewide.

# **Training Statistics**

Since its inception, the Centre has provided training to 62,509 participants. In 2015–16, 6,703 people participated in training, a decrease of approximately seven per cent from the 7,221 participants trained during 2014–15. The table on page 20 illustrates the number of participants in all of the Centre's training initiatives.

The Centre set a target to train 7,274 participants in 2015–16. The Centre fell short of the target, training 6,703 participants. Several major factors have contributed to an overall decrease in participant numbers compared to the target. Significant variances in participation in areas are explained below:

- Participants taking mandatory courses exceeded the number of participants during 2014–15 by 438 participants due to strong demand for the mandatory certificate renewal course, Diligence in Drinking Water Operations.
- Specialized courses participants were down by 466 in 2015–16 compared to 2014–15 when the Centre experienced a significant increase in activity

- compared to the 2013–14 fiscal year. Although the Centre had projected this higher level of activity to continue, demand for specialized courses returned to 2013–14 levels. In the fall of 2015, the Centre undertook a client consultation. Clients made numerous course suggestions that will be used to refresh the Centre's offerings.
- Enrollment in the Standard of Care Safe Drinking Water Course was down by 201 participants compared to 2014–15. Demand for this program peaked subsequent to the last municipal election as new councils included this program as part of their orientation programs. Demand naturally tapers off in years subsequent to a municipal election.
- Enrollment in Northern Centre of Advanced
  Technology courses declined by 225 participants.
  During 2015–16, the Centre evaluated the
  commercial arrangements for hosting this program.
  The decision was made to no longer participate
  directly. Clients continue to have the ability to
  access the program. However, the program is no
  longer included within the Centre's statistics.

# For all courses combined, 94.6 per cent of survey respondents provided an overall course rating of Good or Excellent.

A number of factors contribute to the high-quality training that the Centre provides, including the instructors. Centre instructors are required to pass a two-day, train-the-trainer workshop that includes a practical evaluation of their ability to deliver training. To ensure the needs of drinking water operators are met, the Centre develops new courses based on input received from consultation with training participants, review of industry standards and recommendations from the Centre's Training Advisory Committee.

The Training Advisory Committee acts as a driver for continual improvement of the training program by reviewing the annual training plan and providing recommendations on how the Centre can best meet the training needs of Ontario's drinking water sector. The committee consists of Centre staff and a broad cross-section of water sector specialists who participate voluntarily.

Although the total number of participants declined somewhat from 7,221 in 2014–15 to 6,703 in 2015–16, 2015–16 results were significantly higher than 2013–14.

Total Training Statistics	Number Trained	Number Trained	Number Trained	Three-year Cumulative
	2013–14	2014–15	2015–16	Total
TOTAL	5,488	7,221	6,703	19,412



## **Quality Assurance Program**

The Centre is committed to training excellence and continuous improvement. The Centre maintains a quality assurance index to measure the satisfaction of training participants and the effectiveness of training. The quality assurance index for 2015–16 was 0.946 out of a possible 1.000, an increase over the 2014–15 index of 0.932. For all courses combined, 94.6 per cent of survey respondents provided an overall course rating of Good or Excellent. The following measurements contribute to the quality assurance index:

- participant evaluations consisting of ratings for instructor, course content and overall course
- post-training participant evaluations that include questions similar to those on the initial participant evaluation forms
- course audits conducted by Centre staff to provide additional information on course content and instructors
- client surveys and consultations designed to gather information similar to the above

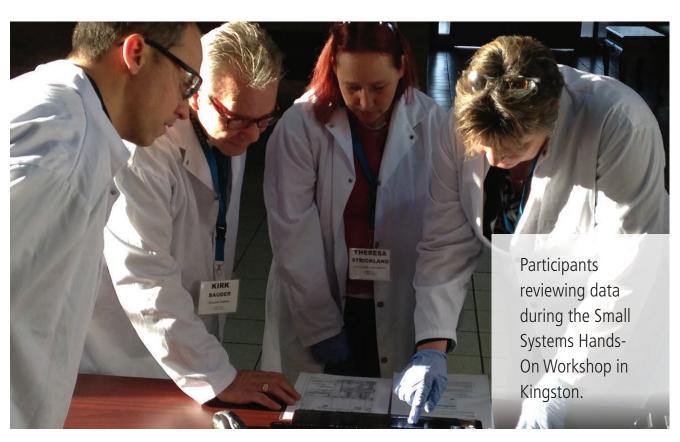
## **Hands-On Training**

During 2015–16, the Centre exceeded the target of 26 by offering 31 hands-on courses. Hands-on training is popular with participants and very effective because of its interactive nature.

## **Mandatory Training**

The Centre administers and delivers the Ministry's three mandatory courses: Entry-Level Drinking Water Operator; Operation of Small Drinking Water Systems; and Diligence in Drinking Water Operations.

A complete redevelopment of the Entry-Level Drinking Water Operator course was completed during 2015–16 to ensure the content is current, to include more hands-on activities and to improve the flow and delivery of the course.



## **Specialized Courses**

The Centre continued to develop and deliver specialized courses and events throughout 2015–16, including Maintenancefest, a unique training experience, offering a variety of hands-on training modules led by drinking water experts. One regional Maintenancefest event was delivered to 39 participants in Thunder Bay during October 2015 and the fifth annual Maintenancefest, delivering training to 104 participants, was held in Walkerton during August 2015.

# **Standard of Care Training**

During 2015–16, the Centre delivered the Standard of Care — *Safe Drinking Water Act* course to 478 participants in 32 different locations.

## **Small Systems Training**

The Centre continued to deliver the course, Practical Training for Small Drinking Water System Owners and Operators, to small systems regulated under Ontario Regulation 170/03, made under the *Safe Drinking Water Act, 2002*, or Ontario Regulation 319/08, made under the *Health Protection and Promotion Act*. The Basics for Small Drinking Water Systems course, a new course specifically designed for systems regulated under Ontario Regulation 319/08, was developed in 2015 and launched in January 2016.

#### **Client Consultation**

During 2015–16, the Centre undertook a strategic planning project to review program direction and implement a new strategic plan. The Centre took a collaborative approach to developing the new strategic plan including a comprehensive client consultation. The primary focus was system vulnerabilities.

Ten sessions, involving the participation of 130 clients, took place in Thunder Bay, North Bay, Timmins, Kingston and London in November and December 2015. Two sessions were held at each of the locations. The three northern Ontario locations were chosen because it is critical to understand the specific needs of these clients. Clients serving municipal drinking water systems attended the morning sessions and clients serving non-municipal systems attended afternoon sessions. Drinking water operators from First Nations communities participated in the non-municipal sessions.

The consultations provided an excellent opportunity to engage with the Centre's clients and stakeholders, build relations, test the Centre's understanding of client needs and harvest client ideas and suggestions and to acquire feedback from drinking water system owners, operators, operating authorities, inspectors, regulators and representatives from the Ministry.

During 2015-16, the Centre provided tours of the Technology Demonstration Facility to 499 individuals.

# TABLE 1: TRAINING STATISTICS\*

Course	Number Trained 2013–14	Number Trained 2014–15	Number Trained 2015 – 16	Three-year Cumulative Total
Entry-Level Drinking Water Operator	248	330	286	864
Treating and Distributing Safe Drinking Water (classroom)	937	698	**	1,635
Treating and Distributing Safe Drinking Water (correspondence)	255	176	**	431
Diligence in Drinking Water Operations (classroom)	**	868	1,932	2,800
Diligence in Drinking Water Operations (correspondence)	**	140	305	445
Operation of Small Drinking Water Systems (correspondence)	1,016	907	946	2,869
Operation of Small Drinking Water Systems (online)	433	527	654	1,614
Operation of Small Drinking Water Systems (classroom)	22	39	_	61
SUBTOTAL: MANDATORY COURSES	2,911	3,685	4,123	10,719
Specialized courses	1,895	2,386	1,918	6,199
Standard of Care — Safe Drinking Water Act	170	679	478	1,327
Municipal Drinking Water Licensing Program (classroom)	151	159	97	407
Northern Centre for Advanced Technology courses (online health and safety courses)	361	312	87***	760
SUBTOTAL: NON-MANDATORY COURSES	2,577	3,536	2,580	8,693
TOTAL	5,488	7,221	6,703	19,412

<sup>\*</sup> Since its inception in 2004, the Centre has provided training to 62,509 participants.

<sup>\*\*</sup> This table illustrates the transition from the mandatory certificate renewal course, Treating and Distributing Safe Drinking Water, to Diligence in Drinking Water Operations, which the Centre launched on January 1, 2015. Operators require the mandatory courses to obtain or retain their certification.

<sup>\*\*\*</sup> Program delivery ceased on June 30, 2015.

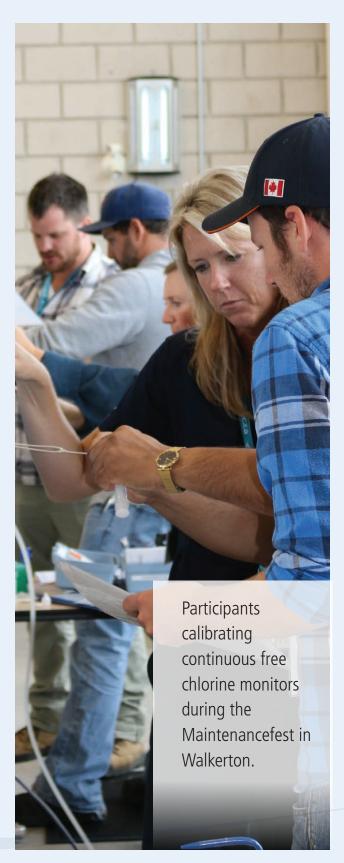
## GOAL 2

Provide information and advice about drinking water through the Technology Demonstration Facility and use the facility as a platform for hands-on training.

# **Tours of the Technology Demonstration Facility**

The Centre's Technology Demonstration Facility reflects the variety of drinking water treatment and distribution technologies available. Tours provide participants with information about the equipment and operational requirements necessary to ensure that drinking water is safe. During 2015–16, the Centre provided tours of the Technology Demonstration Facility to 499 individuals, including participants in hands-on training courses held at the Centre. Technical tours were provided to 315 individuals. This is an increase of approximately 12 per cent from 2014–15 and exceeds the target of a five per cent increase.

The Centre also supported Ontario colleges by providing unique hands-on training to 94 post-secondary students enrolled in Ontario colleges that deliver the Ministry's mandatory Entry-Level Drinking Water Operator course as part of their curriculum. The Centre delivered hands-on training in the Technology Demonstration Facility to 120 post-secondary students during 2015–16.



#### GOAL 3

#### Sponsor research that contributes directly to the Centre's objects.

#### **Research Publications**

During 2015–16, the Centre produced 12 research publications, including reports, fact sheets and external presentations by the Centre, exceeding the target of 10 publications. The publications address information gaps identified, evaluated and prioritized by the Centre's Research Advisory Committee. The Research Advisory Committee is made up of Centre staff and individuals who participate voluntarily to provide expertise in water research. An outline of each publication follows:

 Removing cyanobacteria and microcystins from small system technologies. This paper was presented at the Ontario Water Works Association, Ontario Municipal Water Association and Ontario Water Works Equipment Association (OWWA, OMWA, OWWEA), Ontario's Water Conference & Trade Show in Toronto, Ontario in April 2015.

- Walkerton Clean Water Centre study on Blue-Green Algae (Cyanobacteria) in Drinking Water. The Centre presented this paper at the Annual Spring Conference of the Association of Supervisors of Public Health Inspectors of Ontario in Nottawasaga, Ontario in May 2015.
- Removal of Blue-Green Algae and Toxins by Small Water System Technologies. This paper was presented at the Northwestern Ontario Water & Wastewater Conference in Thunder Bay, Ontario in October 2015.
- Pilot Testing Approach on the Comparison of Small System Technologies on Cyanobacteria and Cyanotoxin Removal. This paper was presented to OWWA Student Chapter of the University of Toronto, in November 2015.



- Effect of Small System Filters on Microcystin-LR and Cyanobacteria Cell Removal. This paper was submitted to the OWWA/OMWA/OWWEA and accepted for oral presentation at Ontario's Water Conference & Trade Show in Windsor, Ontario in May 2016.
- Reduction of Residual Aluminum in Treated Water from a Small Drinking Water System's Perspective.
   This paper was submitted and accepted for oral presentation to the OWWA/OMWA/OWWEA
   Ontario's Water Conference & Trade Show, Windsor, Ontario in May 2016.
- Quantitative Microbial Risk Assessment: What, Why, How? This paper was published in the magazine OWWA Pipeline, Fall Edition, 2015.

The Centre also produced two fact sheets for owners, operators and operating authorities of Ontario's drinking water systems. These fact sheets covered the following two topics: degradation of microcystin-LR using chemical oxidation processes and selection of a baffling factor in CT calculation.

## **Ongoing Pilot Projects**

The Research Advisory Committee identified, evaluated and prioritized gaps in drinking water research and reviewed the Centre's annual research plan. Ongoing pilot projects include:

- Small Systems and Point-of-Use/Point-of-Entry
  Technology Assessment: This pilot testing project
  studied the effectiveness of typical small drinking
  water treatment technologies on the removal of
  cyanobacteria (blue-green algae) and cyanotoxins.
- Slow Sand Filter Ripening and Optimization: The objective of this pilot testing project is to investigate the effectiveness of nutrient addition on the slow sand filter ripening and optimization. This project studied the impact of nutrient addition on the formation of biological active layer, on the filtered water quality, as well as the filter operation and maintenance.

A complete redevelopment of the Entry-Level Drinking Water Operations course was completed during 2015-16 to ensure the content is current, to include more hands-on activities and to improve the flow and delivery of the course.

# **Sponsored Research**

The following research projects, which were awarded grants from the Centre in previous years, were ongoing during 2015–16:

- Natural Sciences and Engineering Research Council
  of Canada Industrial Research Chair in Water
  Treatment at the University of Waterloo. The
  Centre is supporting a research theme related to
  developing strategies to deal with cyanotoxins.
- RES'EAU WaterNET research network. RES'EAU
  WaterNET research network is a Canadian crossdisciplinary strategic research network devoted
  to developing innovative and affordable solutions
  for small, rural and First Nations water systems.
  The project research themes include innovative
  and integrated treatment processes; water health
  assessment and modeling; and governance, risk
  management and compliance.



# 09

# ADHERENCE TO GOVERNANCE, ACCOUNTABILITY AND OPERATIONS FRAMEWORKS

#### **The Mission**

The mission of the Centre is to educate and support our clients as they address their water system risks in order to safeguard Ontario's drinking water.

The Centre works to achieve its mission from within the bounds of:

- all applicable acts and regulations, including Ontario Regulation 304/04 made under the *Development* Corporations Act;
- the Memorandum of Understanding between the Minister and the Centre;
- applicable Management Board of Cabinet directives;
- the Centre's By-law and policies; and
- other elements of an effective governance and accountability framework.

## The Approach

The Centre is aware of the parameters of its governance structure, which is vital to its operations. Equally important is the Centre's accountability to stakeholder groups and the people of Ontario. During 2015–16, the Centre developed a new three-year business plan and prepared its annual report in an accurate and timely manner in accordance with the Agencies & Appointments Directive.

# **Accessibility Standards**

The Centre continues to meet the requirements of Ontario Regulation 429/07, Accessibility Standards for Customer Service, made under the *Accessibility for Ontarians with Disabilities Act*, 2005. The Centre is a member of the Ministry's Accessibility Planning Working Group.

The Centre's Multi-Year Accessibility Plan, compliance reports and policy on accessible customer service are available to the public on the Centre's website.

# **Continuity of Operations Plan**

The Centre is a member of the Ministry's Continuity of Operations Planning Divisional Committee. The Centre's Continuity of Operations Plan Committee actively works to identify and manage risks and ensure that a Continuity of Operations Plan is prepared and submitted to the Ministry based on a scheduled deadline.

# French Language Services Act

The Centre reports to the Office of Francophone Affairs when it enters into agreements with third parties who provide services to the public on its behalf.

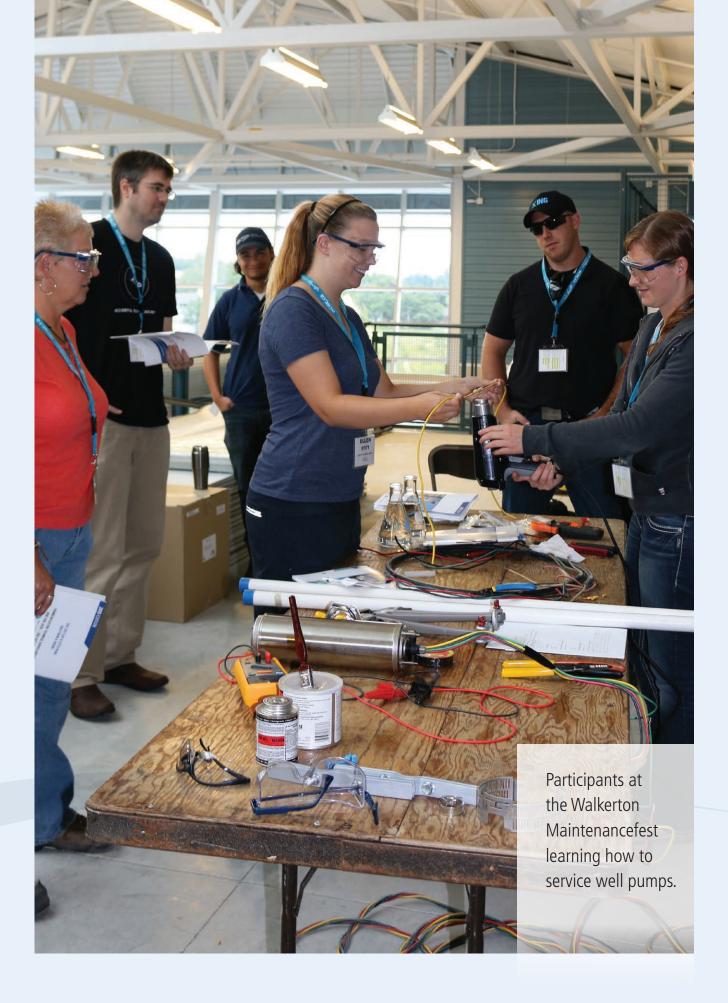
# 10 LOOKING FORWARD

The Centre is committed to meeting the training needs of the owners, operators and operating authorities of Ontario's drinking water systems, as well as municipal councillors and decision-makers. The Centre will continue to make the best use of resources to fulfill its mission and deliver its objects. Ongoing and future initiatives include:

- Delivering drinking water education and training to owners, operators and operating authorities of drinking water systems.
- Continuing to deliver drinking water education and training to indigenous operators in support of the Ministry's strategy to improve drinking water for Ontario's First Nations communities.
- Upholding training quality standards through the quality assurance program and maintaining a quality assurance index of greater than 0.85. A maximum score of 1.00 would indicate that 100 per cent of respondents rated the overall course, instructor and course content as good or excellent.
- Increasing the number of hands-on courses offered.
- Consulting with clients to determine the Centre's effectiveness in meeting the training needs of drinking water professionals.
- Exploring new training formats, including eLearning, to ensure customer satisfaction.

- Increasing the number of individuals who visit the Technology Demonstration Facility for tours.
- Disseminating information by producing publications of Centre-supported research projects, including fact sheets, refereed publications and external presentations by the Centre.
- Sponsoring research that contributes directly to the Centre's mandate.

During 2015, the Board of Directors completed an extensive high-level review of the Centre's business and developed a new strategic plan. Implementation of the plan began during 2015–16 including a comprehensive client consultation. This undertaking may have an impact on both programs and metrics that will be reflected in the next annual report.



# 11 MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL INFORMATION

Senior management and the Board of Directors are responsible for the financial performance of the Centre. The Board of Directors reviews and approves the financial statements and all information presented in this annual report. The Board of Directors is also responsible for ensuring there is an annual external audit of the Centre's accounts and financial transactions. The annual audit is subject to review by the Auditor General of Ontario.

# Finance and Audit Committee's Responsibilities

The Board of Directors' Finance and Audit Committee receives and reviews the Centre's quarterly financial reports. The total and departmental income statement reports provide complete revenue and expenditure variances, which the Centre's management team reviews.

The Finance and Audit Committee also plays a number of important roles in the audit process, including:

- meeting with the Centre's management team and external auditor to review any issues that need to be identified in the upcoming audit
- reviewing the external auditor's evaluation of internal controls with management
- reviewing the completed reports issued by the external auditor
- reviewing management's response and subsequent follow up to any identified weaknesses

#### **External Audit**

BDO Canada LLP audited the Centre's 2015–16 financial statements. The chartered accountant's responsibility is to express an opinion on whether the financial statements are fairly presented in accordance with public sector accounting standards. The auditor's report outlines the scope of the firm's examination and opinion.

# **Financial Discussion**

#### Revenue

The Centre continues to recover costs through training course registration fees. During 2015-16, the Centre generated revenues of \$1.78M in course registration fees, a 4% decrease from 2014-15 fees revenue. This was due to an 8% overall decrease in training participants. The Centre also received a \$3.0M transfer payment from the Government of Ontario in 2015-16.

#### **Expenditures**

The Centre's internal controls continue to effectively monitor overall expenditures. Total expenditures decreased by 2.5 per cent from 2014-15 to 2015-16. This is due to reductions in direct training expenses as well as continued cost reduction controls exercised in travel, office and operational expenses.

#### **Balance Sheet**

The Centre continues to be in a strong financial position with \$8.6M in cash and GIC investments. The cash balance includes \$1.85M in special and additional Government of Ontario funding designated for First Nations drinking water training. The March 31, 2016 net asset balance of \$7.4M enables the Centre to continue significant contributions to drinking water training and pilot testing in Ontario.

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BDO Canada LLP 121 Jackson Street PO Box 760 Walkerton ON NOG 2V0 Canada

# INDEPENDENT AUDITOR'S REPORT

#### To the Members of Walkerton Clean Water Centre

We have audited the accompanying financial statements of the Walkerton Clean Water Centre, which comprise the statement of financial position as at March 31, 2016 and the statements of changes in net assets, operations 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 controls 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 Walkerton Clean Water Centre as at March 31, 2016 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

#### "BDO CANADA LLP"

Chartered Professional Accountants, Licensed Public Accountants Walkerton, Ontario

June 15, 2016



# STATEMENT OF FINANCIAL POSITION

March 31	2016	2015
Assets		
Current		
Cash	\$ 7,101,178	\$ 3,124,762
Current portion of investments (Note 3)	1,537,330	3,062,637
Accounts receivable	157,625	184,543
Prepaid expenses	72,737	56,662
	8,868,870	6,428,604
Capital assets (Note 4)	1,050,635	1,162,003
	\$ 9,919,505	\$ 7,590,607
Liabilities and Net Assets		
Current		
Accounts payable and accrued liabilities	\$ 286,316	\$ 349,613
Deferred revenue (Note 5)	2,218,293	302,958
	2,504,609	652,571
Commitments (Note 9)		
Net Assets	7,414,896	6,938,036
	\$ 9,919,505	\$ 7,590,607

On behalf of the Board:

\_\_ Director Direct

The accompanying notes are an integral part of these financial statements.

# STATEMENT OF CHANGES IN NET ASSETS

For the year ended March 31	2016 Total	2015 Total
Balance, beginning of year	\$ 6,938,036	\$ 8,837,955
Excess (deficiency) of revenue over expenses for the year	476,860	(1,529,271)
Change in accounting policy (Note 11)	-	(370,648)
Balance, end of year	\$ 7,414,896	\$ 6,938,036

# STATEMENT OF OPERATIONS

For the year ended March 31	2016	2015
Revenue (Page 33)	\$ 4,784,750	\$ 2,845,413
Expenses (Page 33)	4,344,905	4,455,878
Excess (deficiency) of revenue over expenses before interest and other income	439,845	(1,610,465)
Interest and other income	63,409	113,294
Loss on disposal of capital assets	(26,394)	(32,100)
Excess (deficiency) of revenue over expenses for the year	\$ 476,860	\$ (1,529,271)

# SCHEDULE OF REVENUE AND EXPENSES

For the year ended March 31	2016	2015
Revenue		
Province of Ontario transfer payment (Note 6)	\$ 3,000,000	\$ 1,000,000
Training registrations	1,784,750	1,845,413
	\$ 4,784,750	\$ 2,845,413
Expenses		
Advertising and promotion	\$ 55,061	\$ 53,116
Amortization	237,275	273,713
Audit and legal	10,279	8,928
Bank charges	4,827	4,931
Conferences	16,417	21,106
Consulting services	31,994	57,155
Director fees	16,435	21,035
Employee benefits	422,562	413,757
Insurance	29,283	28,646
Minor capital expenditures	900	4,600
Office	124,095	156,478
Professional development	15,315	6,855
Recruitment	657	31,146
Rent	530,592	364,423
Repairs and maintenance	29,724	38,882
Research projects	96,052	83,255
Salaries	1,866,494	1,825,561
Sponsorships	9,800	16,160
Subscriptions and memberships	20,277	21,521
Telephone	13,867	29,172
Training	690,311	818,993
Travel	37,829	54,932
Vehicle	19,002	25,121
Website and communications	65,857	96,392
	\$ 4,344,905	\$ 4,455,878

# STATEMENT OF CASH FLOWS

For the year ended March 31	2016	2015
Net inflow (outflow) of cash related to the following activities:		
Operating		
Excess (deficiency) of revenue over expenses	\$ 476,860	\$ (1,529,271)
Items not involving cash:		
Amortization of capital assets	237,275	273,713
Loss on disposal of capital assets	26,394	32,100
Donated capital assets	-	(20,744)
	740,529	(1,244,202)
Changes in non-cash working capital balances (Note 8)	1,862,881	25,121
	2,603,410	(1,219,081)
Investing		
Purchase of investments and interest reinvested	(1,544,690)	(3,096,961)
Redemption of investments	3,069,997	5,213,804
	1,525,307	2,116,843
Capital		
Acquisition of capital assets	(152,301)	(79,108)
Proceeds on disposal of capital assets	-	2,345
	(152,301)	(76,763)
Net increase in cash during the year	3,976,416	820,999
Cash, beginning of year	3,124,762	2,303,763
Cash, end of year	\$ 7,101,178	\$ 3,124,762

March 31, 2016

#### 1. Summary of Significant Accounting Policies

#### Nature and Purpose of Organization

The Walkerton Clean Water Centre is an operational service agency of the Province of Ontario and was established on October 1, 2004 under the authority of The Development Corporation Act.

In accordance with the act, the Centre's objectives are to:

- a) Coordinate and deliver training for drinking water system owners, operators and operating authorities.
- b) Provide advice to the Minister of the Environment on high-priority research to achieve safe drinking water.
- c) Sponsor drinking water research within the Centre's mandate.
- d) Make technical, scientific and regulatory information related to making safe drinking water more readily available including information about the statutory standard of care.

The Centre is exempt from Federal and Provincial income taxes.

#### **Basis of Presentation**

The financial statements of the Centre have been prepared in accordance with Canadian public sector accounting standards for government not-for-profit organizations, including the 4200 series of standards, as issued by the Public Sector Accounting Board (PSAB for Government NPOs).

#### Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, bank balances and guaranteed investment certificates with a duration of less than 90 days from the date of acquisition.

#### **Capital Assets**

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at the estimated fair market value upon donation.

Labour and benefit expenses directly attributable to internally developed course curriculums are capitalized accordingly.

Amortization is based on the estimated useful life of the asset and is calculated with a half year provision as follows:

Computer equipment - 33% declining balance Computer software - 50% declining balance Course curriculums - 15% declining balance Leasehold improvements - 20% declining balance Office furniture and equipment - 20% declining balance - 20% declining balance Signs Technical equipment - 20% declining balance Vehicles - 20% declining balance

March 31, 2016

#### **Revenue Recognition**

Transfer payments are recognized when the amount is known, collectability is reasonably assured and stipulations have been met. Revenue from training registrations is recognized when payment is receivable and the course has been completed. Interest revenue is recognized as it is earned over the period of investment. Donation revenue is recognized once the Centre has possession of the goods donated.

#### **Financial Instruments**

The Centre classifies its financial instruments as either fair value or amortized cost. The Centre's accounting policy for each category is as follows:

#### Fair Value

The category includes cash and investments that are quoted in an active market. They are initially recognized at cost and subsequently carried at fair value. Changes in fair value are recognized in the statement of remeasurement gains and losses until they are realized, when they are transferred to the statement of operations.

Transaction costs related to financial instruments in the fair value category are expensed as incurred.

When a decline in fair value is determined to be other than temporary, the amount of the loss is removed from accumulated remeasurement gains and losses and recognized in the statement of operations. On sale, the amount held in accumulated remeasurement gains and losses associated with that instrument is removed from net assets and recognized in the statement of operations.

#### **Amortized Cost**

This category includes accounts receivable, and accounts payable and accrued liabilities. They are initially recognized at cost and subsequently carried at amortized cost using the effective interest rate method, less any impairment losses on financial assets.

Transaction costs related to financial instruments in the amortized cost category are added to the carrying value of the instrument.

Writedowns on financial assets in the amortized cost category are recognized when the amount of a loss is known with sufficient precision, and there is no realistic prospect of recovery. Financial assets are then written down to net recoverable value with the writedown being recognized in the statement of operations.

#### **Use of Estimates**

The preparation of financial statements in conformity with PSAB for Government NPOs requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. Areas of key estimation include determination of the allowance for doubtful accounts, estimated useful life of capital assets, and impairment of curriculum rights.

March 31, 2016

#### 2. Financial Instrument Classification

The following table provides cost and fair information of financial instruments by category. The maximum exposure to credit risk would be the carrying value as shown below.

		2016		2015
		Amortized		
	Fair Value	Cost	Total	Total
Cash	7,101,178	_	\$ 7,101,178	\$ 3,124,762
Investments (Note 3)	1,537,330	_	1,537,330	3,062,637
Accounts receivable	_	157,625	157,625	184,543
Accounts payable	_	(286,316)	(286,316)	(349,613)
	8,638,508	(128,691)	\$ 8,509,817	\$ 6,022,329

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which their fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities using the latest bid price;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that includes inputs for the asset or liability that are not based on observable market data (unobservable inputs).

March 31, 2016	Level 1	Level 2	Level 3	Total
Cash	\$ 7,101,178	\$ _	\$ _	\$ 7,101,178
Investments	1,537,330	_	_	1,537,330
Total	\$ 8,638,508	\$ _	\$ _	\$ 8,638,508
March 31, 2015	Level 1	Level 2	Level 3	Total
Cash	\$ 3,124,762	\$ _	\$ _	\$ 3,124,762
Investments	3,062,637	_	_	3,062,637
Total	\$ 8,638,508	\$ _	\$ _	\$ 6,187,399

There were no transfers between Level 1 and Level 2 for the years ended March 31, 2016 and March 31, 2015. There were also no transfers in or out of Level 3.

March 31, 2016

#### 3. Investments

	2016	2015
Bank of Nova Scotia GIC, 1.45%, due June 2016	\$ 1,537,330	\$ -
Royal Bank of Canada GIC	_	2,023,037
RBC Investment Savings Account	_	1,039,600
	1,537,330	3,062,637
Less amounts due within one year included in current assets	1,537,330	3,062,637
	\$ -	<u> </u>

#### 4. Capital Assets

		2016		2015
		Accumulated		Accumulated
	Cost	Amortization	Cost	Amortization
Computer equipment	\$ 153,429	\$ 127,586	\$ 135,404	\$ 119,296
Computer software	46,870	45,402	46,870	43,933
Course curriculums	698,569	471,850	646,207	436,546
Leasehold improvements	52,987	37,129	50,205	33,512
Office furniture and equipment	351,981	277,541	350,611	259,102
Signs	51,041	40,324	51,041	37,645
Technical equipment	2,845,416	2,174,984	2,851,480	2,071,229
Vehicles	54,598	29,440	54,598	23,150
	\$ 4,254,891	\$ 3,204,256	\$ 4,186,416	\$ 3,024,413
Net book value	_	\$ 1,050,635		\$ 1,162,003

#### 5. Deferred Revenue

	2016	2015
Province of Ontario Transfer Payments	\$ 1,850,000	\$ -
Training registrations	368,293	302,958
	\$ 2,218,293	\$ 302,958

March 31, 2016

The Province of Ontario transfer payment is from the Ministry of the Environment and is to be tracked separately and used for the training of First Nation operators.

The deferred training registrations are money that has been received for courses that will take place in a later fiscal year.

#### 6. Transfer Payments

During the year, the Centre received \$3,000,000 (2015 - \$1,000,000) in transfer payments from the Province of Ontario.

#### 7. Pension Plan

The Centre provides pension benefits for all its full-time employees through participation in the Public Service Pension Plan which is a multi-employer defined benefit pension plan administered by the Ontario Pension Board. This plan is accounted for as defined contribution plan, as the Centre has insufficient information to apply defined benefit accounting to the plan. The Centre's contribution related to the pension plan for the period was \$136,512 (2015 - \$126,492) and is included in employee benefits in the statement of revenue and expenditures.

#### 8. Statement of Cash Flows

The change in non-cash working capital balances is made up as follows:

	2016	2015
Accounts receivable	\$ 26,918	\$ (78,534)
Prepaid expenses	(16,075)	(3,841)
Accounts payable and accrued liabilities	(63,297)	100,611
Deferred revenue	1,915,335	6,885
	\$ 1,862,881	\$ 25,121

#### 9. Commitments

Walkerton Clean Water Centre has entered into two vehicle operating leases and one equipment operating lease. These leases end in April and June of 2016 and October of 2018. Monthly payments are \$454, \$386, and \$111 respectively.

The minimum annual lease payments on the vehicles and equipment for the next three years are as follows:

2017	\$2,940
2018	\$1,327
2019	\$774

The Centre is currently negotiating a long-term lease with the Ontario Realty Corporation. As of the report date, no contract has been agreed upon or signed. Proposed monthly payments are \$49,549 plus HST.

March 31, 2016

#### 10. Financial Instrument Risk Management

#### Credit Risk

Credit risk is the risk of financial loss to the Centre if a debtor fails to make payments of interest and principal when due. The Centre is exposed to this risk relating to its cash and accounts receivable. The Centre holds its cash accounts with federally regulated chartered banks who are insured by the Canadian Deposit Insurance Corporation. In the event of default, the Walkerton Clean Water Centre cash accounts are insured up to \$100,000 (2015 - \$100,000).

The maximum exposure to investment credit risk is outlined in Note 2.

The Centre measures its exposure to credit risk based on how long the amounts have been outstanding. An impairment allowance is set up based on the Centre's historical experience regarding collections. The amounts outstanding at year end were as follows:

	Total	Current	31-61 days	61-90 days	90 + days
Trade receivables	\$ 87,968	\$ 48,772	\$ 8,074	\$ 18,612	\$ 12,510
Other	69,657	69,657	_	_	_
Gross receivables	157,625	118,429	8,074	18,612	12,510
Less: impairment allowances	_	_	_	_	-
Net receivables	\$ 157,625	\$ 118,429	\$ 8,074	\$ 18,612	\$ 12,510

#### Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate as a result of market factors. Market factors include three types of risk: interest rate risk, currency risk, and equity risk. The Centre is not exposed to significant currency risk or equity risk as it does not transact materially in foreign currency or hold significant equity financial instruments.

#### **Interest Rate Risk**

Interest rate risk is the potential for financial loss caused by fluctuations in fair value or future cash flows of financial instruments because of changes in market interest rates.

The Centre is exposed to this risk through its interest bearing investments.

#### **Liquidity Risk**

Liquidity risk is the risk that the Centre will not be able to meet all cash outflow obligations as they come due. The Centre mitigates this risk by monitoring cash activities and expected outflows through extensive budgeting and maintaining investments that may be converted to cash in the near-term if unexpected cash outflows arise. The following table sets out the contractual maturities (representing undiscounted contractual cash-flow of financial liabilities):

March 31, 2016

	6 months						
	Within 6 months	to 1 year		1-5	years	> 5 y	ears
Accounts payable	\$ 286,316	\$	_	\$	_	\$	_

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

#### 11. Change in Accounting Policy

Effective April 1, 2015, the company adopted the policy of capitalizing costs incurred to develop course curriculums under the reporting options available to public sector accounting standards. As well, curriculum rights are now being amortized on a declining balance basis at a rate of 15% per annum. These provisions have been applied retroactively with restatement of the prior period amounts.

At March 31, 2015, the new policy had the effect of decreasing retained earning by \$370,648, increasing capitalized course curriculums by \$66,000, increasing accumulated amortization on course curriculums by \$436,546, increasing amortization expense by \$33,298, decreasing employee benefits expense by \$6,025 and decreasing salaries expense by \$27,375.





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