



Date: Wednesday, March 26, 2025

Location: Hybrid Meeting
Cataraqui Conservation Administration Office Boardroom
2069 Battersea Road and Virtually through Microsoft Teams

Participants: In-Person
Paul Proderick, Loyalist Township, Chair
Ron Sleeth, Township of South Frontenac

On-line via Teams
Don Amos, City of Kingston
Jake Ennis, Loyalist Township
Margaret Fancy, Township of Front of Yonge
Lisa Osanic, City of Kingston
Gary Oosterhof, City of Kingston, Vice Chair
Wendy Stephen, City of Kingston

Regrets: Jeff Earle, City of Brockville
Matt Harper, Town of Gananoque
Angela Hicks, Town of Greater Napanee
Katherine Hobbs, City of Brockville
Matt Smith, Township of Athens
Corinna Smith-Gatcke, Township of Leeds and the Thousand Islands
Scott Trueman, Township of South Frontenac

Vacancy: Township of Elizabethtown-Kitley
Township of Rideau Lakes

Staff
Participants: In-Person
David Ellingwood, General Manager
Tom Beaubiah, Manager, Conservation Lands
Donna Campbell, Assistant, Chair & General Manager
Laura Dietrich, Financial Analyst
Jason Jobin, Coordinator, Source Protection
Cheryl Rider, Supervisor, Finance

On-line via Teams
Andrew Schmidt, Manager, Watershed Planning & Engineering

Delegation: In-Person
Katie Mahon, Partner, KPMG LLP

Guests: None

The meeting commenced at 7:00 p.m.

1. Roll Call

There were eight (8) members present. There are two vacancies, one in the Township of Elizabethtown-Kitley and one in the Township of Rideau Lakes.

2. Adoption of Agenda

Resolution:	035-25
Moved By:	Wendy Stephen
Seconded By:	Ron Sleeth

That the agenda **Be Adopted**, as circulated.

Carried

3. Declaration of Conflict of Interest

There was none.

4. Delegation / Presentation

4.1. Katie Mahon, Partner, KPMG LLP

- Presentation – 2024 Draft Financial Statement ([Attachment #1](#))

Katie Mahon, Partner, KPMG LLP, noted a change on page 10, Note 4, Authority generated revenues. ([Attachment #2](#))

Resolution:	036-25
Moved By:	Don Amos
Seconded By:	Jake Ennis

That the audited Financial Statements for the fiscal year 2024 of Cataraqi Conservation, as presented by Katie Mahon, Partner KPMG LLP, **Be Approved, As Amended**; and,

That the Chair of Cataraqi Conservation, **Be Directed**, to sign off on the aforementioned statements.

Carried

5. Approval of Previous Minutes

- 5.1. Minutes of the Cataraqui Conservation Full Authority Board Meeting of February 26, 2025

Resolution: **037-25**
Moved By: Margaret Fancy
Seconded By: Lisa Osanic

That the minutes of the Cataraqui Conservation Full Authority Board Meeting of February 26, 2025, **Be Approved.**

Carried

6. Business Arising

There was none.

7. Items for Consideration

- 7.1. General Manager's Monthly Progress Report – March 2025 (report IR-033-25)

➤ Verbal Update – David Ellingwood, General Manager

Resolution: **038-25**
Moved By: Wendy Stephen
Seconded By: Gary Oosterhof

That Report IR-033-25, General Manager's Monthly Progress Report – March 2025, **Be Received.**

Carried

- 7.2. Proposed Project – Cataraqui Trail Kilometre Markers (report IR-034-25)

Resolution: **039-25**
Moved By: Margaret Fancy
Seconded By: Ron Sleeth

That Report IR-034-25, Proposed Project – Cataraqui Trail Kilometre Markers, **Be Received;** and,

That Project PR 00392 – Cataraqui Trail Kilometre Markers, **Be Created.**

Carried

8. Minutes (Friends and Foundation)

There were none.

9. Committee Reports

There were none.

10. Announcements or Inquiries / Information

There were none.

11. Motions / Notice of Motion

There were none.

12. In Camera Session

Not required.

13. Return to Open Session

Not required.

14. Adjournment

The meeting adjourned at 7:43 p.m. on motion by Gary Oosterhof, seconded by Jake Ennis.

Cataraqui Region Conservation Authority

David Ellingwood, General Manager

Paul Proderick, Chair



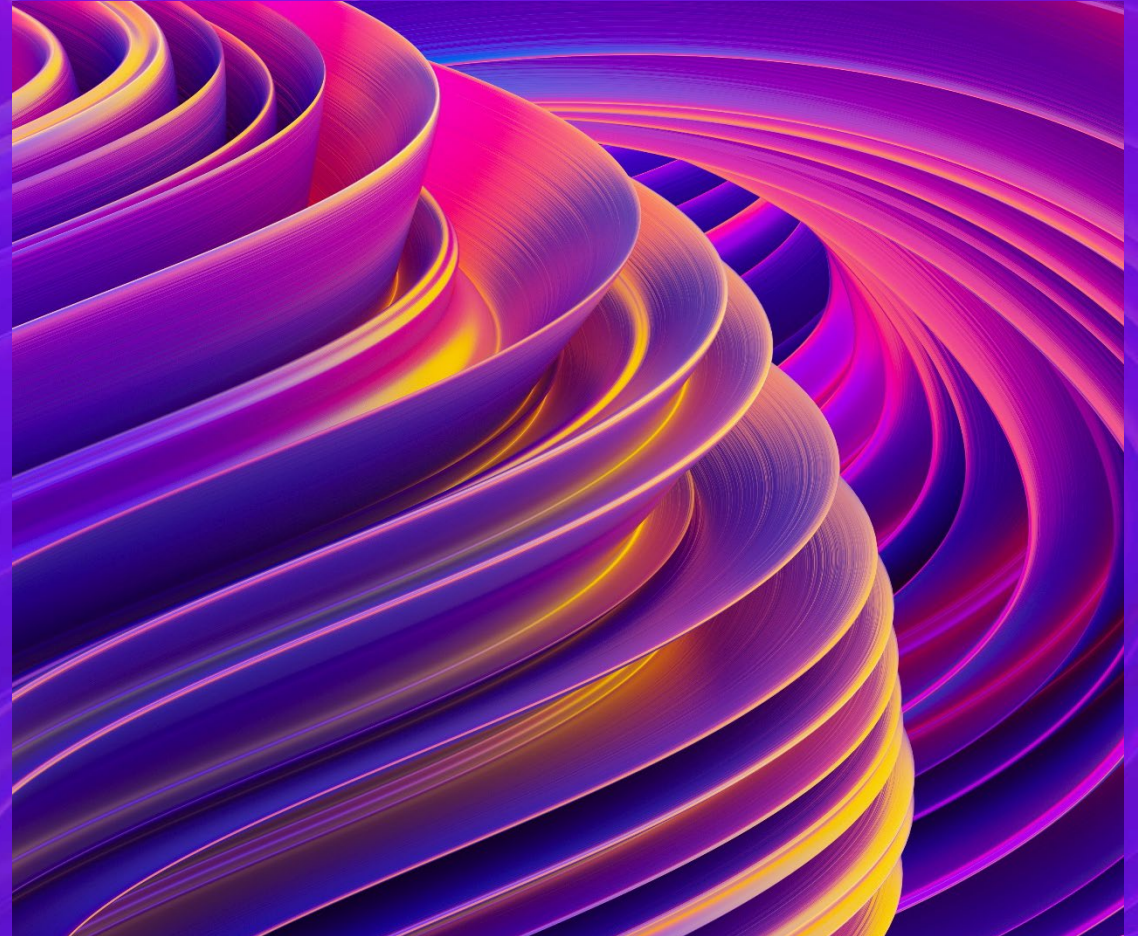
Cataraqui Region Conservation Authority

Audit Findings Report for the year ended
December 31, 2024

KPMG LLP

Prepared as of March 5, 2025 for presentation to the Board of
Directors on March 26, 2025

kpmg.ca/audit



KPMG contacts

Key contacts in connection with this engagement



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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.

4	Highlights	5	Status	7	Risks and results	11	Misstatements
12	Control deficiencies	15	Policies and practices	18	Specific topics	19	Independence
21	Appendices						

The purpose of this report is to assist you, as a member of the Board of Directors, 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 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

Status

We have completed the audit of the financial statements ("financial statements") of Cataraqui Region Conservation Authority for the year ended December 31, 2024, with the exception of certain remaining outstanding procedures, which are highlighted on the 'Status' slide of this report.



Significant changes

There were no significant changes to our initial audit plan.



Updates to our audit plan from the prior year were related to the adoption of newly effective accounting standards.

Risks and results



Significant risks



- We did not identify any significant financial reporting risks other than the presumed risk of management override of controls.



Other risks of material misstatement



- Other financial reporting risks that required additional audit procedures

Policies and practices & Specific topics



Significant unusual transactions



Accounting policies and practices



Other financial reporting matters



Going concern matters

Materiality

Current year **\$125,000**

Benchmark Expenses

% Benchmark 2.40%

Audit Misstatement Posting Threshold \$6,250

Prior Year **\$115,000**

Benchmark Expenses

% Benchmark 2.51%

Audit Misstatement Posting Threshold \$5,750

Misstatements



Corrected misstatements



Uncorrected misstatements

Control deficiencies



Significant deficiencies



Other observations



No matters to report



Matters to report – see link for details



Status

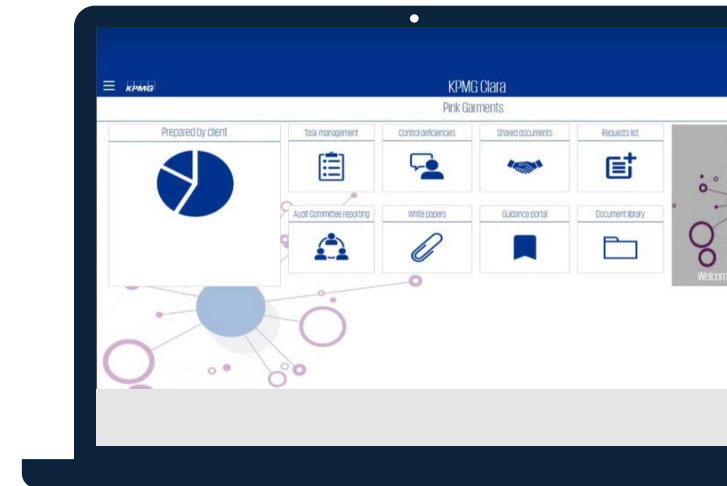
As of March 5, 2025 in preparation of our Audit Findings Report, we have completed the audit of the financial statements, with the exception of certain remaining procedures, which include amongst others:

- Final quality control procedures and review;
- Completing our discussions with the Board of Directors;
- Completion of our subsequent events review procedures up to the date of our auditor's report;
- Obtaining evidence of the Board of Director's approval of the financial statements; and
- Receipt of signed management representation letter.

We will update the Board of Directors, 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 Appendix 1a: Draft Auditor's Report, will be dated upon the completion of any remaining procedures.

KPMG Clara for Clients (KCfc)





Updates to our prior year audit plan

Other significant changes



Newly effective accounting standards



PS 3400, *Revenue*, becomes effective for this year end.

The new standard establishes a single framework to categorize revenue to enhance the consistency of revenue recognition and its measurement.

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. It 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.

PS 3160, *Public private partnership*, becomes effective for this year end (fiscal years beginning on or after April 1, 2023).

The standard includes new requirements for the recognition, measurement and classification of infrastructure procured through a public private partnership.

PSG 8, *Purchased intangibles*, becomes effective for this year end (fiscal years beginning on or after April 1, 2023).

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.

Narrow scope amendments were made to PS 1000 *Financial statement concepts* to remove the prohibition to recognize purchased intangibles and to PS 1201 *Financial statement presentation* to remove the requirement to disclose purchased intangibles not recognized.

Newly effective accounting standards



Newly effective auditing standards



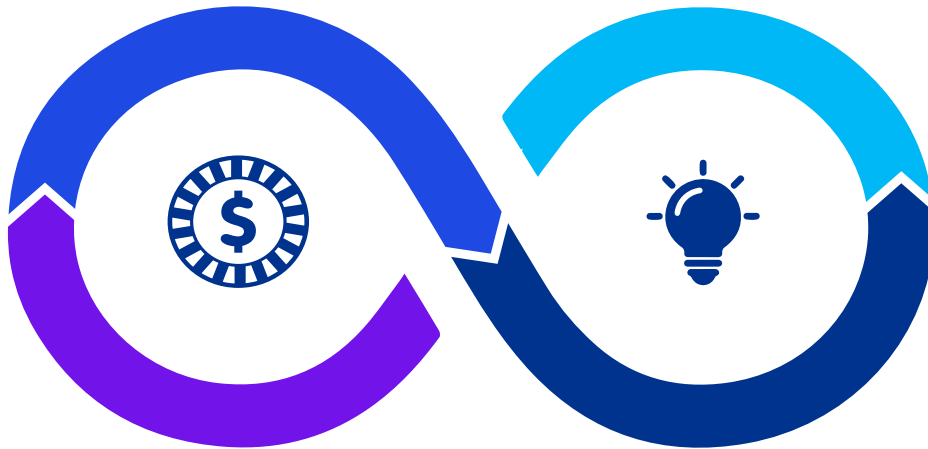
There are no new auditing standards impacting the current year audit

Future changes to auditing standards





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.

We **reassess materiality** throughout the audit and revise materiality if we become aware of information that would have caused us to determine a different materiality level initially.

Plan and perform the audit

We **initially 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

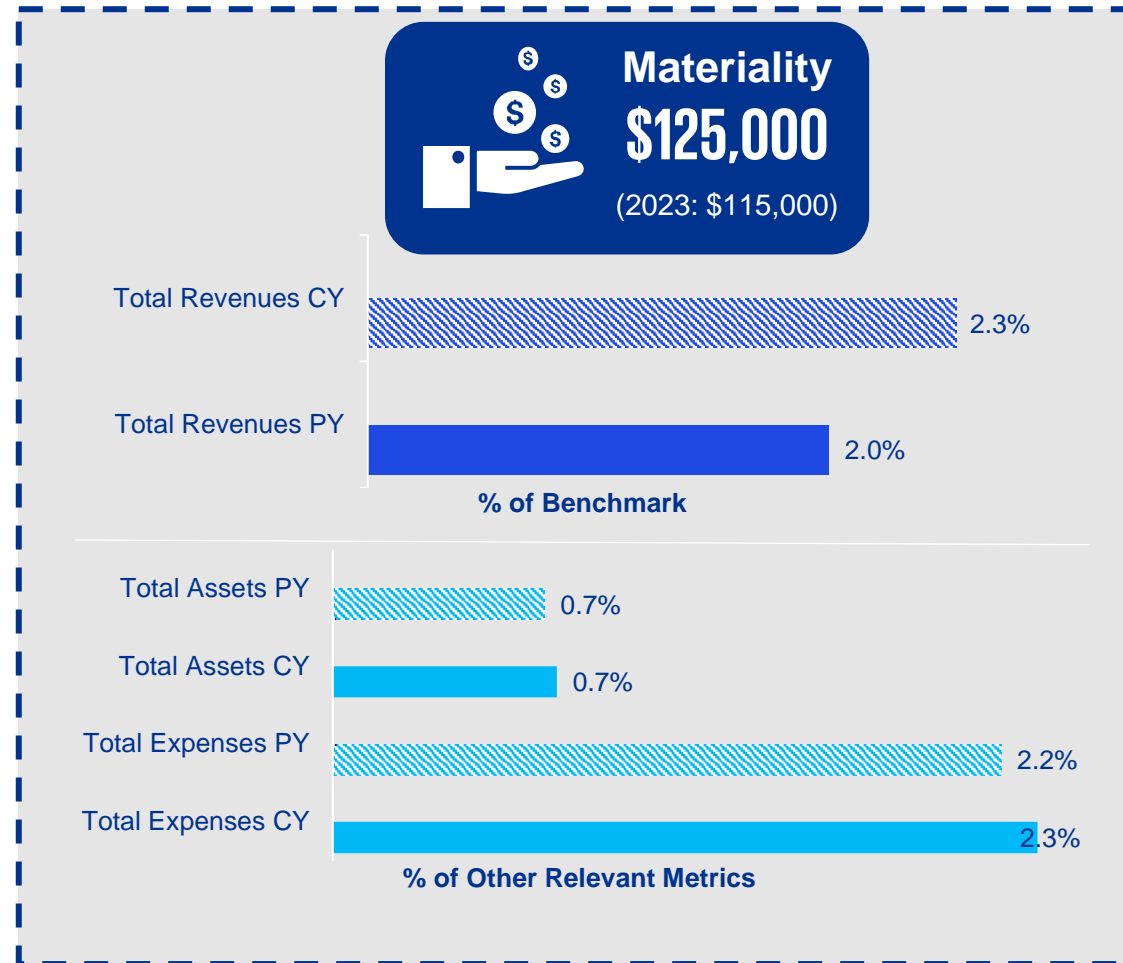
We also **use materiality** to evaluate the effect of:

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



Materiality (continued)

Materiality has been set using the prior year audited financial statements. Performance materiality has been set at 75% of materiality or \$93,750. Professional standards require us to re-assess materiality at the completion of our audit based on period-end results or new information in order to confirm whether the amount determined for planning purposes remains appropriate.



Total Revenues
\$5,460,000
(2023: \$5,707,000)

Total Expenses
\$5,370,000
(2023: \$5,201,000)

Total Assets
\$16,901,000
(2023: \$16,461,000)



Risk assessment summary

Our planning begins with an assessment of risks of material misstatement in your financial statements.

We draw upon our understanding of the Conservation Authority and its environment (e.g. the industry, the wider economic environment in which the business operates, etc.), our understanding of the Conservation Authority's components of its system of internal control, including our business process understanding.

		Risk of fraud	Risk of error	Risk Rating
●	Management override of controls	✓		
●	Grant revenue and related deferred revenue and accounts receivable		✓	Base
●	Operating and payroll expenses (including related accruals)		✓	Base
●	Tangible capital assets and related capital funding		✓	Base
●	Asset retirement obligations		✓	Base
●	Cash		✓	Base
●	Financial reporting		✓	Base
●	PRESUMED RISK OF MATERIAL MISSTATEMENT			
●	OTHER AREA OF FOCUS			



Current year findings

We did not uncover any significant findings as a result of the procedures performed over the areas highlighted above.



Significant risks and results

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



Management Override of Controls

RISK OF

FRAUD

Significant risk	Estimate?	Key audit matter?
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	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.
 - Using our KPMG software tools, we analyzed the journal entries posted during the year for completeness.
 - 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 have not identified any specific additional risks of management override relating to this audit.
- There were no significant changes to management's process for making the critical accounting estimates and there were no indicators of possible management bias.

No issues were noted.



Corrected misstatements

Corrected misstatements include financial presentation and disclosure misstatements.



Impact of corrected misstatements

- Discuss the effect on the financial reporting process
 - Discussion about the cause of the corrected misstatements (e.g. control deficiencies)
 - Discussion about that the matters underlying the corrected misstatements (e.g. control deficiencies) could potentially cause future-period financial statements to be materially misstated.
 - Corrected misstatements have been provided to management as part of the Management Representation Letter.



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. **We have not identified a significant deficiency in internal control over financial reporting. We identified certain other observations. See page 13.**



Control deficiencies – Prior Year Observations (continued)



Evidence of review

Observation:

During the prior year audit, KPMG noted evidence of review was not present on all journal entries that were reviewed. KPMG notes that secondary review and segregation of duties is a key internal control to safeguard the Conservation Authority's assets.

2024 Update:

KPMG notes that a secondary signature has been added on all journal entries to ensure adequate audit trail of approval and review. **KPMG considers this matter closed.**



Cybersecurity

Observation:

During the prior year audit, KPMG completed a cyber security questionnaire with management and identified following areas of potential gaps:

- No periodic vulnerability network checks are completed; and
- Passwords do not have a minimum length, change intervals, special character requirements, minimum number of attempts, etc.

KPMG notes this was not a complete cyber security assessment and no IT specialists were involved in this questionnaire

With increased transition to digital and online processes, the susceptibility to cyber security threats is increasing. As a result, KPMG recommends that CRCA implements the above procedures to address these areas in the upcoming fiscal year. This will enable the Conservation Authority to appropriately respond to and mitigate the risk of cyber security breaches going forward.

2024 Update:

KPMG notes that updates to the requirements of passwords were implemented in fiscal 2024. KPMG continues to recommend periodic vulnerability network checks be completed.



Control deficiencies – Current Year Observations (continued)



Chart of accounts

Observation:

Consistent with prior year, KPMG noted certain accounts are not incorporated into the financial system and chart of accounts managed by the Conservation Authority; specifically asset retirement obligations, tangible capital assets and termination and vacation pay. These accounts are controlled via spreadsheet and are provided to KPMG to record as an audit entry when preparing the year-end financial statements. KPMG also noted there were 70 new accounts added during the year, which require manual mapping as part of the preparation of the financial statements.

KPMG notes that having all the accounts incorporated into the financial system and reducing the number of new accounts each year would simplify the year-end financial reporting process and would reduce the risk of misstatements to the financial statements.

Recommendation:

KPMG recommends that all accounts should be added to the Conservation Authority's general ledger and financial system and the existing chart of accounts be utilized when incorporating new transactions to ensure adequate control over the operations.



Accounting policies and practices



Initial selection

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

- PS 3400 *Revenue*
- PSG-8 *Purchased Intangibles*
- PS 3160 *Public Private Partnerships* (P3s)



Revised

No matters to report.



Significant qualitative aspects

Significant accounting policies or practices are disclosed in note 2 to the financial statements.

No matters to report.



Required inquiries of the Audit Board



Inquiries regarding risk assessment, including fraud risks

- What are the Audit Board's views about fraud risks, including management override of controls, in the Organization? And have you taken any actions to respond to any identified fraud risks?
- Is the Audit Board aware of, or has the Audit Board identified, any instances of actual, suspected, or alleged fraud, including misconduct or unethical behavior related to financial reporting or misappropriation of assets?
 - If so, have the instances been appropriately addressed and how have they been addressed?
- How does the Audit Board exercise oversight of the Organization's fraud risks and the establishment of controls to address fraud risks?



Inquiries regarding Organization processes

- Is the Audit Board aware of tips or complaints regarding the Organization's financial reporting (including those received through the Audit Board's internal whistleblower program, if such programs exist)? If so, the Audit Board's responses to such tips and complaints?



Inquires regarding related parties and significant unusual transactions

- Is the Audit Board aware of any instances where the Organization entered into any significant unusual transactions?
- What is the Audit Board's understanding of the Organization's relationships and transactions with related parties that are significant to the Organization?
- Is the Audit Board concerned about those relationships or transactions with related parties? If so, the substance of those concerns?



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



The revised Concepts Underlying Financial Performance is effective for fiscal years beginning on or after April 1, 2026. The framework provides the core concepts and objectives underlying Canadian public sector accounting standards.

The proposed section PS 1202 Financial statement presentation will replace the current section PS 1201 Financial statement presentation. PS 1202 Financial statement presentation 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.



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

As a firm, we are committed to being and being seen to be independent. We have strict rules and protocols to maintain our independence that meet or exceed those of the IESBA Code¹ and CPA Code. The following are the actions or safeguards applied to reduce or eliminate threats to an acceptable level:



Dedicated ethics & independence partners



Process for reporting breaches of professional standards and policy, and documented disciplinary policy



Ethics, independence and integrity training for all staff



International proprietary system used to evaluate and document threats to independence and those arising from conflicts of interest



Operating policies, procedures and guidance contained in our quality & risk management manual



Mandated procedures for evaluating independence of prospective audit clients



Restricted investments and relationships



Annual ethics and independence confirmation for staff

Statement of compliance

We confirm that, as of the date of this communication, **we are independent** of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada.



¹ International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards)



Independence: Services - Additional detail (continued)

Audit services	Detailed description of service	Potential effects of the proposed service on independence
	Audit of financial statements for the year ended December 31, 2024 accordance with Canadian accounting standards for Public Sector Accounting Standards.	Such services are provided by the auditor pursuant to statutory or regulatory requirements and are permitted under CPA Code and IESBA independence rules.
All other services	Detailed description of service	Potential effects of the proposed service on independence
	Assistance with the word processing and preparation of the Conservation Authority's financial statements for the year ended December 31, 2024.	The proposed services may be permissible under CPA Code or IESBA independence rules with consideration to the following: 1) services are of a routine or mechanical nature; 2) the Organization is not a reporting issuer and service is routine or mechanical in nature; 3) the Organization will be responsible for the financial statements as their own; 4) the Organization is sufficiently informed of the Organization's activities and financial condition and the applicable accounting principles and can reasonably accept such responsibility, including the fairness of valuation and presentation and adequacy of disclosures.

Appendices

1

Required communications

2

Audit quality

3

New and upcoming standards

4

Audit and assurance insights

5

Technology Highlights





Appendix 1: Other required communications



Engagement terms

A copy of the engagement letter and any subsequent amendments has been provided management.



CPAB communication protocol

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

- [CPAB Audit Quality Insights Report: 2022 Annual Inspections Results](#)
- [CPAB Audit Quality Insights Report: 2023 Interim Inspections Results](#)
- [CPAB Regulatory Oversight Report: 2023 Annual Inspections Results](#)
- [CPAB Audit Quality Insights Report: 2024 Interim Inspections Results](#)



Appendix 1a: Draft auditor's report

INDEPENDENT AUDITOR'S REPORT

To the Members of the Board of Directors of Cataraqui Region Conservation Authority

Opinion

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

- the statement of financial position as at December 31, 2024
- 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, 2024, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

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

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

Our opinion is not modified in respect of this matter.



Appendix 1a: Draft auditor's report (continued)

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 auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.



Appendix 1a: Draft auditor's report (continued)

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 Corporation'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 auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chartered Professional Accountants, Licensed Public Accountants

Kingston, Canada

Date



Appendix 2: Audit quality - How do we deliver audit quality?

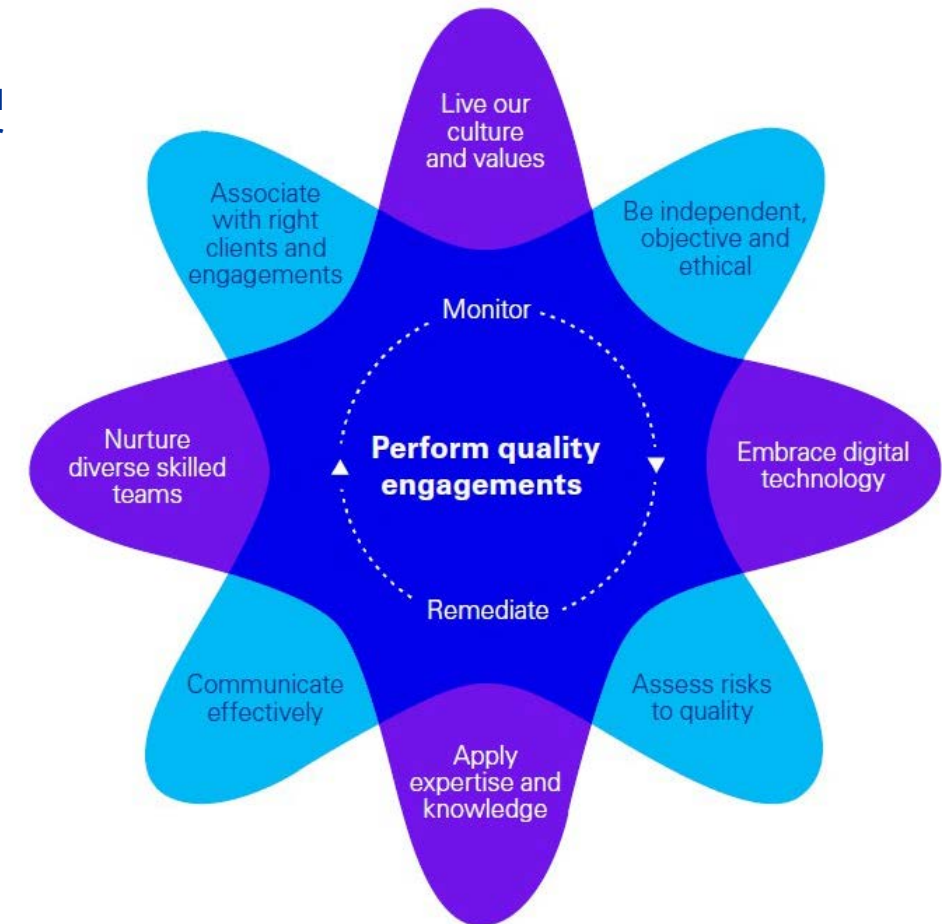
Quality essentially means doing the right thing and remains our highest priority. Our Global Quality Framework outlines how we deliver quality and how every partner and staff member contributes to its delivery.

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 Canada 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 2: Audit quality - Indicators (AQIs)

The objective of these measures is to provide the Board of Directors and management with more in-depth information about factors that influence audit quality within an audit process. Below you will find the current status of the AQIs that are relevant for the audit.

Audit team composition

- Experience, commitment and knowledge of the broader public sector
- A combination of continuity and fresh perspectives
- Access to specialist resources with public sector experience

Technology in the audit

- Increase in use of technology in the audit year over year
- Use of secure KPMG portal for transfer of electronic documents

Independence




- We will not put ourselves in a situation where we would audit our own work.
- We apply the most rigorous standards to our professional services in order to ensure our continued independence in our role.

Client preparedness

- The majority of financial records and working papers were made available to the audit team on the first day of audit with the remaining working papers provided subsequently. No issues were noted regarding the quality of the working papers provided
- KPMG completed the preparation of the financial statements, ensuring the appropriate safeguards were in place to mitigate any independence conflict

Board of Directors and members

- Board of Directors and members participate fully in the discussion with auditors, including meeting in camera with the auditors
- KPMG provides current industry trends and updates to accounting and audit standards

-  Nothing to report
-  Some matters to report
-  Specific matters to report



Appendix 3: Upcoming changes to 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, 2024 (Year ending December 31, 2025)

ISA 260/CAS 260

.....
Communications
with those charged
with governance

ISA 700/CAS 700

.....
Forming an opinion
and reporting on
the financial
statements



Appendix 4: Audit and assurance insights

Our latest thinking on the issues that matter most to Audit Boards, 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 Assurance & Related Services, Canadian Securities Matters, and US Outlook reports.

Insights - KPMG Canada

Sustainability Reporting

Resource centre on implementing the new Canadian reporting standards

IFRS Breaking News

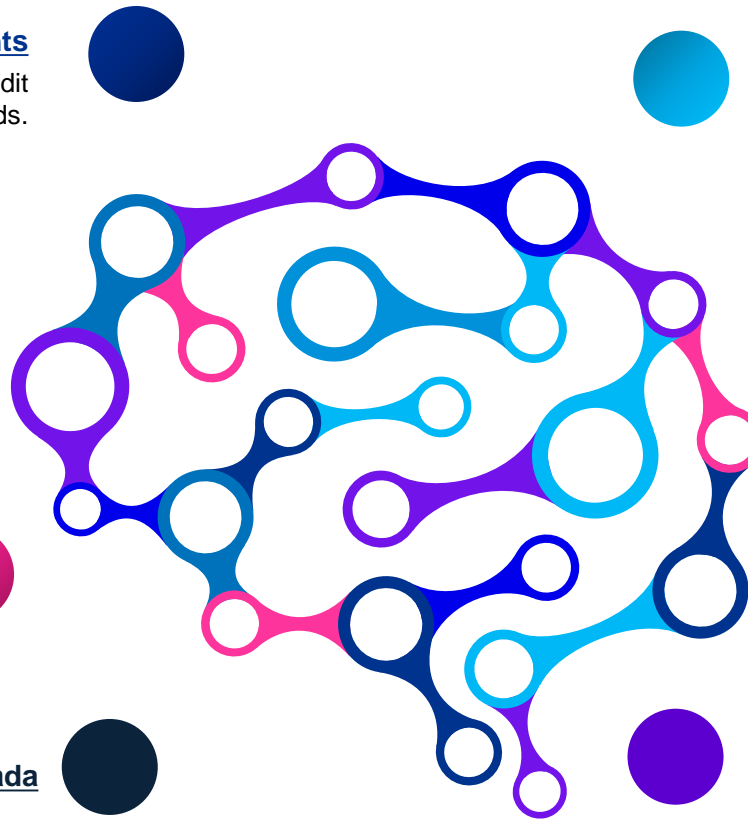
A monthly Canadian newsletter that provides the latest insights on accounting, financial reporting and sustainability reporting.

Finance Committee Guide – Canadian Edition

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

Accelerate 2025

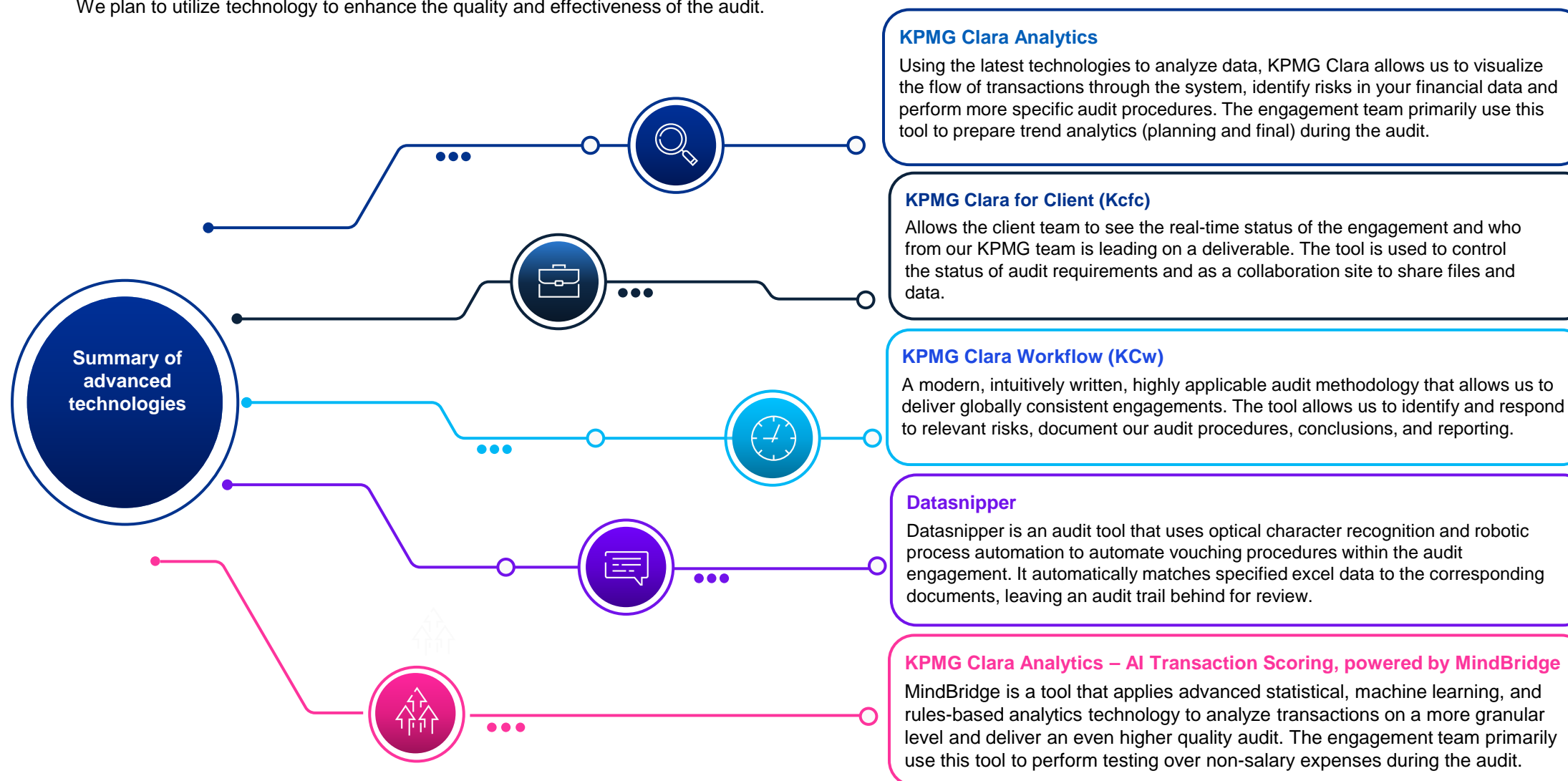
The key issues driving the Finance Committee agenda in 2025.





Appendix 5: Technology highlights

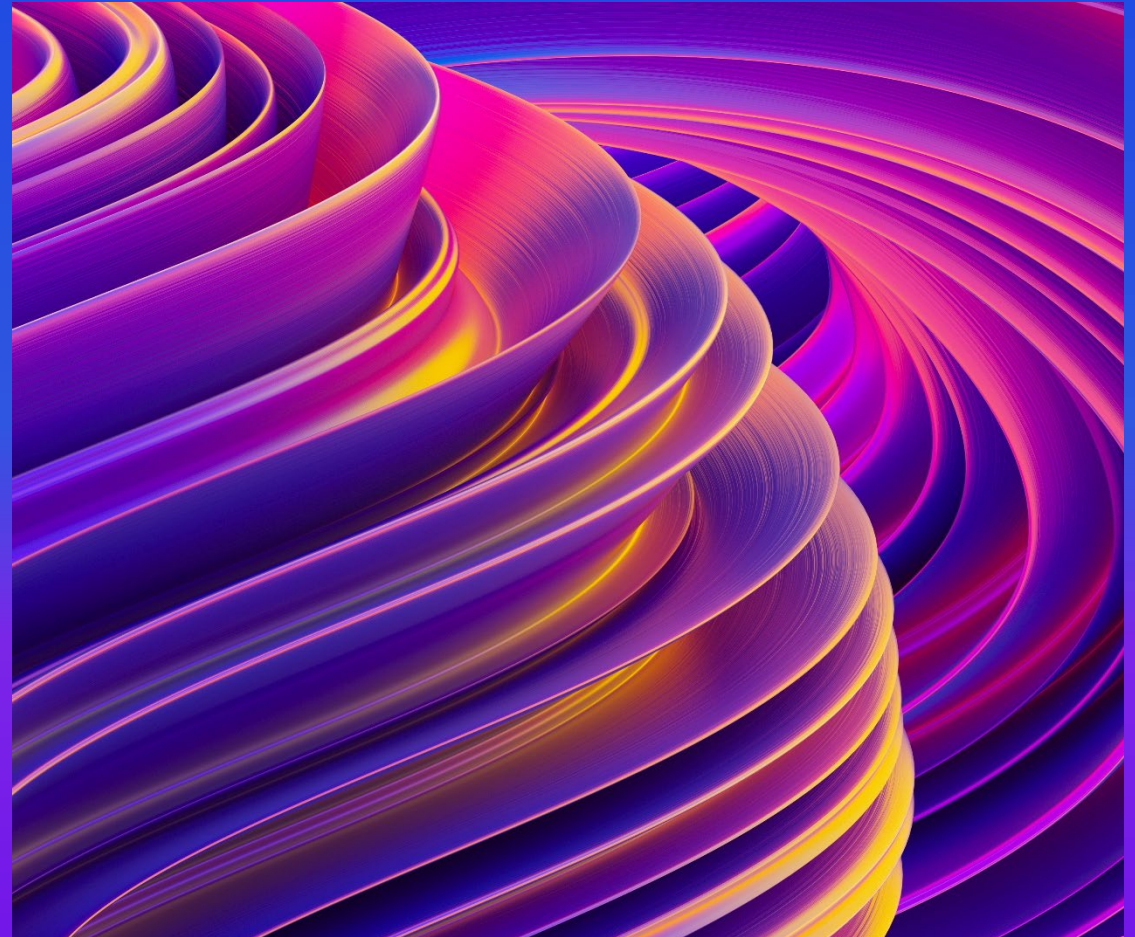
We plan to utilize technology to enhance the quality and effectiveness of the audit.





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

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Financial Statements of

**CATARAQUI REGION CONSERVATION
AUTHORITY**

Year ended December 31, 2024

CATARAQUI REGION CONSERVATION AUTHORITY

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Year ended December 31, 2024

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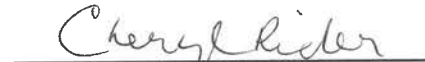
Management's Responsibility for the Financial Statements

The accompanying financial statements of the Cataraqui Region Conservation Authority (the "Conservation Authority") are the responsibility of the Conservation Authority's management and have been prepared in accordance with Canadian public sector accounting standards. The significant accounting policies are described in summary in Note 1 to the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Conservation Authority's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements. These systems are monitored and evaluated by management.

The Board of Directors meets with management and the external auditors to review the financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the financial statements. The financial statements have been audited by KPMG LLP, independent external auditors appointed by the Board. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Conservation Authority's financial statements.


David Ellingwood,
General Manager


Cheryl Rider, CPA, CGA, Dipl. M.A.
Supervisor, Finance



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Cataraqui Region Conservation Authority

Opinion

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

- the statement of financial position as at December 31, 2024
- 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 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, 2024, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

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

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

Our opinion is not modified in respect of this matter.

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 auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of 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 auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.



Page 3

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A handwritten signature in black ink that reads "KPMG LLP". The signature is written in a cursive, stylized font. Below the signature is a single, long, horizontal, slightly wavy line.

Chartered Professional Accountants, Licensed Public Accountants

Kingston, Canada

March 26, 2025

CATARAQUI REGION CONSERVATION AUTHORITY

Statement of Financial Position

December 31, 2024, with comparative information for 2023

	2024	2023
Financial assets:		
Cash	\$ 5,811,963	\$ 5,182,295
Cash held for Source Water Protection	17,914	40,171
Accounts receivable	47,984	192,815
Harmonized sales tax receivable	45,976	41,523
	<u>5,923,837</u>	<u>5,456,804</u>
Financial liabilities:		
Accounts payable and accrued liabilities	464,282	232,391
Deferred revenue - other	8,995	31,137
Deferred revenue (note 12)	1,231,349	1,111,677
Asset retirement obligations (note 14)	252,780	243,780
Termination and vacation pay	89,605	79,511
	<u>2,047,011</u>	<u>1,698,496</u>
Net financial assets	3,876,826	3,758,308
Non-financial assets:		
Prepaid expenses	18,121	5,457
Tangible capital assets (note 3)	10,959,126	10,998,964
	<u>10,977,247</u>	<u>11,004,421</u>
Commitments (note 15)		
Accumulated surplus (note 11)	\$ 14,854,073	\$ 14,762,729

The accompanying notes are an integral part of these financial statements.

On behalf of the Board:

 Chairperson
 Chairperson

CATARAQUI REGION CONSERVATION AUTHORITY

Statement of Operations and Accumulated Surplus

Year ended December 31, 2024, with comparative information for 2023

	2024 Budget (Unaudited - note 9)	2024 Actual	2023 Actual
Revenue (note 10):			
Municipal grants	\$ 3,067,164	\$ 3,067,164	\$ 2,910,139
Authority generated (note 4)	2,990,185	2,006,627	2,248,415
Government transfers:			
Provincial (note 13)	287,491	306,554	314,079
	6,344,840	5,380,345	5,472,633
Expenses (notes 5 and 10):			
Corporate services	1,415,455	1,067,135	1,107,193
Watershed planning and engineering	1,281,643	1,117,558	1,068,628
Conservation lands	1,487,229	779,292	720,715
Amortization	—	579,799	528,473
Conservation areas	624,570	427,597	449,168
Watershed science	364,762	373,558	339,916
Corporate financing	128,591	112,727	88,122
Facilities	395,515	300,678	146,367
Change in termination and vacation pay	—	10,094	16,566
Projects	—	128,473	257,784
General manager's office	370,650	309,370	297,644
Fleet	165,800	111,397	129,721
Water control structures	97,465	35,995	42,138
Full authority board and executive	13,160	10,345	9,354
	6,344,840	5,364,018	5,201,789
Annual operating surplus	—	16,327	270,844
Revenue related to capital:			
Government transfers	—	75,017	199,589
Gain on disposal of tangible capital assets	—	—	35,508
	—	75,017	235,097
Annual surplus	—	91,344	505,941
Accumulated surplus, beginning of year	—	14,762,729	14,256,788
Accumulated surplus, end of year	\$ —	\$ 14,854,073	\$ 14,762,729

The accompanying notes are an integral part of these financial statements.

CATARAQUI REGION CONSERVATION AUTHORITY

Statement of Changes in Net Financial Assets

Year ended December 31, 2024, with comparative information for 2023
(In thousands of dollars)

	2024 Budget (Unaudited - note 9)	2024 Actual	2023 Actual
Annual surplus	\$ —	\$ 91,344	\$ 505,941
Purchase of tangible capital assets	—	(539,961)	(659,123)
Proceeds on disposal of tangible capital assets	—	—	42,036
Gain on disposal of tangible capital assets	—	—	(35,508)
Amortization of tangible capital assets	—	579,799	528,473
Change in prepaid expenses	—	(12,664)	2,263
	—	27,174	(121,859)
Increase in net financial assets	—	118,518	384,082
Net financial assets, beginning of year	—	3,758,308	3,374,226
Net financial assets, end of year	\$ —	\$ 3,876,826	\$ 3,758,308

The accompanying notes are an integral part of these financial statements.

CATARAQUI REGION CONSERVATION AUTHORITY

Statement of Cash Flows

Year ended December 31, 2024, with comparative information for 2023

	2024	2023
Cash provided by (used for):		
Operating activities:		
Annual surplus	\$ 91,344	\$ 505,941
Items not involving cash:		
Amortization of tangible capital assets	579,799	528,473
Gain on disposal of tangible capital assets	—	(35,508)
Increase in asset retirement obligation	9,000	—
Changes in non-cash operating assets and liabilities:		
Accounts receivable	144,831	50,437
Harmonized sales tax receivable	(4,453)	(16,474)
Prepaid expenses	(12,664)	2,263
Accounts payable and accrued liabilities	231,891	35,405
Deferred revenue – other	(22,142)	17,089
Deferred revenue	119,672	127,828
Termination and vacation pay	10,094	16,566
	1,147,372	1,232,020
Capital activities:		
Purchase of tangible capital assets	(539,961)	(659,123)
Proceeds on disposal of tangible capital assets	—	42,036
	(539,961)	(617,087)
Increase in cash during the year	607,411	614,933
Cash, beginning of year	5,222,466	4,607,533
Cash, end of year	\$ 5,829,877	\$ 5,222,466
Represented by:		
General	\$ 5,811,963	\$ 5,182,295
Source Water Protection	17,914	40,171
	\$ 5,829,877	\$ 5,222,466

The accompanying notes are an integral part of these financial statements.

CATARAQUI REGION CONSERVATION AUTHORITY

Notes to Financial Statements

Year ended December 31, 2024

Cataraqui Region Conservation Authority (the “Conservation Authority”) was established under the Conservation Authorities Act of Ontario. The objectives of the Conservation Authority as stated in Section 20(1) of the Conservation Authorities Act R.S.O. 1990 are “to provide, in the area over which it has jurisdiction, programs and services designed to further the conservation, restoration, development and management of natural resources, other than gas, oil, coal and minerals”. The Conservation Authority is a registered charity within the meaning of the Income Tax Act (Canada) and is exempt from income taxes.

1. Significant accounting policies:

The financial statements of the Conservation Authority are prepared by management in accordance with generally accepted accounting principles for organizations operating in the local government sector as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by the Conservation Authority are as follows:

(a) Basis of accounting:

The financial statements of the Conservation Authority have been prepared on the accrual basis of accounting, whereby revenues and expenses are reflected in the accounts in the year in which they have been earned or incurred respectively. The financial statements do not include the activities of the Cataraqui Conservation Foundation, a related incorporated registered charity.

(b) Non-financial assets:

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

(i) Tangible capital assets:

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

Asset	Useful Life - Years
Land improvements	30 years
Buildings	40 years
Bridges, dams and docks	10 to 40 years
Vehicles and machinery	10 to 15 years
Monitoring and recreational equipment	8 years
Furniture and fixtures	10 years
Information technology	5 to 15 years

CATARAQUI REGION CONSERVATION AUTHORITY

Notes to Financial Statements (continued)

Year ended December 31, 2024

1. Significant accounting policies (continued):

(b) Non-financial assets (continued):

(i) Tangible capital assets (continued):

Annual amortization is charged in the first year after acquisition and in the year of disposal. Work-in-progress is not amortized until the asset is available for productive use, at which time the costs are transferred to the appropriate asset category.

(ii) Contributions of tangible capital assets:

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and also are recorded as revenue. Similarly, transfers of assets to third parties are recorded as an expense equal to the net book value of the assets as of the date of transfer.

(iii) Impairment:

When conditions indicate that a tangible capital asset no longer contributes to the Conservation Authority's ability to provide services or the value of the future economic benefits associated with the tangible capital asset are less than its net book value, and the decline is expected to be permanent, the cost and accumulated amortization of the asset are reduced to reflect the revised estimate of the value of the asset's remaining service potential. The resulting net adjustment is reported as an expense on the Statement of Operations and Accumulated Surplus.

(c) Revenue recognition:

Government transfers and municipal grants and funding for projects are recognized as revenue when the transfer is authorized, any eligible criteria has been met and the amount can be reasonably estimated. Authority generated funds, generally consisting of user fees, are recognized when the goods are sold or the services are provided, performance obligations fulfilled, and future economic benefits are measurable and expected to be obtained. Other restricted contributions received in advance of the related expenditure are deferred until the related expenditure is incurred.

(d) Deferred revenue:

The Conservation Authority receives contributions pursuant to legislation, regulations or agreement that may only be used for certain programs or in the completion of specific work. In addition, certain user charges and fees are collected for which the related services have yet to be performed.

CATARAQUI REGION CONSERVATION AUTHORITY

Notes to Financial Statements (continued)

Year ended December 31, 2024

1. Significant accounting policies (continued):

(e) Retirement benefits and other employee benefit plans:

The Conservation Authority is an employer member of the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer, defined benefit pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of assets and administration of the benefits. The Conservation Authority has adopted defined contribution plan accounting principles for this Plan because insufficient information is available to apply defined benefit plan accounting principles. The Conservation Authority records as an expense the amount paid to OMERS during the year.

(f) Liability for contaminated sites:

A contaminated site is a site at which substances occur in concentrations that exceed the maximum acceptable amounts under an environmental standard. Sites that are currently in productive use are only considered a contaminated site if an unexpected event results in contamination. A liability for remediation of contaminated sites is recognized when the Conservation Authority is directly responsible or accepts responsibility; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made. The liability includes all costs directly attributable to remediation activities including post remediation operations, maintenance and monitoring. The liability is recorded net of any expected recoveries.

(g) Government transfers:

Government transfers are recognized as revenue or expenditures in the year that the events giving rise to the transfer occurred, provided the transfer is authorized, eligibility criteria, if any, have been met by the recipient, and a reasonable estimate of the amount can be made.

(h) Asset retirement obligations:

The Conservation Authority recognizes the fair value of an asset retirement obligation ("ARO") when all of the following criteria have been met:

- There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- The past transaction or event giving rise to the liability has occurred;
- It is expected that future economic benefits will be given up; and
- A reasonable estimate of the amount can be made.

Actual remediation costs incurred are charged against the ARO to the extent of the liability recorded.

Differences between the actual remediation costs incurred and the associated liability are recognized in the Statement of Operations at the time of remediation.

CATARAQUI REGION CONSERVATION AUTHORITY

Notes to Financial Statements (continued)

Year ended December 31, 2024

1. Significant accounting policies (continued):

(i) Financial instruments:

Financial instruments are recorded at fair value on initial recognition, and reported on the Statement of Financial Position.

Unrealized changes in fair value are recognized in the Statement of Remeasurement Gains and Losses until they are realized, when they are transferred to the Statement of Operations.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred.

All financial assets are assessed for impairment on an annual basis. Where a decline is determined to be other than temporary, the amount of the loss is reported in the Statement of Operations and any unrealized gain is adjusted through the Statement of Remeasurement Gains and Losses. Upon sale, the Statement of Remeasurement Gains and Losses associated with that instrument are reversed.

(j) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

(k) Statement of Remeasurement Gains and Losses:

A Statement of Remeasurement Gains and Losses has not been provided as there are no significant unrealized gains or losses at December 31, 2024 or 2023.

2. Change in accounting policies - adoption of new accounting standards:

The Conservation Authority adopted the following standards beginning January 1, 2024:

a) PS 3400 Revenue:

Establishes standards on how to account for and report on revenue, specifically differentiating between transactions that include performance obligations (i.e. the payor expects a good or service from the public sector entity), referred to as exchange transactions, and transactions that do not have performance obligations, referred to as non-exchange transactions. For exchange transactions, revenue is recognized when a performance obligation is satisfied. For non-exchange transactions, revenue is recognized when there is authority to retain an inflow of economic resources and a past event that gave rise to an asset has occurred.

CATARAQUI REGION CONSERVATION AUTHORITY

Notes to Financial Statements (continued)

Year ended December 31, 2024

2. Change in accounting policies - adoption of new accounting standards (continued):

b) PSG-8 Purchased Intangibles:

Provides guidance on the accounting and reporting for purchased intangible assets that are acquired through arm's length exchange transactions between knowledgeable, willing parties that are under no compulsion to act.

c) PS 3160 *Public Private Partnerships* (P3s):

Provides specific guidance on the accounting and reporting for P3s between public and private sector entities where the public sector entity procures infrastructure using a private sector partner.

There was no impact on the financial statements as a result of adopting the new accounting standards.

3. Tangible capital assets:

Cost	Balance at December 31, 2023	Transfers and additions	Transfers, disposals and adjustments	Balance at December 31, 2024
Land	\$ 7,266,144	\$ —	\$ —	\$ 7,266,144
Land improvements	11,772,258	102,010	—	11,874,268
Leasehold improvements	—	124,084	—	124,084
Buildings	2,027,777	22,076	—	2,049,853
Bridges, dams and docks	2,362,245	47,716	—	2,409,961
Vehicles and machinery	740,118	77,914	—	818,032
Monitoring and recreational equipment	257,843	802	—	258,645
Furniture and fixtures	783,182	36,836	98,023	918,041
Information technology	588,489	119,912	224,535	932,936
Work-in-progress	327,646	8,611	(322,558)	13,699
Total	\$ 26,125,702	\$ 539,961	\$ —	\$ 26,665,663
Accumulated amortization	Balance at December 31, 2023	Amortization expense	Transfers, disposals and adjustments	Balance at December 31, 2024
Land improvements	\$ 9,813,192	\$ 344,140	\$ —	\$ 10,157,332
Leasehold improvements	—	5,909	—	5,909
Buildings	1,609,375	38,388	—	1,647,763
Bridges, dams and docks	2,162,639	21,741	—	2,184,380
Vehicles and machinery	375,553	53,648	—	429,201
Monitoring and recreational equipment	229,009	11,086	—	240,095
Furniture and fixtures	589,763	46,196	—	635,959
Information technology	347,207	58,691	—	405,898
Total	\$ 15,126,738	\$ 579,799	\$ —	\$ 15,706,537

CATARAQUI REGION CONSERVATION AUTHORITY

Notes to Financial Statements (continued)

Year ended December 31, 2024

3. Tangible capital assets (continued):

	Net book value December 31, 2023	Net book value December 31, 2024
Land	\$ 7,266,144	\$ 7,266,144
Land improvements	1,959,066	1,716,936
Leasehold improvements	—	118,175
Buildings	418,402	402,090
Bridges, dams and docks	199,606	225,581
Vehicles and machinery	364,565	388,831
Monitoring and recreational equipment	28,834	18,550
Furniture and fixtures	193,419	282,082
Information technology	241,282	527,038
Work-in-progress	327,646	13,699
Total	\$ 10,998,964	\$ 10,959,126

4. Authority generated revenues:

A breakdown of authority generated revenues is as follows:

	2024	2023
Trees program	\$ 507,021	\$ 531,537
Planning and development review	386,938	365,025
Interest revenue	226,094	266,969
Equipment and vehicle rental recoveries	195,188	180,399
Outdoor centre	188,644	226,044
Information technology recoveries	174,117	167,782
Conservation area revenue	122,089	172,640
Student program fees	90,259	84,075
Other	73,005	58,450
Floodplain mapping	20,915	128,685
Property rental	14,555	14,725
Office cleaning and maintenance recoveries	7,552	13,831
Streamlining development revenue	250	38,253
	\$ 2,006,627	\$ 2,248,415

CATARAQUI REGION CONSERVATION AUTHORITY

Notes to Financial Statements (continued)

Year ended December 31, 2024

5. Expenses by object:

A breakdown of expenses by object is as follows:

	2024	2023
Wages and benefits	\$ 2,951,026	\$ 2,778,381
Materials and supplies	998,422	999,744
Amortization	579,799	528,473
Purchased services	359,862	396,546
Insurance, heat and utilities	180,716	182,101
Travel and vehicle	162,772	171,945
Computer supplies and IT support	63,969	63,785
Property taxes	37,283	46,034
Other	20,075	18,214
Change in termination and vacation pay	10,094	16,566
	\$ 5,364,018	\$ 5,201,789

6. Pension agreement:

The Conservation Authority's employees are members of the Ontario Municipal Employees Retirement Fund ("OMERS"), which is a multi-employer pension plan. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employee based on length of service and rates of pay. Because OMERS is a multi-employer pension plan, the Conservation Authority does not recognize any share of the pension plan deficit of \$2.9 billion as at December 31, 2024 (2023 – deficit of \$4.2 billion) based on the fair market value of the plan's assets, as this is a joint responsibility of Ontario Municipal organizations and their employees. Ongoing adequacy of the current contribution rates will need to be monitored and may lead to increased future funding measurements. The amount contributed to OMERS for 2024 was \$214,438 (2023 - \$206,735) for current service and is included as an expense in the Statement of Operations and Accumulated Surplus.

7. Cataraqui Conservation Foundation:

Contributions were received during the year from the Cataraqui Conservation Foundation in the amount of \$31,500 (2023 - \$60,651) of which \$31,500 has been spent during 2024.

8. Bank credit facility:

The Conservation Authority has an approved bank credit facility with its lender in the amount of \$750,000 of which none had been drawn as at December 31, 2024 (2023 – \$750,000).

CATARAQUI REGION CONSERVATION AUTHORITY

Notes to Financial Statements (continued)

Year ended December 31, 2024

9. Budget figures:

The budget data presented in these financial statements is based upon the 2024 operating and projects budgets approved by the Board. These amounts are unaudited. The Conservation Authority only prepares a budget for the Statement of Operations, the budget figures in the Statement of Change in Net Financial Assets has not been provided.

10. Segmented information:

The following is a breakdown of revenues and expenses by segment:

	Revenue	Expenses	2024 Net	2023 Net
Watershed	\$ 1,604,250	\$ 1,556,310	\$ 47,940	\$ 204,821
Conservation lands	1,741,470	1,981,514	(240,044)	117,322
Fleet	195,188	111,397	83,791	92,714
General manager's office and FA Board	320,060	319,715	345	(16,893)
Corporate services	1,179,046	1,153,882	25,164	2,215
Corporate financing	361,245	112,727	248,518	298,705
Projects	75,017	128,473	(53,456)	(192,943)
	\$ 5,476,276	\$ 5,364,018	\$ 112,258	\$ 505,941

CATARAQUI REGION CONSERVATION AUTHORITY

Notes to Financial Statements (continued)

Year ended December 31, 2024

11. Accumulated surplus:

Accumulated surplus consists of individual fund surplus and reserves and reserve funds as follows:

	2024	2023
Equity in tangible capital assets	\$ 10,959,126	\$ 10,998,964
Less: Unfunded asset retirement obligation	(252,780)	(243,780)
Less: Unfunded termination and vacation pay	(89,605)	(79,511)
	10,616,741	10,675,673
Corporate Reserves:		
Corporate Financing Reserve	216,285	210,374
Fleet (Equipment) Reserve	81,569	42,908
Fleet (Vehicles) Reserve	82,834	106,623
General Reserve	68,491	120,493
Data Acquisition Reserve	107,840	93,077
Information Technology Reserve	96,218	77,184
Stabilization Reserve	579,106	492,206
Trust Reserve	383,211	366,285
Trust Reserve Mac Johnson Wildlife Area		
Nature Centre Reserve	46,862	44,792
	1,662,416	1,553,942
Conservation Lands Reserves:		
Boat Ramp and Water Access Point Reserve	14,456	9,067
Cataraqi Trail Reserve	111,661	81,652
Friends of the Cataraqi Trail	47,259	38,359
Conservation Areas Reserve	186,981	168,611
Facilities Reserve	1,437,856	1,614,686
Real Property Reserve	297,349	284,177
	2,095,562	2,196,552
Watershed Management Reserves:		
Forestry Reserve	322,386	209,243
Watershed Management Reserve	156,968	127,319
	479,354	336,562
Total reserves	4,237,332	4,087,056
Total accumulated surplus	\$ 14,854,073	\$ 14,762,729

CATARAQUI REGION CONSERVATION AUTHORITY

Notes to Financial Statements (continued)

Year ended December 31, 2024

12. Deferred revenue:

	Balance, December 31, 2023	Additions	Transferred to income	Interest earned	Balance December 31, 2024
Externally restricted:					
Conservation Lands Reserves:					
Development Review Legal Funds	\$ 39,162	\$ —	\$ —	\$ 1,810	\$ 40,972
Boat Ramp and Water Access Point - Reserve Leeds and the Thousand Islands	9,742	2,670	—	574	12,986
Cataraqui Trail Reserve -Crabtree & Rideau Lakes Donation	45,140	—	—	2,086	47,226
Lemoine Point Conservation Area Reserve	321,382	53,861	79,423	13,691	309,511
Lemoine Point Native Plant Nursery Reserve	67,149	3,671	4,702	3,090	69,208
Lemoine Point Workshop Reserve	38,837	12,742	—	2,095	53,674
Parrott's Bay Conservation Area Reserve	208,861	23,077	—	10,453	242,391
Owl Woods Reserve	10,256	750	424	509	11,091
	740,529	96,771	84,549	34,308	787,059
Water Control Structure Reserves:					
Sydenham Lake Dam Reserve	62,663	19,625	39,234	2,680	45,734
Wilton Road Dam Reserve	18,199	11,382	318	1,137	30,400
Highgate Creek Channelization Reserve	30,660	19,278	6,506	2,139	45,571
Little Cataraqui Creek Dam Reserve	56,443	8,816	318	2,921	67,862
Temperance Lake Dam Reserve	41,512	5,703	318	2,105	49,002
Marsh Bridge Dam Reserve	26,188	8,684	318	1,413	35,967
Fred Grant Dam Reserve	40,288	9,125	400	1,945	50,958
Broome-Runciman Dam Reserve	68,137	8,538	318	3,406	79,763
Buells Creek Detention Basin Reserve	13,594	10,251	1,403	962	23,404
Booths Falls Diversion Reserve	13,464	1,787	318	696	15,629
	371,148	103,189	49,451	19,404	444,290
Total	\$ 1,111,677	\$ 199,960	\$ 134,000	\$ 53,712	\$ 1,231,349

CATARAQUI REGION CONSERVATION AUTHORITY

Notes to Financial Statements (continued)

Year ended December 31, 2024

13. Provincial government transfers:

The following is a breakdown of provincial government transfers:

	2024	2023
Section 39 – flood control	\$ 56,701	\$ 56,701
Source water protections	189,446	211,912
Dam maintenance and other	60,407	45,466
	\$ 306,554	\$ 314,079

14. Asset retirement obligations:

The Conservation Authority's asset retirement obligations relate to the legally required removal or remediation of asbestos-containing materials in certain buildings and the decommissioning of monitoring wells. The obligation is determined based on the estimated undiscounted cash flows that will be required in the future to remove or remediate the asbestos containing material in accordance with current legislation.

The change in the estimated obligation during the year consists of the following:

	2024	2023
Balance, beginning of year	\$ 243,780	\$ 243,780
Inflationary adjustment	9,000	–
Balance, end of year	\$ 252,780	\$ 243,780

15. Commitments:

(a) In 2019, the Conservation Authority entered into a shared services agreement with the Corporation of the County of Frontenac (the "County") for the provision of information services. Under the arrangement, the Conservation Authority will become a full participant in the Frontenac Municipal Information System ("F.M.I.S") with the four organizations already party to the system. The F.M.I.S provides strategic planning, project management, help desk support, network administration and procurement services to the participating organizations. The Conservation Authority will be responsible for annual contributions to F.M.I.S equal to \$109,000 for the first year of participation, declining to a contribution of \$90,000 in the fifth year of participation. These costs are in consideration of salaries, training and mileage for staff resources. In addition to this contribution, the Conservation Authority will be responsible for one third of the cost of hardware and software required to support one staff position at F.M.I.S. Amounts owing under the agreement will be billed to the Conservation Authority quarterly, with an annual reconciliation of costs incurred and amounts paid by January 31 of the following calendar year. The arrangement may be terminated by the Conservation Authority with eighteen months' notice.

CATARAQUI REGION CONSERVATION AUTHORITY

Notes to Financial Statements (continued)

Year ended December 31, 2024

15. Commitments (continued):

- (b) The Conservation Authority signed a lease agreement with the Corporation of the County of Frontenac for a period of 21 years to pay a fixed amount of \$134,865 plus tax per annum, plus operating expenses, payable in monthly installments.
- (c) The Conservation Authority has entered into an agreement to demolish the previous Administrative building, with an estimated cost of \$107,000, to be completed in fiscal 2025.

16. Financial risks:

(a) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Conservation Authority is exposed to credit risk with respect to the accounts receivable.

The Conservation Authority assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. The maximum exposure to credit risk of the Conservation Authority as at December 31, 2024 is the carrying value of these assets.

The carrying amount of accounts receivable is valued with consideration for an allowance for doubtful accounts. The amount of any related impairment loss is recognized in the statement of operations. Subsequent recoveries of impairment losses related to accounts receivable are credited to the statement of operations. The balance of the allowance for doubtful accounts is \$Nil (2023 - \$Nil).

(b) Liquidity risk:

Liquidity risk is the risk that the Conservation Authority will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Conservation Authority manages its liquidity risk by monitoring its operating requirements. The Conservation Authority prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. Accounts payable and accrued liabilities are generally due within 30 days of receipt of an invoice.

(c) Interest rate risk:

Interest rate risk is the risk that the fair value of future cash flows or a financial instrument will fluctuate because of changes in the market interest rates. Financial assets and liabilities with variable interest rates expose the Conservation Authority to cash flow interest rate risk.

There have been no changes to the risk exposures from 2023.

17. Comparative information:

Some of the comparative figures have been reclassified to conform to the financial statement presentation adopted in the current year.