

Hamilton Region Conservation Authority

Financial Statements

December 31, 2012

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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, 2012, 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, 2012, 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 6, 2013

Chartered Accountants
Licensed Public Accountants

Hamilton Region Conservation Authority Statement of Financial Position

December 31

2012

2011

Financial Assets

Cash and cash equivalents	\$ 6,378,720	\$ 6,941,181
Accounts receivable	504,834	520,301
Due from Hamilton Conservation Foundation	-	35,666
Total financial assets	<u>\$ 6,883,554</u>	<u>\$ 7,497,148</u>

Liabilities

Accounts payable and accrued liabilities	\$ 1,250,478	\$ 1,771,381
Due to Confederation Park	146,383	242,664
Due to Westfield Heritage Village	733,303	724,108
Due to Hamilton Conservation Foundation	16,574	-
Employee future benefit costs (Note 5)	423,142	430,493
Deferred revenues (Note 7)	577,843	1,442,318
Long-term debt (Note 8)	<u>2,148,769</u>	<u>2,409,128</u>
Total liabilities	<u>\$ 5,296,492</u>	<u>\$ 7,020,092</u>

Net financial assets	\$ 1,587,062	\$ 477,056
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Non-financial assets

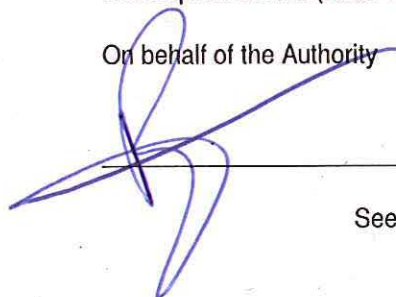
Inventory	81,377	87,622
Prepaid expenses	218,797	219,283
Tangible capital assets	<u>32,040,447</u>	<u>31,929,031</u>
Total non-financial assets	<u>\$ 32,340,621</u>	<u>\$ 32,235,936</u>

Accumulated surplus (Note 9)	<u>\$ 33,927,683</u>	<u>\$ 32,712,992</u>
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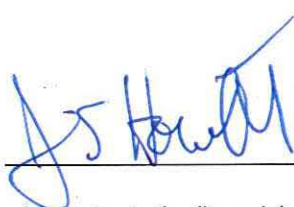
Contingent liabilities, contractual obligations and commitments (Notes 12 and 13)

Subsequent events (Note 15)

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	2012	2012	2011
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Revenues			
Ministry of Natural Resources Grants	\$ 189,300	\$ 578,312	\$ 449,056
Federal Grants	80,000	76,882	237,220
Other Provincial Grants	164,975	126,130	230,128
Municipal Contributions	4,981,682	4,947,953	4,902,588
Municipal Contribution - Special Levy	5,000	615,677	115,620
User Fees	3,389,487	3,355,644	3,302,992
Donations in kind (Note 10)	20,000	13,058	62,474
Donation, Hamilton Conservation Foundation	136,310	796,780	668,483
Management Fees	488,400	496,325	541,636
Other Authority Generated	2,489,570	2,285,435	2,447,857
	<u>11,944,724</u>	<u>13,292,196</u>	<u>12,958,054</u>
Less: proceeds on disposal of capital assets included above	-	-	(15,275)
	<u>11,944,724</u>	<u>13,292,196</u>	<u>12,942,779</u>
Expenditures (Note 11)			
Corporate Support	3,798,280	3,936,064	6,141,320
Watershed Planning and Engineering	2,484,525	3,317,679	2,388,164
Land Management	5,429,018	4,935,177	6,815,947
	<u>11,711,823</u>	<u>12,188,920</u>	<u>15,345,431</u>
Less: expenditures on capital assets included above	(546,800)	(972,192)	(2,374,849)
Expenditures before amortization	<u>11,165,023</u>	<u>11,216,728</u>	<u>12,970,582</u>
Amortization	850,000	860,776	837,503
	<u>12,015,023</u>	<u>12,077,504</u>	<u>13,808,085</u>
Annual surplus (deficit)	<u>\$ (70,299)</u>	<u>\$ 1,214,692</u>	<u>\$ (865,306)</u>
Accumulated surplus, beginning of year	<u>32,712,991</u>	<u>32,712,991</u>	<u>33,578,298</u>
Accumulated surplus, end of year	<u>\$ 32,642,692</u>	<u>\$ 33,927,683</u>	<u>\$ 32,712,992</u>

See accompanying notes to the financial statements

Hamilton Region Conservation Authority

Statement of Cash Flows

December 31

2012

2011

Cash Flow from operating transactions

Decrease in cash and cash equivalents		
Annual surplus (deficit)	\$ 1,214,692	\$ (865,306)
Non-cash changes to operations		
Amortization	860,776	837,503
Gain on sale of tangible capital assets	-	(274,625)
Decrease in accounts receivable	15,467	313,169
Decrease in inventory	6,245	36,708
(Decrease) increase in prepaid expenses	486	(61,911)
(Decrease) increase in employee future benefit costs	(7,351)	128,917
(Decrease) increase in accounts payable and accrued liabilities	(520,903)	328,869
Increase in Due to Conservation Foundation	52,239	279,131
(Decrease) increase in Due to Confederation Park	(96,281)	80,204
Increase in Due to Westfield Heritage Village	9,195	39,713
Decrease in deferred revenues	(864,475)	(377,042)
	<u>670,090</u>	<u>465,330</u>

Financing Activities

(Decrease) increase in long term debt	<u>(260,359)</u>	<u>1,367,559</u>
	<u>(260,359)</u>	<u>1,367,559</u>

Capital

Proceeds on disposal of tangible capital assets	-	289,900
Purchase of tangible capital assets	<u>(972,192)</u>	<u>(2,374,849)</u>
	<u>(972,192)</u>	<u>(2,084,949)</u>

Net decrease in cash and cash equivalents	(562,461)	(252,060)
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Cash and cash equivalents

Beginning of year	<u>6,941,181</u>	<u>7,193,241</u>
End of year	<u>\$ 6,378,720</u>	<u>\$ 6,941,181</u>

See accompanying notes to the financial statements

Hamilton Region Conservation Authority Statement of Changes in Net Financial Assets

December 31	2012	2012	2011
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Annual surplus (deficit)	\$ 125,000	\$ 1,214,692	\$ (865,306)
Acquisition of tangible capital assets	(428,300)	(972,192)	(2,374,849)
Gain on sale of tangible capital assets	-	-	(274,625)
Net proceeds on disposal of tangible capital assets	-	-	289,900
Amortization	850,000	860,776	837,503
Change in inventory	-	6,245	36,708
Change in prepaids expenses	-	486	(61,911)
	<u>421,700</u>	<u>(104,685)</u>	<u>(1,547,274)</u>
Change in net financial assets	546,700	1,110,007	(2,412,580)
Net financial assets, beginning of year	<u>477,056</u>	<u>477,056</u>	<u>2,889,636</u>
Net financial assets, end of year	<u>\$ 1,023,756</u>	<u>\$ 1,587,062</u>	<u>\$ 477,056</u>

See accompanying notes to the financial statements

Hamilton Region Conservation Authority

Schedule of Corporate Support

Year Ended December 31	2012	2012	2011
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Revenues			
Ministry of Natural Resources Grants	\$ 24,900	\$ 24,900	\$ 24,900
Provincial Grants	7,185	-	-
Municipal Contributions	2,548,965	2,523,965	2,614,913
User Fees	84,487	48,174	81,123
Donations in Kind	20,000	70	-
Donation, Hamilton Conservation Foundation	57,310	112,103	343,514
Management Fees	488,400	496,325	541,636
Other Authority Generated	464,720	529,841	441,715
	<u>3,695,967</u>	<u>3,735,378</u>	<u>4,047,801</u>
Expenditures			
General	361,995	194,571	319,599
Wages and Benefits	1,061,580	940,095	3,426,110
Change in pension deficit (Note 6)	-	-	109,359
Member and Staff Expenses	41,500	24,985	40,631
Equipment Purchase and Rentals	77,375	54,837	76,087
Materials and Supplies	28,900	24,062	40,534
Administration Office Maintenance and Utilities	193,490	201,366	165,686
Business Plan Expense	32,162	31,621	20,815
Community Relations	151,250	198,194	215,111
Conservation Foundation Expenses	231,410	226,683	232,730
Conservation Education Program	200,318	188,031	198,085
Central Workshop	654,350	796,266	733,120
Equipment Pool Maintenance	451,200	544,999	452,953
Vehicles and Equipment	249,000	449,250	78,363
Interest	63,750	61,104	32,137
	<u>3,798,280</u>	<u>3,936,064</u>	<u>6,141,320</u>
Less:			
Expenditures on capital assets included above	-	(351,720)	(96,502)
Expenditures before amortization	<u>3,798,280</u>	<u>3,584,344</u>	<u>6,044,818</u>
Amortization	<u>150,000</u>	<u>178,634</u>	<u>48,051</u>
	<u>3,948,280</u>	<u>3,762,978</u>	<u>6,092,869</u>
Net deficit for the year	<u>\$ (252,313)</u>	<u>\$ (27,600)</u>	<u>\$ (2,045,068)</u>

See accompanying notes to the financial statements.

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

Year Ended December 31	2012	2012	2011
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Revenues			
Ministry of Natural Resources Grants	\$ 164,400	\$ 553,411	\$ 424,155
Provincial Grants	157,790	126,130	43,951
Federal Grants	80,000	76,882	51,043
Municipal Contributions	1,190,877	1,182,148	1,078,637
Municipal Contribution - Special Levy	5,000	615,677	115,620
Donation, Hamilton Conservation Foundation	46,000	112,130	53,555
Other Authority Generated	<u>781,000</u>	<u>746,359</u>	<u>573,036</u>
Total Revenues	<u>2,425,067</u>	<u>3,412,737</u>	<u>2,339,997</u>
Expenditures			
Operating	247,367	140,048	175,903
Wages and Benefits	947,760	864,524	755,682
Conservation Services	467,753	398,479	422,857
Flood Forecasting	165,554	196,747	190,613
Flood Control Structures	344,612	1,258,162	619,087
Watershed Planning	<u>311,479</u>	<u>459,719</u>	<u>224,022</u>
Total Expenditures	<u>2,484,525</u>	<u>3,317,679</u>	<u>2,388,164</u>
Net surplus (deficit) for the year	<u>\$ (59,458)</u>	<u>\$ 95,058</u>	<u>\$ (48,167)</u>

See accompanying notes to the financial statements

Hamilton Region Conservation Authority

Schedule of Land Management Operations

Year Ended December 31	2012	2012	2011
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Revenues			
Federal Grants	\$ -	\$ -	\$ 186,177
Provincial Grants	-	-	186,177
Municipal Contributions	1,241,840	1,241,840	1,209,038
User Fees	3,305,000	3,307,470	3,221,869
Donations in Kind	-	12,988	62,474
Donation, Hamilton Conservation Foundation	33,000	572,547	271,414
Other Authority Generated	1,243,850	1,009,235	1,433,106
	<u>5,823,690</u>	<u>6,144,080</u>	<u>6,570,255</u>
Less: book value of capital assets disposed, net	-	-	(15,275)
	<u>5,823,690</u>	<u>6,144,080</u>	<u>6,554,980</u>
Expenditures			
Operating			
Valens Conservation Area	690,990	666,519	631,528
Christie Conservation Area	1,022,834	840,150	1,107,556
Dundas Valley Conservation Area	465,087	487,922	466,068
Fifty Point Conservation Area	1,349,000	1,381,183	1,405,925
Hamilton Mountain Conservation Area	115,867	108,011	114,406
Sundry Conservation Areas	273,650	296,953	258,111
Marketing & general promotion	249,500	218,021	237,651
Historic sites	54,140	18,217	21,474
Capital and major maintenance			
Valens Conservation Area	225,200	202,735	47,352
Fletcher Creek Conservation Area	-	-	300
Christie Conservation Area	185,300	52,439	56,585
Spencer Gorge Wilderness Area	-	59,619	735
Dundas Valley Conservation Area	291,000	343,276	354,231
Historic Sites	19,900	40,445	-
Eramosa Karst Conservation Area	28,000	30,227	678,222
Hamilton Mountain Conservation Area	12,000	4,923	532,301
Fifty Point Conservation Area	389,400	136,192	310,587
Sundry Conservation Area	31,500	25,805	342,830
Land Acquisition	-	-	222,838
Interest	25,650	22,540	27,247
	<u>5,429,018</u>	<u>4,935,177</u>	<u>6,815,947</u>
Less:			
Expenditures on capital assets included above	(546,800)	(620,472)	(2,278,347)
Expenditure before amortization	<u>4,882,218</u>	<u>4,314,705</u>	<u>4,537,600</u>
Amortization	<u>700,000</u>	<u>682,142</u>	<u>789,452</u>
	<u>5,582,218</u>	<u>4,996,847</u>	<u>5,327,052</u>
Net surplus for the year	<u>\$ 241,472</u>	<u>\$ 1,147,233</u>	<u>\$ 1,227,928</u>

See accompanying notes to the financial statements

Hamilton Region Conservation Authority

Schedule of Tangible Capital Assets

Year Ended December 31

	Land	Land Improvements	Infrastructure	Building & Building Improvements	Machinery & Equipment	Vehicles	Work In Progress (WIP)	Total 2012	Total 2011
Cost									
Beginning of year	\$ 19,810,004	\$ 3,066,932	\$15,778,045	\$ 5,838,910	\$ 231,326	\$ 2,460,120	\$ 439,251	\$ 47,624,588	\$ 45,291,662
Additions	-	-	400,724	32,456	71,300	239,366	228,346	972,192	2,374,849
Disposals	-	-	-	-	-	-	-	-	(15,275)
Retirements*	-	-	-	-	(58,635)	-	-	(58,635)	(26,648)
Transfer from WIP	-	-	138,112	-	-	-	(138,112)	-	-
End of year	<u>19,810,004</u>	<u>3,066,932</u>	<u>16,316,881</u>	<u>5,871,366</u>	<u>243,991</u>	<u>2,699,486</u>	<u>529,485</u>	<u>48,538,145</u>	<u>47,624,588</u>
Accumulated Amortization									
Beginning of year	-	1,672,390	9,085,234	3,015,624	127,744	1,794,565	-	15,695,557	14,884,702
Annual amortization	-	113,670	418,887	134,082	45,327	148,810	-	860,776	837,503
Disposals	-	-	-	-	-	-	-	-	-
Retirements*	-	-	-	-	(58,635)	-	-	(58,635)	(26,648)
End of year	<u>-</u>	<u>1,786,060</u>	<u>9,504,121</u>	<u>3,149,706</u>	<u>114,436</u>	<u>1,943,375</u>	<u>-</u>	<u>16,497,698</u>	<u>15,695,557</u>
Net book value	<u>\$19,810,004</u>	<u>\$ 1,280,872</u>	<u>\$ 6,812,760</u>	<u>\$ 2,721,660</u>	<u>\$ 129,555</u>	<u>\$ 756,111</u>	<u>\$ 529,485</u>	<u>\$32,040,447</u>	<u>\$31,929,031</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, 2012

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.

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.

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.

Hamilton Region Conservation Authority

Notes to the Financial Statements

December 31, 2012

2. Summary of significant accounting policies – continued

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
Building & building improvements	40 years
Machinery & 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 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 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.

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.

Hamilton Region Conservation Authority

Notes to the Financial Statements

December 31, 2012

3. Confederation Park and Westfield Heritage Village – continued

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 operating 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 agreement for Confederation Park was executed effective May 1, 2012 while the Westfield Heritage Village agreement expired on November 30, 2000. By mutual agreement, Westfield operations have continued under the same terms as in the expired agreement on a month to month basis.

4. Related party transactions

	<u>2012</u>	<u>2011</u>
Municipal funding from the City of Hamilton and Township of Puslinch	4,971,682	4,786,798
Municipal funding recognized as revenue in the current year	5,563,630	5,018,208
Receivable from the City of Hamilton as at December 31	105,865	19,686
Funding from the Hamilton Conservation Foundation	796,780	668,483
Management fees from Confederation Park and Westfield Heritage Village	496,325	541,636
Municipal taxes paid to the City of Hamilton and Township of Puslinch	(117,685)	(125,454)

5. Employee future benefit costs

	<u>2012</u>	<u>2011</u>
Accumulated Sick Leave Liability	\$ 206,098	\$ 200,154
Supplemental early retirement package	120,382	122,561
Post-retirement benefits	96,662	107,778
	<u>\$ 423,142</u>	<u>\$ 430,493</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.

Hamilton Region Conservation Authority

Notes to the Financial Statements

December 31, 2012

5. Employee future benefit costs – continued

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 \$120,382 (2011 - \$122,561) 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 \$96,662 (2011 - \$107,778).

6. Pension plans

a) Defined Contribution Plan

Employer contributions to the Authority's defined contribution pension plan for the year was \$262,093 (2011 - \$247,610). 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. Further 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. The employer contribution to the Authority defined benefit pension plan for the wind-up in the amount of \$2,384,636 was expensed in 2011. This was financed through a \$1.5 million loan from the City of Hamilton (Note 8) and a draw on reserves.

7. Deferred revenues

	<u>2012</u>	<u>2011</u>
Revenue received but not earned at year-end is as follows:		
Other projects/user fees/deposits	<u>\$ 577,843</u>	<u>\$ 1,442,318</u>

Hamilton Region Conservation Authority

Notes to the Financial Statements

December 31, 2012

8. Long Term Debt

	<u>2012</u>	<u>2011</u>
City of Hamilton 5% loan - Marina wall reconstruction blended payments of \$118,520 payable annually matures April, 2016	\$ 420,264	\$ 513,128
City of Hamilton 0% loan - Veldhuis property reclamation blended payments of \$44,000 payable annually matures March, 2020	352,000	396,000
City of Hamilton 4.25% loan - Wind-up DB pension plan blended payments of \$187,245 payable annually matures June, 2021	<u>1,376,505</u>	<u>1,500,000</u>
	<u>\$ 2,148,769</u>	<u>\$ 2,409,128</u>

Principal repayments in future years are due as follows:

2013	\$ 270,251
2014	280,597
2015	291,421
2016	302,740
2017 and thereafter	<u>1,003,760</u>
	<u>\$ 2,148,769</u>

Interest on long term debt of \$83,644 (2011 - \$59,384) was paid during the year.

The Authority has a demand loan available in the amount of \$500,000 at 3% of which \$nil was borrowed as at December 31, 2012.

9. Accumulated surplus

	<u>2012</u>	<u>2011</u>
Reserve Funds		
Acquisitions of provincially significant lands or eligible water related projects	\$ 413,425	\$ 513,425
Future projects	3,662,887	2,673,921
Tangible Capital Assets	32,040,447	31,929,031
Long term debt	(2,148,769)	(2,409,128)
Operating (deficit) surplus	<u>(40,307)</u>	<u>5,743</u>
Accumulated surplus	<u>\$33,927,683</u>	<u>\$32,712,992</u>

Hamilton Region Conservation Authority

Notes to the Financial Statements

December 31, 2012

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 \$13,058 (2011 - \$ 62,474).

11. Expenditures by object

	2012	2011
Salaries, wages & employee benefits	\$ 6,683,478	\$ 8,764,692
Contracts/consulting	2,245,609	2,361,341
Materials, goods, supplies and utilities	3,176,189	4,160,014
Interest on long term debt	83,644	59,384
	<u>\$ 12,188,920</u>	<u>\$ 15,345,431</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, 2012, the Authority is committed to \$95,769 (2011 - \$19,272) with respect to ongoing contracts for equipment in the following years:

2013	\$15,779
2014	20,456
2015	20,456
2016	14,677
2017 and beyond	24,401
	<u>\$95,769</u>

Hamilton Region Conservation Authority

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14. Budget figures

The budgeted figures are presented for comparison purposes and were adopted by the Authority on January 26th, 2012. The adopted budget conforms with the Canadian Public Sector Accounting Standards except for the effect of the acquisition and amortization of tangible capital assets. A reconciliation of the adopted and reported budgets is as presented below.

Adopted budget:

Budgeted annual surplus for the year	\$ 232,901
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Adjustments to adopted budget:

Amortization of tangible capital assets	(850,000)
Acquisition of tangible capital assets	<u>546,800</u>

Restated budgeted annual deficit	<u>\$ (70,299)</u>
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15. Subsequent events

As at December 31, 2012, the Authority has a deposit of \$100,000 for the purchase of land that is included as work in progress within Tangible Capital Assets. On March 15th, 2013 the land purchase was finalized in the amount of \$799,900 with this being recorded as land assets in 2013. Source of funding of the purchase was through a combination of City of Hamilton grants, provincial grants and the Hamilton Conservation Foundation.

