

**Hybrid Finance Committee Agenda**  
**Niagara Peninsula Conservation Authority**  
**Wednesday April 3, 2024, 9:00 a.m.**  
**250 Thorold Road W, Welland ON**  
[Zoom Meeting Link](#)

**1. APPROVAL OF AGENDA**

**2. DECLARATIONS OF CONFLICT OF INTEREST**

**3. APPROVAL OF THE MINUTES**

**3.1. Minutes of the NPCA Finance Committee dated September 27, 2024**

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**4. CORRESPONDENCE**

**5. PRESENTATIONS**

**5.1. Presentation by KPMG RE: Audited Financial Statements and Audit Findings Report for 2023 Fiscal Year**

**6. DELEGATIONS**

**7. CONSENT ITEMS**

**7.1. Report No. FC-04-24 RE: Banking and Investments – 2023 Activity**

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**7.2. Report No. FC-05-24 Procurement – 2023 Activity**

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**8. DISCUSSION ITEMS**

**8.1. Report No. FC-01-24 RE: Finance Committee Workplan**

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**8.2. Report No. FC-02-24 RE: Financial Report – Q4 – 2023**

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**8.3. Report No. FC-03-24 RE: 2023 Audited Financial Statements and Audit Findings Report**

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**8.4. Report No. FC-06-24 RE: 2024 Operating and Capital Budgets and Municipal Levies**

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**9. NEW BUSINESS**

**9.1. Ball's Falls Festival Fees – Discussion**

**10. CLOSED SESSION**

**11. ADJOURNMENT**

**FINANCE COMMITTEE MEETING  
HYBRID CONFERENCE  
MEETING MINUTES  
Wednesday September 27, 2023  
9:00 a.m.**

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**MEMBERS PRESENT:** S. Beattie  
D. Cridland, Chair  
R. Foster  
B. Grant  
D. Huson  
M. Tadeson

**STAFF PRESENT:** C. Sharma, Chief Administrative Officer/Secretary–Treasurer  
G. Shaule, Administrative Assistant, Corporate Resources  
A. Christie, Director, Conservation Areas  
L. Lee-Yates, Director, Planning and Development  
C. Belic, Administrative Assistant, Corporate Services  
L. Gagnon, Director, Corporate Services

Donna Cridland, Finance Committee Chair called the meeting to order at 9:00 a.m.

**1. APPROVAL OF AGENDA**

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Recommendation No. FC-12-2023

Moved by: Brian Grant

Seconded by: Diana Huson

**THAT** the Finance Committee meeting agenda dated September 27, 2023 **BE APPROVED**

**CARRIED**

**2. DECLARATIONS OF CONFLICT OF INTEREST**

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**3. APPROVAL OF THE MINUTES**

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a) Minutes of the NPCA Finance Committee meeting of April 6, 2023

Recommendation No. FC-13-2023

Moved by: Rob Foster

Seconded by: Brian Grant

**THAT** the minutes of the Finance Committee meeting dated April 6, 2023 **BE APPROVED.**

**CARRIED**

#### 4. CORRESPONDENCE

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None.

#### 5. DELEGATIONS

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None.

#### 6. PRESENTATIONS

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PowerPoint Presentation by Lise Gagnon RE: 2024 Budget and Municipal Levies 2024 Budget and Municipal Levies Presentation. This presentation is in conjunction with item # 8 a) Report No. FC-06-23 RE: Financial Report-Q2-2023

Recommendation No. FC-14-2023

Moved by: Member Beattie

Seconded by: Member Grant

**THAT** the PowerPoint Presentation by Lise Gagnon RE: 2024 Budget and Municipal Levies **BE RECEIVED**.

#### 7. CONSENT ITEMS

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- a) Report No. FC-07-23 RE: Financial Report-Q1-2023 Lise Gagnon provided a high level overview
- b) Report No. FC-08-23 RE: Financial Report-Q2-2023 Lise Gagnon provided comments on this report.

Recommendation No. FC-15-2023

Moved by: Member Beattie

Seconded by: Member Grant

**THAT** the following Reports **BE RECEIVED**:

- Report No. FC-07-23 RE: Financial Report-Q1-2023
- Report No. FC-08-23 RE: Financial Report-Q2-2023

**CARRIED**

#### 8. DISCUSSION ITEMS

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- a) Report No. FC-06-23 RE: 2024 Draft Budgets and Municipal Levies. This Report is in conjunction with Presentation item #6.

Recommendation No. FC-16-2023

Moved by: Member Huson

Seconded by: Member Tadeson

1. **THAT** Report No. FC-06-23 RE: 2024 Draft Budgets and Municipal Levies **BE RECEIVED**;

2. **THAT** the Finance Committee is recommending that the Board of Directors **CONSIDER** and **APPROVE** the following recommendations:
- a. **THAT** the 2024 Draft Budgets **BE APPROVED** at the Board of Directors meeting on October 20<sup>th</sup>, 2023, for discussion with municipal staff, in accordance with Board approved Budget Assumptions.
  - b. **THAT** the 2024 Draft Municipal Levies **BE APPROVED** at the Board of Directors meeting on October 20<sup>th</sup>, 2023, for discussion with municipal staff,
  - c. **THAT** the targeted Land Securement Reserve contributions as per the Land Securement Strategy **BE PRESENTED** to municipal partners for their consideration, identified as an item in the Special Levy envelope.
  - d. **THAT** the list of 2024 unfunded pressures **BE PROVIDED** to partner municipalities for any future opportunities outside the 2024 budget through collaborative projects or external funding.
  - e. **THAT** NPCA staff **REPORT** the results of discussions with municipal staff to the 2024 Q2 Finance Committee and Board of Directors meetings.
  - f. **AND FURTHER THAT** a copy of the 2024 Draft Budgets and Municipal Levies **BE FORWARDED** to partner municipalities in advance of the October 20<sup>th</sup>, 2023, NPCA Board of Directors meeting and the weighted levy vote.

## 9. NEW BUSINESS

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CAO Sharma reminded Committee Members of weighted vote on levy as per provision in Conservation Authorities Act Levy Regulation.  
Municipal Discussions on Service Level Agreements and Category 3 Cost Apportionment Agreements are progressing well.

## 10. CLOSED SESSION

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## 11. ADJOURNMENT

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The Finance Committee meeting adjourned at 9:56 a.m.

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Donna Cridland  
Committee Chair

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

**Report To: Finance Committee**

**Subject: Banking and Investments – 2023 Activity**

**Report No: FC-04-24**

**Date: April 3, 2024**

**Recommendation:**

**THAT** Report No. FC-04-24 RE: Banking and Investments – 2023 Activity **BE RECEIVED**.

**Purpose:**

The purpose of this report is to provide the Finance Committee with information on banking and investments for the 2023 fiscal year.

**Discussion:**

<b>Cash and Cash Equivalents</b>				
	<b>2023</b>	<b>2022</b>	<b>Change</b>	<b>%</b>
Bank of Montreal	\$ 3,301,834	\$ 1,496,106	\$ 1,805,728	120.7%
Petty Cash	4,100	4,000	100	2.5%
CIBC	22,563	18,532	4,031	21.8%
Meridian	19,728	18,027	1,701	9.4%
<b>Total</b>	<b>\$ 3,348,225</b>	<b>\$ 1,536,665</b>	<b>\$ 1,811,560</b>	<b>117.9%</b>

The 2023 to 2022 variance of (\$1.8M) is the result of the final net operating position as at December 31, 2023, as well as year end interest income on investments, land securement funding and federal/provincial grant payments for fully funded activity.

CIBC and Meridian bank accounts are maintained to provide banking services for sites where Bank of Montreal branches are not available. All balances are transferred to the BMO primary account as needed to maximize interest revenue. Variances at the end of 2023 are due to timing of these transfers.

Investments				
	2023	2022	Change	%
GIC - Meridian	\$ 4,636,276	\$ 4,552,509	\$ 83,766	1.8%

Indebtedness

NPCA has an operating line of credit available in the amount of \$800,000. This credit facility was not utilized in 2023.

**Authored by:**

**Submitted by:**

*Original Signed by:*

*Original Signed by:*

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 Lise Gagnon, CPA, CGA  
 Director, Corporate Services

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 Chandra Sharma, MCIP, RPP  
 CAO / Secretary – Treasurer

**Report To: Finance Committee**

**Subject: Procurement – 2023 Activity**

**Report No: FC-05-24**

**Date: April 3, 2024**

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**Recommendation:**

**THAT** Report No. FC-05-24 RE: Procurement – 2023 Activity **BE RECEIVED.**

**Purpose:**

The purpose of this report is to provide the Finance Committee with an annual update to the Board on the following procurement activity for the 2023 fiscal year:

- Non-Competitive Procurement
- Unsolicited Proposals
- Transactions approved by the CAO/Secretary-Treasurer in excess of \$100,000 for Board-approved capital projects
- Listing of current agreements sourced through cooperative purchasing

**Background:**

Section 8.3 – Non-Competitive Procurement Business Case Requirements of the Procurement Policy states:

*The Procurement Specialist shall provide a full written report on all Non-Competitive Procurement transaction(s) to the Board of Directors annually, within 3 months of the subsequent year.*

At the Audit and Budget Committee meeting on March 12, 2020, the Committee passed the following recommendation:

*8.1 Report No. A&BC-01-2020 RE: Procurement Policy – The Committee requested an annual listing of unsolicited proposals.*



At the Full Authority meeting on April 16, 2020, the Board of Directors received Report No. FA-19-2020 RE: Delegation of Authority Policy. Upon further discussion, it was determined that an annual report on the delegation of authority in the procurement of goods and services would be brought forward.

**Discussion:**

Non-Competitive Procurement

All Non-Competitive Procurements above \$25,000 in value are approved by the Board. In 2023, NPCA proceeded with four transactions in a non-competitive environment:

1. J.D. Barnes Limited

Purchase Order (PO) #1635 was issued on September 15, 2023, for \$24,750. It was approved by the Manager, Land Planning, Director, Planning and Development, and CAO/Secretary- Treasurer to acquire Land Survey Services.

**Justification:** An urgent need to conduct a Land Survey for the 2022 Purchase of Lathrop Property located at 130 Luffman Drive, Pelham was required to support the purchase of this property.

2. Terra-Dynamics Consulting Inc.

PO #1636 was issued on September 15, 2023, for \$29,350. It was approved by Senior Manager, Environmental Planning and Policy, Director, Planning and Development and CAO/Secretary-Treasurer for an Analysis of Best Practices for Source Water Protection Analysis.

**Justification:** A duly executed Request for Proposal (RFP) was posted to Bids & Tenders, however no submissions were received. These services were urgently needed to support the Best Practice for Source Water Protection project and NPCA was able to secure these services directly from this vendor.

3. Archers Traffic Control Inc

PO #1639 was issued on October 23, 2023, for \$10,775. It was approved by the Manager, Conservation Areas Programs & Services, Director, Conservation Areas, and CAO/Secretary-Treasurer to acquire Traffic Control Services for the 2023 Thanksgiving Festival.

**Justification:** The 2023 Thanksgiving Festival had initially planned for traffic control to be managed by the Niagara Regional Police Services. However, on the eve of the event, the Niagara Regional Police Services informed the NPCA of their inability to provide the service.

4. myFM

PO #1642 was issued on December 20, 2023, for \$9,305. It was approved by the Manager, Conservation Areas Programs & Services, Director, Conservation Areas, and CAO/Secretary-Treasurer for 2023 Balls Falls Thanksgiving Festival Entertainment services, provided by various artists.

**Justification:** At the time that NPCA proceeded with engaging the services of this vendor, it was anticipated that the total disbursement would not exceed \$7,500, thereby remaining below the \$7,500 threshold for reporting on non-competitive procurement. Unanticipated cost overruns in the amount of \$1,805 elevated total disbursements about the threshold.

### Unsolicited Proposals

There were no unsolicited proposals received in 2023.

### CAO/Secretary-Treasurer Approved Capital Project Transactions

In 2023, the CAO/Secretary-Treasurer approved a total of three (3) transactions in excess of \$100,000 for Board-approved capital projects. Further details on these transactions are provided below; project totals are exclusive of HST.

1. Greck & Associates

PO #1593 was issued on February 3, 2023, for \$117,040 to complete Services for Oswego Creek Floodplain Mapping. This was an open procurement process, and submissions were received through Bids & Tenders.

2. Stevensville Lawn Services

PO #1621 was issued on July 15, 2023, for \$478,465 to Construct a New Parking Lot at the Rockway Conservation Area. This was an open procurement process, and submissions were received through Bids & Tenders.

3. Stevensville Lawn Services

PO #1520 was issued on July 12, 2023, for \$135,275 to Reconstruct the front entrance at St. John's Conservation Area. This was an open procurement process, and submissions were received through Bids & Tenders.

### Cooperative Procurement

The NPCA engages in several Group Purchasing Organizations to leverage collective buying power and maximize cost savings for all members involved. By utilizing collaborative and consortium buying agreements, NPCA can secure the best value for its procurement needs while streamlining the purchasing process.

This approach also benefits vendors who can participate in efficient competitive bidding processes that come with multiple awards within a single contract. Additionally, NPCA benefits from the ability to access aggregated national, provincial, and regional pricing, which allows smaller public agencies to take advantage of the same buying power and contracts as larger public sector organizations.

NPCA participates in the following collaborative agreements, leveraging the benefits of cooperative procurement:

- Containerized waste removal (DSBN - Niagara Public Purchasing Committee)
- Supply and delivery of fuel (City of Welland - Niagara Public Purchasing Committee)
- Supply and Delivery of Propane (DSBN - Niagara Public Purchasing Committee)
- Workplace print and services (Ministry of Government and Consumer Services)
- Corporate credit card services (Ministry of Government and Consumer Services)
- Courier services (Ministry of Government and Consumer Services)
- Mobile devices and related services (Ministry of Government and Consumer Services)
- Fine paper agreement (Ontario Collaborative Marketplace)
- Apparel, Uniforms, Safety Footwear, and Related Services (Ontario Collaborative Marketplace)
- Grounds Maintenance Program (Canoe Procurement Group of Canada)

**Related Reports and Appendices:**

Procurement Policy – Available Upon Request  
Delegation of Authority Policy – Available Upon Request

**Authored by:**

*Original Signed by:*

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Eric Gervais, CSCMP  
Manager, Corporate Support Services

**Reviewed 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

**Report To: Finance Committee**

**Subject: Finance Committee – 2024 Work Plan**

**Report No: FC-01-24**

**Date: April 3, 2024**

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**Recommendation:**

**THAT** Report No. FC-01-24 RE: Finance Committee – 2024 Work Plan **BE RECEIVED;**

**AND THAT** the Finance Committee - 2024 Work Plan attached as Appendix 1 **BE APPROVED.**

**Purpose:**

The purpose of this report is to present the draft 2024 Work Plan to the Finance Committee for approval.

**Discussion:**

The 2024 Finance Committee Work Plan forms a key component of the financial reporting, planning and control structures of the organization, and identifies key priority initiatives required in the year ahead.

Additionally, the Work Plan outlines how implementation of this work will be monitored against the direction outlined in NPCA's Strategic Plan (2021 – 2031), primarily related to the following strategic priorities:

Goal 5.2 – Improve internal operations and processes

Goal 5.3 – Provide high standards of customer service

Goal 6.1 – Ensure responsible, sustainable and sound fiscal practices

Goal 6.2 – Optimize self-generating revenue using innovative approaches

Goal 6.3 – Improve asset management and close the state of good repair gap

**Related Reports and Appendices:**

Appendix 1: Finance Committee – 2024 Work Plan

NPCA – Strategic Plan (2021 – 2031) – Available upon request

**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  
Chief Administrative Officer/Secretary-Treasurer

Niagara Peninsula Conservation Authority												
Finance Committee Annual Work Plan - 2024												
Appendix 1 - No. FC-01-24												
Prepared: 21-MAR-2024 (draft)												
DRAFT - SUBJECT TO APPROVAL	Quarter 1			Quarter 2			Quarter 3			Quarter 4		
	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER
Finance Committee				03-Apr			24-Jul		25-Sep			
Full Authority Board		16-Feb	22-Mar	19-Apr	17-May	21-Jun	21-Jul		20-Sep	18-Oct	15-Nov	13-Dec
<b>1. Terms of Reference, Audit Work Plan, Committee Evaluation, Appointment of Officers</b>												
a) 2024 work plan				X								
<b>2. External Audit</b>												
a) Appointment of external auditor for 2024 fiscal year - Board AGM				X								
b) Review draft audited financial statements and Audit Findings Report - Committee				X								
c) Review draft audited financial statements and Audit Findings Report - Board				X								
<b>3. Reporting</b>												
a) Review 2023 Q4 year end results, variance reports - Committee				X								
Review 2023 Q4 year end results, variance reports - Board				X								
b) Review quarterly results, variance reports and projections - 2024 - Q1 - Committee							X					
Review quarterly results, variance reports and projections - 2024 - Q1 - Board									X			
c) Review quarterly results, variance reports and projections - 2024 - Q2 - Committee												
Review quarterly results, variance reports and projections - 2024 - Q2 - Board										X		
d) Review quarterly results, variance reports and projections - 2024 - Q3 - Committee												
Review quarterly results, variance reports and projections - 2024 - Q3 - Board										X		
e) 2023 report on banking and investments - Committee				X								
f) 2023 report on procurement - Committee				X								
2023 report on procurement - Board				X								
<b>4. Operating and Capital Budgets</b>												
a) 2025 Operating and Capital budget assumptions - Committee							X					
2025 Operating and Capital budget assumptions - Board									X			
b) 2025 Draft Operating and Capital budgets - Committee									X			
2025 Draft Operating and Capital budgets - Board										X		
<b>5. Other</b>												
a) Contract award for banking and investment services (RFP)							X					
b) Long term budgets, 10 year capital plan, business planning and strategic plan reporting										X		
c) Strategic & Operational Asset Management Plan												X
d) Green infrastructure, sustainable technologies and natural asset accounting												X
e) Operational and asset management plan for flood infrastructure												X
f) Review policies and identify gaps												
g) Digital transformation plan												
<b>7. Mid and Long Term Objectives</b>												
	2025	2026	2027									
Natural asset accounting - multi-year	X	X	X									
Fleet management - plan for conversion of fleet to EV	X	X	X									
Risk management plan	X	X										
Project management capacity		X										

**Report To: Finance Committee**

**Subject: Financial Report – Q4 – 2023**

**Report No: FC-02-24**

**Date: April 3, 2024**

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**Recommendation:**

**THAT Report No. FA-02-24 RE: Financial Report – Q4 – 2023 BE RECEIVED.**

**Purpose:**

The purpose of this report is to provide the Finance Committee with a final 2023 year-end summary of operating and capital expenditures. This report also provides a comparison of actual results to the 2023 budget as approved by the Board. Additionally, this report provides information on the 2024 annual allocations with respect to the Operating and Capital Reserves.

**Discussion:**

The Reserve Policy provides guidance for the allocation as well as source and use of funds within each reserve category. Staff is seeking Finance Committee endorsement of the following reserve allocations for the 2024 fiscal year with respect to the General Operating and General Capital Reserves, to be presented to the Board for final approval on April 19, 2024.

General Operating Reserve

Appendix 1 provides a final summary and variance analysis of operating performance for the 2023 fiscal year and returns a positive operating net position of \$596,259. This net position is distributed as follows:

- |                              |            |
|------------------------------|------------|
| a) General Operating Reserve | \$ 591,037 |
| b) Restoration Reserve       | \$ 5,222   |

Total General Operating Reserve balance as at December 31, 2023: \$1,867,721

Please note that further to confidential report FA-50-23 related to the Compensation Review project, the 2023 net operating position will be utilized to meet the financial requirements of this initiative, in keeping with Board directive during in-camera session.

General Capital Reserve

Total General Capital Reserve balance as at December 31, 2023: \$1,257,909

This balance has been allocated to ongoing multi-year initiatives, further details on 2023 capital projects are provided in Appendix 2.

**Financial Implications:**

This report confirms the general financial oversight and compliance with Public Sector Accounting Board Standards. All recommendations and details contained in this report have been integrated in the Conservation Authorities Act Inventory of Programs and Services and the audited financial statements as appropriate.

**Related Reports and Appendices:**

Appendix 1: 2023 Operating Statement – Q4

Appendix 2: Capital Projects 2023 – Q4

**Prepared by:**

**Submitted by:**

*Original Signed by:*

*Original Signed by:*

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Lise Gagnon, CPA, CGA  
Director, Corporate Services

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



**Niagara Peninsula Conservation Authority**  
**2023 CONSOLIDATED OPERATING STATEMENT - Q4 - January 1 to December 31, 2023**

Source of Funds	2023 Actuals	2023 Budget	Actual to Budget Variance		Comments
			Amount	%	
Municipal Funding	6,947,104	6,947,104	-	0.0%	No variance to report
Provincial Funding	478,819	538,760	- 59,941	-11.1%	Timing variances related to fully funded activity; offset entirely by lower expenses
Federal Funding	239,089	268,000	- 28,911	-10.8%	Timing variances related to fully funded activity; offset entirely by lower expenses
Park Operations	3,046,339	3,344,201	- 297,862	-8.9%	Day Use (weather + parking gates), special events not undertaken (Holiday Trail)
Permits and Regulatory Fees	785,211	740,000	45,211	6.1%	Higher Planning and Permit volume - Watershed Planning & Development
Other Revenue	984,515	1,044,418	- 59,903	-5.7%	Reduced land owner contributions (Restoration)
<b>Total Revenues/Source of Funds</b>	<b>12,481,077</b>	<b>12,882,483</b>	<b>- 401,406</b>	<b>-3.12%</b>	
<b>Use of Funds</b>					
Salaries and Benefits	7,876,232	8,333,406	- 457,174	-5.5%	Recruitment & retention challenges, delays in filling vacant positions
Other Employee Related Expenses	224,593	307,795	- 83,202	-27.0%	Reduced staff mileage/expenses efficiencies
Governance	20,255	41,000	- 20,745	-50.6%	Reduced mileage and expenses - hybrid meetings - lower per diems
Professional Fees & Contractor Services	720,643	1,051,184	- 330,541	-31.4%	Grant Funding disb - timing (\$173K), land planning - timing on special projects
Occupancy Costs	616,399	630,522	- 14,123	-2.2%	Variance is not material
IT, GIS and Licence Fees	565,120	473,487	91,633	19.4%	IT managed serv agrmnt, improved internet + new programs (licence fees)
Vehicles and Equipment	413,582	346,300	67,282	19.4%	Inflation - gas/oil (\$20K), fleet R&M (\$22K), lease for heavy duty trucks (\$20K)
Park Maintenance	624,047	626,300	- 2,253	-0.4%	Variance is not material
Other Operating Expenses	277,515	312,050	- 34,535	-11.1%	Awards/events - \$12.5K, Restoration Comms - \$10K
Materials and Supplies	292,015	337,439	- 45,424	-13.5%	Strat planning follow up deferred, fully funded programs - timing
Marketing and Promotion, Special Events	254,417	423,000	- 168,583	-39.9%	Underspending - mktg & promo - special events not undertaken (Holiday Trail)
<b>Total Expenses/Use of Funds</b>	<b>11,884,818</b>	<b>12,882,483</b>	<b>- 997,665</b>	<b>-7.7%</b>	
<b>Net Surplus as at December 31, 2023</b>	<b>596,259</b>	<b>-</b>	<b>596,259</b>		

**Niagara Peninsula Conservation Authority - 2023 CAPITAL AND SPECIAL PROJECTS**

Project Name	Location	Funding		Budget Carried Forward	YTD Spend at 31-DEC-2022	YTD Spend at 31-DEC-2023	Total Project Spend at 31-DEC-2023
		2023	Total Project				
<b>Corporate Administration</b>							
Human Resources Information System	Various	27,013	27,013	-	-	2,013	2,013
Automated External Defibrillators (8 units)	Various	27,013	27,013	-	-	-	-
<b>TOTAL - Corporate Administration</b>		<b>\$ 54,026</b>	<b>\$ 54,026</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,013</b>	<b>\$ 2,013</b>
<b>Corporate Services</b>							
Annual PC replacements and Acquisition	Various	81,039	81,039	-	-	30,910	30,910
Information Technology Infrastructure Maintenance	Various	43,220	43,220	-	-	47,001	47,001
2022 Capital Planning Software	Various	-	-	22,857	39,596	3,663	43,259
2022 Large Scale Surface Water Inventory Mapping Update	Various	-	-	106,311	6,311	-	6,311
2021 Restoration Site Design - Lakewood	Niagara	-	-	52,584	24,150	28,014	52,164
2021 Records Management - phased	Various	-	-	40,000	3,739	16,749	20,488
<b>TOTAL - Corporate Services</b>		<b>\$ 124,259</b>	<b>\$ 124,259</b>	<b>\$ 221,752</b>	<b>\$ 73,796</b>	<b>\$ 126,337</b>	<b>\$ 200,133</b>
<b>Conservation Area Services</b>							
Balls Falls - Heritage Building Restoration	Balls Falls	81,038	81,038	-	145,966	926	146,892
Balls Falls - Centre for Conservation Upgrades	Balls Falls	108,051	108,051	-	-	35,080	35,080
Binbrook - New Washroom Building (Phase 1)	Binbrook	64,831	64,831	-	-	23,967	23,967
Chippawa Creek - Natural Playground	Chippawa Creek	108,051	108,051	-	-	-	-
Long Beach - Workshop (Phase 1)	Central Workshop	135,064	135,064	-	-	32,921	32,921
St. John's Education Centre Student Structural Rest.	St. John's	135,064	135,064	-	-	135,685	135,685
Stevensville - Fishing Pier	Stevensville	64,831	64,831	-	-	65,137	65,137
Equipment Sustainment	Various	243,115	243,115	-	-	274,683	274,683
Hazard Tree Removal and Reforestation	Various	108,051	108,051	-	-	64,215	64,215
2022 Rockway - Parking Area Enhancement	Rockway	324,381	324,381	-	13,843	595,112	608,955
2022 Balls Falls - Pedestrian Path (Accessibility)	Balls Falls	-	-	26,292	8,924	30,528	39,452
2022 St. John's CA - Parking Enhancement	St. John's	-	-	-	163,732	164,701	328,433
2022 Trail Enhancement (various)	Various	-	-	-	15,810	14,238	30,048
2022 Woodend Parking Enhancements	Various	-	-	-	5,923	-	5,923
2021/2022 Cave Springs - Exterior Infrastructure	Cave Springs	-	-	131,461	346,723	12,144	358,867
2020 CFC Gallery Upgrades	Balls Falls	-	-	65,000	15,601	5,382	20,983
<b>Total - Conservation Area Services</b>		<b>\$ 1,372,477</b>	<b>\$ 1,372,477</b>	<b>\$ 222,753</b>	<b>\$ 716,522</b>	<b>\$ 1,454,719</b>	<b>\$ 2,171,241</b>
<b>Watershed</b>							
Floodplain Mapping - Oswego Creek	Haldimand	56,804	56,804	-	-	55,950	55,950
Welland River Water Quality Non Point Source Model		64,831	64,831	-	-	10,869	10,869
Integrated Water Resources Spatial Drainage Framework	Various	81,038	81,038	-	-	-	-
Integrated Watershed Monitoring Program Startup	Various	27,013	27,013	-	-	-	-
Upper Welland River Tributaries Floodplain Mapping	Niagara	108,050	108,050	-	-	8,051	8,051
Watershed & Sub Watershed Data Analysis/Monitoring	Niagara	81,038	81,038	-	-	-	-
Sustainment - Stream Gauge Equipment	Various	21,610	21,610	-	-	5,530	5,530
Sustainment - Water Quality Monitoring Equipment	Various	27,013	27,013	-	-	24,501	24,501
2022 Floodplain Mapping - Coyle and Drapers Creek	Welland/Pelham	-	-	120,944	5,944	179,512	185,456
2022 Dam Safety Review (Binbrook and Welland River)		-	-	132,889	7,889	76,287	84,176
2022 Shoreline Mapping Update - Lake Erie		-	-	157,753	7,753	-	7,753
2021 Floodplain Mapping - Big Forks Creek		-	-	157,753	96,788	27,502	124,290
2020 Flood Plain Mapping - Beaver Creek		-	-	157,753	95,519	15,246	110,765
<b>Total - Watershed</b>		<b>\$ 467,397</b>	<b>\$ 467,397</b>	<b>\$ 727,092</b>	<b>\$ 213,893</b>	<b>\$ 403,448</b>	<b>\$ 617,341</b>
<b>GRAND TOTAL</b>		<b>\$ 2,018,159</b>	<b>\$ 2,018,159</b>	<b>\$ 1,171,597</b>	<b>\$ 1,004,211</b>	<b>\$ 1,986,517</b>	<b>\$ 2,990,728</b>

**Report To: Finance Committee**

**Subject: 2023 Audited Financial Statements and Audit Findings Report**

**Report No: FC-03-24**

**Date: April 3, 2024**

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**Recommendation:**

**THAT** Report No. FC-03-24 RE: 2023 Audited Financial Statements **BE RECEIVED**;

**AND THAT** the 2023 Audited Financial Statements and the 2023 Audit Findings Report attached hereto as Appendices 1 and 2 respectively **BE RECOMMENDED** to the Board of Directors for approval.

**Purpose:**

The purpose of this report is to seek the Finance Committee's approval of the 2023 Audited Financial Statements and the 2023 Audit Findings Report.

**Financial Implications:**

There are no financial implications associated with this report.

**Related Reports and Appendices:**

Appendix 1: Draft 2023 Audited Financial Statements

Appendix 2: Draft 2023 Audit Findings Report

**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  
CAO / Secretary – Treasurer

Financial Statements of

**NIAGARA PENINSULA  
CONSERVATION AUTHORITY**

And Independent Auditors' Report thereon

Year ended December 31, 2023

Draft



KPMG LLP  
80 King Street, Suite 620  
St. Catharines ON L2R 7G1  
Canada  
Tel 905-685-4811  
Fax 905-682-2008

## INDEPENDENT AUDITOR'S 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, 2023
- the statement of operations and 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, 2023, 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 “**Auditor's 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.

### ***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 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.

Chartered Professional Accountants, Licensed Public Accountants

St. Catharines, Canada  
April 19, 2024

**NIAGARA PENINSULA CONSERVATION AUTHORITY**

## Statement of Financial Position



As at December 31, 2023, with comparative information for 2022

	2023	2022
<b>Financial assets</b>		
Cash and cash equivalents	\$ 3,348,225	\$ 1,536,665
Investments	4,636,276	4,552,509
Accounts receivable	744,574	606,745
	<b>8,729,075</b>	<b>6,695,919</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	936,062	825,398
Employee future benefits (note 2)	186,300	103,300
Deferred revenue (note 3)	2,423,667	2,350,242
	<b>3,546,029</b>	<b>3,278,940</b>
Net financial assets	<b>5,183,046</b>	<b>3,416,979</b>
<b>Non-financial assets</b>		
Prepaid expenses	210,152	199,490
Tangible capital assets (note 4)	27,941,777	26,917,698
	<b>28,151,929</b>	<b>27,117,188</b>
Accumulated surplus (note 5)	<b>\$ 33,334,975</b>	<b>\$ 30,534,167</b>

See accompanying notes to financial statements

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 Robert Foster, Chair

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 Chandra Sharma, CAO/Secretary -Treasurer



# NIAGARA PENINSULA CONSERVATION AUTHORITY



## Statement of Operations and Accumulated Surplus

Year ended December 31, 2023, with comparative information for 2022

	Budget (note 8)	2023 Actual	2022 Actual
<b>Revenues:</b>			
<b>Government transfers</b>			
Province of Ontario – Ministry of Natural Resources and Forestry (“MNRF”)	\$ 90,000	\$ 90,083	\$ 90,083
Province of Ontario - Other	448,760	533,471	429,973
Government of Canada	268,000	942,096	389,311
<b>Municipal levies:</b>			
General	6,947,104	6,947,104	6,337,748
Special	2,018,159	2,087,776	1,859,958
<b>Authority generated:</b>			
User fees, sales and admissions	3,344,201	3,046,338	3,063,049
Administration fees	740,000	785,211	495,932
Interest	82,000	219,922	106,082
Other	962,418	1,297,545	788,605
OPG - Welland river watershed	–	72,357	81,861
	<b>14,900,642</b>	<b>16,021,903</b>	<b>13,642,602</b>
<b>Expenses:</b>			
CAO and Administration	1,494,664	1,206,266	1,219,784
Watershed	4,900,980	4,374,494	3,655,997
Corporate Services	3,311,312	3,210,335	2,896,486
Conservation Areas	4,511,808	4,430,000	4,566,928
	<b>14,218,764</b>	<b>13,221,095</b>	<b>12,339,195</b>
<b>Annual surplus</b>	<b>681,878</b>	<b>2,800,808</b>	<b>1,303,407</b>
<b>Accumulated surplus, beginning of year</b>	<b>30,534,167</b>	<b>30,534,167</b>	<b>29,230,760</b>
<b>Accumulated surplus, end of year</b>	<b>\$31,216,045</b>	<b>\$33,334,975</b>	<b>\$30,534,167</b>

See accompanying notes to financial statements

# NIAGARA PENINSULA CONSERVATION AUTHORITY

## Statement of Change in Net Financial Assets



Year ended December 31, 2023, with comparative information for 2022

	2023	2022
Annual surplus	\$ 2,800,808	\$ 1,303,407
Acquisition of tangible capital assets	(2,419,674)	(3,915,221)
Amortization of tangible capital assets	1,336,281	1,210,394
Proceeds on disposal of tangible capital assets	85,693	43,368
Gain on disposal of tangible capital assets	(26,379)	(43,368)
Increase in prepaid expenses	(10,662)	(150,359)
	1,766,067	(1,551,779)
Net financial assets, beginning of year	3,416,979	4,968,758
Net financial assets, end of year	\$ 5,183,046	\$ 3,416,979

See accompanying notes to financial statements

# NIAGARA PENINSULA CONSERVATION AUTHORITY

## Statement of Changes in Cash Flows



Year ended December 31, 2023, with comparative information for 2022

	2023	2022
Cash provided by (used in):		
Operations:		
Annual surplus	\$ 2,800,808	\$ 1,303,407
Item not involving cash:		
Amortization of tangible capital assets	1,336,281	1,210,394
Gain on disposal of tangible capital assets, net	(26,379)	(43,368)
Employee future benefits	83,000	7,800
Accrued interest on investments	8,216	44,299
Change in non-cash operating working capital:		
Accounts receivable	(137,829)	800,470
Prepaid expenses	(10,662)	(150,359)
Accounts payable and accrued liabilities	110,664	(399,217)
Deferred revenue	73,425	444,125
<b>Net change in cash and cash equivalents from operations</b>	<b>4,237,524</b>	<b>3,217,551</b>
Capital activities:		
Purchases of tangible capital assets	(2,419,674)	(3,915,221)
Proceeds from disposal of tangible capital assets	85,693	43,368
<b>Net change in cash and cash equivalents from capital activities</b>	<b>(2,333,981)</b>	<b>(3,871,853)</b>
Investing activities:		
Proceeds from sale of investments	4,544,293	4,465,369
Purchases of investments	(4,636,276)	(4,552,509)
<b>Net change in cash and cash equivalents from investing activities</b>	<b>(91,983)</b>	<b>(87,140)</b>
<b>Net change in cash and cash equivalents</b>	<b>1,811,560</b>	<b>(741,442)</b>
Cash and cash equivalents, beginning of year	1,536,665	2,278,107
<b>Cash and cash equivalents, end of year</b>	<b>\$ 3,348,225</b>	<b>\$ 1,536,665</b>

See accompanying notes to financial statements

Year ended December 31, 2023

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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 within the watershed boundary established for the Authority.

## 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.

Year ended December 31, 2023

**1. Significant accounting policies (continued):**

(f) 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.

(g) 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.

Year ended December 31, 2023

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**1. Significant accounting policies (continued):**

(g) Revenue recognition (continued):

iii) Authority generated

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

(h) 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.

(i) Asset retirement obligation:

A liability is recognized where there is a legal obligation to incur costs associated with the retirement of a tangible capital asset. Such costs increase the carrying amount of the related tangible capital asset and are expensed in a rational and systematic manner, while asset retirement costs associated with an asset no longer in productive use are expensed. A liability for an asset retirement obligation is recognized when all the following criteria are met:

- there is a legal obligation to incur retirement costs;
- a transaction or event gives rise to a liability has occurred;
- it is expected that future economic benefits will be given up; and
- a reasonable estimate of the amount can be made.

Initial measurement of the liability is based on management's best estimate of the amount required to retire a tangible capital asset as at the date of the Statement of Financial Position. Changes in the subsequent measurement of the liability are recorded as a change in the carrying amount of the related tangible capital asset, or an expense, depending on the nature of the remeasurement or whether the asset remains in productive use.

(j) 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.

Year ended December 31, 2023

**1. Significant accounting policies (continued):**

(k) Adoption of new accounting standards:

The Authority adopted the following accounting standard beginning January 1, 2023. Public Accounting Standard PS 3280 – Asset Retirement Obligations. The new accounting standard addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets, such as asbestos removal in certain facilities owned by the Authority. The adoption of the standard did not have an impact on the financial statements. Additionally, the PS 1201 – Financial Statement Presentation, PS 2061 – Foreign Currency Translation, PS 3041 Portfolio Investments and PS – Financial Instruments were adopted and did not have an impact on the financial statements.

**2. Employee future benefits:**

The Authority provides extended life, health, and dental benefits to a closed group of 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, 2023 was estimated by management to be \$186,300 (2022 - \$103,300). Information about the Authority's benefit plan is as follows:

	2023	2022
Accrued benefit obligation:		
Balance, beginning of year	\$ 103,300	\$ 95,500
Current benefit cost	89,700	14,083
Benefits paid	(6,700)	(6,283)
Accrued benefit obligation, end of year	\$ 186,300	\$ 103,300

**3. Deferred revenue:**

Deferred revenues consist of the following:

	Balance at December 31, 2022	Externally restricted inflows	Revenue earned	Balance at December 31, 2023
User fees	\$ 345,818	\$ 260,398	\$ (233,230)	\$ 372,986
District School Board of Niagara	750,000	250,000	–	1,000,000
Government grants	477,989	105,165	(236,551)	346,603
Welland river watershed- Ontario Power Generation ("OPG")	776,435	–	(72,357)	704,078
<b>Total</b>	<b>\$ 2,350,242</b>	<b>\$ 615,563</b>	<b>\$ (542,138)</b>	<b>\$ 2,423,667</b>

Year ended December 31, 2023

**4. Tangible capital assets:**

Cost	Balance at December 31, 2022	Additions	Transfers/ Disposals	Balance at December 31, 2023
Land	\$10,831,810	\$ –	\$ –	\$10,831,810
Land improvements	7,295,022	786,788	(6,000)	8,075,810
Buildings	7,002,900	181,972	(78,429)	7,106,443
Dams	5,273,518	–	–	5,273,518
Gauge stations	403,351	–	–	403,351
Equipment	4,272,614	805,304	(133,487)	4,944,431
Vehicles	68,957	–	(20,200)	48,757
Office equipment	1,100,666	121,170	–	1,221,836
Work-in-progress	1,186,311	2,419,674	(1,895,234)	1,710,751
<b>Total</b>	<b>\$37,435,149</b>	<b>\$ 4,314,908</b>	<b>\$ (2,133,350)</b>	<b>\$39,616,707</b>

Accumulated Amortization	Balance at December 31, 2022	Additions	Transfers/ Disposals	Balance at December 31, 2023
Land	\$ –	\$ –	\$ –	\$ –
Land improvements	2,994,721	396,307	(754)	3,390,274
Buildings	2,883,552	232,407	(38,349)	3,077,610
Dams	1,993,799	73,891	–	2,067,690
Gauge stations	283,190	19,009	–	302,199
Equipment	1,567,591	468,103	(146,254)	1,889,440
Vehicles	68,957	–	(20,200)	48,757
Office equipment	725,641	146,564	26,755	898,960
<b>Total</b>	<b>\$10,517,451</b>	<b>\$ 1,336,281</b>	<b>\$ (178,802)</b>	<b>\$11,674,930</b>



Year ended December 31, 2023

**4. Tangible capital assets (continued):**

	Net Book Value December 31, 2022	Net Book Value December 31, 2023
Land	\$10,831,810	\$10,831,810
Land improvements	4,300,301	4,685,536
Buildings	4,119,348	4,028,833
Dams	3,279,719	3,205,828
Gauge stations	120,161	101,152
Equipment	2,705,023	3,054,991
Vehicles	-	-
Office equipment	375,025	322,876
Work-in-progress	1,186,311	1,710,751
<b>Total</b>	<b>\$26,917,698</b>	<b>\$27,941,777</b>

Work-in-process, having a value of \$1,710,751 (2022 - \$1,186,311) has not been amortized. Amortization of these assets will commence when the asset is brought into service.

Contributed tangible capital assets have been recognized at fair value at the date of contribution. The fair value of contributed assets received during the year is \$nil (2022 - \$nil). Tangible capital assets recognized at nominal value include land used in the operations and conservation management. There were no amounts recognized at nominal value during the year, or 2022.

During the year, the Authority disposed of assets in the normal course of operations, recognizing a gain on disposal of \$26,379 (2022 - \$43,368).

**5. Accumulated surplus:**

Accumulated surplus consists of the following:

	2023	2022
Invested in tangible capital assets	\$ 27,941,777	\$ 26,917,698
Reserves set aside by the Board of the Authority for specific purpose	5,579,498	3,719,769
Unfunded employee future benefits liability	(186,300)	(103,300)
	<b>\$ 33,334,975</b>	<b>\$ 30,534,167</b>

Year ended December 31, 2023

**5. Accumulated surplus (continued):**

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

	2023	2022
General capital	\$ 1,257,909	\$ 606,012
Operating reserve	1,552,830	1,158,096
Flood protection	261,141	255,390
Levy differential	33,367	32,632
Land acquisitions	2,159,360	1,365,361
Restoration	314,891	302,278
	<b>\$ 5,579,498</b>	<b>\$ 3,719,769</b>

**6. Credit facility:**

The Authority's credit facility includes an overdraft lending account of \$765,000 bearing interest at prime less 2%. As at December 31, 2023, \$nil (2022 - \$nil) was drawn on this facility. As at December 31, 2023, \$11,667 (2022 - \$11,667) 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.

**7. Pension plan:**

The Authority makes contributions to the Ontario Municipal Employees Retirement System ("OMERS"), which is a multi-employer plan, on behalf of the 83 (2022 - 68) 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 \$4.2 billion (2022 - \$6.7 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 2023 calendar year at rates ranging from 9.0% to 14.6% 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 2023 current and past service was \$554,138 (2022 - \$506,023) and were matched by employee contributions.

Year ended December 31, 2023

**8. Budget data:**

The budget data presented in these financial statements is based upon the 2023 operating budget approved by the Board of the Authority on November 18, 2022, and capital budget approved November 18, 2022. Amortization was not incorporated in the development of the budget and, as such, was 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	\$ 12,882,483
Capital	
Approved budget	2,018,159
<b>Total revenues</b>	<b>\$ 14,900,642</b>
Expenses:	
Operating	
Approved budget	\$ 12,882,483
Capital	
Approved budget	2,018,159
Add:	
Amortization	1,336,281
Less:	
Tangible capital assets included in operating expense	(2,018,159)
<b>Total expenses</b>	<b>14,218,764</b>
<b>Annual surplus</b>	<b>\$ 681,878</b>

**9. Asset retirement obligation**

Throughout the year the Authority reviews all assets recorded on the tangible capital asset listing to determine if there are any legal obligations to incur costs in the future associated with the retirement of an asset. Examples of such costs are the remediation of asbestos, lead and mold, the closure of dams or monitoring wells. Currently, there are no known assets that fall within the scope of this obligation, and as a result, no liability has been recognized.

The Authority's ongoing efforts to assess asset retirement obligations may result in future liabilities, any changes will be accrued in the year in which they are assessed as likely and reasonably estimable.

Year ended December 31, 2023

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**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 \$20,255 (2022 - \$27,482) 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.

**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 \$396,971 in future revenues based on anticipated services to be performed.

**13. Contractual obligations and commitments:**

- i) The Authority has entered into a contract for provision of reservation and park system services until December 2025, with an annual financial requirement of \$30,000. This will be financed by the Authority's operating budget.
- ii) The Authority has entered into a long-term lease for office space, which expires February 28<sup>th</sup>, 2031, with a three-year option to renew. The total lease commitment is \$2,358,096, annual minimum lease payments are as follows: 2024 - \$188,950; 2025 - \$226,740; 2026 - \$226,740; 2027 - \$233,038; 2028 - \$234,298, thereafter.

Year ended December 31, 2023

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**14. 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:

**Corporate Administration**

Corporate administration services are 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 Services**

The corporate services department is development and managing the Authority's vehicles and equipment. The vehicles and equipment department accounts for the cost of maintaining the vehicles and equipment.

**Conservation Areas**

The conservation areas department is the umbrella for two divisions dedicated to conservation land management and conservation land programming. 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.

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 from investments has been allocated among the various segments.

# NIAGARA PENINSULA CONSERVATION AUTHORITY



Notes to Financial Statements (continued)

Year ended December 31, 2023

## 14. Segmented information (continued):

	2023				2023 Total
	Corporate Administration	Watershed	Corporate Services	Conservation Areas	
<b>Revenues:</b>					
MNRF transfers	\$ 15,200	\$ 38,683	\$ 36,200	\$ -	\$ 90,083
Government transfers	14,289	536,125	167,026	758,127	1,475,567
Municipal levies	1,361,703	3,091,833	2,766,935	1,814,409	9,034,880
User fees, sales and administration	-	-	-	3,046,338	3,046,338
Administration fees	-	785,211	-	-	785,211
Interest	-	-	219,922	-	219,922
Other	10,755	599,019	44,744	577,110	1,231,628
Gain on disposal	-	-	26,379	-	26,379
Gain on insurance proceeds	-	-	39,538	-	39,538
OPG-Welland River Watershed	-	72,357	-	-	72,357
<b>Total revenues</b>	<b>\$1,401,947</b>	<b>\$5,123,228</b>	<b>\$3,300,744</b>	<b>\$6,195,984</b>	<b>\$16,021,903</b>
<b>Expenses:</b>					
Salaries and benefits	919,908	3,472,935	1,156,562	2,551,420	8,100,825
Materials and supplies	42,121	326,773	480,698	960,925	1,810,517
Contracted services	-	245,553	27,620	-	273,173
Professional fees	87,088	270,275	90,107	-	447,470
Rent and financial expenses	-	-	616,398	-	616,398
Marketing and promotion	56,565	14,747	565,119	-	636,431
Amortization	100,584	44,211	273,831	917,655	1,336,281
<b>Total expenses</b>	<b>1,206,266</b>	<b>4,374,494</b>	<b>3,210,335</b>	<b>4,430,000</b>	<b>13,221,095</b>
<b>Annual surplus</b>	<b>\$ 195,681</b>	<b>\$ 748,734</b>	<b>\$ 90,409</b>	<b>\$1,765,984</b>	<b>\$ 2,800,808</b>
<b>2022</b>					
	Corporate Administration	Watershed	Corporate Services	Conservation Areas	2022 Total
<b>Revenues:</b>					
MNRF transfers	\$ 15,200	\$ 38,600	\$ 36,283	\$ -	\$ 90,083
Government transfers	11,368	422,077	84,200	301,639	819,284
Municipal levies	1,274,931	2,967,783	2,617,947	1,337,045	8,197,706
User fees, sales and administration	-	-	-	3,063,049	3,063,049
Administration fees	-	495,932	-	-	495,932
Interest	-	-	106,082	-	106,082
Other	105	369,854	66,580	70,117	506,656
Gain on disposal	-	-	43,368	-	43,368
Gain on insurance proceeds	-	-	238,581	-	238,581
OPG-Welland River Watershed	-	77,975	3,886	-	81,861
<b>Total revenues</b>	<b>\$1,301,604</b>	<b>\$4,372,221</b>	<b>\$3,196,927</b>	<b>\$4,771,850</b>	<b>\$13,642,602</b>
<b>Expenses:</b>					
Salaries and benefits	906,189	2,961,023	964,263	2,371,089	7,202,564
Materials and supplies	73,229	217,026	479,976	1,256,214	2,026,445
Contracted services	-	229,959	5,529	-	235,488
Professional fees	65,976	185,119	319,312	100,910	671,317
Rent and financial expenses	4,434	-	721,896	-	726,330
Marketing and promotion	71,258	18,660	176,739	-	266,657
Amortization	98,698	44,210	228,771	838,715	1,210,394
<b>Total expenses</b>	<b>1,219,784</b>	<b>3,655,997</b>	<b>2,896,486</b>	<b>4,566,928</b>	<b>12,339,195</b>
<b>Annual surplus</b>	<b>\$ 81,820</b>	<b>\$ 716,224</b>	<b>\$ 300,441</b>	<b>\$ 204,922</b>	<b>\$ 1,303,407</b>



# Niagara Peninsula Conservation Authority

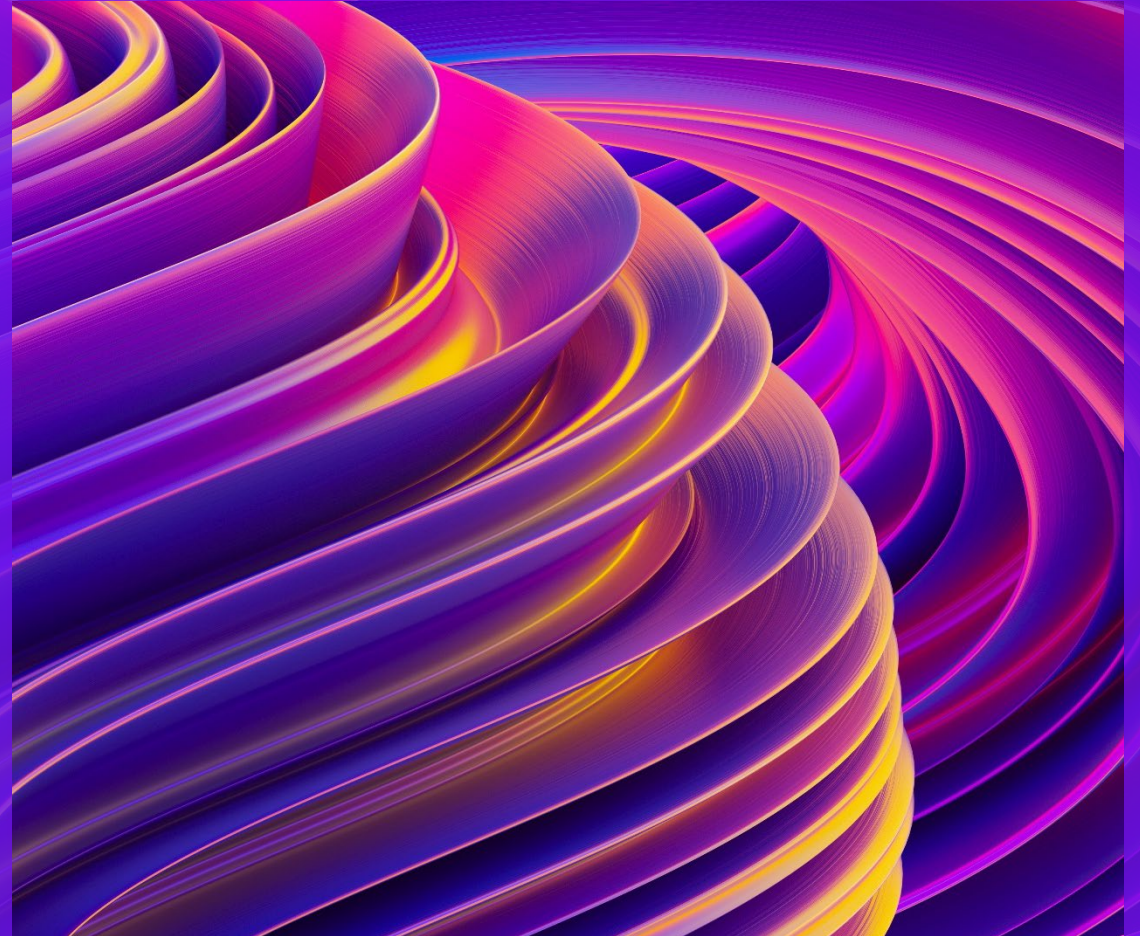
Audit Findings Report  
for the year ended December 31, 2023

*KPMG LLP*

Licensed Public Accountants

Prepared as of March 25, 2024 for presentation to the Audit  
Committee on April 4, 2024

[kpmg.ca/audit](https://kpmg.ca/audit)



# KPMG contacts

## Key contacts in connection with this engagement



**David Marks**

Lead Audit Engagement Partner

905-523-2296

davidmarks@kpmg.ca



**Daniel Glasbergen**

Audit Manager

905-523-6851

dglasbergen@kpmg.ca



# Table of contents

## Digital use information

This Audit Findings Report is also available as a “hyper-linked” PDF document.

If you are reading in electronic form (e.g. In “Adobe Reader” or “Board Books”), clicking on the home symbol on the top right corner will bring you back to this slide.



Click on any item in the table of contents to navigate to that section.

<b>4</b>	<b>Highlights</b>	<b>6</b>	<b>Status</b>	<b>7</b>	<b>Materiality</b>	<b>9</b>	<b>Risks and Results</b>
<b>16</b>	<b>Misstatements</b>	<b>17</b>	<b>Control deficiencies</b>	<b>19</b>	<b>Policies and practices</b>	<b>21</b>	<b>Specific topics</b>
<b>22</b>	<b>Independence</b>	<b>23</b>	<b>Appendices</b>				

The purpose of this report is to assist you, as a member of the Audit Committee, in your review of the results of our audit of the financial statements. This report is intended solely for the information and use of Management, the Audit Committee, and the Board of Directors and should not be used for any other purpose or any other party. KPMG shall have no responsibility or liability for loss or damages or claims, if any, to or by any third party as this report has not been prepared for, and is not intended for, and should not be used by, any third party or for any other purpose.



# Audit highlights



No matters to report



Routine matters to discuss – see link for details

## Status

We have completed the audit of the financial statements for Niagara Peninsula Conservation Authority with the exception of certain remaining outstanding procedures, which are highlighted on the 'Status' slide of this report.



## Risks and results

**Materiality \$335,000**

- Risk of management override of controls
- Presumed risk of fraudulent revenue recognition
- Other risks of material misstatement
- Going concern matters



## Policies and practices & Specific topics

- Significant unusual transactions
- Accounting policies and practices
- Other financial reporting matters
- Specific topics



## Uncorrected misstatements

Uncorrected misstatements

## Corrected misstatements

Corrected misstatements

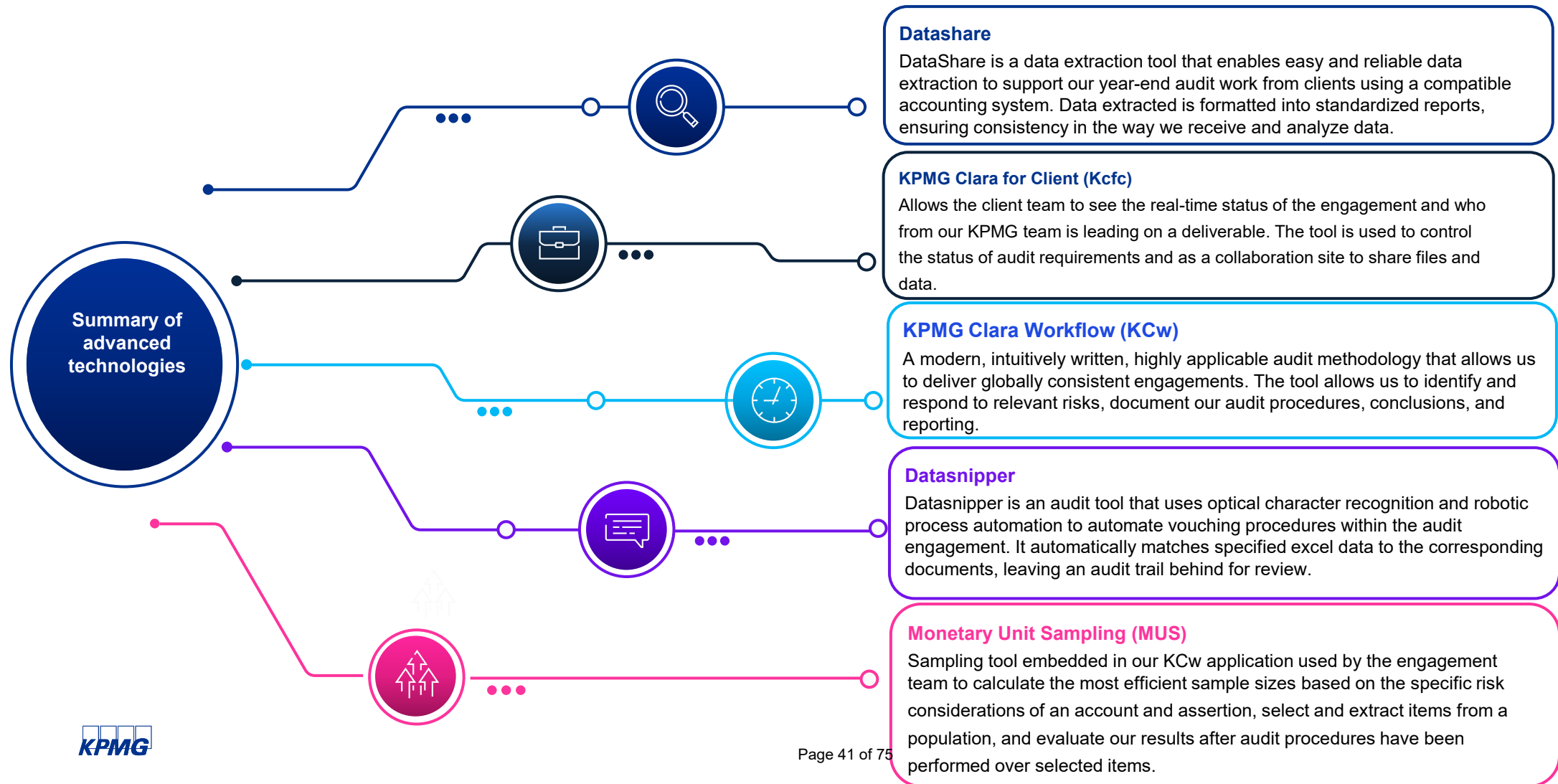
## Control deficiencies

Significant deficiencies



# Technology highlights

We plan to utilize technology to enhance the quality and effectiveness of the audit.





# Status

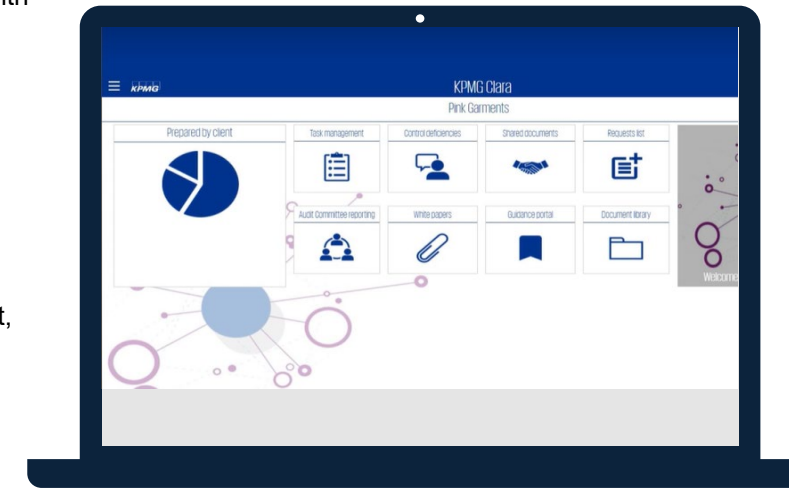
As of March 25, 2024, the date of preparation of Audit Findings Report, we have completed the audit of the financial statements, with the exception of certain remaining procedures, which include amongst others:

- Completing certain audit testing procedures, including follow up inquiries and documentation requests;
- Final quality control procedures and review;
- Completing our discussions with the Audit Committee;
- Inquiries regarding subsequent events;
- Obtaining evidence of the Board of Director's approval of the financial statements; and
- Receipt of the signed management representation letter.

We will update the Audit Committee, and not solely the Chair, on significant matters, if any, arising from the completion of the audit, including the completion of the above procedures.

A draft of our auditor's report is provided in the draft financial statements.

## KPMG Clara for Clients (KCfc)



### Real-time collaboration and transparency

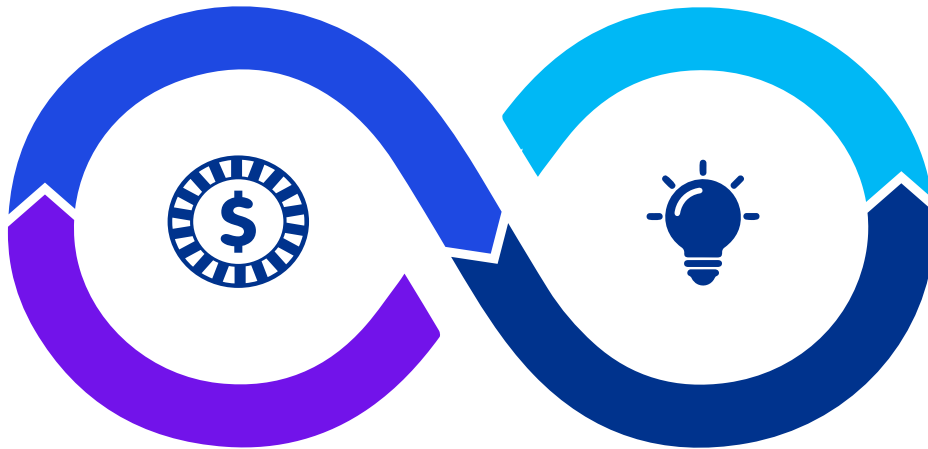
We leveraged **KCfc** to facilitate real-time collaboration with management and provide visual insights into the status of the audit!

On our audit we used KCfc to coordinate requests from management.

[Learn more](#)



# Materiality



We **determine materiality** at a level at which we consider that misstatements could reasonably be expected to influence the economic decisions of users. Determining materiality is a matter of **professional judgement**, considering both quantitative and qualitative factors, and is affected by our perception of the common financial information needs of users of the financial statements as a group. We do not consider the possible effect of misstatements on specific individual users, whose needs may vary widely.

## Plan and perform the audit

We **determine materiality** to provide a basis for:

- Determining the nature, timing and extent of risk assessment procedures;
- Identifying and assessing the risks of material misstatement; and
- Determining the nature, timing, and extent of further audit procedures.

We design our procedures to detect misstatements at a level less than materiality in individual accounts and disclosures, to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.

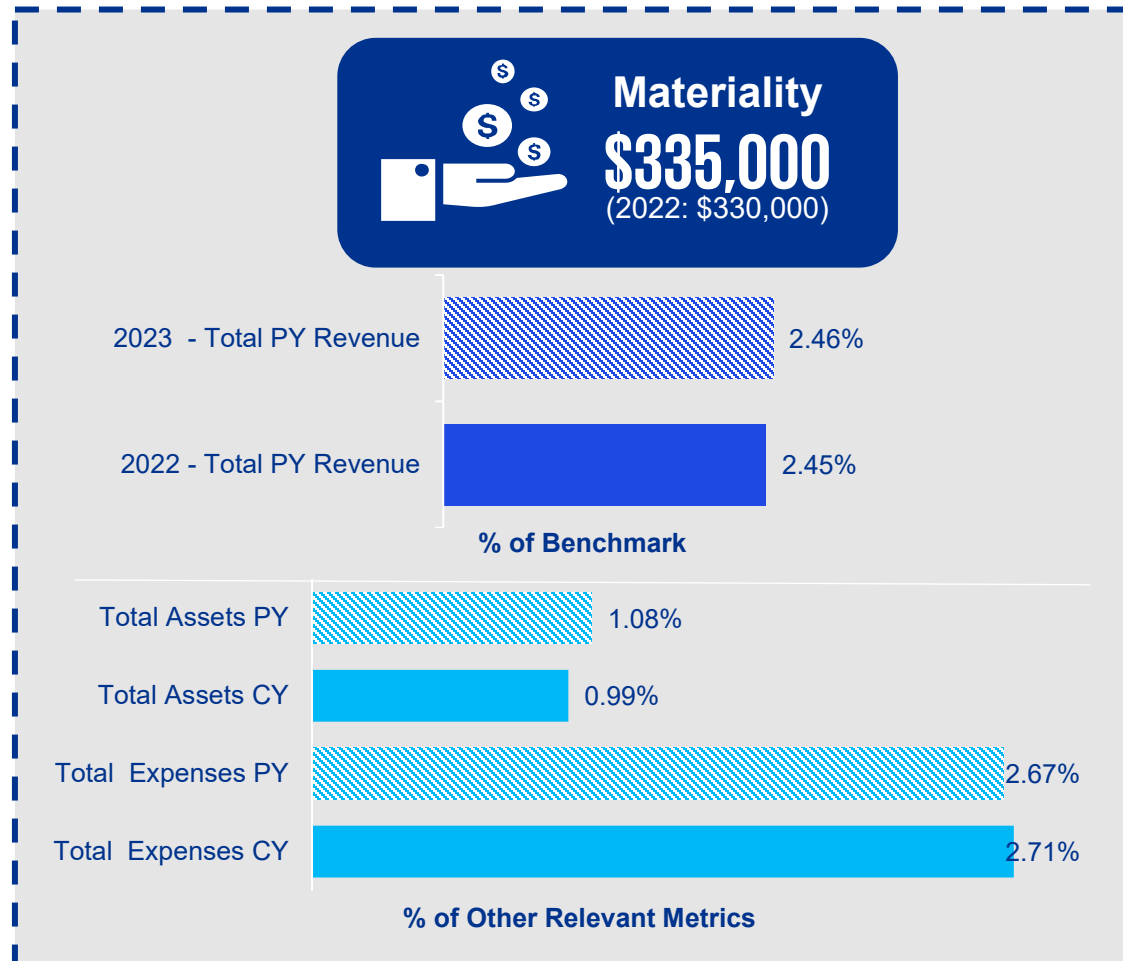
## Evaluate the effect of misstatements

We also **use materiality** to evaluate the effect of:

- Identified misstatements on our audit; and
- Uncorrected misstatements, if any, on the financial statements and in forming our opinion.



# Materiality



## Total PY Revenue

**\$13,642,602**

(2022: \$13,454,875)

## Total PY Assets

**\$33,813,107**

(2022: \$30,586,790)

## Total PY Expenses

**\$12,339,195**

(2022: \$12,380,794)



# Significant risks and results

We highlight our significant findings in respect of **significant risk**.



## Management Override of Controls

RISK OF  
  
FRAUD

### Significant risk

### Estimate?

Management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Although the level of risk of management override of controls will vary from entity to entity, the risk nevertheless is present in all entities.

No

### Our response

- Our procedures included:
  - We tested the design and implementation of controls surrounding the review of journal entries, and the business rationale for significant entries.
  - In responding to risks of fraud and management override of controls, we set specific criteria to isolate high risk journal entries and adjustments in order to analyze for further insights into our audit procedures and findings. We focused on journal entries recorded and posted as part of the year-end closing process.
  - We evaluated significant estimates for management bias in the calculation of the estimate.
  - No issues were noted in the performance of the above procedures.

### Significant qualitative aspects of the Organization's accounting practices

No significant qualitative aspects to note.

## Advanced technologies

Our **KPMG Clara Journal Entry Analysis Tool** assists in the performance of detailed journal entry testing based on engagement-specific risk identification and circumstances. Our tool provides auto-generated journal entry population statistics and focusses our audit effort on journal entries that are riskier in nature.



[Click to learn more](#)



# Other risks of material misstatement and results



Asset retirement obligations, new accounting standard adoption

## Other area of focus

Asset retirement obligations - Risk of error over completeness, existence and accuracy of the asset retirement obligations

## Estimate?

Yes

## Our response

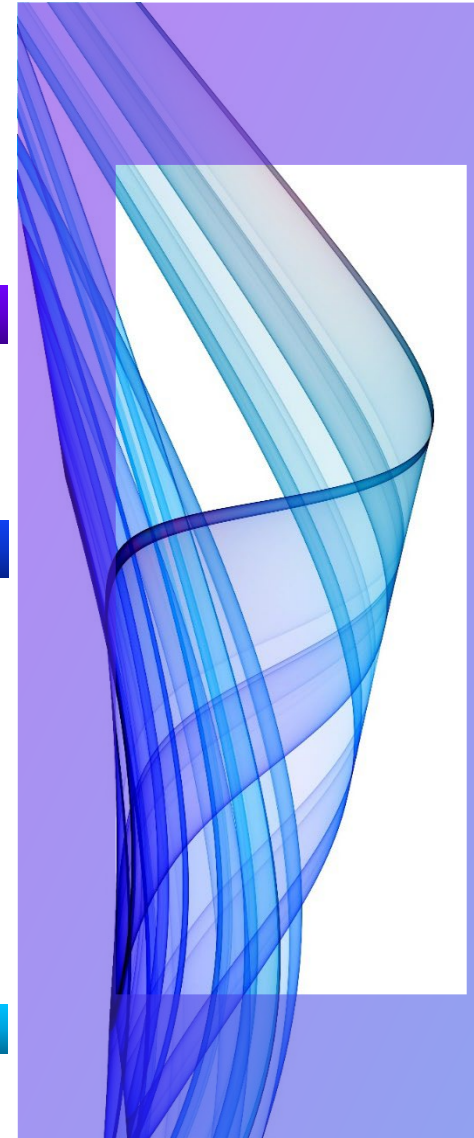
KPMG gained an understanding of the Organization's process for identifying Asset Retirement Obligations (ARO). This includes required estimates, any changes to estimates, how management made the ARO estimate, and the underlying data (methodology; controls; use of experts; assumptions)

KPMG focused on key audit risks:

- KPMG has assessed whether ARO's are required to be reported on the financial statements.
- We agree with management's assessment that there are no ARO and that management's assessment was sufficient to identify ARO if they exist.
- There was no adjustment to the financial statements for the implementation of this standard.

## Significant qualitative aspects of the Organization's accounting practices

No significant qualitative aspects to note.







# Other risks of material misstatement and results



Financial instruments and financial statement presentation, new accounting and presentation standard

## Other area of focus

Financial instruments and financial statement presentation - Risk of error over completeness, existence, accuracy and presentation of financial instruments.

## Estimate?

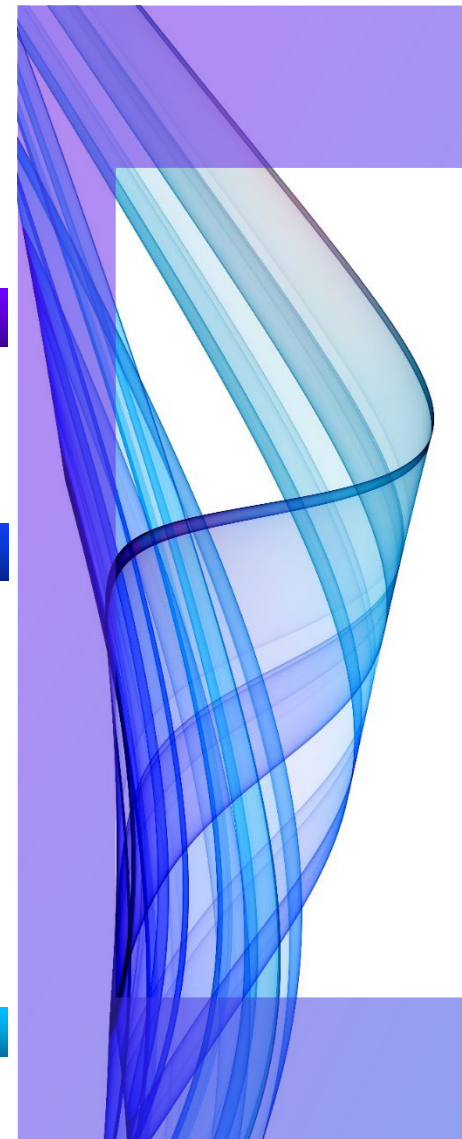
No

## Our response

- KPMG gained an understanding of the Organization's process for identifying financial instruments.
- KPMG obtained and reviewed management's policy for financial instruments; equity instruments quoted in an active market and free-standing derivatives are to be carried at fair value. All other financial instruments, including bonds, are recorded at cost or amortized cost unless management has elected to carry the instruments at fair value. Organization has not elected to carry any such financial instruments at fair value.
- No issues noted.

## Significant qualitative aspects of the Organization's accounting practices

No significant qualitative aspects to note.





# Other risks of material misstatement and results



Grant revenues and deferred contributions

## Other area of focus

Grant revenue and deferred contributions - Risk of error over completeness, existence and accuracy of grant revenue including related deferrals.

## Estimate?

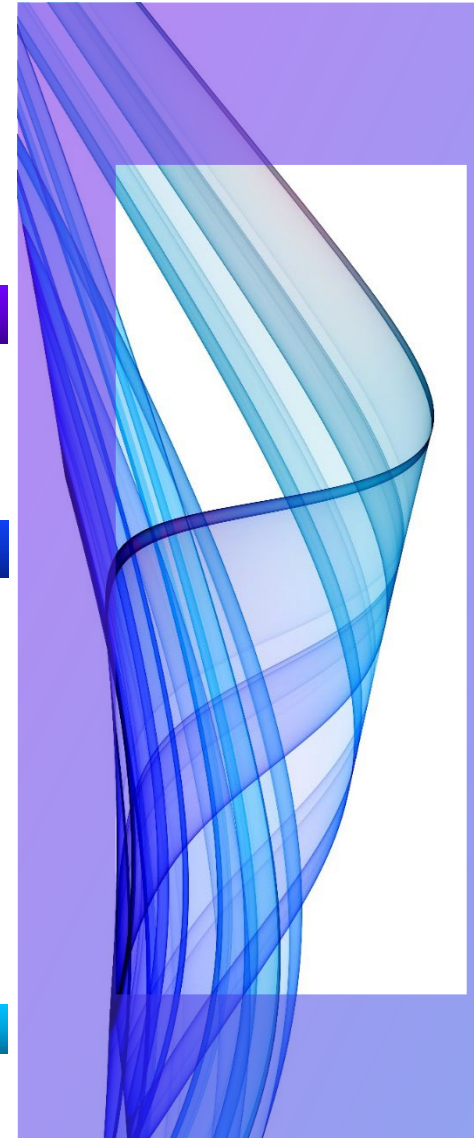
No

## Our response

- Substantive approach using third party grant funding agreements and testing of related expenditures to ensure completeness and accuracy of revenue recorded and revenues to be deferred
- Substantive approach over municipal levies in accordance with the approved budgets including review of approval of levy differential repayment.
- No significant findings to report as a result of these procedures.

## Significant qualitative aspects of the Organization's accounting practices

No significant qualitative aspects to note.





# Other risks of material misstatement and results



Authority generated fees and other revenue

## Other area of focus

Authority generated fees and other revenues - Risk of error over completeness, existence and accuracy of revenues

## Estimate?

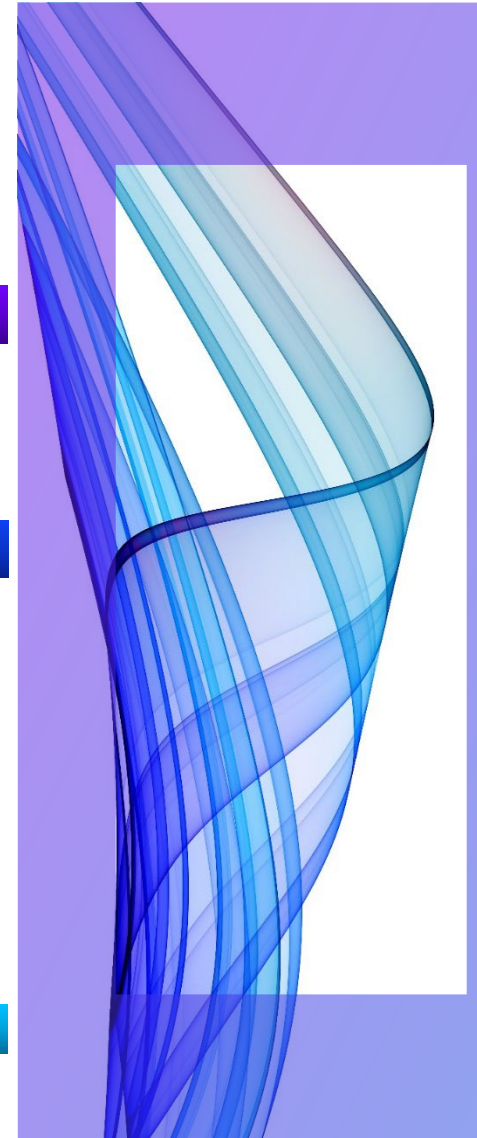
No

## Our response

- We performed statistical sampling over authority generated revenues.
- Revenues across various revenue streams were agreed to supporting documentation and bank deposits.
- No issues noted.

## Significant qualitative aspects of the Organization's accounting practices

No significant qualitative aspects to note.





# Other risks of material misstatement and results



## Tangible Capital Assets

### Other area of focus

### Estimate?

Tangible capital assets – Risk of completeness, accuracy and presentation/disclosure of tangible capital assets.

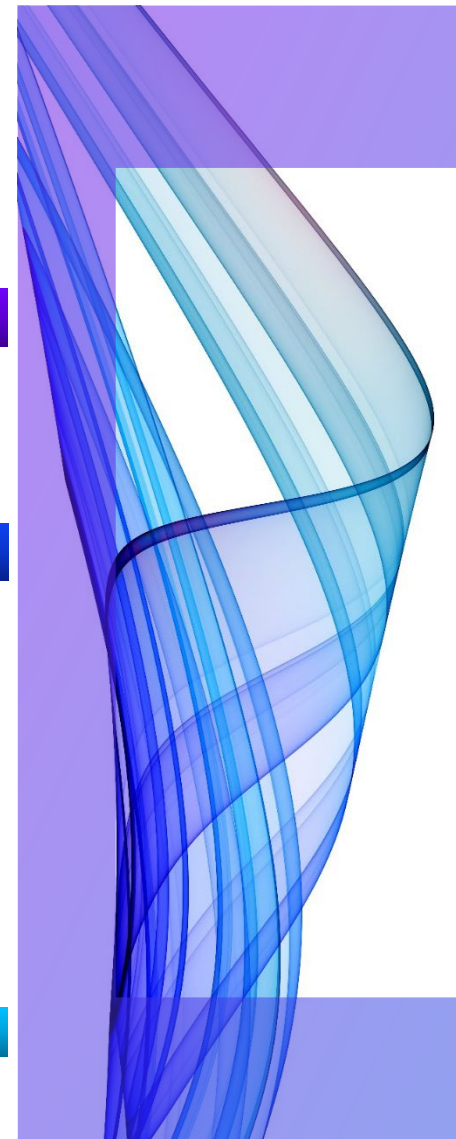
No

### Our response

- We performed statistical sampling to select tangible capital asset additions in the year.
- We recalculated depreciation for the period
- We assessed the financial statement presentation and disclosure of tangible capital assets.
- No significant findings to report as a result of these procedures

### Significant qualitative aspects of the Organization's accounting practices

No significant qualitative aspects to note.





# Other risks of material misstatement and results



Operating expenditures, including payroll

## Other area of focus

## Estimate?

Operating expenditures, including payroll - Risk of error over completeness, existence and accuracy of operating expenditures.

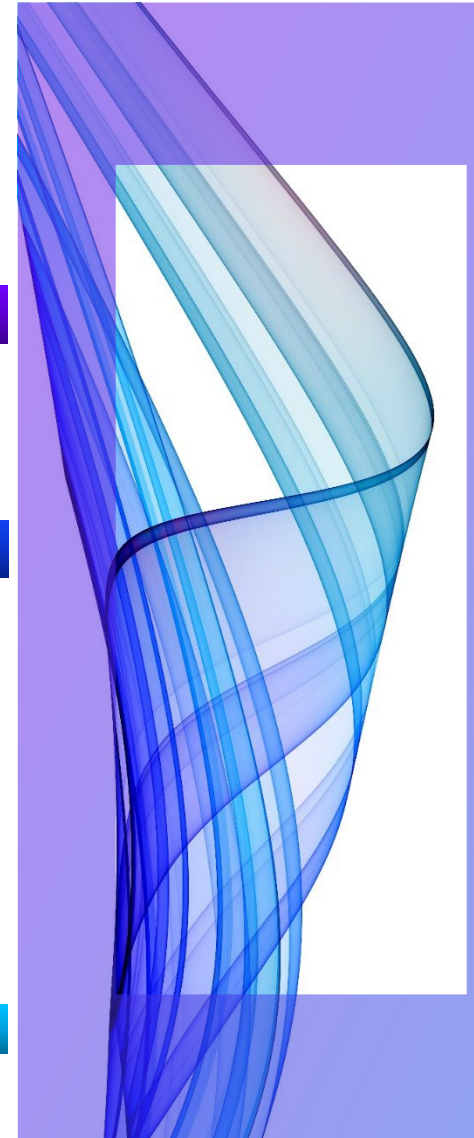
No

## Our response

- We performed statistical sampling over operating expenditures and agreed the items selected to source documentation.
- We performed a search for unrecorded liabilities to assess the completeness and accuracy of year-end accruals.
- We performed statistical sampling over accruals and tested calculations, supporting documentation and subsequent payments of significant accruals.
- Substantive approach to testing payroll expenditures including testing of employee headcount, new hires, and terminations.
- Recalculation of payroll accrual.
- Employee future benefits estimate, assumptions and data were evaluated, a increase occurred in the year due to retirement of an individual and the addition of additional employees with 10 years of service.
- No issues noted.

## Significant qualitative aspects of the Organization's accounting practices

No significant qualitative aspects to note.





# Uncorrected and corrected misstatements

Audit misstatements include presentation and disclosure misstatements, including omissions.



## Uncorrected audit misstatements

We did not identify misstatements that remain uncorrected.

## Corrected Misstatements

We did not identify any corrected misstatements.



# Control deficiencies

## Consideration of internal control over financial reporting (ICFR)

In planning and performing our audit, we considered ICFR relevant to the Entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on ICFR.

Our understanding of internal control over financial reporting was for the limited purpose described above and was not designed to identify all control deficiencies that might be significant deficiencies. The matters being reported are limited to those deficiencies that we have identified during the audit that we have concluded are of sufficient importance to merit being reported to those charged with governance.

Our awareness of control deficiencies varies with each audit and is influenced by the nature, timing, and extent of audit procedures performed, as well as other factors. Had we performed more extensive procedures on internal control over financial reporting, we might have identified more significant deficiencies to be reported or concluded that some of the reported significant deficiencies need not, in fact, have been reported.

## A deficiency in internal control over financial reporting

A deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A deficiency in design exists when (a) a control necessary to meet the control objective is missing or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed, or when the person performing the control does not possess the necessary authority or competence to perform the control effectively.

## Significant deficiencies in internal control over financial reporting

A deficiency, or a combination of deficiencies, in internal control over financial reporting that, in our judgment, is important enough to merit the attention of those charged with governance.

**No significant control deficiencies were identified during the audit.**



# Control deficiencies – Significant deficiencies

## Significant deficiencies in internal control over financial reporting

Description	Status	Potential effects
No Significant Control Deficiencies Identified		

## Other Observations in internal control over financial reporting

Description	Status	Potential effects
Timely removal of employees subsequent to Termination	KPMG has identified an instance where an employee was not removed from payroll processing in a timely manner subsequent to termination. No financial reporting impact was noted as part of this finding. This has been identified to management. There is a mitigating control in place regarding the approval of timesheets.	This could result in individuals being paid subsequent to termination, if timesheets are approved.





# Accounting policies and practices

## Initial selection



The following new accounting policies and practices were selected and applied during the period.

- PSAS 3280 Asset Retirement Obligations
- PS 1201 Financial Statement Presentation
- PS 3450 Financial Instruments
- PS 3401 Portfolio Investments
- PS 2601 Foreign Currency Translation

## Revised



There were no changes to accounting policies and practices during the year, other than the above new accounting standards.

## Significant qualitative aspects



No significant qualitative aspects of accounting policies and practices



# Other financial reporting matters

We also highlight the following:



**Financial statement presentation - form, arrangement, and content**



No matters to report.



**Concerns regarding application of new accounting pronouncements**



Next year the Organization will have to adopt PS 3400 Revenue, Public Sector (PS) guideline 8 – Purchased intangibles, and PS 3160 Public private partnerships.

Management will be assessing the impact of the above new accounting standards for 2024. Management and KPMG do not believe the impact of the new standards to be significant. See [Appendix: Accounting Standards](#) for proposed future accounting standards



**Significant qualitative aspects of financial statement presentation and disclosure**



No matters to report.



# Specific topics

We have highlighted the following that we would like to bring to your attention:

Matter	Finding
Illegal acts, including noncompliance with laws and regulations, or fraud	No matters to report
Other information in documents containing the audited financial statements	No matters to report
Significant difficulties encountered during the audit	No matters to report
Difficult or contentious matters for which the auditor consulted	No matters to report
Management's consultation with other accountants	No matters to report
Disagreements with management	No matters to report
Related parties	No matters to report
Significant issues in connection with our appointment or retention	No matters to report
Other matters that are relevant matters of governance interest	No matters to report



# Independence



The services are not prohibited, and threats to our independence, if any, resulting from the provision of the services will be eliminated or reduced to an acceptable level. Further details on the services and the assessment of the potential effects on our independence are included on the slides that follow.

We are not aware of any relationships or other matters between our firm and the Authority that, in our professional judgement, may reasonably be thought to bear on our independence.

Audit services	Fee before HST	Fee structure
Audit of financial statements of Niagara Peninsula Conservation Authority for the year ending December 31, 2023	\$35,200	Fixed
Adoption of new accounting standards for the year ending December 31, 2023 will be based on additional hours incurred	To be determined	

# Appendices



Required communications



Management representation letter



Audit quality



Proposed accounting standards



New auditing standards



Audit and assurance insights



ESG



# Appendix: Other required communications



## Engagement terms

A copy of the engagement letter is included in [Appendix: Engagement Letter](#)



## CPAB communication protocol

The reports available through the following links were published by the Canadian Public Accountability Board to inform Audit Committees and other stakeholders about the results of quality inspections conducted over the past year:

- [CPAB Audit Quality Insights Report: 2021 Annual Inspections Results](#)
- [CPAB Audit Quality Insights Report: 2022 Annual Inspections Results](#)
- [CPAB Audit Quality Insights Report: 2023 Interim Inspections Results](#)



# Appendix: Management representation letter



# Appendix: Audit quality - How do we deliver audit quality?

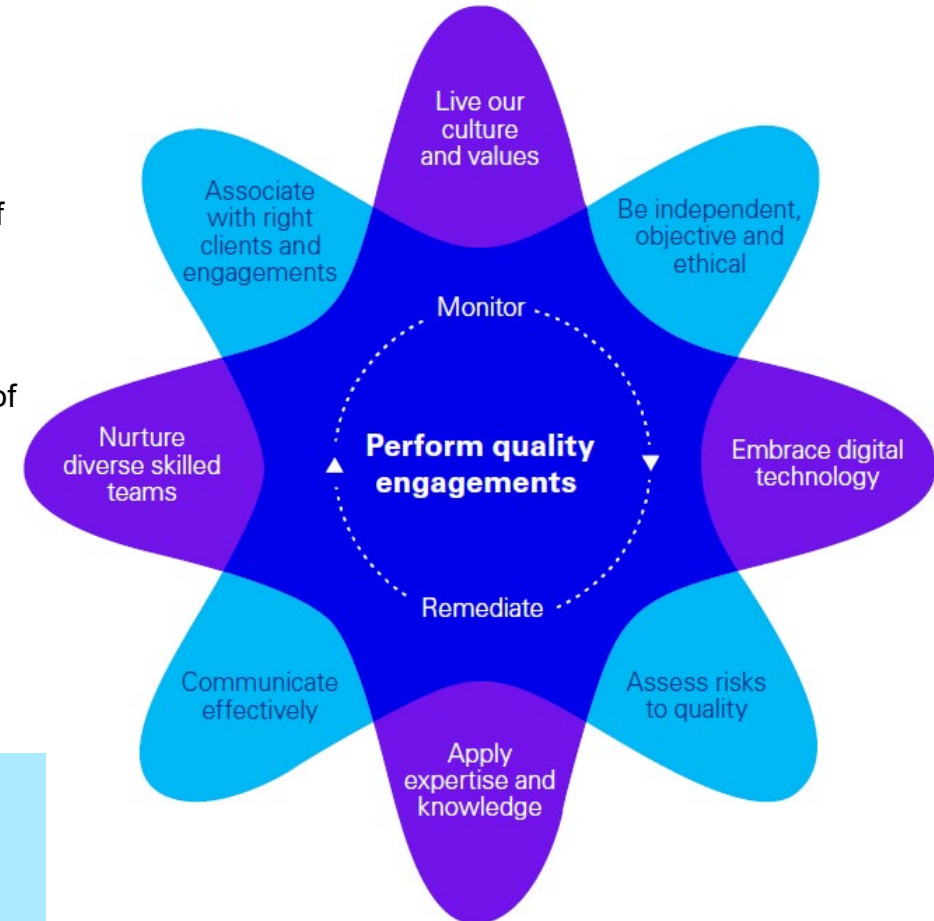
Quality essentially means doing the right thing and remains our highest priority. Our Global Quality Framework outlines how we deliver quality and how every partner and staff member contributes to its delivery.

The drivers outlined in the framework are the ten components of the KPMG System of Quality Management (SoQM). Aligned with ISQM 1/CSQM 1, our SoQM components also meet the requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA) and the relevant rules of professional conduct / code of ethics applicable to the practice of public accounting in Canada, which apply to professional services firms that perform audits of financial statements. Our Transparency Report includes our firm's Statement on the Effectiveness of our SoQM.

 [KPMG 2023 Audit Quality and Transparency Report](#)

We define 'audit quality' as being the outcome when:

- audits are **executed consistently**, in line with the requirements and intent of **applicable professional standards** within a strong **system of quality management**; and
- all of our related activities are undertaken in an environment of the utmost level of **objectivity, independence, ethics and integrity**.



**Doing the right thing. Always.**





# Appendix : Changes in accounting standards (continued)

Standard	Summary and implications
<b>Revenue</b>	<ul style="list-style-type: none"> <li>• The new standard PS 3400 <i>Revenue</i> is effective for fiscal years beginning on or after April 1, 2023.</li> <li>• The new standard establishes a single framework to categorize revenue to enhance the consistency of revenue recognition and its measurement.</li> <li>• The standard notes that in the case of revenue arising from an exchange transaction, a public sector entity must ensure the recognition of revenue aligns with the satisfaction of related performance obligations.</li> <li>• The standard notes that unilateral revenue arises when no performance obligations are present, and recognition occurs when there is authority to record the revenue and an event has happened that gives the public sector entity the right to the revenue.</li> </ul>
<b>Purchased Intangibles</b>	<ul style="list-style-type: none"> <li>• The new Public Sector Guideline 8 <i>Purchased intangibles</i> is effective for fiscal years beginning on or after April 1, 2023 with earlier adoption permitted.</li> <li>• The guideline allows public sector entities to recognize intangibles purchased through an exchange transaction. The definition of an asset, the general recognition criteria and GAAP hierarchy are used to account for purchased intangibles.</li> <li>• Narrow scope amendments were made to PS 1000 <i>Financial statement concepts</i> to remove the prohibition to recognize purchased intangibles and to PS 1201 <i>Financial statement presentation</i> to remove the requirement to disclose purchased intangibles not recognized.</li> <li>• The guideline can be applied retroactively or prospectively.</li> </ul>
<b>Public Private Partnerships</b>	<ul style="list-style-type: none"> <li>• The new standard PS 3160 <i>Public private partnerships</i> is effective for fiscal years beginning on or after April 1, 2023.</li> <li>• The standard includes new requirements for the recognition, measurement and classification of infrastructure procured through a public private partnership.</li> <li>• The standard notes that recognition of infrastructure by the public sector entity would occur when it controls the purpose and use of the infrastructure, when it controls access and the price, if any, charged for use, and it controls any significant interest accumulated in the infrastructure when the public private partnership ends.</li> <li>• The public sector entity recognizes a liability when it needs to pay cash or non-cash consideration to the private sector partner for the infrastructure.</li> <li>• The infrastructure would be valued at cost, which represents fair value at the date of recognition with a liability of the same amount if one exists. Cost would be measured in reference to the public private partnership process and agreement, or by discounting the expected cash flows by a discount rate that reflects the time value of money and risks specific to the project.</li> <li>• The standard can be applied retroactively or prospectively.</li> </ul>



# Appendix : Changes in accounting standards (continued)

Standard	Summary and implications
<b>Concepts Underlying Financial Performance</b>	<ul style="list-style-type: none"> <li>The revised conceptual framework is effective for fiscal years beginning on or after April 1, 2026 with earlier adoption permitted.</li> <li>The framework provides the core concepts and objectives underlying Canadian public sector accounting standards.</li> <li>The ten chapter conceptual framework defines and elaborates on the characteristics of public sector entities and their financial reporting objectives. Additional information is provided about financial statement objectives, qualitative characteristics and elements. General recognition and measurement criteria, and presentation concepts are introduced.</li> </ul>
<b>Financial Statement Presentation</b>	<ul style="list-style-type: none"> <li>The proposed section PS 1202 <i>Financial statement presentation</i> will replace the current section PS 1201 <i>Financial statement presentation</i>. PS 1202 <i>Financial statement presentation</i> will apply to fiscal years beginning on or after April 1, 2026 to coincide with the adoption of the revised conceptual framework. Early adoption will be permitted.</li> <li>The proposed section includes the following: <ul style="list-style-type: none"> <li>Relocation of the net debt indicator to its own statement called the statement of net financial assets/liabilities, with the calculation of net debt refined to ensure its original meaning is retained.</li> <li>Separating liabilities into financial liabilities and non-financial liabilities.</li> <li>Restructuring the statement of financial position to present total assets followed by total liabilities.</li> <li>Changes to common terminology used in the financial statements, including re-naming accumulated surplus (deficit) to net assets (liabilities).</li> <li>Removal of the statement of remeasurement gains (losses) with the information instead included on a new statement called the statement of changes in net assets (liabilities). This new statement would present the changes in each component of net assets (liabilities), including a new component called “accumulated other”.</li> <li>A new provision whereby an entity can use an amended budget in certain circumstances.</li> <li>Inclusion of disclosures related to risks and uncertainties that could affect the entity’s financial position.</li> </ul> </li> <li>The Public Sector Accounting Board is currently deliberating on feedback received on exposure drafts related to the reporting model.</li> </ul>



# Appendix: Newly effective auditing standards

For more information on newly effective and upcoming changes to auditing standards – see Current Developments



Effective for periods beginning on or after December 15, 2022

## ISA/CAS 220

.....  
(Revised) Quality management for an audit of financial statements

## ISQM1/CSQM1

.....  
Quality management for firms that perform audits or reviews of financial statements or other assurance or related services engagements

## ISQM2/CSQM2

.....  
Engagement quality reviews



# Appendix: Audit and assurance insights

Our latest thinking on the issues that matter most to Audit Committees, board of directors and management.

## [KPMG Audit & Assurance Insights](#)

Curated research and insights for audit committees and boards.

## [Board Leadership Centre](#)

Leading insights to help board members maximize boardroom opportunities

## [Current Developments](#)

Series of quarterly publications for Canadian businesses including Spotlight on IFRS, Canadian Securities & Auditing Matters and US Outlook reports.

## [Audit Committee Guide – Canadian Edition](#)

A practical guide providing insight into current challenges and leading practices shaping audit committee effectiveness in Canada.

## [Accelerate 2023](#)

The key issues driving the audit committee agenda in 2023.

## [Momentum](#)

A quarterly newsletter with the latest thought-leadership from KPMG's subject matter leaders across Canada and valuable audit resources for clients.

## [KPMG Climate Change Financial Reporting Resource Centre](#)

Our climate change resource center provides insights to help you identify the potential financial statement impacts to your business.

## [Government and public sector - KPMG Canada](#)

KPMG in Canada's Government & Public Sector practice aims to deliver meaningful results through a deep understanding of the issues, an intimate appreciation of how the public sector works, and global and local insight into the cultural, social and political environments.



# Insights and Resources



Public sector and not-for-profit organizations across Canada are facing a plethora of challenges: financial uncertainty, advanced technological risk, environmental, social, and governance objectives, all which demand innovative approaches to policy, strategies, and operating models.

To help you understand and navigate these challenges, we have compiled insights and resources in one spot for you. This page was built for you, to ensure you have the right information in a timely way to enable your organization's success.

Organized into five content tracks, each section is dedicated to a specific area of relevance to the public sector and not-for-profit organizations. This resource site has guides, reports, on-demand webinars and articles. You will find content on topics such as ESG, legal considerations, accounting updates, risk considerations and financial sustainability.

The resources on this site go beyond the traditional areas of tax and accounting and will be of interest and importance to Board Members and Executive Directors, as well as CFOs, Directors of Finance, and accounting professionals.

We encourage you to visit the site to learn more about these topics; simply [scan/click the QR code to access](#).

Our local team of trusted advisors in the Waterloo Wellington Region bring a creative and innovative approach to problem solving that reflects a keen understanding of the public sector and not-for-profit organizations.

We can help you understand relevant sector insights to help achieve sustainable results.



- The ESG Imperative** (Video)
- ESG Guide for Audit Committees** (Guide)
- Turn ESG ambition into action** (Guide)
- Risk landscape** (Video)
- Fraudcast: A charity for me** (Video)
- Insider Threat Program** (Guide)
- Accounting update** (Video)
- On the 2023 Audit Committee Agenda** (Report)
- TaxNewsFlash** (Report)
- Financial sustainability** (Video)
- The future of higher education in a disruptive world** (Report)
- The future of local government** (Report)
- Legal update** (Video)
- New Grant Fund Rules for Canadian Charities** (Webinar)
- New rules for ONCA** (Webinar)





# Appendix: ESG - Global regulatory reporting standards

## EU

## US

## ISSB

## CAN

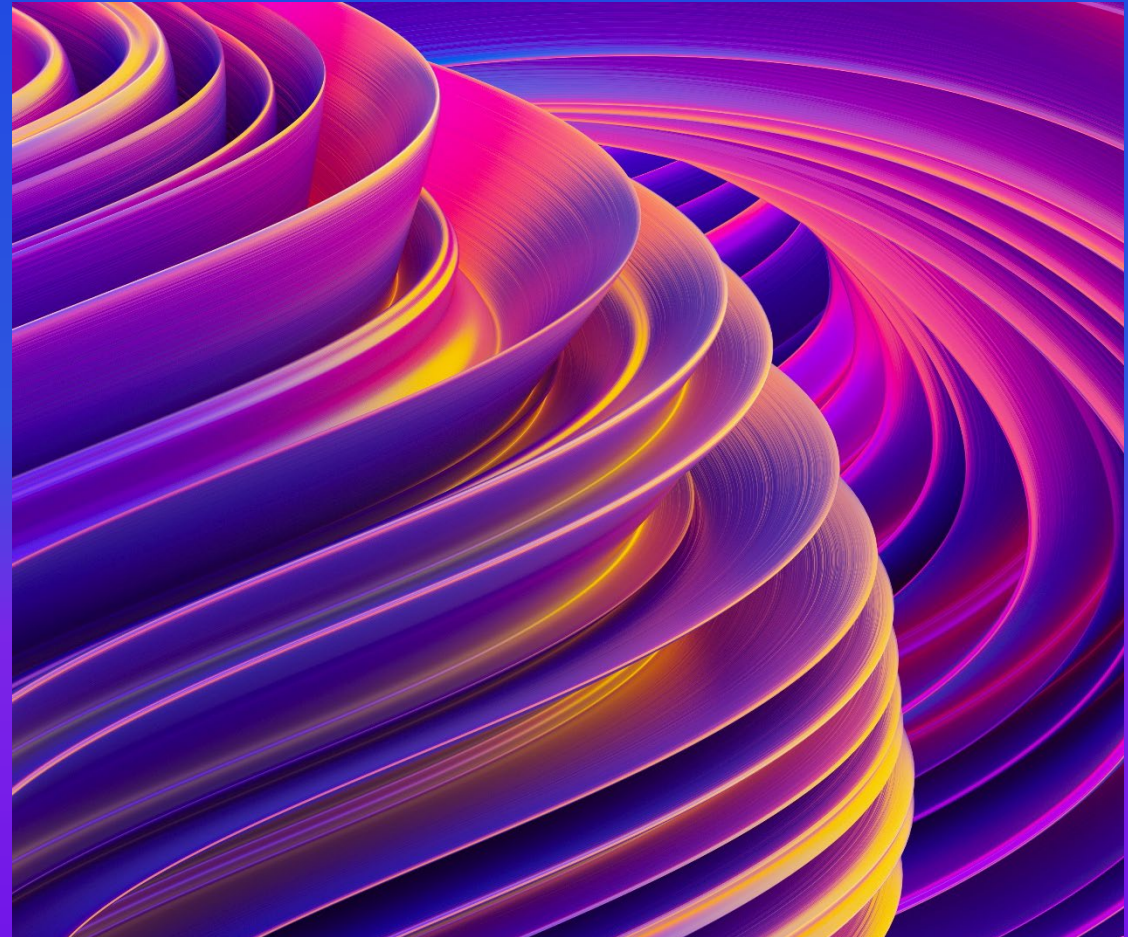
### Recent Activity<sup>1-6</sup>

- The European Financial Reporting Advisory Group (EFRAG) was mandated to develop European Sustainability Reporting Standards (ESRSs) setting out the detailed disclosure requirements under the Corporate Sustainability Reporting Directive (CSRD)
  - On July 31, 2023, the European Commission published the final text of its first set of twelve ESRSs as delegated acts
  - The ESRSs will become effective as early as 2024 reporting periods for some companies
  - **There are potentially considerable ESG reporting implications for Canadian entities** – as most EU-listed companies and large subsidiaries of Canadian companies with significant operations in the EU are in scope. Non-EU parent entities with substantial activity in the EU may also be in scope, with separate standards to be developed for these entities, with an effective date of 2028 reporting periods
- SEC's climate rule proposal published in March 2022 would require investor-focused climate disclosures
  - The SEC's latest regulatory agenda, published in December 2023, included three items of note:
    - **the climate rule, scheduled to be finalized in April 2024;**
    - a proposal for human capital management disclosures, scheduled for April 2024; and
    - a proposal for corporate board diversity, scheduled for October 2024
  - On October 7, 2023, the **California** Governor signed **two climate disclosure laws** that will shape climate disclosure practices beyond the state's borders. The laws will apply to US businesses (**including US subsidiaries of non-US companies**) that meet specified revenue thresholds and do business in California
  - Under the climate disclosure laws, certain businesses will be required to disclose **scope 1, 2 and 3 GHG emissions**, with **limited assurance requirements** from 2026 (on FY25 data)
- In June 2023, the International Sustainability Standards Board (ISSB) issued its first two IFRS Sustainability Disclosure Standards – IFRS S1 (general requirements standard) and IFRS S2 (climate standard)
  - The standards are effective for annual periods beginning on or after January 1, 2024 – subject to local jurisdiction adoption
  - Companies will be required to report material sustainability-related financial disclosures for the same period and at the same time as their annual financial statements, subject to temporary transition relief options
  - **The Canadian Sustainability Standards Board (CSSB)** has been established with the mandate to develop and support the adoption of the ISSB standards in Canada. The **CSSB expects to release draft requirements in March 2024** for public consultation
    1. Refer to our [US Quarterly Outlook](#) publication for regulatory updates on the proposed SEC climate rules
    2. Refer to our [ESRS resource centre](#) for resources on implementing the ESRSs
    3. Refer to our [ISSB resource centre](#) for resources on implementing the IFRS Sustainability Disclosure Standards
    4. Refer to our [guide](#) which compares the sustainability proposals issued by the ISSB, SEC and EFRAG
    5. Refer to our [publication](#) on California's introduction of climate disclosures and assurance requirements
    6. Refer to our [publication](#) on the impact of EU ESG reporting on non-EU companies
- The CSA proposal published in October 2021 would require investor-focused climate disclosures
  - Subsequent to the release of the IFRS Sustainability Disclosure Standards, the **CSA announced** that they intend to conduct further consultations to adopt disclosure standards based on the IFRS Sustainability Disclosure Standards, with **modifications considered necessary and appropriate in the Canadian context**
  - Bill S-211, **Canada's new Act on fighting against forced labor and child labour** will take effect on January 1, 2024. Canadian and foreign businesses impacted by the Act will be required to file a report on their efforts to prevent and reduce the risk of forced labour and child labour in their supply chain, by May 31<sup>st</sup> of each year



<https://kpmg.com/ca/en/home.html>

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**Report To: Finance Committee**

**Subject: 2024 Operating and Capital Budgets and Municipal Levies**

**Report No: FC-06-24**

**Date: April 3, 2024**

---

**Recommendation:**

**THAT** Report No. FC-06-24 RE: 2024 Operating and Capital Budgets – FINAL **BE APPROVED**;

**AND THAT** in accordance with the Board approved Reserves Policy, the amount of \$1,848,946 **BE ALLOCATED** from Reserves (Capital and Operating) to fund ongoing initiatives carried over from 2023 as per details provided in this report;

**AND FURTHER THAT** the 2024 Unfunded Budget Priorities list attached as Appendix 1 **BE ADOPTED** and staff **BE AUTHORIZED** to update the list and address critical pressures as funding becomes available through external funding sources and/or within the approved budget.

**Purpose:**

The purpose of this report is to seek the Finance Committee's approval of the Final 2024 Operating and Capital Budgets. Additionally, Staff is requesting Finance Committee approval of recommendations related to reserve allocations for 2024, in accordance with the Reserve Policy approved by the Board of Directors in December 2020. Further, staff requests authorization to address critical pressures as outlined in the 2024 Unfunded Budget Priorities list as funding becomes available.

**Background:**

On October 20, 2023, the NPCA Board of Directors passed the following resolution, in part, respecting the 2024 Draft Budgets and Municipal Levies:

**Resolution No. FA-104-2023**

Report No. FA-41-23 RE: 2024 Draft Budget and Municipal Levies **BE APPROVED** with weighted and recorded vote on Item 2b. 2024 Draft Municipal Levies.



**THAT** the 2024 Draft Budgets **BE APPROVED** at the Board of Directors meeting on October 20<sup>th</sup>, 2023, in accordance with Board-approved Budget Assumptions.

**THAT** the 2024 Draft Municipal Levies **BE APPROVED** at the Board of Directors meeting on October 20<sup>th</sup>, 2023, for discussion with municipal staff.

**THAT** NPCA staff **REPORT** the results of discussions with municipal staff to the 2024 Q2 Finance Committee and Board of Directors meetings.

On December 17, 2020, the NPCA Board of Directors passed **Resolution No. FA-181-2020** approving the NPCA Reserves Policy.

### **Discussion:**

Further to the Board's directive, staff met and/or communicated with each municipal partner relative to NPCA's draft 2024 operating and capital budgets.

Staff delivered a presentation on the 2024 budgets to Niagara Region's Budget Review Committee of the Whole on November 23, 2023 and attended the City of Hamilton's General Issues Committee on January 22, 2024. Haldimand did not require the NPCA to deliver a Council presentation; 2024 budgets for the NPCA are included as a line item in Haldimand County's overall budgets and were adopted on March 3, 2023.

In all cases, 2024 operating and capital budgets were presented to Council as approved by the NPCA's Board of Directors on October 20, 2023, with no changes.

### Budget Approval Status

#### **Niagara Region**

NPCA 2024 Budgets and Municipal Levies were approved by Niagara Region Council on December 14, 2023.

#### **City of Hamilton**

NPCA 2024 Budgets and Municipal Levies were approved by City of Hamilton Council on February 15, 2024.

#### **Haldimand County**

NPCA 2024 Budgets and Municipal Levies were approved by Haldimand County on February 29, 2024.

Levy letters have been issued and distributed to each partner municipality.

### Reserve Allocations – 2024

The Reserve Policy provides guidance for the allocation and use of funds within each of the reserve categories. To that end, staff is recommending the following reserve allocations for the 2024 fiscal year.

1. General Operating Reserve - \$591,037

Unlike capital projects classified as work-in-progress and carried forward into the following fiscal year, unspent operating funds to be carried forward must first be allocated to the General Operating Reserve at fiscal year-end to maintain compliance with accounting protocols. Staff are recommending an allocation to the established General Operating Reserve in the amount of \$591,037 to support ongoing organizational initiatives, including the financial requirements of the compensation review project to minimize the impact on the municipal levy.

2. General Capital Reserve - \$1,257,909

This balance represents Board approved multi-year capital projects that will be completed in 2024 and beyond.

### **Related Reports and Appendices:**

Appendix 1: 2024 – Unfunded Budget Priorities

Reserves Policy – Available upon request

#### **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  
CAO/Secretary-Treasurer

## NPCA 2024 Unfunded Budget Priorities

Unfunded Priority Description	2024 Budget	Amount by Municipality			Other
		Niagara	Hamilton	Haldimand	
<b>Integrated Watershed Strategies</b>					
Four Mile Creek Water Budget	40,000	30,786	8,455	760	
Invasive Species Strategy - Phase 2	20,000	20,000			
Climate Change Action Program Corporate Risk & Vulnerability Assessment	150,000	115,446	31,706	2,848	
Lakewood CA Restoration Plan Implementation	250,000	250,000			
Flood and Erosion Mitigation - Phase 1 Assessment and Design Options	2,000,000	2,000,000			
Non-Point Source Water Quality Best Management Practices Stewardship	200,000	153,928	42,274	3,798	
Sustainable Technologies Program	260,000	200,107	54,956	4,937	
Urban Climate Stewardship for Nearshore Watershed (Land to Lake Initiative)	240,000	240,000			
<b>Total - Integrated Watershed Strategies</b>	<b>3,160,000</b>	<b>3,010,267</b>	<b>137,391</b>	<b>12,343</b>	<b>-</b>
<b>Natural Hazard Management</b>					
Lake Ontario Shoreline Hazard Mapping - Phase 2	125,000	125,000			
Shoreline Climate Modeling and Risk Assessment	450,000	450,000			
Upper Virgil Dam Erosion Protection	200,000	200,000			
Lower Virgil Dam Erosion Protection	200,000	200,000			
<b>Total - Natural Hazard Management</b>	<b>975,000</b>	<b>975,000</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Conservation Authority Act Transition</b>					
Watershed Based Resource Management Strategy	25,000	19,241	5,284	475	
Land Management Plan Updates	125,000	96,205	26,421	2,374	
<b>Total - Conservation Authority Act Transition</b>	<b>150,000</b>	<b>115,446</b>	<b>31,706</b>	<b>2,848</b>	<b>-</b>
<b>Corporate Services and Asset Management</b>					
Strategic Asset Management Policy/Planning	80,000	61,571	16,910	1,519	
Sustainable Technologies and Green Infrastructure	100,000	76,964	21,137	1,899	
Operationalize Digital Strategy	500,000	384,821	105,685	9,495	
Corporate Support - Process Reviews	100,000	76,964	21,137	1,899	
Facilities - furniture, upgrades, EV Stations, etc.	250,000	192,410	52,843	4,747	
<b>Total - Corporate Services and Asset Management</b>	<b>1,030,000</b>	<b>792,730</b>	<b>217,711</b>	<b>19,559</b>	<b>-</b>

Unfunded Priority Description	2024 Budget	Amount by Municipality			Other
		Niagara	Hamilton	Haldimand	
<b>Corporate Administration</b>					
NPCA Website Technical Maintenance & Redesign	50,000	38,482	10,569	949	
<b>Total - Corporate Administration</b>	<b>50,000</b>	<b>38,482</b>	<b>10,569</b>	<b>949</b>	<b>-</b>
<b>State of Good Repair (SOGR) / Health and Safety</b>					
Asset replacement and sustainment (amortization)	875,000	673,436	184,949	16,615	
Barn Storage Facility	50,000	50,000			
Argo (Bog & Wainfleet Wetlands)	20,000	20,000			
Automated Gates	330,000	330,000			
Furniture	25,000	19,241	5,284	475	
Lime Restoration	40,000	40,000			
New Metal Stairs for Bruce Trail	100,000				100,000
Interpretive and Wayfinding Signage	500,000	384,821	105,685	9,495	
Pavilion 1 Demolition	50,000		50,000		
Playground Upgrade	300,000		300,000		
New Washroom Facility	200,000		200,000		
Main Boat Launch Upgrade	100,000		100,000		
Northside Playground	125,000	125,000			
Drainage South Side	100,000	100,000			
Long Beach Workshop	200,000	200,000			
Rebuild Comfort station #2 South Side	400,000	400,000			
Beach Washroom Renovations	15,000	15,000			
Electrical Upgrades	1,000,000	1,000,000			
New Pavilion	125,000	125,000			
New Playground Equipment	150,000	150,000			
Tile Drain in Day Use	125,000	125,000			
Roadway Improvements	500,000	384,821	105,685	9,495	
St. Johns Valley Centre Septic System	225,000	225,000			
St. Johns Valley Centre Post Office & House Restoration	115,000	115,000			
St Johns Valley Centre Retaining Wall	225,000	225,000			

Unfunded Priority Description	2024 Budget	Amount by Municipality			Other
		Niagara	Hamilton	Haldimand	
<b>State of Good Repair (SOGR) / Health and Safety (continued)</b>					
St Johns Valley Centre Pedestrian Bridges	100,000	100,000			
Fencing for All Parks	300,000	230,892	63,411	5,697	
Waste bins for All Parks	30,000	23,089	6,341	570	
Picnic tables for passive parks	50,000	38,482	10,569	949	
Washroom Renovations - Morgan's Point	75,000	75,000			
Outdoor Education Natural and Cultural Heritage Campus	1,000,000	1,000,000			
Morgan's Point Washroom Renovations	300,000	300,000			
EV Charging Stations	100,000	76,964	21,137	1,899	
NPCA Net Zero Headquarters Planning, Feasibility Assessment & Design	75,000	57,723	15,853	1,424	
Ball Home Roof Replacement	50,000	50,000			
<b>Total - State of Good Repair / Health and Safety</b>	<b>7,975,000</b>	<b>6,659,469</b>	<b>1,168,913</b>	<b>46,618</b>	<b>100,000</b>
<b>TOTAL 2024 UNFUNDED BUDGET PRIORITIES</b>	<b>13,340,000</b>	<b>11,591,394</b>	<b>1,566,289</b>	<b>82,317</b>	<b>100,000</b>
<b>2024 Unfunded Budget Priorities</b>					
Classification	Niagara	Hamilton	Haldimand	External	TOTAL
Integrated Watershed Strategies	3,010,267	137,391	12,343	-	3,160,000
Natural Hazard Management	975,000	-	-	-	975,000
Conservation Authority Act Transition	115,446	31,706	2,848	-	150,000
Corporate Services and Asset Management	792,730	217,711	19,559	-	1,030,000
Corporate Administration	38,482	10,569	949	-	50,000
State of Good Repair (SOGR) / Health and Safety	6,659,469	1,168,913	46,618	100,000	7,975,000
<b>Total</b>	<b>11,591,394</b>	<b>1,566,289</b>	<b>82,317</b>	<b>100,000</b>	<b>13,340,000</b>