



Budget & Administration Committee Meeting Agenda

Monday June 17 2024

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Budget & Administration Committee Meeting

Monday, June 17, 2024 at 6:00 P.M.

This meeting will be held fully virtual via Webex

All meetings can be viewed live on HCA's You Tube Channel:
<https://www.youtube.com/user/HamiltonConservation>

- 1. Welcome** – Susan Fielding
- 2. Declaration of Conflict of Interest**
- 3. Approval of Agenda**
- 4. Delegations**
- 5. Consent Items**
 - 5.1. Approval of Budget & Administration Committee Minutes – April 18, 2024 Page 5
- 6. Business Arising from the Minutes**
- 7. Staff Reports/Memorandums**

Reports for recommendation

 - 7.1 2023 Report by the Auditors – Melanie Duggard Page 7
 - 7.2 2023 12 Month Financial Results – Audited Financial Statements
–Scott Fleming Page 29
 - 7.3 Reserve Funds Balances & 2023 Operating Surplus Reserves Allocation
– Scott Fleming Page 51

Memorandums to be received

7.4	Asset Disposal Summary	– Scott Fleming	Page 55
7.5	First Quarter Financial Results – Operating	– Scott Fleming	Page 57
7.6	First Quarter Financial Results – Capital & Major Maintenance	– Scott Fleming	Page 63
7.7	First Quarter Vendor Report	– Scott Fleming	Page 67

8. New Business

9. In-Camera Items

9.1. Confidential Report – BA/June 01-2024
(Personnel Matter)

9.2. Confidential Report – BA/June 02-2024
(Legal Matter)

10. Next Meeting – Thursday, August 15, 2024 at 6:00 p.m.

11. Adjournment

Hamilton Conservation Authority Minutes

Budget & Administration Committee

April 18, 2024

Minutes of the Budget & Administration Committee meeting held on Thursday, April 18, 2024 at 6:00 p.m., at the HCA main office, 838 Mineral Springs Road, in Ancaster, and livestreamed on YouTube.

Present: Susan Fielding, in the Chair
Lisa DiCesare
Alex Wilson
Maureen Wilson

Regrets: Brad Clark

Staff Present: Lisa Burnside, Gord Costie, Scott Fleming, Marlene Ferreira, Matt Hall, Scott Peck, and Jaime Tellier

Others Present: None

1. Welcome

The Chair called the meeting to order and welcomed everyone present.

2. Declarations of Conflict of Interest

The Chair asked members to declare any conflicts under the HCA Administrative By-law. There were none.

3. Approval of Agenda

The Chair requested any additions or deletions to the agenda.

BA 2401

**MOVED BY: Maureen Wilson
SECONDED BY: Lisa DiCesare**

THAT the agenda be approved.

CARRIED

4. Delegations

There were none.

5. Election of Vice Chair

Susan Fielding opened the call for nominations for the 2024 Vice-Chair of the Budget & Administration Committee.

**Nominated: Alex Wilson
By – Mover: Lisa DiCesare**

It was confirmed that Alex had advised by email in advance of their willingness to accept the nomination. Having no further nominations the election for the office of Vice-Chair of the Budget & Administration Committee for 2024 was then closed and the position acclaimed with the following resolution.

BA 2402

**MOVED: Lisa DiCesare
SECONDED: Maureen Wilson**

THAT nominations for the 2024 Vice-Chair of the Budget & Administration Committee be closed and Alex Wilson be confirmed as Vice-Chair of the Hamilton Conservation Authority Budget & Administration Committee for 2024.

CARRIED

Alex Wilson joined the meeting.

6. Consent Items

The following consent items were adopted:

6.1. Approval of Budget & Administration Committee Minutes

– November 23, 2023

6.2. 12 Month WSIB Injury Statistics

6.3. Annual Information Statistics re: 2023 Freedom of Information Requests

7. Business Arising from the Minutes

There was none.

8. Staff Reports/Memoranda

8.1. 12 Month Financial Results – Operating

Scott Fleming presented a summary of the memorandum and answered the members' questions.

8.2. 12 Month Financial Results – Capital & Major Maintenance

Scott Fleming presented a summary of the memorandum and answered the members' questions.

8.3. 12 Month Vendor Report

Scott Fleming presented a summary of the memorandum and answered the members' questions.

8.4. 2024 Insurance Renewal

Scott Fleming presented a summary of the memorandum and answered the members' questions.

BA 2403

MOVED BY: Maureen Wilson

SECONDED BY: Alex Wilson

THAT the memorandums entitled 12 Month Financial Results – Operating, 12 Month Financial Results – Capital & Major Maintenance, 12 Month Vendor Report and, 2024 Insurance Renewal be received.

CARRIED**8.5. Asset Management Strategy**

Matt Hall presented a summary of the report and answered the members' questions. The strategy and its physical asset inventory will assist with annual capital planning and budgeting and also aligns with required strategies for natural hazard water and erosion control asset and operational strategies as well as supporting new retired asset obligations for public sector accounting.

There was discussion that the City is also in the midst of its asset management strategy which includes a municipal natural assets component. It is anticipated that HCA will broaden the scope of this asset management initiative in the future to include natural assets once our strategy and inventory in development are complete and staff undertake meetings with the City for further collaboration and partnership.

BA 2404**MOVED BY: Maureen Wilson
SECONDED BY: Lisa DiCesare****THAT the Budget & Administration Committee
recommends to the Board of Directors:****THAT the HCA 2024 Asset Management Strategy be
approved.****CARRIED****8.6. Hiring of Contract Employee to Support Compliance with new Public Sector Accounting Asset Retirement Obligations**

Scott Fleming presented a summary of the report and answered the members' questions.

BA 2405**MOVED BY: Alex Wilson
SECONDED BY: Lisa DiCesare****THAT the Budget & Administration Committee
recommends to the Board of Directors:****THAT this report on the new Asset Retirement
Obligations be received for information; and further****THAT in order to achieve compliance with the Public
Sector Accounting Board's newly instituted PS 3280
Asset Retirement Obligations requirement, a contract
employee be added to the Finance department's
complement, funded through reserves as needed.**

CARRIED**9. New Business**

There was none.

10. In-Camera Items for Matters of Law, Personnel and Property

There were none.

11. Next Meeting

The next meeting of the Budget and Administration Committee will be held on Thursday, May 16, 2024 at 6:00 p.m. at the HCA Main Administration Office – Woodend Auditorium, 838 Mineral Springs Road, Ancaster, Ontario.

12. Next Meeting Adjournment

On motion, the meeting adjourned.

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Hamilton Region Conservation Authority and Confederation Beach Park

For the year ended December 31, 2023

Report to the Board of Directors
Audit strategy and results

June 11, 2024

Melanie Dugard, CPA, CA

Principal

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Appendices

Appendix A – Draft management representation letter
Appendix B – Overview and approach
Appendix C – Accounting developments
Appendix D – Auditing developments

Executive summary

Purpose of report and scope

The purpose of this report is to engage in an open dialogue with you regarding our audit of the financial statements of Hamilton Region Conservation Authority and Confederation Beach Park (the "Authority") for the year ended December 31, 2023. This communication will assist the Board of Directors in understanding our overall audit strategy and results of audit procedures and includes comments on misstatements, significant accounting policies, sensitive estimates and other matters.

The information in this document is intended solely for the information and use of the Budget and Administration Committee and Board of Directors. It is not intended to be distributed or used by anyone other than these specified parties.

We have obtained our engagement letter dated March 13, 2023, which outlines our responsibilities and the responsibilities of management.

We were engaged to provide the following deliverables:

Deliverable

Report on the December 31, 2023 financial statements

Communication of audit strategy and results

Status of our audit

We have substantially completed our audit of the financial statements of the Authority and the results of that audit are included in this report.

We will finalize our report upon resolution of the following items that were outstanding:

- Response to a few follow-up queries from the fieldwork;
- Receipt of signed management representation letter (a draft has been attached in **Appendix A**);
- Approval of the financial statements by the Board;
- Response from the Authority's legal counsel to be dated within five days of when the financial statements are approved by the Board; and
- Inquiries which will be required between the date of the report to the date the financial statements are approved by the Board.

Auditor's report modifications

Our responsibility is to form an opinion on the financial statements. We are also required to communicate matters that impact our standard auditor's report, including key audit matters or modifications to the reports. Our auditor's opinion is qualified over the departure of not determining the Authority's liability for asset retirement obligations related to its tangible capital assets under the new accounting standard, PS 3280 – *Asset retirement obligations*.

Approach

Our audit approach requires that we establish an overall strategy that focuses on risk areas. We identify and assess risks of material misstatement of the financial statements, whether due to fraud or error. The greater the risk of material misstatement associated with an area of the financial statements, including disclosures, the greater the audit emphasis placed on it in terms of audit verification and analysis. Where the nature of a risk of material misstatement is such that it requires special audit consideration, it is classified as a significant risk.

Our approach is discussed further in the **Appendix B**.

Independence

We have a rigorous process where we continually monitor and maintain our independence. The process of maintaining our independence includes, but is not limited to:

- Identification of threats to our independence and putting into place safeguards to mitigate those threats. For example, we evaluate the independence threat of any non-audit services provided to the Authority
- Confirming the independence of our engagement team members

We have identified no information regarding our independence that in our judgment should be brought to your attention.

Audit risks and results

We highlight our significant findings in respect of risks, accounting practices and other areas of focus.

Area of focus	Why there is a risk	Our response and findings
Admission, product, service and program fees	<p>There is a presumed risk of fraud in revenue.</p> <p>The risk primarily relates to revenue recognized under user fees and other revenue.</p>	<p>We verified significant revenues to supporting documentation on sample basis, as well as an analysis of user fees by month compared to expectations (prior year).</p> <p>We performed reasonability analysis of the accounts receivable at year end by testing subsequent receipts and reviewing any accounts written off during the year.</p> <p>We tested key controls around the user fee process and also performed a substantive test of fees on a sample basis.</p> <p><i>No matters of concern were found.</i></p>
Fraud risk from management override or weakness in segregation of duties	<p>This is a presumed fraud risk.</p> <p>The risk primarily relates to inherent pressure for a public sector entity to not exceed any budgeted amounts. The combination of the opportunity and motivation makes this presumed fraud risk applicable to the Authority.</p>	<p>We obtained the entire population of journal entries for the year and using data analytics, tested a sample based on characteristics deemed unusual given our knowledge of the Authority's operations.</p> <p>We reviewed any accounting estimates for biases,</p> <p>We evaluated the business rationale for significant transactions that are or appear to be outside the normal course of business.</p> <p><i>No matters of concern were found.</i></p>
Risk of expenditures and payables understated or not recorded in the correct period	<p>This risk primarily relates to the inherent bias to manage the budget.</p>	<p>We performed a variance analysis of operating expenses and accrued liabilities between prior year and current year and then investigated any significant or unusual variances.</p> <p>We tested a sample of expenses to ensure that the expenses were recorded in the appropriate period; and</p> <p>We performed a search for unrecorded liabilities by testing a sample of disbursements after year end to ensure they were recognized in the correct period.</p> <p><i>No matters of concern were found.</i></p>

Accounting practices

Area of focus	Matter	Our response and findings
Financial instruments	Sections PS 3450 Financial Instruments, PS 3041 Portfolio Investments, PS 2601 Foreign Currency Translation and Section 1201 Financial Statement Presentation along with the related amendments requires the fair value measurement of derivatives and portfolio investments in equities quoted in an active market. Additional disclosures are also required for classifications of financial instruments based on their subsequent measurement policy.	<p>We examined management's financial instruments and determined applicability of the new disclosures required by the standard.</p> <p>We assisted management in the preparation of the note disclosures.</p> <p>Based on our audit procedures, we have determined that management's disclosures are reasonable</p>
Accounting estimates and disclosures	Management is responsible for determining significant accounting policies. The choice of different accounting policy alternatives can have a significant effect on the financial position and results of operations of the Authority. The application of those policies often involves significant estimates and judgments by management. Examples of such estimates would include allowances for doubtful accounts, the amortization rates used for tangible capital assets, and certain accruals as at year end.	Based on our audit procedures, we are of the opinion that the estimates made by management are reasonable.
Fraud and illegal acts	Our audit procedures were performed for the purpose of forming an opinion of the financial statements and although these procedures might bring possible fraudulent or illegal activities to our attention, our audit procedures are less likely to detect material misstatements arising from fraud or other illegal acts because such acts are usually accompanied by acts designed to conceal their existence.	We did not detect any fraudulent or illegal activities or material misstatements resulting from fraudulent or illegal activities during our audit.
Litigation proceedings	We are required to examine legal costs incurred in the year to verify that there are not any contingent liabilities that could have an effect today and in the future of Authority's financial results.	We are in the process of communicating with the Authority's legal counsel. Based on management's representations and our audit procedures, there are no claims or possible claims of which we are aware that may result in a contingent liability, except for the ongoing lawsuit relating to one terminated employee. Should a claim or possible claim or potential liability be identified by the Authority's legal counsel, we will inform the Committee and the Board accordingly.

Adjustments and uncorrected misstatements

Adjustments

Misstatements identified and adjusted in the financial statements by the Authority as a result of our audit procedures are as follows:

Description	Debit (Credit)		Statement of financial position		Income effect	
	Assets	Liabilities	Accumulated surplus	Annual surplus		
To record gain on sale of property	\$ (103,612)	\$ -	\$ -	\$ (1,296,388)	1,400,000	
Total adjusted misstatements	\$ (103,612)	\$ -	\$ -	\$ 103,612		

Uncorrected misstatements

We have no non-trivial unadjusted misstatements to report.

Summary of disclosure matters

Our audit did not identify any unadjusted non-trivial misstatements of disclosure matters.

Other reportable matters

Internal control

The audit is designed to express an opinion on the financial statements. We obtain an understanding of internal control over financial reporting to the extent necessary to plan the audit and to determine the nature, timing and extent of our work. Accordingly, we do not express an opinion on the effectiveness of internal control.

If we become aware of a deficiency in your internal control over financial reporting, the auditing standards require us to communicate to the Board of Directors those deficiencies we consider significant. However, a financial statement audit is not designed to provide assurance on internal control.

While not significant deficiencies in internal controls, we did identify the following specific best practice recommendation:

Formal risk assessment process

While we noted that there is an informal risk assessment process where management and Board discuss the prevailing risks in the committee and Board meetings, it is best practice to have a formal risk assessment process whereby the Board reviews all risks that impact the Authority as a whole.

We recommended that the Board implement a formal risk assessment process which would help management to prepare for any such risks which can impact the operations and also to have mitigation plan in place to track and update on regular basis.

Accounting





Details of the changes to accounting standards are included in Appendix C. PS 3280 *Asset Retirement* Obligations came into effect for the December 31, 2023 year end. Due to the requirement to evaluate all assets held for potential legal obligation to remediate when no longer in use, management requires another year to prepare for implementation of the standard. As a result, we have qualified our audit opinion. There are no other items noted that would have an immediate impact on the financial statements but should be considered in future years if become applicable.

Assurance

No items that would have an immediate impact were noted, however items under development are included in Appendix D.

Thought leadership

We are leaders in the charity and not-for-profit accounting industry, and we pass our knowledge on to our clients through numerous “Thought Leadership” publications. We have included below our most recent publications.

	<p><u>Not-for-profit audit committee guidebook</u></p>	 <p>WOMEN IN BUSINESS 2...</p> <p>Accelerating parity across leadership and beyond</p>	<p><u>Women in Business 2023</u></p>	 <p>CYBERSECURITY</p> <p>Key cybersecurity questions answered</p> <p>4 min read 29 Jun 2023</p>	<p><u>Key cybersecurity questions answered</u></p>
 <p>ADVISORY</p> <p>Four ways to boost your whistleblower program's effectiveness</p> <p>6 min read 26 May 2023</p>	<p><u>Four ways to boost your whistleblower program's effectiveness</u></p>				

Appendix A – Management Representation Letter

Management Representation Letter

June XX, 2024

Grant Thornton LLP
33 Main Street East
Hamilton, ON
L8N 4K5

Dear Ms. Dugard:

We are providing this letter in connection with your audit of the financial statements of Hamilton Region Conservation Authority ("the Authority") as of December 31, 2023, and for the year then ended, for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows of Hamilton Region Conservation Authority in accordance with Canadian public sector accounting standards.

We acknowledge that we have fulfilled our responsibilities for the preparation of the financial statements in accordance with Canadian public sector accounting standards and for the design and implementation of internal controls to prevent and detect fraud and error. We have assessed the risk that the financial statements may be materially misstated as a result of fraud, and have determined such risk to be low. Further, we acknowledge that your examination was planned and conducted in accordance with Canadian generally accepted auditing standards (GAAS) so as to enable you to express an opinion on the financial statements. We understand that while your work includes an examination of the accounting system, internal controls and related data to the extent you considered necessary in the circumstances, it is not designed to identify, nor can it necessarily be expected to disclose, fraud, shortages, errors and other irregularities, should any exist.

Certain representations in this letter are described as being limited to matters that are material. An item is considered material, regardless of its monetary value, if it is probable that its omission from or misstatement in the financial statements would influence the decision of a reasonable person relying on the financial statements.

We confirm, to the best of our knowledge and belief, as of June XX, 2024, the following representations made to you during your audit.

Financial statements

1. The financial statements referred to above present fairly, in all material respects, the financial position of the Authority as at December 31, 2023 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards, as agreed to in the terms of the audit engagement.

Completeness of information

2. We have made available to you all financial records and related data and all minutes of the meetings of directors, and committees of directors, as agreed in the terms of the audit engagement. Summaries of actions of recent meetings for which minutes have not yet been prepared have been provided to you. All significant board and committee actions are included in the summaries.
3. We have provided you with unrestricted access to persons within the Authority from whom you determined it necessary to obtain audit evidence.
4. There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements.
5. There were no restatements made to correct a material misstatement in the prior period financial statements that affect the comparative information.

6. We are unaware of any known or probable instances of non-compliance with the requirements of regulatory or governmental authorities, including their financial reporting requirements.
7. We are unaware of any violations or possible violations of laws or regulations the effects of which should be considered for disclosure in the financial statements or as the basis of recording a contingent loss.
8. We have disclosed to you all known deficiencies in the design or operation of internal control over financial reporting of which we are aware.
9. We have identified to you all known related parties and related party transactions, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements guarantees, non-monetary transactions and transactions for no consideration.

Fraud and error

10. We have no knowledge of fraud or suspected fraud affecting the Authority involving management; employees who have significant roles in internal control; or others, where the fraud could have a non-trivial effect on the financial statements.
11. We have no knowledge of any allegations of fraud or suspected fraud affecting the Authority's financial statements communicated by employees, former employees, analysts, regulators or others.
12. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
13. We believe that there are no uncorrected misstatements in the financial statements taken as a whole.

Recognition, measurement and disclosure

14. We believe that the methods, significant assumptions and data used by us in making accounting estimates and related disclosures are appropriate to achieve recognition, measurement and disclosure that are in accordance with Canadian public sector accounting standards.
15. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities, both financial and non-financial, reflected in the financial statements.
16. All related party transactions have been appropriately measured and disclosed in the financial statements.
17. The nature of all material measurement uncertainties has been appropriately disclosed in the financial statements, including all estimates where it is reasonably possible that the estimate will change in the near term and the effect of the change could be material to the financial statements.
18. All outstanding and possible claims, whether or not they have been discussed with legal counsel, have been disclosed to you and are appropriately reflected in the financial statements.
19. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the financial statements.
20. With respect to environmental matters:
 - a) at year end, there were no liabilities or contingencies that have not already been disclosed to you;

- b) liabilities or contingencies have been recognized, measured and disclosed, as appropriate, in the financial statements; and
 - c) commitments have been measured and disclosed, as appropriate, in the financial statements.
21. The Authority has satisfactory title to (or lease interest in) all assets, and there are no liens or encumbrances on the Authority's assets nor has any been pledged as collateral.
22. We have disclosed to you, and the Authority has complied with, all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.
23. The Goods and Services Tax (GST) and Harmonized Sales Tax (HST) transactions recorded by the Authority are in accordance with the federal and provincial regulations. The GST and HST liability/receivable amounts recorded by the Authority are considered complete.
24. Employee future benefit costs, assets, and obligations have been determined, accounted for and disclosed in accordance with the requirements of Section 3250 Retirement Benefits and 3255 Post-Employment Benefits of the Chartered Professional Accountants of Canada (CPA Canada) Public Sector Accounting Handbook.
25. There have been no events subsequent to the balance sheet date up to the date hereof that would require recognition or disclosure in the financial statements. Further, there have been no events subsequent to the date of the comparative financial statements that would require adjustment of those financial statements and related notes.

Other

26. We have considered whether or not events have occurred or conditions exist which may cast significant doubt on the Authority's ability to continue as a going concern and have concluded that no such events or conditions are evident.

Yours very truly,

Lisa Burnside
Chief Administration Officer

Scott Fleming
Director of Finance & Central Support Services

Appendix B – Overview and approach

Our audit is planned with the objective of obtaining reasonable assurance about whether the financial statements as a whole are free from material misstatement, so that we are able to express an opinion on whether the financial statements are prepared, in all material respects, in accordance with Canadian public sector accounting standards. The following outlines key concepts that are applicable to the audit, including the responsibilities of parties involved, our general audit approach and other considerations.

Roles and responsibilities

Role of the board of directors	<ul style="list-style-type: none">• Help set the tone for the organization by emphasizing honesty, ethical behaviour and fraud prevention• Oversee management, including ensuring that management establishes and maintains internal controls to provide reasonable assurance regarding reliability of financial reporting• Oversee the work of the external auditors
Role of management	<ul style="list-style-type: none">• Prepare financial statements in accordance with Canadian public sector accounting standards• Design, implement and maintain effective internal controls over financial reporting processes, including controls to prevent and detect fraud• Exercise sound judgment in selecting and applying accounting policies• Prevent, detect and correct errors, including those caused by fraud• Provide representations to external auditors• Assess quantitative and qualitative impact of misstatements discovered during the audit on fair presentation of the financial statements
Role of Grant Thornton LLP	<ul style="list-style-type: none">• Provide an audit opinion that the financial statements are in accordance with Canadian public sector accounting standards• Conduct our audit in accordance with Canadian Generally Accepted Auditing Standards (GAAS)• Maintain independence and objectivity• Be a resource to management and to those charged with governance• Communicate matters of interest to those charged with governance• Establish an effective two-way communication with those charged with governance, to report matters of interest to them and obtain their comments on audit risk matters

Audit approach

Our understanding of the Authority and its operations drives our audit approach, which is risk based and specifically tailored to Hamilton Region Conservation Authority and Confederation Beach Park.

The five key phases of our audit approach



Phase	Our approach
1. Planning	<ul style="list-style-type: none"> • We obtain our understanding of your operations, internal controls and information systems • We plan the audit timetable together
2. Assessing risk	<ul style="list-style-type: none"> • We use our knowledge gained from the planning phase to assess financial reporting risks • We customize our audit approach to focus our efforts on key areas
3. Evaluating internal controls	<ul style="list-style-type: none"> • We evaluate the design of controls you have implemented over financial reporting risks • We identify areas where our audit could be more effective or efficient by taking an approach that includes testing the controls • We provide you with information about the areas where you could potentially improve your controls
4. Testing accounts and transactions	<ul style="list-style-type: none"> • We perform tests of balances and transactions • We use technology and tools, including data interrogation tools, to perform this process in a way that enhances effectiveness and efficiency
5. Concluding and reporting	<ul style="list-style-type: none"> • We conclude on the sufficiency and appropriateness of our testing • We finalize our report and provide you with our observations and recommendations

Our tailored audit approach results in procedures designed to respond to an identified risk. The greater the risk of material misstatement associated with the account, class of transactions or balance, the greater the audit emphasis placed on it in terms of audit verification and analysis.

Throughout the execution of our audit approach, we maintained our professional skepticism, recognizing the possibility that a material misstatement due to fraud could exist notwithstanding our past experiences with the entity and our beliefs about management's honesty and integrity.

Fraud risk factor considerations

We are responsible for planning and performing the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement caused by error or by fraud. Our responsibility includes:

- The identification and assessment of the risks of material misstatement of the financial statements due to fraud through procedures including discussions amongst the audit team and specific inquiries of management
- Obtaining sufficient appropriate audit evidence to respond to the fraud risks noted
- Responding appropriately to any fraud or suspected fraud identified during the audit

Due to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements may not be detected and this is particularly true in relation to fraud. The primary responsibility for the prevention and detection of fraud rests with those charged with governance and management.

We are required to communicate with you on fraud-related matters, including:

- Obtaining an understanding of how you exercise oversight of management's processes for identifying and responding to the risks of fraud in the entity and the internal control that management has established to mitigate these risks
- Inquiring as to whether you have knowledge of any actual, suspected or alleged fraud affecting the entity

The following provides a summary of some of the fraud related procedures that are performed during the audit:

- Testing the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements
- Reviewing accounting estimates for biases
- Evaluating the business rationale (or the lack thereof) for significant transactions that are or appear to be outside the normal course of operations

Quality control

We have a robust quality control program that forms a core part of our client service. We combine internationally developed audit methodology, advanced audit technology, rigorous review procedures, mandatory professional development requirements, and the use of specialists to deliver high quality audit services to our clients. In addition to our internal processes, we are subject to inspection and oversight by standard setting and regulatory bodies. We are proud of our firm's approach to quality control and would be pleased to discuss any aspect with you at your convenience.

IDEA Data Analysis Software

We apply our audit methodology using advanced software tools. IDEA Data Analysis Software is a powerful analysis tool that allows audit teams to read, display, analyze, manipulate, sample and extract data from almost any electronic source. The tool has the advantages of enabling the audit team to perform data analytics on very large data sets in a very short space of time, while providing the checks, balances and audit trail necessary to ensure that the data is not corrupted and that the work can be easily reviewed. SmartAnalyzer, an add-on to IDEA, further improves the efficiency and effectiveness of the audit by providing automated routines for certain common analytical tasks, such as identifying unusual and potentially fraudulent journal entries. Grant Thornton continues to invest in developing industry-leading audit data analytical tools.

Appendix C – PSAS

Accounting developments

Public Sector Accounting Standards	Effective date
<p>2022-2023 Annual Improvements to PSAS</p> <p>The Public Sector Accounting Board (PSAB) has adopted an annual improvements process to make minor improvements to standards which include clarifying guidance or wording within the standards or correcting relatively minor unintended consequences, conflicts or oversights.</p> <p>The following standards were amended in the 2022-2023 process:</p> <ul style="list-style-type: none"> Section PS 3160 <i>Public Private Partnerships</i> The amendment updated the transitional provisions to explicitly state that early adoption is permitted. Section PS 3420 <i>Inter-Entity Transactions</i> The amendment clarifies that PSG-8 <i>Purchased Intangibles</i> applies to inter-entity transactions. 	Effective April 1, 2023 (Immediately)
<p>Section PS 1202 <i>Financial Statement Presentation</i></p> <p>New Section PS 1202 <i>Financial Statement Presentation</i> replaces Section PS 1201 <i>Financial Statement Presentation</i>.</p> <p>The main features of the new Section include:</p> <ul style="list-style-type: none"> Changes to the statement of financial position to present financial assets, non-financial assets, total assets, financial liabilities, non-financial liabilities total liabilities and net assets/net liabilities Separate statement of changes in net assets or net liabilities (formerly known as accumulated surplus) by required categories The addition of a statement of net financial assets or net financial liabilities that presents a revised net financial assets or net financial liabilities (formerly known as “net debt”) calculation The option to present the change in net financial assets or net financial liabilities on the statement of net financial assets or net financial liabilities Ability to present an amended budget when there is an election or the majority of the governing body of a government organization is newly elected or appointed The requirement to provide a subtotal prior to financing activities in the statement of cash flow Guidance on assessing the going concern assumption <p>As a result of the issuance of the new Section, various Sections and Guidelines of the Handbook have been amended to include references to the Section. The impacted Sections and Guidelines include:</p>	<p>Fiscal years beginning on or after April 1, 2026.</p> <p>Earlier adoption is permitted <i>only if</i> the Conceptual Framework is also adopted at the same time.</p> <p>Prior period amounts would need to be restated to conform to the presentation requirements for comparative financial information in Section PS 1202.</p>

Public Sector Accounting Standards	Effective date
<ul style="list-style-type: none">• PS 1300 <i>Government Reporting Entity</i>• PS 2120 <i>Accounting Changes</i>• PS 2500 <i>Basic Principles of Consolidation</i>• PS 2510 <i>Additional Areas of Consolidation</i>• PS 2601 <i>Foreign Currency Translation</i>• PS 3041 <i>Portfolio Investments</i>• PS 3060 <i>Interest in Partnerships</i>• PS 3070 <i>Investments in Government Business Enterprises</i>• PS 3100 <i>Restricted Assets and Revenues</i>• PS 3160 <i>Public Private Partnerships</i>• PS 3230 <i>Long-Term Debt</i>• PS 3250 <i>Retirement Benefits</i>• PS 3255 <i>Post-Employment Benefits, Compensated Absences and Termination Benefits</i>	<ul style="list-style-type: none">• PS 3260 <i>Liability for Contaminated Sites</i>• PS 3280 <i>Asset Retirement Obligations</i>• PS 3300 <i>Contingent Liabilities</i>• PS 3310 <i>Loan Guarantees</i>• PS 3400 <i>Revenue</i>• PS 3410 <i>Government Transfers</i>• PS 3430 <i>Restructuring Transactions</i>• PS 3450 <i>Financial Instruments</i>• PS 4200 <i>Financial Statement Presentation by Not-for-Profit Organizations</i>• PSG-2 <i>Leased Tangible Capital Assets</i>• PSG-4 <i>Funds and Reserves</i>• PSG-5 <i>Sale-Leaseback Transactions</i>
<p>Conceptual Framework for Financial Reporting in the Public Sector</p> <p>PSAB's Conceptual Framework for Financial Reporting in the Public Sector replaces Sections PS 1000 <i>Financial Statement Concepts</i> and PS 1100 <i>Financial Statement Objectives</i>.</p> <p>The new Conceptual Framework includes:</p> <ul style="list-style-type: none">• Characteristics of public sector entities• Objectives of financial reporting• Primary users of financial reporting and their expectations• Role of financial statements• Foundations and objectives of financial statements• Qualitative characteristics of information in financial statements• Qualitative characteristics of information in financial statements and related considerations• Definitions of elements• Criteria of general recognition and derecognition; and,• Concepts of general measurement and presentation <p>As a result of the issuance of the Conceptual Framework, various Sections and Guidelines of the Handbook have been amended to include references to the new Conceptual Framework, add/clarify key definitions that are consistent with the Conceptual Framework, and/or remove references to qualitative characteristics that are no longer qualitative characteristics in the new Conceptual Framework. These Sections include:</p> <ul style="list-style-type: none">• Introduction to the Public Sector Accounting Handbook (formerly the Introduction to the Public Sector Accounting Standards)• PS 1150 <i>Generally accepted Accounting Principles</i>• PS 1201 <i>Financial Statement Presentation</i>• PS 1300 <i>Government Reporting Entity</i>• PS 2100 <i>Disclosure of Accounting Policies</i>• PS 2120 <i>Accounting Changes</i>• PS 2130 <i>Measurement Uncertainty</i>• PS 2200 <i>Related Party Transactions</i>• PS 3150 <i>Tangible Capital Assets</i>• PS 3200 <i>Liabilities</i>• PS 3210 <i>Assets</i>• PS 3400 <i>Revenue</i>• PS 3430 <i>Restructuring Transactions</i>• PS 3450 <i>Financial Instruments; and</i>• PS 4230 <i>Capital Assets Held by Not-for-Profit Organizations</i>	<p>Fiscal years beginning on or after April 1, 2026.</p> <p>Earlier adoption is permitted.</p>
<p>The Conceptual Framework will be applied prospectively.</p>	

Section PS 3160 Public Private Partnerships

New Section PS 3160 *Public Private Partnerships* establishes standards on how to account for public private partnerships between public and private sector entities where infrastructure is procured by a public sector entity using a private sector partner that is obligated to design, build, acquire or better infrastructure; finance the infrastructure past the point where the infrastructure is ready for use and operate and/or maintain the infrastructure. Infrastructure typically includes items such as tangible capital assets (i.e., complex network systems), but may also include items that are intangible in nature. The main features of the new Section are:

- The infrastructure is recognized as an asset when the public sector entity acquires control of the infrastructure. A liability is also recognized when the public sector entity recognizes an asset
- The infrastructure asset and corresponding liability are initially measured at the cost of the infrastructure asset
- Subsequent measurement of the infrastructure asset is based on the asset cost amortized in a rational and systematic manner over the useful life of the asset
- Subsequent measurement of the financial liability is at amortized cost using the effective interest method. When all or a portion of the liability represents a performance obligation, revenue is recognized, and the liability reduced in accordance with the substance of the public private partnership agreement (as performance is achieved)

Retrospective or prospective application is permitted.

Fiscal years beginning on or after April 1, 2023.

Earlier adoption is permitted.

Section PS 1000 Financial statement concepts, Section 1201 Financial Statement Presentation, and PSG-8 Purchased intangibles

Section PS 1000 has been amended to remove the prohibition of recognition of purchased intangibles in public sector financial statements. Consequentially, Section PS 1201 has also been amended to remove disclosure requirements for unrecognized purchased intangibles since entities can now recognize purchased intangibles in their financial statements. Entities still reporting in accordance with Section PS 1200 *Financial Statement Presentation* can also adopt the amendments and recognize purchased intangible assets. New Public Sector Guideline, PSG-8 *Purchased intangibles*, has been issued to explain the scope of the intangibles that are allowed to be recognized in the financial statements given this amendment to Section PS 1000. However, it is important to note that no further recognition, measurement, disclosure and presentation guidance has been provided.

The main features of PSG-8 include:

- A definition of purchased intangibles (which does not include those received through a government transfer, contribution or inter-entity transaction)
- Examples of items that are not purchased intangibles
- References to other guidance in the Handbook on intangibles
- Reference to the asset definition, general recognition criteria and the GAAP hierarchy for accounting for purchased intangibles

Retrospective or prospective application is permitted.

Fiscal years beginning on or after April 1, 2023.

Earlier adoption is permitted.

Section PS 3400 Revenues

New Section PS 3400 *Revenue* establishes standards on how to account for and report on revenue. It does not apply to revenues for which specific standards already exist, such as government transfers, tax revenue or restricted revenues. The Section distinguishes between revenue that arises from transactions that include performance obligations (i.e., exchange transactions) and transactions that do not have performance obligations (i.e., non-exchange transactions). The main features of the new Section are:

- Performance obligations are defined as enforceable promises to provide specific goods or services to a specific payer
- Revenue from transactions with performance obligations will be recognized when (or as) the performance obligation is satisfied by providing the promised goods or services to the payer
- Revenue from transactions with no performance obligations will be recognized when a public sector entity has the authority to claim or retain the revenue and identifies a past transaction or event that gives rise to an asset

Fiscal years beginning on or after April 1, 2023.

Earlier adoption is permitted.

(NOTE: The effective date was previously April 1, 2022, but in August 2020, as a result of the COVID-19 pandemic, the Public Sector Accounting Board (PSAB) has deferred the effective date by one year.)

Appendix D – Assurance developments

Canadian Auditing Standards (CASs) and other Canadian Standards issued by the AASB	Effective date
<p>Issuance of CSQM 1 <i>Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements</i>, CSQM 2 <i>Engagement Quality Reviews</i> and revised CAS 220 <i>Quality Management for an Audit of Financial Statements</i></p> <p>Auditors must effectively manage audit quality, both at the firm level and the engagement level. The IAASB recognised a need to strengthen standards addressing quality control and the AASB implemented similar changes to those made at the international level. In January 2021, the AASB unanimously approved the suite of quality management standards.</p> <p>CSQM 1 introduces a new approach to “managing quality”. Quality management is intended to be proactive in nature and to be a continuous process. Implementing the new standard requires firms to analyse and enhance many of their internal processes to achieve effective quality management. This standard replaces the extant standard, CSQC 1 <i>Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance Engagements</i></p> <p>CSQM 2 deals specifically with the topic of engagement quality reviews (EQRs), which are performed by firms to obtain an objective evaluation of the significant judgments made by the engagement team and the conclusions reached. The standards setters recognized the importance of EQRs and noted that many stakeholders (including oversight bodies) were concerned that the requirements of CSQM 1 with respect to EQRs were not sufficiently robust. As a result, CSQM 2 was issued. CSQM 1 deals with the topic of when an EQR should be performed, while CSQM 2 covers the appointment and eligibility considerations related to the person performing the EQR and the performance and documentation requirements.</p> <p>CAS 220 was revised to clarify and strengthen the key elements of quality management at the engagement level by:</p> <ul style="list-style-type: none"> • emphasizing that the engagement partner is responsible for managing and achieving quality at the engagement level • clarifying the engagement partner’s responsibilities, and acknowledging the engagement partner can assign certain tasks/procedures to members of the engagement team who are appropriately skilled or suitably experienced in managing and achieving quality • modernizing the standard for the evolving environment 	<p>CSQM 1 is effective for audits or reviews of financial statements or other assurance engagements as of December 15, 2022 and related services engagements as of December 15, 2023.</p> <p>CSQM 2 is effective for audits or reviews of financial statements with periods beginning on or after December 15, 2022, other assurance engagements beginning on or after December 15, 2022 and related services engagements beginning on or after December 15, 2023.</p> <p>CAS 220 is effective for audits of financial statements for periods beginning on or after December 15, 2022.</p>

Canadian Exposure Drafts issued by the AASB	Effective date
<p>Potential revisions to CAS 500 Audit Evidence</p> <p>The current audit evidence standard was issued many years ago. Since then, developments in technology have affected how entities operate and process information and how audits are performed. In December 2020, the IAASB initiated a project to revise the current standard to respond to changes in the business environment. The Exposure Draft proposes several key changes:</p> <ul style="list-style-type: none"> • To respond to changes in the information auditors use, including the nature and source of the information, a set of attributes has been developed to enhance the auditor's principle-based judgments related to audit evidence in a wide variety of circumstances. Enhancements and clarifications have also been made regarding the auditor's role when using information prepared by management's expert • To modernise the standard and support a principles-based approach that recognises the evolution in technology, new application material has been added, including explanations of how automated tools may affect auditor bias and examples that recognise the use of technology by the entity or the auditor • To foster professional skepticism when making judgments about information to be used as audit evidence and sufficient appropriate audit evidence, language has been added to emphasise the importance of maintaining professional skepticism at various stages, such as when attempting to ensure that audit procedures are being designed and performed in an unbiased manner. 	<p>The comment period for the Exposure Draft ended on March 15, 2023. It is expected that the effective date for the revised standard will be for periods beginning in 2025, but the exact effective date will depend on when the standard is approved.</p>
<p>Potential revisions to CAS 570 Going Concern</p> <p>Auditors are required to obtain sufficient appropriate audit evidence on the appropriateness of management's use of the going concern basis of accounting and conclude on whether a material uncertainty exists in relation to going concern. Financial statement users have raised questions about how much auditors should be able to detect from their audit procedures in this area, and what is communicated to users about the entity's ability to continue as a going concern. This led the IAASB to initiate a project to revise the standard. In April 2023, the IAASB issued its Exposure Draft and the AASB has issued a corresponding Exposure Draft. The Exposure Draft proposes several key changes, which include:</p> <ul style="list-style-type: none"> • Defining material uncertainty related to going concern • Enhancing the risk identification and assessment requirements so they are consistent with those set out in CAS 315 (Revised) <i>Identifying and Assessing the Risks of Material Misstatement</i> • Enhancing the auditor's evaluation of management's going concern assessment, including requirements to support the auditor's application of professional skepticism • Adding a requirement for the auditor to request management to extend its going concern assessment of the entity to cover at least 12 months from the date of approval of the financial statements if management has not already done so • Enhancing the auditor's consideration of information related to management's going concern assessment that becomes available to the auditor after the date of the auditor's report but before the date the financial statements are issued • Adding requirements to enhance communications about going concern in the auditor's report. 	<p>The comment period for the Exposure Draft ended on July 31, 2023. It is expected that the effective date for the revised standard will be for periods beginning in 2026, but the exact effective date will depend on when the standard is approved.</p>
<p>Proposed Canadian Standard on Sustainability Assurance (CSSA) 5000, General Requirements for Sustainability Assurance Engagements</p> <p>In September 2022, the IAASB approved a project proposal to develop a new overarching standard for sustainability assurance engagements. In January 2023, the AASB approved a project proposal to concurrently adopt this international standard with any potential additional Canadian amendments, as a first of its kind Canadian Standard on Sustainability Assurance (CSSA).</p> <p>CSSA 5000 will not be a financial statement audit standard, but rather will serve as a comprehensive, standalone standard suitable for sustainability assurance engagements. It will apply to sustainability information reported across any appropriate sustainability topic, prepared according to any suitable framework, including the recently released IFRS Sustainability Disclosure Standards S1 and S2. The proposed standard is profession agnostic, supporting its use by both professional accountant and non-accountant assurance practitioners who meet the relevant ethical and quality management requirements, and will apply to both limited and reasonable assurance engagements.</p>	<p>The comment period for the Exposure Draft ended on November 6, 2023. It is expected that the effective date will be for periods beginning in 2026, but the exact effective date will depend on when the standard is approved.</p>

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Hamilton Region Conservation Authority

Financial Statements

December 31, 2023

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Independent auditor's report

To the Members of
Hamilton Region Conservation Authority

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Qualified Opinion

We have audited the financial statements Hamilton Region Conservation Authority (the "Organization"), which comprise the statement of financial position as at December 31, 2023, and the statements of operations, changes in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of Hamilton Region Conservation Authority as at December 31, 2023, and the results of its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

For the year ending December 31, 2023, the Organization was required to adopt a new accounting standard, PS 3280 – *Asset retirement obligations*. The Organization has not determined its liability for asset retirement obligations related to its tangible capital assets in the statement of financial position as at December 31, 2023 which is a departure from Canadian public sector accounting standards. The impact of this departure from Canadian public sector accounting standards has not been determined and therefore, we were not able to determine whether any adjustments might be necessary to the annual surplus and cash flows for the year ended December 31, 2023, tangible capital assets and asset retirement obligations as at December 31, 2023 and net financial assets as at January 1 and December 31, 2023.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of Hamilton Region Conservation Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Hamilton, Canada
June XX, 2024

Chartered Professional Accountants
Licensed Public Accountants

Hamilton Region Conservation Authority Statement of Financial Position

December 31

2023

2022

Financial assets

Cash and cash equivalents (Note 5)	\$ 9,944,782	\$ 14,457,266
Accounts receivable	3,740,054	718,979
Due from Confederation Beach Park	82,970	-
Total financial assets	<u>\$ 13,767,806</u>	<u>\$ 15,176,245</u>

Liabilities

Accounts payable and accrued liabilities	\$ 1,064,860	\$ 1,681,428
Due to Confederation Beach Park	-	448,177
Due to Hamilton Conservation Foundation	1,435	-
Employee future benefit costs (Note 8)	154,593	151,695
Deferred revenues (Note 9)	897,235	928,159
Total liabilities	<u>\$ 2,118,123</u>	<u>\$ 3,209,459</u>

Net financial assets \$ 11,649,683 \$ 11,966,786

Non-financial assets

Inventory	133,350	155,208
Prepaid expenses	517,829	433,414
Tangible capital assets (Page 15)	58,910,226	53,212,454
Total non-financial assets	<u>\$ 59,561,405</u>	<u>\$ 53,801,076</u>

Accumulated surplus (Note 10) \$ 71,211,088 \$ 65,767,862

Contingent liabilities, contractual obligations and commitments (Notes 14 and 15)

On behalf of the Authority

_____ Chair _____ Director

See accompanying notes and schedules to the financial statements

Hamilton Region Conservation Authority

Statement of Operations

For the Year Ended December 31

2023

2023

2022

	<u>Budget</u> (Note 16)	<u>Actual</u>	<u>Actual</u>
Revenues			
Admissions, product, service & program fees	\$ 7,252,886	\$ 7,732,481	\$ 7,171,618
Municipal levy & special projects	7,133,680	7,120,000	6,748,592
Federal & Provincial grants	250,996	1,448,185	368,378
Gain (loss) on sale of tangible capital assets	-	1,341,905	(375,952)
Hamilton Conservation Foundation	190,800	854,864	752,010
Rentals	897,490	843,643	888,197
Interest	235,000	774,296	360,970
Management fees	500,000	535,566	438,067
Regulatory fees	380,000	309,094	301,194
Private and In-Kind donations (Note 11)	1,470	1,823	6,841
Federal grant recovery	-	-	(892,588)
Other income	51,650	47,484	61,019
	<u>16,893,972</u>	<u>21,009,340</u>	<u>15,828,345</u>
Expenditures			
Wages & benefits	9,945,917	8,311,900	7,275,492
Staff expenses	200,500	1,400,378	1,216,359
Utilities	872,325	883,282	787,468
Contractors / consultants	366,254	879,230	1,211,987
Professional fees	718,750	786,922	743,549
Materials & supplies	579,677	633,322	559,676
Products for resale	301,200	311,399	301,723
Miscellaneous expense (Note 13)	1,639,565	974,199	793,643
	<u>14,624,188</u>	<u>14,180,632</u>	<u>12,889,897</u>
Amortization	<u>1,200,000</u>	<u>1,385,482</u>	<u>1,258,911</u>
	<u>15,824,188</u>	<u>15,566,114</u>	<u>14,148,808</u>
Annual surplus for the year	<u>\$ 1,069,784</u>	<u>\$ 5,443,226</u>	<u>\$ 1,679,537</u>
Accumulated surplus, beginning of year	65,767,862	65,767,862	64,088,325
Accumulated surplus, end of year	<u>\$ 66,837,646</u>	<u>\$ 71,211,088</u>	<u>\$ 65,767,862</u>

See accompanying notes and schedules to the financial statements

Hamilton Region Conservation Authority

Statement of Cash Flows

December 31	2023	2022
Change in cash and cash equivalents		
Operating		
Annual surplus	\$ 5,443,226	\$ 1,679,537
Items not affecting cash		
Amortization	1,385,482	1,258,911
(Gain) loss on disposal of tangible capital assets	(1,341,905)	375,952
	<u>5,486,803</u>	<u>3,314,400</u>
Non-cash changes to operations		
Change in accounts receivable	(3,021,075)	(113,014)
Change in inventory	21,858	(77,260)
Change in prepaid expenses	(84,415)	(136,721)
Change in employee future benefit costs	2,898	(25,782)
Change in accounts payable and accrued liabilities	(616,568)	344,867
Change in Due to Hamilton Conservation Foundation	1,435	(1,555)
Change in Due to Confederation Beach Park	(531,147)	305,065
Change in deferred revenues	(30,924)	82,667
	<u>1,228,866</u>	<u>3,692,667</u>
Capital		
Proceeds on disposal of tangible capital assets	1,474,522	6,000
Purchase of tangible capital assets	(7,215,872)	(8,384,030)
	<u>(5,741,350)</u>	<u>(8,378,030)</u>
Net change in cash and cash equivalents	(4,512,484)	(4,685,363)
Cash and cash equivalents		
Beginning of year	<u>14,457,266</u>	<u>19,142,629</u>
End of year	<u>\$ 9,944,782</u>	<u>\$ 14,457,266</u>

See accompanying notes and schedules to the financial statements

Hamilton Region Conservation Authority

Statement of Changes in Net Financial Assets

For the year ended December 31	2023	2023	2022
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Annual surplus	\$ 1,069,784	\$ 5,443,226	\$ 1,679,537
Purchase of tangible capital assets	(2,000,000)	(7,215,872)	(8,384,030)
Proceeds on disposal of tangible capital assets	-	1,474,522	6,000
Gain (loss) on sale of tangible capital assets	-	(1,341,905)	375,952
Amortization	1,200,000	1,385,482	1,258,911
Change in inventory	-	21,858	(77,260)
Change in prepaid expenses	-	(84,415)	(136,721)
	<u>(800,000)</u>	<u>(5,760,329)</u>	<u>(6,957,149)</u>
Change in net financial assets	269,784	(317,103)	(5,277,612)
Net financial assets, beginning of year	<u>11,966,786</u>	<u>11,966,786</u>	<u>17,244,398</u>
Net financial assets, end of year	<u>\$ 12,236,570</u>	<u>\$ 11,649,683</u>	<u>\$ 11,966,786</u>

See accompanying notes and schedules to the financial statements

Hamilton Region Conservation Authority

Notes to the Financial Statements

December 31, 2023

1. Nature of operations

The Hamilton Region Conservation Authority (the “Authority”) was established in 1966 under the Conservation Authorities Act of Ontario to manage a designated watershed of approximately 112,000 acres of which the Authority owns over 11,000. The Authority is financed from municipal contributions, government grants, donations, user fees, product sales and services.

2. Summary of significant accounting policies

Basis of accounting and management responsibility

The financial statements of the Hamilton Region Conservation Authority are the responsibility of and prepared by management in accordance with Canadian Public Sector Accounting Standards (“PSAS”). The more significant accounting policies are summarized as follows:

Accrual accounting

These statements reflect the incorporation of the full accrual basis of accounting and the reporting of the change in net financial assets and accumulated surplus. The accrual basis of accounting 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 of payment of cash or its equivalent. Accrual accounting recognizes a liability until the obligation or condition(s) underlying the liability is partially or wholly satisfied. Accrual accounting recognized an asset until the future economic benefit underlying the asset is partially or wholly used or lost.

Revenues and expenditures

Revenues are comprised of grants, contributions, user fees, management fees, regulatory fees and revenue from other Authority services. Revenues are recorded in the period in which the transactions or events occurred that gave rise to the revenues. Expenditures are recorded in the period that the goods or services are acquired, whether or not revenues for those expenditures are raised in the current or following periods.

Government transfers

Government transfers are recognized in the financial statements as revenues in the period in which the events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amounts can be made.

Donations

Donations are recorded in income in the period they are received, unless designated for a specific purchase that is to occur in a later period at which time the related revenue will be recognized. Donated tangible capital assets, materials and services are recorded at fair market value when fair value can be reasonably estimated.

Hamilton Region Conservation Authority

Notes to the Financial Statements

December 31, 2023

2. Summary of significant accounting policies – continued

Cash and cash equivalents

Cash and cash equivalents includes cash on hand and balances held in the bank.

Pension plans

The Authority maintains a defined contribution plan for employees with more than one year service and who were hired subsequent to January 1, 2006.

Under the plan, the Authority matches employee contributions to a maximum of 6% of gross income.

Tangible capital assets

Tangible capital assets are comprised of property, plant and equipment and are recognized as assets in the period they are acquired. Tangible capital assets are recorded at cost which includes all amounts directly attributable to acquisition, construction, development or betterment of the asset. Amortization is provided on a straight-line basis, declining balance for vehicles, over the estimated useful life for all assets except land which is not amortized. Work in progress assets are not amortized until the asset is available for productive use.

Service life of tangible capital assets is estimated as follows:

Land improvements	10 - 20 years
Infrastructure	20 - 75 years
Building & building improvements	40 years
Machinery, equipment	3 - 10 years
Vehicles (light and heavy duty)	15 - 35 percent

The Authority has a collection of art and historical buildings which now include a multitude of artifacts and chattels which came with the acquisition of the Westfield Heritage Village. None of these are included as part of the tangible capital assets due to the lack of any objective value comparatives.

Inventory

Inventories for resale are valued at the lower of cost or net realizable value.

Financial instruments

The Authority initially measures its financial assets and financial liabilities at fair value and subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash and cash equivalents, accounts receivable and amounts due from Confederation Beach Park.

Hamilton Region Conservation Authority

Notes to the Financial Statements

December 31, 2023

2. Summary of significant accounting policies – continued

Financial instruments (continued)

Financial Liabilities measured at amortized cost include accounts payable and accrued liabilities, due to Confederation Beach Park and due to Hamilton Conservation Foundation.

Use of estimates

The preparation of financial statements in conformity with PSAS accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as at the date of the financial statements, and the reported amounts of revenues and expenditures during the period. Actual results could differ from those estimates.

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 exceeds an environmental standard. A liability for remediation of contaminated sites is recognized, net of any expected recoveries, when all of the following criteria are met: a) an environmental standard exists; b) contamination exceeds the environmental standard; c) the Authority 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 the Authority's statement of operations.

3. Change in accounting policy

Effective January 1, 2023, the Authority adopted new Public Sector Accounting Standards Sections PS3450 Financial Instruments, PS1201 Financial Statement Presentation and Section PS 2601 Foreign Currency Translation along with related amendments. New Section PS3450 requires the fair value measurement of derivatives and portfolio investments in equities quoted in an active market. All other financial assets and liabilities are measured at cost or amortized cost (using the effective interest method), or, by policy choice, at fair value when the entity defines and implements a risk management or investment strategy to manage and evaluate the performance of a group of financial assets, liabilities, or both on a fair value basis.

The measurement requirements were applied prospectively. There were no adjustments required and there are no remeasurement gains or losses or embedded derivatives requiring the presentation of a statement of remeasurement gains or losses.

In accordance with PS 2601 Foreign Currency, the Authority has made the irrevocable election to directly recognize foreign exchange gains/losses in the statement of operations.

Hamilton Region Conservation Authority

Notes to the Financial Statements

December 31, 2023

4. Confederation Beach Park

These statements do not include the operating revenues and expenditures relating to Confederation Beach Park which is a separate and distinct operation owned by the City of Hamilton and managed by the Authority under a formal management agreement with the municipality.

All existing real and personal Confederation Beach Park property as at January 1, 1980, all subsequently acquired properties, and any surpluses or deficits generated during a fiscal year will remain the exclusive property of the City of Hamilton.

Under the terms of the management agreement, the Hamilton Region Conservation Authority has exclusive authority to manage specifically defined areas of Confederation Beach Park for the City of Hamilton. In payment for the management function, the Authority receives a management fee of 15% of operating expenditures. This management fee accrues to the Authority for its own purposes. The newest version of the management agreement has been agreed to and signed by both the City of Hamilton and the Hamilton Region Conservation Authority and runs from January 1st, 2017 until December 31st, 2026, inclusive.

5. Restricted cash

Included in cash and cash equivalents is \$217,969 (2022 – \$207,377) that was received as an endowment fund which has been externally restricted by the organization that contributed the amount.

6. Government remittances payable

Included in accounts payable and accrued liabilities are government remittances payable of \$28,619 (2022 – \$103,429).

7. Related party transactions

	<u>2023</u>	<u>2022</u>
Municipal funding recognized as revenue in the current year		
City of Hamilton	\$ 7,089,400	\$ 6,715,792
Township of Puslinch	30,600	32,800
Funding from the Hamilton Conservation Foundation	854,864	738,410
Management fees from Confederation Beach Park	535,566	438,067
Receivable from (Payable to) the City of Hamilton	3,443,248	(20,380)
Municipal taxes paid to the City of Hamilton and Township of Puslinch	(134,577)	(141,109)

Hamilton Region Conservation Authority

Notes to the Financial Statements

December 31, 2023

8. Employee future benefit costs

	<u>2023</u>	<u>2022</u>
Accumulated Sick Leave Liability	\$ 20,477	\$ 22,730
Supplemental early retirement package	99,898	85,199
Post-retirement benefits	<u>34,217</u>	<u>43,766</u>
	<u>\$ 154,593</u>	<u>\$ 151,695</u>

Under the Authority's sick leave plan, certain employees hired prior to January 1, 1993 become entitled to a cash payment when they leave the Authority's employment. The liability for these accumulated days, to the extent they are vested and could be taken in cash by employees on termination, is funded by operations.

The Authority committed in October 2002 to pay a former general manager a supplemental early retirement package. At the end of the current year, the cost of an annuity to satisfy this obligation was \$99,898 (2022 - \$85,119) based on competitive quotes received from several insurance companies.

The Authority is committed to provide full health, life and vision coverage for all employees who have retired prior to the age of 65 for the period until they reach 65 years of age. A liability has been set up based on the current benefit rates for those retirees eligible for this coverage. The estimated value of these benefits in the current year is \$34,217 (2022 - \$43,766).

9. Deferred revenues

Revenue received but not earned at year-end is as follows:

	<u>2023</u>	<u>2022</u>
Storage fees and deposits	<u>\$ 897,235</u>	<u>\$ 928,159</u>

10. Accumulated surplus

	<u>2023</u>	<u>2022</u>
Reserve Funds		
Acquisitions of provincially significant lands or eligible water related projects	\$ 2,504,080	\$ 3,561,449
Future projects and operating areas	7,804,270	7,257,919
Tangible Capital Assets	58,910,226	53,212,454
Operating surplus	<u>1,992,512</u>	<u>1,736,040</u>
Accumulated surplus	<u>\$ 71,211,088</u>	<u>\$ 65,767,862</u>

Hamilton Region Conservation Authority

Notes to the Financial Statements

December 31, 2023

11. Donations in kind

During the year, in addition to cash donations, the Authority was the beneficiary through donations in kind of tangible capital assets with a total appraised value of \$1,644 (2022 - \$1,488).

12. Defined contribution pension plan

Employer contributions to the Authority's defined contribution pension plan for the year was \$348,820 (2022 - \$358,227). The Plan is designed whereby employee contributions, ranging from 2% to 6% of gross salary, are matched by the employer.

13. Miscellaneous expense breakdown

	2023	2022
Computer software, hardware & support	\$ 296,768	\$ 166,874
Property taxes	134,577	147,121
Memberships & subscriptions	105,256	141,109
Mechanical & garage supplies	102,006	102,584
Postage, printed material & supplies	89,927	72,012
Communications & advertising	78,711	54,077
Third party equipment rental	21,305	30,993
Interest & banking	16,359	15,088
All other	129,291	63,785
	<u>\$ 974,199</u>	<u>\$ 793,643</u>

14. Contingent liabilities

The Authority is involved from time to time in litigation, which arises in the normal course of business. In respect of any outstanding claims, the Authority believes that insurance coverages are adequate, and that no material exposure exists on the eventual settlement of such litigation.

15. Contractual obligations and commitments

As at December 31, 2023, the Authority is committed to \$15,898 (2022 - \$11,559) with respect to ongoing contracts for equipment in the following years:

2024	\$ 5,438
2025	4,680
2026	2,160
2027	2,160
2028	1,460
	<u>\$ 15,898</u>

Hamilton Region Conservation Authority

Notes to the Financial Statements

December 31, 2023

16. Budget figures

The budgeted figures are presented for comparison purposes and were adopted by the Authority on November 3rd, 2022. The adopted budget conforms to the Canadian Public Sector Accounting Standards except for the effect of the acquisition and amortization of tangible capital assets and principal repayment on debt. A reconciliation of the adopted and reported budgets is as presented below.

Adopted budget:

Budgeted annual surplus for the year	\$ (8,000)
--------------------------------------	------------

Adjustments to adopted budget:

Amortization of tangible capital assets	(1,200,000)
Block funding for major maintenance and capital projects	2,300,000
Removal of intercompany and funding from reserves	(22,216)

Restated budgeted surplus

<u>\$ 1,069,784</u>

17. Financial Instruments

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The following disclosures provide information to assist users of the financial statements in assessing the extent of risk related to the Authority's financial instruments. The maximum exposure to credit risk for the financial assets would be the carrying values shown on the statement of financial position.

Credit risk

The Authority is exposed to credit risk resulting from the possibility that parties may default on their financial obligations. The Authority's maximum exposure to credit risk represents the sum of the carrying value of its cash and cash equivalents and accounts receivable. The Authority's cash and cash equivalents are with a Canadian chartered bank and as a result management believes the risk of loss to be remote. The Authority provides credit to its customers in the normal course of operations. Management believes that the Authority's credit risk with respect to accounts receivable is limited. The Authority manages its credit risk by reviewing accounts receivable aging and following up on outstanding amounts.

Liquidity risk

Liquidity risk refers to the adverse consequence that the Authority will encounter difficulty in meeting obligations associated with financial liabilities, which are comprised of accounts payable and accrued liabilities, due to Confederation Beach Park and due to Hamilton Conservation Foundation. The Authority manages liquidity risk by monitoring its cash flow requirements on a regular basis. Management believes its overall liquidity risk to be minimal as the Authority's financial assets are considered to be highly liquid.

Hamilton Region Conservation Authority

Notes to the Financial Statements

December 31, 2023

17. Financial Instruments – continued

Liquidity risk (continued)

The following table sets out the expected maturities, representing undiscounted cash flows of its financial liabilities.

	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Due to Hamilton Conservation Foundation	\$ 1,435	\$ -	\$ -	\$ -	\$ 1,435
Accounts payable and accrued liabilities	\$ 1,064,863	\$ -	\$ -	\$ -	\$ 1,064,863

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk is comprised of currency risk, interest rate risk, and other price risk.

It is management's opinion that unless otherwise noted, the Authority is not exposed to significant market risk arising from its financial instruments.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Authority's cash and cash equivalents earn interest at prevailing market rates and management believes the interest rate exposure related to these financial instruments is negligible.

Changes in risk

There have been no significant changes in the Authority's risk exposures from the prior year.

18. Comparative figures

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year.

Hamilton Region Conservation Authority Schedule of Tangible Capital Assets

	Land	Land Improvements	Infrastructure	Building & Building Improvements	Machinery & Equipment	Vehicles	Work In Progress (WIP)	December 31 2023	December 31 2022
Cost									
Beginning of year	\$ 31,711,747	\$ 6,471,840	\$ 22,411,171	\$ 9,916,220	\$ 2,859,512	\$ 3,246,270	\$ 1,683,889	\$ 78,300,648	\$ 70,778,733
Additions	5,099,101	-	192,245	129,260	84,259	350,896	1,360,111	7,215,872	8,384,030
Disposals	(34,196)	-	(41,058)	(70,058)	(14,256)	(352,970)	-	(512,537)	(862,115)
Transfer from WIP	-	402,479	1,187,580	139,078	-	-	(1,729,137)	-	-
End of year	<u>36,776,652</u>	<u>6,874,318</u>	<u>23,749,938</u>	<u>10,114,500</u>	<u>2,929,515</u>	<u>3,244,196</u>	<u>1,314,862</u>	<u>85,003,982</u>	<u>78,300,648</u>
Accumulated Amortization									
Beginning of year	-	3,031,634	13,771,162	4,717,600	1,258,027	2,309,773	-	25,088,195	24,309,445
Annual amortization	-	207,371	447,153	226,860	263,594	240,505	-	1,385,482	1,258,911
Disposals	-	-	(17,244)	(876)	(11,241)	(350,560)	-	(379,921)	(480,162)
End of year	<u>-</u>	<u>3,239,004</u>	<u>14,201,071</u>	<u>4,943,584</u>	<u>1,510,380</u>	<u>2,199,717</u>	<u>-</u>	<u>26,093,756</u>	<u>25,088,194</u>
Net book value	<u>\$ 36,776,652</u>	<u>\$ 3,635,314</u>	<u>\$ 9,548,867</u>	<u>\$ 5,170,915</u>	<u>\$ 1,419,135</u>	<u>\$ 1,044,479</u>	<u>\$ 1,314,862</u>	<u>\$ 58,910,226</u>	<u>\$ 53,212,454</u>

*Retirements - Computer hardware and software, once fully amortized, are removed from both assets and accumulated amortization

Hamilton Region Conservation Authority

Schedule of Corporate Support

For the Year Ended December 31	2023	2023	2022
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Revenues			
Municipal levy & special projects	\$ 1,943,275	\$ 2,494,159	\$ 2,676,663
Interest	235,000	774,296	360,970
Management fees	500,000	535,566	438,067
Rentals	536,090	463,531	489,858
Hamilton Conservation Foundation	187,800	215,614	152,108
Admissions, product, service & program fees	74,000	85,217	101,875
Federal grant recovery	-	-	(892,588)
Other income	-	8,439	5,324
	<u>3,476,165</u>	<u>4,576,822</u>	<u>3,332,277</u>
Expenditures			
Wages & benefits	3,428,675	2,905,487	2,449,392
Staff expenses	130,400	728,639	636,361
Utilities	405,925	422,013	368,691
Contractors / consultants	183,250	184,269	213,691
Professional fees	213,050	224,791	229,308
Materials & supplies	106,850	49,185	71,544
Miscellaneous expense (Note 12)	1,304,050	589,863	516,444
	<u>5,772,200</u>	<u>5,104,247</u>	<u>4,485,430</u>
Amortization	312,000	372,804	333,340
	<u>6,084,200</u>	<u>5,477,051</u>	<u>4,818,770</u>
Annual deficit	<u>\$ (2,608,035)</u>	<u>\$ (900,229)</u>	<u>\$ (1,486,493)</u>

Hamilton Region Conservation Authority

Schedule of Watershed Management Services

For the Year Ended December 31	2023	2023	2022
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Revenues			
Municipal levy & special projects	\$2,266,584	\$1,702,020	\$1,448,324
Regulatory fees	380,000	309,094	301,194
Federal & Provincial grants	240,996	198,185	292,378
Hamilton Conservation Foundation	-	9,700	-
Private and In-Kind donations	1,470	179	5,353
Other income	-	3,645	5,409
	<u>2,889,050</u>	<u>2,222,821</u>	<u>2,052,658</u>
Expenditures			
Wages & benefits	2,573,016	1,650,742	1,533,944
Contractors / consultants	29,500	237,891	239,741
Staff expenses	28,100	228,730	205,624
Professional fees	52,200	95,628	45,317
Materials & supplies	114,750	68,333	54,519
Utilities	23,500	29,431	22,660
Miscellaneous expense (Note 12)	64,900	87,034	58,531
	<u>2,885,966</u>	<u>2,397,788</u>	<u>2,160,335</u>
Annual surplus (deficit)	<u>\$ 3,084</u>	<u>\$ (174,967)</u>	<u>\$ (107,677)</u>

Hamilton Region Conservation Authority

Schedule of Land Management Operations

For the Year Ended December 31

2023

2023

2022

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Revenues			
Municipal levy & special projects	\$ 2,300,000	\$ 2,300,000	\$ 2,000,000
Admissions, product, service & program fees	6,933,886	7,337,387	6,833,053
Gain (loss) on sale of tangible capital assets	-	1,341,905	(375,952)
Federal & Provincial grants	-	1,250,000	-
Hamilton Conservation Foundation	500	528,750	586,302
Rentals	361,400	364,586	385,941
Other income	51,650	35,400	50,286
	<u>9,647,436</u>	<u>13,158,029</u>	<u>9,479,630</u>
Expenditures			
Wages & benefits	3,315,555	3,170,244	2,784,847
Materials & supplies	325,427	456,289	382,081
Professional fees	431,075	442,447	435,892
Contractors / consultants	147,004	416,240	697,213
Utilities	383,150	375,859	336,884
Staff expenses	40,500	368,187	313,008
Products for resale	297,200	297,401	297,108
Miscellaneous expense (Note 12)	202,790	235,287	180,914
	<u>5,142,701</u>	<u>5,761,953</u>	<u>5,427,947</u>
Amortization	<u>830,000</u>	<u>919,020</u>	<u>844,758</u>
	<u>5,972,701</u>	<u>6,680,973</u>	<u>6,272,705</u>
Annual surplus	<u>\$ 3,674,735</u>	<u>\$ 6,477,056</u>	<u>\$ 3,206,925</u>

Hamilton Region Conservation Authority

Schedule of Westfield Heritage Village

For the Year Ended December 31

2023

2023

2022

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Revenues			
Municipal contributions	\$ 623,821	\$ 623,821	\$ 623,605
User fees	239,000	292,382	227,697
Hamilton Conservation Foundation	2,500	100,800	13,600
Food and novelty	6,000	17,495	8,993
Donations	-	1,644	1,488
Federal and Provincial grants	10,000	-	76,000
Other Authority generated	-	15,526	12,398
	<u>881,321</u>	<u>1,051,668</u>	<u>963,781</u>
Expenditures			
Wages & benefits	628,671	585,427	507,310
Staff expenses	1,500	74,822	61,366
Materials & supplies	32,650	59,516	51,533
Utilities	59,750	55,979	59,234
Contractors / consultants	6,500	40,830	61,342
Professional fees	22,425	24,057	33,032
Products for resale	4,000	13,998	4,615
Miscellaneous expense (Note 12)	67,825	62,015	37,754
	<u>823,321</u>	<u>916,644</u>	<u>816,184</u>
Amortization	<u>58,000</u>	<u>93,658</u>	<u>80,813</u>
	<u>881,321</u>	<u>1,010,302</u>	<u>896,997</u>
Annual surplus	<u>\$ -</u>	<u>\$ 41,366</u>	<u>\$ 66,783</u>

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Report

TO: Budget & Administration Committee

FROM: Scott Fleming, Director of Finance and Central Support Services

DATE: June 17, 2024

RE: 2023 Reserve Funds Balances & 2023 Operating Surplus Reserves Allocation

STAFF RECOMMENDATION

THAT the Budget & Administration Committee recommend approval by the Board of Directors the allocation of the 2023 operating surplus of \$1.99M be directed as follows:

- \$1,000,000 to the General Land Acquisition reserve,
- \$507,000 to the East Mountrain (Saltfleet) reserve,
- \$350,000 to Construction Capital & Major Maintenance reserve,
- \$60,000 to the Major Equipment Replacement reserve,
- \$50,000 to the Climate Change Initiative reserve,
- and \$26,000 to the Records Management & IT reserve.

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7.3

Reserve Fund		2023 Opening	+	2023 Transactions	+	2023 Reallocations	+	2023 Operating Surplus	=	2023 Closing	=	2024 Opening
a. Construction Capital and Major Maintenance projects	✓	\$ 1,701		\$ 418				\$ 350		\$ 2,469		\$ 2,469
b. Watershed Engineering projects		598		(227)				-		371		\$ 371
c. Fifty Point Wetland	✓	900		(52)		(300)		-		548		\$ 548
d. East Mountain wetland construction/land acquisition funds	✓	2,136		(898)		377		507		2,122		\$ 2,122
e. General land acquisition funds	✓	1,500		(1,500)				1,000		1,000		\$ 1,000
f. Major equipment replacement funds	✓	340						60		400		\$ 400
g. Westfield FOW & endowment fund	✓	247		11				-		258		\$ 258
h. Seasonal operating shortfall protection		3,077				(77)		-		3,000		\$ 3,000
i. Human resources protection fund	✓	500						-		500		\$ 500
j. Legal issues	✓	300						-		300		\$ 300
k. Unscheduled capital	✓	700						-		700		\$ 700
l. Climate Change Initiatives	✓	75						50		125		\$ 125
m. Records management & IT	✓	482		-		-		26		508		\$ 508
		\$12,556		\$ (2,248)		\$ -		\$ 1,993		\$ 12,301		\$ 12,301

- a. Carryforward list and surplus monies added to support VL lookout tower, trail wayfinding signage and WMS office renovations / furniture
- b. Completed Christie Lake Dam Safety Measures, work on Lake Ontario Shoreline Management Plan and Red Hill Floodplain Mapping
- c. Fifty Point Wetland tender came under budget and reallocating unused to East mountain wetland construction
- d. Top up from surplus to support design work for third wetland complex and upcoming tender for second wetland construction; final property purchased in 2023
- e. funds used to support East mountain land acquisition and replenishment from surplus
- f. Surplus alloacted to maintain reserve to replace major construction equipment when needed
- g. Maintaining reserve
- h. Reallocating to East Mountain wetland construction to smooth amount
- i. Maintain for HR issues
- j. Maintain for unexpected legal challenges
- k. Maintain reserve for capital items unanticipated
- l. Surplus monies allocated to support climate change initiatives throughout organization
- m. Maintain for software purchases / storage requirements / IT infrastructure and surplus for content mgmt service and e-permitting for WMS

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Memorandum

TO: Budget & Administration Committee

FROM: Scott Fleming, Director of Finance and Central Support Services

DATE: June 17, 2024

RE: 2023 Asset Disposal Summary

Asset Description	Initial Value	Cumulative Amortization	Net Book Value	Proceeds	Net Gain (Loss)	Where Disposed?
Equipment Pool						
SAND SPREADER UNIT 629	\$ 1,619	\$ 1,619	\$ -	\$ 340	\$ 340	Sold
SNOW PLOW UNIT 671	5,937	5,937	-	296	296	Sold
SALT/SANDER SPREADER UNIT 606	6,700	3,685	3,015	937	(2,078)	Sold
Fleet						
4WD LOADER UNIT 302	56,153	56,153	-	14,383	14,383	Sold
1/2 TON PICK UP UNIT 417	20,640	20,640	-	4,203	4,203	Sold
CREW CAB PICK UP UNIT 421	24,757	24,757	-	1,740	1,740	Sold
3/4 TON PICK UP UNIT 422	37,124	37,124	-	5,053	5,053	Sold
12 PASSENGER VAN UNIT 428	18,900	18,900	-	6,884	6,884	Sold
3/4 TON PICK UP UNIT 429	49,271	49,271	-	7,581	7,581	Sold
1/2 TON PICK UP UNIT 431	11,968	11,968	-	2,307	2,307	Sold
1993 1/2 TON DUMP UNIT 435	52,206	52,206	-	2,787	2,787	Sold
3/4 TON PICK UP UNIT 427	4,158	4,158	-	3,942	3,942	Sold
CREW CAB PICK UP UNIT 436	29,177	29,177	-	1,871	1,871	Sold
SNOW MOBILE UNIT 677	5,355	5,355	-	738	738	Sold
4X2 UTILITY UNIT 755	12,798	12,798	-	8,978	8,978	Sold
2003 S10 PICK UP UNIT 439	5,390	5,205	185	1,523	1,338	Sold
LANDSCAPE TRAILER UNIT 501	2,073	1,458	615	1,111	497	Sold
2012 CUBE VAN UNIT 418	23,000	21,390	1,610	9,847	8,237	Sold
Land Management						
VALENS DIGITAL ENTRANCE SIGN	41,058	17,244	23,814	-	(23,814)	Recycled
60 ARBOUR RD DEMO	70,058	874	69,184	-	(69,184)	Demolished
PT LOT 1 CON 7 BARTON	34,196	-	34,196	1,400,000	1,365,804	Sold
	\$ 512,537	\$ 379,919	\$ 132,618	\$ 1,474,522	\$ 1,341,905	

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Memorandum

TO: Budget & Administration Committee

FROM: Scott Fleming, Director of Finance & Central Support Services

MEETING DATE: June 17, 2024

RE: HCA Three-Month Financial Results (Q1) – Operating

Hamilton Region Conservation Authority

	3 mos. <u>2024</u>	3 mos. <u>2023</u>	\$ <u>Variance</u>	Budget <u>2024</u>	Actual <u>2023</u>	\$ <u>Variance</u>
Watershed Management & Services	\$ 58	\$ 246	\$ (188)	\$ -	\$ 4	\$ -
Conservation Areas	\$ 488	\$ 577	\$ (89)	\$ 1,442	\$ 1,965	\$ (523)
Westfield Heritage Village CA	\$ 27	\$ 49	\$ (22)	\$ -	\$ 38	\$ (93)
Central Support Services	\$ (171)	\$ 60	\$ (231)	\$ (1,442)	\$ 32	\$ (1,475)
Net surplus	<u>\$ 402</u>	<u>\$ 932</u>	<u>\$ (530)</u>	<u>\$ -</u>	<u>\$ 2,039</u>	<u>\$ (2,039)</u>

Summary of Results

The first quarter results in Conservation Areas Services were strong and continued to march forward successfully, besting 2023's revenue for the same period.

WMS is in a surplus position, however, much less so than prior year due to staffing vacancies being filled. This surplus level will increase as Saltfleet Wetland work was completed during Q1 and reserve transfers covering these expenditures will be booked in Q2.

Our operating position remains strong with a \$402K surplus, leaving HCA in a good position to head into the busy summer months when expenditures are at their highest.

Watershed Management Services

	3 mos. <u>2024</u>	3 mos. <u>2023</u>	\$ <u>Variance</u>	Budget <u>2024</u>	Actual <u>2023</u>	\$ <u>Variance</u>
Revenues						
Levy	\$ 539	\$ 550	\$ (10)	\$ 2,213	\$ 1,702	\$ 511
Permits, fees & misc.	104	98	6	508	313	195
Grants	97	62	35	163	198	(36)
Transfer from reserves	-	-	-	20	171	(151)
Other	-	-	-	20	680	(660)
Total	<u>741</u>	<u>710</u>	<u>31</u>	<u>2,903</u>	<u>2,894</u>	<u>10</u>
Expenses						
Staff	544	352	191	2,430	1,895	535
Materials & Supplies	1	20	(20)	113	68	44
Utilities	6	11	(6)	24	29	(6)
Equipment	10	8	2	35	44	(8)
Contracts & Consultants	108	54	54	164	711	(548)
Other	15	18	(3)	138	142	(3)
Total	<u>683</u>	<u>464</u>	<u>219</u>	<u>2,903</u>	<u>2,890</u>	<u>14</u>
Net surplus / (deficit)	<u>\$ 58</u>	<u>\$ 246</u>	<u>\$ (188)</u>	<u>\$ -</u>	<u>\$ 4</u>	<u>\$ (4)</u>

Revenues

Levy for the quarter was lower than last year as more has been allocated to the division in support of the additional activities taken on to accomplish targets set within the budget, with 1 of the 4 Levy instalments having been received.

Permits and fees are trending similar to last year, with \$15K from Pass Sales having been re-allocated to the Climate Change Initiative program.

Grants are tracking favourable to budget for the year to date.

Expenses

Contracts and Consultants expenditures relate to work being completed on Saltfleet wetland. Transfers from from Reserves in Q2 will cover these costs, further bolstering the surplus position.

Staff costs are significantly higher than prior year as fewer vacant roles were present, as well as impact of the Job Evaluation work being fully implemented.

Net surplus / (deficit)

A balanced budget for the year is still anticipated within Watershed Management Services.

Conservation Areas

	3 mos. <u>2024</u>	3 mos. <u>2023</u>	\$ <u>Variance</u>	Budget <u>2024</u>	Actual <u>2023</u>	\$ <u>Variance</u>
Revenues						
Admissions	\$ 335	\$ 309	\$ 26	\$ 3,357	\$ 3,563	\$ (206)
Marina	1,041	1,056	(15)	1,563	1,550	13
Camping	92	122	(30)	1,827	2,019	(192)
Cabins	33	12	21	208	181	27
Concessions	5	3	2	231	232	(0)
Other	<u>71</u>	<u>56</u>	<u>15</u>	<u>323</u>	<u>273</u>	<u>50</u>
Total	1,579	1,558	21	7,510	7,817	(308)
Expenses						
Staff	595	484	111	3,397	3,203	194
Equipment	169	155	13	796	793	3
Utilities	74	75	(0)	352	375	(23)
Materials & Supplies	56	70	(15)	340	307	33
Contracts & Consultants	16	17	(2)	145	122	23
Other	<u>181</u>	<u>180</u>	<u>1</u>	<u>1,037</u>	<u>1,053</u>	<u>(16)</u>
Total	<u>1,091</u>	<u>982</u>	<u>109</u>	<u>6,067</u>	<u>5,852</u>	<u>215</u>
Net surplus / (deficit)	<u>\$ 488</u>	<u>\$ 577</u>	<u>\$ (88)</u>	<u>\$ 1,442</u>	<u>\$ 1,965</u>	<u>\$ (522)</u>

Revenues

Admissions has increased 8% over 2023, although significantly down from 2021's peak of \$466K.
Marina operations were once again at full capacity, only slightly below 2023 levels YTD.
Camping & Cabins together decreased 7% vs. prior year, the Cabins were available the entire quarter.
Other revenues are up primarily due to a film shoot bookings increasing year over year.

Expenses

Staffing costs are up as expected over last year and are tracking well to budgeted levels.
All other expenses are within reasonable tolerances.

Net surplus / (deficit)

Q1 is always the smallest sample which can fluctuate without significant impact on Q2 & Q3 results, with a string of 5 long weekends upcoming to continue to bolster visitation levels.
Camping at both Valens Lake and Fifty Point indicate the desire for the activity continues despite lower occupancy than prior year.
A healthy \$488K surplus will assist HCA get through the high-expenditure Q2 & Q3 summer months.

Westfield Heritage Village Conservation Area

	3 mos. <u>2024</u>	3 mos. <u>2023</u>	\$ <u>Variance</u>	Budget <u>2024</u>	Actual <u>2023</u>	\$ <u>Variance</u>
Revenues						
Levy	\$ 163	\$ 156	\$ 7	\$ 654	\$ 624	\$ 30
Events	66	73	(7)	157	131	26
Admissions	21	14	7	67	80	(13)
School Programs	10	20	(9)	68	61	7
Other	<u>0</u>	<u>2</u>	<u>(1)</u>	<u>67</u>	<u>42</u>	<u>25</u>
Total	261	264	(4)	1,012	938	74
Expenses						
Staff	158	133	25	713	635	77
Utilities	22	23	(1)	58	56	2
Equipment	15	14	1	50	57	(7)
Materials & Supplies	8	16	(8)	48	43	5
School Programs	8	7	1	34	28	6
Advertising & Promotion	1	4	(2)	34	10	24
Other	<u>22</u>	<u>22</u>	<u>(1)</u>	<u>110</u>	<u>81</u>	<u>29</u>
Total	<u>233</u>	<u>216</u>	<u>15</u>	<u>1,012</u>	<u>901</u>	<u>112</u>
Net surplus / (deficit)	<u>\$ 27</u>	<u>\$ 49</u>	<u>\$ (19)</u>	<u>\$ -</u>	<u>\$ 38</u>	<u>\$ (38)</u>

Revenues

City support remains the primary revenue source, with 1 of 4 Levy payments received.

Events are running at full capacity, tracking nearly as favourably as prior year.

Admissions have continued their upward trajectory, favourable to both budget and prior year.

School programs are tracking unfavourably to budget at present.

Expenses

Staff expense are the largest cost component and are tracking to budget currently.

All other expenses are within reasonable tolerances.

Net surplus / (deficit)

Ending the quarter with a small surplus, it is hoped the regular admission volume grows as we continue to promote Westfield as a hiking destination in addition to the heritage village it is known for.

Central Support Services

	3 mos. <u>2024</u>	3 mos. <u>2023</u>	\$ <u>Variance</u>	Budget <u>2024</u>	Actual <u>2023</u>	\$ <u>Variance</u>
Revenues						
Levy	\$ 516	\$ 501	\$ 15	\$ 2,098	\$ 2,493	\$ (395)
Equipment	270	272	(2)	1,345	1,301	44
Conservation Foundation	-	53	(53)	202	216	(14)
Management Fees	92	102	(10)	500	536	(36)
Interest	143	157	(14)	470	774	(304)
Rental houses	41	40	1	180	165	15
Other	6	4	1	74	130	(56)
Total	<u>1,067</u>	<u>1,129</u>	<u>(62)</u>	<u>4,869</u>	<u>5,614</u>	<u>(745)</u>
Expenses						
Staff	842	708	134	3,918	3,569	350
Utilities	81	72	9	387	418	(31)
Equipment	14	8	6	82	40	42
Contracts & Consultants	69	24	45	182	191	(9)
Other	232	257	(25)	1,742	1,364	378
Total	<u>1,239</u>	<u>1,069</u>	<u>170</u>	<u>6,311</u>	<u>5,581</u>	<u>730</u>
Net surplus / (deficit)	<u>\$ (171)</u>	<u>\$ 60</u>	<u>\$ (231)</u>	<u>\$ (1,442)</u>	<u>\$ 32</u>	<u>\$ (1,475)</u>
Land, Vehicle & equipment activity						
Donations & misc.	232	-	232	-	2,650	(2,650)
Transfer from Reserves	-	-	-	300	2,863	(2,563)
	<u>\$ 232</u>	<u>\$ -</u>	<u>\$ 232</u>	<u>\$ 300</u>	<u>\$ 5,513</u>	<u>\$ (5,213)</u>
Land	-	-	-	-	5,106	(5,106)
Vehicles & misc.	163	328	(165)	300	407	(107)
	<u>\$ 163</u>	<u>\$ 328</u>	<u>\$ (165)</u>	<u>\$ 300</u>	<u>\$ 5,513</u>	<u>\$ (5,213)</u>

Revenues

Levy, with 1 of 4 payments received, was higher than last year, as fewer dollars were budgeted to CSS.
Equipment revenue is tracking similar to last year.
Management fees were lower than prior year as expenses such as Insurance were lower than prior year.
Interest income continues to be a strong driver of revenue reflecting sustained high interest rates.

Expenses

Staffing is the major cost in CSS, and it is significantly higher than prior year, however, tracking to budget YTD.
Contracts and Consultant expenses rose from additional consulting work done over the prior year.

Net surplus / (deficit)

The Budget for 2024 anticipated a decline from surplus 2023 levels and thus far this has played out as expected.

Land, Vehicle & equipment activity

One van and various pieces of equipment (including IT hardware) were purchased to replace aging equipment.
Additionally, a donation of \$232K was received from Environment and Climate Change Canada through the Canada Nature Fund.

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Memorandum

TO: Budget & Administration Committee

FROM: Scott Fleming, Director of Finance & Central Support Services

MEETING DATE: June 17, 2024

RE: HCA Three-Month Financial Results – Capital & Major Maintenance

CAPITAL WORKS: JANUARY THROUGH MARCH 2024

Valens Lake Conservation Area

Major Maintenance 3.6%

Building Maintenance	\$ 2,413
Trails	1,418
Other	1,327

Project 96.4%

Lafarge Boardwalk	119,652
West Campground Expansion	12,022
Lookout platform replacement	5,330
	<hr/>
	\$ 142,160

Christie Lake Conservation Area

Major Maintenance 68.5%

Roads & Parking	\$ 6,015
Other	905

Project 31.5%

Wayfinding Signage	1,773
Accessible Beach Trail	1,238
Other	174
	<hr/>

10,106

Dundas Valley Conservation Area & Woodend

Major Maintenance 29.4%

Trails	\$ 20,642
Other	2,553

Project 70.6%

Woodend EV Charging Stations	33,259
Artaban Parking Area	7,939
Woodend Office Renovations	5,935
Lower Lion's Club Parking	3,715
Other	<u>4,790</u>

78,831

Fifty Point Conservation Area

Major Maintenance 2.3%

Other	\$ 366
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Project 97.7%

Accessible Fishing Platform Replacement	9,326
Restaurant Kitchen Exhaust	4,303
Other	<u>1,711</u>

15,706

Hamilton Mountain Conservation Area

Major Maintenance 22.2%

Gates & Fencing	\$ 1,624
Bridges	1,226
Other	2,055

Project 77.8%

Master & Management Plans	7,806
Saltfleet Masterplant	3,425
Saltfleet Autogates & Laneway	3,384
Other	<u>2,550</u>

22,069

Westfield Heritage Village Conservation Area

Major Maintenance 0.9%

Other	\$	463
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Project 99.1%

Staff & Volunteer Building Improvements	41,229
Anniversary Garden	5,098
Locomotive Train Car Rehabilitation	2,196
Other	<u>1,525</u>

50,511

Three months Capital and MM

\$	<u>319,383</u>
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Major Maintenance

13%

Projects

87%

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Memorandum

TO: Budget & Administration Committee

FROM: Scott Fleming, Director of Finance & Central Support Services

MEETING DATE: June 17, 2024

RE: HCA 1st Quarter Vendor Report

Vendor Summary for Payments January - March, 2024

MARSH CANADA LIMITED	\$ 274,469	Annual HCA Insurance Renewal
ANTHONY'S EXCAVATING CENTRAL INC	200,573	Fifty Point Wetland
NET ACCESS SYSTEMS INC	117,991	Internet services, hardware, and cabling projects
DETRITUS CONSULTING LIMITED	100,118	Archaeological Assessment - Saltfleet (Stage 4)
PARADIGM AUTOMOTIVE CORPORATION	67,415	Purchase of Ford Transit
TECHNOLOGIES CONNECT & GO INC.	53,393	WWW Wristbands
FREW ENERGY INC	46,276	Gas & Diesel
ADVANCED OFFICE SOLUTIONS INC	44,792	Computer Hardware and AV Equipment
CONSERVATION HALTON	42,050	Shared Grant for GLPI
ENERGY NETWORK SERVICES INC	35,629	EV Charging Stations
KING FENCE SYSTEMS	34,614	Millgrove Gate Replacement
RUBICON SAFETY INC	30,903	WWW Guardrails
CONSERVATION ONTARIO	30,385	Levy instalment
TUBE PRO INC	30,318	WWW Water Slide Tubes
HAMILTON, CITY OF, TAX SECTION	29,526	Tax instalments
GOWLING WLG (CANADA) LLP	21,250	Legal matter
HAMILTON, CITY OF	20,704	Septic Waste Tickets & Hydro One License
2WA CONSULTING INC	20,263	Consulting Fees
SUPERIOR PROPANE INC	19,320	Heating Propane for Parks
MARCO'S PAINTING & DÉCOR	19,150	WWW & Fifty Point Painting
DURABOND JANITORIAL SERVICES LTD	17,967	Janitorial services

GRANT THORNTON LLP	16,950	Audit Fees
THREAT READY INC	16,781	Staff training
CAMIS INC	16,710	Reservation fees
ROYAL BOTANICAL GARDENS	16,581	Annual Ecopark Cootes Contribution
NORTHERN ALARM PROTECTION CO. LTD	16,228	Alarm services at various sites
WES MABEE MECHANICAL	15,468	Various HVAC services at various sites
UNIFIRST CANADA LTD.	13,622	Uniforms
BINBROOK PLUMBING & HEATING	13,242	Washroom repairs
TAMARACK LUMBER INC	13,162	Lumber products for various sites
A J CLARKE AND ASSOCIATES LTD.	13,108	Architectual services for Valens
TULLOCH ENGINEERING INC.	12,742	Saltfleet Engineering Assessment
WATERLINE ENVIRONMENTAL INC	12,713	Christie Dam Fuel Code Compliance
MASCORE INC	11,542	Boardwalk materials & supplies
BOBCAT OF HAMILTON LTD.	11,028	Excavator and Loader rentals
WATER'S EDGE ENVIRONMENTAL SOLUTIONS TEAM	10,411	Hydrogeological Assessment
PROTECT FIRST SECURITY SERVICES INC	<u>10,043</u>	Millgrove security coverage
	1,477,437	84.7%
All other < \$10,000	<u>267,024</u>	15.3%
	<u><u>\$ 1,744,461</u></u>	