

# **INFORMATION PACKAGE**

**External Agencies funded under**

**BOARDS AND AGENCIES**

**Budget Year 2021**

*Data provided in this document is accurate as of December 4, 2020*



**Summary of Preliminary Operating Budget for 2021 for Boards and Agencies**

#	Board/Agency	2020 Budget	2021 NET Preliminary Budget \$	% Change	Adjust: Capital Financing	2021 Total Preliminary Budget
<b>City Boards:</b>						
1	Hamilton Police Services	170,815,160	174,258,750	2.02%	1,057,034	175,315,784
2	Hamilton Public Library	31,577,600	32,030,050	1.43%	166,280	32,196,330
3	Farmers' Market	112,800	115,010	1.96%		115,010
	<b>Sub Total</b>	<b>202,505,560</b>	<b>206,403,810</b>	<b>1.93%</b>	<b>1,223,314</b>	<b>207,627,124</b>
<b>Conservation Authorities (CA) Levies:</b>						
4	Niagara Peninsula Conservation Authority	1,477,210	1,506,750	2.00%		1,506,750
	NPCA Binbrook Capital Improvements	0	91,790	n/a		91,790
5	Grand River Conservation Authority	1,471,640	1,501,070	2.00%		1,501,070
6	Conservation Halton	730,060	744,660	2.00%		744,660
7	Hamilton Conservation Authority	3,914,800	3,993,100	2.00%		3,993,100
8	HCA: Westfield Heritage Village	602,300	614,350	2.00%		614,350
	<b>Sub Total</b>	<b>8,196,010</b>	<b>8,451,720</b>	<b>3.12%</b>		<b>8,451,720</b>
<b>Grants:</b>						
9	Hamilton Beach Rescue Unit	134,340	137,030	2.00%		137,030
10	Royal Botanical Gardens	634,720	647,410	2.00%		647,410
	<b>Sub Total</b>	<b>769,060</b>	<b>784,440</b>	<b>2.00%</b>		<b>784,440</b>
<b>Other Items:</b>						
11	MPAC	6,842,810	6,979,670	2.00%		6,979,670
<b>Total for All Boards and Agencies</b>		<b>218,313,440</b>	<b>222,619,640</b>	<b>1.97%</b>	<b>1,223,314</b>	<b>223,842,954</b>

Date: Dec 11, 2020

**NOTE:**

- The 2021 budget is based on the City guideline of 2020 Budget + 2%, except for Library which is per request. The 2021 budget is subject to revision based on actual budget requests received.
- This report is based on information available as of Dec 4, 2020
- The Binbrook capital financing approved by Council in 2020, is related to septic system and other capital improvements to be financed up to \$1.21 M from the Unallocated Capital Levy Reserve (108020) and repaid from the operating budget over 15 years at an interest rate of 1.66% for an annual payment of \$91,790.31 per Appendix "A" of Report FCS20096.



**SUMMARY NET BUDGET INFORMATION: Years 2020 and 2021**

<b>Board/Agency</b>	<b>2020 Budget Net</b>	<b>2021 NET Preliminary Budget \$</b>	<b>Change \$</b>	<b>Change %</b>
Conservation Authorities	8,196,010	8,451,720	255,710	3.1%
Grants - Other Boards and Agencies	769,060	784,440	15,380	2.0%
<b>City Boards: Excluding Capital Financing</b>				
Hamilton Police Services	170,815,160	174,258,750	3,443,590	2.0%
Hamilton Public Library	31,577,600	32,030,050	452,450	1.4%
Hamilton Farmers' Market - Net	112,800	115,010	2,210	2.0%
<b>Sub Total City Boards</b>	<b>202,505,560</b>	<b>206,403,810</b>	<b>3,898,250</b>	<b>1.9%</b>
MPAC	6,842,810	6,979,670	136,860	2.0%
<b>Total for Above Items <i>excluding Capital Financing</i></b>	<b>218,313,440</b>	<b>222,619,640</b>	<b>4,306,200</b>	<b>2.0%</b>

This report is based on information available as of Dec 4, 2020





City of Hamilton

**BOARDS AND AGENCIES**

**BUDGET INFORMATION: 10 Year Summary - 2012 to 2021**

Board/Agency	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021 Preliminary Budget \$
<b>Conservation Authorities</b>										
Niagara Peninsula Conservation Authority	513,470	513,470	513,473	534,010	539,350	549,060	557,300	565,660	1,477,210	1,506,750
% Increase YoY - Requested Levy	0.0%	0.0%	0.0%	4.0%	1.0%	1.8%	1.5%	1.5%	161.1%	2.0%
NPCA - Binbrook Capital Improvements	refer note 2									91,790
Grand River Conservation Authority	238,160	243,115	246,875	251,180	256,500	263,510	271,570	275,640	1,471,640	1,501,070
% Increase YoY	2.7%	2.1%	1.5%	1.7%	2.1%	2.7%	3.1%	1.5%	433.9%	2.0%
Conservation Halton	179,660	183,700	176,398	183,030	191,610	202,030	209,100	212,240	730,060	744,660
% Increase YoY	5.3%	2.2%	-4.0%	3.8%	4.7%	5.4%	3.5%	1.5%	244.0%	2.0%
Hamilton Conservation Authority	3,569,320	3,569,320	3,569,310	3,638,400	3,674,625	3,851,470	3,781,460	3,853,830	3,914,800	3,993,100
% Increase YoY - Requested Levy	0.0%	0.0%	0.0%	1.9%	1.0%	4.8%	-1.8%	1.9%	1.6%	2.0%
HCA: Westfield Heritage Village	546,554	546,554	546,600	557,500	563,100	560,200	581,800	590,530	602,300	614,350
% Increase YoY	0.0%	0.0%	0.0%	2.0%	1.0%	-0.5%	3.9%	1.5%	2.0%	2.0%
<b>Total for All Conservation Authorities - Gross</b>	<b>5,047,164</b>	<b>5,056,159</b>	<b>5,052,656</b>	<b>5,164,120</b>	<b>5,225,185</b>	<b>5,426,270</b>	<b>5,401,230</b>	<b>5,497,900</b>	<b>8,196,010</b>	<b>8,451,720</b>
\$ Gross Increase YoY	18,215	8,995	-3,503	111,464	61,065	201,085	-25,040	96,670	2,698,110	255,710
% Gross Increase YoY	0.4%	0.2%	-0.1%	2.2%	1.2%	3.8%	-0.5%	1.8%	49.1%	3.1%



City of Hamilton

BOARDS AND AGENCIES										
BUDGET INFORMATION: 10 Year Summary - 2012 to 2021										
Board/Agency	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021 Preliminary Budget \$
<b>Grants - Other Boards and Agencies</b>										
Hamilton Beach Rescue Unit Inc. - Net	126,810	126,810	126,810	126,810	128,080	130,390	132,360	134,340	134,340	137,030
% Increase YoY	0.0%	0.0%	0.0%	0.0%	1.0%	1.8%	1.5%	1.5%	0.0%	2.0%
Royal Botanical Gardens - Net	599,206	599,206	599,206	599,210	605,200	616,090	625,340	634,720	634,720	647,410
% Increase YoY	0.0%	0.0%	0.0%	0.0%	1.0%	1.8%	1.5%	1.5%	0.0%	2.0%
<b>Total - All Grants</b>	<b>726,016</b>	<b>726,016</b>	<b>726,016</b>	<b>726,020</b>	<b>733,280</b>	<b>746,480</b>	<b>757,700</b>	<b>769,060</b>	<b>769,060</b>	<b>784,440</b>
\$ Gross increase YoY	0	0	0	4	7,260	13,200	11,220	11,360	0	15,380
% Gross increase YoY	0.00%	0.00%	0.00%	0.00%	1.00%	1.80%	1.50%	1.50%	0.00%	2.00%
<b>City Boards:</b>										
Hamilton Farmers' Market - Net				167,699	107,509	109,450	111,100	112,800	112,800	115,010
% Increase YoY				-2.1%	-35.9%	1.8%	1.5%	1.5%	0.0%	2.0%
Hamilton Public Library - Operating Funding - excluding Capital Financing	28,038,610	28,038,610	28,082,440	28,513,728	28,815,880	29,443,440	29,981,000	30,700,190	31,577,600	32,030,050
% Increase YoY	1.0%	0.0%	0.2%	1.5%	1.1%	2.2%	1.8%	2.4%	2.9%	1.4%



City of Hamilton

<b>BOARDS AND AGENCIES</b>										
<b>BUDGET INFORMATION: 10 Year Summary - 2012 to 2021</b>										
<b>Board/Agency</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021 Preliminary Budget \$</b>
										<b>DRAFT</b>
<b>Hamilton Police Services - excluding Capital Financing</b>	<b>134,712,320</b>	<b>139,701,970</b>	<b>143,880,230</b>	<b>148,376,580</b>	<b>152,533,891</b>	<b>156,616,870</b>	<b>160,470,610</b>	<b>164,290,320</b>	<b>170,815,160</b>	<b>174,258,750</b>
<i>% Increase YoY</i>	3.4%	3.7%	3.0%	3.1%	2.8%	2.7%	2.5%	2.4%	4.0%	2.0%
<b>Total - City Boards</b>	<b>162,750,930</b>	<b>167,740,580</b>	<b>171,962,670</b>	<b>177,058,008</b>	<b>181,457,280</b>	<b>186,169,760</b>	<b>190,562,710</b>	<b>195,103,310</b>	<b>202,505,560</b>	<b>206,403,810</b>
\$ increase YoY	4,706,495	4,989,650	4,222,090	5,095,338	4,399,272	4,712,480	4,392,950	4,540,600	7,402,250	3,898,250
% increase YoY	2.98%	3.07%	2.52%	2.96%	2.48%	2.60%	2.36%	2.38%	3.79%	1.93%
<b>OTHER Payments</b>										
<b>MPAC</b>	<b>6,205,590</b>	<b>6,216,500</b>	<b>6,215,950</b>	<b>6,227,680</b>	<b>6,251,460</b>	<b>6,417,100</b>	<b>6,587,150</b>	<b>6,715,220</b>	<b>6,842,810</b>	<b>6,979,670</b>
<i>% Increase YoY</i>	3.3%	0.2%	0.0%	0.2%	0.4%	2.6%	2.6%	1.9%	1.9%	2.0%
<b>Total - OTHER Payments</b>	<b>6,205,590</b>	<b>6,216,500</b>	<b>6,215,950</b>	<b>6,227,680</b>	<b>6,251,460</b>	<b>6,417,100</b>	<b>6,587,150</b>	<b>6,715,220</b>	<b>6,842,810</b>	<b>6,979,670</b>
\$ increase YoY	200,120	10,910	-550	11,730	23,780	165,640	170,050	128,070	127,590	136,860
% increase YoY	3.33%	0.18%	-0.01%	0.19%	0.38%	2.65%	2.65%	1.94%	1.90%	2.00%



City of Hamilton

**BOARDS AND AGENCIES**

**BUDGET INFORMATION: 10 Year Summary - 2012 to 2021**

Board/Agency	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021 Preliminary Budget \$
<b>GROSS Expenditure Totals - All Grants &amp; Boards &amp; Agencies Excluding Capital Financing</b>	174,729,700	179,739,255	183,957,292	189,175,828	193,667,205	198,759,610	203,308,790	208,085,490	218,313,440	222,619,640
\$ increase YoY	4,924,830	5,009,555	4,218,037	5,218,536	4,491,377	5,092,405	4,549,180	4,776,700	10,227,950	4,306,200
% increase YoY	2.90%	2.87%	2.35%	2.84%	2.37%	2.63%	2.29%	2.35%	4.92%	1.97%
<b>Note:</b>										
1. The 2021 Preliminary Budget in this report reflects the 2020 Budget + 2% per City guidelines and is subject to change based on budget requests received. Only the Library budget is per Library request.										
2. The Binbrook capital financing for approved by Council in 2020, is related to septic system and other capital improvements to be financed up to \$1.21 M from the Unallocated Capital Levy Reserve (108020) and repaid from the operating budget over 15 years at an interest rate of 1.66% for an annual payment of \$91,790.31 per Appendix "A" of Report FCS20096.										
3. This report is based on information available as of Dec 4, 2020, and is subject to change based on information received subsequently.										

## Boards & Agencies Potential Adjustments to 2021 Preliminary Budget

This Table summarizes additional 2021 Budget Funding Request compared to previous City Guidelines

Board/Agency	2020 Budget Net	2021 NET Preliminary Budget \$	2020 Request Received after Dec 4, 2020	Additional Budget Request
<b>Conservation Authorities</b>		<i>Limited to 2020 Levy + 2%</i>		
Niagara Peninsula Conservation Authority	1,477,210	1,506,750	1,506,750	0
NPCA Binbrook Capital Improvements			91,790	91,790
Grand River Conservation Authority	1,471,640	1,501,070	1,519,505	18,435
Conservation Halton	730,060	744,660	749,719	5,059
Hamilton Conservation Authority	3,914,800	3,993,100	3,978,000	-15,100
HCA: Westfield Heritage Village	602,300	614,350	614,000	-350
<b>Sub Total Conservation Authorities</b>	<b>8,196,010</b>	<b>8,359,930</b>	<b>8,459,764</b>	<b>99,834</b>
<b>Other Agencies</b>				
Hamilton Beach Rescue Unit	134,340	137,030	131,570	-5,460
Royal Botanical Gardens	634,720	647,410	647,410	0
<b>Sub Total Other Agencies</b>	<b>769,060</b>	<b>784,440</b>	<b>778,980</b>	<b style="color: red;">-5,460</b>
<b>City Boards</b>				
Hamilton Police Services - Operating	170,815,160	174,258,750	175,929,114	1,670,364
Hamilton Police Services - Capital	662,384	1,057,034	1,234,780	177,746
Hamilton Public Library - Operating	31,577,600	32,030,050	32,030,050	0
Hamilton Public Library - Capital	191,240	166,280	166,280	0
Farmers' Market	112,800	115,010	115,060	50
<b>Sub Total City Boards</b>	<b>203,359,184</b>	<b>207,627,124</b>	<b>209,475,284</b>	<b>1,848,160</b>
<b>Other</b>				
MPAC	6,842,810	6,979,670	n/a	
<b>Totals</b>	<b>219,167,064</b>	<b>223,751,164</b>	<b>218,714,028</b>	<b>1,942,534</b>



# **Conservation Authorities**



**Conservation Authorities (CA)  
Municipal Levy Budgeted for 2021**

**SUMMARY NET BUDGET INFORMATION: Years 2020 and 2021**

<b>Board/Agency</b>	<b>2020 Budget Net</b>	<b>2021 NET Preliminary Budget \$</b>	<b>Change \$</b>	<b>Change %</b>
	Per Regulation 670/00	Per Regulation 670/00		
Niagara Peninsula Conservation Authority	1,477,210	1,598,540	121,330	8.2%
Grand River Conservation Authority	1,471,640	1,501,070	29,430	2.0%
Conservation Halton	730,060	744,660	14,600	2.0%
Hamilton Conservation Authority	3,914,800	3,993,100	78,300	2.0%
HCA: Westfield Heritage Village	602,300	614,350	12,050	2.0%
<b>Total for ALL Conservation Authorities</b>	<b>8,196,010</b>	<b>8,451,720</b>	<b>255,710</b>	<b>3.1%</b>

**Notes:**

- 1 The 2021 Preliminary Budget in this report reflects the 2020 Budget + 2% per City guidelines and is subject to change based on budget requests received.
- 2 The Niagara Peninsula Conservation Authority budget shows an increase of 8.2% since it includes a new annual charge of \$91.8K on account of the financing charge for capital improvements at Binbrook.



# **Niagara Peninsula Conservation Authority (NPCA)**

**Niagara**



## NIAGARA PENINSULA CONSERVATION AUTHORITY (NPCA)

BUDGET INFORMATION: 10 Year Summary			APPEAL PERIOD - Budget Per Old Agreement					Per Regulation 670/00		
Description	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021 NET Preliminary Budget \$
Operating Levy	229,958	230,396	220,443	229,261	231,550	235,720	239,256	242,845	1,273,650	1,303,198
Special Levy	283,512	283,074	293,030	304,749	307,800	313,340	318,044	322,815	203,560	203,552
Binbrook - Contribution to Capital Reserve										91,790
<b>Total Budgeted Levy</b>	513,470	513,470	513,473	534,010	539,350	549,060	557,300	565,660	1,477,210	1,598,540
\$ Increase Year over Year	-3	0	3	20,537	5,340	9,710	8,240	8,360	911,550	121,330
% Increase Year over Year	(0.0%)	0.0%	0.0%	4.0%	1.0%	1.8%	1.5%	1.5%	161.1%	8.2%
				During the appeal period, the budget represents City estimates based on previous cost sharing formula.						
<b>HISTORICAL % APPORTIONMENTS of the OPERATING LEVY</b>										
				<b>APPEAL PERIOD</b>						
Municipality	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>% Apportionment</b>										
Niagara Region	94.91%	94.83%	94.94%	78.15%	78.15%	78.08%	77.63%	77.50%	77.25%	76.98%
City of Hamilton	4.12%	4.02%	3.99%	19.92%	19.92%	20.01%	20.54%	20.65%	20.90%	21.16%
Haldimand County	0.97%	1.15%	1.07%	1.93%	1.93%	1.91%	1.84%	1.85%	1.85%	1.86%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

*Please refer to notes on next page*

## NIAGARA PENINSULA CONSERVATION AUTHORITY (NPCA)

### Notes:

1. Commencing 2003, the capital development and operations of conservation areas are levied directly to the municipality in which the conservation is located. For Hamilton, these special levies mostly pertain to the Binbrook Conservation Area and the Binbrook Tract.
2. During the period 2004-2014, NPCA apportioned the levy between the supporting municipalities based on a Modified Local Agreement between the parties involved. This agreement was designed to address apparent inequities that would arise after the Hamilton amalgamation if the levy was apportioned simplistically based on a proposed interpretation of Section 2(1)(b) of Ontario Regulation 670/00, made under the *Conservation Authorities Act*, that would calculate the City's levy apportionment based on assessment values of all properties found in the new City and not just assessment values of those properties found only in the NPCA watershed.
3. In 2015, NPCA abrogated the funding formula used in previous years and imposed the 2015 levy based on its interpretation of Section 2(1)(b) of Ontario Regulation 670/00, made under the *Conservation Authorities Act*, in the amount of \$1,317,020. The City filed an appeal with the Mining and Lands Commissioner protesting the 2015 levy apportionment; in Dec 2017, the Mining and Lands Commissioner ruled in favour of NPCA.
4. For the period 2015 to 2019, the NPCA levies were budgeted by the City based on its estimates of the apportionment based on the 2004 agreement. However, per legal obligations, the amounts levied by NPCA have been paid in full under protest by the City for the years 2015-2019.
5. 2020 Onwards, the levy has been budgeted per Regulation 670/00 of the Conservation Authorities Act.
6. The Binbrook capital project related to septic system and other capital improvements is to be financed up to \$1.21 M from the Unallocated Capital Levy Reserve (108020) and repaid from the operating budget over 15 years at an interest rate of 1.66% for an annual payment of \$91,790.31 as outlined in Appendix "A" of Report FCS20096;
7. **The 2021 budget above is shown at 2020 budget + 2% based on City guidelines.  
A budget adjustment will be required based on the actual levy imposed by the Conservation Authority.**

## 2021 DRAFT OPERATING BUDGET

Appendix 1 - Report No. FA-59-20	TOTAL		VARIANCE	
	2020 Budget	2021 Budget	Amount	%
<b>Revenues</b>				
Municipal Funding				
Regular levy	6,092,656	<b>6,213,480</b>	120,824	1.98%
Special levy - Niagara	5,030	-	5,030	-100.00%
Special levy - Hamilton	23,315	-	23,315	-100.00%
Provincial Funding	-	-		
MNR transfer payments	90,000	<b>90,000</b>	-	0.00%
Provincial Grants - MOE	99,500	<b>115,229</b>	15,729	15.81%
Provincial Grants - Other	159,685	<b>178,365</b>	18,680	11.70%
Federal Grants	100,000	<b>70,000</b>	-	-30.00%
Interest Income	90,000	<b>119,000</b>	29,000	32.22%
Park Operations	2,016,850	<b>2,183,045</b>	166,195	8.24%
Permits and Regulatory Fees	387,108	<b>498,000</b>	110,892	28.65%
Miscellaneous	430,226	<b>398,000</b>	32,226	-7.49%
<b>TOTAL REVENUES</b>	<b>9,494,370</b>	<b>9,865,119</b>	<b>370,749</b>	<b>3.90%</b>
<b>Expenses</b>	-	-		
Salaries and Benefits	6,141,276	<b>6,625,056</b>	483,779	7.88%
Other Employee Related Expenses	235,892	<b>236,648</b>	756	0.32%
Board and Volunteer	81,200	<b>63,600</b>	17,600	-21.67%
Professional Fees	651,500	<b>562,346</b>	89,154	-13.68%
Contractor Services	194,000	<b>197,500</b>	3,500	1.80%
Vehicles and Equipment	246,020	<b>275,240</b>	29,220	11.88%
Materials and Supplies	196,622	<b>218,190</b>	21,567	10.97%
Marketing and Promotion	253,000	<b>282,500</b>	29,500	11.66%
Occupancy Costs	548,803	<b>543,250</b>	5,553	-1.01%
Debt Servicing	5,030	-	5,030	-100.00%
Park Maintenance	468,000	<b>514,890</b>	46,890	10.02%
Other Operating Expenses	473,025	<b>345,900</b>	127,125	-26.87%
<b>TOTAL EXPENSES</b>	<b>9,494,370</b>	<b>9,865,119</b>	<b>370,749</b>	<b>3.90%</b>

**Niagara Peninsula Conservation Authority - 2021 DRAFT CAPITAL BUDGET**

Appendix 2 - Report No. FA-59-20				Detailed Funding Source							
Project Name	Location	Funding Source	Munic.	Niagara	Hamilton	Haldimand	External	Total	External	2021	Total Project
<b>Corporate Services</b>											
Annual PC replacements	Various	Special Levy - ALL	All	34,641	9,520	838		45,000		45,000	45,000
Data Centre Network Upgrades	HQ - Welland	Special Levy - ALL	All	28,483	7,828	689		37,000		37,000	37,000
Digital Terrain Model Update	Various	Special Levy - ALL	All	115,472	31,735	2,794		150,000		150,000	150,000
Natural Areas ELC Mapping Update	Various	Other	All	45,000	90,000	15,000		150,000		150,000	150,000
Records Management - phased	HQ - Welland	Special Levy - ALL	All	30,792	8,463	745		40,000		40,000	40,000
<b>TOTAL - Corporate Services</b>				<b>\$ 254,389</b>	<b>\$ 147,546</b>	<b>\$ 20,066</b>	<b>\$ -</b>	<b>\$ 422,000</b>	<b>\$ -</b>	<b>\$ 422,000</b>	<b>\$ 422,000</b>
<b>Land Operations</b>											
Deferred Projects - BF Septic System:								-			-
- Flood Plain Mapping - Beaver Creek	Beaver Creek	Other	Niagara				150,000	150,000	150,000	-	150,000
- CFC Gallery Upgrades	Balls Falls	Other	Niagara	15,130			49,870	65,000	49,870	15,130	65,000
- Equipment Sustainment	Various	Other	All	42,021	11,548	1,017		54,586		54,586	54,586
- Balls Falls Internet Upgrade	Balls Falls	Other	Niagara	40,000				40,000		40,000	40,000
- Asset Management Program	Various	Other	All	23,094	6,347	559		30,000		30,000	30,000
Field Centre Restoration - Phase 2	Balls Falls	Special Levy - Niagara	Niagara	47,500				47,500		47,500	47,500
Roadway Improv - Phase 1 - Chippawa	Chippawa Creek	Special Levy - Niagara	Niagara	100,000				100,000		100,000	100,000
St John's - Heritage Building Restoration	Central Workshop	Special Levy - Niagara	Niagara	130,000				130,000		130,000	130,000
Mowers (Chippawa and Binbrook)	Central Workshop	Special Levy - ALL	All	26,943	7,405	652		35,000		35,000	35,000
RTV (CW)	Vaious - Niagara	Special Levy - Niagara	Niagara	15,396	4,231	372		20,000		20,000	20,000
Skid Steer (Central Workshop)	Central Workshop	Special Levy - ALL	All	20,015	5,501	484		26,000		26,000	26,000
Mini Excavator	Central Workshop	Special Levy - ALL	All	53,887	14,810	1,304		70,000		70,000	70,000
Cave Springs Parking Lot	Central Workshop	Special Levy - Niagara	Niagara	105,000				105,000		105,000	105,000
Rollon/rolloff - dual axle 7600 Int'l Truck		Special Levy - ALL	All	140,000				140,000		140,000	140,000
<b>TOTAL - Land Operations</b>				<b>\$ 758,987</b>	<b>\$ 49,842</b>	<b>\$ 4,388</b>	<b>\$ 199,870</b>	<b>\$ 1,013,086</b>	<b>\$ 199,870</b>	<b>\$ 813,216</b>	<b>\$ 1,013,086</b>
<b>Watershed</b>											
Floodplain Mapping - Big Forks Creek	Niagara	Special Levy - Niagara	Niagara	150,000				150,000	150,000		150,000
Water Quality Equipment	Pelham	Special Levy - Niagara	Niagara	20,000				20,000		20,000	20,000
Stream Gauge Equipment	Various	Special Levy - ALL	All	7,698	2,116	186		10,000		10,000	10,000
Virgil Dam - Remedial Measures	Niagara	Special Levy - Niagara	Niagara	200,000				200,000		200,000	200,000
<b>TOTAL - Watershed</b>				<b>\$ 377,698</b>	<b>\$ 2,116</b>	<b>\$ 186</b>	<b>\$ -</b>	<b>\$ 380,000</b>	<b>\$ 150,000</b>	<b>\$ 230,000</b>	<b>\$ 380,000</b>
<b>GRAND TOTAL</b>				<b>\$ 1,391,073</b>	<b>\$ 199,503</b>	<b>\$ 24,640</b>	<b>\$ 199,870</b>	<b>\$ 1,815,086</b>	<b>\$ 349,870</b>	<b>\$ 1,465,216</b>	<b>\$ 1,815,086</b>

2021 Levy Apportionment			
	2021	2020	Variance
Niagara	76.9811%	77.2459%	-0.2648%
Hamilton	21.1565%	20.9048%	0.2517%
Haldimand	1.8624%	1.8493%	0.0131%
Total	100.0000%	100.0000%	0.0000%

2021 Capital - Target	
2020 Special Levy - Niagara	1,103,236
2020 Special Levy - Hamilton	203,552
2020 Special Levy - Haldimand	12,904
Sub Total	1,319,692
2% CPI per budget assumptions	26,394
<b>2021 Capital Target</b>	<b>1,346,086</b>



**Niagara Peninsula Conservation Authority - 2021 DRAFT CAPITAL BUDGET**

<b>UNFUNDED BUDGET PRESSURES:</b>	<b>Location</b>	<b>Funding Source</b>	<b>Munic.</b>	<b>Status</b>	<b>Niagara</b>	<b>Hamilton</b>	<b>Haldimand</b>	<b>External</b>	<b>TOTAL</b>
<b>Restoration and Shoreline Resiliency</b>									
Watershed Plan Data Update	Various	Special Levy - ALL	All	Unfunded	76,981	21,157	1,862		100,000
Watershed Restoration	Various	Special Levy - ALL	All	Unfunded	115,472	31,735	2,794		150,000
Water Quality Non-Point Source Modelling	Various	Special Levy - ALL	All	Unfunded	61,585	16,925	1,490		80,000
Restoration based site design - Lakewood	Niagara	Special Levy - Niagara	Niagara	Unfunded	50,000				50,000
Fish Habitat Mapping Update	Various	Special Levy - ALL	All	Unfunded	76,981	21,157	1,862		100,000
<b>Sub Total - Restoration and Shoreline Resiliency</b>					<b>381,019</b>	<b>90,973</b>	<b>8,008</b>	<b>-</b>	<b>480,000</b>
<b>Planning and Growth Pressures</b>									
Lake Erie Shoreline - Phase 1	Niagara	Special Levy - Niagara	Niagara	Unfunded	220,000				220,000
Lake Ontario Shoreline - Phase 1	Niagara	Special Levy - Niagara	Niagara	Unfunded	220,000				220,000
Karst Hazard Mapping	Various	Special Levy - ALL	All	Unfunded	65,434	17,983	1,583		85,000
City View Reconfiguration	Various	Special Levy - ALL	All	Unfunded	115,472	31,735	2,794		150,000
<b>Sub Total - Planning and Growth Pressures</b>					<b>620,906</b>	<b>49,718</b>	<b>4,377</b>	<b>-</b>	<b>675,000</b>
<b>State of Good Repair/Health and Safety</b>									
Internet Upgrade	Central Workshop	Special Levy - ALL	All	Unfunded	38,491	10,578	931		50,000
Data Centre Server Upgrade	Welland	Special Levy - ALL	All	Unfunded	20,015	5,501	484		26,000
Electrical & Water - Ridge - Long Beach	Long Beach	Special Levy - Niagara	Niagara	Unfunded	130,000				130,000
Speed Bumps - All Parks (Phase 1)	Central Workshop	Special Levy - ALL	All	Unfunded	50,000	50,000			100,000
Equipment Implements	Various	Special Levy - Niagara	Niagara	Unfunded	30,792	8,463	745		40,000
Barn Storage Facility	Balls Falls	Special Levy - Niagara	Niagara	Unfunded	50,000				50,000
Tractor	Central Workshop	Special Levy - ALL	All	Unfunded	38,491	10,578	931		50,000
Argo (Bog & Wainfleet Wetlands)	Central Workshop	Special Levy - ALL	All	Unfunded	15,396	4,231	372		20,000
Wainfleet Wetlands (Phase 1)	Central Workshop	Special Levy - Niagara	Niagara	Unfunded	153,962	42,313	3,725		200,000
Passive Parks Gates	Central Workshop	Special Levy - Niagara	Niagara	Unfunded	330,000				330,000
Ball Home Interior Scoping and Restoration	Balls Falls	Special Levy - Niagara	Niagara	Unfunded	7,500				7,500
Centre for Conservation Upgrades (gift Shop)	Balls Falls	Special Levy - Niagara	Niagara	Unfunded	50,000				50,000
Additional Roadway from 7th Ave into Park	Balls Falls	Special Levy - Niagara	Niagara	Unfunded	10,000				10,000
Ball's Falls Gate System	Balls Falls	Special Levy - Niagara	Niagara	Unfunded	100,000				100,000
Equipment - POS Machines (all parks)	Balls Falls	Special Levy - Niagara	Niagara	Unfunded	7,500				7,500
Parking Lot Lighting CFC	Balls Falls	Special Levy - Niagara	Niagara	Unfunded	40,000				40,000
Office Furniture	Various	Special Levy - ALL	All	Unfunded	19,245	5,289	466		25,000
Lime Restoration	Balls Falls	Special Levy - Niagara	Niagara	Unfunded	40,000				40,000
New Metal Stairs for Bruce Trail	Balls Falls	Special Levy - Niagara	Niagara	Unfunded	100,000				100,000
Equipment: BBQ	Binbrook	Special Levy - Hamilton	Hamilton	Unfunded		10,000			10,000
Info Signs / Kiosk	Binbrook	Special Levy - Hamilton	Hamilton	Unfunded		30,000			30,000
Pavilion 1 Scoping, Design and Permits	Binbrook	Special Levy - Hamilton	Hamilton	Unfunded		10,000			10,000
Pavilion 1 Demolition and Construction	Binbrook	Special Levy - Hamilton	Hamilton	Unfunded		275,000			275,000
Playground Upgrade	Binbrook	Special Levy - Hamilton	Hamilton	Unfunded		300,000			300,000
Additional Pavilions	Binbrook	Special Levy - Hamilton	Hamilton	Unfunded		250,000			250,000
New Gate System	Binbrook	Special Levy - Hamilton	Hamilton	Unfunded		150,000			150,000
New Washroom Facility	Binbrook	Special Levy - Hamilton	Hamilton	Unfunded		300,000			300,000
Road and Parking Upgrade	Binbrook	Special Levy - Hamilton	Hamilton	Unfunded		500,000			500,000
Main Boat Launch Upgrade	Binbrook	Special Levy - Hamilton	Hamilton	Unfunded		100,000			100,000
Expanded Office Space	Binbrook	Special Levy - Hamilton	Hamilton	Unfunded		50,000			50,000
Charcoal Disposal Units	Binbrook	Special Levy - Hamilton	Hamilton	Unfunded		15,000			15,000
Pavilion 2 Parking lot	Binbrook	Special Levy - Hamilton	Hamilton	Unfunded		35,000			35,000
Garbage disposal area - next to scout loop	Binbrook	Special Levy - Hamilton	Hamilton	Unfunded		10,000			10,000
Northside Playground	Long Beach	Special Levy - Niagara	Niagara	Unfunded	125,000				125,000
Boat Launch Replacement	Long Beach	Special Levy - Niagara	Niagara	Unfunded	50,000				50,000
Drainage South Side	Long Beach	Special Levy - Niagara	Niagara	Unfunded	100,000				100,000
North and South Parking Areas	Long Beach	Special Levy - Niagara	Niagara	Unfunded	40,000				40,000
Seating and Shade Structure	Long Beach	Special Levy - Niagara	Niagara	Unfunded	75,000				75,000
Rebuild Comfort station #2 Soth Side	Long Beach	Special Levy - Niagara	Niagara	Unfunded	5,000				5,000

**Niagara Peninsula Conservation Authority - 2021 DRAFT CAPITAL BUDGET**

Beach Washroom Renovations	Chippawa Creek	Special Levy - Niagara	Niagara	Unfunded	15,000				15,000
Replace Old Comfort Station Tanks/Improv	Chippawa Creek	Special Levy - Niagara	Niagara	Unfunded	25,000				25,000
Workshop Upgrades	Chippawa Creek	Special Levy - Niagara	Niagara	Unfunded	25,000				25,000
Electrical Upgrades	Chippawa Creek	Special Levy - Niagara	Niagara	Unfunded	1,000,000				1,000,000
New Firewood Hut	Chippawa Creek	Special Levy - Niagara	Niagara	Unfunded	25,000				25,000
New Pavilion	Chippawa Creek	Special Levy - Niagara	Niagara	Unfunded	125,000				125,000
New Playground Equipment	Chippawa Creek	Special Levy - Niagara	Niagara	Unfunded	150,000				150,000
Tile Drain in Day Use	Chippawa Creek	Special Levy - Niagara	Niagara	Unfunded	125,000				125,000
Morgan's Point Comfort Station Renovation	Central Workshop	Special Levy - ALL	All	Unfunded	19,245	5,289	466		25,000
Morgan's Point Pavilion	Central Workshop	Special Levy - ALL	All	Unfunded	96,226	26,446	2,328		125,000
All Passive Park Bathroom Renovations	Central Workshop	Special Levy - ALL	All	Unfunded	19,245	5,289	466		25,000
St. Johns Valley Centre Septic System	Central Workshop	Special Levy - ALL	All	Unfunded	173,207	47,602	4,190		225,000
Fencing for All Parks	Central Workshop	Special Levy - ALL	All	Unfunded	130,868	35,966	3,166		170,000
Low Ropes Course	Cons Area Serv	Special Levy - ALL	All	Unfunded	15,396	4,231	372		20,000
Work Vehicles	Equipment	Special Levy - ALL	All	Unfunded	115,472	31,735	2,794		150,000
New AED Units (H&S)	Equipment	Special Levy - ALL	All	Unfunded	23,094	6,347	559		30,000
Trailers (All Parks)	Equipment	Special Levy - ALL	All	Unfunded	46,189	12,694	1,117		60,000
Plow and Salter (Chipp)	Equipment	Special Levy - ALL	All	Unfunded	5,774	1,587	140		7,500
Roll off Tri-Axle Truck	Equipment	Special Levy - ALL	All	Unfunded	92,377	25,388	2,235		120,000
<b>Sub Total - State of Good Repair</b>					<b>3,853,486</b>	<b>2,374,527</b>	<b>25,487</b>	<b>-</b>	<b>6,253,500</b>
<b>TOTAL - UNFUNDED BUDGET PRESSURES</b>					<b>4,855,411</b>	<b>2,515,217</b>	<b>37,872</b>	<b>-</b>	<b>7,408,500</b>

**Report To: Board of Directors**

**Subject: 2021 Draft Operating and Capital Budgets**

**Report No: FA-59-20**

**Date: November 19, 2020**

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**Recommendation:**

1. **THAT** Report No. FA-59-20 RE: 2021 Draft Operating and Capital Budgets **BE RECEIVED**.
2. **THAT** Report No. A&BC-11-20 RE: 2021 Draft Operating and Capital Budgets **BE APPROVED** for discussion with participating municipal staff, in accordance with Board approved Budget Assumptions.
3. **THAT** Staff continue to discuss the possibility of reinstating the Land Acquisition Reserve contributions with municipal funding partners.
4. **THAT** the list of 2021 unfunded pressures **BE PROVIDED** to partner municipalities for any future opportunities outside the 2021 budget through collaborative projects or external funding;
5. **THAT** NPCA staff **REPORT** the results of discussions with participating municipal staff to the 2021 Q1 Finance Committee meeting.

**Purpose:**

The purpose of this report is to provide the Board of Directors with:

- 2021 Budget Assumptions
- 2021 Levy Apportionment
- 2021 Draft Operating and Capital Budget
- 2021 Unfunded Pressures

## Background:

In July 2020, the Board considered the Budget Assumptions for 2021 which included a 1.75% COLA adjustment (as negotiated through the Collective Agreement approved by the Board of Directors), and a 2% provision for inflation. In the development of the recommended budget assumptions for the 2021 budget process, Staff considered the following:

- Cost of living adjustments (COLA) and grid step increases
- Inflation (Consumer price index – CPI)
- Multi-year contractual obligations, including OPSEU collective agreement provisions for 2021.
- Operating and capital unfunded pressures
- Operational impact of the Covid-19 pandemic – 2020 and beyond
- Budget guidelines from municipal partners
- Budget process and structure from other conservation authorities
- General economic outlook and political climate
- Implications of Bill 108 and provincial funding
- Impacts on service delivery
- Asset management, state of good repair for asset base, capital funding gaps, deferred capital projects and building a sustainable capital plan
- New programs and growth initiatives

NPCA has received 2021 budget guidance from Niagara Region, which includes a provision for a 2% increase over 2020.

At the time this report was drafted, Staff had not received 2021 Budget Guidelines from the City of Hamilton, however unofficially, budget guidance is expected to come in at 2% against 2020. Budget guidelines from Haldimand County have not been received yet.

Please note that expenses budgeted in 2021 specific to the Covid-19 Pandemic have been presented as a separate line item, in accordance with budget guidelines from Niagara Region.

On October 29, 2020 Report No. A&BC-11-20 – 2021 Draft Operating and Capital Budgets was presented to the Audit and Budget (Finance) Committee, and the following resolutions were passed in part:

***THAT Staff PROVIDE a justification report to support the two additional FTE's included in the Draft 2021 Budget.***

***THAT the Committee REQUESTS Staff include in 2021 budget presentations the re-initiation of Niagara Region's contribution to the Niagara Land Acquisition Reserve.***

***THAT the Finance Committee RECOMMENDS that the Board approve the 2021 Draft Operating and Capital Budgets for discussions with participating municipal Staff.***

The 2021 General Levy Apportionment as per guidance provided by MNRF breaks down as follows, with comparable statistics for 2020:

<b>2021 Levy Apportionment</b>			
	<b>2021</b>	<b>2020</b>	<b>Variance</b>
Niagara	76.9811%	77.2459%	-0.2648%
Hamilton	21.1565%	20.9048%	0.2517%
Haldimand	1.8624%	1.8493%	0.0131%
Total	100.0000%	100.0000%	0.0000%

**Discussion:**

Draft 2021 Operating Budget – see Appendix 1.

Overall, revenues and expenses in this zero-based budget are projected to increase by \$390,748, (3.9%), due in large part to anticipated increases in Authority generated funds in Park Operations and Permits/Regulatory Fees. The increase to the Municipal General Levy is in line with Board approved Budget Assumptions: 1.98%, or \$120,823. Gap of approx. \$108,985 resulting from transfer of Niagara Region Tree and Forest Conservation By-Law administration has been addressed through internal efficiencies, gapping and self-generated revenues within the 2021 budget.

**2021 Operating Budget – Staff Complement**

Included in the 2021 Draft Operating Budget is an addition of 2 FTE to the staffing complement. Further to resolutions from the October 29, 2020 Finance Committee meeting, please note the rationale below for each FTE based on an internal business case.

Watershed - Ecological Technician

Based on the current volume of Planning Act and NPCA Permit applications, the NPCA is unable to consistently meet the current CO review timelines (under the new Client Service Standards) with one Ecological Technician. This has placed considerable workload on one staff position serving the entire jurisdiction. In addition, the volume of work does not allow proper review on other items within the organization such as Environmental Assessments, restoration projects or projects on NPCA land. As such, by securing a second position, this will allow the NPCA to achieve Client Service Targets established by CO and ensure better quality application reviews. It should be noted also that the addition of this position to complement brings staffing back to pre-2018 levels to provide adequate planning ecology capacity.

Human Resources – Health and Safety

This role would be pivotal in validating NPCA’s commitment to protecting the health and safety of our staff. In the CA environment there is a wide variety of work performed that may have varying requirements when it comes to health and safety, alongside legislated requirements (i.e. ice, heights, swift water, etc.) The impact of COVID-19 in 2020, coupled with anticipated additional health and safety measures will require continued focus for the foreseeable future. As such, a dedicated Health

and Safety position is critical. It should be noted that NPCA will be classifying this position as incremental pandemic expenses in an effort to capitalize on anticipated external funding sources (i.e. Safe Restart).

While the Joint Occupational Health and Safety Committee (JOHSC) ensures adherence to legislation, there are many updates and proactive tasks that they would like to prioritize: an update of the health and safety policy manual, implementation of the MSDS online program and performance of an organization wide risk assessment. Current workload of existing staff is such that these tasks cannot be undertaken without additional human resources. This professional and trained expert will also support NPCA Park operations on how to best protect the safety of our patrons. This FTE also represents a much needed redundancy in the Human Resources department to serve the growing needs of the organization.

### **Special Levy – Land Acquisition - Hamilton**

Since 2016, the City of Hamilton has contributed \$100,000 annually to a Land Acquisition Reserve. The current reserve balance as at December 31, 2019 is \$994,152.

In 2020, in anticipation of the adoption of a formal land acquisition strategy for the NPCA, it was decided that a contribution to the Land Acquisition Reserve from the City of Hamilton would be deferred. NPCA's Land Acquisition Strategy is currently in progress and scheduled to be completed in the Spring of 2021.

Staff would like to initiate discussions with Hamilton Staff on the feasibility of a Land Acquisition Reserve contribution in the amount of \$100,000, presented below the line.

### **Special Levy – Land Acquisition – Niagara**

From 2016 to 2018, Niagara Region contributed \$500,000 annually to a Land Acquisition Reserve, adding \$1.5M to an opening balance of \$298,176. The current reserve balance as at December 31, 2019 is \$1.798M.

In 2019, the NPCA Board of Directors passed a resolution to reverse the proposed 2019 contribution of \$500,000 for the Niagara Land Acquisition Reserve. In 2020, in anticipation of the adoption of a formal land acquisition strategy for the NPCA, it was decided that a contribution to the Land Acquisition Reserve from Niagara Region would be deferred. NPCA's Land Acquisition Strategy is currently in progress and scheduled to be completed in the Spring of 2021.

Staff would like to initiate discussions with Niagara Region Staff on the feasibility of a Land Acquisition Reserve contribution in the amount of \$500,000, presented below the line.

## Draft 2021 Capital Budgets

2021 Capital Budget targets, in accordance with Budget Assumptions:

<b>2021 Capital - Target</b>		
2020 Special Levy - Niagara		1,103,236
2020 Special Levy - Hamilton		203,552
2020 Special Levy - Haldimand		12,904
Sub Total		1,319,692
2% CPI per budget assumptions		26,394
<b>2021 Capital Target</b>		<b>1,346,086</b>

Please see Appendix 2(a) for consolidated summary and Appendix 2(b) for details on the 2021 Draft Capital Budget.

Overall, critical capital requirements supported by municipal Special Levy proposed for the 2021 fiscal year exceed the capital target:

Target	\$ 1,346,086
Proposed	1,465,216
Shortfall	\$ 119,130

In an effort to ensure critical infrastructure and health/safety projects for 2021 can be undertaken, Staff will be seeking external funding and/or grant opportunities, ensuring we explore all available alternatives. Staff are also investigating access to OPG Funding under the terms of the existing MOU. Additionally, Niagara Region may consider a provision for incremental COVID-19 related expenses. To that end, these expenses have been presented as a separate line item. Budgets will be adjusted accordingly in the next few months subsequent to discussions with our municipal partners.

## Unfunded Budget Pressures

In the last several years, NPCA's ability to undertake both operating special projects and capital investments have been significantly impacted by a lack of financial resources. The following issues contributed in part:

- a) The organization is currently in the process of undertaking a significant amount of work to address the 2018 Auditor General Recommendations requiring substantial staff resources and incremental costs.
- b) The COVID 19 Pandemic has exerted a great deal of pressure on NPCA Greenspace and Parks. NPCA needs to make significant investments in infrastructure upgrades and staffing resources to be able to safely serve our communities.
- c) Staff anticipate significant planning and growth pressures in the coming years in the NPCA jurisdiction requiring NPCA to invest in proactive science and information to support decision making.
- d) NPCA's assets and infrastructure have a significant state-of good repair backlog and gaps that needs to be addressed.
- e) Full impact of Conservation Authority changes through Bill 229 are currently unknown.

A preliminary assessment of current unfunded pressures was prioritized by Staff. These initiatives (\$7.4M), classified in 3 categories outlined below are listed in Appendix 2.

### **Restoration and Shoreline Resiliency:**

The watershed entrusted to the Niagara Peninsula Conservation Authority (NPCA) is environmentally degraded as evident from its fragmented natural areas and poor surface water quality. Previous studies by the NPCA have estimated that the watershed achieves only fifty-six percent (56%) cumulatively towards the minimum thresholds for several ecological objectives that science recommends for an environmentally viable landscape. Ambient monitoring also indicates most of the watershed's surface waters suffer from poor to marginal water quality. Climate change is causing significant and far-reaching impacts on both local watercourses and the Great Lakes whose shorelines are complex ecological and social-political environments. Demonstrating leadership towards ensuring resilient natural environment systems and shorelines through the maintenance and enhancement of natural features with an emphasis on nature based solutions under an adaptive management approach entirely aligns with NPCA's local natural resources management mandate.

### **Planning and Growth Pressures**

A prime mandate of the NPCA is to keep people and property safe from the impacts of natural hazards. To this end, the NPCA administers Ontario Regulation 155/06 *'Development, Interference with Wetlands and Alterations to Shorelines and Watercourses'*, made under Section 28 of the Conservation Authorities Act. Works proposed to be undertaken in an area regulated by the NPCA require that a permit be obtained prior to undertaking construction. In addition, the NPCA has been delegated the responsibility by the Ministry of Natural Resources and Forestry to represent the provincial interest with respect to natural hazards under Section 3.1 of the Provincial Policy Statement (2020). This responsibility includes the NPCA commenting on municipal documents such as Official Plans, Zoning Bylaws and Planning Act applications. A key component to administering these pieces of legislation is understanding where these natural hazards are located in order to assist the NPCA in directing development away from hazard-prone lands.

### **State of Good Repair**

The NPCA completed an operational asset review in Q2 2020. The review included updating the condition of every NPCA-owned asset. The result of the project concluded that the majority of NPCA assets were in fair to poor condition. The asset review led to the creation of a multi-year capital plan to upgrade and sustain all NPCA assets at an appropriate standard. When analyzing the conditions of the assets it was deemed that several Conservation Areas needed to be addressed.

The NPCA's Conservation Areas saw a substantial increase in visitation in 2020, which exposed several assets that were in poor condition. Day use attendance revenue at NPCA active parks, including Ball's Falls, Binbrook, Chippawa Creek and Long Beach, increased significantly in 2020 despite capacity limitations due to COVID-19. NPCA staff also noted a substantial increase in visitors at NPCA's popular passive parks. The increase in park visitation exposed some NPCA asset weaknesses which include conservation area signage: entrance, visitor information and educational signs.

Green Infrastructure is an additional area that NPCA staff would like to address in improving the condition of its current assets. Repairs and replacements to bicycle parking, solar recharge stations and shade structures are projects to enhance the current condition of conservation areas.

The NPCA is responsible for 41 conservation areas covering 7300 acres of property. We are fortunate to have many incredible properties that offer a variety of uses for people to enjoy, including passive recreational uses. NPCA's hiking trails need enhancements to bring existing trails back to a good condition. Projects such as widening trails, repairs to trailside seating, boardwalks, accessibility trail repair and landscaping will bring the trails to an appropriate standard.

Infrastructure assets at the NPCA's active conservation areas are concerning. These assets include septic systems, roadways, comfort stations, pavilions, workshops, among other assets. Most roadways are in poor condition and are in much need of repair. With an increase in visitors and more people and vehicles in the conservation areas, speed bumps have become an important method to control the flow and speed of traffic for health and safety reasons.

The equipment asset classification currently has several assets in exceedingly poor condition. Best practice for frequently-used equipment such as mowers, utility vehicles and tractors is to assign an asset life cycle of 4 to 5 years. The majority of high-use equipment utilized by NPCA staff is over 10 years old. Ageing, deteriorating equipment has led to an increase in equipment maintenance costs as well as a decrease in operational efficiency.

/continued

## Summary – 2021 Municipal Levy

Summary - 2021	2020	2021	Variance	%
<b>Niagara</b>				
- General Levy	4,706,327	4,684,681		
- Special Levy - Capital	1,103,236	1,241,073		
Sub Total	5,809,563	5,925,754	116,191	2.00%
- Covid-19 Pandemic	-	109,464	109,464	
<b>Total</b>	<b>5,809,563</b>	<b>6,035,218</b>	<b>225,655</b>	<b>3.88%</b>
<b>Hamilton</b>				
- General Levy	1,273,658	1,307,251		
- Special Levy - Operating	23,315	-		
- Special Levy - Capital	180,237	199,503		
<b>Total</b>	<b>1,477,210</b>	<b>1,506,754</b>	<b>29,544</b>	<b>2.00%</b>
<b>Haldimand</b>				
- General Levy	112,671	112,077		
- Special Levy - Capital	12,904	24,640		
<b>Total</b>	<b>125,575</b>	<b>136,717</b>	<b>11,142</b>	<b>8.87%</b>
<b>Consolidated</b>				
- General Levy	6,092,656	6,104,009		
- Special Levy - Operating	23,315	-		
- Special Levy - Capital	1,296,377	1,465,216		
Sub Total	7,412,348	7,569,225	156,877	2.12%
- Covid-19 Pandemic	-	109,464	109,464	
<b>Total</b>	<b>7,412,348</b>	<b>7,678,689</b>	<b>266,341</b>	<b>3.59%</b>

*The 2020 Hamilton Special Levy in support of Capital expenditures does not include debt funding for capital projects in the amount of \$1.210M.*

### Financial Implications:

*The Conservation Authorities Act (CAA) Act defines operating expenses under Section 1 of the Act and further explains operating funding under Section 27.*

The revised Act, as proclaimed through Bill 108 refers to mandatory versus non-mandatory programs (Section 21.1.1). These will not be considered as part of the 2021 budget process as the regulations defining these programs have not yet been developed.

The CAA also enables the Authority to establish Fees as outlined in Section 21.2.1 of the Act which is included in the 2021 budget.

*The Conservation Authorities Act (CAA) Act* enables capital projects and the funding thereof through Sections 24, 25 and 26.

Unfunded pressures are currently not included in the 2021 Budget. A diverse range of strategies will be deployed to address these gaps. Staff will investigate external funding sources and liaise with external stakeholders and all levels of governments to look for collaborative opportunities outside the existing budget processes. These unfunded priorities will be continuously prioritized and incorporated into future budgets as appropriate.

**Related Reports and Appendices:**

Appendix 1: NPCA 2021 Draft OPERATING Budget

Appendix 2(a): NPCA 2021 Draft CAPITAL Budget – Summary

Appendix 2(b): NPCA 2021 Draft CAPITAL Budget - Detailed

**Authored by:**

*Original Signed by:*

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Lise Gagnon, CPA, CGA  
Director, Corporate Services

**Submitted by:**

*Original Signed by:*

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Chandra Sharma, MCIP, RPP  
Chief Administrative Officer/Secretary-Treasurer



Financial Statements of

**NIAGARA PENINSULA  
CONSERVATION AUTHORITY**

And Independent Auditors' Report thereon

Year ended December 31, 2019



KPMG LLP  
80 King Street, Suite 620  
St. Catharines ON L2R 7G1  
Canada  
Tel 905-685-4811  
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## INDEPENDENT AUDITORS' REPORT

To the Board of Niagara Peninsula Conservation Authority

### **Opinion**

We have audited the financial statements of Niagara Peninsula Conservation Authority (the Entity), which comprise:

- the statement of financial position as at December 31, 2019
- the statement of operations for the year then ended
- the statement of changes in net financial assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements")

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2019, and its results of operations, its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### **Basis for Opinion**

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other 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 opinion.



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

Management is responsible for the preparation and fair presentation of the 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 Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

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

### ***Auditors' 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 auditors' 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 the 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Entity 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 represents the underlying transactions and events in a manner that achieves fair presentation.
- 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.

*KPMG LLP*

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Chartered Professional Accountants, Licensed Public Accountants

St. Catharines, Canada

May 21, 2020

# NIAGARA PENINSULA CONSERVATION AUTHORITY

## Statement of Financial Position

As at December 31, 2019, with comparative information for 2018

	2019	2018
<b>Financial assets</b>		
Cash and cash equivalents	\$ 3,454,034	\$ 6,138,740
Investments	4,381,512	4,256,273
Accounts receivable	666,214	278,986
	<u>8,501,760</u>	<u>10,673,999</u>
<b>Financial liabilities</b>		
Accounts payable and accrued liabilities	1,389,998	759,075
Employee future benefits (note 2)	66,300	73,200
Deferred revenue (note 4)	1,521,047	1,776,979
Long-term debt (note 3)	216,325	700,030
	<u>3,193,670</u>	<u>3,309,284</u>
Net financial assets	5,308,090	7,364,715
<b>Non-financial assets</b>		
Prepaid expenses	36,797	33,109
Tangible capital assets (note 5)	21,008,145	20,145,167
	<u>21,044,942</u>	<u>20,178,276</u>
Subsequent event (note 15)		
Accumulated surplus (note 6)	\$ 26,353,032	\$ 27,542,991

See accompanying notes to financial statement.

  
Brenda Johnson, Chair



Chandra Sharma, CAO/Secretary-Treasurer

# NIAGARA PENINSULA CONSERVATION AUTHORITY

## Statement of Operations

Year ended December 31, 2019, with comparative information for 2018

	Budget (note 9)	2019 Actual	2018 Actual
<b>Revenues:</b>			
<b>Government transfers</b>			
Province of Ontario – Ministry of Natural Resources and Forestry ("MNR")	\$ 174,496	\$ 90,083	\$ 174,496
Province of Ontario - Other	302,500	223,482	267,038
Government of Canada	100,000	100,000	132,705
<b>Municipal levies</b>			
General	6,416,084	6,416,084	6,246,119
Special	2,252,166	635,001	2,252,166
<b>Authority generated</b>			
User fees, sales and admissions	1,892,600	2,148,195	1,936,971
Administration fees	314,850	401,000	417,690
Interest	60,000	214,063	155,013
Other	235,200	445,261	701,053
OPG - Welland river watershed	-	195,432	-
	11,747,896	10,868,601	12,283,251
<b>Expenses:</b>			
CAO and Administration	2,002,676	3,068,776	2,019,335
Watershed	5,257,856	1,868,308	1,557,677
Corporate Resources	2,077,585	7,121,476	5,629,051
	9,338,117	12,058,560	9,206,063
Annual (deficit) surplus	2,409,779	(1,189,959)	3,077,188
Accumulated surplus, beginning of year	27,542,991	27,542,991	24,465,803
Accumulated surplus, end of year	\$ 29,952,770	\$ 26,353,032	\$ 27,542,991

See accompanying notes to financial statement.

# NIAGARA PENINSULA CONSERVATION AUTHORITY

## Statement of Change in Net Financial Assets

Year ended December 31, 2019, with comparative information for 2018

	2019	2018
Annual (deficit) surplus	\$ (1,189,959)	\$ 3,077,188
Acquisition of tangible capital assets	(1,744,615)	(1,063,320)
Amortization of tangible capital assets	864,071	823,061
Proceeds on disposal of tangible capital assets	47,569	-
Gain on disposal of tangible capital assets	(30,003)	-
Increase in prepaid expenses	(3,688)	(7,473)
	(2,056,625)	2,829,456
Net financial assets, beginning of year	7,364,715	4,535,259
Net financial assets, end of year	\$ 5,308,090	\$ 7,364,715

See accompanying notes to financial statement.

# NIAGARA PENINSULA CONSERVATION AUTHORITY

## Statement of Changes in Cash Flows

Year ended December 31, 2019, with comparative information for 2018

	2019	2018
Cash provided by (used in):		
Operations:		
Annual (deficit) surplus	\$(1,189,959)	\$ 3,077,188
Item not involving cash:		
Amortization of tangible capital assets	864,071	823,061
Contributions of tangible capital assets	-	(145,000)
Gain on disposal of tangible capital assets	(30,003)	-
Employee future benefits	(6,900)	(36,300)
Change in non-cash operating working capital:		
Accounts receivable	(387,228)	297,418
Accrued interest on investments	1,961	(2,203)
Prepaid expenses	(3,688)	(7,473)
Accounts payable and accrued liabilities	630,923	(656,342)
Deferred revenue	(255,932)	(340,999)
<b>Net change in cash and cash equivalents from operations</b>	<b>(376,755)</b>	<b>3,009,350</b>
Capital activities:		
Purchases of tangible capital assets	(1,744,615)	(918,320)
Proceeds from disposal of tangible capital assets	47,569	-
<b>Net change in cash and cash equivalents from capital activities</b>	<b>(1,697,046)</b>	<b>(918,320)</b>
Investing activities:		
Proceeds from sale of investments	4,250,000	4,072,250
Purchases of investments	(4,377,200)	(4,250,000)
<b>Net change in cash and cash equivalents from investing activities</b>	<b>(127,200)</b>	<b>(177,750)</b>
Financing activities:		
Repayment of long-term debt	(483,705)	(760,429)
<b>Net change in cash and cash equivalents</b>	<b>(2,684,706)</b>	<b>1,152,851</b>
Cash and cash equivalents, beginning of year	6,138,740	4,985,889
<b>Cash and cash equivalents, end of year</b>	<b>\$ 3,454,034</b>	<b>\$ 6,138,740</b>

See accompanying notes to financial statement.

# NIAGARA PENINSULA CONSERVATION AUTHORITY

Notes to Financial Statements

Year ended December 31, 2019

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The Niagara Peninsula Conservation Authority ("the Authority") is established under The Conservation Authorities Act of Ontario to further the conservation, restoration, development and management of natural resources. It is exempt from income taxes under section 149(1)(c) of the Income Tax Act.

## 1. Significant accounting policies:

The financial statements of Niagara Peninsula Conservation Authority ("the Authority") are prepared by management in accordance with Public Sector Accounting Standards ("PSAS"). Significant accounting policies adopted by the Authority are as follows:

### (a) Basis of accounting:

Revenues and expenses are reported on the accrual basis of accounting. Revenues are recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

### (b) Cash and cash equivalents:

Cash and cash equivalents include cash on hand, balances with banks and guaranteed investment certificates that mature within three months.

### (c) Investments:

Investments consist of term deposits and are recorded at amortized cost. Investments held by the Authority have a market value that approximates cost given their fixed interest rate nature and maturity date within one year. When there has been a loss in value that is other than a temporary decline in value, the respective investment is written down to recognize the loss. Investment income earned on investments are reported as revenue in the period earned.

### (d) Deferred revenue:

Deferred revenues represent government transfers and user fees which have been collected but for which related expenses or related services have yet to be performed. These amounts will be recognized as revenues in the fiscal year the services are performed.

### (e) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. Tangible capital assets have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

# NIAGARA PENINSULA CONSERVATION AUTHORITY

Notes to Financial Statements (continued)

Year ended December 31, 2019

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## 1. Significant accounting policies (continued):

(e) Non-financial assets (continued):

(i) Tangible capital assets:

Tangible capital assets are recorded at cost. Cost includes all directly attributable expenses in the acquisition, construction, development and/or betterment of the asset. The Authority does not capitalize interest costs associated with the acquisition or construction of tangible capital assets.

Cost, less residual value of tangible capital assets are amortized on a straight line basis over their estimated useful life. Land is considered to have an infinite life without amortization. Full year amortization is charged in the year of acquisition. Work-in-progress assets are not amortized until the asset is available for productive use.

Amortization is based on the following classifications and useful lives:

<b>Asset</b>	<b>Useful Life - Years</b>
Land Improvements	20 years
Buildings	30 years
Dams	15 to 100 years
Gauge stations	15 to 30 years
Equipment	10 years
Vehicles	5 years
Office equipment	5 years

Contributed tangible capital assets are capitalized at their estimated fair value upon acquisition and recognized as revenue in the year of contribution.

# NIAGARA PENINSULA CONSERVATION AUTHORITY

Notes to Financial Statements (continued)

Year ended December 31, 2019

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## 1. Significant accounting policies (continued):

### (f) Revenue recognition:

#### i) Government transfers

Government transfers are recognized as revenue in the financial statements when the transfer is authorized, any eligibility criteria are met and a reasonable estimate of the amount can be made except when, and to the extent that, stipulations by the transferor give rise to an obligation that meet the definition of a liability. Government transfers that meet the definition of a liability are recognized as revenue as the liability is extinguished.

#### ii) Municipal levies

Municipal levies are recognized as revenue in the year in which they meet the definition of an asset, the levy is authorized and the levy event has occurred.

#### iii) Authority generated

User fees, sales and admissions and other income is reported as revenue in the period earned.

### (g) Employee future benefits:

The Authority provides certain employee benefits which will require funding in future periods. These benefits include extended health and dental benefits for early retirees to age 65. The employee future benefits represent management's best estimates of the cost of premiums on benefits up to the date of retirement.

### (h) Use of estimates:

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Actual results could differ from management's best estimates as additional information becomes available in future. Significant estimates include assumptions used in the estimation of employee future benefits.

# NIAGARA PENINSULA CONSERVATION AUTHORITY

Notes to Financial Statements (continued)

Year ended December 31, 2019

## 2. Employee future benefit:

The Authority provides extended life, health and dental benefits for early retirees to age 65 which will require funding in future periods. The Authority recognizes these retirement benefit costs in the period in which the service is rendered. The accrued benefit liability at December 31, 2019 was estimated by management to be \$66,300 (2018 - \$73,200). Information about the Authority's benefit plan is as follows:

	2019	2018
Accrued benefit obligation:		
Balance, beginning of year	\$ 73,200	\$ 109,500
Current benefit cost	14,195	(9,152)
Benefits paid	(21,095)	(27,148)
Accrued benefit obligation, end of year	\$ 66,300	\$ 73,200

## 3. Long-term debt:

	2019	2018
The Authority has assumed responsibility for the payment of principal and interest charges on long-term debt issued by the Region of Niagara	\$ 216,325	\$ 700,030
	\$ 216,325	\$ 700,030

Long-term debt bears interest at rates ranging from 4.5% - 4.8%. Total principal payments to be made on the outstanding long-term debt is \$216,325 in 2020.

The Authority paid \$27,980 (2018 - \$63,691) in interest on long-term debt during the year.

## 4. Deferred revenue:

Deferred revenues consist of the following:

	Balance at December 31, 2018	Externally restricted inflows	Revenue earned	Balance at December 31, 2019
User fees and other	\$ 217,677	\$ 132,984	\$ (150,681)	\$ 199,980
Government grants	296,960	22,560	(65,363)	254,157
Welland river watershed- Ontario Power Generation ("OPG")	1,262,342	-	(195,432)	1,066,910
Total	\$ 1,776,979	\$ 155,544	\$ (411,476)	\$ 1,521,047

# NIAGARA PENINSULA CONSERVATION AUTHORITY

Notes to Financial Statements (continued)

Year ended December 31, 2019

## 5. Tangible capital assets:

Cost	Balance at December 31, 2018	Additions	Transfers/ Disposals	Balance at December 31, 2019
Land	\$ 8,655,507	\$ 536,943	\$ -	\$ 9,192,450
Land improvements	6,037,653	302,475	-	6,340,128
Buildings	5,749,357	312,284	-	6,061,641
Dams	4,986,642	-	-	4,986,642
Gauge stations	403,351	-	-	403,351
Equipment	2,167,681	194,023	(61,164)	2,300,540
Vehicles	314,254	-	(29,558)	284,696
Office equipment	858,516	123,548	(11,392)	970,672
Work-in-progress	236,916	375,919	(100,577)	512,258
<b>Total</b>	<b>\$ 29,409,877</b>	<b>\$ 1,845,192</b>	<b>\$ (202,691)</b>	<b>\$ 31,052,378</b>

Accumulated Amortization	Balance at December 31, 2018	Additions	Transfers/ Disposals	Balance at December 31, 2019
Land	\$ -	\$ -	\$ -	\$ -
Land improvements	2,986,422	256,485	-	3,242,907
Buildings	2,305,455	192,870	-	2,498,325
Dams	1,713,041	59,085	-	1,772,126
Gauge stations	204,329	20,626	-	224,955
Equipment	1,156,281	178,409	(43,598)	1,291,092
Vehicles	251,808	20,816	(29,558)	243,066
Office equipment	647,374	135,780	(11,392)	771,762
<b>Total</b>	<b>\$ 9,264,710</b>	<b>\$ 864,071</b>	<b>\$ (84,548)</b>	<b>\$ 10,044,233</b>

# NIAGARA PENINSULA CONSERVATION AUTHORITY

Notes to Financial Statements (continued)

Year ended December 31, 2019

## 5. Tangible capital assets (continued):

	Net Book Value December 31, 2018	Net Book Value December 31, 2019
Land	\$ 8,655,507	\$ 9,192,450
Land improvements	3,051,231	3,097,221
Buildings	3,443,902	3,563,316
Dams	3,273,601	3,214,516
Gauge stations	199,022	1,009,448
Equipment	1,011,400	178,396
Vehicles	62,446	41,630
Office equipment	211,142	198,910
Work-in-progress	236,916	512,258
<b>Total</b>	<b>\$ 20,145,167</b>	<b>\$ 21,008,145</b>

Work-in-process, having a value of \$512,258 (2018 - \$236,916) has not been amortized. Amortization of these assets will commence when the asset is put into service.

Contributed tangible capital assets have been recognized at fair value at the date of contribution. The value of contributed assets received during the year is \$nil (2018 - \$145,000 comprised of land).

Tangible capital assets recognized at nominal value include land used in the operations and conservation management.

The Authority has not recorded a write-down of tangible capital assets during the year or 2018.

## 6. Accumulated surplus:

Accumulated surplus consists of the following:

	2019	2018
Invested in tangible capital assets	\$ 20,791,820	\$ 19,445,137
Reserves set aside by the Board of the Authority for specific purpose	5,627,512	8,171,054
Unfunded employee future benefits liability	(66,300)	(73,200)
	<b>\$ 26,353,032</b>	<b>\$ 27,542,991</b>

# NIAGARA PENINSULA CONSERVATION AUTHORITY

Notes to Financial Statements (continued)

Year ended December 31, 2019

## 6. Accumulated surplus (continued):

Reserves set aside by the Board of the Authority for specific purpose consists of the following:

	2019	2018
General capital	\$ 548,734	\$ 1,373,806
Operating reserve	1,507,903	1,360,743
Equipment	-	107,257
Flood protection	281,773	318,406
Levy differential	31,619	1,646,591
Land acquisitions	2,926,032	3,031,880
Restoration	251,038	250,000
Tree by-law	80,413	82,371
	<u>\$ 5,627,512</u>	<u>\$ 8,171,054</u>

## 7. Credit facility:

The Authority's credit facility includes an overdraft lending account of \$765,000 bearing interest at prime. As at December 31, 2019, \$nil (2018 - \$nil) was drawn on this facility. As at December 31, 2019, \$35,000 (2018 - \$nil) was issued by way of a letter of credit to a municipality for which the Authority receives levies in exchange for construction work on-going within the municipal boundaries. The facility is secured by a general security agreement.

## 8. Pension plan:

The Authority makes contributions to the Ontario Municipal Employees Retirement System ("OMERS"), which is a multi-employer plan, on behalf of the 56 (2018 - 54) members of its staff. The plan is a defined benefit plan that specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. Employees and employers contribute jointly to the plan.

Since OMERS is a multi-employer pension plan, the Authority does not recognize any share of the pension plan deficit of \$3.4 billion (2018 - \$4.2 billion) based on the fair market value of the Plan's assets, as this is a joint responsibility of all Ontario municipal entities and their employees. Contributions were made in the 2019 calendar year at rates ranging from 9.0% to 15.8% depending on the member's designated retirement age and level of earnings. Employer contributions for current and past service are included as an expense in the Statement of Operations. Employer contributions to OMERS for 2019 current and past service was \$394,201 (2018 - \$378,347) and were matched by employee contributions.

# NIAGARA PENINSULA CONSERVATION AUTHORITY

Notes to Financial Statements (continued)

Year ended December 31, 2019

## 9. Budget data:

The budget data presented in these financial statements is based upon the 2019 operating budget approved by the Board of the Authority on November 21, 2018 and capital budget approved November 14, 2018. Amortization was not incorporated in the development of the budget and, as such, were not provided on the statement of changes in net financial assets. The chart below reconciles the approved budget to the budget figures reported in these financial statements:

	Budget Amount
Revenues	
Operating	
Approved budget	\$ 10,181,545
Capital	2,219,886
Less:	
Transfers from reserves	(653,535)
Total revenues	11,747,896
Expenses:	
Operating	
Approved budget	8,957,751
Capital	
Approved budget	2,219,886
Add:	
Amortization	864,071
Less:	
Tangible capital assets included in operating expense	(2,219,886)
Debt principal payments	(483,705)
Total expenses	9,338,117
Annual surplus	\$ 2,409,779

## 10. Contingencies:

The Authority is involved from time to time in litigation, which arises in the normal course of business. The exact outcome of these actions is not determinable as at the date of reporting. In respect of certain outstanding claims, the Authority believes that insurance coverage is adequate and that no material exposure exists on the eventual settlement of such litigation, therefore no provision has been made in the accompanying financial statements.

## 11. Related party transactions:

During the year, the Authority incurred \$67,184 (2018 - \$75,568) in expenditures for per diems, honorariums, and mileage which was paid to and on behalf of members of the Board of Directors for the Authority.

# NIAGARA PENINSULA CONSERVATION AUTHORITY

Notes to Financial Statements (continued)

Year ended December 31, 2019

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## 12. Contractual rights:

The Authority has contractual rights under contract with various Ministry agencies to receive funds in exchange for services to be provided under those contracts. The Authority is expecting up to \$46,512 in future revenues based on anticipated services to be performed.

## 13. Segmented information:

The Authority provides a wide range of services which are categorized by department. Certain departments that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

### CAO and Administration

CAO and administration services is comprised of the administration services of the Authority.

### Watershed

The watershed department is the umbrella for three divisions dedicated to monitoring, regulating, protecting and improving the health and safety of our watersheds.

### Corporate Resources

The corporate resources department is the umbrella for three divisions dedicated to conservation land management, conservation land programming and development and managing the Authority's vehicles and equipment. Conservation land management is the administration department for the conservation areas. Conservation land programming and development is responsible for maintenance and improvements to the conservation areas. The vehicles and equipment department accounts for the cost of maintaining the vehicles and equipment.

For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Municipal levies have been allocated to the segments based upon budgeted levies for the segment. Interest earned on investments has been allocated to the corporate resources segment.

# NIAGARA PENINSULA CONSERVATION AUTHORITY

Notes to Financial Statements (continued)

Year ended December 31, 2019

## 13. Segmented information (continued)

2019				
	CAO and Administration	Watershed	Corporate Resources	Total
<b>Revenues:</b>				
MNRF transfers	\$ 15,200	\$ 74,883	\$ -	\$ 90,083
Government transfers	21,975	152,529	148,978	323,482
Municipal levies	1,754,956	1,207,344	4,088,785	7,051,085
User fees, sales and administration	-	-	2,148,195	2,148,195
Administration fees	-	401,000	-	401,000
Interest	-	-	214,063	214,063
Other	14,796	299,223	101,239	415,258
Gain on disposal	-	-	30,003	30,003
OPG - Welland river watershed	-	195,432	-	195,432
<b>Total revenues</b>	<b>1,806,927</b>	<b>2,330,411</b>	<b>6,731,263</b>	<b>10,868,601</b>
<b>Expenses:</b>				
Salaries and benefits	2,033,528	1,525,625	2,983,445	6,542,598
Materials and supplies	382,887	152,303	1,429,125	1,964,315
Contracted services	89,542	44,151	392,862	526,555
Professional fees	363,597	66,518	108,507	538,622
Rent and financial expenses	13,458	-	296,723	310,181
Debt service	-	-	27,980	27,980
Government transfer - levy differential	-	-	1,284,238	1,284,238
Amortization	185,764	79,711	598,596	864,071
<b>Total expenses</b>	<b>3,068,776</b>	<b>1,868,308</b>	<b>7,121,476</b>	<b>12,058,560</b>
<b>Annual surplus</b>	<b>\$ (1,261,849)</b>	<b>\$ 462,103</b>	<b>\$ (390,213)</b>	<b>\$ (1,189,959)</b>

2018				
	CAO and Administration	Watershed	Corporate Resources	Total
<b>Revenues:</b>				
MNRF transfers	\$ 29,496	\$ 145,000	\$ -	\$ 174,496
Government transfers	32,765	152,008	214,970	399,743
Municipal levies	2,143,418	1,112,380	5,242,487	8,498,285
User fees, sales and administration	-	-	1,936,971	1,936,971
Administration fees	-	417,690	-	417,690
Interest	-	-	155,013	155,013
Other	4,945	213,082	483,026	701,053
<b>Total revenues</b>	<b>2,210,624</b>	<b>2,040,160</b>	<b>8,032,467</b>	<b>12,283,251</b>
<b>Expenses:</b>				
Salaries and benefits	1,159,600	1,165,195	2,949,576	5,274,371
Materials and supplies	445,288	125,037	1,331,529	1,901,854
Contracted services	63,416	40,641	212,336	316,393
Professional fees	172,140	147,093	192,992	512,225
Rent and financial expenses	15,621	-	298,847	314,468
Debt service	-	-	63,691	63,691
Amortization	163,270	79,711	580,080	823,061
<b>Total expenses</b>	<b>2,019,335</b>	<b>1,557,677</b>	<b>5,629,051</b>	<b>9,206,063</b>
<b>Annual surplus</b>	<b>\$ 191,289</b>	<b>\$ 482,483</b>	<b>\$ 2,403,416</b>	<b>\$ 3,077,188</b>

# NIAGARA PENINSULA CONSERVATION AUTHORITY

Notes to Financial Statements (continued)

Year ended December 31, 2019

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## 14. Comparative information:

Certain comparative information has been reclassified to conform to the financial statement presentation adopted for the current year. There is no impact to accumulated surplus as a result of the reclassification.

## 15. Subsequent event:

Subsequent to December 31, 2019, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This has resulted in governments worldwide, including the Canadian and Ontario governments, enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally and in Ontario resulting in an economic slowdown. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions however the success of these interventions is not currently determinable. The current challenging economic climate may lead to adverse changes in cash flows and/or debt balances, which may also have a direct impact on the Authority's operating results and financial position in the future. The situation is dynamic and the ultimate duration is unknown and the magnitude of the impact on the economy and our business are not known at this time.



# **Grand River Conservation Authority (GRCA)**

**Grand River**



## GRAND RIVER CONSERVATION AUTHORITY

### BUDGET INFORMATION: 10 Year Summary

Description	2012	2013	2014	2015	2016	2017	Appeal Period		Per Regulation 670/00	
							2018	2019	2020	2021 NET Preliminary Budget \$
<b>Levy</b>	238,160	243,115	246,875	251,180	256,500	263,510	271,570	275,640	1,471,640	1,501,070
\$ Increase Year over Year	6,241	4,955	3,760	4,305	5,320	7,010	8,060	4,070	1,196,000	29,430
% Increase Year over Year	2.7%	2.1%	1.5%	1.7%	2.1%	2.7%	3.1%	1.5%	433.9%	2.0%

#### GENERAL LEVY % APPORTIONMENT\* (Includes Special Levies)

Municipality	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
County of Brant	3.2%	3.2%	3.1%	3.1%	3.1%	3.2%	2.9%	2.8%	2.8%	2.8%
City of Brantford	8.8%	8.8%	8.3%	8.3%	8.2%	8.1%	7.2%	7.4%	7.4%	7.4%
County of Haldimand	1.8%	1.8%	1.7%	1.7%	1.7%	1.7%	1.4%	1.4%	1.4%	1.4%
Region of Halton	2.1%	2.2%	2.3%	2.4%	2.4%	2.5%	2.2%	2.3%	2.4%	2.4%
<b>City of Hamilton</b>	<b>2.4%</b>	<b>2.4%</b>	<b>2.4%</b>	<b>2.4%</b>	<b>2.4%</b>	<b>2.4%</b>	<b>12.2%</b>	<b>12.5%</b>	<b>12.3%</b>	<b>12.4%</b>
Region of Waterloo	56.5%	56.7%	57.0%	56.9%	57.0%	57.0%	51.2%	51.1%	50.9%	50.6%
Township of Centre Wellington	2.8%	2.8%	2.8%	2.8%	2.8%	2.8%	2.5%	2.5%	2.5%	2.5%
City of Guelph	14.6%	14.7%	14.8%	14.9%	14.9%	14.9%	13.5%	13.6%	13.6%	13.7%
Other (less than 1% each)	7.8%	7.4%	7.6%	7.5%	7.5%	7.5%	6.7%	6.5%	6.8%	6.9%
<b>Total</b>	<b>100.0%</b>									

#### Note

1. 2020 Onwards, the levy has been budgeted per Regulation 670/00 of the Conservation Authorities Act.
2. The 2021 budget above is shown at 2020 budget + 2% based on City guidelines.  
A budget adjustment will be required based on the actual levy imposed by the Conservation Authority.



# Grand River Conservation Authority

**Report number:** GM-10-20-69  
**Date:** October 23, 2020  
**To:** Members of the Grand River Conservation Authority  
**Subject:** 2021 Budget – General Municipal Levy Apportionment – corrected version

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## **Recommendation:**

THAT Report Number GM-10-20-69 – 2021 Budget Update – General Municipal Levy Apportionment - corrected version be received as information.

## **Summary:**

In September, the proposed 2021 Municipal Levy apportionment to participating municipalities was provided. There were errors in some of the column headings. A corrected version is attached, based on the first draft of 2021 Budget.

## **Report:**

As stated in the September 2020 Report GM-09-20-59, the General Municipal Levy is allocated to participating municipalities based on Modified Current Value Assessment, which the Ministry of Environment, Conservation and Parks (MECP) provides to Conservation Authorities each year. The methodology for calculating the Modified Current Value Assessment and distributing the levy is outlined in Ontario Regulation 670/000, which is appended to this report. Grand River Conservation Authority recently received the Modified Current Value Assessment figures to be used for the 2021 Budget (2020 assessment) and the resulting allocation of the proposed 2021 General Levy is attached.

## **Financial implications:**

As previously indicated, the first draft of the 2021 Budget proposes a Municipal Levy of \$12,225,000, which represents an increase of \$298,000 (or 2.5%) over 2020. After allocating this amount in accordance with Regulation 670/00, individual municipalities will experience increases ranging from 1.41% to 6.65% compared to 2020.

## **Other department considerations:**

Not applicable

## **Prepared by:**

Karen Armstrong  
Deputy CAO/ Secretary-Treasurer

## **Approved by:**

Samantha Lawson  
Chief Administrative Officer

**Conservation Authorities Act  
ONTARIO REGULATION 670/00  
CONSERVATION AUTHORITY LEVIES**

**1.** In this Regulation,

“current value assessment” means the current value assessment of land, determined under the provisions of the *Assessment Act*, for a given year;

“property class” means a class of real property prescribed under the *Assessment Act*. O. Reg. 670/00, s. 1.

**2.** (1) In determining the levy payable by a participating municipality to an authority for maintenance costs pursuant to subsection 27 (2) of the Act, the authority shall apportion such costs to the participating municipalities on the basis of the benefit derived or to be derived by each participating municipality determined,

(a) by agreement among the authority and the participating municipalities; or

(b) by calculating the ratio that each participating municipality’s modified assessment bears to the total authority’s modified assessment. O. Reg. 670/00, s. 2 (1).

(2) In determining the levy payable by a participating municipality to an authority for administration costs pursuant to subsection 27 (3) of the Act, the authority shall apportion such costs to the participating municipalities on the basis of the ratio that each participating municipality’s modified assessment bears to the total authority’s modified assessment. O. Reg. 670/00, s. 2 (2).

**3.** The following rules apply for the purposes of section 2:

1. The modified current value assessment is calculated by adding the current value assessments of all lands within a municipality all or part of which are within an authority’s jurisdiction and by applying the following factors to the current value assessment of the land in the following property classes:

Property Class	Factor
Residential/Farm	1
Multi-Residential	2.1
Commercial	2.1
Industrial	2.1
Farmlands	0.25
Pipe Lines	1.7
Managed Forests	0.25
New Multi-Residential	2.1
Office Building	2.1
Shopping Centre	2.1
Parking Lots and Vacant Land	2.1
Large Industrial	2.1

2. A participating municipality’s modified assessment is the assessment calculated by dividing the area of the participating municipality within the authority’s jurisdiction by its total area and multiplying that ratio by the modified current value assessment for that participating municipality.

3. The total authority’s modified assessment is calculated by adding the sum of all of the participating municipalities’ modified assessments for that authority. O. Reg. 670/00, s. 3.

**4.** An authority may establish a minimum sum that may be levied against a participating municipality within the authority’s jurisdiction. O. Reg. 670/00, s. 4.

## Grand River Conservation Authority Summary of Municipal Levy - 2021 Budget

*DRAFT - September 25, 2020 corrected*

	% CVA in Watershed	2020 CVA (Modified)	CVA in Watershed	CVA-Based Apportionment	CVA-Based Matching & Maintenance Levy	CVA-Based Admin & Maintenance Levy	CVA-Based Non Matching Admin & Maintenance Levy	CVA-Based Capital Maintenance*	2021 Budget Total Levy	Actual 2020 Levy	% Change
Brant County	82.9%	6,936,721,473	5,750,542,101	2.84%	12,763	307,240	26,963	346,966	333,521	4.0%	
Brantford C	100.0%	14,928,515,157	14,928,515,157	7.37%	33,133	797,600	69,995	900,728	879,747	2.4%	
Amaranth Twp	82.0%	795,979,920	652,703,535	0.32%	1,449	34,873	3,060	39,382	37,935	3.8%	
East Garafraxa Twp	80.0%	626,126,773	500,901,419	0.25%	1,112	26,762	2,349	30,223	28,338	6.7%	
Town of Grand Valley	100.0%	553,512,121	553,512,121	0.27%	1,228	29,573	2,595	33,396	31,711	5.3%	
Melancthon Twp	56.0%	586,577,630	328,483,473	0.16%	729	17,550	1,540	19,819	19,173	3.4%	
Southgate Twp	6.0%	1,033,512,023	62,010,721	0.03%	138	3,313	291	3,742	3,523	6.2%	
Haldimand County	41.0%	7,079,860,556	2,902,742,828	1.43%	6,442	155,088	13,610	175,140	170,458	2.7%	
Norfolk County	5.0%	9,584,167,114	479,208,356	0.24%	1,064	25,603	2,247	28,914	28,513	1.4%	
Halton Region	10.4%	46,451,977,776	4,837,575,302	2.39%	10,737	258,462	22,682	291,881	280,040	4.2%	
Hamilton City	26.8%	94,145,899,309	25,184,028,065	12.43%	55,894	1,345,531	118,080	1,519,505	1,471,642	3.3%	
Oxford County	36.7%	4,427,004,857	1,622,932,789	0.80%	3,602	86,710	7,609	97,921	95,948	2.1%	
North Perth T	2.0%	2,225,735,943	44,514,719	0.02%	99	2,378	209	2,686	2,561	4.9%	
Perth East Twp	40.0%	2,040,630,574	816,252,229	0.40%	1,812	43,611	3,827	49,250	47,534	3.6%	
Waterloo Region	100.0%	102,472,672,048	102,472,672,048	50.58%	227,428	5,474,902	480,462	6,182,792	6,064,723	1.9%	
Centre Wellington Twp	100.0%	5,114,418,180	5,114,418,180	2.52%	11,351	273,253	23,980	308,584	301,160	2.5%	
Erin T	49.0%	2,555,239,625	1,252,067,416	0.62%	2,779	66,895	5,871	75,545	74,455	1.5%	
Guelph C	100.0%	27,653,093,969	27,653,093,969	13.65%	61,374	1,477,448	129,657	1,668,479	1,622,233	2.9%	
Guelph Eramosa Twp	100.0%	2,845,103,563	2,845,103,563	1.40%	6,314	152,008	13,340	171,662	167,139	2.7%	
Mapleton Twp	95.0%	1,799,102,595	1,709,147,466	0.84%	3,793	91,316	8,014	103,123	97,762	5.5%	
Wellington North Twp	51.0%	1,746,561,794	890,746,515	0.44%	1,977	47,591	4,176	53,744	51,442	4.5%	
Puslinch Twp	75.0%	2,685,361,769	2,014,021,326	0.99%	4,470	107,605	9,443	121,518	117,442	3.5%	
<b>Total</b>		<b>338,287,774,768</b>	<b>202,615,193,299</b>	<b>100.00%</b>	<b>449,688</b>	<b>10,825,312</b>	<b>950,000</b>	<b>12,225,000</b>	<b>11,927,000</b>	<b>2.5%</b>	

\*Capital Maintenance Levy represents levy allocated to maintenance of capital infrastructure, studies, and/or equipment.



# Grand River Conservation Authority

**Report number:** GM-09-20-60  
**Date:** September 25, 2020  
**To:** Members of the Grand River Conservation Authority  
**Subject:** Budget 2021 (Draft #1)

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## **Recommendation:**

THAT Report Number GM-09-20-60 – Budget 2021 (Draft #1) be received as information.

## **Summary:**

Summarized below is the first draft of the 2021 Budget which shows breakeven results. Overall the 2021 Budget includes \$30,571,188 in expenditures (Budget 2020: \$35,978,475) and Municipal General Levy is budgeted to increase by \$298,000 (or 2.5%) to \$12,225,000.

The budget outlines revenue and expenses for current GRCA Programs which have been categorized as:

- Operating
- Capital Maintenance
- Special projects

GRCA programs are funded by:

- Municipal General Levy
- Other Municipal Funding (by special agreements)
- Provincial and Federal Grants
- Self-Generated Revenue
- Funding from Reserves

The operating budget assumes the continuation of current GRCA programs and their associated funding sources. To date, there have been no changes to provincial legislation and accompanying regulations pertaining to core versus non-core programs. As a result, this draft assumes Municipal General Levy will continue to apply as in the past. The government has indicated that once regulations are released there may be a transition period over which to adopt the regulations.

This draft 2021 budget assumes that the \$449,688 provincial section 39 grant will be the same as the 2020 grant amount.

The special projects category represents spending on projects where special funding is received and does not rely on Municipal General Levy for funding.

	2021	2020	Increase/(decrease)
<b><u>EXPENDITURES</u></b>			
Operating Expenses	\$25,252,188	\$26,996,475	(\$1,744,287)
Capital Expenses	\$3,694,000	\$5,655,000	(\$1,961,000)
Special Projects	<u>\$1,625,000</u>	<u>\$3,327,000</u>	<u>(\$1,702,000)</u>
<b>Total</b>	<b>\$30,571,188</b>	<b>\$35,978,475</b>	<b>(\$5,407,287)</b>

Note: Use of the term capital expenses for spending that is funded with municipal general levy refers to major maintenance, water control structure studies, or equipment.

## **Report:**

### **A. OPERATING BUDGET**

#### (a) Core vs Non-Core Program Mandate

This draft assumes no change to program delivery for 2021 other than the following:

- Continuation of the wind down of the residential property rental program that was approved by the General Membership on July 22, 2016.
- Significant drop in the fee revenue to be realized from Conservation Areas along with corresponding expense reductions. Continue to set target of breakeven result for Conservation Area Operations.

GRCA is awaiting the release of provincial regulations that will clarify core programs and the treatment of non-core programs. GRCA staff are participating in talks with the province on this matter.

#### (b) Section 39 Funding

It is assumed that there will no further cutbacks in the provincial Section 39 grant for the period April 1, 2021 to March 31, 2022 and therefore the Section 39 grant amount will remain at \$449,688.

#### (c) Municipal General Levy

The 2021 Budget includes \$12,225,000 in municipal general levy, a \$298,000 (or 2.5%) increase, which represents an increase of \$298,000 to operating levy component and no change to major maintenance levy component.

#### (d) Surplus Assumption

The budget draft assumes a NIL surplus carry forward from 2020.

#### (e) Compensation and Benefits and Staffing Comments:

- The 2021 draft budget includes a 3% increase for compensation and benefits which allows for a general wage increases, grid steps and benefit cost increases offset by reductions in compensation and benefit costs realized through restructuring. The strategy for the first draft of the budget is to ensure adequate restructuring compensation savings are applied such that the municipal general levy increase can be kept to 2.5%.
- The 3% adjustment incorporates the 2021 Collective Agreement negotiated wage adjustments which contains a 1.5% general wage increase on January

1, 2021 along with market rate adjustments for some pay grades on July 1, 2021 and October 1, 2021. The budget also reflects a 1.5% general wage increase for non-union staff on January 1, 2021. The non-union salary adjustments are required to be approved by the General Membership via a separate report presented in November or December of the current year. The current four year Collective Agreement expires December 31, 2021.

(f) COVID Costs

- The first draft of the budget assumes that incremental COVID-19 costs (i.e. cleaning, information systems and other equipment, supplies, motor pool charges) are offset by discretionary cost savings such as staff development and travel. To date, incremental COVID costs have been approximately \$200,000 which included approximately \$100,000 for external security services for the parks. The main impact of COVID has been the interruption to normal service delivery and the diversion of staff resources to managing COVID-19.

(g) Residential Rental Program

- The Residential Rental Program is in the process of winding down. The budgeted 2021 revenue of \$105,000 is consistent with recent occupancy rates and planned vacancies.
- Reductions to residential rental expenses (i.e. taxes, repairs and maintenance, insurance) have been incorporated to offset revenue reductions.
- The budgeted net result for this program is a \$25,000 deficit.

(h) Environmental Education

At present, there are no school contracts in place for the 2020/21 school year. If the schools decide at some point during the fall to purchase services, those services will likely take a different form than the current program (i.e. virtual classes). In the absence of any new information, the first draft of the budget assumes that normal program delivery will resume and includes a corresponding general levy allocation for 2021. Decisions regarding the future format and scope of the program will need to be made and incorporated into future budget drafts as appropriate. This will include an assessment of the school, community and day camp programs.

(i) Conservation Areas

- Conservation Area budgeted revenue of \$7,000,000 represents a decrease of \$2,000,000 (or 22%) compared to budget 2020. Actual 2020 revenue is projected to be approximately \$5,300,000. COVID-19 triggered closures and reduced activity during 2020. The 2021 budget assumes no closures, but does assume reduced volume due to capacity limits anticipated to be in place.
- Operating expenses are being decreased to correspond with the reduction in revenue.
- The program is budgeted to break even. The revenue and cost assumptions will be revisited once actuals for the full 2020 season are available.

## **B. CAPITAL & MAJOR MAINTENANCE BUDGET**

(a) Major Maintenance Spending Water Control Structures

The budget is set at \$1,500,000. Any demands that arise in excess of that amount can be funded with the Water Control Structures reserve and/or the Land Sale Proceeds reserve. Staff continue to seek funding to repair and update the water control infrastructure from provincial and federal government. Current government funding opportunities includes the Disaster Mitigation and Adaptation Fund (DMAF), the National Damage Mitigation Program (NDMP), and the Provincial Water and Erosion Control Infrastructure (WECI) Program.

(b) Capital Spending Conservation Areas

The budget is set at \$1,500,000. This estimate represents the unspent budget items from 2020 being carried forward to 2021. This spending is budgeted to be funded with the conservation area reserve. Future budget drafts will be revised as other potential capital projects are prioritized. The ability to fund some capital spending using fee revenue instead of reserves will also be evaluated.

(c) Water Monitoring Equipment and Flood Forecasting and Warning Expenses

The budget is being held constant at \$300,000. The gauge reserve will be used to fund \$100,000 of total costs and the remaining costs will be funded with Municipal General Levy.

## **C. SPECIAL PROJECTS**

(a) Special projects do not rely on Municipal General Levy for funding.

(b) This draft of the budget only includes items that are highly likely to be undertaken and a cost can be estimated. At present, the budget includes \$1,625,000 in spending. By the time the 2021 budget is finalized special project spending, along with matching revenue, is expected to increase substantially as projects are approved and carryover amounts are confirmed.

(c) The \$1,625,000 in special projects included in this draft budget are:

- \$ 800,000 Rural Water Quality Capital Grants
- \$ 720,000 Source Protection Program
- \$ 40,000 Species at Risk Program
- \$ 30,000 AGGP-U of G Research Buffers
- \$ 35,000 Mill Creek Rangers

(d) Emerald Ash Borer Infestation

The budget amount will be included in future budget drafts once 2020 spending has been confirmed and 2021 work plans have been established. The expenditures will be funded with GRCA reserves. During 2018, the GRCA received approval from MNRF to use \$1.8 million of the Land Sale Proceeds reserve over 3 years for hazard tree management. Cost estimates are subject to change given: a) further inventory information, b) the unpredictability of the rate at which the infestation will occur, c) changes in how hazard tree management will be undertaken (i.e. simple vs. complex tree

removal), d) strategic decisions on which trees need to be removed, and e) decisions related to replacement plantings and restoration.

(e) Source Protection Program

The province has indicated that this program will be considered a core program mandated to be delivered by Conservation Authorities. Funding to March 2021 was secured. The province has not guaranteed funding for future years, nor has it announced an end to program funding.

(f) Floodplain Mapping projects

Expenses are forecast to be about \$1,300,000 between 2018 and 2021 with funding coming from the province and the land sale proceeds reserve. Details of this project were outlined in the June 23, 2017 board report "Floodplain Mapping Program – 2017 to 2021". The budget for 2021 will be added once 2021 spending confirmed.

#### **D. RESERVES**

For 2021, reserves are budgeted to decrease by \$1,636,000. The most significant budgeted drawdown to reserves is \$1,500,000 for Conservation Area capital projects. See attached table for details of reserve movements budgeted for 2021. The use of reserves is integral to GRCA operations. GRCA sets aside certain funds to reserves (i.e. Land Sale Proceeds, Hydro Revenue, Interest Earned on Reserves) in order to be able to draw upon these reserves at a later date in accordance with either legislative mandates and/or board approved uses.

Reserves can be viewed as:

- Planned savings set aside for future capital projects (facilitates smoothing of funding requests)
- Surpluses set aside for future operating or capital needs (i.e. Park Revenue in excess of budget)
- Contingency funds for unplanned expenditures
- Legislated amounts to be used in accordance with regulations (i.e. land sale proceeds)

A detailed report on reserves will be presented at the November 27, 2020 general meeting.

#### **E. GENERAL MUNICIPAL LEVY ALLOCATION**

The General Municipal Levy is allocated to participating municipalities based on Modified Current Value Assessment (CVA), which the Ministry of Environment Conservation and Parks (MECP) provides to Conservation Authorities. The methodology for calculating the Modified CVA and distributing the levy is outlined in Ontario Regulation 670/00. The distribution of the 2021 levy (budget draft #1) is outlined in September 25, 2020 board report entitled 'Budget 2021 (Draft #1) - General Municipal Levy Apportionment'.

## **F. OTHER MAJOR ASSUMPTIONS**

- a) MECP Operating Grants to remain at \$449,688 - the same amount as 2020.
- b) Permit Fees, Planning Fees and Solicitor Inquiries held constant at budget 2020 amount.
- c) Property Rental income set to be equal to 2020 forecast income and no rate increases have been incorporated.
- d) Watershed studies funded 50% by GRCA and 50% via special levy are budgeted for \$100,000 annually.
- e) Total Insurance expense increased \$30,000 to reflect 2020 rate increases.
- f) Total Property Tax expense increased 3%.
- g) Other Operating expense increases held constant with the exception of Conservation Areas which was decreased to correspond with revenue decrease.
- h) Motor Pool charge out rates held constant.
- i) Computer charge out rates increased 3%.

## **G. SIGNIFICANT OUTSTANDING BUDGET ITEMS**

### **(a) Year 2020 Carry forward Adjustments** **2020 Surplus carry forward**

This draft of the 2021 Budget assumes a NIL surplus carry over from year 2020. The actual "2020 Net Surplus" will be incorporated into the 2021 budget.

### **2020 Special Projects carry forward**

Any projects commenced in year 2020 and not completed by December 31, 2020 will be carried forward and added to Budget 2021 (i.e. both the funding and the expense will be added to Budget 2021 and therefore these adjustments will have no impact on the breakeven net result).

### **Water Control Structures Major Maintenance Expenditures**

A final determination of the amount of spending to be added to the Budget 2021 (i.e. unspent amounts from 2020, new projects) will be made, including use of the reserves for 2021 projects. Any decisions to increase spending should not impact the general municipal levy request, but would be funded with reserves, WECl funding, and/or new funding sources, as applicable.

### **(b) Conservation Area Revenue and Expenses**

Final revenue, operating and capital expense figures to be determined following year-end actuals review. The use of reserves will also be evaluated given the significant drawdown of the conservation reserve forecast for 2020 and budgeted for 2021.

### **(c) Outdoor Education**

Final revenue and operating expense figures to be determined following further information on school contracts and COVID-19 developments.

(d) Source Protection Program

The current budget draft includes \$720,000 in spending. The final version of the GRCA 2021 Budget will be adjusted to reflect any anticipated funding approvals. Expenses for this program are funded 100% by a provincial grant.

The following statements and schedules are attached:

- Budget 2021 Timetable
- Summary Reserve Report – Budget 2021
- Preliminary Budget 2021

**Financial Implications:**

Budgeted spending for 2021 is \$30,571,188 including transfers to reserves. This first draft of the budget includes a municipal general levy increase of \$298,000 (or 2.5%). GRCA will continue to work with Conservation Ontario and the province to provide input to proposed provincial legislative changes.

The main budgetary challenges faced by GRCA are:

- Uncertainty created by current COVID-19 situation.
- Uncertainty regarding changes to the Conservation Authorities Act and the accompanying regulations.
- Uncertainty for the Outdoor Education program given COVID-19 protocols and no school contracts.
- Conservation Area operating revenue is dependent on COVID-19 situation and weather conditions which are difficult to predict.
- Conservation Area reserve is budgeted for a significant drawdown thereby making less available for stabilization and/or capital spending.
- An aging infrastructure in the Conservation Areas and Nature Centers.
- Managing the costs of severe weather events.
- EAB Management after March 2021 when use of land sales proceeds reserve ends.

**Other department considerations:**

None.

**Prepared by:**

Sonja Radoja  
Manager of Corporate Services

**Approved by:**

Karen Armstrong  
Deputy CAO/Secretary-Treasurer

# Grand River Conservation Authority

## Budget 2021 Timetable

September 25, 2020

- Sept 25, 2020: Draft #1 to General Meeting
- Oct 23, 2020: Draft #2 to General Meeting (as required)
- Nov 27, 2020: Draft #3 to General Meeting (as required)
- Dec 18, 2020: Status Report to General Meeting (if necessary)
- Oct/20-Feb/21: Presentations to municipal councils
- Jan 22, 2021: Draft #4 to General Meeting
- Jan 26, 2021: Official Notice to Municipalities of Budget Vote
- Feb 26, 2021: Board Approval, Final 2021 Budget & Levy

**Grand River Conservation Authority**

**SUMMARY RESERVE REPORT - BUDGET 2021**

General Meeting - September 25th, 2020

	BUDGET 2020	"NET CHANGE" INCREASE/(DECREASE) 2020 VS 2021	DETAILS OF "NET CHANGE" BUDGET 2021			BUDGET 2021
			Transfer In (Interest Income)	Transfer In	Transfer Out Description of Transfer	
<b>Type A: GRCA Controlled</b>						
<b>Operating Reserves (designated)</b>						
Property & Liability Insurance	270,383	0	0			270,383
Building & Mechanical Equipment	851,833	0	0			851,833
Small Office Equipment	8,062	500	500			8,562
Personnel	1,157,112	(15,000)	0		(15,000) OUT- Vacation Accrual	1,142,112
Forestry	843,696	12,000	12,000			855,696
Information Systems and Technology	1,189,619	(161,000)	21,000	1,370,000	(1,552,000) IN-Chargebacks; OUT-Operating/Capital costs	1,028,619
Cottage Operations	733,648	10,000	10,000			743,648
Grand River Watershed Management Plan	109,515	2,000	2,000			111,515
Planning Enforcement	442,627	8,000	8,000			450,627
Property Rental Expenses	488,760	9,000	9,000			497,760
Watershed Restoration	117,047	2,000	2,000			119,047
Master Planning	122,555	1,000	1,000			123,555
Motor Pool Equipment	1,470,032	(180,000)	32,000	1,174,000	(1,386,000) IN-Chargebacks;OUT-Operating/Capital costs	1,290,032
Motor Pool Insurance	85,708	1,000	1,000			86,708
<b>Capital Reserves (designated)</b>						
Water Control Structures	2,268,733	10,000	60,000		(50,000) OUT-Water Control Structures major repairs	2,278,733
Cambridge Desiltation Pond	6,598	(500)	500		(1,000) OUT-Cambrige Desiltation Pond costs	6,098
Completion of Capital Projects	117,000	(30,000)	0		(30,000) OUT-Upper Grand Restoration costs	87,000
Conservation Areas-Capital	215,000	(1,500,000)	0		(1,500,000) OUT-Cons Area Capital costs	-1,285,000
Conservation Areas-Stabilization/Capital	1,699,155	55,000	55,000			1,754,155
Gauges	762,525	(89,000)	11,000		(100,000) OUT-Gauge Expenses	673,525
<b>Capital Reserves (undesignated)</b>						
General Capital Reserve	757,243	115,000	10,000	105,000	IN-Hydro Generation Revenue	872,243
<b>Total Type A: GRCA Controlled</b>	<b>13,716,851</b>	<b>(1,750,000)</b>	<b>235,000</b>	<b>2,649,000</b>	<b>(4,634,000)</b>	<b>11,966,851</b>
<b>Type B: Reserves with Outside Control</b>						
<b>With MNRF Interest (Capital Reserves)</b>						
Gravel	248,075	3,000	4,000		(1,000) OUT-Gravel Pit License & Gravel Rehabilitation	251,075
Land Sale Proceeds Reserve	3,561,827	107,500	107,500		0	3,669,327
<b>With School Board Interest (Operating Reserves)</b>						
App's Nature Centre	52,629	500	500			53,129
Laurel Creek Nature Centre	97,584	1,000	1,000			98,584
Guelph Lake Nature Centre	169,026	1,000	1,000			170,026
Taquanyah Nature Centre	4,217	500	500			4,717
Shade's Mills Nature Centre	56,723	500	500			57,223
<b>Total Type B: Outside Control</b>	<b>4,190,079</b>	<b>114,000</b>	<b>115,000</b>	<b>0</b>	<b>(1,000)</b>	<b>4,304,079</b>
<b>TOTAL</b>	<b>\$17,906,930</b>	<b>(1,636,000)</b>	<b>\$350,000</b>	<b>\$2,649,000</b>	<b>(\$4,635,000)</b>	<b>\$16,270,930</b>

**BUDGET 2021 - Summary of Revenue and Expenditures**

FUNDING		Actual 2019	Budget 2020	Budget 2021	Budget Incr/(decr)
Municipal General Levy Funding		11,636,000	11,927,000	12,225,000	298,000 2.50%
Other Government Grants		4,126,018	4,032,188	2,864,188	(1,168,000) -29.0%
Self-Generated Revenue		17,056,720	16,279,287	13,391,000	(2,888,287) -17.7%
Funding from Reserves		5,326,245	3,740,000	2,091,000	(1,649,000) -44.1%
<b>TOTAL FUNDING</b>		<b>38,144,983</b>	<b>35,978,475</b>	<b>30,571,188</b>	<b>(5,407,287)</b> -15.0%
EXPENDITURES		Actual 2019	Budget 2020	Budget 2021	Budget Incr/(decr)
Base Programs - Operating includes funding to reserves	SECTION A	27,637,633	26,996,475	25,252,188	(1,744,287) -6.46%
Base Programs - Capital	SECTION B	5,873,437	5,655,000	3,694,000	(1,961,000) -34.68%
Special Projects	SECTION C	4,256,626	3,327,000	1,625,000	(1,702,000) -51.2%
<b>TOTAL EXPENDITURES</b>		<b>37,767,696</b>	<b>35,978,475</b>	<b>30,571,188</b>	<b>(5,407,287)</b> -15.0%
<b>NET RESULT</b>		<b>377,287</b>	<b>-</b>	<b>-</b>	

## SECTION A - Operating Budget

GRAND RIVER CONSERVATION AUTHORITY

### Budget 2021 vs Budget 2020

	Actual 2019	Budget 2020	Budget 2021	Incr/(Decr)	%age change
<b>EXPENDITURES</b>					
OPERATING EXPENSES	27,637,633	26,996,475	25,252,188	(1,744,287)	-6.78%
<b>Total Expenses</b>	<b>27,637,633</b>	<b>26,996,475</b>	<b>25,252,188</b>	<b>(1,744,287)</b>	<b>-6.78%</b>
<b>SOURCES OF FUNDING</b>					
MUNICIPAL GENERAL LEVY (NOTE)	10,174,542	10,977,000	11,275,000	298,000	2.89%
MUNICIPAL SPECIAL LEVY	46,372	50,000	50,000	-	0.00%
OTHER GOVT FUNDING	528,169	517,188	517,188	-	0.00%
SELF-GENERATED	15,406,254	14,743,000	13,363,000	(1,380,000)	-9.97%
RESERVES	1,012,601	332,000	47,000	(285,000)	-163.79%
SURPLUS CARRYFORWARD	469,695	377,287	-	(377,287)	-91.50%
<b>Total BASE Funding</b>	<b>27,637,633</b>	<b>26,996,475</b>	<b>25,252,188</b>	<b>(1,744,287)</b>	<b>-6.78%</b>

NOTE: See "Summary of Revenue, Expenditures and Changes in Municipal Levy" for details of \$298,000 levy increase.

## SECTION B - Capital Budget

GRAND RIVER CONSERVATION AUTHORITY

### Budget 2021

	Water Resources Planning & Environment	FFW	Flood Control Expenses	Conservation Land Management (Sch 4)	Conservation Areas	Corporate Services	BUDGET TOTAL
<b>Expenses:</b>							
WQ Monitoring Equipment & Instruments	110,000						110,000
Flood Forecasting Warning Hardware and Gauges		190,000					190,000
Flood Control Structures-Major Maintenance			1,500,000				1,500,000
Conservation Areas Capital Projects					1,500,000		1,500,000
Net IT/MP Capital Spending not allocated to Departments						394,000	394,000
<b>TOTAL EXPENSE</b>	<b>110,000</b>	<b>190,000</b>	<b>1,500,000</b>	<b>-</b>	<b>1,500,000</b>	<b>394,000</b>	<b>3,694,000</b>
<b>Funding</b>							
Prov & Federal Govt			700,000				700,000
Self Generated							-
Funding from Reserves	75,000	25,000	50,000		1,500,000	394,000	2,044,000
<b>TOTAL FUNDING</b>	<b>75,000</b>	<b>25,000</b>	<b>750,000</b>	<b>-</b>	<b>1,500,000</b>	<b>394,000</b>	<b>2,744,000</b>
<b>Net Funded by General CAPITAL Levy</b>	<b>35,000</b>	<b>165,000</b>	<b>750,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>950,000</b>

### Budget 2020

	Water Resources Planning & Environment	FFW	Flood Control Expenses	Conservation Land Management (Sch 4)	Conservation Areas	Corporate Services	BUDGET TOTAL
<b>Expenses:</b>							
WQ Monitoring Equipment & Instruments	110,000						110,000
Flood Forecasting Warning Hardware and Gauges		190,000					190,000
Flood Control Structures-Major Maintenance			2,700,000				2,700,000
Conservation Areas Capital Projects					2,150,000		2,150,000
PSAB Project							-
Building Major Maintenance							-
Net IT/MP Capital Spending not allocated to Departments						505,000	505,000
<b>TOTAL EXPENSE</b>	<b>110,000</b>	<b>190,000</b>	<b>2,700,000</b>	<b>-</b>	<b>2,150,000</b>	<b>505,000</b>	<b>5,655,000</b>
<b>Funding</b>							
Municipal Special Levy							-
Prov & Federal Govt			1,180,000				1,180,000
Self Generated					825,000		825,000
Funding from Reserves	75,000	25,000	770,000		1,325,000	505,000	2,700,000
<b>TOTAL FUNDING</b>	<b>75,000</b>	<b>25,000</b>	<b>1,950,000</b>	<b>-</b>	<b>2,150,000</b>	<b>505,000</b>	<b>4,705,000</b>
<b>Net Funded by General CAPITAL Levy</b>	<b>35,000</b>	<b>165,000</b>	<b>750,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>950,000</b>

### ACTUAL 2019 - CAPITAL

	Water Resources Planning & Environment	FFW	Flood Control Expenses	Conservation Land Management (Sch 4)	Conservation Areas	Corporate Services	ACTUAL TOTAL
<b>Expenses:</b>							
WQ Monitoring Equipment & Instruments	91,334						91,334
Flood Forecasting Warning Hardware and Gauges		132,046					132,046
Flood Control Structures-Major Maintenance			2,468,201				2,468,201
Conservation Areas Capital Projects					3,095,027		3,095,027
Funding to Reserves		112,000					112,000
Net IT/MP Expenses in excess of chargebacks						(25,171)	(25,171)
<b>TOTAL EXPENSE</b>	<b>91,334</b>	<b>244,046</b>	<b>2,468,201</b>	<b>-</b>	<b>3,095,027</b>	<b>(25,171)</b>	<b>5,873,437</b>
<b>Funding</b>							
Prov & Federal Govt			1,028,240			4,090	1,032,330
Self Generated		54,170			895,027		949,197
Funding from Reserves			637,000		2,200,000	(29,261)	2,807,739
<b>TOTAL FUNDING</b>	<b>-</b>	<b>54,170</b>	<b>1,665,240</b>	<b>-</b>	<b>3,095,027</b>	<b>(25,171)</b>	<b>4,789,266</b>
<b>Net Funded by General CAPITAL Levy</b>	<b>91,334</b>	<b>189,876</b>	<b>802,961</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,084,171</b>

## SECTION C - Special Projects Budget

GRAND RIVER CONSERVATION AUTHORITY

### Budget 2021

EXPENDITURES	ACTUAL 2019	BUDGET 2020	BUDGET 2021
Grand River Management Plan	21,986	-	-
Subwatershed Plans - City of Kitchener	80,097	100,000	-
Dunnville Fishway Study	18,632	-	-
Waste Water Optimization Program	106,192	140,000	-
Floodplain Mapping	486,193	516,000	-
RWQP - Capital Grants	853,294	800,000	800,000
Brant/Brantford Children's Water Festival	31,117	26,000	0
Haldimand Children's Water Festival	15,721	20,000	-
Species at Risk	72,688	40,000	40,000
Ecological Restoration	149,638	100,000	-
AGGP-UofG Research Buffers	24,908	30,000	30,000
Great Lakes Agricultural Stewardship Initiative	3,077	-	-
Trails Capital Maintenance	20,725	150,000	-
Emerald Ash Borer	398,748	600,000	0
Lands Mgmt - Land Purchases/Land Sale Expenses	858,302	-	-
Lands Mgmt - Development Costs	-	-	-
Guelph Lake Nature Centre	-	50,000	-
Mill Creek Rangers	32,213	35,000	35,000
<b>Total SPECIAL Projects 'Other'</b>	<b>3,173,531</b>	<b>2,607,000</b>	<b>905,000</b>
<b>Source Protection Program</b>	<b>1,083,095</b>	<b>720,000</b>	<b>720,000</b>
<b>Total SPECIAL Projects Expenditures</b>	<b>4,256,626</b>	<b>3,327,000</b>	<b>1,625,000</b>
<b>SOURCES OF FUNDING</b>			
Provincial Grants for Source Protection Program	1,083,095	720,000	720,000
OTHER GOVT FUNDING	1,440,094	1,518,000	870,000
SELF-GENERATED	227,532	381,000	35,000
FUNDING FROM/(TO) RESERVES	1,505,905	708,000	-
<b>Total SPECIAL Funding</b>	<b>4,256,626</b>	<b>3,327,000</b>	<b>1,625,000</b>

GRAND RIVER CONSERVATION AUTHORITY

**Budget 2021 - Summary of Expenditures, Funding and Change in Municipal Levy**

		TABLE 1	TABLE 2	TABLE 3	TABLE 4	TABLE 5	TABLE 6	TABLE 7	TABLE 8	TABLE 9	TABLE 9	TABLE 10	TABLE 10	TABLE 10	TOTAL		
		Water Resources Planning & Environment	Flood Forecasting & Warning	Water Control Structures	Resource Planning	Forestry & Conservation Land Taxes	Conservation Services	Communications & Foundation	Environmental Education	Corporate Services	Surplus available to offset Municipal Levy Increase	Conservation Land and Rental Management and Misc	Hydro Production	Conservation Areas			
<b>2021 OPERATING</b>																	
TOTAL EXPENSES	A	2,275,700	828,800	1,785,700	2,117,200	1,465,000	849,200	579,500	1,408,600	3,241,388		3,504,100	197,000	7,000,000	25,252,188	A	
TOTAL OTHER FUNDING	B	87,500	164,338	285,350	894,000	677,000	68,000	0	1,068,000	85,000		3,133,000	515,000	7,000,000	13,977,188	B	
"Other Programs" Surplus/(Loss)	B less A															(53,100)	
Loss to be offset with Surplus	C															(53,100)	
Surplus 2019 carried forward to 2020																-	
2021 Levy	A less B less C	2,188,200	664,462	1,500,350	1,223,200	788,000	781,200	579,500	340,600	3,156,388	53,100	0	0	0	11,275,000	C	
																0	NET RESULT
<b>Levy Increase:</b>																	
2021 Levy		2,188,200	664,462	1,500,350	1,223,200	788,000	781,200	579,500	340,600	3,156,388	53,100				11,275,000		
2020 Levy		2,138,200	600,362	1,464,350	1,169,800	739,500	759,200	701,500	308,600	3,455,675	(360,187)				10,977,000		
Levy Increase over prior year		50,000	64,100	36,000	53,400	48,500	22,000	(122,000)	32,000	(299,287)	413,287	n/a	n/a	n/a	298,000		
<b>2021 CAPITAL</b>																	
TOTAL EXPENSES	A	110,000	190,000	1,500,000					394,000					1,500,000	3,694,000		
TOTAL OTHER FUNDING	B	75,000	25,000	750,000					394,000					1,500,000	2,744,000		
2021 Levy	A less B	35,000	165,000	750,000					-					-	950,000		
<b>Levy Increase:</b>																	
2021 Levy		35,000	165,000	750,000					-					-	950,000		
2020 Levy		35,000	165,000	750,000					-					-	950,000		
Levy Increase/(decrease) over prior year		-	-	-					-					-	-		
<b>2021 SPECIAL</b>																	
TOTAL EXPENSES	A				720,000				870,000				35,000			1,625,000	
TOTAL OTHER FUNDING	B				720,000				870,000				35,000			1,625,000	
2021 Levy	A less B				-				-				-			-	
														TOTAL EXPENSES	30,571,188		
														TOTAL FUNDING	30,571,188		
														NET RESULT	-		

**TABLE 1**  
 GRAND RIVER CONSERVATION AUTHORITY  
**Water Resources Planning & Environment**

<b>OPERATING</b>	<b>Actual 2019</b>	<b>Budget 2020</b>	<b>Budget 2021</b>	<b>Budget Change</b>
<b>Expenses:</b>				<b>incr/(decr)</b>
Salary and Benefits	1,604,949	1,664,000	1,714,000	50,000
Travel, Motor Pool, Expenses, Telephone, Training and Development, IT	274,940	289,300	289,300	0
Insurance	96,848	107,300	107,300	0
Other Operating Expenses	125,923	175,100	165,100	(10,000)
Amount set aside to Reserves				
<b>TOTAL EXPENSE</b>	<b>2,102,660</b>	<b>2,235,700</b>	<b>2,275,700</b>	<b>40,000</b>
<b>Funding</b>				<b>(incr)/decr</b>
Municipal Special/Other	40,204	50,000	50,000	0
MNR Grant	4,200	-	-	0
Prov & Federal Govt	6,505	37,500	37,500	0
Miscellaneous	2,500	-	-	
Funds taken from Reserves	-	10,000	-	10,000
<b>TOTAL FUNDING</b>	<b>53,409</b>	<b>97,500</b>	<b>87,500</b>	<b>10,000</b>
<b>Net Funded by General Municipal Levy</b>	<b>2,049,251</b>	<b>2,138,200</b>	<b>2,188,200</b>	
<b>Net incr/(decr) to Municipal Levy</b>				<b>50,000</b>

**TABLE 2**  
**GRAND RIVER CONSERVATION AUTHORITY**  
**Flood Forecasting & Warning**

<b>OPERATING</b>	<b>Actual 2019</b>	<b>Budget 2020</b>	<b>Budget 2021</b>	<b>Budget change</b>
<b>Expenses:</b>				incr/(decr)
Salary and Benefits	407,090	470,700	484,800	14,100
Travel, Motor Pool, Expenses, Telephone, Training and Development, IT	251,806	236,000	236,000	-
Other Operating Expenses	48,681	58,000	108,000	50,000
Amount set aside to Reserves	93,000			
<b>TOTAL EXPENSE</b>	<b>800,577</b>	<b>764,700</b>	<b>828,800</b>	<b>64,100</b>
<b>Funding</b>				(incr)/decr
MNR Grant	143,000	164,338	164,338	-
<b>TOTAL FUNDING</b>	<b>143,000</b>	<b>164,338</b>	<b>164,338</b>	<b>-</b>
<b>Net Funded by General Municipal Levy</b>	<b>657,577</b>	<b>600,362</b>	<b>664,462</b>	
<b>Net incr/(decr) to Municipal Levy</b>				<b>64,100</b>

**TABLE 3**  
**GRAND RIVER CONSERVATION AUTHORITY**  
**Water Control Structures**

<b>OPERATING</b>	<b>Actual 2019</b>	<b>Budget 2020</b>	<b>Budget 2021</b>	<b>Budget change</b>
<b>Expenses:</b>				incr/(decr)
Salary and Benefits	1,168,065	1,205,000	1,241,000	36,000
Travel, Motor Pool, Expenses, Telephone, Training and Development, IT	16,910	29,200	29,200	-
Property Taxes	161,219	170,700	170,700	-
Other Operating Expenses	335,942	344,800	344,800	-
Amount set aside to Reserves	41,000	-	-	-
<b>TOTAL EXPENSE</b>	<b>1,723,136</b>	<b>1,749,700</b>	<b>1,785,700</b>	<b>36,000</b>
<b>Funding</b>				(incr)/decr
MNR Grant	207,000	285,350	285,350	-
<b>TOTAL FUNDING</b>	<b>207,000</b>	<b>285,350</b>	<b>285,350</b>	<b>-</b>
<b>Net Funded by General Municipal Levy</b>	<b>1,516,136</b>	<b>1,464,350</b>	<b>1,500,350</b>	
<b>Net incr/(decr) to Municipal Levy</b>				<b>36,000</b>

**TABLE 4**  
**GRAND RIVER CONSERVATION AUTHORITY**  
**Resource Planning**

<b>OPERATING</b>	<b>Actual 2019</b>	<b>Budget 2020</b>	<b>Budget 2021</b>	<b>Budget change</b>
<b>Expenses:</b>				incr/(decr)
Salary and Benefits	1,543,228	1,786,600	1,840,000	53,400
Travel, Motor Pool, Expenses, Telephone, Training and Development, IT	198,359	222,500	222,500	-
Other Operating Expenses	89,535	54,700	54,700	-
<b>TOTAL EXPENSE</b>	<b>1,831,122</b>	<b>2,063,800</b>	<b>2,117,200</b>	<b>53,400</b>
<b>Funding</b>				(incr)/decr
Provincial	-	-	-	-
MNR Grant	58,988	-	-	-
Self Generated	892,200	894,000	894,000	-
<b>TOTAL FUNDING</b>	<b>951,188</b>	<b>894,000</b>	<b>894,000</b>	<b>-</b>
<b>Net Funded by General Municipal Levy</b>	<b>879,934</b>	<b>1,169,800</b>	<b>1,223,200</b>	
<b>Net incr/(decr) to Municipal Levy</b>				<b>53,400</b>

**TABLE 5**  
**GRAND RIVER CONSERVATION AUTHORITY**  
**Forestry & Conservation Land Taxes**

<b>OPERATING</b>	<b>Actual 2019</b>	<b>Budget 2020</b>	<b>Budget 2021</b>	<b>Budget change</b>
<b>Expenses:</b>				incr/(decr)
Salary and Benefits	573,407	619,000	637,500	18,500
Travel, Motor Pool, Expenses, Telephone, Training and Development, IT	47,793	54,300	54,300	0
Property Taxes	161,047	183,200	183,200	0
Other Operating Expenses	567,415	590,000	590,000	0
Amount set aside to Reserves				0
<b>TOTAL EXPENSE</b>	<b>1,349,662</b>	<b>1,446,500</b>	<b>1,465,000</b>	<b>18,500</b>
<b>Funding</b>				(incr)/decr
Provincial	7,324			
Donations	46,568	57,000	27,000	30,000
Self Generated	646,075	650,000	650,000	-
<b>TOTAL FUNDING</b>	<b>699,967</b>	<b>707,000</b>	<b>677,000</b>	<b>30,000</b>
<b>Net Funded by General Municipal Levy</b>	<b>649,695</b>	<b>739,500</b>	<b>788,000</b>	
<b>Net incr/(decr) to Municipal Levy</b>				<b>48,500</b>

**TABLE 6**  
**GRAND RIVER CONSERVATION AUTHORITY**  
**Conservation Services**

<b>OPERATING</b>	<b>Actual 2019</b>	<b>Budget 2020</b>	<b>Budget 2021</b>	<b>Budget change</b>
<b>Expenses:</b>				incr/(decr)
Salary and Benefits	719,469	715,000	697,000	(18,000)
Travel, Motor Pool, Expenses, Telephone, Training and Development, IT	91,263	100,200	100,200	-
Other Operating Expenses	12,322	52,000	52,000	-
Amount set aside to Reserves				
<b>TOTAL EXPENSE</b>	<b>823,054</b>	<b>867,200</b>	<b>849,200</b>	<b>(18,000)</b>
<b>Funding</b>				(incr)/decr
Prov & Federal Govt	6,168	30,000	30,000	-
Donations/Other	79,632	47,000	7,000	40,000
Funds taken from Reserves	687	31,000	31,000	-
<b>TOTAL FUNDING</b>	<b>86,487</b>	<b>108,000</b>	<b>68,000</b>	<b>40,000</b>
<b>Net Funded by General Municipal Levy</b>	<b>736,567</b>	<b>759,200</b>	<b>781,200</b>	
<b>Net incr/(decr) to Municipal Levy</b>				<b>22,000</b>

**TABLE 7**  
**GRAND RIVER CONSERVATION AUTHORITY**  
**Communications & Foundation**

<b>OPERATING</b>	<b>Actual 2019</b>	<b>Budget 2020</b>	<b>Budget 2021</b>	<b>Budget change</b>
<b>Expenses:</b>				incr/(decr)
Salary and Benefits	485,367	601,000	479,000	(122,000)
Travel, Motor Pool, Expenses, Telephone, Training and Development, IT	69,781	77,000	77,000	-
Other Operating Expenses	56	23,500	23,500	-
Amount set aside to Reserves	50,000	-	-	-
<b>TOTAL EXPENSE</b>	<b>605,204</b>	<b>701,500</b>	<b>579,500</b>	<b>(122,000)</b>
<b>Funding</b>				
<b>Net Funded by General Municipal Levy</b>	<b>605,204</b>	<b>701,500</b>	<b>579,500</b>	
<b>Net incr/(decr) to Municipal Levy</b>				<b>(122,000)</b>

**TABLE 8**  
**GRAND RIVER CONSERVATION AUTHORITY**  
**Environmental Education**

<b>OPERATING</b>	<b>Actual 2019</b>	<b>Budget 2020</b>	<b>Budget 2021</b>	<b>Budget change</b>
<b>Expenses:</b>				incr/(decr)
Salary and Benefits	972,399	980,000	1,009,000	29,000
Travel, Motor Pool, Expenses, Telephone, Training and Development, IT	88,021	85,800	85,800	0
Insurance	11,114	12,800	15,800	3,000
Property Taxes	12,002	14,000	14,000	0
Other Operating Expenses	264,726	284,000	284,000	0
Amount set aside to Reserves	111,000			0
<b>TOTAL EXPENSE</b>	<b>1,459,262</b>	<b>1,376,600</b>	<b>1,408,600</b>	<b>32,000</b>
<b>Funding</b>				(incr)/decr
Provincial & Federal Grants	64,652	-	-	-
Donations	46,130	50,000	50,000	-
Self Generated	1,017,236	1,018,000	1,018,000	0
<b>TOTAL FUNDING</b>	<b>1,128,018</b>	<b>1,068,000</b>	<b>1,068,000</b>	<b>0</b>
<b>Net Funded by General Municipal Levy</b>	<b>331,244</b>	<b>308,600</b>	<b>340,600</b>	
<b>Net incr/(decr) to Municipal Levy</b>				<b>32,000</b>

**TABLE 9**  
GRAND RIVER CONSERVATION AUTHORITY  
**Corporate Services**

<b>Budget 2021</b>		<b>Surplus available to offset Municipal Levy Increase</b>
<b>Expenses:</b>		
Salary and Benefits	1,871,000	
Travel, Motor Pool, Expenses, Telephone, Training and Development, IT	359,000	
Insurance	70,000	
Other Operating Expenses	941,388	
Amount set aside to Reserves		
<b>TOTAL EXPENSE</b>	<b>3,241,388</b>	
<b>Funding</b>		
MNR Grant	-	
Recoverable Corporate Services Expenses	70,000	
Funds taken from Reserves	15,000	
<b>TOTAL FUNDING</b>	<b>85,000</b>	
<b>Net Result before surplus adjustments</b>	<b>3,156,388</b>	
<b>Deficit from Other Programs offset by 2020 Surplus Carryforward</b>		<b>(53,100)</b>
<b>2020 Surplus Carried Forward to 2021 used to reduce Levy</b>		<b>-</b>
<b>Net Funded by General Municipal Levy</b>	<b>3,156,388</b>	<b>(53,100)</b>
<b>Budget 2020</b>		<b>Surplus available to offset Municipal Levy Increase</b>
<b>Expenses:</b>		
Salary and Benefits	1,904,000	
Travel, Motor Pool, Expenses, Telephone, Training and Development, IT	359,000	
Insurance	59,000	
Property Taxes	-	
Other Operating Expenses	1,343,675	
Amount set aside to Reserves		
<b>TOTAL EXPENSE</b>	<b>3,665,675</b>	
<b>Funding</b>		
Recoverable Corporate Services Expenses	70,000	
Funds taken from Reserves	140,000	
<b>TOTAL FUNDING</b>	<b>210,000</b>	
<b>Net Result before surplus adjustments</b>	<b>3,455,675</b>	
<b>Deficit from Other Programs offset by 2019 Surplus Carryforward</b>		<b>(17,100)</b>
<b>2019 Surplus Carried Forward to 2020 used to reduce Levy</b>		<b>377,287</b>
<b>Net Funded by General Municipal Levy</b>	<b>3,455,675</b>	<b>360,187</b>
<b>ACTUAL 2019</b>		<b>Surplus available to offset Municipal Levy</b>
<b>Expenses:</b>		
Salary and Benefits	1,833,313	
Travel, Motor Pool, Expenses, Telephone, Training and Development, IT	290,695	
Insurance	53,968	
Other Operating Expenses	1,762,628	
Amount set aside to Reserves	135,000	
<b>TOTAL EXPENSE</b>	<b>4,075,604</b>	
<b>Funding</b>		
MNR Grant	36,500	
Donations/Other	108	
Recoverable Corporate Services Expenses	67,728	
Funds taken from Reserves	730,000	
<b>TOTAL FUNDING</b>	<b>834,336</b>	
<b>Net Result before surplus/(deficit) adjustments</b>	<b>3,241,268</b>	
<b>2019 Surplus from Other Programs used to reduce Levy</b>		<b>22,639</b>
<b>2018 Surplus Carried Forward to 2019 used to reduce Levy</b>		<b>469,695</b>
<b>Net Funded by General Municipal Levy</b>	<b>3,241,268</b>	<b>492,334</b>

**TABLE 10**  
 GRAND RIVER CONSERVATION AUTHORITY  
**OTHER PROGRAMS - OPERATING - SUMMARY of Results**

	Conservation Lands	Property Rentals	MISC	(d) Cons Lands, Rental, Misc	(b) Hydro Production	(c) Conservation Areas	TOTAL Other Programs
<b>Budget 2021 - OPERATING</b>							
<b>Expenses:</b>							
Salary and Benefits	1,163,000	590,000	-	1,753,000	66,500	3,995,000	
Travel, Motor Pool, Expenses, Telephone, Training and Development, IT	159,600	74,500	-	234,100	-	216,000	
Insurance	157,300	24,000	-	181,300	-	-	
Property Taxes	-	88,000	-	88,000	-	68,000	
Other Operating Expenses (consulting etc)	576,000	601,700	70,000	1,247,700	25,500	2,721,000	
Amount set aside to Reserves	-	-	-	-	105,000	-	
<b>TOTAL EXPENSE</b>	<b>2,055,900</b>	<b>1,378,200</b>	<b>70,000</b>	<b>3,504,100</b>	<b>197,000</b>	<b>7,000,000</b>	<b>10,701,100</b>
<b>Funding</b>							
Donations	-	-	-	-	-	-	
Self Generated	86,000	2,898,000	148,000	3,132,000	515,000	7,000,000	
Funds taken from Reserves	1,000	-	-	1,000	-	-	
<b>TOTAL FUNDING</b>	<b>87,000</b>	<b>2,898,000</b>	<b>148,000</b>	<b>3,133,000</b>	<b>515,000</b>	<b>7,000,000</b>	<b>10,648,000</b>
<b>NET Surplus/(Deficit) for programs not funded by general levy</b>	<b>(1,968,900)</b>	<b>1,519,800</b>	<b>78,000</b>	<b>(371,100)</b>	<b>318,000</b>	<b>-</b>	<b>(53,100)</b>
<b>Budget 2020 - OPERATING</b>							
<b>Expenses:</b>							
Salary and Benefits	1,129,000	573,000	-	1,702,000	64,500	4,480,000	
Travel, Motor Pool, Expenses, Telephone, Training and Development, IT	159,600	74,500	-	234,100	-	216,000	
Insurance	147,300	18,000	-	165,300	-	-	
Property Taxes	-	88,000	-	88,000	-	68,000	
Other Operating Expenses (consulting etc)	576,000	809,700	70,000	1,455,700	25,500	3,221,000	
Amount set aside to Reserves	-	-	-	-	105,000	300,000	
<b>TOTAL EXPENSE</b>	<b>2,011,900</b>	<b>1,563,200</b>	<b>70,000</b>	<b>3,645,100</b>	<b>195,000</b>	<b>8,285,000</b>	<b>12,125,100</b>
<b>Funding</b>							
Provincial Funding	-	-	-	-	-	-	
Donations	50,000	-	-	50,000	-	-	
Self Generated	86,000	2,873,000	148,000	3,107,000	515,000	8,285,000	
Funds taken from Reserves	1,000	150,000	-	151,000	-	-	
Municipal General Levy Funding	-	-	-	-	-	-	
<b>TOTAL FUNDING</b>	<b>137,000</b>	<b>3,023,000</b>	<b>148,000</b>	<b>3,308,000</b>	<b>515,000</b>	<b>8,285,000</b>	<b>12,108,000</b>
<b>NET Surplus/(Deficit) for programs not funded by general levy</b>	<b>(1,874,900)</b>	<b>1,459,800</b>	<b>78,000</b>	<b>(337,100)</b>	<b>320,000</b>	<b>-</b>	<b>(17,100)</b>
<b>Actual 2019 - OPERATING</b>							
<b>Expenses:</b>							
Salary and Benefits	1,156,641	536,530	-	1,693,171	50,363	4,337,734	
Travel, Motor Pool, Expenses, Telephone, Training and Development, IT	110,343	72,337	-	182,680	-	231,797	
Insurance	131,963	16,796	-	148,759	-	-	
Property Taxes	-	89,535	-	89,535	-	54,307	
Other Expenses	413,177	876,336	68,658	1,358,171	110,716	3,072,795	
Amount set aside to Reserves	232,324	193,000	-	425,324	135,000	977,000	
<b>TOTAL EXPENSE</b>	<b>2,044,448</b>	<b>1,784,534</b>	<b>68,658</b>	<b>3,897,640</b>	<b>296,079</b>	<b>8,673,633</b>	<b>12,867,352</b>
<b>Funding</b>							
Donations	90,463	-	500	90,963	-	6,413	
Self Generated	176,633	2,898,664	200,717	3,276,014	566,791	8,667,896	
Funds taken from Reserves	-	281,914	-	281,914	-	-	
<b>TOTAL FUNDING</b>	<b>267,096</b>	<b>3,180,578</b>	<b>201,217</b>	<b>3,648,891</b>	<b>566,791</b>	<b>8,674,309</b>	<b>12,889,991</b>
<b>NET Surplus/(Deficit) for programs not funded by general levy</b>	<b>(1,777,352)</b>	<b>1,396,044</b>	<b>132,559</b>	<b>(248,749)</b>	<b>270,712</b>	<b>676</b>	<b>22,639</b>

# Grand River Conservation Authority

**Report number:** GM-09-20-59  
**Date:** September 25, 2020  
**To:** Members of the Grand River Conservation Authority  
**Subject:** Budget 2021 (Draft #1) – General Municipal Levy Apportionment

---

## **Recommendation:**

THAT Report Number GM-09-20-59 – Budget 2021 (Draft #1) – General Municipal Levy Apportionment be received as information.

## **Summary:**

The distribution of the proposed 2021 Municipal Levy to participating municipalities is attached, based on the first draft of the 2021 Budget.

## **Report:**

The General Municipal Levy is allocated to participating municipalities based on Modified Current Value Assessment, which the Ministry of Environment, Conservation and Parks (MECP) provides to Conservation Authorities each year. The methodology for calculating the Modified Current Value Assessment and distributing the levy is outlined in Ontario Regulation 670/000, which is appended to this report. Grand River Conservation Authority recently received the Modified Current Value Assessment figures to be used for the 2021 Budget (2020 assessment) and the resulting allocation of the proposed 2021 General Levy is attached.

## **Financial implications:**

The first draft of the 2021 Budget proposes a Municipal Levy of \$12,225,000, which represents an increase of \$298,000 (or 2.5%) over 2020. After allocating this amount in accordance with Regulation 670/00, individual municipalities will experience increases ranging from 1.41% to 6.65% compared to 2020.

## **Other department considerations:**

Not applicable

## **Prepared by:**

Karen Armstrong  
Deputy CAO/ Secretary-Treasurer

## **Approved by:**

Samantha Lawson  
Chief Administrative Officer

**Conservation Authorities Act  
ONTARIO REGULATION 670/00  
CONSERVATION AUTHORITY LEVIES**

**1.** In this Regulation,

“current value assessment” means the current value assessment of land, determined under the provisions of the *Assessment Act*, for a given year;

“property class” means a class of real property prescribed under the *Assessment Act*. O. Reg. 670/00, s. 1.

**2.** (1) In determining the levy payable by a participating municipality to an authority for maintenance costs pursuant to subsection 27 (2) of the Act, the authority shall apportion such costs to the participating municipalities on the basis of the benefit derived or to be derived by each participating municipality determined,

(a) by agreement among the authority and the participating municipalities; or

(b) by calculating the ratio that each participating municipality’s modified assessment bears to the total authority’s modified assessment. O. Reg. 670/00, s. 2 (1).

(2) In determining the levy payable by a participating municipality to an authority for administration costs pursuant to subsection 27 (3) of the Act, the authority shall apportion such costs to the participating municipalities on the basis of the ratio that each participating municipality’s modified assessment bears to the total authority’s modified assessment. O. Reg. 670/00, s. 2 (2).

**3.** The following rules apply for the purposes of section 2:

1. The modified current value assessment is calculated by adding the current value assessments of all lands within a municipality all or part of which are within an authority’s jurisdiction and by applying the following factors to the current value assessment of the land in the following property classes:

Property Class	Factor
Residential/Farm	1
Multi-Residential	2.1
Commercial	2.1
Industrial	2.1
Farmlands	0.25
Pipe Lines	1.7
Managed Forests	0.25
New Multi-Residential	2.1
Office Building	2.1
Shopping Centre	2.1
Parking Lots and Vacant Land	2.1
Large Industrial	2.1

2. A participating municipality’s modified assessment is the assessment calculated by dividing the area of the participating municipality within the authority’s jurisdiction by its total area and multiplying that ratio by the modified current value assessment for that participating municipality.

3. The total authority’s modified assessment is calculated by adding the sum of all of the participating municipalities’ modified assessments for that authority. O. Reg. 670/00, s. 3.

**4.** An authority may establish a minimum sum that may be levied against a participating municipality within the authority’s jurisdiction. O. Reg. 670/00, s. 4.

## Grand River Conservation Authority Summary of Municipal Levy - 2021 Budget

*DRAFT - September 25, 2020*

	% CVA in Watershed	2020 CVA (Modified)	CVA in Watershed	CVA-Based Apportionment	2021 Budget Matching & Maintenance Levy	2021 Budget Admin & Maintenance Levy	2021 Budget Non Matching Admin & Maintenance Levy	2021 Budget Capital Maintenance*	Actual 2020 Levy	% Change
Brant County	82.9%	6,936,721,473	5,750,542,101	2.84%	320,002		26,963	346,965	333,521	4.0%
Brantford C	100.0%	14,928,515,157	14,928,515,157	7.37%	830,732		69,995	900,727	879,747	2.4%
Amaranth Twp	82.0%	795,979,920	652,703,535	0.32%	36,321		3,060	39,381	37,935	3.8%
East Garafraxa Twp	80.0%	626,126,773	500,901,419	0.25%	27,874		2,349	30,223	28,338	6.7%
Town of Grand Valley	100.0%	553,512,121	553,512,121	0.27%	30,801		2,595	33,396	31,711	5.3%
Melancthon Twp	56.0%	586,577,630	328,483,473	0.16%	18,279		1,540	19,819	19,173	3.4%
Southgate Twp	6.0%	1,033,512,023	62,010,721	0.03%	3,451		291	3,742	3,523	6.2%
Haldimand County	41.0%	7,079,860,556	2,902,742,828	1.43%	161,530		13,610	175,140	170,458	2.7%
Norfolk County	5.0%	9,584,167,114	479,208,356	0.24%	26,667		2,247	28,914	28,513	1.4%
Halton Region	10.4%	46,451,977,776	4,837,575,302	2.39%	269,198		22,682	291,880	280,040	4.2%
Hamilton City	26.8%	94,145,899,309	25,184,028,065	12.43%	1,401,425		118,080	1,519,505	1,471,642	3.3%
Oxford County	36.7%	4,427,004,857	1,622,932,789	0.80%	90,312		7,609	97,921	95,948	2.1%
North Perth T	2.0%	2,225,735,943	44,514,719	0.02%	2,477		209	2,686	2,561	4.9%
Perth East Twp	40.0%	2,040,630,574	816,252,229	0.40%	45,422		3,827	49,249	47,534	3.6%
Waterloo Region	100.0%	102,472,672,048	102,472,672,048	50.58%	5,702,333		480,463	6,182,796	6,064,723	1.9%
Centre Wellington Twp	100.0%	5,114,418,180	5,114,418,180	2.52%	284,604		23,980	308,584	301,160	2.5%
Erin T	49.0%	2,555,239,625	1,252,067,416	0.62%	69,674		5,871	75,545	74,455	1.5%
Guelph C	100.0%	27,653,093,969	27,653,093,969	13.65%	1,538,822		129,657	1,668,479	1,622,233	2.9%
Guelph Eramosa Twp	100.0%	2,845,103,563	2,845,103,563	1.40%	158,322		13,340	171,662	167,139	2.7%
Mapleton Twp	95.0%	1,799,102,595	1,709,147,466	0.84%	95,110		8,014	103,124	97,762	5.5%
Wellington North Twp	51.0%	1,746,561,794	890,746,515	0.44%	49,568		4,176	53,744	51,442	4.5%
Puslinch Twp	75.0%	2,685,361,769	2,014,021,326	0.99%	112,075		9,443	121,518	117,442	3.5%
<b>Total</b>		<b>338,287,774,768</b>	<b>202,615,193,299</b>	<b>100.00%</b>	<b>11,275,000</b>		<b>950,000</b>	<b>12,225,000</b>	<b>11,927,000</b>	<b>2.5%</b>

\*Capital Maintenance Levy represents levy allocated to maintenance of capital infrastructure, studies, and/or equipment.



**GRAND RIVER CONSERVATION AUTHORITY**

**AUDITED FINANCIAL STATEMENTS**

**AND INDEPENDENT AUDITORS' REPORT THEREON**

**DECEMBER 31, 2019**

**GRAND RIVER CONSERVATION AUTHORITY**

**INDEX TO THE FINANCIAL STATEMENTS**

**DECEMBER 31, 2019**

Independent Auditors' Report

**Statements**

1. Statement of Financial Position
2. Statement of Operations and Change in Accumulated Surplus
3. Statement of Cash Flows
4. Statement of Change in Net Financial Assets

Notes to the Financial Statements



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## INDEPENDENT AUDITORS' REPORT

To the Members of Grand River Conservation Authority

### ***Opinion***

We have audited the financial statements of Grand River Conservation Authority (the Authority), which comprise:

- the statement of financial position as at December 31, 2019
- the statement of operations and change in accumulated surplus for the year then ended
- the statement of changes in net financial assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the “financial statements”)

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Authority as at December 31, 2019, and its results of operations, its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### ***Basis for Opinion***

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our auditors' report.

We are independent of the 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.



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

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

Management is responsible for the preparation and fair presentation of the 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 Authority's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Authority or to cease operations, or has no realistic alternative but to do so.

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

### ***Auditors' 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 auditors' 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 the 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.



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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 Authority'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 Authority's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Authority 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.
- 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.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P'.

Chartered Professional Accountants, Licensed Public Accountants

Waterloo, Canada

February 28, 2020

## STATEMENT 1

**GRAND RIVER CONSERVATION AUTHORITY**  
(Established by the Conservation Authorities Act)

**Statement of Financial Position**

**As at December 31, 2019**  
(with comparative figures for 2018)

	<u>2019</u>	<u>2018</u>
<b>Financial Assets</b>		
Cash	\$ 2,396,323	\$ 2,343,757
Investments (Note 2)	23,918,709	27,517,997
Accounts Receivable - Government Grants	574,031	1,224,415
Accounts Receivable - Municipal Levies and Other	239,621	183,293
Other Receivables	1,486,031	1,073,807
	<u>28,614,715</u>	<u>32,343,269</u>
<b>Financial Liabilities</b>		
Accounts Payable and Accrued Liabilities (Note 5)	3,661,736	3,622,171
Deferred Revenue (Note 3)	3,662,640	4,522,832
Deposits	270,663	291,477
	<u>7,595,039</u>	<u>8,436,480</u>
<b>Net Financial Assets</b>	<u>21,019,676</u>	<u>23,906,789</u>
<b>Non-Financial Assets</b>		
Tangible Capital Assets (Note 4)	92,652,712	88,748,529
Prepaid Expenses and Inventory	249,540	239,921
	<u>92,902,252</u>	<u>88,988,450</u>
<b><u>ACCUMULATED SURPLUS</u></b>	<u>\$ 113,921,928</u>	<u>\$ 112,895,239</u>

**ACCUMULATED SURPLUS COMPRISED OF**

<b>Accumulated Surplus - Reserves - Operating</b>	(Note 9)	\$ 6,986,035	\$ 6,817,580
<b>Accumulated Surplus - Reserves - Capital</b>	(Note 9)	12,078,154	15,010,386
<b>Accumulated Surplus - Reserves - Motor Pool</b>	(Note 9)	1,827,741	1,849,049
<b>Accumulated Surplus - Other</b>		377,286	469,695
<b>Accumulated Surplus - Tangible Capital Assets</b>		92,652,712	88,748,529
<b><u>ACCUMULATED SURPLUS</u></b>		<u>\$ 113,921,928</u>	<u>\$ 112,895,239</u>

Commitments and Contingencies (Notes 7 and 8)

(see accompanying notes to the financial statements)

**GRAND RIVER CONSERVATION AUTHORITY**  
**STATEMENT OF OPERATIONS AND CHANGE IN ACCUMULATED SURPLUS**  
**For the Year Ended December 31, 2019**  
(with comparative figures for 2018)

**STATEMENT 2**

	<b>Budget 2019 Note 6</b>	<b>Actual 2019</b>	<b>Actual 2018</b>
<b><u>Revenue</u></b>			
<b>Municipal</b>			
Grants:			
<i>General-Operating</i>	\$ 10,586,000	\$ 10,586,000	\$ 10,302,000
<i>General-Capital</i>	1,050,000	1,050,000	1,050,000
<i>Special</i>	150,000	118,292	98,571
Other	870,000	956,144	1,023,016
<b>Total Municipal Revenue</b>	<b>12,656,000</b>	<b>12,710,436</b>	<b>12,473,587</b>
<b>Government Grants</b>			
MNR Transfer Payments	871,073	449,688	871,073
Source Protection Program-Provincial	835,000	1,083,095	1,384,626
Other Provincial	1,177,500	1,201,774	944,800
Federal	250,000	317,025	441,116
<b>Total Government Grants</b>	<b>3,133,573</b>	<b>3,051,582</b>	<b>3,641,615</b>
<b>Self-Generated</b>			
User Fees and Sales:			
<i>Enquiries and Permits</i>	466,000	493,601	458,583
<i>Plan Input and Review</i>	453,000	398,599	450,331
<i>Nursery and Woodlot Management</i>	465,000	565,592	499,498
<i>Conservation Lands Income</i>	71,000	64,309	58,247
<i>Conservation Areas User Fees</i>	8,600,000	9,382,428	9,160,052
<i>Nature Centres and Camps</i>	1,000,500	1,016,191	983,252
Property Rentals	2,875,000	2,898,664	2,888,225
Hydro Generation	473,000	556,791	556,736
Grand River Conservation Foundation	454,000	557,000	421,412
Donations	426,000	123,674	158,285
Landowner Contributions	200,000	192,807	199,270
Investment Income	450,000	662,026	555,037
Miscellaneous Income	48,000	69,450	19,822
Gain on Sale of Tangible Capital Assets	-	-	734,173
<b>Total Self-Generated Revenue</b>	<b>15,981,500</b>	<b>16,981,132</b>	<b>17,142,923</b>
<b>Total Revenue</b>	<b>\$ 31,771,073</b>	<b>\$ 32,743,150</b>	<b>\$ 33,258,125</b>
<b><u>Expenditures</u></b>			
Watershed Management and Monitoring	7,406,550	7,480,166	7,847,769
Source Protection Program	835,840	1,083,935	1,385,466
Resource Planning	2,084,600	1,831,122	1,942,897
Watershed Stewardship	4,098,582	3,895,445	4,077,477
Conservation Land Management	4,800,730	4,362,311	4,351,846
Recreation and Education	9,641,731	10,063,264	9,953,569
Corporate Services / Information Systems and Motor Pool	3,932,773	3,000,218	3,272,265
<b>Total Expenditures</b>	<b>\$ 32,800,806</b>	<b>31,716,461</b>	<b>\$ 32,831,289</b>
<b>Annual Surplus/(Deficit)</b>	<b>(1,029,733)</b>	<b>1,026,689</b>	<b>426,836</b>
<b>Accumulated Surplus, Beginning of Year</b>		<b>112,895,239</b>	<b>112,468,403</b>
<b>Accumulated Surplus, End of Year</b>		<b>\$ 113,921,928</b>	<b>\$ 112,895,239</b>

(see accompanying notes to the financial statements)

## STATEMENT 3

**GRAND RIVER CONSERVATION AUTHORITY**  
**STATEMENT OF CASH FLOWS**  
**For the Year Ended December 31, 2019**  
(with comparative figures for 2018)

	<u>Actual 2019</u>	<u>Actual 2018</u>
<b><u>Operating Activities</u></b>		
Annual surplus	\$ 1,026,689	\$ 426,836
Items not involving cash:		
Amortization	3,181,613	3,154,578
Loss (gain) on sale of tangible capital assets	41,721	(734,173)
Change in non-cash operating assets and liabilities:		
Accounts receivable	181,832	(933,200)
Prepaid expenses and inventory	(9,619)	34,200
Accounts payable and accrued liabilities	39,565	547,502
Deferred revenue and deposits	(881,006)	534,513
Net change in cash from operating activities	<u>3,580,795</u>	<u>3,030,256</u>
<b><u>Capital Activities</u></b>		
Cash used to acquire tangible capital assets	(7,164,759)	(3,021,677)
Proceeds on sale of tangible capital assets	37,242	1,211,603
Net change in cash from capital activities	<u>(7,127,517)</u>	<u>(1,810,074)</u>
<b><u>Investing Activities</u></b>		
Change in investments	3,599,288	(1,724,905)
Net change in cash from investing activities	<u>3,599,288</u>	<u>(1,724,905)</u>
<b>Net change in cash</b>	<u><b>52,566</b></u>	<u><b>(504,723)</b></u>
Cash, beginning of year	2,343,757	2,848,480
<b>Cash, end of the year</b>	<u><b>\$ 2,396,323</b></u>	<u><b>\$ 2,343,757</b></u>

(see accompanying notes to the financial statements)

## STATEMENT 4

**GRAND RIVER CONSERVATION AUTHORITY**  
**STATEMENT OF CHANGE IN NET FINANCIAL ASSETS**  
**For the Year Ended December 31, 2019**  
(with comparative figures for 2018)

	<u>Actual 2019</u>	<u>Actual 2018</u>
Annual surplus	\$ 1,026,689	\$ 426,836
Acquisition of tangible capital assets	(7,164,759)	(3,021,676)
Amortization of tangible capital assets	3,181,613	3,154,578
Loss (gain) on sale of tangible capital assets	41,721	(734,173)
Proceeds on sale of tangible capital assets	37,242	1,211,602
	<u>(2,877,494)</u>	<u>1,037,167</u>
Net changes in prepaid expenses and inventory	(9,619)	34,200
<b>Net change in financial assets</b>	<u>(2,887,113)</u>	<u>1,071,367</u>
<b>Net financial assets, beginning of year</b>	<b>23,906,789</b>	<b>22,835,422</b>
<b>Net financial assets, end of year</b>	<b>\$ <u>21,019,676</u></b>	<b>\$ <u>23,906,789</u></b>

(see accompanying notes to the financial statements)

**GRAND RIVER CONSERVATION AUTHORITY**

**NOTES TO THE FINANCIAL STATEMENTS**

**DECEMBER 31, 2019**

**(1) Summary of Significant Accounting Policies**

The financial statements of Grand River Conservation Authority (the "Authority") are prepared by management in accordance with the Chartered Professional Accountants of Canada Public Sector Accounting Handbook. Significant aspects of the accounting policies adopted by the Authority are as follows:

**(a) Basis of Accounting**

The Authority follows the accrual method of accounting for revenues and expenditures. Revenues are normally recognized in the year in which they are earned and measurable. Expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and/or the creation of a legal obligation to pay.

**(b) Deferred Revenue and Deposits**

Balance includes funds that have been advanced to the Authority from government agencies and/or the general public and as at year end the funds have not been expended for the purpose for which they were received. In most instances, service and/or product delivery is anticipated to be performed in the following fiscal period. Typical balances include tree planting cash receipts, rural water quality program funding from municipalities, advance payments on conservation area camping reservations and special projects funding that has been paid in advance of project completion. These amounts will be recognized as revenues in the fiscal year the services are performed.

(c) **Classification of Expenditures**

Expenditures are reported in nine main categories, which follow the format adopted by Conservation Ontario. By following these guidelines, there will be consistency of reporting by all Conservation Authorities in Ontario. These are further explained as follows:

**Watershed Management and Monitoring**

Watershed Management and Monitoring includes expenditures and revenues for programs which provide the information required to develop appropriate resource management strategies and to identify priority actions to maintain a healthy watershed. Also included are the maintenance and operations of all Flood and Erosion Control Structures and the operations of the Flood Forecasting and Warning system.

**Source Protection Program**

The Source Protection Program includes expenditures and revenues for the development of a "Drinking Water Source Protection" plan for the Lake Erie Source Protection Region (includes Grand River, Long Point Region, Kettle Creek, and Catfish Creek Conservation Authorities).

**Resource Planning**

Resource Planning includes expenditures and revenues associated with reviewing official plans, zoning bylaws, development plans and other planning proposals, in accordance with Conservation Authority and Municipal Agreements. It also includes, administration of floodplain regulations and watershed management consulting outside of the Grand River watershed, which is performed on a fee-for-service basis and generates a profit.

### **Watershed Stewardship**

Watershed Stewardship includes those activities associated with providing service and/or assistance to private and public landowners, and community groups on sound environmental practices that will enhance, restore or protect natural heritage features on their properties.

### **Conservation Land Management**

Conservation Land Management includes all expenditures and revenues associated with the acquisition and management of land owned/managed by the Authority. This includes the protection of provincially significant conservation lands, woodlot management, rental/lease agreements and other revenues generated from managing lands and facilities. These expenditures do not include those associated with recreation and education programs on Authority lands.

### **Recreation and Education**

Recreation and Education includes expenditures and revenues associated with delivering recreational and educational programs on Authority lands at a number of active conservation areas and nature centres.

### **Corporate Services**

Corporate services include the costs associated with head office facilities and functions other than technical staff and associated programs.

### **Information Systems and Motor Pool**

Net Information Systems and Motor Pool usage charges includes the support areas that are charged out to other cost centres on an "as used" basis. Information Systems consists of the head office, conservation area and nature centre computer systems. User cost centres incur a charge for their computer use. Motor Pool is the vehicles and equipment that are used for operations and capital projects by other cost centres. When equipment or vehicles are used, the cost centre is charged for the use of the asset.

(d) **Investments**

Investments include term deposits and Federal and Provincial Government bonds in accordance with the investment policy that was approved by the general membership. Investments are carried at the redemption amount adjusted for unamortized purchase premiums or discounts. Premiums and discounts are amortized on an effective-yield basis over the term to maturity. Interest income is recorded as it accrues. When the value of any investment is identified as impaired, the carrying amount is adjusted to the estimated realizable value and any adjustments are included in investment income in the year the impairment is recognized.

(e) **Accounts Receivable**

Accounts Receivable is reported net of any allowance for doubtful accounts.

(f) **Inventory**

Inventory is valued at the lower of cost or replacement cost.

(g) **Interest Allocation**

The Authority follows the policy of consolidating funds on hand for investment purposes. Interest income is generally recognized into income unless the provisions of a relevant agreement or legislation require that the income be restricted, then restricted interest income is recognized in deferred revenue until used for the purpose or purposes specified.

(h) **Use of Estimates**

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenue and expenses during the year. Significant items subject to such estimates and assumptions include accrued liabilities, contaminated site liability, contingencies and tangible capital assets. Actual results could differ from estimates.

(i) **Tangible Capital Assets**

Tangible capital assets are recorded at cost which include amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets, excluding land, are amortized in a straight line basis over their estimated useful lives as follows:

<b>Asset</b>	<b>Useful Life - Years</b>
Site Improvements	10 - 50
Buildings	10 - 50
Furniture and Equipment	10 - 15
Motor Pool	5 - 10
Communications and Computer	5
Water Control Structures	20 - 80

Annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

(i) Contributions of tangible capital assets

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and also are recorded as revenue.

(ii) Natural resources

Natural resources that have not been purchased are not recognized as assets in the financial statements.

(iii) Works of art and cultural and historic assets

Works of art and cultural and historic assets are not recorded as assets in the financial statements.

(j) **Non-financial assets**

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

(k) **Contaminated sites**

Contaminated sites are defined as the result of contamination being introduced in air, soil, water or sediment of a chemical, organic, or radioactive material or live organism that exceeds an environmental standard.

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.

(2) **Investments**

Investments include the following amounts:

	<b>2019</b>	<b>2018</b>
Term deposit matured in 2018 Market value at December 31, 2019 - nil (2018 - \$2,803,451)	\$ -	\$ 2,726,046
Bonds maturing within one year (Interest rates vary between 1.30% and 2.50%) Market value at December 31, 2019 - \$6,179,727 (2018 - \$5,577,926)	6,180,000	5,578,000
Bonds maturing within one to five years (Interest rates vary between 1.90% and 3.45%) Market value at December 31, 2019 - \$11,081,299 (2018 - \$8,925,806)	11,023,000	9,030,000
Bonds maturing within six to ten years (Interest rate 2.40%) Market Value at December 31, 2019 - \$1,973,552 (2018 - \$1,928,336)	2,000,000	2,000,000
High interest savings account (Interest rates vary between 1.60% and 2.41%) Market value at December 31, 2019 - \$4,614,405 (2018 - \$8,200,843)	4,614,405	8,200,843
Sub-Total	\$ 23,817,405	\$ 27,534,889
Plus: Unamortized purchase premium (discount)	101,304	(16,892)
Total	\$ 23,918,709	\$ 27,517,997

(3) Deferred Revenue

	2019	2018
<b>Balance, end of year:</b>		
Source Protection Program	\$ 173,946	\$ 571,875
Rural Water Quality Program	841,762	952,810
Water and Erosion Control Infrastructure	2,319	252,298
Other Watershed Programs	1,553,208	1,570,839
Cottage Rent	419,229	479,048
Other Miscellaneous	672,176	695,962
<b>Total Deferred Revenue</b>	<b>\$ 3,662,640</b>	<b>\$ 4,522,832</b>
<b>Balance, beginning of year:</b>		
Source Protection Program	\$ 571,875	\$ 618,224
Rural Water Quality Program	952,810	990,615
Water and Erosion Control Infrastructure	252,298	203,022
Other Watershed Programs	1,570,839	1,292,899
Cottage Rent	479,048	289,420
Other Miscellaneous	695,962	616,487
	<b>\$ 4,522,832</b>	<b>\$ 4,010,667</b>
Grant Contributions	3,477,524	4,470,407
Interest	61	449
Other	1,361,753	1,424,521
<b>Total Revenue</b>	<b>\$ 4,839,338</b>	<b>\$ 5,895,377</b>
Contributions Used	5,699,530	5,383,212
<b>Balance, end of year</b>	<b>\$ 3,662,640</b>	<b>\$ 4,522,832</b>

**(4) Tangible Capital Assets**

<b>Cost</b>	<b>Balance at 31-Dec-18</b>	<b>Additions</b>	<b>Disposals/ Transfers</b>	<b>Balance at 31-Dec-19</b>
Land and Land Improvements	\$ 30,892,713	\$ 42,155	\$ (16,520)	\$ 30,918,348
Site Improvements	15,268,433	397,512	(35,036)	15,630,909
Buildings	16,291,817	625,322	(230,604)	16,686,535
Furniture and Equipment	1,975,333	141,084	(130,648)	1,985,769
Motor Pool	4,517,000	483,240	(185,548)	4,814,692
Communications and Computers	1,747,995	30,466	(10,359)	1,768,102
Water Control Structures	97,587,164	1,804,904	-	99,392,068
Assets Under Construction	1,897,955	3,842,392	(202,316)	5,538,031
	<u>\$ 170,178,410</u>	<u>\$ 7,367,075</u>	<u>\$ (811,031)</u>	<u>\$ 176,734,454</u>

<b>Accumulated Amortization</b>	<b>Balance at 31-Dec-18</b>	<b>Disposals</b>	<b>Amortization Expense</b>	<b>Balance at 31-Dec-19</b>
Site Improvements	\$ 9,078,295	\$ (35,037)	\$ 414,181	\$ 9,457,439
Buildings	9,709,822	(169,512)	381,052	9,921,362
Furniture and Equipment	955,852	(130,648)	152,131	977,335
Motor Pool	3,253,915	(184,195)	282,571	3,352,291
Communications and Computers	1,314,491	(10,360)	139,519	1,443,650
Water Control Structures	57,117,506	-	1,812,159	58,929,665
	<u>\$ 81,429,881</u>	<u>\$ (529,752)</u>	<u>\$ 3,181,613</u>	<u>\$ 84,081,742</u>

	<b>Net Book Value 31-Dec-18</b>	<b>Net Book Value 31-Dec-19</b>
Land and Land Improvements	\$ 30,892,713	\$ 30,918,348
Site Improvements	6,190,138	6,173,470
Buildings	6,581,995	6,765,173
Furniture and Equipment	1,019,481	1,008,434
Motor Pool	1,263,085	1,462,401
Communications and Computers	433,504	324,452
Water Control Structures	40,469,658	40,462,403
Assets Under Construction	1,897,955	5,538,031
	<u>\$ 88,748,529</u>	<u>\$ 92,652,712</u>

<b>Cost</b>	<b>Balance at 31-Dec-17</b>	<b>Additions</b>	<b>Disposals/ Transfers</b>	<b>Balance at 31-Dec-18</b>
Land and Land Improvements	\$ 31,218,292	\$ 107,277	\$ (432,856)	\$ 30,892,713
Site Improvements	14,639,828	636,382	(7,777)	15,268,433
Buildings	16,343,702	87,502	(139,387)	16,291,817
Furniture and Equipment	2,007,636	171,546	(203,849)	1,975,333
Motor Pool	4,292,258	493,025	(268,283)	4,517,000
Communications and Computers	1,601,808	151,477	(5,290)	1,747,995
Water Control Structures	97,197,133	390,031		97,587,164
Assets Under Construction	913,518	1,530,712	(546,275)	1,897,955
	<u>\$ 168,214,175</u>	<u>\$ 3,567,952</u>	<u>\$ (1,603,717)</u>	<u>\$ 170,178,410</u>

<b>Accumulated Amortization</b>	<b>Balance at 31-Dec-17</b>	<b>Disposals</b>	<b>Amortization Expense</b>	<b>Balance at 31-Dec-18</b>
Site Improvements	\$ 8,650,643	\$ (7,574)	\$ 435,226	\$ 9,078,295
Buildings	9,417,897	(96,424)	388,349	9,709,822
Furniture and Equipment	1,017,008	(203,849)	142,693	955,852
Motor Pool	3,284,795	(266,875)	235,995	3,253,915
Communications and Computers	1,176,907	(5,290)	142,874	1,314,491
Water Control Structures	55,308,065	-	1,809,441	57,117,506
	<u>\$ 78,855,315</u>	<u>\$ (580,012)</u>	<u>\$ 3,154,578</u>	<u>\$ 81,429,881</u>

	<b>Net Book Value 31-Dec-17</b>	<b>Net Book Value 31-Dec-18</b>
Land and Land Improvements	\$ 31,218,292	\$ 30,892,713
Site Improvements	5,989,185	6,190,138
Buildings	6,925,805	6,581,995
Furniture and Equipment	990,628	1,019,481
Motor Pool	1,007,463	1,263,085
Communications and Computers	424,901	433,504
Water Control Structures	41,889,068	40,469,658
Assets Under Construction	913,518	1,897,955
	<u>\$ 89,358,860</u>	<u>\$ 88,748,529</u>

### **Assets Under Construction**

Assets under construction having a value of \$5,538,031 (2018 - \$1,897,955) have not been amortized. Amortization of these assets will commence when the asset is put into service.

### **Write-down of Tangible Capital Assets**

The write-down of tangible capital assets during the year was \$nil (2018 - \$nil).

### **(5) Contaminated Site Liability**

The Authority has an estimated liability of \$844,912 as at December 31, 2019 (2018 - \$812,912) for future remediation of four of its properties. During the year the Authority expensed \$364,864 net of insurance proceeds of \$290,000 (2018 - \$ 205,045) related to contaminated site costs. The properties include a former landfill site in the City of Brantford, a former industrial site in the City of Guelph, a former residential site in the City of Cambridge and Brant Conservation Area. The first three properties were purchased by the Authority in the 1970s under flood control projects. The Ministry of the Environment and Climate Change has requested remediation on the Brantford and Cambridge properties. The estimated future cost of the work at Brantford is based on a detailed remediation plan prepared by a qualified external consultant. Staff have estimated the future cost of remediation for the Guelph, Cambridge, and Brant properties based on preliminary investigations carried out by an environmental consulting firm.

### **(6) 2019 Budget**

The budget figures are those adopted at the General Meeting of the Authority held February 22, 2019. The Authority only prepares a budget for the statement of operations, the budget figures in the statement of change in net financial assets has not been provided.

(7) **Commitments**

The Authority is committed under contracts for various infrastructure projects. The amount expected to be incurred in 2020 under contracts is approximately \$1,568,000.

(8) **Contingencies**

The Authority recognizes that liabilities may arise due to certain contract and labour relations matters that were outstanding at year end, in the normal course of business. Legal action may be taken against the Authority for personal injury claims, property damage and other contractual matters. The outcome of these actions is not presently determinable. It is management's opinion that the Authority's insurance coverage and/or accumulated surplus will adequately cover any potential liabilities arising from these matters.

**(9) Accumulated Surplus**

Accumulated surplus consists of tangible capital asset and other surplus and reserve funds. Details of the reserve funds are as follows:

	<b>2019</b>	<b>2018</b>
<b>Operating</b>		
Property and Liability Insurance	\$ 270,383	\$ 270,383
Building and Mechanical Equipment	976,833	1,706,833
Small Office Equipment	7,562	7,397
Personnel	1,172,112	1,037,112
Apps' Mill Nature Centre	52,129	23,849
Laurel Creek Nature Centre	96,584	67,338
Guelph Lake Nature Centre	168,026	137,227
Shade's Mills Nature Centre	56,222	27,854
Taquanyah Nature Centre	3,717	3,636
Computer Replacement	1,368,619	1,200,862
Forestry Management	831,696	703,737
Cottage Operations	723,648	519,114
Property Rental	479,760	469,333
Planning Enforcement	434,627	425,180
Master Plan	121,555	-
Grand River Management Plan	107,515	105,178
Watershed Restoration	115,047	112,547
<b>Total Operating Reserves</b>	<b>\$ 6,986,035</b>	<b>\$ 6,817,580</b>
<b>Capital</b>		
Completion of Capital Projects	\$ 147,000	\$ 147,000
Cambridge Desiltation Pond	7,098	7,616
Gravel	245,075	239,749
General Capital	642,243	562,741
Major Dam Maintenance	2,978,733	2,981,946
Gauges	851,525	642,300
Conservation Area	2,884,155	4,012,440
Land Reserves	4,322,325	6,416,594
<b>Total Capital Reserves</b>	<b>\$ 12,078,154</b>	<b>\$ 15,010,386</b>
<b>Motor Pool</b>		
Motor Pool Equipment Replacement	\$ 1,740,868	\$ 1,764,064
Vehicle Insurance	86,873	84,985
<b>Total Motor Pool Reserves</b>	<b>\$ 1,827,741</b>	<b>\$ 1,849,049</b>
<b>Total Reserves</b>	<b>\$ 20,891,930</b>	<b>\$ 23,677,015</b>

Land reserves represent the net proceeds of land sales and are available for approved projects including purchases of conservation lands within the Watershed in accordance with Authority policies and Provincial Regulations.

**(10) Pension and Retirement Benefits**

The Authority makes contributions to the Ontario Municipal Employees Retirement System (“OMERS”), which is a multi-employer plan, on behalf of all eligible members of its staff. The plan is a defined benefit plan, which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay.

Because OMERS is a multi-employer pension plan, any pension plan surpluses or deficits are the joint responsibility of Ontario municipal organizations and their employees. As a result, the Authority does not recognize any share of the OMERS pension surplus or deficit.

The latest available report for the OMERS plan was December 31, 2018. At that time the plan reported a \$4.2 billion actuarial deficit (2017 - \$5.4 billion deficit), based on actuarial liabilities of \$99.1 billion (2017 - \$93.6 billion) and actuarial assets of \$94.7 billion (2017 - \$88.2 billion). Ongoing adequacy of the current contribution rates will need to be monitored and may lead to increased future funding requirements.

In 2019, the Authority’s contribution to OMERS was \$1,199,314 (2018 - \$1,181,720).

**(11) Related Entity**

The Grand River Conservation Foundation (“the Foundation”) is an independent organization and a Registered Charity that raises funds to finance selected operating and capital expenditures of the Authority. Although the Foundation disburses funds at the discretion of its own Board of Directors, it only funds approved projects of the Authority and the Chair of the Authority is a permanent member of the Foundation Board. The accounts of The Grand River Conservation Foundation are not included in these financial statements.

During 2019, the Foundation contributed \$557,000 (2018 - \$421,412) to fund projects carried out by the Authority. At December 31, 2019, the amount due from the Foundation to the Authority is \$151,992 (2018 - \$96,551). This receivable is included in "Other Receivables" on the Statement of Financial Position.

**(12) Public Sector Salary Disclosure**

Grand River Conservation Authority is subject to The Public Sector Salary Disclosure Act, 1996. Salaries and benefits that have been paid by the Authority and reported to the Province of Ontario in compliance with this legislation are listed on the Ontario Ministry of Finance website at <https://www.ontario.ca/page/public-sector-salary-disclosure#section-0> or can be provided in an alternate format upon request from the Authority.

**(13) Segmented Information**

<b>2019</b>								
	<b>Watershed Management and Monitoring</b>	<b>Source Protection Program</b>	<b>Resource Planning</b>	<b>Watershed Stewardship</b>	<b>Conservation Land Management</b>	<b>Recreation and Education</b>	<b>Corporate Services/IS and Motor Pool</b>	<b>Total</b>
<b>Revenue:</b>								
Levies	\$ 5,152,387	\$ -	\$ 1,051,032	\$ 2,175,500	\$ -	\$ 331,900	\$ 3,043,473	\$ 11,754,292
Grants	1,725,111	1,083,095	58,988	1,030,778	-	64,652	45,102	4,007,726
User fees and Other	56,670	-	892,200	647,175	3,642,088	10,399,665	662,660	16,300,458
Donations	18,632	-	-	258,256	142,548	233,037	28,201	680,674
<b>Total revenue</b>	<b>6,952,800</b>	<b>1,083,095</b>	<b>2,002,220</b>	<b>4,111,709</b>	<b>3,784,636</b>	<b>11,029,254</b>	<b>3,779,436</b>	<b>32,743,150</b>
<b>Expenses:</b>								
Salaries, Wages and Benefits	3,508,155	491,580	1,543,228	1,820,211	1,841,397	5,332,680	3,037,915	17,575,166
Operating Expenses	2,270,928	591,515	287,894	2,058,152	2,288,093	4,118,357	1,863,148	13,478,087
Amortization	1,701,083	840	-	17,082	232,821	612,227	617,560	3,181,613
Less: Chargebacks	-	-	-	-	-	-	(2,518,405)	(2,518,405)
<b>Total expenses</b>	<b>7,480,166</b>	<b>1,083,935</b>	<b>1,831,122</b>	<b>3,895,445</b>	<b>4,362,311</b>	<b>10,063,264</b>	<b>3,000,218</b>	<b>31,716,461</b>
<b>Annual surplus/ (deficit)</b>	<b>\$ (527,366)</b>	<b>\$ (840)</b>	<b>\$ 171,098</b>	<b>\$ 216,264</b>	<b>\$ (577,675)</b>	<b>\$ 965,990</b>	<b>\$ 779,218</b>	<b>\$ 1,026,689</b>

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**2018**

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	<b>Watershed Management and Monitoring</b>	<b>Source Protection Program</b>	<b>Resource Planning</b>	<b>Watershed Stewardship</b>	<b>Conservation Land Management</b>	<b>Recreation and Education</b>	<b>Corporate Services/IS and Motor Pool</b>	<b>Total</b>
<b>Revenue:</b>								
Levies	\$ 5,092,466	\$ -	\$ 961,932	\$ 2,097,400	\$ -	\$ 354,400	\$ 2,944,373	\$ 11,450,571
Grants	1,949,889	1,384,626	114,568	1,085,445	-	60,103	70,000	4,664,631
User fees and Other	-	-	908,914	658,339	4,222,459	10,145,229	628,285	16,563,226
Donations	-	-	-	306,457	155,013	88,982	29,245	579,697
<b>Total revenue</b>	<b>7,042,355</b>	<b>1,384,626</b>	<b>1,985,414</b>	<b>4,147,641</b>	<b>4,377,472</b>	<b>10,648,714</b>	<b>3,671,903</b>	<b>33,258,125</b>
<b>Expenses:</b>								
Salaries, Wages and Benefits	3,343,469	539,856	1,597,248	1,847,522	1,808,082	5,357,663	3,086,864	17,580,704
Operating Expenses	2,809,740	844,770	345,649	2,212,684	2,318,004	3,965,457	2,033,305	14,529,609
Amortization	1,694,560	840	-	17,271	225,760	630,449	585,698	3,154,578
Less: Chargebacks	-	-	-	-	-	-	(2,433,602)	(2,433,602)
<b>Total expenses</b>	<b>7,847,769</b>	<b>1,385,466</b>	<b>1,942,897</b>	<b>4,077,477</b>	<b>4,351,846</b>	<b>9,953,569</b>	<b>3,272,265</b>	<b>32,831,289</b>
<b>Annual surplus/ (deficit)</b>	<b>\$ (805,414)</b>	<b>\$ (840)</b>	<b>\$ 42,517</b>	<b>\$ 70,164</b>	<b>\$ 25,626</b>	<b>\$ 695,145</b>	<b>\$ 399,638</b>	<b>\$ 426,836</b>

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# **Halton Region Conservation Authority (HRCOA)**

**Halton**



## HALTON CONSERVATION AUTHORITY

### BUDGET INFORMATION: 10 Year Summary

Description	2012	2013	2014	2015	2016	2017	APPEAL PERIOD		Per Regulation 670/00	
							2018	2019	2020	2021 NET Preliminary Budget \$
<b>Budgeted Levy</b>	179,660	183,700	176,398	183,030	191,610	202,030	209,100	212,240	730,060	744,660
\$ Increase Year over Year	8,977	4,040	-7,302	6,632	8,580	10,420	7,070	3,140	517,820	14,600
% Increase Year over Year	5.3%	2.2%	(4.0%)	3.8%	4.7%	5.4%	3.5%	1.5%	244.0%	2.0%

### HISTORICAL % APPORTIONMENTS of the MUNICIPAL LEVY

Municipality	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Region of Halton	91.85%	91.85%	92.10%	92.16%	92.22%	92.36%	87.48%	87.70%	87.76%	87.85%
Region of Peel	5.51%	5.51%	5.44%	5.37%	5.33%	5.21%	4.94%	4.87%	4.81%	4.75%
Town of Puslinch	0.24%	0.24%	0.24%	0.25%	0.25%	0.24%	0.23%	0.18%	0.21%	0.22%
City of Hamilton	2.40%	2.40%	2.22%	2.21%	2.20%	2.19%	7.35%	7.25%	7.22%	7.18%
<b>Total</b>	<b>100.00%</b>									
<b>Note</b>										

1. 2020 Onwards, the levy has been budgeted per Regulation 670/00 of the Conservation Authorities Act.

2. The 2021 budget above is shown at 2020 budget + 2% based on City guidelines.

A budget adjustment will be required based on the actual levy imposed by the Conservation Authority.



# MUNICIPAL APPORTIONMENT

Municipal funding of \$10,430,879 is apportioned to the Region of Halton, City of Hamilton, Region of Peel and Township of Puslinch.

Apportionment refers to the proportion of funding allocated to the municipalities within the Conservation Halton watershed as outlined in Ontario Regulation 670/00. The municipal apportionment percentages are provided annually to Conservation Authorities by the Ontario Ministry of the Environment, Conservation and Parks.

Under the legislation, Conservation Authorities apportion costs to the participating municipalities on the basis of the benefit derived or to be derived by each participating municipality determined by calculating the ratio that each participating municipality's current value assessment modified for the area of the municipality that lies within the watershed to the total modified current value assessment in the Conservation Authority's watershed.

Based on updated current value assessment data and apportionment percentages received from the Province, the apportioned municipal funding amounts are as follows:

<b>Municipality:</b>	<b>Apportionment % 2021</b>	<b>Municipal Funding 2021</b>	<b>Apportionment % 2020</b>	<b>Municipal Funding 2020</b>	<b>% Increase</b>
Region of Halton	87.8421%	\$9,162,704	87.7576%	\$8,884,859	3.1%
Region of Peel	4.7534%	495,821	4.8142%	487,405	1.7%
City of Hamilton	7.1875%	749,719	7.2109%	730,054	2.7%
Township of Puslinch	0.2170%	22,635	0.2173%	22,000	2.9%
	<b>100.0000%</b>	<b>\$10,430,879</b>	<b>100.0000%</b>	<b>\$10,124,318</b>	



**REPORT TO:** Finance & Audit Committee

**REPORT NO: #** FA 03 20 01

**FROM:** Marnie Piggot, Director Finance

**DATE:** October 7, 2020

**SUBJECT:** 2021 Budget & Business Plan

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### Recommendation

**THAT the Finance and Audit Committee recommend to the Conservation Halton Board of Directors that municipal funding of \$10,430,879 in the 2021 budget be approved by a weighted vote by the Conservation Halton Board of Directors at the October 22, 2020 meeting;**

And

**THAT transfers to and from Reserves in the 2021 budget be approved as outlined in this report;**

And

**THAT the 2021 Budget & Business Plan be approved as presented.**

### Executive Summary

The 2021 budget is being presented for consideration by the Finance and Audit Committee to recommend their budget approval to the Conservation Halton Board of Directors at the October 22, 2020 meeting. The 2021 budget and ten-year forecasts are included in the 2021 Budget & Business Plan also provided as part of the meeting package.

The 2021 preliminary budget was submitted to both Halton and Peel region staff in July. Staff have met or will meet with Regional staff in September and October to provide any budget updates. The budget presentation to Region of Halton Council is currently planned for November 25, 2020.

The proposed final 2021 budget of \$36.8 million will allow Conservation Halton to continue to meet its strategic priorities as outlined in the Conservation Halton strategic plan, Metamorphosis. Planning by staff is underway for a refresh of Metamorphosis. The revamped plan will improve and build on our current objectives, themes and success to date.

Municipal funding in the 2021 budget of \$10,430,879 remains at the same amount included in the preliminary budget presented in June. The \$306,561 increase in municipal funding is 3% more than was requested in 2020. This increase is below the Region of Halton guideline of 3.7%. Specific guidelines have not been received from the other three municipalities.

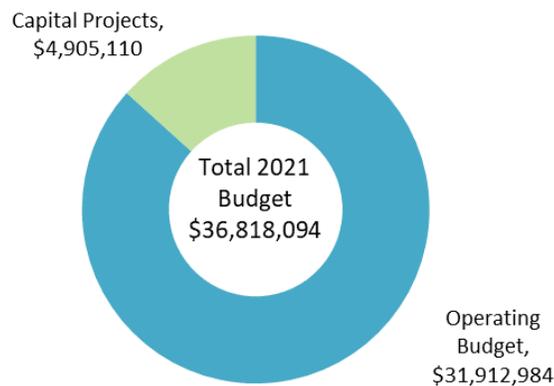
The 2021 budget and forecast considered a balance of strategic priorities, growth-related pressures and potential COVID related impacts on programs that are still uncertain at this time. We have kept the 2021 budget increase below regional guidelines by finding operating efficiencies that do not affect service levels and found alternative funding sources which includes grants. This has helped us minimize the impact on our municipal funding partners. Most of the budget continues to be funded through self-generated revenues and base municipal funding remains at less than 30% of the total funding sources.

Major drivers of the 2021 budget increase over 2020 budget amounts are related to increased staffing costs and projected lower program revenues. Planning and park revenues have been reduced from the prior year based on average historical trends and potential COVID impacts. The 2020 fiscal impact of the COVID pandemic is expected to continue well into 2021.

## Report

The 2021 budget is segregated according to Conservation Halton budget principles into Watershed Management & Support Services (WMSS) programs and the Conservation Areas. A summary of the 2021 budget is provided in this report with further budget details found in the 2021 Budget & Business Plan.

The 2021 operating budget of \$31.9 million and \$4.9 million capital budget will provide for further investments into Conservation Halton programs, services and infrastructure.



## 2021 Budget Revisions

Minor revisions have been made in the 2021 budget from the 2021 preliminary budget and there is no change in municipal funding. A summary of the 2021 budget revisions include:

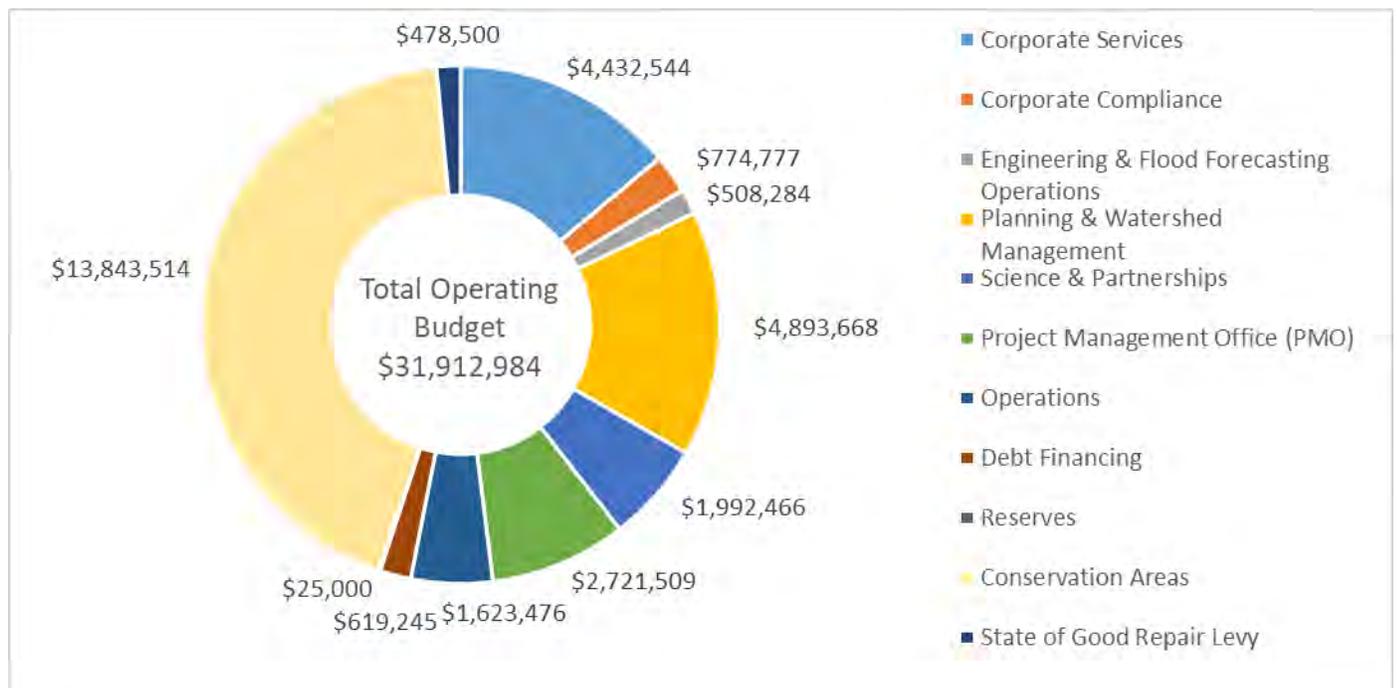
- Municipal apportionment percentages for 2021 received from the province have been updated;
- Staff compensation and benefits have been increased by \$195,000 for Watershed Management & Support Services and the Parks programs. This increase is fully funded by increased chargebacks, program revenue and other grants. The impact of the increased staff costs

resulted in a decrease of almost \$25,000 to a revised Conservation Authority operating surplus of \$251,284. The increase in program revenue reverses some of the Planning revenue decrease included in the preliminary budget. The increase has been warranted based on current projected 2020 revenue with lessened COVID pressures than originally thought.

- Municipal debt financing charges of \$569,245 provided by Region of Halton staff have been updated and have increased slightly by \$912 from the preliminary budget.

## 2021 Operating Budget

The operating budget of \$31.9 million provides for an investment of \$18.1 million in Watershed Management & Support Services programs and an investment of \$13.8 million into the Conservation Areas.



## Investing in Watershed Management & Support Services

The WMSS 2021 operating increase is partially funded by program revenue, grants, reserves and chargebacks.

Major drivers of the WMSS municipal funding increase include:

- Staff compensation and benefits cost increases of \$665,051. Staff salaries and benefits increases in the 2021 budget are related to a 1% inflation adjustment to the salary bands and an increase to 96% of the salary band approximating actual salary costs.
- Planning and Permit revenue reduction of \$171,100 adjusted closer to historical results. There is the potential for higher Planning revenues as a result of the Regional allocation program

approved in 2020 that has not been factored into the budget though this may also require additional staffing resources. There is an offsetting increase in other program revenue and grants of \$267,768.

### **Investing in our Parks**

The Conservation Areas 2021 operating budget provides for an investment of \$13,843,514 into the parks. Operating expenses have increased in the Conservation Areas 2021 operating budget by \$373,717. A large portion of the higher operating expenses are related to staffing costs which have increased by \$284,317. The staff increase is for the most part to adjust part time seasonal staff costs to better reflect historical spending. The increase in expenses is funded entirely by park program revenue.

The chargeback to the Conservation Areas for support services has increased in the 2021 operating budget by \$199,800 to \$1,393,200. The increase is related to support service staffing changes and the estimated allocation of time spent on park programs.

Program and other funding revenue have decreased by \$144,610 to \$13,526,040 from the 2020 Budget amount of \$13,670,650. Program revenue includes adjustments based on the three-year average of historical actual amounts and partially considers COVID impacts. The proposed revenue amounts assume average fee increases to continue to transition to full cost recovery.

### **Staffing**

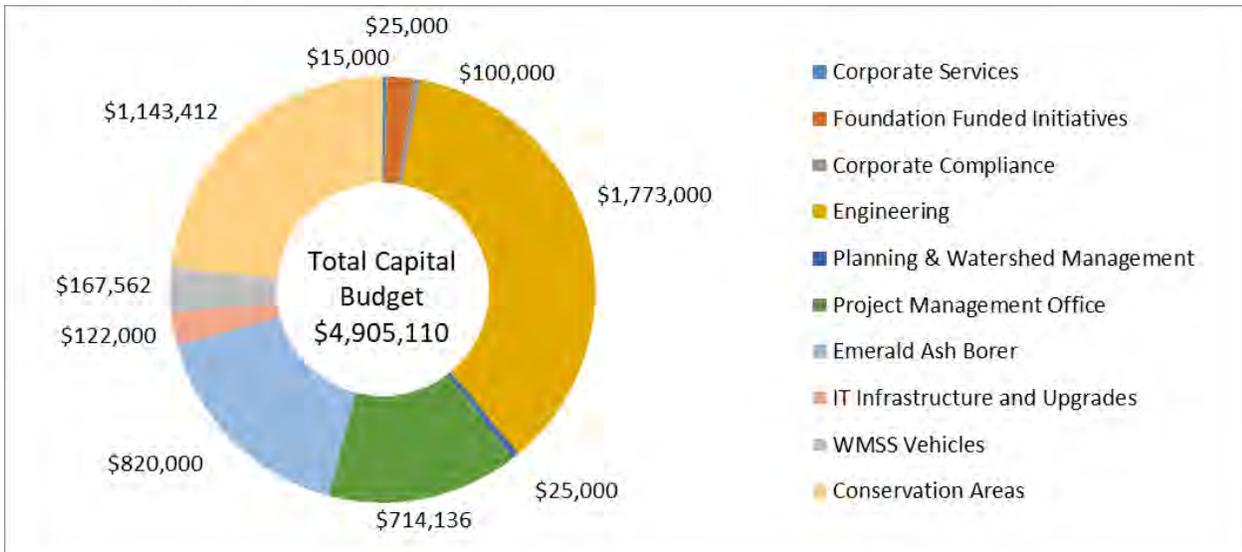
The 2021 budget includes 251 Full Time Equivalent (FTE) staff that are comprised of 113 FTE in Watershed Management & Support Services (WMSS) programs and 138 FTE in the Conservation Areas.

Total WMSS full time staff equivalent (FTE) staff has not changed from the prior year. There is an overall increase of 4.1 FTE staff positions in the parks. The staff complement chart provided in the 2021 Budget & Business Plan provides a detailed breakdown of the FTE changes.

### **2021 Capital Budget Summary**

The 2021 capital budget represents an investment of \$4.9 million into infrastructure and technology to enhance programs and services in the watershed of \$3.8 million and Conservation Areas of \$1.1 million.

The capital budget provides funding for projects such as the rehabilitation of flood control infrastructure, updating of flood plain mapping, investments in digital transformation and technology upgrades, vehicle and equipment replacements, managing the impacts of Emerald Ash Borer, land management initiatives and infrastructure improvements at the Conservation Areas.



## Municipal Funding

The total municipal funding increase of \$306,561 includes an additional \$39,300 for State of Good Repair levies for dams, channels and facility assets to gradually meet target levels established in the Asset Management Plans for these assets. Asset Management Plans have been completed for all of Conservation Halton's assets with most of the assets identified as in good condition.

Total Municipal Funding:	Budget 2021	Budget 2020	\$ Increase (Decrease)	% Increase
Operating	\$9,695,379	\$9,221,118	\$474,261	5.1%
Capital	257,000	464,000	(207,000)	-44.6%
	9,952,379	9,685,118	267,261	2.8%
State of Good Repair (SOGR) Levy - Dams & Channels; Buildings	478,500	439,200	39,300	8.9%
<b>Municipal Funding total</b>	<b>\$10,430,879</b>	<b>\$10,124,318</b>	<b>\$306,561</b>	<b>3.0%</b>

The operating and capital forecasts have been prepared with municipal funding increases ranging from 3% to 4.5% annually.

## Apportionment of Municipal Funding

Municipal funding of \$10,430,879 is apportioned to the Region of Halton, City of Hamilton, Region of Peel and Township of Puslinch according to the area and proportional current value assessment (CVA) of the municipality falling within the Conservation Halton watershed.

Based on updated current value assessment data and apportionment percentages received from the Province, the apportioned municipal funding amounts are as follows:

<b>Municipality:</b>	<b>Apportionment % 2021</b>	<b>Municipal Funding 2021</b>	<b>Apportionment % 2020</b>	<b>Municipal Funding 2020</b>	<b>% Increase</b>
Region of Halton	87.8421%	\$9,162,704	87.7576%	\$8,884,859	3.1%
Region of Peel	4.7534%	495,821	4.8142%	487,405	1.7%
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Township of Puslinch	0.2170%	22,635	0.2173%	22,000	2.9%
	<b>100.0000%</b>	<b>\$10,430,879</b>	<b>100.0000%</b>	<b>\$10,124,318</b>	

### Debt Financing, Debt Financing Charges and Debt Capacity

Municipal debt financing included in the 2021 budget of \$526,500 is comprised of 50% of the Morrison-Wedgewood Channel spill prevention design estimated costs of \$53,000 and low impact development (LID) system improvements at the Administration Office of \$500,000.

The Debt Financing Charges included in the 2021 operating budget of \$619,245 includes \$569,245 municipal debt financing charges and \$50,000 for estimated principal and interest payments on a land acquisition loan with the Hamilton Community Foundation (HCF).

The total long-term debt balance is currently \$5,671,453. The debt capacity ratio estimated for 2021 of 4.5% is based on estimated own source revenues excluding Conservation Areas program revenue. Conservation Halton has approved a debt capacity ratio of 10% in its Budget Principles.

### Reserve Funding

The reserve summary below lists the projected reserve balances at December 31, 2021 and the proposed transfers to and from reserves in the 2021 budget. A reserve continuity schedule with reserve balances to 2030 is also provided in the 2021 Budget & Business Plan.

	<b>Reserves Projected Balance Dec. 31, 2020</b>	<b>Contribution from Municipal Funding</b>	<b>Contribution from Surplus</b>	<b>State of Good Repair Levy</b>	<b>Contribution to Capital Projects</b>	<b>Contribution to Operating Expenses</b>	<b>Reserves Projected Balance Dec. 31, 2021</b>
<b>Conservation Halton Reserves</b>							
<b>Watershed Management &amp; Support Services</b>							
Vehicle and Equipment	720,083				(167,562)		552,521
Building	230,128						230,128
Building - State of Good Repair	262,293			102,000	(70,136)		294,157
Watershed Management Capital - Municipal Funds and Self Generated Funds	982,872			376,500	(575,000)		784,372
Watershed Management & Support Services Stabilization	793,193						793,193
Capital Projects - Debt Financing Charges	472,670						472,670
Digital Transformation	250,000						250,000
Legal - Planning & Watershed Management	258,891						258,891
Legal - Corporate	200,000						200,000
Water Festival	158,911					(18,615)	140,296
Land Securement	59,537	25,000					84,537
Property Management	80,040						80,040
Stewardship and Restoration	342,399				(144,000)	(17,500)	180,899
<b>Conservation Areas</b>							
Capital	2,963,738		251,284		(1,143,412)		2,071,610
Stabilization	1,000,568						1,000,568
<b>Total Reserves</b>	<b>8,775,322</b>	<b>25,000</b>	<b>251,284</b>	<b>478,500</b>	<b>(2,100,110)</b>	<b>(36,115)</b>	<b>7,393,881</b>

## Conservation Authority (CA) Act Provincial Review

For the 2021 budget, provincial funding has been assumed to remain at the same level as 2020 funding. There have been no official updates received from the Province and Minister on their review of the CA Act and the joint stakeholder meetings hosted by the Province in late 2019.

### Impact on Strategic Goals

This report supports the Metamorphosis strategic theme of Striving for service excellence and efficiency. This theme is supported by the objective to provide clear financial data and analysis to support informed strategic and operational decision-making for budget development and long-term planning.

### Financial Impact

Conservation Halton staff have developed a fiscally conservative budget for 2021. The modest increase of 3.0% for operating expenses and State of Good Repair Levy that is proposed:

- considers the potential fiscal impacts of COVID;
- recognizes our regional funding municipalities fiscal pressures;
- continues to provide core services in a growing watershed;
- ensures the needs of the increasing number of visitors at our Conservation Areas are met and
- reflects program and service enhancements to address service delivery objectives outlined in Conservation Halton's Strategic Plan Metamorphosis.

The 2021 budget addresses increased staff costs and estimated revenue shortfalls primarily through operational efficiencies. Additionally, the proposed 2021 budget continues to provide for investments in our programs to enhance service delivery, supports digital transformation initiatives, watershed planning work, greenspace revitalization, floodplain mapping, flood forecasting, and enhances user experiences at our parks.

Signed & respectfully submitted:

Approved for circulation:



Marnie Piggot  
Director, Finance



Hassaan Basit  
President & CEO/Secretary-Treasurer



Lawrence Wagner  
Senior Director, Corporate Services

**FOR QUESTIONS ON CONTENT:**

Marnie Piggot, Director, Finance; 905-336-1158, ext. 2240;  
[mpiggot@hrca.on.ca](mailto:mpiggot@hrca.on.ca)

## SUMMARY OF STRATEGIC PLAN

Conservation Halton's strategic plan, Metamorphosis, was approved by the Conservation Halton Board of Directors. The plan sets out priorities to guide staff in developing work plans.

### THE STRATEGIC PLAN HAS FOUR MAIN THEMES

Taking care of our growing communities

Protecting our natural, cultural and scenic assets

Preparing for the effects of climate change

Creating opportunities to connect with nature

### KEY SERVICE TARGETS:

1. Limit increases in annual tax-supported operating expenditures to regional budget guidelines.
2. Plan for long-term capital needs with a sustainable financing strategy.
3. Increase self-generated revenue by 2 to 5 percent annually.
4. Deliver comments on 95 percent of technical reviews of permit and planning applications in six weeks.
5. Process 95 percent of minor permit applications within 30 days.
6. Reach an average customer satisfaction rate of 90 percent across all service areas.

### KEY CONSERVATION TARGETS:

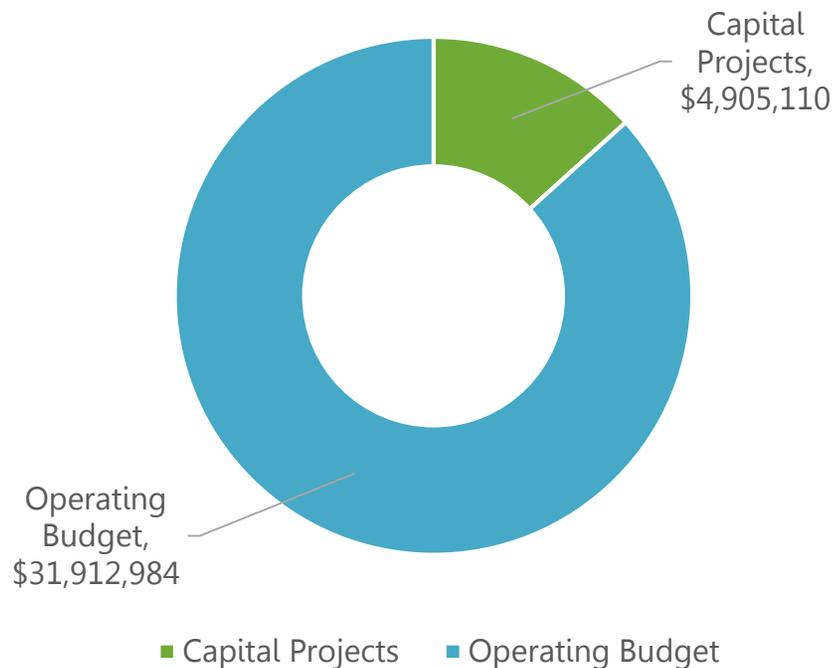
1. Work with partners to increase the amount of protected terrestrial and aquatic area by 2 to 5 percent.
2. Maintain a consistent or improving trend in key water quality indicators, such as phosphorus, nitrate, chloride and suspended solids, across the watershed.
3. Monitor 100 aquatic and terrestrial stations across the watershed to assess changes and inform environmental management decisions.
4. Increase the number of watershed residents who participate in conservation outreach education and stewardship activities by 15 to 20 percent.
5. Increase the number of floodplain, wetland and watercourse restoration projects by 5 to 10 percent.
6. Transition our corporate offices and parks operations to a carbon neutral footprint.

# EXECUTIVE SUMMARY

Conservation Halton's 2021 budget of \$36.8 million and 2022-2030 forecast provides the resources that are needed to protect, restore and manage the natural resources in the watershed and provide continued improvements to its programs, services, and infrastructure.

Similar to other public bodies, the preparation of the budget and forecast requires thoughtful consideration to balancing inflationary and growth-related pressures within funding guidelines provided by our municipal partners. Additionally, the budget incorporates potential longer-term fiscal impacts from COVID-19 pandemic.

## Total 2021 Budget \$36,818,094



The 2021 budget has increased by \$1.6 million over the total 2020 budget of \$35.2 million. The small year over year budget increase has been achieved through operating efficiencies and increased grants and other funding to minimize the impact on municipal partners. Most of the 2021 budget continues to be funded through self-generated revenues with base municipal funding remaining at less than 30% of the total funding sources.

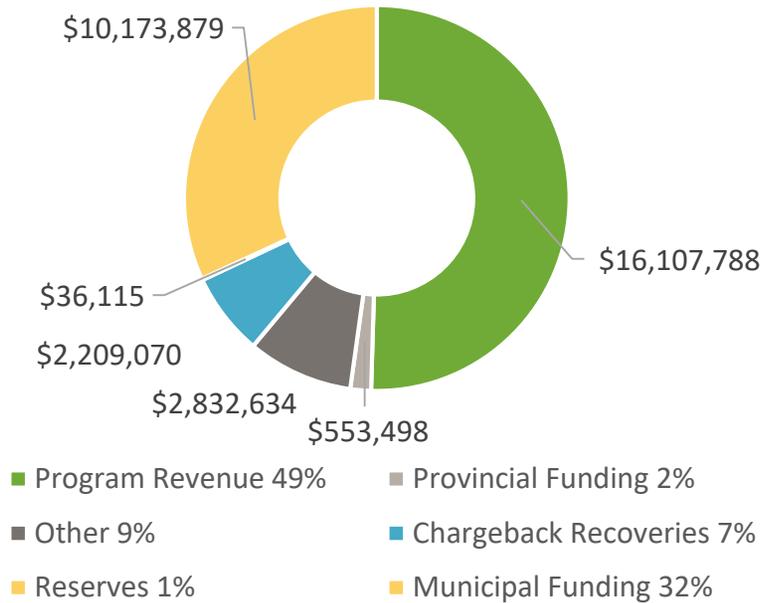
A key service target in Conservation Halton's Strategic Plan is to limit operating and capital municipal funding increases to regional budget guidelines. The 2021 increase in municipal operating is 3.0% and is within the guideline of 3.7% provided by the Region of Halton. Included in the municipal funding increase of \$306,561 is \$39,300 to the State of Good Repair Levy for dams and channels and building assets.

The operating and capital forecast has been prepared with municipal funding increases ranging from 3% to 4.5% annually that includes a phasing in of funding to maintain assets in a good state of repair. The budget and forecast also includes increases of 2% to 5% annually from self-generated revenue in line with the strategic plan service target.

Staffing is determined by the Senior Leadership Team through a review of program service delivery needs. The 2021 budget includes 251 Full Time Equivalent (FTE) staff that are comprised of 113 FTE in Watershed Management & Support Services (WMSS) programs and 138 FTE in the Conservation Areas. While there is no increase in the WMSS staffing, there is an overall increase of 4.1 full time equivalent (FTE) staff positions in the parks funded by park program revenues. The 2021 budget proposes an operating surplus for the parks of \$251,284.

In summary, the 2021 budget continues to provide core services in a growing watershed, ensures the needs of the increasing number of visitors at our Conservation Areas are met and reflects program and service enhancements to address service delivery objectives.

## Total Budget Funding Sources \$36,818,094



Operating Budget	2021 Budget	2020 Budget
Corporate Services	4,432,544	4,420,137
Corporate Compliance	774,777	704,615
Engineering	508,284	536,797
Planning & Watershed Management	4,893,668	4,833,339
Science & Partnerships	1,992,466	1,733,788
Project Management Office	2,721,509	1,685,903
WMSS Operations	1,623,476	1,445,096
Debt Financing	619,245	649,011
Reserves	25,000	25,000
Conservation Areas	13,843,514	13,992,489
State of Good Repair Levy	478,500	439,200
	<b>31,912,984</b>	<b>30,465,375</b>

Capital Budget	2021 Budget	2020 Budget
Corporate Services	137,000	364,000
Other Foundation Funded Projects	100,000	100,000
Corporate Compliance	25,000	125,000
Engineering	1,273,000	1,427,373
Planning & Watershed Management	525,000	355,000
Project Management Office	714,136	384,000
Emerald Ash Borer	820,000	862,243
Vehicle & Equipment Replacement	167,562	194,339
Conservation Areas	1,143,412	920,556
	<b>4,905,110</b>	<b>4,732,511</b>

**Total Operating & Capital Budget** **\$ 36,818,094** **\$ 35,197,886**

# 2021 OPERATING BUDGET SUMMARY

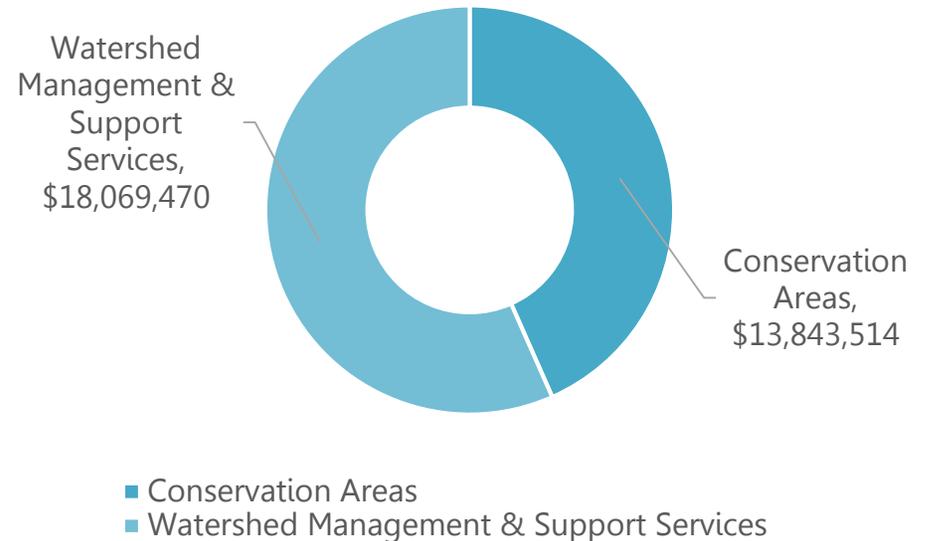
Conservation Halton works to protect, restore and manage the natural resources in its watershed and provide recreational and education opportunities to residents and visitors to the area.

Located in one of the fastest growing regions in Canada, Conservation Halton is faced with delivering core services to an increasing number of residents in the watershed and visitors to its conservation areas, or parks. In addition to addressing the impacts of growth, Conservation Halton is mindful of enhancing programs and services to meet mandated timelines and service delivery objectives outlined in the Conservation Halton strategic plan - Metamorphosis.

Conservation Halton has established Budget Principles for the preparation of its annual budget. Two primary budget categories are included in the Budget Principles, Watershed Management & Support Services (WMSS) and the Conservation Areas, based on the funding sources for these programs. Conservation Areas recreation programs receive revenue through park program fees that generate an operating surplus. Annual Park operating surpluses are transferred to the Conservation Area capital reserve to fund park capital project expenditures.

The 2021 operating budget of \$31.9 million provides for an investment of \$18.1 million in Watershed Management & Support Services programs and an investment of \$13.8 million into the Conservation Areas.

## Total Operating Budget \$31,912,984



# 2021 OPERATING BUDGET SUMMARY

## BUDGET DEPARTMENTS

The 2021 operating budget has been prepared according to the current organization department structure and the programs and services provided by those departments. The following outlines the current departmental structure and the programs and services offered by each department.

### **Corporate Services**

Office of the President & CEO; Conservation Halton Foundation Administration; Finance; Information Technology (IT); Geographic Information Systems (GIS); Human Resources; Digital Transformation; Marketing & Communications

### **Corporate Compliance**

Procurement; Ethics & Compliance; Health & Safety; Risk & Lands

### **Flood Forecasting & Operations Science & Partnerships**

Ecology; Stewardship; Outreach; Hamilton Harbour Remedial Action Plan (HHRAP); Partnership Projects

### **Project Management Office (PMO)**

Administration Office Facility; Restoration; Project Management; Construction; Partnership Projects

### **Operations**

Forestry Operations; Forestry Tech. Team; Property Management; Security; Vehicle & Equipment WMSS Operations

### **Conservation Areas**

Vehicle & equipment Park Operations; Kelso/ Glen Eden; Crawford Lake / Mountsberg / Robert Edmondson; Rattlesnake Point / Hilton Falls / Mount Nemo; Outreach

Further details of the operating budget for each department are provided in the Departmental Business Plans.

### **Assumptions Used in Preparing the 2021 Operating Budget**

Inflation has been assumed generally at a rate of 1.0% for 2021. The Bank of Canada aims to keep inflation at the 2 per cent midpoint of an inflation-control target range of 1 to 3 per cent.

Staff salary bands for 2021 are proposed to increase by 1.0% for inflation. Salaries are based on 96% of the top of the salary bands that approximate actual salary levels.

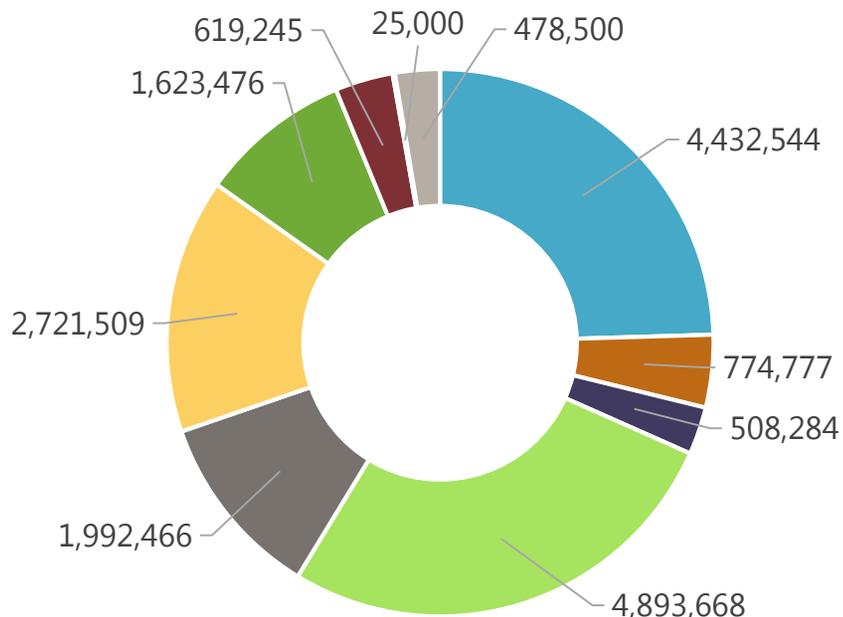
# WATERSHED MANAGEMENT & SUPPORT SERVICES

## OPERATING BUDGET SUMMARY

### INVESTING IN THE WATERSHED

The operating budget provides for an investment of \$18.1 million into Watershed Management & Support Services (WMSS) programs.

## Total WMSS Operating Budget \$18,069,470



- Corporate Services
- Corporate Compliance
- Flood Forecasting & Operations
- Planning & Watershed Management
- Science & Partnerships
- Project Management Office
- Operations
- Debt Financing Charges
- Reserves

As a public service body, Conservation Halton prepares a budget that balances expenditures with sources of revenue for the Watershed Management & Support Services programs.

The operating budget and municipal funding increase are partially funded by program revenue, grants, reserves and chargebacks. Municipal operating funding for WMSS programs is proposed to increase by \$474,261 for programs and services and by \$39,300 to fund increases to the State of Good Repair Levies for dams, channels and facilities.

Major drivers of the WMSS municipal funding increase include:

- Staff compensation (inflation, adjustments) & benefits costs of \$665,051;
- Planning and Permit revenue reduction of \$171,100 adjusted closer to historical results; and
- Offsetting increase in other program revenue and grants of \$267,768.

Through staff realignments and service delivery review, there are no changes in total FTE's included in the WMSS operating budget. Staff complement changes are discussed in greater detail on the following pages.

The increase in materials and supplies is mainly attributed to Information Technology (IT) enhancements that will continue to facilitate the digital transformation process. Purchased services increases are largely related to the budget allocation of Partnership Projects that are fully funded by grants and other funding.

Debt financing charges will decrease in 2021 by (\$29,766) based on updated debt financing charges provided by Halton Region staff. The loan with the Hamilton Foundation matures December 1, 2020 and it has been assumed this loan will be renewed at similar terms.

Chargeback expenses are included in Partnership Projects, Source Protection and WMSS Operations related to staff in other departments allocating time on these programs. The chargeback amounts are increasing in total by \$100,454 based on the estimated amount of staff time to be spent on the respective projects and programs.

The increase in the State of Good Repair Levy of \$39,300 is discussed in more detail on the following pages.

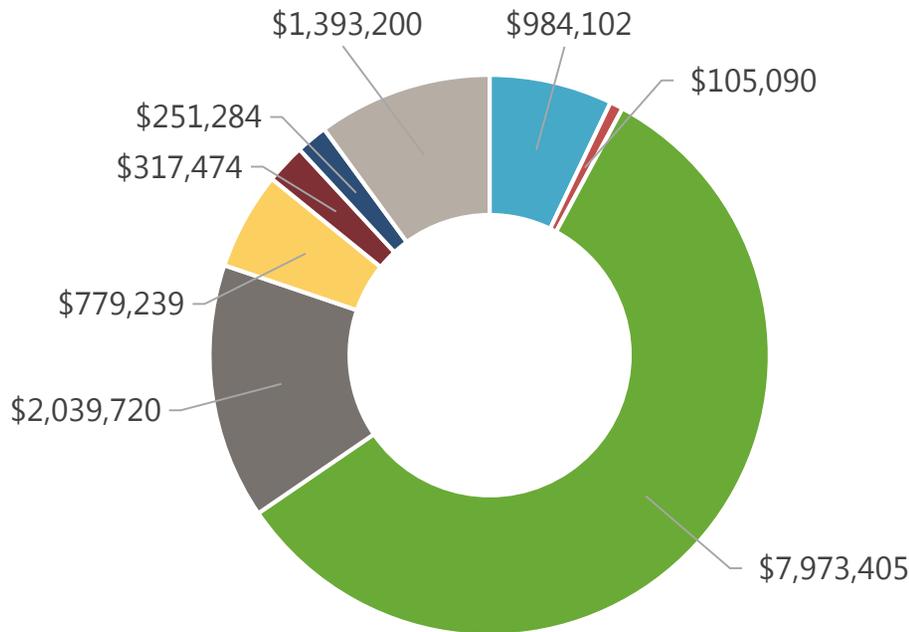
# CONSERVATION AREAS

## OPERATING BUDGET SUMMARY

### INVESTING IN OUR PARKS

The operating budget provides for an investment of \$13.8 million into Conservation Area Programs & Services.

## Total Conservation Area's Operating Budget \$13,843,514



- Administration
- Vehicle and Equipment Operations
- Kelso/Glen Eden
- Crawford Lake/Mountsberg/Robert Edmondson
- Rattlesnake Point/Hilton Falls/Mount Nemo
- Outreach
- Reserves
- Support Services Chargeback

Operating expenses have increased in the Conservation Areas 2021 operating budget by \$373,717. A large portion of the higher operating expenses are related to staffing costs which have increased by \$284,317. The staff increase is for the most part related to adjusted part time seasonal staff costs to better reflect historical spending. The increase in expenses is funded entirely by park program revenue.

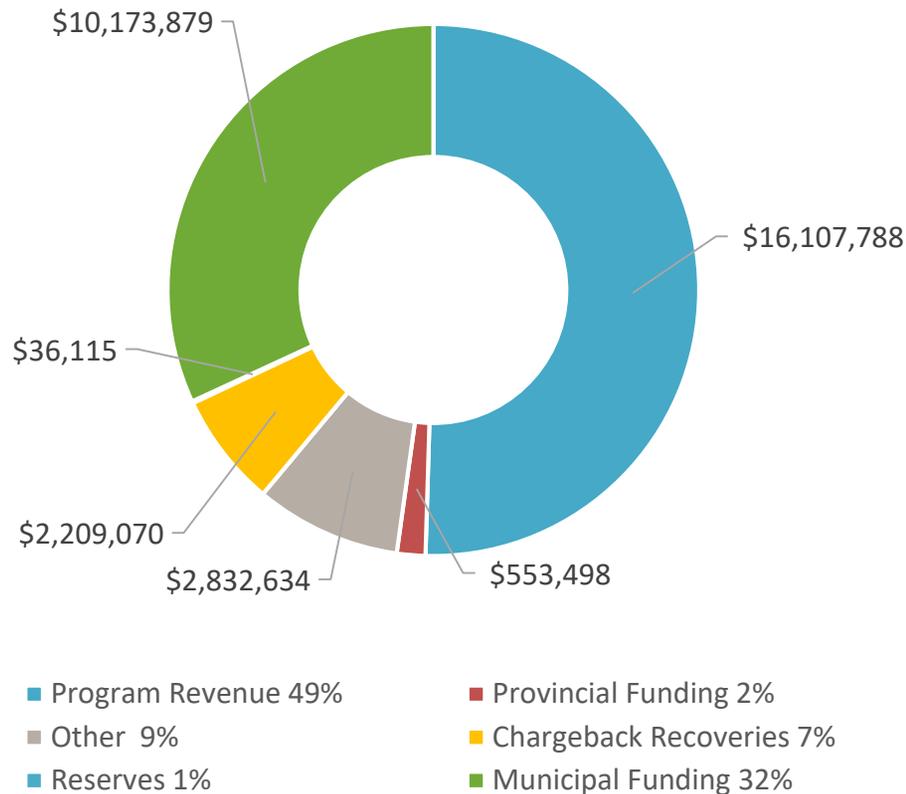
The chargeback to the Conservation Areas for support services has increased in the 2021 operating budget by \$199,800 to \$1,393,200. The increase is related to support service staffing changes and the estimated allocation of time spent on park programs.

Program and other funding revenue have decreased by \$144,610 to \$13,526,040 from the 2020 Budget amount of \$13,670,650. Program revenue includes adjustments based on the three-year average of historical actual amounts and partially considers COVID impacts to programs that can be offered. The parks revenue assumes continuing to transition to full cost recovery.

# SOURCES OF OPERATING BUDGET FUNDING

## OPERATING BUDGET SUMMARY

### Total Operating Budget Funding Sources \$31,912,984



Conservation Halton is proactive at generating funding through various sources to mitigate the financial impact to its funding municipalities. The 2021 operating budget funding sources are consistent with prior years with the majority of funding derived from self-generated revenues and less than one third of the operating budget funded by municipal operating funding of \$10.2 million.

Program revenue included in the operating budget has been assumed to increase based on inflation, growth and increases identified through the Rates & Fees model to transition to full cost recovery. The fees model will ensure that fees are phased in to recover costs of providing services and will also benchmark fees against other similar service providers to ensure equity to the consumers of the services.

Municipal funding is provided by the Region of Halton, City of Hamilton, Region of Peel and Township of Puslinch. Municipal funding is apportioned according to the area and proportional current value assessment of the municipality falling within the Conservation Halton watershed and is detailed in the Municipal Apportionment section of the 2021 Budget & Business Plan.

# STAFF COMPLEMENT CHARGES

## OPERATING BUDGET SUMMARY

There are no changes in the total WMSS staff FTE positions in the 2021 budget. The Conservation Areas operating budget provides for an increase in Parks staffing of 4.1 FTE positions to meet program demands. A summary of the changes is provided below.

Staffing Overview Summary					
	2020 Approved FTE	Service Adjustment	Reallocation of Staff	2021 Total FTE	Net Change 2021 vs 2020
<b>Watershed Management &amp; Support Services (WMSS)</b>					
Full-time	105.4	1.0	-1.0	105.4	0.0
Part-time/Contract	7.8	1.2	-1.2	7.8	0.0
<b>Total WMSS</b>	<b>113.2</b>	<b>2.2</b>	<b>-2.2</b>	<b>113.2</b>	<b>0.0</b>
<b>Conservation Areas</b>					
Full-time	37.0	-3.8	1.0	34.3	-2.8
Part-time/Contract	96.5	5.7	1.2	103.4	6.9
<b>Total Conservation Areas</b>	<b>133.5</b>	<b>1.9</b>	<b>2.2</b>	<b>137.7</b>	<b>4.1</b>
Total Full-time	142.4	-2.8	0.0	139.7	-2.8
Total Part-time/Contract	104.3	6.9	0.0	111.2	6.9
<b>Total Staff FTE's</b>	<b>246.7</b>	<b>4.1</b>	<b>0.0</b>	<b>250.9</b>	<b>4.1</b>

## STATE OF GOOD REPAIR LEVY

The operating budget includes a request for a State of Good Repair (SOGR) Levy of \$478,500, an increase of \$39,300 over the 2020 budget amount. This increase is consistent with the 2021 forecast amount included in the 2020 budget. The 2021 State of Good Repair Levy consists of \$376,500 for dams and channels assets and \$102,000 for buildings and facility assets. The State of Good Repair Levy amounts will be transferred to the Watershed Management Capital and the Building SOGR Reserve to fund 2021 and future capital works.

Asset Management (AM) Plans have been completed for all Conservation Halton assets including Dams and Channels, Facilities and the plan for the remaining capital assets was completed in June 2020. The AM plans have identified that most Conservation Halton's assets are in good condition. The last AM plan noted that reserve levels for some assets such as vehicles are inadequate in the later years of the ten-year forecast and will be addressed in future budgets.

The Asset Management Plans provide the annual investment required to maintain these assets in a state of good repair. Based on the phase in of the State of Good Repair levy amounts, some municipal debt financing is still required over the ten-year forecast period until the SOGR levy reaches target levels established in the AM plans. Conservation Halton staff will work towards phasing in the shortfall in future budgets to minimize the municipal funding impact.

## DEBT FINANCING, DEBT FINANCING CHARGES AND DEBT CAPACITY

Municipal debt financing included in the 2021 budget of \$526,500 is comprised of 50% of the Morrison-Wedgewood channel spill prevention design estimated costs of \$53,000 and low impact development (LID) system improvements at the Administration Office of \$500,000. Dams and channel repair costs are assumed to be funded 50% municipally and 50% through provincial Ministry of Natural Resource and Forestry (MNR) Water and Erosion Control Infrastructure (WECI) funding. The LID system improvements were recommended in the Administration Office landscape master plan.

The Debt Financing Charges included in the 2021 operating budget of \$619,245 includes \$569,245 municipal debt financing charges and \$50,000 for estimated principal and interest payments on a land acquisition loan with the Hamilton Community Foundation (HCF). The HCF loan with a current balance of approximately \$340,000 matures December 1, 2020. It has been assumed for budget purposes this loan will be renewed at similar terms.

Municipal debt financing charges are calculated based on Halton Region's estimated investment earning rate of 3.2%, with repayment over thirty years for the Kelso Dam capital project debt financing and twenty years for other projects. Projects that have been debt financed include significant dams and channels capital projects and the Administration Office major renovations.

The total long-term debt balance is currently \$5,671,453. The debt capacity ratio estimated for 2021 of 4.5% is based on estimated own source revenues excluding Conservation Areas program revenue. Conservation Halton has approved a debt capacity ratio of 10% in its Budget Principles.

## RESERVE FUNDING AND TRANSFERS

In addition to Watershed Management Capital and Building reserve funding from the State of Good Repair levy amounts, there is a transfer of \$25,000 to the Land Securement Reserve included in the 2021 budget. The transfer will help to ensure funds are available to respond to opportunities that meet the guidelines established in the Land Securement Strategy.

Transfers from the Water Festival and Stewardship and Restoration reserves totaling \$36,115 are included in Outreach and Stewardship program funding in the 2021 budget to meet program operating expense needs.

The Reserve section of the 2021 Budget & Business Plan provides the projected reserve balances at December 31, 2020 and the proposed transfers to and from reserves in the 2021 budget. A reserve continuity schedule with reserve balances to 2030 is also provided in this section.

# WATERSHED MANAGEMENT & SUPPORT SERVICES

## OPERATING BUDGET SUMMARY

Description	% Increase (decrease) over 2020 Budget	2019 Actual	2020 Budget Expenses	2021 Budget Expenses	2021 Budget Funding Sources					
					Program Revenue	Provincial Funding	Other (Grants, Sp. Project, Debt financing)	Chargeback Recoveries (CHF, SPP, CAP, Cons. Areas)	Reserve Funding	Municipal Levy & Funding
<b>WATERSHED MANAGEMENT &amp; SUPPORT SERVICES (WMSS) PROGRAMS</b>										
<b>1 CORPORATE SERVICES</b>										
Office of the President & CEO		594,734	607,430	665,847				20,200		645,647
Conservation Halton Foundation Administration		163,346	142,847	148,504				15,000		133,504
Finance		715,024	787,642	809,270	72,500			242,549		494,221
General Corporate Services		20,797	-	-						-
Information Technology		567,079	692,397	500,021				59,200		440,821
Geographical Information Systems (GIS)		577,690	640,335	496,844	6,500					490,344
Digital Transformation		-	119,546	355,507				136,400		219,107
Human Resources		645,688	658,490	677,743				186,600		491,143
Marketing & Communications		488,309	771,450	778,808				292,200	10,000	476,608
	0.3%	3,772,666	4,420,137	4,432,544	79,000	-	-	952,149	10,000	3,391,395
<b>2 CORPORATE COMPLIANCE</b>										
Corporate Compliance		228,379	296,073	301,740				101,700		200,040
Risk & Lands		369,271	408,542	473,037				86,000		387,037
	10.0%	597,651	704,615	774,777	-	-	-	187,700	-	587,077
<b>3 FLOOD FORECASTING &amp; OPERATIONS</b>										
Flood Forecasting		542,875	536,797	508,284		155,034	-	30,950		322,300
	(5.3%)	542,875	536,797	508,284	-	155,034	-	30,950	-	322,300
<b>4 PLANNING &amp; WATERSHED MANAGEMENT</b>										
Planning & Regulations		3,104,345	3,773,501	3,885,613	2,341,300			38,700		1,505,613
Engineering		337,138	330,163	239,437	3,000			37,440		198,997
Regional Infrastructure Team		420,209	474,130	495,154			507,533			(12,379)
Source Protection		265,527	255,545	273,464		273,464		-		-
	1.2%	4,127,219	4,833,339	4,893,668	2,344,300	273,464	507,533	76,140	-	1,692,231

# WATERSHED MANAGEMENT & SUPPORT SERVICES

## OPERATING BUDGET SUMMARY

Description	% Increase (decrease) over 2020 Budget	2019 Actual	2020 Budget Expenses	2021 Budget Expenses	2021 Budget Funding Sources					
					Program Revenue	Provincial Funding	Other (Grants, Sp. Project, Debt financing)	Chargeback Recoveries (CHF, SPP, CAP, Cons. Areas)	Reserve Funding	Municipal Levy & Funding
<b>5 SCIENCE &amp; PARTNERSHIPS</b>										
Ecology		526,866	573,476	636,555	21,978			45,268		569,309
Stewardship		464,988	558,450	575,773	68,180			148,720	17,500	341,373
HHRAP		272,628	272,922	338,004			346,454			(8,450)
Partnership Projects		372,178	328,940	442,134			442,134			-
	14.9%	1,636,660	1,733,788	1,992,466	90,158	-	788,588	193,988	17,500	902,232
<b>6 PROJECT MANAGEMENT OFFICE</b>										
Administration Office Facility		195,808	193,794	197,468						197,468
Project Management		81,763	220,659	456,415			75,000	94,910		286,505
Restoration		208,652	320,328	356,569	-			263,443		93,126
Construction		272,700	233,020	249,544				49,800		199,744
Partnership Projects		355,088	718,102	1,461,513			1,461,513			-
	61.4%	1,114,011	1,685,903	2,721,509	-	-	1,536,513	408,153	-	776,843
<b>7 OPERATIONS</b>										
Vehicles and Equipment		141,316	157,589	160,589						160,589
Property Management		57,160	90,300	91,770	36,000	125,000				(69,230)
Security		324,330	317,397	445,307				171,700		273,607
Forestry Operations		403,264	513,684	548,347	42,000			15,000		491,347
Forestry Tech. Team		344,977	366,126	377,463	100,000			110,000		167,463
	12.3%	1,271,047	1,445,096	1,623,476	178,000	125,000	-	296,700	-	1,023,776
<b>8 DEBT FINANCING CHARGES</b>	(4.6%)	559,050	649,011	619,245						619,245
<b>9a TRANSFER TO RESERVE - VEHICLE &amp; EQUIPMENT</b>		25,000	-	-						-
<b>9b TRANSFER TO RESERVES - DEBT FINANCING, BUILDING, WMSS STABILIZATION, DIGITAL TRANSFORMATION; ALLOCATED SURPLUS</b>		809,751	-	-						-
<b>10a TRANSFER TO RESERVES - STATE OF GOOD REPAIR (SOG) LEVY</b>	8.9%	414,200	439,200	478,500						478,500
<b>10b TRANSFER TO RESERVE - LAND SECUREMENT</b>	0.0%	25,000	25,000	25,000						25,000
<b>TOTAL OPERATING WATERSHED MGMT &amp; SUPPORT SERVICES (WMSS)</b>	9.7%	<b>14,895,129</b>	<b>16,472,886</b>	<b>18,069,470</b>	<b>2,691,458</b>	<b>553,498</b>	<b>2,832,634</b>	<b>2,145,780</b>	<b>27,500</b>	<b>9,818,600</b>

# WATERSHED MANAGEMENT & SUPPORT SERVICES

## OPERATING BUDGET SUMMARY

Description	% Increase (decrease) over 2020 Budget	2019 Actual	2020 Budget Expenses	2021 Budget Expenses	2021 Budget Funding Sources					
					Program Revenue	Provincial Funding	Other (Grants, Sp. Project, Debt financing)	Chargeback Recoveries (CHF, SPP, CAP, Cons. Areas)	Reserve Funding	Municipal Levy & Funding
<b>CONSERVATION AREAS</b>										
<b>11 Conservation Areas</b>										
Conservation Areas Administration		702,436	668,451	984,102	935,000			63,290		
Vehicle and Equipment Operations - Parks		119,636	104,390	105,090						
Kelso/Glen Eden		9,226,658	7,832,408	7,973,405	9,294,250					
Crawford Lake/Mountsberg/Robert Edmondson		2,087,641	2,168,959	2,039,720	1,923,000		-			240,000
Rattlesnake Point/Hilton Falls/Mount Nemo		707,605	734,631	779,239	1,070,500					
Outreach		279,313	321,839	317,474	193,580				8,615	115,279
Transfer Surplus to Conservation Area reserves		766,213	968,411	251,284						
<b>SUBTOTAL CONSERVATION AREAS - OPERATING BEFORE SUPPORT SERVICES CHARGEBACK</b>	(2.7%)	<b>13,889,502</b>	<b>12,799,089</b>	<b>12,450,314</b>	<b>13,416,330</b>	-	-	<b>63,290</b>	<b>8,615</b>	<b>355,279</b>
Support Services Chargeback	16.7%	931,992	1,193,400	1,393,200						
<b>TOTAL OPERATING CONSERVATION AREAS</b>	(1.1%)	<b>14,821,494</b>	<b>13,992,489</b>	<b>13,843,514</b>	<b>13,416,330</b>	-	-	<b>63,290</b>	<b>8,615</b>	<b>355,279</b>
<b>TOTAL OPERATING PROGRAMS</b>	4.8%	<b>29,716,623</b>	<b>30,465,375</b>	<b>31,912,984</b>	<b>16,107,788</b>	<b>553,498</b>	<b>2,832,634</b>	<b>2,209,070</b>	<b>36,115</b>	<b>10,173,879</b>

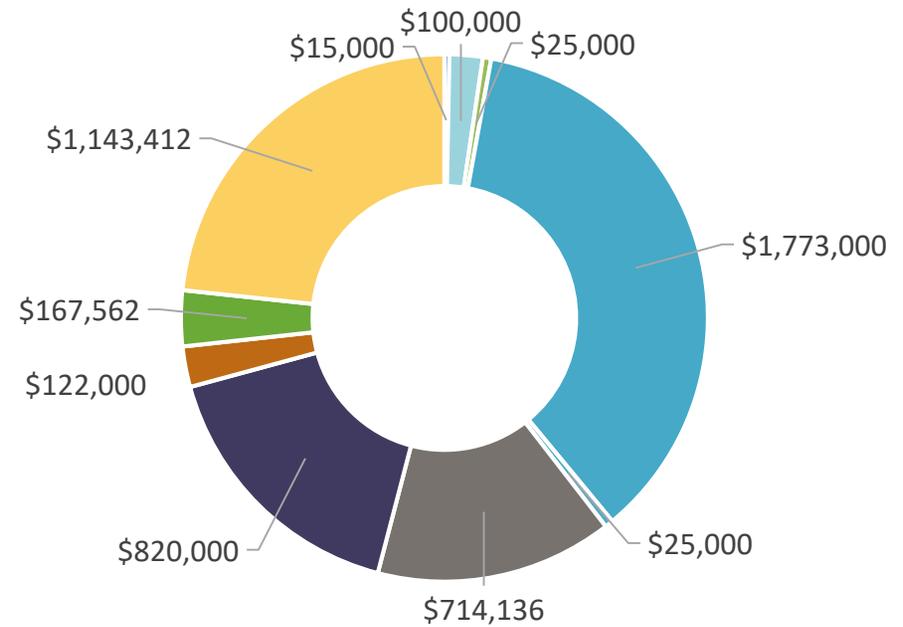
# 2021 CAPITAL BUDGET SUMMARY

## CAPITAL BUDGET SUMMARY

The 2021 capital budget will invest a total of \$4.9 million into infrastructure and technology to enhance programs and services in the watershed (\$3.8 million) and Conservation Areas (\$1.1 million).

The capital budget provides funding for projects such as the rehabilitation of flood control infrastructure, updating of flood plain mapping, investments in digital transformation and technology upgrades, vehicle and equipment replacements, managing the impacts of Emerald Ash Borer, land management initiatives and infrastructure improvements at the Conservation Areas.

Total Capital Budget \$4,905,110



- Corporate Services
- Corporate Compliance
- Planning & Watershed Management
- Emerald Ash Borer
- WMSS Vehicles
- Foundation Funded Initiatives
- Engineering
- Project Management Office
- IT Infrastructure and Upgrades
- Conservation Areas

# WATERSHED MANAGEMENT & SUPPORT SERVICES

## CAPITAL BUDGET SUMMARY

### INVESTING IN THE WATERSHED

The largest portion of the Watershed Management & Support Services capital budget is related to dams and channels rehabilitation and replacement capital projects. The dams and channels capital projects are based on information prepared by Conservation Halton's engineering project management staff. Dams and channels capital projects are generally assumed to be funded 50% municipally and 50% provincially, which is expected to be approved as part of a grant application process.

The WMSS 2021 capital budget includes:

#### CORPORATE SERVICES

Ortho imagery purchase of \$15,000 is to acquire high resolution imagery to support staff in ongoing efforts in floodplain mapping, forestry and asset management. Acquisition of this imagery is done in collaboration with watershed municipalities to avoid duplication of costs.

Information Technology infrastructure capital costs of \$122,000 includes new and replacement computer equipment, software, and digital transformation enhancements.

#### CORPORATE COMPLIANCE

Clappison & Waterdown Woods are two properties owned by Conservation Halton. Significant access by the public is occurring on these sites as a result of population growth without any formal management program by Conservation Halton. The 2021 capital budget includes \$25,000 to develop a phased project plan to address current challenges

### FLOOD FORECASTING & OPERATIONS

Dams and channels major repair and maintenance projects in the 2021 capital budget have a total cost of \$1,203,000. These projects are assumed to be funded 50% from the Watershed Management Capital Reserve funded through the State of Good Repair Levy, except for Scotch Block Dam and Channel capital projects that are municipally debt financed. The remaining 50% is funded provincially through the Water and Erosion Control Infrastructure (WECl) fund.

The 2021 dams and channel projects include estimated repairs costing \$755,000 to Hilton Falls Dam, \$155,000 for the Mountsberg Dam Safety Review update and repairs, \$240,000 for Hager-Rambo and Freeman Pond sediment removal and maintenance and \$53,000 for Morrison Wedgewood channel spill prevention wall design.

Flood Forecasting & Warning Program costs of \$70,000 are related to equipment and services for the development of watershed Flood Forecasting & Warning forecast models and tools.

### PLANNING & WATERSHED MANAGEMENT

The \$25,000 in capital for Watershed Planning will continue to guide Conservation Halton and partner municipalities in identifying natural assets and developing sustainable, cost-effective and climate resilient infrastructure in the watershed. This project aligns with Conservation Halton strategic plan objective to increase climate resiliency by promoting natural solutions.

Flood Plain mapping, with costs of \$500,000 is in its fourth year of a multi-year capital project identified through the Strategic Plan. This project is funded through Halton Region other municipal funding as the remaining watershed areas to be updated fall predominantly within the Halton Region portion of the Conservation Halton watershed making it difficult to apportion these costs to other municipalities.

# CONSERVATION AREAS

## CAPITAL BUDGET SUMMARY

### INVESTING IN OUR PARKS

The 2021 capital budget provides for an investment of \$1,143,412 into the Conservation Areas. Capital project expenditures are largely funded by the Conservation Areas Capital Reserve. This capital reserve is funded through transfers of the annual park operating surplus.

The Conservation Area 2021 capital budget includes:

Ski hill improvements of \$500,000 and Facility major maintenance & IT infrastructure totalling \$495,000 will provide for Glen Eden snowmaking and electrical improvements, rental equipment replacement, Information Technology and other park infrastructure enhancements.

Vehicle and equipment replacements planned for 2021 of \$148,412 for the Conservation Areas will be funded by a transfer from the Conservation Areas Capital Reserve.

Developer Contribution project work will continue in 2021 using unspent funds from prior budgets. Works to date are related to preliminary design, costing and archaeology work for infrastructure projects approved by the Board of Directors to be funded by Developer Contributions being held by Halton Region. These projects are currently being reassessed based on potential changes to park priorities as a result of provincial requirements and impacts of COVID on park programs.

### PROJECT MANAGEMENT OFFICE (PMO)

Administration Office capital works for \$500,000 will support low impact development (LID) system improvements at the Administration Office. This capital investment was recommended in the Landscape Master Plan.

Facility Major maintenance of \$70,136 includes maintenance work identified in the Facilities Asset Management Plan and Facility Condition Assessment report to maintain WMSS buildings in a state of good repair.

### OPERATIONS

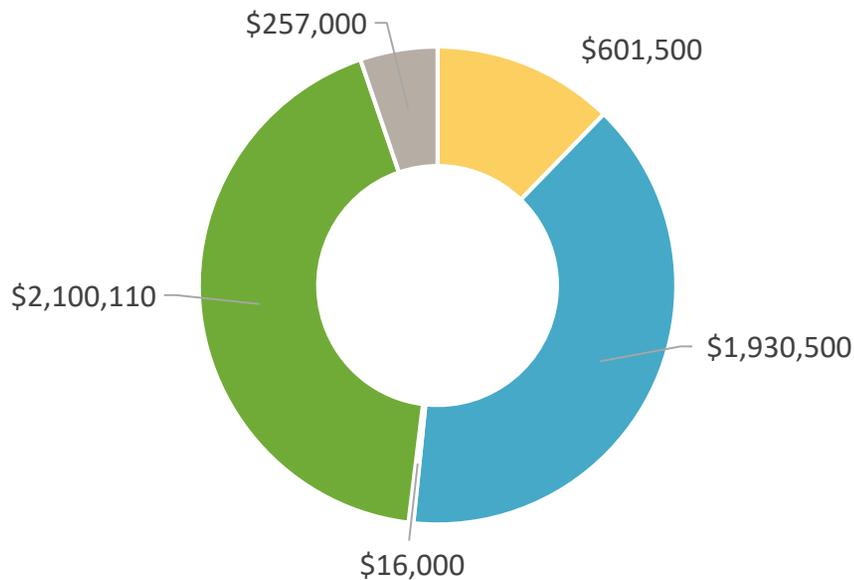
Emerald Ash Borer (EAB) treatment has been included at a cost of \$820,000. EAB costs are funded by designated funds from the Region of Halton for EAB work according to the amount outlined in the Business Plan approved in 2017.

Vehicle and equipment replacements planned for 2021 of \$167,562 for WMSS will be funded by a transfer from the Vehicle and Equipment Reserve.

Other Foundation funded projects of \$100,000 is an estimated amount to recognize annual fundraising by the Conservation Halton Foundation for park capital projects that typically support the education program.

# SOURCES OF CAPITAL BUDGET FUNDING

## Total Capital Budget Funding Sources \$4,905,110



- Provincial Funding 12%
- Other Municipal, Debt Financing & Foundation 39%
- Program Revenue 1%
- Reserves 43%
- Municipal Funding 5%

**Capital Project funding sources are detailed in the 2021 capital budget. A summary of the funding sources is provided in the graph.**

Transfers from Reserves fund 43% of the total capital budget. Reserve transfers include 50% of dams and channels major repairs costs in addition to vehicle and equipment replacements, Administration Office infrastructure and Conservation Area capital projects.

Provincial funding for the remaining 50% of the Dams and Channels major repairs makes up 12% of funding sources.

Other funding sources of 39% include other municipal funding for the EAB Capital and Floodplain Mapping update projects and debt funding for Administration Office improvements and 50% of Morrison Wedgewood channel work.

Municipal funding for various new and continuing WMSS capital projects accounts for 5% of the capital budget funding sources.

### ASSET MANAGEMENT & STATE OF GOOD REPAIR

**Conservation Halton staff have completed Asset Management (AM) Plan in phases for all Conservation Halton assets.**

The funding required to maintain dams and channels, buildings and vehicle assets is based on the average requirements over the ten-year forecast and are held in reserves until the capital work is included in the capital budget. In the 2021 capital budget, transfers from capital reserves of \$575,000 is allocated to dams and channels projects and \$70,136 to buildings to maintain these assets in a state of good repair.

The Dams and Channels AM Plan identified a total annual investment of \$1.5 million to maintain these assets in a state of good repair with 50% proposed to be municipally funded. The State of Good Repair Levy for dams and channels is anticipated to be fully phased in by 2026 in the forecast.

The Facilities Asset Management Plan completed in 2019 recommended an annual reserve contribution amount of \$159,000. Conservation Halton staff are phasing in this increase to avoid a shortfall in the reserve and minimize the municipal funding impact.

# 2021 BUDGET SUMMARY

## CAPITAL BUDGET SUMMARY

Description	% Increase (decrease) over 2020 Budget	2019 Actual	2020 Budget Expenses	2021 Budget Expenses	2021 Budget Funding Sources					
					Program Revenue	Provincial Funding	Other (Grants, Sp. Project, Debt financing)	Chargeback Recoveries (CHF, SPP, CAP, Cons. Areas)	Reserve Funding	Municipal Levy & Funding
<b>CAPITAL</b>										
<b>12a Capital - Watershed Management &amp; Support Services (WMSS)</b>										
<u>Corporate Services</u>										
Asset Management Plan; Rates & Fees		32,561								
Lidar Imagery			40,000	-						-
Ortho Imagery		10,446	-	15,000						15,000
IT Infrastructure & Digital Transformation		116,684	224,000	122,000						122,000
Website Upgrade			100,000	-					-	-
<u>Corporate Compliance</u>										
Giant's Rib Geopark			100,000	-			-			-
Clappison & Waterdown Woods			25,000	25,000						25,000
<u>Flood Forecasting &amp; Operations</u>										
Dams & Channels Maintenance Projects		7,021,587	1,312,373	1,203,000		601,500	26,500		575,000	-
Flood Forecasting & Warning Program		93,006	115,000	70,000						70,000
<u>Planning &amp; Watershed Management</u>										
Watershed Planning		8,500	25,000	25,000						25,000
Flood Plain Mapping Update		488,603	330,000	500,000			500,000			-
<u>Project Management Office</u>										
Administration Office Renovations		10,200								-
Facility Major Maintenance		64,701	150,000	500,000			500,000		-	-
Operations Centre - Capacity Study/Design		40,048	102,000	70,136					70,136	-
Speyside Weir Removal			100,000	-					-	-
Emerald Ash Borer			32,000	144,000					144,000	-
Vehicle and Equipment Replacement		1,101,981	862,243	820,000	16,000		804,000			-
Other Foundation Funded Projects		230,569	194,339	167,562					167,562	-
			100,000	100,000			100,000			-
<b>TOTAL CAPITAL WMSS</b>	(1.3%)	<b>9,264,584</b>	<b>3,811,955</b>	<b>3,761,698</b>	<b>16,000</b>	<b>601,500</b>	<b>1,930,500</b>	<b>-</b>	<b>956,698</b>	<b>257,000</b>
<b>12b Capital - Conservation Areas</b>										
Skihill Improvements		-	100,000	500,000					500,000	-
Facility Major Maintenance & IT Infrastructure		380,934	405,000	495,000					495,000	-
Vehicle and Equipment Replacement		127,294	165,556	148,412					148,412	-
Developer Contribution Works		122,796	250,000	-			-			-
<b>TOTAL CAPITAL CONSERVATION AREAS</b>	24.2%	<b>631,025</b>	<b>920,556</b>	<b>1,143,412</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,143,412</b>	<b>-</b>
<b>TOTAL CAPITAL PROJECTS</b>	3.6%	<b>9,895,609</b>	<b>4,732,511</b>	<b>4,905,110</b>	<b>16,000</b>	<b>601,500</b>	<b>1,930,500</b>	<b>-</b>	<b>2,100,110</b>	<b>257,000</b>



Financial Statements of

**CONSERVATION HALTON**

Year ended December 31, 2019

# CONSERVATION HALTON

Financial Statements

Year ended December 31, 2019

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## **Independent Auditors' Report**

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Canada  
Tel 519-747-8800  
Fax 519-747-8830

## INDEPENDENT AUDITORS' REPORT

To the Directors of Conservation Halton

### *Opinion*

We have audited the financial statements of Conservation Halton (the "Entity"), which comprise:

- the statement of financial position as at December 31, 2019
- the statement of operations and change in accumulated surplus for the year then ended
- the statement of changes in net financial assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2019, and its results of operations and its cash flows year then ended in accordance with Canadian public sector accounting standards.

### *Basis for Opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "**Auditors' Responsibilities for the Audit of the Financial Statements**" section of our auditors' report.

We are independent of the Entity 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 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 Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

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

### ***Auditors' 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 auditors' 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 the 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 Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



***Auditors' Responsibilities for the Audit of the Financial Statements (continued)***

- 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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Entity's 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
- 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.

*KPMG LLP*

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Chartered Professional Accountants, Licensed Public Accountants

Waterloo, Canada  
April 23, 2020

# CONSERVATION HALTON

## Statement of Financial Position

December 31, 2019, with comparative information for 2018

	2019	2018
<b>Financial assets:</b>		
Cash	\$ 1,073,262	\$ 1,039,118
Investments (note 2)	12,443,202	14,021,969
Investment - Water Management System (note 3)	11,531,387	11,092,270
Accounts receivable (note 4)	4,375,445	2,588,572
	<u>29,423,296</u>	<u>28,741,929</u>
<b>Financial liabilities:</b>		
Accounts payable and accrued charges	3,541,331	3,601,899
Deferred revenue (note 5)	6,481,712	6,020,228
Deferred revenue - capital and major projects (note 6)	950,530	1,153,174
Deferred revenue - Water Management System (note 3)	11,531,387	11,092,270
Long-term liabilities (note 7)	4,413,948	2,444,461
	<u>26,918,908</u>	<u>24,312,032</u>
Net financial assets	2,504,388	4,429,897
<b>Non-financial assets:</b>		
Tangible capital assets (note 8)	71,820,749	66,069,575
Prepaid expenses	592,598	287,045
Inventory	103,876	183,281
	<u>72,517,223</u>	<u>66,539,901</u>
Contingencies (note 11)		
Commitments (note 12)		
Subsequent event (note 15)		
Accumulated surplus (note 9)	<u>\$ 75,021,611</u>	<u>\$ 70,969,798</u>

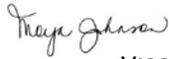
See accompanying notes to financial statements.

On behalf of the Board:



Gerry Smallegange \_\_\_\_\_ Chair

Moya Johnsor



\_\_\_\_\_  
Vice-Chair

# CONSERVATION HALTON

## Statement of Operations and Change in Accumulated Surplus

Year ended December 31, 2019, with comparative information for 2018

	2019 Budget (Note 10)	2019 Actual	2018 Actual
<b>Revenue (note 15):</b>			
Municipal grants	\$ 9,330,985	\$ 9,330,984	\$ 8,891,511
Ministry of Natural Resources and Forestry	300,311	155,034	300,311
Corporate services	113,905	204,337	162,701
Engineering flood forecasting and operations	7,000	–	10,177
Planning and watershed management	3,273,531	2,690,994	2,736,077
Science and partnerships	779,116	717,578	783,793
Project management office	433,542	101,337	95,656
Watershed management and support service operations	239,000	212,517	227,179
Conservation areas	12,512,050	14,281,573	14,017,789
Partnership projects	618,225	727,267	791,450
Major projects	2,524,326	5,650,817	2,890,016
<b>Total revenue</b>	<b>30,131,991</b>	<b>34,072,438</b>	<b>30,906,660</b>
<b>Expenses (note 15):</b>			
Corporate services	4,403,434	4,037,200	4,177,830
Corporate compliance	686,652	599,212	437,062
Engineering, flood forecasting and operations	1,460,366	1,349,868	1,246,474
Planning and watershed management	4,344,085	3,795,936	3,853,653
Science and partnerships	2,032,164	1,896,760	1,785,794
Project management office	1,305,099	838,586	777,547
Watershed management and support service operations	1,120,274	932,293	1,117,667
Conservation areas	12,327,850	13,796,528	13,126,176
Partnership projects	618,225	727,267	791,450
Major projects	1,154,000	1,902,189	2,085,982
Debt financing charges	225,651	144,786	83,767
<b>Total expenses</b>	<b>29,677,800</b>	<b>30,020,625</b>	<b>29,483,402</b>
<b>Annual surplus (note 9)</b>	<b>454,191</b>	<b>4,051,813</b>	<b>1,423,258</b>
<b>Accumulated surplus, beginning of year</b>		<b>70,969,798</b>	<b>69,546,540</b>
<b>Accumulated surplus, end of year</b>		<b>\$ 75,021,611</b>	<b>\$ 70,969,798</b>

See accompanying notes to financial statements.

# CONSERVATION HALTON

## Statement of Changes in Net Financial Assets

Year ended December 31, 2019, with comparative information for 2018

	2019 Budget (Note 10)	2019 Actual	2018 Actual
Annual surplus	\$ 454,191	\$ 4,051,813	\$ 1,423,258
Acquisition of tangible capital assets	(1,772,135)	(8,059,728)	(2,400,114)
Amortization of tangible capital assets	2,035,000	2,035,742	1,785,054
Proceeds on disposal of tangible capital assets	–	42,592	5,828
Loss on disposal of tangible capital assets	–	230,220	28,583
	717,056	(1,699,361)	842,609
Change in prepaid expenses		(305,553)	(18,053)
Change in inventories		79,405	(78,495)
Net change in net financial assets		(1,925,509)	746,061
Net financial assets, beginning of year		4,429,897	3,683,836
Net financial assets, end of year		\$ 2,504,388	\$ 4,429,897

See accompanying notes to financial statements.

# CONSERVATION HALTON

## Statement of Cash Flows

Year ended December 31, 2019, with comparative information for 2018

	2019	2018
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 4,051,813	\$ 1,423,258
Items not involving cash:		
Amortization	2,035,742	1,785,054
Loss on disposal of tangible capital assets	230,220	28,583
	<u>6,317,775</u>	<u>3,236,895</u>
Change in non-cash working capital balances:		
Accounts receivable	(1,786,873)	(1,016,734)
Prepaid expenses	(305,553)	(18,053)
Inventory	79,405	(78,495)
Accounts payable and accrued charges	(60,568)	1,111,665
Deferred revenue	461,484	395,463
Deferred revenue - capital and major projects	(202,644)	178,474
	<u>4,503,026</u>	<u>3,809,215</u>
Capital transactions:		
Acquisition of tangible capital assets	(8,059,728)	(2,400,114)
Proceeds on disposal of tangible capital assets	42,592	5,828
	<u>(8,017,136)</u>	<u>(2,394,286)</u>
Investing activities:		
Net (purchase) sale of investments	1,578,767	(2,086,986)
Investment - Water Management System	(439,117)	(407,728)
	<u>1,139,650</u>	<u>(2,494,714)</u>
Financing transactions:		
Deferred revenue - Water Management System	439,117	407,728
Proceeds from long-term debt	2,360,386	686,664
Repayment of long-term debt	(390,899)	(407,993)
	<u>2,408,604</u>	<u>686,399</u>
Net change in cash	34,144	(393,386)
Cash, beginning of year	1,039,118	1,432,504
Cash, end of year	<u>\$ 1,073,262</u>	<u>\$ 1,039,118</u>

See accompanying notes to financial statements.

# CONSERVATION HALTON

## Notes to Financial Statements

Year ended December 31, 2019

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### **Purpose of Organization:**

Conservation Halton is established under the Conservation Authorities Act of Ontario to further the conservation, restoration, development and management of natural resources, exclusive of gas, oil, coal and minerals for the watersheds within its area of jurisdiction. The watersheds include areas in the Regions of Halton and Peel, the Township of Puslinch and the City of Hamilton.

Conservation Halton's mission is to protect and enhance the natural environment from lake to escarpment for present and future generations.

### **1. Significant accounting policies:**

#### **(a) Basis of accounting:**

The financial statements of Conservation Halton are prepared by management in accordance with the Chartered Professional Accountants of Canada Public Sector Accounting Handbook.

Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measureable; expenses are recognized as they are incurred and measureable as a result of receipt of goods or services and the creation of a legal obligation to pay.

These financial statements do not include the activities of the Conservation Halton Foundation, a related incorporated registered charity with a mission to raise funds and profile for Conservation Halton projects and programs.

#### **(b) Investments:**

Investments are recorded at the lower of cost and market value based on quoted market prices. Losses are recorded when the decline in market value is other than temporary.

#### **(c) Tangible capital assets:**

Tangible capital assets are recorded at cost less accumulated amortization. Costs include all amounts that are directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue on the same basis as the amortization expense related to the acquired tangible capital assets. Assets under construction are not amortized and are transferred into their relative asset category when available for productive use. Amortization is recorded on either a straight-line basis over the estimated life of the assets or by using the declining-balance method.

# CONSERVATION HALTON

Notes to Financial Statements, continued

Year ended December 31, 2019

## 1. Significant accounting policies (continued):

### (c) Tangible capital assets (continued):

The following rates are used:

Asset	Basis	Useful Life - Years
Land improvements	Straight-line	30 to 50 years
Buildings and building improvements	Straight-line	25 to 50 years
Machinery and equipment	Straight-line	5 to 40 years
Furniture and fixtures	Straight-line	5 to 20 years
Infrastructure	Straight-line	20 to 75 years
Vehicles	Declining balance	30%
Computer hardware and software	Straight-line	4 to 10 years

### (d) Inventory:

Inventory is valued at the lower of cost and net realizable value. Cost is determined using specific identification of the cost of the individual items.

### (e) Deferred revenue - Capital and Major Projects:

Conservation Halton receives certain amounts for which the related services have yet to be performed. These amounts are recognized as revenue in the fiscal year the related expenses are incurred or services performed. Funds received for the purchase of tangible capital assets are recognized when the related asset is purchased.

### (f) Deferred revenue - Water Management System:

Conservation Halton has received funds for expenses to be incurred for the future operation of a water management system and management of certain lands. These funds are externally restricted and cannot be drawn until Conservation Halton commences management of the lands. These amounts will be recognized as revenues when the relating expenses are incurred or management services performed.

# CONSERVATION HALTON

Notes to Financial Statements, continued

Year ended December 31, 2019

## 1. Significant accounting policies (continued):

### (g) Revenue recognition:

Municipal levies, government transfers and funding for projects are recognized as revenue when the transfer is authorized, any eligible criteria has been met and the amount can be reasonably estimated.

User charges and fees are recognized as revenue in the period in which the related services are performed.

### (h) Use of estimates:

The presentation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Significant items subject to such estimates and assumptions include accrued liabilities, contaminated site liability, contingencies and tangible capital assets. Actual results could differ from estimates.

## 2. Short-term investments:

	2019	2018
Business investment	\$ 490,219	\$ 796,729
Notice plan investment	2,007,687	–
High interest savings	3,238,345	4,116,896
Guaranteed investment certificates	2,000,000	4,500,000
Pooled fund – Provincial and Corporate bonds	4,206,953	4,108,346
Pooled fund – Equity	499,998	499,998
<b>Total</b>	<b>\$ 12,443,202</b>	<b>\$ 14,021,969</b>

The guaranteed investment certificates have effective rates that range between 2.34% and 2.85% (2018 - 2.10% to 2.23%). Interest is receivable on the date of maturity. Maturity dates range from July 18, 2020 to March 14, 2021. The business investment and pooled funds (which include money market, bond and equity funds) earn interest at variable rates which is paid monthly.

The notice plan investment has accrued interest rate of 2.5% that is tied to bank reference rates that are subject to change and withdrawals require 31 days' notice.

Market value of investments are \$13,127,041 (2018 - \$14,462,153).

# CONSERVATION HALTON

Notes to Financial Statements, continued

Year ended December 31, 2019

### 3. Investment/Deferred revenue - Water Management System:

Conservation Halton entered into an agreement for the transfer of a Water Management System and its long-term operation with an estimated time line of 2063. The agreement is based on the principle that the net costs associated with ongoing operation, maintenance and performance of the Water Management System will not be a financial liability to Conservation Halton.

To ensure that Conservation Halton should not have a net financial liability for the management of the water system, Conservation Halton has received amounts from 2008 to 2017, as part of the agreement. The amounts received are to be invested in accordance with Municipal Act Regulations and will be managed by an Investment Committee as required by the agreement. At the time of transfer, Conservation Halton will be able to draw on the funds, only to facilitate the management of the water system.

The funds are invested as follows:

	2019	2018
Cash	\$ 96	\$ 209
Provincial and provincially regulated agency bonds	10,340,648	9,945,933
Guaranteed investment certificates	1,190,643	1,146,128
<b>Total</b>	<b>\$ 11,531,387</b>	<b>\$ 11,092,270</b>

The Provincial and provincially regulated agency bonds have effective yields of 2.27% to 5.00% (2018 – 2.27% to 5.00%). Interest is receivable on the date of maturity. Maturity dates range from January 13, 2020 to December 1, 2037.

The guaranteed investment certificates have been an effective interest rate of 2.51% (2018 – 2.15%). Interest is receivable on the date of maturity. Maturity date is January 13, 2020.

Market value of investments are \$12,522,755 (2018 - \$11,732,413).

### 4. Accounts receivable:

Included in accounts receivable is \$112,476 (2018 - \$58,723) due from Conservation Halton Foundation.

During 2019, the Foundation contributed \$349,322 (2018 - \$441,116) to fund projects carried out by the Conservation Halton.

# CONSERVATION HALTON

Notes to Financial Statements, continued

Year ended December 31, 2019

## 5. Deferred revenue:

	Balance at December 31, 2019	Additions	Revenue recognized	Balance at December 31, 2018
Watershed Management	\$ 1,958,851	\$ 143,437	\$ 145,849	\$ 1,961,263
Partnership Projects	698,578	379,998	434,309	752,889
Source Water Protection	89,285	329,572	257,111	16,824
Conservation Areas	3,734,998	8,807,507	8,361,761	3,289,252
	<u>\$ 6,481,712</u>	<u>\$ 9,660,514</u>	<u>\$ 9,199,030</u>	<u>\$ 6,020,228</u>

Additions to deferred revenue includes contributions from external parties and payments for annual passes and lesson programs received during the year pertaining to the following year.

## 6. Deferred revenue - capital and major projects:

	Balance at December 31, 2019	Contributions received	Revenue recognized	Balance at December 31, 2018
Capital - Ministry of Natural Resources	\$ 338,442	\$ 1,635,594	\$ 1,889,448	\$ 592,296
Capital - Municipal	589,578	647,013	618,313	560,878
Capital - Other Municipal funding	22,510	145,307	122,797	-
	<u>\$ 950,530</u>	<u>\$ 2,427,914</u>	<u>\$ 2,630,558</u>	<u>\$ 1,153,174</u>

# CONSERVATION HALTON

Notes to Financial Statements, continued

Year ended December 31, 2019

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## 7. Long-term liabilities:

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	2019	2018
5 year term loan at 3.5%, interest only payable during the first 36 months with a registered collateral mortgage covering 54.36 acres of land, due December 2020	\$ 409,636	\$ 433,000
Municipal debt financing and interest payments due annually at variable current interest rates of 3.0% to 3.2% (2018 - 3.0% to 3.2%), annual principal repayments, due December 2049	4,004,312	2,011,461
	<hr/> \$ 4,413,948	<hr/> \$ 2,444,461

Principal repayments over the next five fiscal years and thereafter are as follows:

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2020	\$ 753,703
2021	311,915
2022	303,863
2023	272,564
2024	254,502
Thereafter	2,517,401
	<hr/> \$ 4,413,948

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# CONSERVATION HALTON

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2019

## 8. Tangible capital assets (continued):

Cost	Balance at December 31, 2018	Additions	Disposals	Transfers	Balance at December 31, 2019
Land	\$ 35,932,065	–	(172,524)	–	\$ 35,759,541
Land Improvements	564,806	–	–	–	564,806
Buildings and building improvements	15,498,531	423,699	(5,334)	–	15,916,896
Machinery and equipment	8,245,453	260,722	(225,520)	–	8,280,655
Furniture and fixtures	476,330	27,884	–	–	504,214
Infrastructure	26,105,097	6,861,074	–	1,200,925	34,167,096
Vehicles	2,468,589	319,743	(195,806)	–	2,592,526
Computer hardware and software	1,438,085	111,823	(114,614)	–	1,435,294
Assets under construction	1,245,411	54,783	–	(1,200,925)	99,269
	\$ 91,974,367	8,059,728	(713,798)	–	\$ 99,320,297

Accumulated Amortization	Balance at December 31, 2018	Amortization	Disposals	Transfers	Balance at December 31, 2019
Land	\$ –	–	–	–	\$ –
Land Improvements	319,528	11,467	(2,056)	–	328,939
Buildings and building improvements	5,182,042	598,516	(164,837)	–	5,615,721
Machinery and equipment	4,333,196	374,686	–	–	4,707,882
Furniture and fixtures	218,351	21,837	–	–	240,188
Infrastructure	13,072,202	664,621	–	–	13,736,823
Vehicles	1,865,755	194,947	(169,113)	–	1,891,589
Computer hardware and software	913,718	169,668	(104,980)	–	978,406
Assets under construction	–	–	–	–	–
	\$ 25,904,792	2,035,742	(440,986)	–	\$ 27,499,548

	Net book value, Balance at December 31, 2018	Net book value Balance at December 31, 2019
Land	\$ 35,932,065	\$ 35,759,541
Land Improvements	245,278	235,867
Buildings and building improvements	10,316,489	10,301,175
Machinery and equipment	3,912,257	3,572,773
Furniture and fixtures	257,979	264,026
Infrastructure	13,032,895	20,430,273
Vehicles	602,834	700,937
Computer hardware and software	524,367	456,888
Assets under construction	1,245,411	99,269
	\$ 66,069,575	\$ 71,820,749

# CONSERVATION HALTON

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2019

## 8. Tangible capital assets (continued):

Cost	Balance at December 31, 2017	Additions	Disposals	Transfers	Balance at December 31, 2018
Land	\$ 35,523,205	408,860	–	–	\$ 35,932,065
Land Improvements	564,806	–	–	–	564,806
Buildings and building improvements	14,633,455	535,880	(11,501)	340,697	15,498,531
Machinery and equipment	8,053,376	356,405	(164,328)	–	8,245,453
Furniture and fixtures	450,560	25,771	–	–	476,331
Infrastructure	25,849,613	277,762	(22,279)	–	26,105,096
Vehicles	2,407,209	96,381	(35,001)	–	2,468,589
Computer hardware and software	1,345,273	209,537	(116,725)	–	1,438,085
Assets under construction	1,096,590	489,518	–	(340,697)	1,245,411
	\$ 89,924,087	2,400,114	(349,834)	–	\$ 91,974,367

Accumulated Amortization	Balance at December 31, 2017	Amortization	Disposals	Transfers	Balance at December 31, 2018
Land	\$ –	–	–	–	\$ –
Land Improvements	308,061	11,467	–	–	319,528
Buildings and building improvements	4,783,270	401,532	(2,760)	–	5,182,042
Machinery and equipment	4,111,869	378,602	(157,275)	–	4,333,196
Furniture and fixtures	196,766	21,586	–	–	218,352
Infrastructure	12,483,440	605,840	(17,079)	–	13,072,201
Vehicles	1,697,099	200,157	(31,501)	–	1,865,755
Computer hardware and software	854,656	165,870	(106,808)	–	913,718
Assets under construction	–	–	–	–	–
	\$ 24,435,161	1,785,054	(315,423)	–	\$ 25,904,792

	Net book value, Balance at December 31, 2017	Net book value Balance at December 31, 2018
Land	\$ 35,523,205	\$ 35,932,065
Land Improvements	256,745	245,278
Buildings and building improvements	9,850,185	10,316,489
Machinery and equipment	3,941,507	3,912,257
Furniture and fixtures	253,794	257,979
Infrastructure	13,366,173	13,032,895
Vehicles	710,110	602,834
Computer hardware and software	490,617	524,367
Assets under construction	1,096,590	1,245,411
	\$ 65,488,926	\$ 66,069,575

# CONSERVATION HALTON

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2019

## 9. Accumulated surplus:

Accumulated surplus consists of operating surplus and reserves as follows:

	Balance at December 31, 2019	Excess of Revenue over expenses	Transfers (to) from reserves	Balance at December 31, 2018
Surplus - investment in tangible capital assets	\$ 71,820,749	\$ (2,308,552)	\$ 8,059,728	\$ 66,069,573
Surplus (deficit) - current funds	(5,850,427)	6,360,365	(9,318,702)	(2,892,090)
Total surplus	65,970,322	4,051,813	(1,258,974)	63,177,483
Reserves				
Conservation areas capital	2,715,883	–	311,990	2,403,893
Conservation areas stabilization	1,000,568	–	64,000	936,568
Vehicle and equipment	914,422	–	(126,706)	1,041,128
Building	480,128	–	37,820	442,308
Building – state of good repair	264,293	–	264,293	–
Watershed management capital				
- municipal funds	601,333	–	212,105	389,228
Watershed management capital				
- self generated funds	390,909	–	34,600	356,309
Watershed management stabilization	793,193	–	62,780	730,413
Digital transformation	250,000	–	250,000	–
Debt financing charges	472,670	–	137,589	335,081
Legal - planning and watershed management	258,891	–	2	258,889
Legal - corporate	200,000	–	–	200,000
Water Festival	188,911	–	–	188,911
Property management	95,040	–	–	95,040
Land securement	34,537	–	25,501	9,036
Stewardship and restoration	390,511	–	(15,000)	405,511
Total reserves	9,051,289	–	1,258,974	7,792,315
Accumulated surplus	\$ 75,021,611	\$ 4,051,813	\$ –	\$ 70,969,798

# CONSERVATION HALTON

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2019

## 10. Budget amounts:

The 2019 budget amounts approved by Conservation Halton on November 22, 2018 were not prepared on a basis consistent with that used to report actual results under Public Sector Accounting Standards. The budget was prepared on a modified accrual basis while Public Sector Accounting Standards require a full accrual basis. The budget figures anticipated use of surpluses accumulated in previous years to reduce current year expenses in excess of current year revenues to \$nil. In addition, the budget expensed all tangible capital expenses rather than including amortization expenses. As a result, the budget figure presented in the statements of operations and changes in net financial assets represent the budget adopted by Conservation Halton on November 22, 2018, with adjustments as follows:

	2019 Actual	2018 Actual
Budget surplus (deficit) for the year	\$ 246,068	\$ (949,651)
Less: Amortization of tangible capital assets	(2,035,000)	(1,785,000)
Add: Acquisition of tangible capital assets	1,772,135	3,034,321
Add: Debt financing charges - principal portion	470,988	441,631
<b>Budget surplus per Statement of Operations</b>	<b>\$ 454,191</b>	<b>\$ 741,301</b>

## 11. Contingencies:

Conservation Halton has been named as defendant or co-defendant in several lawsuits that have claims outstanding. Conservation Halton anticipates any individual settlement amount will not exceed the limits of insurance coverage provided to Conservation Halton on the majority of the claims. For claims in which the claim amount exceeds the limit of insurance coverage provided to Conservation Halton the outcome is not determinable.

Conservation Halton has entered into an agreement to ensure implementation of a monitoring and mitigation plan for the future rehabilitation of lands adjacent to a Provincially Significant Wetland. The agreement requires a Trust account to be established by the funder to ensure there are funds available for the rehabilitation plan implementation. Conservation Halton is a member of the Investment Committee that will oversee management of the Trust account with a balance of \$1,346,118 at December 31, 2019. A deposit to the Trust account by the funder is required to be made by March 31, 2020 for \$583,633 which was completed. Conservation Halton will release their interest in the Trust account when the implementation plan is completed.

# CONSERVATION HALTON

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2019

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## 12. Commitments:

Conservation Halton has entered into contracts related to projects at Glen Eden, various dam studies and repairs, and leases for office equipment and vehicles. Commitments outstanding on these contracts to be paid beyond December 31, 2019 are as follows:

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2020	\$ 1,251,377
2021	78,403
2022	12,335
2023	6,866
	<hr/>
	\$ 1,348,981

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## 13. Pension agreements:

Conservation Halton belongs to the Ontario Municipal Employees Retirement Fund ("OMERS"), which is a multi-employer plan, on behalf of the members of its staff. This plan specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. The cost of the plan is the employer's contribution to the plan.

The 2019 employer portion of OMERS pension contributions was \$1,135,862 (2018 - \$1,113,805).

Conservation Halton belongs to the Ontario Municipal Employees Retirement Fund ("OMERS"), which is a multi-employer plan, on behalf of the members of its staff. This plan specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. Because OMERS is a multi-employer pension plan, any pension plan surpluses or deficits are the joint responsibility of Ontario municipal organizations and their employees. As a result, Conservation Halton does not recognize any share of the OMERS pension surplus or deficit.

The latest available report for the OMERS plan was December 31, 2019. At that time the plan reported a \$3.4 billion actuarial deficit (2018 - \$4.2 billion actuarial deficit), based on actuarial liabilities of \$106.4 billion (2018 - \$99.1 billion) and actuarial assets of \$103.0 billion (2018 - \$94.9 billion). Ongoing adequacy of the current contribution rates will need to be monitored and may lead to increased future funding requirements.

# CONSERVATION HALTON

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2019

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## 14. Comparative information:

Certain comparative information on the statement of operations under revenue and expenses have been reclassified to conform to the financial statements presentation adopted in the current year.

## 15. Subsequent event:

Subsequent to December 31, 2019, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial, market and social dislocating impact.

At the time of approval of these financial statements, the entity has experienced the following indicators of financial implications and undertaken the following activities in relation to the COVID-19 pandemic.

- Experienced temporary declines in the fair value of investments and investment income
- Closure of all non-essential facilities from March 24, 2020 to the date of the auditors' report based on public health recommendations
- Mandatory working from home requirements for those able to do so

At this time these factors present uncertainty over future cash flows, may cause significant changes to the assets or liabilities and may have a significant impact on future operations. An estimate of the financial effect is not practicable at this time.

# CONSERVATION HALTON

Notes to Financial Statements (continued)

Year ended December 31, 2019

## 15. Revenue and expenses by program:

2019	Corporate Services	Corporate Compliance	Engineering, Flood Forecasting & Operations	Planning & Watershed Management	Science & Partnerships	Project Management Office	Watershed Management & Support Service Operations	Conservation Areas	Partnership Projects	Major Projects	Debt Financing Charges	Reserve Funding	Total
<b>Revenue:</b>													
Municipal funding	\$ 3,421,328	\$ 445,952	\$ 466,652	\$ 1,065,554	\$ 1,103,428	\$ 697,557	\$ 729,674	\$ 240,000	\$ -	\$ -	\$ 696,639	\$ 464,200	\$ 9,330,984
Provincial transfer payments	-	-	155,034	-	-	-	-	-	-	-	-	-	155,034
Program fees and other	204,337	-	-	2,690,994	717,578	101,337	212,517	14,281,573	727,267	5,650,817	-	-	24,586,420
	3,625,665	445,952	621,686	3,756,548	1,821,006	798,894	942,191	14,521,573	727,267	5,650,817	696,639	464,200	34,072,438
<b>Expenses:</b>													
Salaries, wages and benefits	2,901,895	467,588	734,585	3,508,150	1,553,024	510,472	675,251	7,706,662	207,044	-	-	-	18,264,671
Members per diems and expenses	21,047	-	-	-	-	-	-	-	-	-	-	-	21,047
Materials and supplies	122,421	4,806	14,588	16,904	186,648	85,853	78,535	1,793,579	52,243	739,953	-	-	3,095,530
Property taxes	-	49,421	-	-	-	-	-	5,671	-	-	-	-	55,092
Purchased services	563,132	18,959	161,262	31,118	157,088	180,133	46,639	2,671,381	467,980	1,162,236	-	-	5,459,928
Legal	7,843	58,438	-	229,500	-	-	-	64,026	-	-	-	-	359,807
Finance and rent	64,756	-	(24,229)	3,128	-	(10,987)	10,814	310,320	-	-	-	-	353,802
Debt financing charges	-	-	-	-	-	-	-	-	-	-	144,786	-	144,786
Amortization of tangible capital assets	256,214	-	463,662	5,775	-	73,115	64,175	1,172,801	-	-	-	-	2,035,742
Loss on disposal of tangible capital assets	99,892	-	-	1,361	-	-	56,879	72,088	-	-	-	-	230,220
	4,037,200	599,212	1,349,868	3,795,936	1,896,760	838,586	932,293	13,796,528	727,267	1,902,189	144,786	-	30,020,625
Excess (deficiency) of revenues over expenses, for the year	\$ (411,535)	\$ (153,260)	\$ (728,182)	\$ (39,388)	\$ (75,754)	\$ (39,692)	\$ 9,898	\$ 725,045	\$ -	\$ 3,748,628	\$ 551,853	\$ 464,200	\$ 4,051,813

# CONSERVATION HALTON

Notes to Financial Statements (continued)

Year ended December 31, 2019

## 15. Revenue and expenses by program:

2018	Corporate Services	Corporate Compliance	Engineering, Flood Forecasting & Operations	Planning & Watershed Management	Science & Partnerships	Project Management Office	Watershed Management & Support Service Operations	Conservation Areas	Partnership Projects	Major Projects	Debt Financing Charges	Reserve Funding	Total
<b>Revenue:</b>													
Municipal funding	\$ 3,600,550	\$ –	\$ 497,677	\$ 1,056,004	\$ 978,956	\$ 810,989	\$ 783,395	\$ 192,354	\$ –	\$ –	\$ 610,586	\$ 361,000	\$ 8,891,511
Provincial transfer payments	–	–	300,311	–	–	–	–	–	–	–	–	–	300,311
Program fees and other	162,701	–	10,176	2,736,077	783,793	95,656	227,179	14,017,789	791,450	2,890,017	–	–	21,714,838
	3,763,251	–	808,164	3,792,081	1,762,749	906,645	1,010,574	14,210,143	791,450	2,890,017	610,586	361,000	30,906,660
<b>Expenses:</b>													
Salaries, wages and benefits	2,864,773	330,326	665,954	3,422,884	1,391,785	518,419	743,787	7,558,241	158,389	25,000	–	–	17,679,558
Members per diems and expenses	24,548	–	–	–	–	–	–	–	–	–	–	–	24,548
Materials and supplies	339,404	2,516	26,135	27,605	218,406	73,379	121,949	1,505,593	67,302	1,864,456	–	–	4,246,745
Property taxes	–	40,743	–	–	–	–	–	5,756	–	–	–	–	46,499
Purchased services	602,906	54,196	152,914	40,397	175,603	161,396	188,741	2,647,096	565,759	196,526	–	–	4,785,534
Legal	14,229	9,281	–	354,957	–	–	–	53,586	–	–	–	–	432,053
Finance and rent	62,549	–	–	2,118	–	–	12,342	294,052	–	–	–	–	371,061
Debt financing charges	–	–	–	–	–	–	–	–	–	–	83,767	–	83,767
Amortization of tangible capital assets	255,038	–	401,471	5,692	–	24,353	52,719	1,045,781	–	–	–	–	1,785,054
Loss (gain) on disposal of tangible capital assets	14,383	–	–	–	–	–	(1,871)	16,071	–	–	–	–	28,583
	4,177,830	437,062	1,246,474	3,853,653	1,785,794	777,547	1,117,667	13,126,176	791,450	2,085,982	83,767	–	29,483,402
Excess (deficiency) of revenues over expenses, for the year	\$ (414,579)	\$ (437,062)	\$ (438,310)	\$ (61,572)	\$ (23,045)	\$ 129,098	\$ (107,093)	\$ 1,083,967	\$ –	\$ 804,035	\$ 526,819	\$ 361,000	\$ 1,423,258



# **Hamilton Conservation Authority (HCA)**

**Hamilton**



# HAMILTON CONSERVATION AUTHORITY

## BUDGET INFORMATION: 10 Year Summary

							APPEAL PERIOD		Per Regulation 670/00	
Description	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021 NET Preliminary Budget \$
HCA - Hamilton Levy	3,569,320	3,569,320	3,569,310	3,638,400	3,674,625	3,851,470	3,781,460	3,853,830	3,914,800	3,993,100
\$ Gross Increase Year over Year	<b>0</b>	<b>0</b>	<b>-10</b>	<b>69,090</b>	<b>36,225</b>	<b>176,845</b>	<b>-70,010</b>	<b>72,370</b>	<b>60,970</b>	<b>78,300</b>
% Gross Increase Year over Year	0.0%	0.0%	(0.0%)	1.9%	1.0%	4.8%	(1.8%)	1.9%	1.6%	2.0%
<b>Note</b>										
<b>1. 2020 Onwards, the levy has been budgeted per Regulation 670/00 of the Conservation Authorities Act.</b>										
<b>2. The 2021 budget above is shown at 2020 budget + 2% based on City guidelines. A budget adjustment will be required based on the actual levy imposed by the Conservation Authority.</b>										
<b>3. 99.2% of the Hamilton Conservation Authority are borne by City of Hamilton, with the balance borne by Puslinch.</b>										





**HAMILTON REGION CONSERVATION AUTHORITY**

# **OPERATING BUDGET 2021**

**AS APPROVED BY**

**THE FULL AUTHORITY BOARD OF DIRECTORS ON**

**DECEMBER 3rd, 2020**

## Executive Summary

The Hamilton Region Conservation Authority has five major sub-watersheds within its boundaries. They are the Spencer, Red Hill and Stoney-Battlefield Creeks as well as the Stoney Creek Numbered Watercourses and Urban Hamilton.

As the region's largest environmental management agency, owning, leasing or managing about 4,484 hectares (11, 079 acres) of environmentally significant land, our watershed covers portions of two municipalities - Puslinch Township and the City of Hamilton.

Properties owned and managed by the HRCA include 14 Niagara Escarpment properties, 25 waterfalls, an award-winning marina, 2 recreational lakes, 145 kilometres of park and rail trails, 12 significant wetlands, an ecological preserve and an 18,000 year old muskeg bog.

**The goals for this coming fiscal year are four in number as follows:**

**1) Operate on a cash neutral or positive basis.** This requires maintaining and growing the two thirds of the funding revenues that come from non-levy sources, primarily the commercial operations at conservation areas and supplemented by Foundation, corporate and government grants. The expenditure side of the equation is dominated by the cost of salaries, wages and staff expenses; demonstrating the importance of maintaining tight control over the core complement and only supplementing as needed to complete specific projects with seasonal or contract help. Additionally, an operational surplus must be generated in order to make the principal payments on the one remaining City loan which will wind up in 2021.

**2) Require no greater levy increase than that asked by Hamilton Council.** As has been the practice over the past decade, the HRCA will construct its budget to operate within the suggested guidelines provided by the City. The year over year increase is less than the 2% recommended due to the elimination of the loan repaid in full in 2020.

**3) Support HRCA's 2019 - 2023 Strategic Plan, as herein described:**

Vision - A healthy watershed for everyone

Mission - To lead in the conservation of our watershed and connect people to nature

Strategic Plan - Five areas of strategic priority have been identified. The five being Organizational Excellence, Water Management, Education & Environmental Awareness, Conservation Area Experience and Natural Heritage Conservation. These broad areas of priority will be advanced through the development and implementation of related programs.

**4) Execute the requirements of the Conservation Authorities Act.** While clarification on the exact interpretation of these requirements is awaited, it will no doubt be within our abilities to accomplish.

Of note, capital and major maintenance expenditures and amortization expenses are not included in this budget as capital is dealt with separately through the City of Hamilton's block funding process and amortization is not included as it is non-cash.

# BUDGET 2021

## CONSOLIDATED HAMILTON REGION CONSERVATION AUTHORITY

<u>Division</u>	<u>Expenditures</u>	<u>Revenues</u>	<u>% Split</u>	<u>Revenue Description</u>
Watershed Planning & Eng.	\$ 2,064	\$ 1,484 580		Levy Other Revenues
Conservation Areas Operations	5,229	- 5,846		Levy Other Revenues
Westfield Heritage Village	722	614 108		Levy Other Revenues
Corporate Support Operations	4,995	2,494 2,064		Levy Other Revenues
Loan Principal	<u>180</u>			
<b>Total</b>		4,592 8,598	34.8% 65.2%	Levy Other Revenues
Budget Surplus	\$ 13,190	\$ 13,190	100.0%	

2020 Levy	\$ 4,546
2021 Levy *	4,592
Levy Increase	\$ 46
% Increase	1.0%

\* Township of Puslinch will contribute \$30.4 in 2021 (\$29.8 in 2020)

## Central Services

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<u>EXPENSE</u>		<u>REVENUE SOURCES</u>	
Staff	\$ 3,380	Municipal levy	\$ 2,494
Equipment	331	Equipment rental	1,100
Supplies	112	Management fees	426
Utilities	301	Other	538
Other	871		
<b>Total</b>	<b><u>\$ 4,995</u></b>	<b>Total</b>	<b><u>\$ 4,558</u></b>

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## Watershed Planning and Engineering

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<u>EXPENSE</u>		<u>REVENUE SOURCES</u>	
Staffing	\$ 1,828	Municipal levy	\$ 1,484
Contractors	52	Permits, fees	300
Supplies	45	Grants	195
Other	139	Other	85
<b>Total</b>	<b><u>\$ 2,064</u></b>	<b>Total</b>	<b><u>\$ 2,064</u></b>

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## Conservation Areas

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<u>EXPENSE</u>		<u>REVENUE SOURCES</u>	
Staffing	\$ 3,074	Admissions	\$ 2,532
Equipment	564	Marina	1,411
Materials/supplies	508	Camping	1,229
Utilities	475	Other	674
Other	608		
<b>Total</b>	<b><u>\$ 5,229</u></b>	<b>Total</b>	<b><u>\$ 5,846</u></b>

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## Westfield Heritage Village

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<u>EXPENSE</u>		<u>REVENUE SOURCES</u>	
Staffing	\$ 516	Municipal levy	\$ 614
Promotion	32	Admissions	63
Materials/supplies	27	Events	-
Utilities	49	Other	45
Other	98		

Total

\$ 722

|

\$ 722

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**Hamilton Region Conservation Authority**

**Financial Statements**

December 31, 2019

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## Independent auditor's report

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To the Members of  
**Hamilton Region Conservation Authority**

### Opinion

We have audited the financial statements Hamilton Region Conservation Authority (the "Authority"), which comprise the statement of financial position as at December 31, 2019, 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, the accompanying financial statements present fairly, in all material respects, the financial position of the Authority as at December 31, 2019, 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 Opinion

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 the 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 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 Authority'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 Authority or to cease operations, or has no realistic alternative to do so.

Those charged with governance are responsible for overseeing the Authority'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 Authority'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 Authority'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 Authority 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.

The logo for Grant Thornton LLP, featuring the company name in a stylized, cursive script font.

Hamilton, Canada  
May 7, 2020

Chartered Professional Accountants  
Licensed Public Accountants

# Hamilton Region Conservation Authority Statement of Financial Position

December 31

2019

2018

## Financial assets

Cash and cash equivalents (Note 4)	\$ 14,281,084	\$ 12,787,441
Accounts receivable	675,348	863,974
Due from Hamilton Conservation Foundation	61,978	27,758
Total financial assets	<u>\$ 15,018,410</u>	<u>\$ 13,679,173</u>

## Liabilities

Accounts payable and accrued liabilities	\$ 1,686,477	\$ 1,315,641
Due to Confederation Park	316,111	480,012
Employee future benefit costs (Note 7)	219,889	277,213
Deferred revenues (Note 8)	569,116	566,776
Long-term debt (Note 9)	395,901	605,167
Total liabilities	<u>\$ 3,187,494</u>	<u>\$ 3,244,809</u>

Net financial assets \$ 11,830,916 \$ 10,434,364

## Non-financial assets

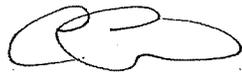
Inventory	100,394	103,804
Prepaid expenses	226,428	169,089
Tangible capital assets (Page 7)	45,109,687	43,522,347

Total non-financial assets \$ 45,436,509 \$ 43,795,240

Accumulated surplus (Note 10) \$ 57,267,425 \$ 54,229,604

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

On behalf of the Authority



Chair



Vice Chair

See accompanying notes to the financial statements.

# Hamilton Region Conservation Authority

## Statement of Operations

For the Year Ended December 31	2019	2019	2018
	<u>Budget</u> (Note 16)	<u>Actual</u>	<u>Actual</u>
<b>Revenues</b>			
Municipal levy & special projects	\$ 6,513,750	\$ 6,513,964	\$ 6,947,876
Admissions, product, service & program fees	5,308,454	5,823,145	5,374,530
Rentals	1,190,751	981,780	955,535
Hamilton Conservation Foundation	195,600	649,716	190,305
Management fees	425,000	447,976	415,388
Regulatory fees	300,000	282,382	354,734
Federal & Provincial grants	215,412	268,262	437,718
Interest	75,000	255,389	189,088
Private and In-Kind donations (Note 11)	6,000	5,235	76,476
Other income	61,977	112,562	182,112
	<u>14,291,944</u>	<u>15,340,411</u>	<u>15,123,762</u>
<b>Expenditures</b>			
Wages & benefits	7,841,018	6,667,384	6,857,625
Staff expenses	227,225	1,258,714	1,105,942
Contractors / consultants	504,400	640,506	1,125,284
Utilities	692,814	611,759	603,482
Materials & supplies	500,020	480,540	563,767
Professional fees	376,325	306,217	392,633
Products for resale	276,300	280,865	325,971
Miscellaneous expense (Note 13)	1,405,184	882,749	1,033,708
	11,823,286	11,128,734	12,008,412
Amortization	1,050,000	1,173,855	1,049,351
	<u>12,873,286</u>	<u>12,302,589</u>	<u>13,057,763</u>
Annual surplus for the year	<u>\$ 1,418,658</u>	<u>\$ 3,037,822</u>	<u>\$ 2,065,999</u>
Accumulated surplus, beginning of year	54,229,604	54,229,604	52,163,604
Accumulated surplus, end of year	<u>\$ 55,648,262</u>	<u>\$ 57,267,425</u>	<u>\$ 54,229,604</u>

See accompanying notes to the financial statements.

# Hamilton Region Conservation Authority

## Statement of Cash Flows

December 31

2019

2018

Change in cash and cash equivalents

### Operating

Annual surplus	\$ 3,037,822	\$ 2,065,999
Non-cash changes to operations		
Amortization	1,173,855	1,049,351
Other non-cash charges	(16,848)	(451)
Change in accounts receivable	188,626	822,202
Change in inventory	3,410	(33,208)
Change in prepaid expenses	(57,339)	23,029
Change in employee future benefit costs	(57,324)	14,586
Change in accounts payable and accrued liabilities	370,836	(143,665)
Change in Due from		
Hamilton Conservation Foundation	(34,220)	71,800
Change in Due to (from) from Confederation Park	(163,901)	207,009
Change in deferred revenues	2,340	46,500
	<u>4,447,258</u>	<u>4,123,152</u>

### Financing

Repayment of long term debt	<u>(209,266)</u>	<u>(202,528)</u>
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### Capital

Proceeds on disposal of tangible capital assets	39,368	27,639
Purchase of tangible capital assets	<u>(2,783,716)</u>	<u>(1,259,767)</u>
	<u>(2,744,348)</u>	<u>(1,232,128)</u>

Net change in cash and cash equivalents 1,493,644      2,688,496

Cash and cash equivalents

Beginning of year	<u>12,787,441</u>	<u>10,098,945</u>
End of year	<u>\$ 14,281,084</u>	<u>\$ 12,787,441</u>

See accompanying notes to the financial statements.

## Hamilton Region Conservation Authority

### Statement of Changes in Net Financial Assets

For the year ended December 31	2019	2019	2018
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Annual surplus	\$ 1,418,658	\$ 3,037,822	\$ 2,065,999
Purchase of tangible capital assets	(2,000,000)	(2,783,716)	(1,259,767)
Gain on sale of tangible capital assets	-	(16,848)	(451)
Net proceeds on disposal of tangible capital assets	-	39,368	27,639
Amortization	1,050,000	1,173,855	1,049,351
Change in inventory	-	3,410	(33,208)
Change in prepaid expenses	-	(57,339)	23,029
	(950,000)	(1,641,270)	(193,407)
Change in net financial assets	468,658	1,396,552	1,872,592
Net financial assets, beginning of year	10,434,364	10,434,364	8,561,772
Net financial assets, end of year	\$ 10,903,022	\$11,830,916	\$10,434,364

See accompanying notes to the financial statements.

**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 2019	December 31 2018
<b>Cost</b>									
Beginning of year	\$ 28,268,195	\$ 3,769,515	\$ 20,483,557	\$ 7,831,309	\$ 1,399,294	\$ 2,546,568	\$ 407,619	\$ 64,706,057	\$ 63,621,484
Additions	404,552	64,206	59,596	242,257	519,390	163,161	1,330,554	2,783,716	1,259,767
Disposals	-	-	(1,012)	(11,397)	(2,000)	(176,859)	-	(191,268)	(175,194)
Transfer from WIP	-	-	207,885	11,397	16,994	-	(236,276)	-	-
End of year	<u>28,672,747</u>	<u>3,833,721</u>	<u>20,750,026</u>	<u>8,073,566</u>	<u>1,933,678</u>	<u>2,532,870</u>	<u>1,501,897</u>	<u>67,298,505</u>	<u>64,706,057</u>
<b>Accumulated Amortization</b>									
Beginning of year	-	2,511,206	12,332,083	3,940,047	453,468	1,946,906	-	21,183,710	20,282,366
Annual amortization	-	127,317	488,054	192,088	163,001	203,395	-	1,173,855	1,049,351
Disposals	-	-	-	-	(1,000)	(167,747)	-	(168,747)	(148,007)
End of year	<u>-</u>	<u>2,638,523</u>	<u>12,820,137</u>	<u>4,132,135</u>	<u>615,469</u>	<u>1,982,554</u>	<u>-</u>	<u>22,188,818</u>	<u>21,183,710</u>
Net book value	<u>\$ 28,672,747</u>	<u>\$ 1,195,198</u>	<u>\$ 7,929,889</u>	<u>\$ 3,941,431</u>	<u>\$ 1,318,209</u>	<u>\$ 550,316</u>	<u>\$ 1,501,897</u>	<u>\$ 45,109,687</u>	<u>\$ 43,522,347</u>

See accompanying notes to the financial statements.

# Hamilton Region Conservation Authority

## Notes to the Financial Statements

December 31, 2019

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### 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 11,000. The Authority is financed from municipal contributions, government grants, donations, user fees, product sales and services.

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### 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.

#### 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.

#### Cash and cash equivalents

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

# Hamilton Region Conservation Authority

## Notes to the Financial Statements

December 31, 2019

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### 2. Summary of significant accounting policies – continued

#### 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.

#### 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.

#### Inventory

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

#### 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.

# Hamilton Region Conservation Authority

## Notes to the Financial Statements

December 31, 2019

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### 2. Summary of significant accounting policies – continued

#### Contaminated sites

The Authority has implemented PS3260, Liability for contaminated sites. This requires organizations to record a liability if they have a contaminated site that meets the specified criteria. The standard defines contamination as the introduction into air, soil, water or sediment of a chemical, organic or radioactive or live organism that exceeds a prescribed environmental level. The standard generally applies to sites that are not in productive use. Sites that are in productive use are only considered contaminated if there was an unexpected event that resulted in contamination.

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### 3. 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 1<sup>st</sup>, 2017 until December 31<sup>st</sup>, 2026, inclusive.

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### 4. Restricted cash

Included in cash and cash equivalents is \$263,803 (2018 – \$258,439) that was received as an endowment fund which has been externally restricted by the organization that contributed the amount.

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### 5. Government remittances payable

Included in accounts receivable, accounts payable and accrued liabilities are government remittances payable of \$2,618 (2018 – receivable \$26,111).

# Hamilton Region Conservation Authority

## Notes to the Financial Statements

December 31, 2019

### 6. Related party transactions

	<u>2019</u>	<u>2018</u>
Municipal funding recognized as revenue in the current year	\$ 6,513,964	\$ 6,947,876
Receivable from the City of Hamilton	359,209	577,387
Management fees from Confederation Beach Park	447,976	415,388
Funding from the Hamilton Conservation Foundation	649,716	190,305
Municipal taxes paid to the City of Hamilton and Township of Puslinch	(96,650)	(133,975)

### 7. Employee future benefit costs

	<u>2019</u>	<u>2018</u>
Accumulated Sick Leave Liability	\$ 38,168	\$ 70,912
Supplemental early retirement package	107,735	105,920
Post-retirement benefits	<u>73,986</u>	<u>100,381</u>
	<u>\$ 219,889</u>	<u>\$ 277,213</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 \$107,735 (2018 - \$105,920) 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 \$73,986 (2018 - \$100,381).

### 8. Deferred revenues

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

	<u>2019</u>	<u>2018</u>
Storage fees and deposits	<u>\$ 569,116</u>	<u>\$ 566,776</u>

# Hamilton Region Conservation Authority

## Notes to the Financial Statements

December 31, 2019

### 9. Long term debt

	<u>2019</u>	<u>2018</u>
City of Hamilton 0% loan - Veldhuis property reclamation \$44,000 payable annually, matures March 2020	\$ 44,000	\$ 88,000
City of Hamilton 4.25% loan - Wind-up DB pension plan \$187,245 payable annually, matures June, 2021	<u>351,901</u>	<u>517,167</u>
	<u>\$ 395,901</u>	<u>\$ 605,167</u>

Principal repayments in future years are due as follows:

2020	216,289
2021	<u>179,612</u>
	<u>\$ 395,901</u>

Interest on long term debt of \$18,468 (2018 - \$25,348) was paid during the year.

### 10. Accumulated surplus

	<u>2019</u>	<u>2018</u>
Reserve Funds		
Acquisitions of provincially significant lands or eligible water related projects	\$ 3,772,184	\$ 2,458,356
Future projects and operating areas	6,908,459	5,205,486
Tangible Capital Assets	45,109,687	43,522,347
Unfunded long term debt	(395,901)	(605,167)
Operating surplus	<u>1,872,996</u>	<u>3,648,582</u>
Accumulated surplus	<u>\$ 57,267,425</u>	<u>\$ 54,229,604</u>

### 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 \$2,525 (2018 - \$63,244).

### 12. Defined contribution pension plan

Employer contributions to the Authority's defined contribution pension plan for the year was \$281,589 (2018 - \$286,911). The Plan is designed whereby employee contributions, ranging from 2% to 6% of gross salary, are matched by the employer.

# Hamilton Region Conservation Authority

## Notes to the Financial Statements

December 31, 2019

### 13. Miscellaneous expense breakdown

	<u>2019</u>	<u>2018</u>
Communications & advertising	\$ 182,374	\$ 219,155
Postage, printed material & supplies	118,290	124,906
Property taxes	110,279	141,771
Mechanical & garage supplies	102,034	114,488
Memberships & subscriptions	83,519	83,444
Computer software, hardware & support	69,382	106,149
Interest & banking	36,190	39,518
Third party equipment rental	18,108	119,603
All other	<u>162,573</u>	<u>84,676</u>
	<u>\$ 882,749</u>	<u>\$ 1,033,708</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, therefore no provision has been made in the accompanying financial statements.

### 15. Contractual obligations and commitments

As at December 31, 2019, the Authority is committed to \$22,444 (2018 - \$18,350) with respect to ongoing contracts for equipment in the following years:

2020	\$ 8,983
2021	4,998
2022	4,463
2023	3,241
2024 and beyond	<u>759</u>
	<u>\$ 22,444</u>

# Hamilton Region Conservation Authority

## Notes to the Financial Statements

December 31, 2019

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### 16. Budget figures

The budgeted figures are presented for comparison purposes and were adopted by the Authority on January 23<sup>rd</sup>, 2018. 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	\$ 209,000
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#### Adjustments to adopted budget:

Amortization of tangible capital assets	(1,050,000)
Block funding for major maintenance and capital projects	2,000,000
Removal of intercompany and funding from reserves	<u>259,658</u>

<b>Restated budgeted surplus</b>	<b><u>\$ 1,418,658</u></b>
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### 17. Subsequent Event

Since January 1, 2020, the spread of Covid-19 has severely impacted many local economies around the globe. In many countries, including Canada, organizations and businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to organizations worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

The Authority has determined that these events are a non-adjusting subsequent event. Accordingly, the financial position and results of operations as of and for the year ended December 31, 2019 have not been adjusted to reflect their impact. The duration and impact of the Covid-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences as well as their impact on the financial position and results of the Authority, if any, for future periods.

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### 18. Comparative figures

Comparative figures have been adjusted to conform to changes in the current year presentation.

# Hamilton Region Conservation Authority

## Schedule of Corporate Support

For the Year Ended December 31	2019	2019	2018
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
<b>Revenues</b>			
Municipal levy & special projects	\$2,578,775	\$ 2,650,004	\$ 3,147,469
Private and In-Kind donations	-	999	62,465
Rentals	590,468	254,939	274,395
Management fees	425,000	447,976	415,388
Hamilton Conservation Foundation	180,600	163,484	118,627
Admissions, product, service & program fees	90,000	104,767	92,561
Federal & Provincial grants	-	-	7,594
Interest	75,000	255,389	189,088
Other income	29,092	46,478	53,058
	<u>3,968,935</u>	<u>3,924,036</u>	<u>4,360,645</u>
<b>Expenditures</b>			
Wages & benefits	2,802,497	2,313,634	2,301,623
Staff expenses	154,200	694,608	586,446
Utilities	356,900	319,359	287,025
Contractors / consultants	107,000	67,713	22,746
Materials & supplies	111,150	84,646	71,786
Professional fees	229,450	140,006	192,888
Miscellaneous expense (Note 13)	821,800	503,721	506,337
	<u>4,582,997</u>	<u>4,123,687</u>	<u>3,968,851</u>
Amortization	200,000	287,476	190,722
	<u>4,782,997</u>	<u>4,411,163</u>	<u>4,159,573</u>
Annual surplus (deficit)	<u>\$ (814,062)</u>	<u>\$ (487,127)</u>	<u>\$ 201,072</u>



# Hamilton Region Conservation Authority

## Schedule of Land Management Operations

For the Year Ended December 31	2019	2019	2018
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
<b>Revenues</b>			
Municipal levy & special projects	\$ 1,615,000	\$ 1,615,000	\$ 1,705,000
Federal & Provincial grants	5,000	49,612	93,171
Hamilton Conservation Foundation	15,000	409,640	64,896
Admissions, product, service & program fees	4,847,954	5,284,012	4,883,100
Rentals	578,383	707,578	648,899
Other income	32,385	25,931	47,442
	<u>7,093,722</u>	<u>8,091,773</u>	<u>7,442,508</u>
<b>Expenditures</b>			
Wages & benefits	2,727,199	2,594,847	2,617,094
Staff expenses	36,500	257,776	250,821
Contractors / consultants	358,700	252,182	573,500
Utilities	269,350	227,735	247,723
Materials & supplies	285,750	245,117	364,005
Products for resale	264,600	269,467	308,149
Professional fees	116,725	141,624	171,319
Miscellaneous expense (Note 13)	384,175	243,106	351,084
	<u>4,442,999</u>	<u>4,231,854</u>	<u>4,883,695</u>
Amortization	800,000	825,966	803,045
	<u>5,242,999</u>	<u>5,057,820</u>	<u>5,686,740</u>
Annual surplus	<u>\$ 1,850,723</u>	<u>\$ 3,033,953</u>	<u>\$ 1,755,768</u>

## Hamilton Region Conservation Authority Schedule of Westfield Heritage Village

For the Year Ended December 31	2019	2019	2018
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
<b>Revenues</b>			
Federal and Provincial grants	\$ 5,400	\$ -	\$ 7,531
Municipal contributions	795,527	795,741	686,800
User fees	343,500	411,925	374,289
Donations	5,000	3,573	3,027
Grants	-	-	4,785
Food and novelty	27,000	22,441	24,580
Property rental	12,600	-	12,387
Other Authority generated	9,300	19,263	19,854
	<u>1,198,327</u>	<u>1,252,943</u>	<u>1,133,253</u>
<b>Expenditures</b>			
Wages & benefits	553,606	462,834	519,034
Staff expenses	3,525	57,004	63,993
Utilities	46,450	44,551	43,577
Products for resale	11,700	11,397	17,822
Materials & supplies	67,850	61,100	49,345
Contractors / consultants	21,500	16,167	23,419
Professional fees	20,650	16,164	17,422
Miscellaneous expense (Note 13)	85,650	72,147	78,486
	<u>810,931</u>	<u>741,364</u>	<u>813,099</u>
Amortization	<u>50,000</u>	<u>60,413</u>	<u>55,583</u>
	<u>860,931</u>	<u>801,777</u>	<u>868,682</u>
Annual surplus	<u>\$ 337,396</u>	<u>\$ 451,166</u>	<u>\$ 264,571</u>

# **Westfield Heritage Village**



## WESTFIELD HERITAGE VILLAGE

### BUDGET INFORMATION: 10 Year Summary

Description	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021 NET Preliminary Budget \$
Westfield Heritage	546,554	546,554	546,600	557,500	563,100	560,200	581,800	590,530	602,300	614,350
<b>Total Levy</b>	<b>546,554</b>	<b>546,554</b>	<b>546,600</b>	<b>557,500</b>	<b>563,100</b>	<b>560,200</b>	<b>581,800</b>	<b>590,530</b>	<b>602,300</b>	<b>614,350</b>
\$ Increase Year over Year	0	0	46	10,900	5,600	-2,900	21,600	8,730	11,770	12,050
% Increase Year over Year	0.0%	0.0%	0.0%	2.0%	1.0%	(0.5%)	3.9%	1.5%	2.0%	2.0%
<b>Note:</b>										
1. Westfield Heritage Village is operated as part of Hamilton Conservation Authority - therefore, there are no separate financial statements for it.										
2. Westfield Heritage Village is not governed by the Conservation Authorities Act; the City funding reflects an ongoing voluntary agreement between the City and HCA										
3. The 2021 budget above is shown at 2020 budget + 2% based on City guidelines. A budget adjustment will be required based on the actual request by Hamilton Conservation Authority.										



# **Grants – Other Agencies**



## OTHER AGENCIES - DISCRETIONARY GRANTS

SUMMARY NET BUDGET INFORMATION: Years 2020 and 2021

Board/Agency	2020 Budget Net	2021 NET Preliminary Budget \$	Change \$	Change %
Hamilton Beach Rescue Unit	134,340	137,030	2,690	2.0%
Royal Botanical Gardens	634,720	647,410	12,690	2.0%
<b>Total - Other Boards &amp; Agencies</b>	<b>769,060</b>	<b>784,440</b>	<b>15,380</b>	<b>2.0%</b>

This report is based on information available as of Dec 4, 2020



# **Hamilton Beach Rescue Unit (HBRU)**

**HBRU**

## HAMILTON BEACH RESCUE UNIT

### BUDGET INFORMATION: 10 Year Summary

Description	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021 NET Preliminary Budget \$
Operating portion	63,470	63,470	63,470	63,470	63,470	64,620	65,590	66,570	66,570	67,900
Capital portion	63,340	63,340	63,340	63,340	70,000	70,000	70,000	67,770	67,770	69,130
Less: Recover from Reserve					-5,390	-4,230	-3,230			
<b>Total Funding</b>	<b>126,810</b>	<b>126,810</b>	<b>126,810</b>	<b>126,810</b>	<b>128,080</b>	<b>130,390</b>	<b>132,360</b>	<b>134,340</b>	<b>134,340</b>	<b>137,030</b>
\$ Total Increase Year over Year	0	0	0	0	1,270	2,310	1,970	1,980	0	2,690
<b>Operating % Increase Year over Year</b>	4.6%	0.0%	0.0%	0.0%	0.0%	1.8%	1.5%	1.5%	0.0%	2.0%
<b>Capital % Increase Year over Year</b>	-4.2%	0.0%	0.0%	0.0%	2.0%	1.8%	1.5%	1.5%	0.0%	2.0%
<b>Total % Increase Year over Year</b>	0.0%	0.0%	0.0%	0.0%	1.0%	1.8%	1.5%	1.5%	0.0%	2.0%

**Notes:**

1. Support to HBRU has its roots in an Old Regional Grant. In the 1990's, the Region had continuous, recurring requests from this group for capital funds to replace assets.
2. HBRU provides water rescue services, patrols the shoreline of Lake Ontario within City Boundaries, promote proper boat handling and water safety, performs inspections and respond to all emergency calls on waters within the City. They are affiliated with the Canadian Coast Guard.
3. Major expenses include fuel, taxes, rent, insurance and utilities. It is a Volunteer organization, so it does not incur salary costs.
4. Each year, along with the budget submission, the HBRU presents an updated 10-year capital financing plan. The fluctuations in the annual capital expense are stabilized through the use of a reserve. The annual capital contribution for 2021 is assumed at \$69,130 net (budget for 2020 +2%)
5. The estimated balance of the Hamilton Beach Rescue Reserve (110005) at the end of 2020 is projected at about \$ 410K
6. The 2021 budget above is shown at 2020 budget + 2% based on City guidelines.  
A budget adjustment will be required based on the actual request from Hamilton Beach Rescue Unit.

# HAMILTON BEACH RESCUE UNIT



316 Beach Blvd. Hamilton, Ont. L8H 6W2  
(905) 544-8947  
FAX (905) 544-8905

## 2021 Budget Submission





December 7, 2020

Mr. Cyrus Patel  
Senior Financial Analyst, Current Budget  
71 Main Street West  
City of Hamilton, ON L8P 4Y5

Dear Sir,

RE: 2021 Budget, Operating and Capital

As per your request of November 22, 2020, please find a draft 2021 budget request enclosed. The audited financial statement for 2019 will be forwarded as soon as it has been returned.

As per Letter dated November 22, 2020 it is understood that we can request an increase of 2% for the year 2021, However the Hamilton Beach Rescue Unit will be requesting a 0% increase in our budget submission. The proposed operating budget for 2021 is outlined in Appendix 'B'.

A capital allotment of \$65,000.00 in addition to an operating budget was granted in 2020. The operating budget was paid in three installments. The 2020 budget is attached as Appendix 'A'. We request a capital allotment of approximately \$65,000.00 for 2021, to be finalized by December 20<sup>th</sup>, 2020.

The above operating budget is with a 0% increase. The capital allotment has remained the same to reflect the 10-year plan.

Although we did not fully use the 2020 Capital Allotment funding, we respectfully request that the money left over from 2020, be carried over into the 2021 budget funding.

I respectfully ask for your support in moving forward with the 2021 budget and capital allotment.

I believe this meets with the City of Hamilton's expectation for 2021.

Yours truly,

Jim Simmons  
Treasurer ~ HBRU Inc.

cc. Marcel Cerminara – Senior Financial Analyst RE: Capital Projects  
Councillor Chad Collins  
Councillor Maria Pearson  
Councillor Brenda Johnson  
Brian McMullen – Acting General Manager Finance & Corporate Services

## 2020 Operating Budget

### Appendix 'A'

Insurance	\$18,580
Professional Fees	4,800
Telephones and Pagers	4,800
Rent and Taxes	6,500
Repairs and Maintenance	9,780
Fuel (Boat and Vehicles)	7,460
Volunteer Expenses	6,000
Utilities	2,300
Training Seminars	3,700
<u>Office and General</u>	<u>2,650</u>
	\$66,570

## Proposed 2021 Operating Budget

### Appendix 'B'

Insurance	\$18,580
Professional Fees	4,800
Telephones and Pagers	4,800
Rent and Taxes	6,500
Repairs and Maintenance	9,780
Fuel (Boat and Vehicles)	7,460
Volunteer Expenses	6,000
Utilities	2,300
Training Seminars	3,700
<u>Office and General</u>	<u>2,650</u>
	\$66,570



**Hamilton Beach Rescue Unit Inc.**

**Financial Statements**

**December 31, 2019**

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December 14, 2020

## **Independent Auditor's Report**

To the Directors of Hamilton Beach Rescue Unit Inc.

### ***Opinion***

We have audited the financial statements of Hamilton Beach Rescue Unit Inc., which comprise the statement of financial position as at December 31, 2019, and the statements of operations and changes in fund balances and cash flows for the year then ended, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2019, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations..

### ***Basis for Opinion***

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 the Organization 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 opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, 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 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 but to do so.

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

## Independent Auditor's Report, continued

### *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 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 Beach Rescue Unit Inc.

(Incorporated without share capital under the laws of Ontario)

## Statement of Financial Position

Year ended December 31, 2019, with comparative information for 2018

	Operating Fund	Capital Fund	2019 Total	2018 Total
<b>Assets</b>				
Current assets				
Cash	\$ 74,214	\$ 107,777	\$ 181,991	\$ 144,879
Short-term investments (Note 2)	-	75,000	75,000	75,000
GST/HST Public Service Bodies' rebate receivable	5,387	1,534	6,921	13,607
Prepaid expenses and deposits	9,323	2,618	11,941	11,245
	<u>88,924</u>	<u>186,929</u>	<u>275,853</u>	<u>244,731</u>
Due from Operating Fund	<u>-</u>	<u>23,382</u>	<u>23,382</u>	<u>25,395</u>
	<u>\$ 88,924</u>	<u>\$ 210,311</u>	<u>\$ 299,235</u>	<u>\$ 270,126</u>
<b>Liabilities</b>				
Current liabilities				
Accounts payable and accrued liabilities	\$ 5,562	\$ -	\$ 5,562	\$ 6,030
Due to Capital Fund	<u>23,382</u>	<u>-</u>	<u>23,382</u>	<u>25,395</u>
	<u>28,944</u>	<u>-</u>	<u>28,944</u>	<u>31,425</u>
<b>Fund balances</b>				
Operating	59,980	-	59,980	37,327
Capital	<u>-</u>	<u>210,311</u>	<u>210,311</u>	<u>201,374</u>
	<u>59,980</u>	<u>210,311</u>	<u>270,291</u>	<u>238,701</u>
	<u>\$ 88,924</u>	<u>\$ 210,311</u>	<u>\$ 299,235</u>	<u>\$ 270,126</u>

APPROVED BY THE BOARD:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

# Hamilton Beach Rescue Unit Inc.

(Incorporated without share capital under the laws of Ontario)

## Statement of Operations and Changes in Fund Balances

Year ended December 31, 2019, with comparative information for 2018

	Operating Fund		Capital Fund	
	2019	2018	2019	2018
<b>Revenues</b>				
City of Hamilton	\$ 66,570	\$ 65,590	\$ -	\$ 54,050
Rescue unit operations	51,308	17,520	-	-
Donations	338	885	-	-
Nevada income	-	-	41,365	47,146
Interest income	-	-	375	438
	<u>118,216</u>	<u>83,995</u>	<u>41,740</u>	<u>101,634</u>
<b>Expenses</b>				
Repairs, maintenance and security	20,541	15,547	-	-
Rent and property taxes	16,967	9,927	-	-
Insurance	15,593	15,601	-	-
Supplies	15,572	9,687	-	-
Advertising and promotion	9,434	10,021	-	-
Professional fees	6,084	5,270	-	-
Office and general	4,602	6,459	-	-
Telephone and pager	3,190	2,830	-	-
Uniforms	1,323	21,429	-	-
Training and seminars	1,160	92	-	-
Bank charges and interest	649	302	60	73
Utilities	448	453	-	-
Capital expenditures	-	-	13,336	81,555
Retailer and license fees	-	-	10,320	11,653
Ticket purchases	-	-	9,087	11,847
	<u>95,563</u>	<u>97,618</u>	<u>32,803</u>	<u>105,128</u>
Excess (deficiency) of revenue over expenses	22,653	(13,623)	8,937	(3,495)
Fund balances at the beginning of the year	<u>37,327</u>	<u>50,950</u>	<u>201,374</u>	<u>204,868</u>
Funds balances at the end of the year	<u>\$ 59,980</u>	<u>\$ 37,327</u>	<u>\$ 210,311</u>	<u>\$ 201,374</u>

# Hamilton Beach Rescue Unit Inc.

(Incorporated without share capital under the laws of Ontario)

## Statement of Cash Flows

Year ended December 31, 2019, with comparative information for 2018

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	2019	2018
Operations		
Excess (deficiency) of revenue over expenses for the year - Operating Fund	\$ 22,653	\$ (13,623)
Changes in non-cash working capital balances		
Decrease (increase) in GST/HST Public Service Bodies' rebate receivable	6,686	(5,094)
Increase in prepaid expenses and deposits	(696)	(15)
Decrease in accounts payable and accrued liabilities	(468)	(230)
Decrease in deferred contributions	-	(3,351)
	<u>5,522</u>	<u>(8,690)</u>
Cash flow from operations	<u>28,175</u>	<u>(22,313)</u>
Cash provided by (used for) investing activities		
Proceeds from the sale of short-term investments	75,000	75,000
Purchase of short-term investments	(75,000)	(75,000)
Excess (deficiency) of revenue over expenses for the year - Capital Fund	<u>8,937</u>	<u>(3,495)</u>
	<u>8,937</u>	<u>(3,495)</u>
Increase (decrease) in cash during the year	37,112	(25,808)
Cash at beginning of the year	<u>144,879</u>	<u>170,686</u>
Cash at end of the year	<u>\$ 181,991</u>	<u>\$ 144,879</u>

# Hamilton Beach Rescue Unit Inc.

## Notes to Financial Statements

**December 31, 2019**

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### **Nature of operations**

Hamilton Beach Rescue Unit Inc. is a not-for-profit organization that is an active unit of the Canadian Marine Rescue Auxiliary that works closely with local police, fire departments and the Canadian Coast Guard. The Organization is active in promoting water safety and performing water rescues on the waters of Lake Ontario and the Hamilton Harbour.

The Organization was incorporated under the Ontario Business Corporations Act and is a registered charity under the Income Tax Act.

### **1. Significant accounting policies**

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant accounting policies are detailed as follows:

#### **Cash**

Cash consists of balances with financial institutions, net of outstanding cheques.

#### **Short-term investments**

Short-term investments are recorded at fair market value and consist of Guaranteed Investment Certificates (GIC's) with maturity dates of one year or less.

#### **Capital expenditures**

The Organization expenses its capital assets when purchased. During the current year, \$13,336 (2018 - \$81,555) in capital expenditures were expensed by the Organization. The major categories of capital assets acquired were a new refrigeration unit and roof replacement.

#### **Fund accounting**

The Organization follows the restricted fund method to record contributions. For financial reporting purposes the accounts have been classified into the following funds:

##### **Operating Fund**

Revenue and expenses related to the day-to-day activities of the Organization are reported in the operating fund.

##### **Capital Fund**

The capital fund was established to provide for major equipment purchases, building renovations and future expansion of the Organization.

# Hamilton Beach Rescue Unit Inc.

## Notes to Financial Statements

**December 31, 2019**

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### 1. Significant accounting policies, continued

#### Revenue recognition

Restricted contributions related to the acquisition of property, buildings and equipment are accounted for as revenue in the capital fund when received or upon being receivable.

Unrestricted contributions are recognized as revenue of the operating fund when received or upon being receivable.

#### Use of estimates

The preparation of financial statements in conformity with Organization requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

#### Financial instruments

##### Measurement of financial instruments

The Organization initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions.

The Organization subsequently measures its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in net income.

Financial assets measured at amortized cost include cash and GST/HST Public Service Bodies' rebate receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

The Organization has designated short-term investments to be measured at fair value.

##### Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recognized in income. A previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may not be greater than the amount that would have been reported at the date of reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

# Hamilton Beach Rescue Unit Inc.

## Notes to Financial Statements

**December 31, 2019**

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### 2. Short-term investments

The short-term investments consist of the following:

	December 31	
	2019	2018
Guaranteed investment certificate bearing interest at 0.5%, matures on November 21, 2020	\$ 25,000	\$ -
Guaranteed investment certificate bearing interest at 0.5%, matures on December 14, 2020	25,000	-
Guaranteed investment certificate bearing interest at 0.5%, matures on December 14, 2020	25,000	-
Guaranteed investment certificates matured during the year	<u>-</u>	<u>75,000</u>
	<u>\$ 75,000</u>	<u>\$ 75,000</u>

### 3. Deferred contributions

Deferred contributions represent unspent resources related to capital funding from the City of Hamilton and any unspent restricted contributions, if applicable. There were no deferred contributions recorded at the end of the year.

### 4. Related party transactions

The Organization is related to Hamilton Beach Rescue Association, which is overseen by the same board of directors. During the year, the Organization entered into an arrangement to rent its facilities from the related party. During the year these transactions totalled \$9,223 (2018 - \$8,823). These transactions are in the normal course of operations and have been valued in these financial statements at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

### 5. Economic dependence

The Organization is economically dependent on funding received from the municipal government.

# Hamilton Beach Rescue Unit Inc.

## Notes to Financial Statements

**December 31, 2019**

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### **6. 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 required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments. It is the Organization's opinion that they are not subject to any currency, market, credit or liquidity risks.

### **7. Impact of COVID-19 pandemic**

On March 11, 2020, the World Health Organization declared the outbreak of the coronavirus ("COVID-19"), a pandemic resulting in economic uncertainties potentially affecting the Organization's cash flows, financial position and results of operations. At this time, it is unknown the extent of the impact that the COVID-19 outbreak may have on the Organization as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the virus and duration of the outbreak, forced closures or disruptions and quarantine/isolation measures that are currently, or may be put in place by government authorities to fight the virus. The Organization continues to assess the impact COVID-19 will have on its activities in the future, however, the extent of the effect of the COVID-19 pandemic remains uncertain.

# **Royal Botanical Gardens (RBG)**



## ROYAL BOTANICAL GARDENS

### BUDGET INFORMATION: 10 Year Summary

Description	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021 NET Preliminary Budget \$
Total Budget	599,206	599,206	599,206	599,210	605,200	616,090	625,340	634,720	634,720	647,410
\$ Increase Year over Year	0	0	0	4	5,990	10,890	9,250	9,380	0	12,690
% Increase Year over Year	0.0%	0.0%	0.0%	0.0%	1.0%	1.8%	1.5%	1.5%	0.0%	2.0%

#### Historical Municipal Funding Levels:

Municipality	2012	2013	2014	2015	2016	2017	2018	2019	2020	2020
City of Hamilton	599,206	599,206	599,206	599,210	605,200	616,090	625,340	634,720	634,720	647,410
Region of Halton	711,371	714,198	725,266	736,295	743,658	759,930	775,130	790,632	806,449	818,541
<b>Total</b>	<b>1,310,577</b>	<b>1,313,404</b>	<b>1,324,472</b>	<b>1,335,505</b>	<b>1,348,858</b>	<b>1,376,020</b>	<b>1,400,470</b>	<b>1,425,352</b>	<b>1,441,169</b>	<b>1,465,951</b>

#### HISTORICAL % APPORTIONMENTS of the MUNICIPAL LEVY

Municipality	2012	2013	2014	2015	2016	2017	2018	2019	2020	2020
City of Hamilton	45.72%	45.62%	45.24%	44.87%	44.87%	44.77%	44.65%	44.53%	44.04%	44.16%
Region of Halton	54.28%	54.38%	54.76%	55.13%	55.13%	55.23%	55.35%	55.47%	55.96%	55.84%
<b>Total</b>	<b>100.00%</b>									

#### Notes:

- In 2003, Council approved a funding formula for the RBG in which the Region of Halton and the City of Hamilton share in the cost of the agency. The apportionment of costs is based upon the number of households and the unweighted assessment.
- The 2021 budget above is shown at 2020 budget + 2% based on City guidelines.  
A budget adjustment will be required based on the actual request from Royal Botanical Gardens.



# Royal Botanical Gardens

## 2021 Draft Budget Summary

	2019 Actual	2020 Forecast	2020 Budget	2021 Budget
<b>REVENUE</b>				
Government Operational Funding				
Province of Ontario	4,036,000	4,036,000	4,036,000	4,036,000
Halton Region	786,756	802,491	806,449	818,541
City of Hamilton	634,715	634,716	634,716	647,410
	<u>5,457,471</u>	<u>5,473,207</u>	<u>5,477,165</u>	<u>5,501,951</u>
Operations				
Admissions	1,142,804	720,000	1,246,350	707,500
Group Tours	46,184	150	65,100	18,000
Retail	977,638	499,398	977,904	493,331
Food and Catering Net	475,537	264,055	462,294	295,750
Rentals	542,774	179,750	573,735	419,350
Programs	968,100	141,970	1,055,250	665,800
Special Events	544,492	267,191	577,900	374,884
	<u>4,697,528</u>	<u>2,072,513</u>	<u>4,958,533</u>	<u>2,974,615</u>
Development and Fundraising				
Business Development and Major Gifts	1,033,190	702,000	880,800	1,057,000
Annual Giving	196,413	200,000	200,000	200,000
Membership	1,204,852	756,300	1,306,300	844,120
Grants	754,724	2,854,450	567,953	1,583,004
Sponsorship	16,500	5,000	52,500	20,000
	<u>3,205,678</u>	<u>4,517,750</u>	<u>3,007,553</u>	<u>3,704,124</u>
Other Revenue				
Fund Revenue	1,369,500	380,100	1,860,100	1,816,000
Other	473,160	356,769	268,675	302,132
	<u>1,842,660</u>	<u>736,869</u>	<u>2,128,775</u>	<u>2,118,132</u>
<b>Total Revenue</b>	<b><u>15,203,337</u></b>	<b><u>12,800,340</u></b>	<b><u>15,572,026</u></b>	<b><u>14,298,823</u></b>
<b>EXPENSES</b>				
Salaries and Benefits	9,004,433	8,256,950	9,481,009	9,199,238
General and Administrative	1,468,365	924,017	1,000,160	961,410
Operations	225,227	108,983	303,601	284,750
Retail Cost of Sales	502,277	246,003	489,352	235,080
Programs	168,816	61,319	169,025	111,900
Special Events	487,856	413,803	575,050	319,146
Business Development and Fundraising	270,280	173,919	377,150	369,590
Marketing	573,804	509,734	565,439	484,010
Biodiversity Expenses	592,296	518,753	714,903	417,578
Maintenance	1,171,396	942,252	1,110,200	1,118,775
Utilities	610,647	530,892	610,000	610,000
Garden Maintenance	93,693	136,556	136,250	151,000
<b>Total Expenses</b>	<b><u>15,169,090</u></b>	<b><u>12,823,180</u></b>	<b><u>15,532,139</u></b>	<b><u>14,262,477</u></b>
<b>NET POSITION</b>	<b><u>34,247</u></b>	<b><u>-22,840</u></b>	<b><u>39,887</u></b>	<b><u>36,346</u></b>



ROYAL BOTANICAL GARDENS  
(A Corporation without Share Capital)  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019



## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Royal Botanical Gardens

### **Opinion**

We have audited the financial statements of Royal Botanical Gardens (the Organization), which comprise the statement of financial position as at December 31, 2019, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2019, and its financial performance and its cash flows for the year then ended in accordance with Canadian Accounting Standards for Not-for-Profit Organizations (ASNPO).

### **Basis for Opinion**

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 the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our 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 opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with ASNPO 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 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 but 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.



# BROWNLOW PARTNERS

CHARTERED PROFESSIONAL ACCOUNTANTS

As part of the 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.

*Brownlow Partners*

Ancaster, Ontario  
March 19, 2020

Chartered Professional Accountants  
Licensed Public Accountants

ROYAL BOTANICAL GARDENS  
(A Corporation without Share Capital)  
STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2019

ASSETS

	2019	2018
<b>CURRENT ASSETS</b>		
Cash	\$ 1,101,089	\$ 1,709,855
Accounts receivable	1,340,410	480,258
Government remittances receivable	132,702	182,028
Inventory	232,677	215,023
Prepaid expenses and deposits	213,012	150,421
	3,019,890	2,737,585
INVESTMENTS (note 3)	13,724,234	14,234,550
CAPITAL ASSETS (note 5)	42,478,164	42,830,819
	\$ 59,222,288	\$ 59,802,954

LIABILITIES AND NET ASSETS

<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 1,897,399	\$ 2,044,148
Deferred revenue	2,125,619	2,076,091
Deferred capital funding	520,885	1,087,156
Deferred operating contributions (note 7)	5,502,308	5,902,709
	10,046,211	11,110,104
DEFERRED CAPITAL CONTRIBUTIONS (note 6)	41,558,345	41,795,015
	51,604,556	52,905,119
<b>NET ASSETS</b>		
Unrestricted (note 8)	2,247,892	1,893,704
Internally restricted (note 9)	3,033,509	2,686,491
Endowments (note 10)	2,336,331	2,317,640
	7,617,732	6,897,835
	\$ 59,222,288	\$ 59,802,954

Commitments and contingencies (note 11)  
Prior period adjustment (note 13)

Approved by the Board



Director



Director

(The accompanying notes form an integral part of these financial statements)

ROYAL BOTANICAL GARDENS  
(A Corporation without Share Capital)  
STATEMENT OF OPERATIONS  
FOR THE YEAR ENDED DECEMBER 31, 2019

	2019	2018
<b>REVENUE</b>		
Operating grants		
Ministry of Heritage, Sport, Tourism and Culture Industries	\$ 4,036,000	\$ 4,036,000
City of Hamilton	634,715	625,335
Regional Municipality of Halton	786,756	771,329
	<u>5,457,471</u>	<u>5,432,664</u>
Admissions, memberships and other program revenue (note 14a)	5,213,836	4,651,892
Mandated activities (note 14b)	3,193,197	2,998,480
Development - donations (note 14c)	1,080,115	729,366
Investment income (note 14d)	210,050	273,996
Amortization of deferred capital contributions (note 5)	3,150,755	3,078,392
	<u>18,305,424</u>	<u>17,164,790</u>
<b>EXPENSES</b>		
Admissions, memberships and other program expenses	2,852,751	2,692,441
Maintenance and equipment	2,719,588	2,553,630
Administration	2,969,102	2,401,735
Development fundraising	907,716	813,523
Mandated activities		
Horticulture - gardens, parklands and collections	2,468,491	2,327,381
Conservation and environmental programs	1,206,148	1,246,086
Scientific and research programs	674,507	602,715
Education programs	1,322,117	1,408,882
Amortization of capital assets (note 5)	3,150,755	3,078,392
	<u>18,271,175</u>	<u>17,124,785</u>
<b>EXCESS OF REVENUE OVER EXPENSES FOR OPERATIONS</b>	<b>34,249</b>	<b>40,005</b>
Change in unrealized gain (loss) on investments	325,279	(232,517)
<b>EXCESS (DEFICIENCY) ADDED TO NET ASSETS FOR THE YEAR</b>	<b>\$ 359,528</b>	<b>\$ (192,512)</b>

(The accompanying notes form an integral part of these financial statements)

ROYAL BOTANICAL GARDENS  
(A Corporation without Share Capital)  
STATEMENT OF CHANGES IN NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2019

	Unrestricted (note 8)	Internally restricted (note 9)	Endowments (note 10)	Total 2019	Total 2018
NET ASSETS, BEGINNING OF THE YEAR	\$ 1,893,704	\$ 2,686,491	\$ 2,317,640	\$ 6,897,835	\$ 7,993,501
Prior period adjustment (note 13)					(535,960)
Excess of revenue over expenses for operations	34,249	-	-	34,249	40,005
Endowment contributions	-	-	850	850	2,652
Internally restricted funds drawn	-	-	-	-	(321,000)
Amortization of investment in capital assets	(5,340)	-	-	(5,340)	(4,529)
Investment income allocations	-	161,472	17,841	179,313	277,267
Change in unrealized gain on investments	325,279	185,546	-	510,825	(554,101)
<b>NET ASSETS, END OF THE YEAR</b>	<b>\$ 2,247,892</b>	<b>\$ 3,033,509</b>	<b>\$ 2,336,331</b>	<b>\$ 7,617,732</b>	<b>\$ 6,897,835</b>

(The accompanying notes form an integral part of these financial statements)

ROYAL BOTANICAL GARDENS  
(A Corporation without Share Capital)  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2019

	2019	2018
<b>CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenues over expenses for the year	\$ 359,528	\$ (192,512)
Adjustments for:		
- amortization of deferred capital contributions	(3,145,415)	(3,073,863)
- amortization of investment in capital assets	(5,340)	(4,529)
- deferred operating contributions recognized as revenue	(1,370,726)	(1,825,289)
- amortization of capital assets	3,150,755	3,078,392
- change in unrealized (gain) loss on investments	(325,279)	232,517
	<u>(1,336,477)</u>	<u>(1,785,284)</u>
Net changes in non-cash working capital balances from operations	(1,554,500)	(1,506,398)
Cash provided by (used in) operating activities	<u>(2,890,977)</u>	<u>(3,291,682)</u>
<b>INVESTING AND FINANCING ACTIVITIES</b>		
Acquisition of capital assets	(2,798,100)	(4,170,636)
Increase in endowments	18,691	20,143
Allocated investment income to internally restricted net assets	161,472	259,776
Deferred operating contributions and allocated investment income	407,972	774,182
Capital contributions used during the year	2,908,745	5,158,060
Internally restricted funds used during the year	-	(321,000)
Decrease in cost of investments	1,583,431	2,673,262
Cash provided by investing and financing activities	<u>2,282,211</u>	<u>4,393,787</u>
<b>INCREASE (DECREASE) IN CASH DURING THE YEAR</b>	(608,766)	1,102,105
<b>CASH AT BEGINNING OF THE YEAR</b>	<u>1,709,855</u>	<u>607,750</u>
<b>CASH AT END OF THE YEAR</b>	<u>\$ 1,101,089</u>	<u>\$ 1,709,855</u>

(The accompanying notes form an integral part of these financial statements)

ROYAL BOTANICAL GARDENS  
(A Corporation without Share Capital)  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2019

1. DESCRIPTION

Royal Botanical Gardens (the "RBG") is one of Canada's premier cultural, educational and scientific institutions, comprised of more than 1,100 hectares of horticultural display gardens, arboretum, woodlands, wetlands and 30 kilometres of trails. The RBG receives transfer payments from the Ontario Ministry of Heritage, Sport, Tourism and Culture Industries and receives additional support from the City of Hamilton (the "City"), the Regional Municipality of Halton, the RBG members, many corporations, foundations and individuals.

The RBG is a registered charity under the Income Tax Act (Canada) and, as such, is exempt from income taxes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations applied within the framework of the significant accounting policies summarized below:

(a) Revenue Recognition

- (i) Grants are recorded as revenue when the related expenses have been incurred and the applications for the grants have been approved by the relevant government agencies. Grants received in advance of incurring the related expenses are included on the statement of financial position as deferred revenue.
- (ii) Unrestricted donations, admission fees, membership fees, other program fees, event revenue, food and beverage revenue, rental revenue and garden shop revenue are recognized as revenue in the year in which they are received. Restricted donations are deferred and recognized as revenue in the year in which the related expenses are incurred.
- (iii) Externally restricted contributions for depreciable capital assets are deferred and amortized over the life of the related assets. Externally restricted contributions for non-depreciable capital assets are recorded as a direct increase in unrestricted net assets. Externally restricted capital asset contributions that have not been spent are recorded as part of deferred capital funding on the statement of financial position.  
  
Self-funded contributions for depreciable capital assets are deferred and amortized over the life of the related assets. Self-funded capital asset contributions that have not been expended are recorded as part of net assets invested in capital assets on the statement of financial position.
- (iv) Endowment contributions are recognized as a direct increase in endowment net assets in the year in which they are received.

ROYAL BOTANICAL GARDENS  
(A Corporation without Share Capital)  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Contributed Services

Volunteers contribute numerous hours per year to assist RBG in carrying out its activities. Due to the difficulty in determining their fair value, contributed services have not been recognized in the financial statements.

(c) Donations In-Kind

Donations in-kind are recorded at their estimated fair market value at the date of donation. The RBG received donations in-kind of \$197,104 (2018: \$403,140).

(d) Measurement of Financial Instruments

The RBG initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions. The RBG subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments as described in note 2(e).

Financial assets measured at amortized cost include cash and accounts receivable. Financial liabilities measured at amortized cost include accounts payable. The RBG has designated all portfolio investments to be measured at fair value as described in note 2(e).

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in the statement of operations. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in the statement of operations.

(e) Investments

All investments are recorded at fair value. The quoted market price was used to estimate the fair value of the financial instruments held as investments.

Investment income, net of investment management fees, is allocated to the restricted deferred funds and statement of operations on a prorated basis. The ratio of total endowments, internally restricted net assets and deferred operating contributions at the beginning of the month divided by the total average investment cost for the month is calculated. This ratio is then applied to the total net investment income earned for the month to determine the amount of investment income to apply to the deferred operating contributions, internally restricted net assets and endowments. Remaining unallocated net investment income is recorded in the statement of operations.

Unrealized gains and losses on investments are allocated to the restricted deferred funds and unrestricted net assets on a prorated basis. The ratio, described above, is applied to the total unrealized gains and losses at month end to determine the amount of unrealized gains and losses to apply to the deferred operating contributions, internally restricted net assets and endowments. Remaining unallocated unrealized gains and losses are included in unrestricted net assets. The change in unrestricted unrealized gains and losses are recorded in the statement of operations. When investments are sold, realized gains and losses are recognized in investment income.

ROYAL BOTANICAL GARDENS  
(A Corporation without Share Capital)  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Inventory

Inventory, consisting of items available for sale in the RBG gift shop, is valued at the lower of cost or net realizable value. Cost is determined using the weighted average method. Net realizable value is the estimated selling price in the ordinary course of business, less any applicable variable selling costs.

Included in admissions, memberships and other program expenses is \$496,201 (2018: \$436,663) of inventory expensed during the year.

(g) Capital Assets

Capital assets are recorded at cost, except for donated assets, which are recorded at fair market value at the date of contribution. The fair market value of previously donated land could not be determined and therefore, the total 1,100 hectares of land have been recorded at a nominal value of \$9,428.

Amortization is provided on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings	40 years
Mechanical equipment	20 years
Gardens and natural area infrastructures	20 years
Roadways and parking lots	20 years
Vehicles and equipment	5 years
Furniture and fixtures	10 years
Computer equipment	3 years
Media stock	5 years
Exhibits	3 years

Contributed capital assets are recognized at the fair value at the date of contribution. The contribution is recognized as revenue on the same basis as the amortization expense of the contributed capital asset.

Construction in progress is not amortized until the assets are available for use.

When a capital asset no longer has any long term service potential to the RBG, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations.

(h) Use of Estimates

The preparation of financial statements in conformity with Canadian Accounting Standards for Not-for-Profit Organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Such estimates include the useful lives of capital assets, allowances for inventory obsolescence, allowances for doubtful accounts and accruals. Actual results may vary from the current estimates. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the periods in which they become known.

ROYAL BOTANICAL GARDENS  
(A Corporation without Share Capital)  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2019

3. INVESTMENTS

The investments consist of funds that are professionally managed, diversified and are invested in the following categories: cash and near cash securities, fixed income securities and equity securities.

	2019	2018
Cost of investments at December 31	\$ 11,319,337	\$ 12,902,768
Unrealized gain on investments	2,404,897	1,331,782
Market value of investments at December 31	\$ 13,724,234	\$ 14,234,550

Investments are valued at market as at yearend and are composed of the following types of securities:

Cash, cash equivalents and accrued interest	\$ 959,765	\$ 1,035,225
Fixed income securities	4,391,045	5,068,647
Equity securities	8,373,424	8,130,678
	\$ 13,724,234	\$ 14,234,550

4. DEMAND LOAN

The RBG has the following facilities available:

- Credit facility #1 - Overdraft lending account up to \$2,000,000 for operating requirements. The facility bears interest at prime plus 0.5%. As at December 31, 2019, the facility was not drawn upon (2018: not drawn).
- Credit facility #2 - Demand loan up to \$2,000,000 to provide bridge financing for capital projects as required. The facility bears interest at prime plus 0.75% and is repayable at the discretion of RBG. As at December 31, 2019, the facility was not drawn upon (2018: not drawn).

Security for the facilities includes the following:

- General Security Agreement providing a first charge over all accounts receivable, inventory and equipment other than leased assets, land and buildings, plants, living collections, library artifacts, patents and investments;
- Bank to be named as loss payee on business and fire insurance; and
- Assignment and pledge of investment portfolio registered in Ontario under the Personal Property Security Act (PPSA) with enabling resolution. The market value of the investment portfolio pledged as collateral at December 31, 2019 is \$3,617,066 (2018: \$3,007,774), which are included with investments on the statement of financial position.

ROYAL BOTANICAL GARDENS  
(A Corporation without Share Capital)  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2019

5. CAPITAL ASSETS

The change in net book value of capital assets is due to the following:

	2019	2018
Balance, beginning of the year	\$ 42,830,819	\$ 41,738,575
Purchase of capital assets funded by deferred capital contributions	2,798,100	4,138,206
Purchase of internally funded capital assets	-	32,430
Amortization of capital assets	(3,150,755)	(3,078,392)
<b>Balance, end of the year</b>	<b>\$ 42,478,164</b>	<b>\$ 42,830,819</b>

Amortization of capital assets agrees to amortization of deferred capital contributions of \$3,145,415 (2018: \$3,073,863) and amortization of investment in capital assets of \$5,340 (2018: \$4,529), which has been recognized as revenue during the year.

Capital assets consist of the following:

	2019		2018	
	Cost	Accumulated Amortization	Net	Net
Land	\$ 876,681	\$ -	\$ 876,681	\$ 876,681
Buildings	33,851,765	15,629,520	18,222,245	19,068,539
Mechanical equipment	6,119,860	2,960,476	3,159,384	2,579,441
Gardens and natural area infrastructures	25,799,480	8,603,448	17,196,032	17,987,149
Roadways and parking lots	4,164,671	2,496,410	1,668,261	1,453,977
Vehicles and equipment	3,900,710	3,050,421	850,289	119,524
Furniture and fixtures	2,977,872	2,472,600	505,272	699,954
Computer equipment	2,230,404	2,230,404	-	45,554
Media stock	252,244	252,244	-	-
Exhibits	985,806	985,806	-	-
	<b>\$ 81,159,493</b>	<b>\$ 38,681,329</b>	<b>\$ 42,478,164</b>	<b>\$ 42,830,819</b>

6. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions consist of the following:

	2019	2018
Balance, beginning of the year	\$ 41,795,015	\$ 39,710,818
Capital contributions used during the year	2,908,745	5,158,060
Amortization of deferred capital contributions	(3,145,415)	(3,073,863)
<b>Balance, end of the year</b>	<b>\$ 41,558,345</b>	<b>\$ 41,795,015</b>

ROYAL BOTANICAL GARDENS  
(A Corporation without Share Capital)  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2019

7. DEFERRED OPERATING CONTRIBUTIONS

The change in deferred operating contributions is due to the following:

	2019	2018
Balance, beginning of the year	\$ 5,902,709	\$ 7,909,392
Contributions received from corporate and private sources	850	1,200
Amount drawn from funds during the year	(1,370,726)	(1,825,289)
Investment income allocation	241,896	507,746
Restricted investment income earned on endowments	165,226	265,236
Change in market value of investments	562,353	(955,576)
	(400,401)	(2,006,683)
Balance, end of the year	\$ 5,502,308	\$ 5,902,709

Deferred operating contributions consist of the following major external restrictions:

Operations	\$ 63,230	\$ 69,961
Gardens and natural lands	3,225,426	3,736,448
Collections	373,292	288,639
Science and education	1,157,496	1,106,402
Staffing and administration	682,864	701,259
	\$ 5,502,308	\$ 5,902,709

8. UNRESTRICTED NET ASSETS

Unrestricted net assets consists of the following:

	Unrestricted	Invested in capital assets	Total
Balance, beginning of the year	\$ 1,732,837	\$ 160,867	\$ 1,893,704
Excess of revenues over expenses for operations	34,249	-	34,249
Amortization of investment in capital assets	-	(5,340)	(5,340)
Funds received relating to prior years' internally funded capital assets	103,546	(103,546)	-
Change in unrealized gain on investments	325,279	-	325,279
Balance, end of the year	\$ 2,195,911	\$ 51,981	\$ 2,247,892

Amounts pledged towards the Rock Garden campaign are not recognized until the cash is received. As cash is received in future periods, amounts will be transferred from net assets invested in capital assets back to unrestricted net assets. The contributions received will be recorded in deferred capital contributions on the statement of financial position and amortized over the life of the Rock Garden assets.

ROYAL BOTANICAL GARDENS  
(A Corporation without Share Capital)  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2019

9. INTERNALLY RESTRICTED NET ASSETS

During the year, no amounts were drawn from the internally restricted net assets (2018: \$321,000 drawn). No unrestricted donations have been internally restricted by the RBG Board during the year.

10. ENDOWMENTS

Contributions restricted for endowments consist of donations received by the RBG where the endowment principal is required to remain intact. Accordingly, these amounts are classified as long term investments. The investment income generated from the endowments must be used in accordance with the purposes established by donors.

	2019	2018
Balance, beginning of the year	\$ 2,317,640	\$ 2,297,497
Endowments received from private sources	850	2,652
Investment income required to be held as endowment	17,841	17,491
Balance, end of the year	\$ 2,336,331	\$ 2,317,640

11. COMMITMENTS AND CONTINGENCIES

In the ordinary course of business, the RBG may be contingently liable for litigation and claims with customers, suppliers and former employees. Management believes that adequate provisions have been recorded in the accounts where required. Although it is not possible to accurately estimate the extent of potential costs and losses, if any, management believes, but can provide no assurance, that the ultimate resolution of such contingencies would not have a material adverse effect on the financial position of the RBG.

12. RECLASSIFICATION

Certain 2018 comparative amounts were reclassified to conform to the current year's financial statement presentation.

13. PRIOR PERIOD ADJUSTMENT

During the year, the RBG signed a new Ontario Transfer Payment Agreement. At this time, it was discovered that the funding recognized for the year ended December 31, 2009 was incorrectly calculated and deferred revenue relating to this funding was understated. The 2018 financial statements have been restated as follows: deferred revenue increased \$535,960 and opening unrestricted net assets decreased \$535,960.

ROYAL BOTANICAL GARDENS  
(A Corporation without Share Capital)  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2019

14. REVENUE

	2019	2018
Admissions, memberships and other program revenue consists of:		
Admissions and special events	\$ 1,903,806	\$ 1,698,343
Membership fees	1,204,852	1,126,210
Food and beverage	391,900	337,925
Rentals	589,894	487,268
Garden shop sales	977,638	878,140
Other income	145,746	124,006
<b>a) Total admissions, memberships and other programs</b>	<b>\$ 5,213,836</b>	<b>\$ 4,651,892</b>
Mandated activities consists of:		
Horticulture - gardens, parklands and collections	\$ 995,606	\$ 847,152
Conservation and environmental programs	546,685	413,108
Scientific and research programs	501,070	549,966
Education programs	1,149,836	1,188,254
<b>b) Total mandated activities</b>	<b>\$ 3,193,197</b>	<b>\$ 2,998,480</b>
Donations and grants received during the year	\$ 2,213,418	\$ 2,692,277
Add:		
Restricted donations received in the prior year recognized into development - donations revenue	277,572	246,612
Less:		
Grants deferred and recognized into mandated activities revenue once qualifying expenses incurred	(755,078)	(1,000,550)
Green Angel donations recognized in deferred revenue	(50,117)	(109,065)
Restricted donations recognized in deferred revenue	(356,964)	(109,992)
Restricted donations recognized in deferred operating contributions and endowments	(1,700)	(3,852)
Restricted donations recognized in deferred capital contributions	(247,016)	(986,064)
<b>c) Total development - donations</b>	<b>\$ 1,080,115</b>	<b>\$ 729,366</b>
Investment income earned during the year	\$ 886,410	\$ 1,428,262
Less: Investment management fees	(89,925)	(104,017)
Net investment funds available for allocation	796,485	1,324,245
Allocation to deferred operating contributions	(407,122)	(772,982)
Allocation to internally restricted net assets	(161,472)	(259,776)
Allocation to endowments	(17,841)	(17,491)
<b>d) Total investment income</b>	<b>\$ 210,050</b>	<b>\$ 273,996</b>

ROYAL BOTANICAL GARDENS  
(A Corporation without Share Capital)  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2019

15. FINANCIAL INSTRUMENTS

Risks and Concentrations

The RBG is exposed to various risks through its financial instruments. The following analysis provides a measure of the RBG's risk exposure and concentrations at December 31, 2019.

(a) Liquidity Risk

Liquidity risk is the risk that the RBG will encounter difficulty in meeting obligations associated with financial liabilities. The RBG is exposed to this risk mainly in respect of its accounts payable. The RBG's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time. The RBG achieves this by maintaining sufficient cash and cash equivalents. This risk has not changed from the prior year.

(b) Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The RBG's main credit risks relate to its accounts receivable. The RBG provides credit to its clients in the normal course of its operations. This risk has not changed from the prior year.

(c) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The RBG is exposed to currency risk and other price risk. This risk has not changed from the prior year.

(i) Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Some of the RBG's assets are exposed to foreign exchange fluctuations. As at December 31, 2019, bank indebtedness of \$6,060 (2018: \$1,690) is recorded in US dollars and converted into Canadian dollars. Approximately 38% (2018: 39%) of the RBG's investments are held in US dollars and converted into Canadian dollars.

(ii) Other Price Risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). The RBG is exposed to other price risk due to a substantial portion of its assets being held in investments, which are susceptible to fluctuations in market values. To manage this risk, RBG management and the Board of Directors reviews its investment strategies at least annually with the RBG's investment advisor.

# **City Boards**

**City Boards**



## City Boards and Agencies

### SUMMARY NET BUDGET INFORMATION: Years 2020 and 2021

Board/Agency	2020 Budget Net	2021 NET Preliminary Budget \$	Change \$	Change %
<b>Library</b>				
Operating Budget	31,577,600	32,030,050	452,450	1.4%
Capital Financing	191,240	166,280	-24,960	-13.1%
<b>Library Total</b>	<b>31,768,840</b>	<b>32,196,330</b>	<b>427,490</b>	<b>1.3%</b>
<b>Hamilton Police Services</b>				
Operating Budget	170,815,160	174,258,750	3,443,590	2.0%
Capital Financing	662,384	1,057,034	394,650	59.6%
<b>Hamilton Police Services</b>	<b>171,477,544</b>	<b>175,315,784</b>	<b>3,838,240</b>	<b>2.2%</b>
<b>Hamilton Farmers' Market - Net</b>	<b>112,800</b>	<b>115,010</b>	<b>2,210</b>	<b>2.0%</b>
<b>Total : City Boards</b>	<b>203,359,184</b>	<b>207,627,124</b>	<b>4,267,940</b>	<b>2.1%</b>

This report is based on information available as of Dec 4, 2020 and is subject to change based on final budgets from the respective agencies.



# **Hamilton Public Library (HPL)**

**Library**

# HAMILTON PUBLIC LIBRARY

## BUDGET INFORMATION: 10 Year Summary

Description	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021 NET Preliminary Budget \$
Library Funding	28,038,610	28,038,610	28,082,440	28,513,728	28,815,880	29,443,440	29,981,000	30,700,190	31,577,600	32,030,050
% Operating Increase YoY	1.0%	0.0%	0.2%	1.5%	1.1%	2.2%	1.8%	2.4%	2.9%	1.4%
Capital Financing <i>(in Debt Charges)</i>	69,550	64,480	63,500	62,270	136,950	187,290	187,290	191,240	191,240	166,280
<b>Total Funding</b>	<b>28,108,160</b>	<b>28,103,090</b>	<b>28,145,940</b>	<b>28,575,998</b>	<b>28,952,830</b>	<b>29,630,730</b>	<b>30,168,290</b>	<b>30,891,430</b>	<b>31,768,840</b>	<b>32,196,330</b>
<b>\$ Increase Year over Year</b>	<b>290,295</b>	<b>-5,070</b>	<b>42,850</b>	<b>430,058</b>	<b>376,832</b>	<b>677,900</b>	<b>537,560</b>	<b>723,140</b>	<b>877,410</b>	<b>427,490</b>
<b>% Increase Year over Year</b>	1.0%	(0.0%)	0.2%	1.5%	1.3%	2.3%	1.8%	2.4%	2.8%	1.3%







**Date:** December 16, 2020  
**To:** Chair and Members of the Board  
**c.c.:** Paul Takala, Chief Librarian/CEO  
**From:** Tony Del Monaco, Director of Finance & Facilities  
**Subject:** **2021 Final Operating Budget Report**

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**RECOMMENDATION:**

That the Hamilton Public Library Board approve for submission to the City of Hamilton the 2021 Operating Budget at an increase of \$459,000 or 1.5%.

**FINANCIAL/STAFFING/LEGAL IMPLICATIONS:**

HPL has received direction from City Council for a 2.0% increase with respect to the 2021 operating budget.

The 2021 operating budget is at a 1.5% increase which would result in a \$459,000 increase. The net levy municipal contribution would be \$32,030,050.

The 1.5% increase includes a 0.5% increase for the new Parkdale branch that will be operating out of leased space on the ground floor of Indwell Community Housing's new project on the corner of Parkdale and Melvin Avenues. As part of last year's 2020 budget, the Library brought forward an operating budget enhancement request of \$289,000 split between the 2020 and 2021 budget years.

The Board passed a Statement on Service Continuity, committing the library to maintaining investment in five key areas. Those key areas are: Collections; Facilities; Technology; Staff; and Programs and Services. A 1.5% budget increase allows the Library to achieve these priorities and meet customer service demands.

**BACKGROUND:**

The following provides a recent history of the budget direction that has been received from City Council along with subsequent submissions by the Library Board:

	<u>Direction</u>	<u>Library</u>
2011	2.0%	0.7%
2012	0.0%	1.0%
2013	0.0%	0.0%
2014	0.0%	0.2%
2015	-----	1.5%
2016	1.0%	1.0%
2017	1.8%	1.8%

2018	1.5%	1.8%
2019	-----	2.4%
2020	2.0%	2.5%*
2021	2.0%	1.5%*

*\* includes a 0.5% budget enhancement in 2020 and 2021 related to the new Parkdale library branch.*

As can be seen from past operating budget submissions, the Library has a strong track record of meeting or exceeding City Council's budget guidelines. Over the past decade, the average annual increase in HPL's operating budget has been limited to 1.3% per year.

**2021 Budget Outlook:**

The 2021 Operating Budget is currently at a requested municipal contribution of \$32,030,050 which is an increase of \$459,000 or 1.5% over the 2020 Operating Budget of \$31,571,050.

Attached as Table 1 to this report is a 2021 Budget Summary that provides an overview of the changes by cost category.

Employee related expenses are budgeted to increase by \$21,610. That is made up of a gross increase of \$326,770 for salaries, wages, & benefits which is being offset by the inclusion of a gapping budget of \$305,160. The salary and wage increase includes a 1.6% cost of living adjustment. Increases in employee benefit costs such as vacation pay, OMERS pension contributions, and health benefits are also included.

This year, we have added a gapping provision of \$305,160 to the staffing budget which is offsetting the salary, wage, and benefits increases. The gapping represents staffing vacancies that are expected to go unfilled for a period of time. This may occur as employees retire, leave the organization, change positions, or take temporary leaves of absences.

As part of last year's budget process, City Council approved a living wage for Library Pages. A budget enhancement of 50% of the impact was provided to the Library. To offset the impact and cover the remaining 50%, budgeted page hours have been reduced but still remain in-line with actual Page hours utilized the last several years.

With our new Greensville branch nearing completion and expected to open in 2021, we will realize lease savings that has allowed us to remove \$39,000 from our lease budget. Operating costs for the new Parkdale branch have been added to the budget resulting in a slight increase of \$29,000 overall for the Building & Grounds budget.

The Contractual Services budget has been increased by \$143,000. This mainly relates to a \$150,000 right-sizing of the budget related to service and maintenance contracts for various equipment across the system such as RFID gates, self check-out units, and sorters.

The Reserve/Recoveries budget is increasing by \$144,080. This is primarily related to a new dedicated reserve transfer of \$85,000 annually to the Library's Capital Enhancement Reserve. Now that many facilities have been recently updated, we now need to ensure we have dedicated funding to keep our spaces fresh and inviting. This new budget item would provide us with dedicated dollars on an annual basis to build up our reserves for future branch refreshes. Also, part of the increase (\$39,000) is related to our share of the City's property insurance recovery allocation.

On the Revenue side, our Fees, General, & Other Grants budget has decreased by \$172,700. This is a result of several factors. First, our Fines budget has been eliminated and reduced by \$280,000. This is to reflect the permanent removal of youth fines and the suspension of all fines to the end of 2021. Second, to reflect various grants we have been receiving on a consistent basis the last several years, \$95,000 has been added to this budget line. This includes \$60,000 related to Ontario 211 funding to support our Redbook initiative and \$35,000 in various Young Canada Works grants to support youth employment. Third, lease payments for the automated teller machine at the new Carlisle branch that we have started receiving from TD Bank have also been added to the budget (\$12,300).

Our Government Grants & Subsidies budget has increased by \$47,000 which includes grant increases related to the Newcomer Learning Centre grant of \$22,000 and a \$25,000 provision for the New Horizons Grant that we have been receiving in recent years to support Seniors programming.

Attached to this report as Table 2 is a line by line detail of the 2021 operating budget changes.

### **Impact of Covid-19**

We are expecting that Covid will have an impact on operations for most if not all of 2021. We are expecting Covid-related expenses to be about \$80,000 for the year, related to supplies for staff and the public such as hand sanitizer, gloves, sanitizing wipes & spray. We are also expecting revenues related to printer and photocopier usage to be below budget. We have not adjusted the 2021 budget for these items because we expect to be able to cover these costs with expected savings in other budget areas such as staff vacancies and programming expenses.

### **Parkdale Budget Enhancement**

As part of last year's budget process, we submitted and were approved for a budget enhancement request for 50% of the operating costs of the new Parkdale branch. We were also approved for a \$250,000 capital budget to fit up and equip the new leased space from which we will be operating. Because the Parkdale branch was not expected to be fully operational in 2020, the operating budget enhancement was split 50/50% between the 2020 and 2021 budget years. The remaining budget enhancement of \$144,000 forms part of our 1.5% 2021 budget submission.

The budget enhancement is to fund the operating costs of the new Parkdale branch. This mainly relates to staffing and security to allow the branch to be open to the public for 59 hours per week. This would also be used to cover annual lease payments. Facility operating, supplies and programming costs are also included in the enhancement request. Indwell has designed the space to Passive House standards which will keep costs for heating, hydro and cooling low compared to other sites.

We expect to be operating out of the new location in Q1/Q2 2021.

Further details on the new mini-branch include:

- Approximately 1,500 square feet
- Passive House design will be energy efficient to help keep operating costs low
- Meets space specifications as per our Library Facilities Master Plan including:
  - One-storey that meets accessibility standards.
  - Designed with energy efficiency and environmental sensitivity in mind.
  - Flexible space that allows for easy adaptation for future library services.
- The location of the branch is consistent with our Facilities Master Plan:
  - Located on main thoroughfare with a clearly visible entrance and street presence.
  - Located in a community with a high population cluster.
  - A walkable location for many in the community.
  - Located along and near two major bus routes (2 – Barton; 11 – Parkdale)
- Branch amenities would include:
  - Popular collection
  - Public computers
  - Free WiFi
  - Programming
  - Staffing compliment to be open 59 hours per week
  - On-site security
- The branch will complement other existing community supports and help to foster community engagement, enhance social inclusion, advance early literacy, and promote lifelong learning.

### **Three Year Outlook**

The Library participates in the City's multi-year budgeting initiative. Operating budgets are still approved on an annual basis, however a three year forecast – in addition to the current budget year - now accompanies the annual budget. The three year forecast is for information purposes only.

We are forecasting a 2.2% to 2.3% operating budget increase in each of the next three years to maintain current levels of service and address the following key budget drivers:

- A 2.2% percent increase in employee related costs has been assumed over the three year period to cover estimated cost of living increases as well as potential increases in employee benefit costs. Starting in 2022 and in each year subsequent to that, we have included a provision for a \$50,000 to \$100,000 reduction to the level of gapping for which we are budgeting as vacancies are filled on a more regular basis.
- The Materials & Supply budget includes a modest increase to our furniture budget to allow us to better update our spaces and the furnishings within.
- Vehicle expenses includes a modest budget reduction for the anticipated purchase of new bookmobiles that would require less maintenance & repairs.
- Building and Ground shows an increase for inflationary lease costs and security contract costs.
- Small provision for Consulting services added in 2023.
- Continued increases to the equipment service & maintenance budget has been included as part of Contractual Services at \$25,000 to \$50,000 per year.
- An increased provision for reserve recoveries of between \$25,000 and \$50,000 to allow us to build reserves for future needs such as branch refreshes, digital equipment purchases & replacements. Now that many facilities have been recently updated and planning is underway for our Carlisle and Mount Hope locations, no other branches remain unsustainable in their current condition. We now need to shift our focus to ensuring our spaces remain fresh and welcoming. To do this we would like to start building in budget increases over the near term that would provide us with dedicated dollars on an annual basis to build up our reserves for minor branch refreshes so we can continue to meet our member expectations.
- The increase in City Recoveries relate to estimated increases in direct cost allocation changes from the City and have been assumed at \$25,000 to \$50,000 per year.
- Indirect City Cost allocations have been estimated to increase by 2% inflation.

- Fees, General, & Other Grant revenues are projected to increase moderately with respect to photocopy & print revenues.

### **Service Hours Enhancements**

Over the last several years, the Library has been addressing gaps in service hours, which was identified as a priority from our recent customer survey. Using existing budget capacity we have been able to add over 150 open hours per week. Gaps remain but cannot be addressed without an increase in budget resources. We are proposing a series of small increases above the maintenance budget. Additional increases of 1.5% and 0.4% in 2023 to 2024 respectively are currently proposed as part of the three-year forecast. Timing and cost of the service hours budget enhancements will be re-assessed post-Covid.

Attached as Table 3 to this report is the 2021 Budget summary plus a three year forecast for the 2022-2024 period.

**Table 1 - 2021 Budget Summary**

	2020	2021	2021-2020	2021-2020
	Budget	Budget	Change	Change
	\$	\$	\$	%
<b>Net Levy</b>	<b>31,571,050</b>	<b>32,030,050</b>	<b>459,000</b>	<b>1.5%</b>
EMPLOYEE RELATED COST	22,480,920	22,502,530	21,610	0.1%
MATERIAL AND SUPPLY	3,751,280	3,751,280	-	-
VEHICLE EXPENSES	85,640	101,360	15,720	18.4%
BUILDING AND GROUND	2,524,640	2,553,660	29,020	1.1%
CONSULTING	-	-	-	-
CONTRACTUAL	1,529,710	1,672,710	143,000	9.3%
RESERVES / RECOVERIES	2,341,330	2,485,410	144,080	6.2%
COST ALLOCATIONS	241,200	236,370	(4,830)	(2.0%)
FINANCIAL	390,720	375,420	(15,300)	(3.9%)
<b>Total Expenses</b>	<b>33,345,440</b>	<b>33,678,740</b>	<b>333,300</b>	<b>1.0%</b>
FEES, GENERAL, & OTHER GRANTS	(554,940)	(382,240)	172,700	(31.1%)
GOVERNMENT GRANTS AND SUBSIDIES	(1,219,450)	(1,266,450)	(47,000)	3.9%
<b>Total Revenue</b>	<b>(1,774,390)</b>	<b>(1,648,690)</b>	<b>125,700</b>	<b>(7.1%)</b>

**Table 3 - Three Year Forecast**

	2020	2021	2021	2022	2023	2024
	Budget	Budget	Change	Change	Change	Change
<b>Maintenance Budget</b>						
<b>\$ Net Levy</b>	<b>31,571,050</b>	<b>32,030,050</b>	<b>459,000</b>	<b>710,810</b>	<b>739,051</b>	<b>732,864</b>
<b>% increase</b>			<b>1.5%</b>	<b>2.2%</b>	<b>2.3%</b>	<b>2.2%</b>
EMPLOYEE RELATED COST	22,480,920	22,502,530	21,610	545,056	587,047	619,962
MATERIAL AND SUPPLY	3,751,280	3,751,280	-	5,000	5,000	10,000
VEHICLE EXPENSES	85,640	101,360	15,720	2,027	(20,000)	1,668
BUILDING AND GROUND	2,524,640	2,553,660	29,020	14,000	14,682	13,816
CONSULTING	-	-	-	-	15,000	-
CONTRACTUAL	1,529,710	1,672,710	143,000	50,000	50,000	25,000
RESERVES / RECOVERIES	2,341,330	2,485,410	144,080	100,000	100,000	75,000
COST ALLOCATIONS	241,200	236,370	(4,830)	4,727	4,822	4,918
FINANCIAL	390,720	375,420	(15,300)	-	2,500	2,500
<b>Total Expenses</b>	<b>33,345,440</b>	<b>33,678,740</b>	<b>333,300</b>	<b>720,810</b>	<b>759,051</b>	<b>752,864</b>
FEES, GENERAL, & OTHER GRANTS	(554,940)	(382,240)	172,700	-	(10,000)	(10,000)
GOVERNMENT GRANTS AND SUBSIDIES	(1,219,450)	(1,266,450)	(47,000)	(10,000)	(10,000)	(10,000)
<b>Total Revenue</b>	<b>(1,774,390)</b>	<b>(1,648,690)</b>	<b>125,700</b>	<b>(10,000)</b>	<b>(20,000)</b>	<b>(20,000)</b>
<b>Budget Enhancements</b>						
<b>SERVICE HOURS**</b>					<b>476,000</b>	<b>143,000</b>
<b>% increase</b>					<b>1.5%</b>	<b>0.4%</b>
<b>Total Budget Impact</b>		<b>32,030,050</b>	<b>459,000</b>	<b>710,810</b>	<b>1,215,051</b>	<b>875,864</b>
<b>% increase</b>			<b>1.5%</b>	<b>2.2%</b>	<b>3.7%</b>	<b>2.6%</b>

\*\*Timing & Cost of Service Hours Budget Enhancement to be re-assessed post-Covid.

# **Hamilton Police Service**

**Police**



## HAMILTON POLICE SERVICES

### BUDGET INFORMATION: 10 Year Summary

Description	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021 NET Preliminary Budget \$
Net Operating Budget	134,712,320	139,701,970	143,880,230	148,376,580	152,533,891	156,616,870	160,470,610	164,290,320	170,815,160	174,258,750
Capital Financing	929,220	712,650	714,390	715,410	716,200	716,500	716,504	805,754	662,384	1,057,034
<b>Total Funding including capital</b>	<b>135,641,540</b>	<b>140,414,620</b>	<b>144,594,620</b>	<b>149,091,990</b>	<b>153,250,091</b>	<b>157,333,370</b>	<b>161,187,114</b>	<b>165,096,074</b>	<b>171,477,544</b>	<b>175,315,784</b>
\$ Increase YoY for Operating Budget only	4,415,930	4,989,650	4,178,260	4,496,350	4,157,311	4,082,979	3,853,740	3,819,710	6,524,840	3,443,590
% Increase YoY for Operating Budget only	3.4%	3.7%	3.0%	3.1%	2.8%	2.7%	2.5%	2.4%	4.0%	2.0%

**NOTES:**

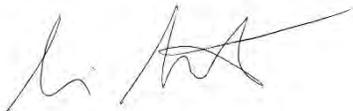
- The 2021 budget above is shown at 2020 budget + 2% based on City guidelines.  
A budget adjustment will be required based on the budget approved by the Police Services Board.





# HAMILTON POLICE SERVICE

## RECOMMENDATION REPORT

<b>TO:</b>	Chair and Members Hamilton Police Services Board
<b>BOARD MEETING DATE:</b>	December 17, 2020
<b>SUBJECT:</b>	2021 Hamilton Police Service Operating & Capital Budgets
<b>REPORT NUMBER:</b>	20-112
<b>SUBMITTED BY:</b>	Eric Girt, Chief of Police
<b>SIGNATURE:</b>	

### RECOMMENDATION(S)

- a) That the Hamilton Police Service Board (Board) approve the 2021 Hamilton Police Service (HPS) operating and capital budgets, representing a 3.32% increase over 2020.

### EXECUTIVE SUMMARY

The HPS proposed 2021 operating and capital budget represents increases to operating expenses as highlighted below, and a decrease to capital budget.

Collective Agreement increases and the annualization of salary and benefits for the new FTEs approved during the 2020 budget process are the main budget cost drivers for 2021.

The 2021 budget request includes two (2) new FTEs: one (1) Civilian - Equity, Diversity and Inclusion (EDI) Specialist, as previously approved by the Board (PSB 20-082) and one (1) Sworn – Detective Constable – Sexual Assault Unit (SAU).

The increases in operating expenditures are mainly a result of the annualized operating costs of the new Investigative Services Division (ISD) building and negotiated wage/benefit increases.

In addition, provincial and federal grants and subsidies have also been reduced from 2020.

Capital expenditures have decreased over 2020.

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**Vision:** To be a trusted partner in delivering public safety.

**Mission:** To serve and protect in partnership with our communities.

**Our Values:** Compassionate, Dedicated, Inclusive, Integrity, Innovative, Professional, Teamwork

## FINANCIAL – STAFFING – LEGAL IMPLICATIONS

### Financial:

As detailed in the table below, the proposed 2021 HPS total combined budget (Operating + Capital) represents an overall increase of \$5.69M or 3.32% over the 2020 total combined budget.

Description	2020 Budget	Proposed Increase	2021 Proposed Budget	% Increase **
Operating Budget	\$168,274,259	\$5,973,974	\$174,248,233	3.48%
Capital Budget	\$ 3,203,273	\$ (287,612)	\$ 2,915,661	(0.17%)
<b>Total HPS Budget</b>	<b>\$171,477,532</b>	<b>\$5,686,362</b>	<b>\$177,163,894</b>	<b>3.32%</b>

\*\* % increase / (decrease) over the Total 2020 Combined Budget, anomalies due to rounding

As at October 31, 2020, the Service is projecting a year-end surplus of approximately \$3,000. Appendix F is the Budget Variance Report as at October 31, 2020.

### Staffing:

The 2021 HPS budget request includes two (2) new FTEs. One (1) new Civilian FTE: EDI Specialist previously approved by the Board (PSB 20-082) and one (1) Detective Constable - SAU. This last position has been reviewed in 2019 and 2020; the Board deferred this for consideration in the 2021 Budget.

The budget request also reflects the annualization of the salary and benefits for new positions (FTEs) approved during the 2020 budget process. It includes the annualization of eight (8) Police Constables for the approved Traffic Unit, one (1) Sexual Assault Support Program Coordinator in Victims of Crime, two (2) Special Constables in Provincial Offenses Act (POA) and six (6) Police Cadets.

### Legal Implications:

Not applicable

## INFORMATION

In accordance with Section 39 of the *Police Services Act*, the HPSB is required to approve annual budget allocations to provide the funding necessary for the operations of the Police Service. The annual operating and capital budgets, along with strategic planning documents, including the HPS Business Plan, enable the Service to establish and achieve its strategic priorities, while meeting the policing needs of the Community, in an adequate, effective and efficient manner.

### 2021 OPERATING BUDGET – (Appendix A)

**Vision:** To be a trusted partner in delivering public safety.

**Mission:** To serve and protect in partnership with our communities.

**Our Values:** Compassionate, Dedicated, Inclusive, Integrity, Innovative, Professional, Teamwork

The HPS, along with the Board's Budget Sub-Committee, has completed its 2021 combined operating and capital budget process resulting in a net budget request of \$177.16M (2020 - \$171.48M).

Total operating expenditures budgeted for 2021 \$185.82M (2020 - \$179.76M) which is offset by non-levy revenue of \$11.57M (2020 - \$11.49M). This request represents an increase of \$5.97M or 3.48% over the 2020 HPS combined budget (Appendix A).

The table below summarizes the key drivers for the net increase of \$5.97M, which are explained in greater detail in sections to follow.

### 2021 Total Operating Budget (\$ million)

Category	Incremental Change	
1. Employee Related Costs	\$4.37	2.55%
2. Operating Expenditures	\$1.69	0.98%
3. Revenues – Increase	(\$0.09)	(0.05%)
<b>Total Operating Budget Increase</b>	<b>\$5.97</b>	<b>3.48%</b>

### **Employee Related Costs - \$4.37 million or 2.55% increase**

The table below summarizes drivers to employee related costs for the 2021 operating budget.

### 2021 Employee Related Costs (\$ million)

Compensation Items	Increase	% Increase
Salary/Wages/Benefits – Collective Agreements	\$3.48	2.03%
Annualized Salary/Benefits – 2020 New FTEs	\$0.62	0.36%
New 2021 FTE – Salary/ Benefits - Equity, Diversity & Inclusion Specialist & Detective Constable - SAU	\$0.25	0.15%
Other employee related costs	\$0.02	0.01%
<b>Incremental Increase</b>	<b>\$4.37</b>	<b>2.55%</b>

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The Hamilton Police Service budget is largely composed of employee related costs. Employee related costs (i.e. wages, benefits) account for \$167.99M or 90.40% of the total 2021 gross operating budgeted expenditures of \$185.82M. Consequently, employee related costs represent the most significant budget pressure each year, mostly related to the negotiated collective agreements.

In late 2019, the Board and the Hamilton Police Association (HPA) ratified a new Collective Agreement from January 1, 2018 through to December 31, 2020. In May 2020, the Board also ratified a new Collective Agreement with the Senior Officers Association (SOA) from January 1, 2017 to December 31, 2022.

As such, an estimated percentage was used to reflect potential contractual increase for 2021. The budget impact on salary and wages for 2021 is estimated at \$3.48M or 2.03%. This estimated increase also includes other monetary Collective Agreement obligations such as merit increases, general allowances and job evaluation increases.

As a result of collective agreement increases, employee benefits will increase accordingly (OMERS, Government and Employer benefits). In addition, the government/employer benefits reflect year 3 of the CPP contribution increase, per Bill C-26, CPP Enhancement (1% by 2023).

Furthermore, the 2020 approved operating budget included 8 new sworn officers for the newly created Traffic Enforcement Unit, one (1) civilian Sexual Assault Support Program Coordinator in Victims of Crime unit, two (2) Special Constables in the POA and six (6) Police Cadets with a hiring and deployment strategy which transitioned the financial impact between 2020 and 2021. As such, the 2021 financial impact, including benefits, is \$0.62M or 0.36% over the 2020 HPS combined budget.

In October 2020, the Board approved the addition of an EDI Specialist position to the Service. The Service identified a need for a full time position to support its ongoing efforts to achieve a diverse and inclusive workplace, and to collaborate with external partners to develop and deliver related programs and services. The need for the position stems from the volume of work that will come from responding to the upcoming workforce census, and in supporting several of the recommendations out the recent Pride Review. The EDI position, will have an annual financial impact (salary & benefits) of \$0.11M or 0.06% over the 2020 combined budget.

The 2021 budget request also includes a new Sworn position: Detective Constable - SAU.

In 2018, the Sexual Assault Community Review Team (SACRT) was formed to review the sexual assault cases and “acknowledged the sexual assault unit detective’s workload was too substantial to manage”. It recommended two (2) new Detective Constables be approved.

One (1) new Detective Constable – SAU was approved in 2019 and one (1) Civilian Sexual Assault Support Coordinator in 2020. The second Detective Constable was deferred to 2021

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while SACRT continued to review the workload analysis. As such, though average times per case have decreased, more assistance is needed to provide better services to the most vulnerable victims of crime. Please refer to SACRT Update PSB #20-103.

Moreover, other employee costs such as employee allowances, training charges have also increased as shown in Appendix A.

Overall, employee related costs account for 2.55% of the 3.32% requested total budget increase for 2021.

### **Operating Expenditures - \$1.69 million or 0.98% Increase**

The annualized operating costs for the new ISD building is one of the main drivers for the increase in the 2021 operating expenditures. In September 2020, the HPS opened the new ISD Building. As a result, the 2021 budget reflects the full-year annual operating expenses required to maintain the building. This includes hydro, contractual services, other related building expenses as well as, the annual debt payment. Daily operating expenses have increased by \$0.30M mostly attributed to utilities (heat, hydro, water & sewer).

In addition to the utilities increase, the other major cost driver for the ISD building is the annualized debt repayment. In the first year of operation, only 50% of the annual debt repayment gets budgeted. In year 2 and thereafter, the full annual repayment gets incurred. As such, the debt repayment increased by \$0.75M for 2021.

Therefore, \$1.06M of the \$1.69M increase in HPS operating expenditures is attributed to the new ISD building coming fully online in 2021.

Appendix A summarizes the increases/decreases by category while Appendix C provides the increase/decrease, line by line, for the HPS.

### **Operating Revenues – (\$0.09M) or (0.05%) Increase**

HPS transitioned to a “verified response” alarm protocol in September 2019 whereby alarm companies have to confirm a criminal offense before dispatching Officers to the scene. With the HPS having a full year of data following the transition in 2019, revenues have been slightly increased by (\$0.02M) to reflect anticipated revenue for 2021.

In addition, HPS has been able to maintain paid duty revenue through the pandemic with event bookings shifting from festivals, events and movie shoots to construction projects. As such, an annual increase in paid duty revenue of (\$0.15M) is anticipated.

Furthermore, on the same basis, Police Clearances is also anticipated to increase by (\$0.06M). Police Clearance revenue significantly decreased in 2020 due to COVID, however, with the anticipated return to pre-COVID normalcy, HPS expects clearances to also return to historical levels.

The development charges (DC) revenue have increased by (\$0.18M) in correlation to the increase of the annual debt repayment for the ISD building.

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Provincial and federal grants and subsidies have either been reduced and/or eliminated. These grants include Cannabis Enforcement Team grant of \$0.26M, Exit Prostitution grant of \$0.02M and COAST program of \$0.05M. The HPS continuously tries to benefit and apply for any provincial/federal grants available.

Appendix A summarizes the increase/decrease in budgeted revenues.

### **Operating Budget – Summary**

The net operating budget request of \$5.97M represents an increase of 3.48% over the 2020 combined net HPS budget.

The driving factors for the proposed increase are attributed to the collective agreement increases, the annualization of the new FTEs approved in the 2020 budget, the new FTEs proposed for 2021, the annualization of the operating costs of the new ISD facility and the reduction of policing grants and subsidies from the federal and provincial governments.

### **2021 CAPITAL BUDGET – (Appendix B)**

The HPS adheres to the City's policy and practice for capital expenditures which is defined as any asset expenditure greater than \$50,000 and an estimated useful life greater than one year.

As such, the HPS has completed its 2021 capital expenditure budget process resulting in a net budget request of \$2.92M (2020 – \$3.20M), a decrease of (\$0.29M) or (0.17%) over the 2020 HPS combined budget.

The decrease is driven by reduction in police vehicles, information technology and other one-time capital items as shown in Appendix B.

### **Reserve / Capital Recoveries - Capital**

In 2020, the HPS budgeted \$1.12M from Police allotted and City Reserves to partially fund and offset the increase in one-time capital projects.

### **Capital Budget – Summary**

The 2021 net capital budget request of \$2.92M represents a (\$0.29M) or (0.17%) decrease over 2020 HPS combined budget.

### **SUMMARY – Combined Net HPS Budget**

The total 2021 HPS budget request amounts to \$177.16M, a combined (operating + capital) budgetary increase of \$5.69M or 3.32% increase over the 2020 total HPS budget.

The main factors driving the requested budget increase over prior year are:

- Collective Agreement Requirements
- Annualization of the FTEs approved in the 2020 HPS budget

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- Two (2) new 2021 FTEs
- Annualization of the yearly operating expenditures of the new ISD facility
- Reduction/elimination of several provincial and federal grants & subsidies

This requested increase represents the necessity to provide adequate and effective policing to meet the needs of the Community.

*\*Several Police Services throughout the Province receive budgeted assessment growth projection in their budget requests. If the HPS considers the same assessment growth projections 1.0%, as provided by the City of Hamilton, the 2021 combined budget request would be 2.32%.*

### **Multi – Year Budgets**

The City initiated the multi-year rolling budget process in an effort to increase accountability and transparency for all City departments, boards and agencies, including the HPS. It provides the Board and the public with a better understanding of HPS cost drivers, services, and performance for both current and future budget years. Appendix E provides a table of the multi-year rolling budget for HPS for the period 2022 – 2024.

### **ALTERNATIVES FOR CONSIDERATION**

1. That the Hamilton Police Service Board (Board) approve the 2021 Hamilton Police Service (HPS) operating and capital budgets, representing a 2.98% increase over 2020.

During 2020, the HPS incurred unexpected costs due to the COVID-19 pandemic. The HPS is anticipating to fully recover those COVID costs of approximately \$0.58M in 2020 through government funding. This funding will increase the Service's year-end variance by \$0.58M. This funding can potentially be applied to offset some of the 2021 budget pressures, which will result in a decrease of the 2021 HPS total combined budget request from 3.32% to 2.98%. While decreasing the budget is advantageous, use of this funding for the reduction of the 2021 budget will create pressures in the following year as there is no guarantee that the Service will be able to replicate this revenue. The Service anticipates continued pressures from the COVID-19 pandemic in 2021. If the Board does not select this alternative, the \$0.58M will be placed in HPS reserves.

A detailed review of these reserves indicate that the balances are at low levels and are inadequate to address any unanticipated/long term budget pressures and/or any unanticipated annual obligations.

Funding from the HPS discretionary reserves is not a sustainable funding practice and, thus, is not recommended. These reserves are replenished solely through annual year-end surplus funds.

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Appendix G shows HPS discretionary reserves as at October 31, 2020 along with year- end projected balances.

**APPENDICES AND SCHEDULES ATTACHED:**

Appendix A – 2021 Operating Budget Analysis

Appendix B – 2021 Capital Budget Analysis

Appendix C - 2021 Budget Increases / Decreases Analysis

Appendix D - 2021 Detailed Budget

Appendix E – 2021 - 2024 Multi-Year Budgets

Appendix F – Budget Exception Report as at October 31, 2020

Appendix G – HPS Discretionary Reserves as at October 31, 2020

cc: Frank Bergen, Deputy Chief – Operations  
Ryan Diodati, Deputy Chief – Support  
Anna Filice, Chief Administrative Officer  
John Randazzo, Director of Finance/CFO

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**Hamilton Police Service**  
**Multi-Year Budget Forecast**  
**2021 to 2024**  
**\$ in Million**

**Appendix E**

**OPERATING BUDGET**

**Operating Revenues**

	2021	2022	2023	2024
Grants and Subsidies	\$ 8.58	\$ 8.60	\$ 8.60	\$ 8.60
Fees and General Revenues	2.69	2.69	2.69	2.69
Reserves/Capital Recoveries	0.30	0.30	0.30	0.30
<b>Total Operating Revenues</b>	<b>\$ 11.57</b>	<b>\$ 11.59</b>	<b>\$ 11.59</b>	<b>\$ 11.59</b>

**Operating Expenses**

Employee Related Costs	\$ 167.99	\$ 170.71	\$ 173.81	\$ 176.96
Capital Financing	1.53	1.53	1.53	1.53
Financial	0.46	0.46	0.46	0.46
Material and Supplies	5.77	5.81	5.61	5.59
Vehicle Expenses	2.01	2.06	2.11	2.16
Buildings and Grounds	3.09	3.08	3.02	3.03
Consulting	0.07	0.05	0.07	0.09
Contractual	1.04	1.05	1.05	1.05
Agencies and Support Payments	0.04	0.04	0.04	0.04
Reserves/Recoveries	3.16	3.10	3.10	3.10
Cost Allocations	0.66	0.66	0.66	0.66

**Total Operating Expenditures**

**Total Net Operating Expenditure**

**% change over PY (Total Budget)**

<b>Total Operating Expenditures</b>	<b>\$ 185.82</b>	<b>\$ 188.55</b>	<b>\$ 191.46</b>	<b>\$ 194.67</b>
<b>Total Net Operating Expenditure</b>	<b>\$ 174.25</b>	<b>\$ 176.96</b>	<b>\$ 179.87</b>	<b>\$ 183.08</b>
<b>% change over PY (Total Budget)</b>	<b>3.48%</b>	<b>1.53%</b>	<b>1.61%</b>	<b>1.75%</b>

**CAPITAL BUDGET**

**Capital Revenues**

Police Capital Reserve	\$ 0.18	\$ 0.18	\$ 0.18	\$ 0.18
Police Vehicle Reserve	0.13	0.13	0.13	0.13
Police Related Development Charges	-	-	-	-
<b>Total Capital Revenues</b>	<b>\$ 0.30</b>	<b>\$ 0.30</b>	<b>\$ 0.30</b>	<b>\$ 0.30</b>

**Capital Expenditures**

Transfer to Reserves (Police Vehicle Purchases)	\$ 2.20	\$ 2.98	\$ 2.36	\$ 2.31
Transfer to Reserves (Information Technology)	0.77	0.32	0.33	0.30
Transfer to Reserves (Other Capital Items)	0.25	1.26	1.32	1.02
<b>Total Capital Expenditures</b>	<b>\$ 3.22</b>	<b>\$ 4.57</b>	<b>\$ 4.01</b>	<b>\$ 3.63</b>
<b>Total Net Capital Expenditures</b>	<b>\$ 2.92</b>	<b>\$ 4.27</b>	<b>\$ 3.71</b>	<b>\$ 3.33</b>

<b>% change over PY (Total Budget)</b>	-0.17%	0.77%	-0.31%	-0.21%
<b>Total Police Budget (Operating + Capital)</b>	\$ 177.16	\$ 181.23	\$ 183.58	\$ 186.42
<b>Total % change over PY (Total Budget)</b>	3.32%	2.30%	1.30%	1.54%

# **Hamilton Farmers' Market**

**Farmers' Mkt**



## HAMILTON FARMERS' MARKET CORPORATION

### BUDGET INFORMATION: 10 Year Summary

Description	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021 NET Preliminary Budget \$
Gross Expenditures				723,689	695,009	707,500	829,180	821,480	805,460	807,670
Revenues Earned				-555,990	-587,500	-598,050	-718,080	-708,680	-692,660	-692,660
<b>City Funding - Net</b>				<b>167,699</b>	<b>107,509</b>	<b>109,450</b>	<b>111,100</b>	<b>112,800</b>	<b>112,800</b>	<b>115,010</b>
<b>\$ Increase Year over Year</b>				<b>-3,552</b>	<b>-60,190</b>	<b>1,941</b>	<b>1,650</b>	<b>1,700</b>	<b>0</b>	<b>2,210</b>
<b>% Increase Year over Year</b>				<b>(2.1%)</b>	<b>(35.9%)</b>	<b>1.8%</b>	<b>1.5%</b>	<b>1.5%</b>	<b>0.0%</b>	<b>2.0%</b>

**Notes:**

1. In December 2014, the City of Hamilton incorporated Hamilton Farmers' Market Corporation as a not-for-profit entity for the purpose of operating the Market. The City is its sole voting member. The board of directors is comprised of councillors, citizen members and vendor members.
2. The City executed an Operating Agreement with the Hamilton Farmers' Market Corporation, per Appendix "A" to Report CM12009 - GIC Date: December 2, 2015
3. Prior to its incorporation, the Hamilton Farmers' Market was operated as a part of a City department.
4. The 2021 budget above is shown at 2020 budget + 2% based on City guidelines.  
A budget adjustment will be required based on the budget approved by the Hamilton Farmers' Market Corporation.



**5.04 Budget Details by DeptID**

Version: 1 Preliminary Budget

Hamilton Farmers Market

	2020	2021	2021
	Restated	1 Preliminary Budget vs.	1 Preliminary Budget vs.
	Version	Restated Budget (\$)	Restated Budget (%)
		CHANGE	CHANGE
<b>Boards and Agencies</b>			
720400 Hamilton Farmers Market			
<b>Net Levy</b>	<b>112,800</b>	<b>2,256</b>	<b>2.0%</b>
<u>EMPLOYEE RELATED COST</u>			
51001 Salaries	166,870	-63,552	(38.1%)
51101 Wages	98,660	69,868	70.8%
51106 Wages - Overtime	-	-	-
51704 Shift Premium	-	1,533	-
51706 Vacation Pay	-	3,737	-
51707 Statutory Holidays	-	3,156	-
51711 Retroactive Payments	-	-	-
51735 Severance Pay	-	-	-
51802 Pensions - Omers	17,090	-5,160	(30.2%)
51803 Sick Pay 100%	-	-	-
51811 Government Benefit	20,310	950	4.7%
51815 Employer Benefits	17,690	-10,250	(57.9%)
51821 Pay In Lieu Of Benefits	-	-	-
51898 WSIB Benefit Recovery	4,350	190	4.4%
56510 Parking Expenses	100	(100)	(100.0%)
<b>Total EMPLOYEE RELATED COST</b>	<b>325,070</b>	<b>372</b>	<b>0.1%</b>
<u>MATERIAL AND SUPPLY</u>			
53035 Medical Supplies	50	-	-
53050 Office Supplies	1,000	(750)	(75.0%)
53051 Operating Supplies	1,500	(1,012)	(67.5%)
53057 Office Services	-	-	-
53059 Cleaning Supplies	8,500	(500)	(5.9%)
53074 Small Tools	-	-	-
53110 Fees-Administrative	-	-	-
53251 Computer Software	2,400	-	-
53405 Computer Hardware	-	-	-
53445 Operating Equipment	5,000	(4,000)	(80.0%)
53591 Furniture And Fixtures	200	(200)	(100.0%)
53606 Food / Meals	50	(50)	(100.0%)
53747 Merchandise	-	-	-
53865 Subscriptions	500	-	-
53910 Boot Allowance	-	-	-
53940 Uniforms And Clothing	300	-	-
54721 R&M:Electricals	-	-	-
54915 General Maintenance/Repairs	4,000	(2,500)	(62.5%)
55606 Postage/Freight/Courier	50	-	-
55610 Printing and Reproduction	1,500	-	-
57548 Meeting Expenses	2,500	(2,500)	(100.0%)
<b>Total MATERIAL AND SUPPLY</b>	<b>27,550</b>	<b>(11,512)</b>	<b>(41.8%)</b>
<u>BUILDING AND GROUND</u>			
54401 Building Repairs	-	-	-
55372 Rent-Parking	55,000	(10,000)	(18.2%)
56091 Garbage Collection	9,000	-	-
56115 Heating Fuel - NG	18,000	2,000	11.1%
56120 Hydro	70,000	9,115	13.0%
56147 DIR_IP Telephony Charges	580	60	10.3%
56180 Water & Sewer	12,000	-	-

**5.04 Budget Details by DeptID**

Version: 1 Preliminary Budget

Hamilton Farmers Market

	2020	2021	2021
	Restated	1 Preliminary Budget vs.	1 Preliminary Budget vs.
	Version	Restated Budget (\$)	Restated Budget (%)
		CHANGE	CHANGE
56202 Security	18,000	(18,000)	(100.0%)
<b>Total BUILDING AND GROUND</b>	182,580	-16,825	(9.2%)
<u>CONTRACTUAL</u>			
55332 Rent-Cellular Phones	500	-	-
55401 Advertising & Promotion	55,000	(17,000)	(30.9%)
55525 Computers	-	-	-
55925 Contract - Building Cleaning	-	-	-
55944 Pest Control	9,500	(1,000)	(10.5%)
57614 Community Programming	-	-	-
<b>57683 Programming</b>	24,200	(18,944)	(78.3%)
<b>Total CONTRACTUAL</b>	89,200	(36,944)	(41.4%)
<u>RESERVES / RECOVERIES</u>			
58101 Trnsfr To Resrv Frm Curr	3,000	-	-
58755 Recov Others	-	-	-
59433 DIR_Hardware Lease/Mtce Re	2,160	1,590	73.6%
59434 DIR_Ricoh Printers Recovery	960	-210	(21.9%)
59450 DIR_Facilities Recovery	107,250	5,362	5.0%
59460 DIR_Postage/Freight/Courier	-	-	-
59461 DIR_Printing and Reproduction	-	-	-
<b>Total RESERVES / RECOVERIES</b>	113,370	6,742	5.9%
<u>COST ALLOCATIONS</u>			
58980 C.A. - CUP Operations	51,180	13,860	27.1%
59043 C.A. - Horticulture	1,060	-	-
59089 C.A.-Security	-	20,000	-
<b>Total COST ALLOCATIONS</b>	52,240	33,860	64.8%
<u>FINANCIAL</u>			
52425 Legal Fees	-	-	-
52873 Credit Card Charges	800	-	-
55709 Audit Fees	9,000	-	-
55764 Membership Fees	650	-	-
55784 SOTO Annual Program	-	-	-
<b>Total FINANCIAL</b>	10,450	-	-
<u>CAPITAL EXPENDITURES</u>			
59212 Construction	5,000	-	-
<b>Total CAPITAL EXPENDITURES</b>	5,000	-	-
<b>Total Expenses</b>	<b>805,460</b>	<b>-24,307</b>	<b>(3.0%)</b>
<u>FEES AND GENERAL</u>			
45535 Merchandise Sales	-4,500	-	-
45625 Sponsorships	-125,000	-	-
46040 Daily Rentals - Market	-7,500	2,500	(33.3%)
46072 Monthly Rentals - Market	-512,660	24,063	(4.7%)
47500 Interest Earned	-	-	-
48000 Utility Recovery	-43,000	-	-
<b>Total FEES AND GENERAL</b>	-692,660	26,563	(3.8%)
<b>Total Revenue</b>	<b>-692,660</b>	<b>26,563</b>	<b>(3.8%)</b>
<b>Total Hamilton Farmers Market</b>	<b>112,800</b>	<b>2,256</b>	<b>2.0%</b>

Financial Statements of

**HAMILTON FARMERS' MARKET  
CORPORATION**

Year ended December 31, 2019

## INDEPENDENT AUDITORS' REPORT

To the Chairman and Members of the Board of Management of the Hamilton Farmers' Market Corporation and Members of Council of the City of Hamilton.

### ***Opinion***

We have audited the financial statements of The Hamilton Farmer's Market Corporation (the Entity), which comprise:

- the statement of financial position as at December 31, 2019
- the statement of operations for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2019, and its results of operations, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### ***Basis for Opinion***

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "Auditors' Responsibilities for the Audit of the Financial Statements" section of our auditors' report.

We are independent of the Entity 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 opinion.

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

Management is responsible for the preparation and fair presentation of the 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 Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

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

### ***Auditors' 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 auditors' 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 the 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Entity 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.
- 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.

*KPMG LLP*

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Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada

May 4, 2020

# HAMILTON FARMERS' MARKET CORPORATION

## Financial Statements

Year ended December 31, 2019

### Financial Statements

Statement of Financial Position	1
Statement of Operations	2
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# HAMILTON FARMERS' MARKET CORPORATION

## Statement of Financial Position

December 31, 2019, with comparative information for 2018

	2019	2018
<b>Financial assets</b>		
Cash	\$ 2,100	\$ 1,600
HST receivable	22,547	14,432
Accounts receivable	84,025	62,155
Inventory	4,473	8,015
	<u>113,145</u>	<u>86,202</u>
<b>Financial liabilities</b>		
Accounts payable and accrued liabilities	10,204	11,771
Deferred revenues	2,886	-
Due to City of Hamilton (note 2)	89,835	66,980
Unredeemed gift certificates	10,220	7,451
	<u>113,145</u>	<u>86,202</u>
<b>Net financial assets and accumulated surplus</b>	<b>\$ -</b>	<b>\$ -</b>

See accompanying notes to financial statements.

On behalf of the Board:

  
\_\_\_\_\_

Director

  
\_\_\_\_\_

Director

# HAMILTON FARMERS' MARKET CORPORATION

## Statement of Operations

Year ended December 31, 2019, with comparative information for 2018

	Budget (note 3)	2019	2018
Revenue:			
Merchandise sales	\$ 7,500	\$ 3,512	\$ 3,654
Rental income	533,180	519,225	530,453
Other revenues	168,000	165,542	169,514
	708,680	688,279	703,621
City levy funded deficit	112,800	112,800	111,000
City of Hamilton subsidy	-	58,189	(39,419)
	821,480	859,268	775,202
Expenses:			
Employee related costs	321,960	328,804	310,275
Building and grounds	248,520	306,187	237,495
Contractual	164,230	115,402	133,738
Materials and Supplies	77,320	92,553	78,683
Financial	9,450	16,322	10,761
Consulting	-	-	4,250
Total expenses	821,480	859,268	775,202
Annual surplus, being net financial assets and accumulated surplus, end of year	-	-	-
Accumulated surplus, beginning of year	-	-	-
Accumulated surplus, end of year	\$ -	\$ -	\$ -

See accompanying notes to financial statements.

# HAMILTON FARMERS' MARKET CORPORATION

## Statement of Cash Flows

Year ended December 31, 2019, with comparative information for 2018

	2019	2018
Cash provided by:		
Operating activities:		
Annual surplus	\$ -	\$ -
Changes in non-cash assets and liabilities:		
Change in HST receivable	(8,115)	(3,654)
Change in accounts receivable	(21,870)	(11,379)
Change in inventory	3,542	2,781
Change in accounts payable and accrued liabilities	(1,567)	655
Change in deferred revenue	2,886	8,024
Change in due to City of Hamilton	22,855	(1,348)
Change in unredeemed gift certificates	2,769	5,521
Change in prepaid rent	-	-
Net change in cash from operating activities	500	600
Net change in cash	500	600
Cash, beginning of year	1,600	1,000
Cash, end of year	\$ 2,100	\$ 1,600

See accompanying notes to financial statements.

# HAMILTON FARMERS' MARKET CORPORATION

Notes to Financial Statements

Year ended December 31, 2019

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The Hamilton Farmers' Market Corporation referred to herein as (the "Market Corporation") was established on December 21, 2015 by the Council of the City of Hamilton (the "City") and has been entrusted to provide the public with access to high quality, nutritious and locally grown food. The Market Corporation also provides opportunities for farmers and food producers to serve the general public. The City owns the market facilities and arranges with the Market Corporation to exclusively manage and operate the facilities on the City's behalf.

## 1. Significant accounting policies:

The financial statements of the Market Corporation are prepared by management in accordance with Canadian public sector accounting standards ("PSAS") as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Significant accounting policies adopted by the Market Corporation are as follows:

### (a) Basis of accounting:

These financial statements are prepared in accordance with Canadian public sector accounting standards as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

Revenues are recorded on the accrual basis of accounting, whereby revenues are recognized as they are earned and measurable. Expenses are recognized in the period goods and services are acquired and a liability is incurred.

### (b) Cash:

Cash is comprised of cash on hand.

### (c) Inventory:

Inventory is valued at the lower of cost and net realizable value.

### (d) Government transfers:

Government transfers received relate to operating grants from the City of Hamilton. Government transfers are recognized in the financial statements as revenues when the transfer is authorized, any eligibility criteria are met and a reasonable estimate of the amounts can be made except when, and to the extent that, stipulations by the transferors give rise to an obligation that meet the definition of a liability. Government transfers that meet the definition of a liability are recognized as revenue as the liability is extinguished.

### (e) Rental and other income:

Other income is reported as revenue in the period earned.

# HAMILTON FARMERS' MARKET CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2019

## 1. Significant accounting policies (continued):

### (f) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

### (g) Use of estimates:

The preparation of financial statements required management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

## 2. Related party transactions:

### (a) Transactions with related parties:

	2019	2018
<b>Revenue:</b>		
City levy funded deficit	\$ 112,800	\$ 111,000
City of Hamilton subsidy adjustment	58,189	(39,419)
	<b>\$ 170,989</b>	<b>\$ 66,980</b>

These transactions have been reflected in the annual surplus for the current year and were measured at the exchange amount of consideration established and agreed to by the related parties.

### (b) Reserves held by related parties:

The City of Hamilton holds a reserve fund on behalf of the Hamilton Farmers' Market Corporation. Use of the funds requires approval of both the Market Corporation's Board as well as the Council of the City of Hamilton. The funds are permitted to be used to ensure the viability of the Market Corporation if other sources of funding are not available. The balance of the reserve fund as at December 31, 2019 is \$115,106 (2018 – 75,687).

### (c) Outstanding balances due to related parties:

	2019	2018
City of Hamilton	\$ 89,835	\$ 66,980

The amount due to City of Hamilton is non-interest bearing and has no fixed terms of repayment.

# HAMILTON FARMERS' MARKET CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2019

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### 3. Budget data:

The budget data presented in these financial statements is based upon the 2019 budget approved by Council.

### 4. Subsequent event

Subsequent to December 31, 2019 the COVID-19 outbreak was declared a pandemic by the World Health Organization. This has resulted in governments worldwide, including the Canadian and Ontario governments, enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally and in Ontario resulting in an economic slowdown. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions however the success of these interventions is not currently determinable. The current challenging economic climate may lead to adverse changes in cash flows, which may also have a direct impact on the Market Corporation's operating results and financial position in the future. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and our business are not known at this time.