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Grant Thornton LLP

Hamilton Region Conservation Authority

Financial Statements

December 31, 2011

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Independent auditor's report

To the Members of
Hamilton Region Conservation Authority

We have audited the accompanying financial statements of Hamilton Region Conservation Authority, which comprise the statement of financial position as at December 31, 2011, and the statement of operations, statement of changes in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal 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.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Hamilton Region Conservation Authority as at December 31, 2011, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Grant Thornton LLP

Burlington, Canada
June 7, 2012

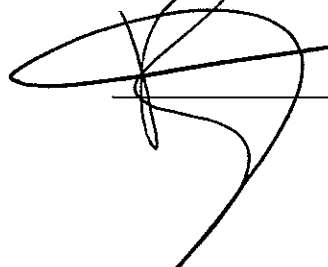
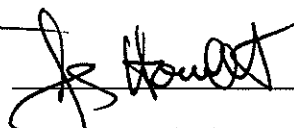
Chartered Accountants
Licensed Public Accountants

Hamilton Region Conservation Authority Statement of Financial Position

December 31	2011	2010
Financial Assets		
Cash and short-term investments	\$ 6,941,181	\$ 7,193,241
Accounts receivable	520,301	833,470
Due from Hamilton Conservation Foundation	35,666	314,797
Total financial assets	<u>\$ 7,497,148</u>	<u>\$ 8,341,508</u>
Liabilities		
Accounts payable and accrued liabilities	\$ 1,771,381	\$ 1,442,512
Due to Confederation Park	242,664	162,460
Due to Westfield Heritage Village	724,108	684,395
Employee future benefit costs (Note 5)	430,493	301,576
Deferred revenues (Note 7)	1,442,318	1,819,360
Long-term debt (Note 8)	2,409,128	1,041,569
Total liabilities	<u>\$ 7,020,092</u>	<u>\$ 5,451,872</u>
Net financial assets	\$ 477,056	\$ 2,889,636
Non-financial assets		
Inventory	87,622	124,330
Prepaid expenses	219,283	157,372
Tangible capital assets	31,929,031	30,406,960
Total non-financial assets	<u>\$ 32,235,936</u>	<u>\$ 30,688,662</u>
Accumulated surplus (Note 9)	\$ 32,712,992	\$ 33,578,298

Contingent liabilities, contractual obligations and commitments (Notes 12 and 13)

On behalf of the Authority

Chair Vice Chair

See accompanying notes to the financial statements

Hamilton Region Conservation Authority

Statement of Operations

Year Ended December 31	2011	2011	2010
	<u>Budget</u> (Unaudited)	<u>Actual</u>	<u>Actual</u> (Note 2)
Revenues			
Ministry of Natural Resources Grants	\$ 190,300	\$ 449,056	\$ 206,506
Federal Grants	93,580	237,220	358,277
Other Provincial Grants	73,200	230,128	352,490
Municipal Contributions	4,766,796	4,902,588	4,616,237
Municipal Contribution - Special Levy	485,000	115,620	59,248
User Fees	3,362,750	3,302,992	3,228,335
Cash Donations	-	-	575
Donations in kind (Note 10)	20,000	62,474	-
Donation, Conservation Foundation of the Hamilton Region	116,390	668,483	360,966
Management Fees	594,191	541,636	563,278
Other Authority Generated	2,799,889	2,447,857	2,126,670
	<u>12,502,096</u>	<u>12,958,054</u>	<u>11,872,582</u>
Less: proceeds on disposal of capital assets included above	-	(15,275)	(34,942)
	<u>12,502,096</u>	<u>12,942,779</u>	<u>11,837,640</u>
Expenditures (Note 11)			
Corporate Support	4,095,657	6,141,320	3,370,375
Watershed Planning and Engineering	3,067,739	2,388,164	1,703,399
Land Management	5,124,328	6,815,947	5,256,976
	<u>12,287,724</u>	<u>15,345,431</u>	<u>10,330,750</u>
Less: expenditures on capital assets included above	-	(2,374,849)	(1,433,683)
Expenditures before amortization	<u>12,287,724</u>	<u>12,970,582</u>	<u>8,897,067</u>
Amortization	-	837,503	796,477
	<u>12,287,724</u>	<u>13,808,085</u>	<u>9,693,544</u>
Annual surplus (deficit)	<u>\$ 214,372</u>	<u>\$ (865,306)</u>	<u>\$ 2,144,096</u>
Accumulated surplus, beginning of year			
as restated for prior period adjustment (Note 2)		33,578,298	31,434,202
Accumulated surplus, end of year		<u>\$ 32,712,992</u>	<u>\$ 33,578,298</u>

See accompanying notes to the financial statements.

Hamilton Region Conservation Authority

Statement of Cash Flows

December 31

2011

2010

Cash Flow from operating transactions

Increase (decrease) in cash and cash equivalents
Annual (deficit) surplus \$ (865,306) \$ 2,144,096

Non-cash changes to operations

Amortization	837,503	796,477
Gain on sale of tangible capital assets	(274,625)	(428,708)
Increase (Decrease) in employee future benefit costs	128,917	(797,262)
Decrease (increase) in accounts receivable	313,169	(262,579)
Decrease in inventory	36,708	44,251
(Increase) decrease in prepaid expenses	(61,911)	112,880
Increase in accounts payable and accrued liabilities	328,869	345,702
Increase in Due to Confederation Park	80,204	214,524
Increase (decrease) in Due to Westfield Heritage Village	39,713	(8,806)
(Decrease) increase in deferred revenues	(377,042)	626,434
	<u>186,200</u>	<u>2,787,009</u>

Financing Activities

Decrease (increase) in Due from Hamilton Conservation Foundation	279,131	(257,022)
Increase in long term debt	1,367,559	355,770
	<u>1,646,690</u>	<u>98,748</u>

Capital

Proceeds on disposal of tangible capital assets	289,900	463,650
Purchase of tangible capital assets	(2,374,849)	(1,433,683)
	<u>(2,084,949)</u>	<u>(970,033)</u>

Net (decrease) increase in cash and cash equivalents (252,060) 1,915,724

Cash and cash equivalents

Beginning of year	<u>7,193,241</u>	<u>5,277,517</u>
End of year	<u>\$ 6,941,181</u>	<u>\$ 7,193,241</u>

See accompanying notes to the financial statements

Hamilton Region Conservation Authority **Statement of Changes in Net Financial Assets**

December 31	2011	2010
	<u>Actual</u>	<u>Actual</u>
Annual surplus (deficit)	\$ (865,306)	\$ 2,144,096
Acquisition of tangible capital assets	(2,374,849)	(1,433,683)
Gain on sale of tangible capital assets	(274,625)	(428,708)
Net proceeds on disposal of tangible capital assets	289,900	463,650
Amortization	837,503	796,477
Change in inventory of supplies	36,708	44,251
Change in prepaids	(61,911)	112,880
	<u>(1,547,274)</u>	<u>(445,133)</u>
Change in net financial assets	(2,412,580)	1,698,963
Net financial assets, beginning of year	<u>2,889,636</u>	<u>1,190,673</u>
Net financial assets, end of year	<u>\$ 477,056</u>	<u>\$ 2,889,636</u>

See accompanying notes to the financial statements

Hamilton Region Conservation Authority

Schedule of Corporate Support

Year Ended December 31	2011	2011	2010
	<u>Budget</u> (Unaudited)	<u>Actual</u>	<u>Actual</u>
Revenues			
Ministry of Natural Resources Grants	\$ 24,900	\$ 24,900	\$ 24,904
Provincial Grants	-	-	29,222
Municipal Contributions	2,603,033	2,614,913	2,286,740
User Fees	85,900	81,123	83,310
Donations in Kind	20,000	-	-
Donation, Hamilton Conservation Foundation	95,390	343,514	114,849
Management Fees	594,191	541,636	563,278
Other Authority Generated	578,305	441,715	490,671
	<u>4,001,719</u>	<u>4,047,801</u>	<u>3,592,974</u>
Less: Proceeds on disposal of capital assets, net	-	-	(414)
	<u>4,001,719</u>	<u>4,047,801</u>	<u>3,592,560</u>
Expenditures			
General	363,000	351,736	235,031
Wages and Benefits	1,394,500	3,426,110	1,593,900
Change in pension deficit (Note 6)	-	109,359	(752,737)
Member and Staff Expenses	49,600	40,631	32,733
Equipment Purchase and Rentals	72,750	76,087	74,869
Materials and Supplies	51,300	40,534	20,114
Administration Office Maintenance and Utilities	190,730	165,686	186,580
Business Plan Expense	10,600	20,815	112,179
Community Relations	170,580	215,111	177,875
Conservation Foundation Expenses	211,700	232,730	69,828
Conservation Education Program	202,997	198,085	215,286
Central Workshop	637,280	733,120	707,807
Equipment Pool Maintenance	491,420	452,953	505,918
Vehicles and Equipment	249,200	78,363	190,992
	<u>4,095,657</u>	<u>6,141,320</u>	<u>3,370,375</u>
Less:			
Expenditures on capital assets included above	-	(96,502)	(226,293)
Expenditure before amortization	<u>4,095,657</u>	<u>6,044,818</u>	<u>3,144,082</u>
Amortization	-	48,051	45,697
	<u>4,095,657</u>	<u>6,092,869</u>	<u>3,189,779</u>
Net (deficit)/surplus for the year	<u>\$ (93,938)</u>	<u>\$ (2,045,068)</u>	<u>\$ 402,781</u>

See accompanying notes to the financial statements.

Hamilton Region Conservation Authority **Schedule of Watershed Planning and Engineering Operations**

Year Ended December 31	2011	2011	2010
	<u>Budget</u> (Unaudited)	<u>Actual</u>	<u>Actual</u>
Revenues			
Ministry of Natural Resources Grants	\$ 165,400	\$ 424,155	\$ 181,602
Provincial Grants	73,200	43,951	9,761
Federal Grants	93,580	51,043	73,705
Municipal Contributions	954,725	1,078,637	807,787
Municipal Contribution - Special Levy	485,000	115,620	59,248
Cash Donations	-	-	575
Donation, Hamilton Conservation Foundation	-	53,555	9,229
Other Authority Generated	<u>1,246,984</u>	<u>573,036</u>	<u>459,067</u>
Total Revenues	<u>3,018,889</u>	<u>2,339,997</u>	<u>1,600,974</u>
Expenditures			
Operating	220,565	175,903	184,352
Wages and Benefits	810,690	755,682	694,457
Conservation Services	331,550	422,857	235,792
Flood Forecasting	158,200	190,613	129,732
Flood Control Structures	1,192,750	619,087	341,841
Watershed Planning	<u>353,984</u>	<u>224,022</u>	<u>117,225</u>
Total Expenditures	<u>3,067,739</u>	<u>2,388,164</u>	<u>1,703,399</u>
Net (deficit) for the year	<u>\$ (48,850)</u>	<u>\$ (48,167)</u>	<u>\$ (102,425)</u>

See accompanying notes to the financial statements.

Year Ended December 31	2011	2011	2010
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See accompanying notes to the financial statements.

Hamilton Region Conservation Authority

Schedule of Tangible Capital Assets

Year Ended December 31

Cost	Land	Land Improvements	Infrastructure	Building & Building Improvements	Machinery & Equipment	Vehicles	Work In Progress (WIP)	Total 2011	Total 2010
Beginning of year	\$ 18,668,272	\$ 2,530,282	\$15,244,152	\$ 5,218,671	\$ 224,636	\$ 2,387,198	\$ 1,018,451	\$ 45,291,662	\$ 43,892,371
Additions	1,157,007	354,026	68,665	366,259	33,338	72,922	322,632	2,374,849	1,433,683
Disposals	(15,275)							(15,275)	(34,392)
Retirements*					(26,648)			(26,648)	-
Transfer from WIP		182,624	465,228	253,980			(901,832)	-	-
End of year	<u>19,810,004</u>	<u>3,066,932</u>	<u>15,778,045</u>	<u>5,838,910</u>	<u>231,326</u>	<u>2,460,120</u>	<u>439,251</u>	<u>47,624,588</u>	<u>45,291,662</u>
Accumulated Amortization									
Beginning of year		1,572,136	8,671,136	2,885,083	110,966	1,645,381		14,884,702	14,088,225
Annual amortization		100,254	414,098	130,541	43,426	149,184		837,503	796,477
Disposals									
Retirements*					(26,648)			(26,648)	
End of year	<u>-</u>	<u>1,672,390</u>	<u>9,085,234</u>	<u>3,015,624</u>	<u>127,744</u>	<u>1,794,565</u>	<u>-</u>	<u>15,695,557</u>	<u>14,884,702</u>
Net book value	<u>\$19,810,004</u>	<u>\$ 1,394,542</u>	<u>\$ 6,692,811</u>	<u>\$ 2,823,286</u>	<u>\$ 103,582</u>	<u>\$ 665,555</u>	<u>\$ 439,251</u>	<u>\$31,929,031</u>	<u>\$30,406,960</u>

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

Hamilton Region Conservation Authority

Notes to the Financial Statements

December 31, 2011

1. Nature of operations

The Hamilton Region Conservation Authority was established in 1966 under the Conservation Authorities Act of Ontario to manage a designated watershed of approximately 185 square miles. The Authority is financed from municipal contributions, government grants, donations and user fees.

2. Summary of significant accounting policies

The financial statements of the Hamilton Region Conservation Authority are prepared by management in accordance with Canadian generally accepted accounting principles for local governments, as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. The more significant accounting policies are summarized as follows:

Basis of accounting

The Authority reports in accordance with the Public Sector Accounting Handbook (PSAB) Section 1200 – Financial Statement Presentation. This section requires the incorporation of the full accrual basis of accounting and the reporting of the change in net financial assets and accumulated surplus. The Authority also now reports in compliance with PSAB Section 3150 – Tangible Capital Assets. The Authority has recorded its tangible capital assets for 2011, as well as 2010 for comparative purposes.

The effect of the adoption of Section 3150 to the previously reported financial statements is as follows:

Accumulated surplus, beginning of year	2010
Authority's position as previously reported	\$ 1,629,506
Recording of tangible capital assets, Jan.1 2010	<u>29,804,696</u>
Opening balance as restated	\$31,434,202

Revenues and expenditures

Revenues are comprised of grants, contributions, user 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 property, plant, equipment, 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, 2011

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, equipment, and inventories of materials and supplies 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
Buildings and building improvements	40 years
Machinery and equipment	10 years
Vehicles (light and heavy duty)	5 - 20 years

HCA has a collection of art and historical buildings not included as part of the tangible capital assets.

Government transfer policy

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.

Inventories

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 generally accepted accounting principles 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, 2011

3. Confederation Park and Westfield Heritage Village

These statements do not include the operating revenues and expenditures relating to Confederation Park and Westfield Heritage Village which are separate and distinct entities owned by the City of Hamilton and managed by the Authority at the request of the municipality.

Under the terms of separate management agreements, the Hamilton Region Conservation Authority has exclusive authority to manage Confederation Park and Westfield Heritage Village for the City of Hamilton. In payment for the management function, the Authority receives a management fee of 15% of total expenditures. This management fee accrues to the Authority for its own purposes. All existing real and personal Confederation Park property as at January 1, 1980, all subsequently acquired properties, and any surpluses generated during a fiscal year will remain the exclusive property of the City of Hamilton. Similarly, all existing real and personal Westfield Heritage Village property as at July 1, 1988, and all subsequently acquired properties, and any surpluses generated during the fiscal year will remain the exclusive property of the City of Hamilton.

The most recent management agreements for Confederation Park and Westfield Heritage Village expired on November 30, 2000. By mutual agreement, operations continued under the same terms on a month to month basis. A new Confederation Park agreement has been drafted and will be executed effective May 1, 2012.

4. Related party transactions

	2011	2010
Municipal funding from the City of Hamilton and Township of Puslinch	\$ 4,786,798	\$ 5,067,177
Municipal funding recognized as revenue in the current year	5,018,208	4,675,485
Receivable from the City of Hamilton as at December 31	19,686	27,021
Funding from the Hamilton Conservation Foundation	668,483	360,966
Management fees from Confederation Park and Westfield Heritage Village	541,636	563,278
Municipal taxes paid to the City of Hamilton and Township of Puslinch	(125,454)	(128,154)

5. Employee future benefit costs

	2011	2010
Accumulated Sick Leave Liability	\$ 200,154	\$ 196,583
Supplemental early retirement package	122,561	114,000
Post-retirement benefits	107,778	100,352
Accrued pension liability (Note 6)	-	(109,359)
	<u>\$ 430,493</u>	<u>\$ 301,576</u>

Hamilton Region Conservation Authority

Notes to the Financial Statements

December 31, 2011

5. Employee future benefit costs – continued

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 had 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 would be \$122,561 (2010 - \$114,000) 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 \$107,778 (2010 - \$100,352).

Previously, the Authority provided a Defined Benefit pension plan. That plan was formally wound up and all obligations discharged as at June 30th, 2011. Consequently, there will no longer be a pension surplus or liability. At December 31, 2010, the last complete year of the plan, the Plan had an estimated accrued surplus of \$109,359.

6. Pension plans

a) Defined Contribution Plan

Employer contributions to the Authority's defined contribution pension plan for the year was \$247,610 (2009 - \$183,795). The Plan is designed whereby employee contributions, ranging from 2% to 6% of gross salary, are matched by the employer.

b) Defined Benefit Plan

The Defined Benefit Plan was amended in 2009 to cease benefit accruals and freeze benefit entitlements at March 31st, 2010. In addition, the Plan was amended in 2010 to declare a complete windup of the Plan as at June 30, 2010 and the wind-up received approval from the provincial pension regulators. Final settlement of all benefits for all Plan members was completed, as scheduled by June 30th, 2011. At its conclusion, the Plan was under funded by \$2.4 million and this was financed through a \$1.5 million loan from the City of Hamilton and a draw on reserves.

Hamilton Region Conservation Authority

Notes to the Financial Statements

December 31, 2011

6. Pension plans – continued

Information relating to the final year of the defined benefit pension plan is as follows:

	2011	2010
Accrued benefit obligation		
Balance, beginning of year	\$ 9,158,636	\$ 8,994,263
Current service cost	-	49,551
Interest cost	274,759	530,168
Benefits paid	(11,748,052)	(415,346)
Settlement	2,314,657	-
Actuarial loss	-	-
Balance, end of year	\$ -	\$ 9,158,636
Plan assets		
Fair value, beginning of year	\$ 9,267,995	\$ 8,350,885
Actual return	95,421	487,551
Employer contributions	2,384,636	844,905
Benefits paid	(11,748,052)	(415,346)
Fair value, end of year	\$ -	\$ 9,267,995
Funded status - surplus / (deficit)	\$ -	\$ 109,359
Unrecognized net actuarial loss	-	1,157,870
Prepaid benefit costs	\$ -	\$ 1,267,229
Current service cost	\$ -	\$ 49,551
Interest cost	274,759	530,168
Expected return on plan assets	(278,040)	(513,940)
Recognized net actuarial loss	51,620	101,328
Wind-up cost	2,336,297	-
Net pension expense	\$ 2,384,636	\$ 167,107

Employer contribution to the Authority defined benefit pension plan to complete the wind-up in the year was \$2,384,636 (2010 - \$844,905).

7. Deferred Revenues

	2011	2010
Revenue received but not earned at year-end is as follows:		
Other projects/user fees/deposits	\$1,442,318	\$ 1,819,360

Hamilton Region Conservation Authority

Notes to the Financial Statements

December 31, 2011

8. Long Term Debt

	2011	2010
City of Hamilton 5% loan - Marina wall reconstruction \$118,520 payable annually, matures April 2016	\$ 513,128	\$ 601,569
City of Hamilton 0% loan - Veldhuis property reclamation \$44,000 payable annually, matures March 2020	396,000	440,000
City of Hamilton 4.25% loan - Wind-up DB pension plan \$187,245 payable annually, matures June, 2021	1,500,000	-
	<u>\$ 2,409,128</u>	<u>\$ 1,041,569</u>
Principal repayments in future years are due as follows:		
2012	\$ 260,359	
2013	270,251	
2014	280,597	
2015	291,421	
2016 and thereafter	1,306,500	
	<u>\$ 2,409,128</u>	

Interest on long term debt of \$59,384 (2010-\$31,325) was paid during the year.

9. Accumulated Surplus

	2011	2010
Reserve Funds		
Acquisitions of provincially significant lands or eligible water related projects	\$ 513,425	\$ 513,424
Future projects	2,673,921	3,437,005
Tangible capital assets	31,929,031	30,406,960
Long term debt	(2,409,128)	(1,041,569)
Pension surplus	-	109,359
Operating surplus	5,743	153,119
Accumulated surplus	<u>\$32,712,992</u>	<u>\$33,578,298</u>

10. Donations in kind

During the year, in addition to cash donations, the Authority was the beneficiary, through donations in kind, of land and other tangible capital assets with a total appraised value of \$62,474 (2010 - \$ nil).

Hamilton Region Conservation Authority

Notes to the Financial Statements

December 31, 2011

11. Expenditures by object

	2011	2010
Salaries, wages & employee benefits	\$ 8,764,692	\$ 5,976,556
Contracts/consulting	2,361,341	1,413,409
Materials, goods, supplies and utilities	4,160,014	2,909,460
Interest on long term debt	59,384	31,325
	<u>\$ 15,345,431</u>	<u>\$ 10,330,750</u>

12. 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 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.

13. Contractual obligations and commitments

As at December 31, 2011, the Authority is committed to \$19,272 (2010 - \$37,052) with respect to ongoing contracts for photocopiers in the following years:

2012	\$13,268
2013	6,004
	<u>\$19,272</u>

The Heritage Green Community Trust has committed to providing funding to the Hamilton Conservation Foundation for the development and maintenance of the Eramosa Karst Conservation Area in the amount of \$1,500,000. The Foundation has retained \$750,000 of this as an Eramosa Karst maintenance endowment fund and has committed to transfer the remaining \$750,000 to the Hamilton Conservation Authority to carry out the development. The amount transferred to date under this agreement is \$718,132 (2010 \$696,598).

14. Budget figures

The budgeted figures (unaudited) are presented for comparison purposes and were adopted by the Authority on February 25th, 2011.