



A Healthy Watershed for Everyone

Date: May 3rd, 2019

To: Stephanie Paparella, Legislative Coordinator, City of Hamilton

From: Neil McDougall, Secretary Treasurer

Cc: Lisa Burnside, CAO
Susan Fielding, Acting HCA Chair

Re: Report Detailing Reserves Held by Hamilton Conservation Authority as at December 31st, 2018

Summary

On March 29th, 2019 Hamilton Conservation Authority received a letter from the City of Hamilton detailing the following excerpt from a recent (March 27, 2019) GIC meeting:

“1. Conservation Authorities’ Reserves (Item 8.1)

That the following conservation authorities be requested to provide a report, which outlines a comprehensive list of their up-to-date reserves, to the Legislative Coordinator for the General Issues Committee (GIC) for inclusion on an upcoming GIC agenda:

- (i) Conservation Halton;
- (ii) Grand River Conservation Authority;
- (iii) Hamilton Conservation Authority; and,
- (iv) Niagara Peninsula Conservation Authority.”

In response, Hamilton Conservation Authority provides the following:

Report on Reserves

As at December 31st, 2018 the Hamilton Conservation Authority had as part of its audited Statement of Financial Position (Appendix “A”) an Accumulated Surplus of \$54,229,604 comprised of:

Tangible Capital Assets	\$43,522,347
Less unfunded long term debt	(605,167)
Reserve funds	<u>11,312,424</u>
	\$54,229,604 (See Appendix “B” Note 10. Accumulated Surplus)

The Reserve Funds are made up of the following pools:

	(\$,000)
Construction Capital and Major Maintenance projects	\$1,727
Watershed Engineering projects	1,365
East Mountain wetland land acquisition project	2,200
General land acquisition funds	2,000
Major equipment replacement fund	800
Westfield specific funds (half of which is an endowment)	550
Seasonal operating shortfall protection	1,600
Human resources fund (safety, sick plan, severance)	500
Legal issues	300
Records management implementation (consulting & software)	<u>270</u>
Total	\$11,312

Construction Capital and Major Maintenance projects include 20 specific approved projects as well as a pool of funds to be used in areas of tree management, trail repair, building repair and utilities and services upgrades based on a priority basis across all conservation areas.

Watershed Engineering projects which are underway are water quality monitoring programs, floodplain mapping, integrated watershed studies, stewardship programs, forestry and invasive species programs and dam repair funds

East Mountain wetland land acquisition project reserve funds are the remaining monies of what was initially provided by the Heritage Green Trust, City of Hamilton, the HCA and Hamilton Conservation Foundation for land acquisition and wetland creation in the East end above the escarpment which is actively acquiring land and undergoing wetland design for properties already acquired.

General land acquisition funds represents funds for land made available to expand conservation holdings half of which was made possible by a significant bequeathment.

Major equipment replacement funds are set aside to acquire replacement for heavy equipment such as dump trucks, bulldozer and as is needed in 2019 for replacement of the mobile marine lift

Westfield specific funds (half of which is an endowment) came with the ownership transfer and remain dedicated for repairs / replacement or additions to the historical village building compliment

Seasonal operating shortfall protection is a reserve based on two years equivalent of 10% of non-levy revenue. The HCA's annual budget does not include a contingency for revenues affected by cold or wet weather so when the weather is good or there has been success in obtaining federal grants, such as student jobs programs, that money is set aside literally as the "rainy day" reserve

Human resources fund to finance the securing of a safety consultant to review the HCA program as there is no permanent HCA employee dedicated to that task as well as other unbudgeted termination or sick leave payments.

Legal reserve for unplanned situations that require legal counsel support or costs up to the point that the various insurance programs take on responsibility

Records management implementation represents the installation of the much needed modernized records retention program which will involve external consultants & software

Appendix A

Hamilton Region Conservation Authority Statement of Financial Position

December 31

2018

2017

Financial assets

Cash and cash equivalents (Note 4)	\$ 12,787,441	\$ 10,098,945
Accounts receivable	863,974	1,686,176
Due from Hamilton Conservation Foundation	<u>27,758</u>	<u>99,558</u>
Total financial assets	<u>\$ 13,679,173</u>	<u>\$ 11,884,679</u>

Liabilities

Accounts payable and accrued liabilities	\$ 1,315,641	\$ 1,459,306
Due to Confederation Park	480,012	273,003
Employee future benefit costs (Note 7)	277,213	262,627
Deferred revenues (Note 8)	566,776	520,276
Long-term debt (Note 9)	<u>605,167</u>	<u>807,695</u>
Total liabilities	<u>\$ 3,244,809</u>	<u>\$ 3,322,907</u>

Net financial assets	\$ 10,434,364	\$ 8,561,772
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Non-financial assets

Inventory	103,804	70,596
Prepaid expenses	169,089	192,118
Tangible capital assets (Page 7)	<u>43,522,347</u>	<u>43,339,118</u>
Total non-financial assets	<u>\$ 43,795,240</u>	<u>\$ 43,601,832</u>

Accumulated surplus (Note 10)	<u>\$ 54,229,604</u>	<u>\$ 52,163,604</u>
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Contingent liabilities, contractual obligations and commitments (Notes 14 and 15)

Appendix B

Hamilton Region Conservation Authority Notes to the Financial Statements

December 31, 2018

10. Accumulated surplus

	<u>2018</u>	<u>2017</u>
Reserve Funds		
Acquisitions of provincially significant lands or eligible water related projects	\$ 243,899	\$ 458,300
Future projects	7,419,943	6,904,266
Tangible Capital Assets	43,522,347	43,339,118
Unfunded long term debt	(605,167)	(807,695)
Operating surplus	<u>3,648,582</u>	<u>2,269,616</u>
Accumulated surplus	<u>\$ 54,229,604</u>	<u>\$ 52,163,604</u>
