

# CATARAQUI REGION CONSERVATION AUTHORITY

## MINUTES OF THE FULL AUTHORITY

WEDNESDAY, MARCH 27, 2019

### CRCA ADMINISTRATION OFFICE BOARDROOM

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**Present:** Alan Revill (Chair), Al Barton, Leigh Bursey, Rhonda Ferguson, Al Hanes, Matt Harper, Bert Herfst, Garry Hewett, Paul McAuley, Gordon Ohlke, Terry Richardson, Ross Sutherland (Vice Chair)

**Regrets:** Claire Gunnewiek, Wayne Hill, Robert Kiley, Gary Oosterhof, Lisa Osanic

**Staff Present:** Geoff Rae, General Manager; Tom Beaubiah, Manager, Conservation Lands; Laura Dietrich, Financial Analyst; Katrina, Furlanetto, Manager, Watershed Planning & Engineering; Rob McRae, Manager, Corporate Services; Cheryl Rider, Supervisor, Finance; Rhonda Roantree, Receptionist/Clerk; Andrew Schmidt, Supervisor, Development Review

**Delegation/** Adam Young, CPA, CA, Secker Ross & Perry LLP  
**Guests:** Meela Melnik-Proud

The meeting commenced at 6:30 P.M.

#### 1. ROLL CALL

There were twelve (12) members present.

Introductions were done around the table for the benefit of first-time board attendees.

#### 2. ADOPTION OF AGENDA

Moved by: Paul McAuley  
Seconded by: Bert Herfst

**THAT** the agenda BE ADOPTED, as circulated.

**CARRIED**

**3. DECLARATION OF CONFLICT OF INTEREST**

There were none.

**4. DELEGATION / PRESENTATION**

4.1. Adam Young, CPA, CA, Secker Ross & Perry LLP – 2018 Financial Report

- Draft 2018 Audited Financial Report.

Adam Young from Secker Ross & Perry LLP, presented the Draft 2018 Audited Financial Report. ([Attachment #1](#)).

**Resolution:**     **028-19**  
Moved by:         Bert Herfst  
Seconded by:     Al Hanes

**THAT** the audited Financial Statements for the fiscal year 2018 of Cataraqui Region Conservation Authority, as presented by Secker Ross and Perry LLP, BE APPROVED; and,

**THAT** the Chair and the General Manager of Cataraqui Region Conservation Authority BE DIRECTED to sign on the aforementioned statements.

**CARRIED**

**5. APPROVAL OF PREVIOUS MINUTES**

5.1. Minutes of February 27, 2019

Moved by: Matt Harper  
Seconded by: Terry Richardson

**THAT** the minutes of the February 27, 2019 meeting of Cataraqui Region Conservation Authority, BE APPROVED.

**CARRIED**

**6. BUSINESS ARISING**

There was none.

**7. ITEMS FOR CONSIDERATION**

7.1. Administration By-Law - Amendments (report IR-024-19)

**Resolution: 029-19**  
Moved by: Bert Herfst  
Seconded by: Paul McAuley

**THAT** Report IR-024-19, Administration By-Law – Amendments, BE RECEIVED;

**THAT** Revision 0 of Cataraqui Region Conservation Authority By-Law No. 1 (Administration By-Law), BE REPEALED, and Revision 1 of Cataraqui Region Conservation Authority By-Law No. 1 (Administration By-Law), BE ADOPTED; and,

**THAT** Schedules 'C', 'D', 'E', and 'F' to Cataraqui Region Conservation Authority By-Law No. 1 (Administration By-Law), BE ADOPTED.

**CARRIED**

7.2. Cataraqui Region Conservation Authority Policy Review (report IR-025-19)

**Resolution: 030-19**  
Moved by: Gordon Ohlke  
Seconded by: Terry Richardson

**THAT** Report IR-025-19, Cataraqui Region Conservation Authority Policy Review, BE RECEIVED.

**CARRIED**

7.3. Property Transaction (report IR-026-19)

**Resolution:** 031-19  
Moved by: Al Barton  
Seconded by: Al Hanes

**THAT** Report IR-026-19, Property Transactions Update, BE RECEIVED.

**CARRIED**

<b>8. MINUTES</b>
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8.1. Friends of Lemoine Point

**Resolution:** 032-19  
Moved by: Matt Harper  
Seconded by: Paul McAuley

**THAT** Friends of Lemoine Point minutes of February 4, 2019, BE RECEIVED.

**CARRIED**

<b>9. COMMITTEE REPORTS</b>
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There was none.

**10. ANNOUNCEMENTS OR INQUIRIES/INFORMATION**

10.1. Report on Communications (report IR-027-19)

**Resolution:** 033-19  
Moved by: Bert Herfst  
Seconded by: Paul McAuley

**THAT** the Report on Communications (IR-027-19) BE RECEIVED.

**CARRIED**

The chair asked if there were any questions or comments regarding Communications (Report IR-027-19). Ross Sutherland brought forward the following motion.

**Resolution:** 034-19  
Moved by: Ross Sutherland  
Seconded by: Bert Herfst

**THAT** staff be directed to provide a written response to the delegation from Johnston Point regarding the following question: “Why was the permit issued for the pedestrian bridge at the Johnston Point Plan of Condominium development?”

**CARRIED**

**11. MOTIONS / NOTICES OF MOTIONS**

There were none.

**12. IN CAMERA SESSION**

**Resolution:** 035-19  
Moved by: Bert Herfst  
Seconded by: Al Hanes

**THAT** the Full Authority MOVE IN CAMERA.

**CARRIED**

12.1. Confidential Report - Full Authority Confidential In-Camera Minutes of February 27, 2019 (Report IR-028-19)

12.2. Confidential Report – Personnel Matter (Report IR-029-19)

Board member Leigh Burse arrived at 7:25 p.m. during the discussion of report IR-029-19.

**Resolution:** 036-19  
Moved by: Bert Herfst  
Seconded by: Ross Sutherland

**THAT** the Full Authority MOVE OUT of IN CAMERA and report.

**CARRIED**

**Resolution:** 037-19  
Moved by: Terry Richardson  
Seconded by: Rhonda Ferguson

**THAT** Cataraqui Region Conservation Authority AUTHORIZE staff to pursue items of action as discussed at the IN-CAMERA session on March 27, 2019.

**CARRIED**

**13. ADJOURNMENT**

The meeting adjourned at 7:29 P.M. on a motion by Ross Sutherland, seconded by Matt Harper.

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Geoff Rae, MBA, P.Eng.  
General Manager

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Alan Revill  
Chair





**CATARAQUI REGION CONSERVATION AUTHORITY**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2018**

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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 2 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 Secker Ross & Perry 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.

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Geoff Rae, MBA, P.Eng  
General Manager

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Cheryl Rider, CPA, CGA  
Supervisor, Finance

## **INDEPENDENT AUDITOR'S REPORT**

To the Directors of Cataraqui Region Conservation Authority

### **Opinion**

We have audited the accompanying financial statements of Cataraqui Region Conservation Authority which comprise the statement of financial position as at December 31, 2018 and the statements of operations and accumulated surplus, changes in net financial assets and cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Cataraqui Region Conservation Authority as at December 31, 2018, and its financial performance 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 Cataraqui Region Conservation Authority 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.

### **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 Cataraqui Region Conservation Authority'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 company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the organization'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 scepticism 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 company'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 company'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 organization 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.

**DRAFT**

We 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, Ontario  
March 27, 2019

CATARAQUI REGION CONSERVATION AUTHORITY

**DRAFT**

STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2018

	<u>2018</u>	<u>2017</u> (restated) (note 12)
<b>Financial Assets</b>		
Cash	\$2,794,249	\$2,582,493
Cash held for Source Water Protection	43,041	63,680
Claims and other amounts recoverable	43,163	162,150
Receivable from Cataraqui Conservation Foundation	<u>13</u>	<u>1,633</u>
	<u>2,880,466</u>	<u>2,809,956</u>
<b>Financial Liabilities</b>		
Accounts payable and accrued liabilities	69,323	67,038
Deferred revenue - other	20,146	29,024
Deferred revenue – obligatory reserves (schedule D)	714,735	658,847
Termination and vacation pay	<u>97,748</u>	<u>161,915</u>
	<u>901,952</u>	<u>916,824</u>
<b>Net Financial Assets</b>	<u>1,978,514</u>	<u>1,893,132</u>
<b>Non-Financial Assets</b>		
Prepaid expense	20,425	6,589
Tangible capital assets - net (schedule A)	<u>11,691,975</u>	<u>11,987,617</u>
	<u>11,712,400</u>	<u>11,994,206</u>
<b>Accumulated Surplus (schedule B)</b>	<u>\$13,690,914</u>	<u>\$13,887,338</u>

Approved on behalf of the Board

\_\_\_\_\_ Chair

\_\_\_\_\_ General Manager

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

CATARAQUI REGION CONSERVATION AUTHORITY

**DRAFT**

STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

YEAR ENDED DECEMBER 31, 2018

	<u>Budget</u>	<u>2018</u>	<u>2017</u> (restated) (note 12)
<b>Revenues</b>			
Municipal grants	\$2,396,405	\$2,396,405	\$2,228,034
Authority generated (note 3)	1,274,043	1,408,060	1,452,634
Government transfers			
Federal	18,000	(17,371)	93,848
Provincial (note 10)	319,834	305,783	255,948
Projects	10,000	65,031	81,964
Contributions of tangible capital assets	-	61,600	76,819
	<u>4,018,282</u>	<u>4,219,508</u>	<u>4,189,247</u>
<b>Expenses (note 4)</b>			
Corporate services	1,014,135	901,325	865,472
Watershed planning and engineering	721,558	737,090	757,286
Conservation areas	562,103	558,606	722,896
Amortization	540,000	541,239	532,945
Conservation lands	487,120	533,215	439,592
Watershed science	356,191	284,538	231,632
Corporate financing	263,500	279,233	175,645
Facilities	154,344	155,050	152,934
Projects	373,500	139,519	104,876
General manager's office	270,885	251,498	63,448
Fleet	125,688	79,185	61,360
Water control structures	55,100	27,176	29,677
Full authority board and executive	1,908	8,409	7,137
	<u>4,926,032</u>	<u>4,496,083</u>	<u>4,144,900</u>
<b>Surplus (deficiency) of revenues over expenses before other income</b>	(907,750)	(276,575)	44,347
<b>Other income (expense)</b>			
Gain on disposal of assets	-	15,984	-
Change in termination and vacation pay	-	64,167	(10,791)
	<u>(907,750)</u>	<u>(196,424)</u>	<u>33,556</u>
<b>Annual surplus (deficit)</b>	<u>(907,750)</u>	<u>(196,424)</u>	<u>33,556</u>
Accumulated surplus, beginning of year, as previously stated	14,165,477	14,165,477	14,105,877
Effect of prior year adjustment (note 12)	(278,139)	(278,139)	(252,095)
Accumulated surplus, beginning of year, as restated	<u>13,887,338</u>	<u>13,887,338</u>	<u>13,853,782</u>
<b>Accumulated surplus, end of year (schedule B)</b>	<u>\$12,979,358</u>	<u>\$13,690,914</u>	<u>\$13,887,338</u>

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

CATARAQUI REGION CONSERVATION AUTHORITY  
 STATEMENT OF CHANGES IN NET FINANCIAL ASSETS  
 YEAR ENDED DECEMBER 31, 2018

**DRAFT**

	<u>Budget</u>	<u>2018</u>	<u>2017</u> (restated) (note 12)
<b>Annual surplus (deficit)</b>	\$(907,750)	\$(196,424)	\$ 33,556
Acquisition of tangible capital assets	(217,700)	(245,597)	(127,869)
Amortization of tangible capital assets	540,000	541,239	532,945
Change in prepaids	<u>-</u>	<u>(13,836)</u>	<u>1,548</u>
<b>Increase (decrease) in net financial assets</b>	<u>(585,450)</u>	<u>85,382</u>	<u>440,180</u>
Net financial assets, beginning of year, as previously stated	2,171,271	2,171,271	1,705,047
Effect of prior period adjustment (note 12)	<u>(278,139)</u>	<u>(278,139)</u>	<u>(252,095)</u>
Net financial assets, beginning of year, restated	<u>1,893,132</u>	<u>1,893,132</u>	<u>1,452,952</u>
<b>Net financial assets, end of year</b>	<u>\$1,307,682</u>	<u>\$1,978,514</u>	<u>\$1,893,132</u>

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



CATARAQUI REGION CONSERVATION AUTHORITY

**DRAFT**

STATEMENT OF CASH FLOW

YEAR ENDED DECEMBER 31, 2018

	<u>2018</u>	<u>2017</u> (restated) (note 12)
<b>Cash flow from (used in) operating activities</b>		
Annual surplus (deficit)	\$(196,424)	\$ 33,556
Add amortization which does not affect cash	541,239	532,945
Change in unfunded termination and vacation pay benefits	(64,167)	10,791
Contributions of tangible capital assets	(61,600)	(76,819)
Gain on sale of tangible capital assets	<u>(15,984)</u>	<u>-</u>
	<u>203,064</u>	<u>500,473</u>
Change in non-financial asset		
Prepaid expense	<u>(13,836)</u>	<u>1,548</u>
Changes to non-cash financial assets and liabilities		
Claims and other amounts recoverable	118,987	(64,400)
Receivable from Cataraqui Conservation Foundation	1,620	3,831
Accounts payable and accrued liabilities	2,285	(18,677)
Deferred revenue	<u>47,010</u>	<u>68,196</u>
	<u>169,902</u>	<u>(11,050)</u>
	<u>359,130</u>	<u>490,971</u>
<b>Cash flow from (used in) capital activities</b>		
Acquisition of tangible capital assets	(185,722)	(51,050)
Proceeds on sale of tangible capital assets	<u>17,709</u>	<u>-</u>
	<u>(168,013)</u>	<u>(51,050)</u>
<b>Net increase in cash</b>	191,117	439,921
<b>Cash beginning of year</b>	<u>2,646,173</u>	<u>2,206,252</u>
<b>Cash at end of year</b>	<u>\$ 2,837,290</u>	<u>\$ 2,646,173</u>
<b>Represented by:</b>		
General	\$ 2,794,249	\$ 2,582,493
Source Water Protection	<u>43,041</u>	<u>63,680</u>
	<u>\$ 2,837,290</u>	<u>\$ 2,646,173</u>

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

**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2018**

**1. Organization**

Cataraqui Region Conservation Authority was established under the Conservation Authorities Act of Ontario. The conservation authority is a registered charity within the meaning of the Income Tax Act (Canada) and is exempt from income taxes.

**2. 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) 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:

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 years

The conservation authority generally has a capitalization threshold of \$5,000, so that individual tangible capital assets of lesser value are expensed, unless they are pooled because, collectively, they have significant value, or for operational reasons. Examples of pools are desktop computer systems and furniture and fixtures.

Contributions of tangible capital assets

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

NOTES TO FINANCIAL STATEMENTS (continued)

YEAR ENDED DECEMBER 31, 2018

**2. Significant Accounting Policies (continued)**

(c) Revenue Recognition

Government transfers and grants from member municipalities 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 in the period in which the services are performed. 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 certain amounts for which the related services have yet to be performed. Such amounts may consist of the following:

- grants from other levels of government to be directed towards specific projects or types of expenditures (e.g., source water protection);
- amounts received from member municipalities for the operation, maintenance or capital improvements for specific conservation areas and/or water control structures; and,
- amounts received from member municipalities or others which are to be directed towards specific projects or types of expenditures.

A number of the components of deferred revenue, sometimes referred to as obligatory reserves, are established and managed by the conservation authority in accordance with its Reserve Policy. This policy sets out the conservation authority's parameters for managing various funding envelopes, including those where management has been granted decision-making authority for the direction of funds within specific conservation areas or for specific water control structures.

Funds received for the purchase of tangible capital assets are recognized when the related asset is purchased.

(e) Reserves

The conservation authority may approve the establishment of reserve funds by making appropriations from accumulated operating surplus. All further increases or decreases to reserve funds are reflected as appropriations from or to accumulated operating surplus respectively. Imputed interest is added to reserve funds annually.

(f) Amount to be Funded in Future Years

The unfunded liability for vacation pay and termination benefits amounting to \$97,748 (\$161,915 for 2017) has been reported as a liability and the offsetting unfunded amount as an amount to be funded in future years, a component of accumulated surplus.

**CATARAQUI REGION CONSERVATION AUTHORITY****DRAFT****NOTES TO FINANCIAL STATEMENTS (continued)****YEAR ENDED DECEMBER 31, 2018****2. Significant Accounting Policies (continued)****(g) Use of Estimates**

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the reporting period. Significant estimates include the amortization method and useful lives of tangible capital assets. Actual results could differ from those estimates.

**3. Authority Generated Revenues**

A breakdown of authority generated revenues is as follows:

	<u>2018</u>	<u>2017</u>
Student program fees	\$ 118,032	\$ 110,516
Planning and development review	271,434	258,548
Trees program	271,977	205,574
Conservation area revenue	118,738	62,220
Facility rentals	14,430	17,252
Outdoor centre	226,011	246,914
Equipment and vehicle rental recoveries	342,133	236,183
Other	<u>45,305</u>	<u>315,427</u>
	<u>\$1,408,060</u>	<u>\$1,452,634</u>

**4. Expenses by Object**

A breakdown of expenses by object is as follows:

	<u>2018</u>	<u>2017</u>
Wages and benefits	\$2,478,327	\$2,327,228
Travel and vehicle	137,011	178,196
Materials and supplies	832,768	631,425
Computer supplies and IT support	38,544	31,653
Purchased services	202,907	208,109
Insurance, heat and utilities	131,980	120,959
Property taxes	43,690	42,141
Other	89,617	72,244
Amortization	<u>541,239</u>	<u>532,945</u>
	<u>\$4,496,083</u>	<u>\$4,144,900</u>

# CATARAQUI REGION CONSERVATION AUTHORITY

**DRAFT**

## NOTES TO FINANCIAL STATEMENTS (continued)

YEAR ENDED DECEMBER 31, 2018

### 5. 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 \$4.2 billion (at December 31, 2018) based on the fair market value of the plan's assets, as this is a joint responsibility of all Ontario municipalities and their employees. The amount contributed to OMERS for 2018 was \$171,952 (\$146,671 in 2017) for current service and is included as an expense in the statement of operations and accumulated surplus.

### 6. Cataraqui Conservation Foundation

Contributions were received during the year from the Cataraqui Conservation Foundation in the amount of \$13,700 (\$31,302 in 2017).

### 7. Bank Credit Facility

The conservation authority has an approved bank credit facility of \$750,000 of which none had been drawn as at December 31, 2018.

### 8. Budget Figures

The budget data presented in these financial statements is based upon the 2018 operating and projects budgets approved by the board. The reconciliation of the approved budget to the budget figures reported in these financial statements is listed below:

	<u>2018</u>	<u>2017</u>
Budget deficit for the year per approved budget	\$ -	\$ -
Less: Amortization	(540,000)	(540,000)
Add: Acquisition of tangible capital assets	217,700	15,000
Less: Net transfers (from) to reserves	<u>(585,450)</u>	<u>195,819</u>
Budget deficit per statement of operations and accumulated surplus	<u>\$(907,750)</u>	<u>\$(329,181)</u>

CATARAQUI REGION CONSERVATION AUTHORITY

**DRAFT**

NOTES TO FINANCIAL STATEMENTS (continued)

YEAR ENDED DECEMBER 31, 2018

**9. Segmented Information**

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

	2018			2017
	Revenues	Expenses	Net	Net
Watershed	\$1,331,341	\$1,257,178	\$ 74,163	\$(100,127)
Conservation lands	1,562,439	1,979,976	(417,537)	(93,384)
Fleet	156,998	79,185	77,813	74,046
Corporate manager's office & FA Board	283,520	294,550	(11,030)	(70,584)
Corporate services	1,498,059	1,225,180	272,879	128,144
Corporate financing	163,484	315,216	(151,732)	(117,498)
Projects	86,192	127,172	(40,980)	212,959
	<u>\$5,082,033</u>	<u>\$5,278,457</u>	<u>\$(196,424)</u>	<u>\$ 33,556</u>

**10. Provincial Government Transfers**

The following is a breakdown of provincial government transfers:

	2018	2017
Section 39 - flood control	\$109,834	\$109,834
Source water protection	163,179	133,542
Dam maintenance and other	21,161	6,376
Youth employment	7,609	6,196
Low water response	4,000	-
	<u>\$305,783</u>	<u>\$255,948</u>

**11. Risk Management**

The conservation authority has exposure to the following risks from its use of financial instruments: credit risk, liquidity risk and interest rate risk. The Board ensures that the conservation authority has identified its risks and ensures that management monitors and controls them. The risks and management's responses to mitigate them have not changed significantly from 2017 and there are no significant changes expected in fiscal 2019.

(a) Credit Risk

The conservation authority is exposed to credit risk in the event of non-payment of a customer, related party or user. This risk is mitigated as most amounts receivable are from organizations with low credit risk.

It is management's opinion that the conservation authority is not exposed to significant credit risk associated with its cash deposits as they are held with a Canadian chartered bank.

CATARAQUI REGION CONSERVATION AUTHORITY

**DRAFT**

NOTES TO FINANCIAL STATEMENTS (continued)

YEAR ENDED DECEMBER 31, 2018

**11. Risk Management (continued)**

(a) Credit Risk (continued)

Claims and other amounts recoverable at December 31, 2018 are largely current, with only 10% (2017 - 5%) of amounts owing being outstanding for longer than sixty days. None of the balances have been determined to be impaired. All amounts receivable from Cataraqui Conservation Foundation have been outstanding for less than thirty days.

Maturities of the trade receivables owing at December 31, 2018 are as follows:

Current	\$24,953
31 - 60 days	192
61 - 90 days	1,072
Greater than 90 days	<u>1,469</u>
	<u>\$27,686</u>

(b) Liquidity Risk

The conservation authority's exposure to liquidity risk is dependent on its ability to convert claims, municipal grants and amounts receivable to cash in order to meet financial liabilities.

The conservation authority manages liquidity risk by continually monitoring actual and forecasted cash flows from operations to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the conservation authority's reputation.

(c) Interest Rate Risk

The conservation authority is exposed to interest rate risk through its cash balance. It is management's opinion that the authority is not exposed to significant interest rate risk as changes in the interest rate applicable to cash balances would not be significant to the conservation authority's annual surplus (deficit).

(d) Fair Values

The conservation authority does not hold any financial assets or liabilities that are required to be measured at fair market value and does not use derivatives of any kind in its risk management practices.

The carrying values of cash, claims and other amounts recoverable, accounts receivable from Cataraqui Conservation Foundation and accounts payable approximate their fair values due to the relatively short terms to maturity of these instruments.

NOTES TO FINANCIAL STATEMENTS (continued)

YEAR ENDED DECEMBER 31, 2018

**12. Prior Period Adjustment**

In accordance with the Conservation Authority's reserve policy, funds that had been previously acquired through arrangements with member municipalities (primarily those relating to the maintenance and operation of water control structures) were designated as obligatory reserve funds. The cumulative balances of these funds at January 1, 2017 was \$252,095 and at December 31, 2017 was \$278,139. As a result of adoption of the policy, these funds are included on the statement of financial position as deferred revenue. The adjustments have been applied retrospectively with restatement of relevant figures in the comparative statements.

The adjustments resulted in an increase in deferred revenue at January 1, 2018 of \$278,139 and a reduction in accumulated surplus at January 1, 2018 of \$278,139. The adjustments resulted in a reduction of annual surplus for the year ended December 31, 2017 of \$21,997.

**13. Non-Monetary Transactions**

During the prior year, the conservation authority acquired land adjacent to one of its properties in exchange for a property it owned in the same area. The net book value of the existing land and building transferred amounted to \$53,011. The exchange was recorded at the carrying value of this existing property and as such no gain or loss on the exchange has been recorded.

**14. Changes in Accounting Standards**

The following accounting standards became effective for the conservation authority during the current year:

- PS 3210, Assets
- PS 2200, Related Party Disclosures
- PS 3320, Contingent Assets
- PS 3380, Contractual Rights
- PS 3420, Inter-Entity Transactions

The implementation of these new standards did not have any significant impact on the recorded assets, liabilities, revenues or expenses of the conservation authority.

**15. Comparative Information**

Some of the comparative figures have been reclassified to conform to the financial statement presentation adopted for 2018.



SCHEDULE A

CATARAQUI REGION CONSERVATION AUTHORITY

SCHEDULE OF TANGIBLE CAPITAL ASSETS

YEAR ENDED DECEMBER 31, 2018

	Land	Land Improvements	Buildings	Bridges Dams and Docks	Vehicles and Machinery	Monitoring and Recreational equipment	Furniture and Fixtures	Information Technology	2018	2017
<b>Cost</b>										
Balance, beginning of year	\$ 7,197,441	\$ 11,292,475	\$ 1,475,235	\$ 2,230,879	\$ 666,038	\$ 203,997	\$ 539,043	\$ 271,767	\$ 23,876,875	\$ 23,896,099
Additions during year	68,703	42,591	8,979	50,320	9,433	19,916	19,707	26,073	245,722	180,880
Less disposals during year	-	-	(2,490)	(27,336)	(44,381)	-	-	-	(74,207)	(200,104)
<b>Balance, end of year</b>	<u>7,266,144</u>	<u>11,335,066</u>	<u>1,481,724</u>	<u>2,253,863</u>	<u>631,090</u>	<u>223,913</u>	<u>558,750</u>	<u>297,840</u>	<u>24,048,390</u>	<u>23,876,875</u>
<b>Accumulated amortization</b>										
Balance, beginning of year	-	-	-	-	-	-	-	-	-	-
Amortization during year	7,753,576	956,380	31,396	1,992,148	414,297	160,996	365,904	245,957	11,889,258	11,503,406
Less accumulated amortization on disposals	357,193	-	-	48,771	39,955	10,041	37,899	15,984	541,239	532,945
	-	-	(2,365)	(27,336)	(44,381)	-	-	-	(74,082)	(147,093)
Balance, end of year	<u>-</u>	<u>8,110,769</u>	<u>985,411</u>	<u>2,013,583</u>	<u>409,871</u>	<u>171,037</u>	<u>403,803</u>	<u>261,941</u>	<u>12,356,415</u>	<u>11,889,258</u>
<b>Net book value of tangible capital assets</b>	<u>\$ 7,266,144</u>	<u>\$ 3,224,297</u>	<u>\$ 496,313</u>	<u>\$ 240,280</u>	<u>\$ 221,219</u>	<u>\$ 52,876</u>	<u>\$ 154,947</u>	<u>\$ 35,899</u>	<u>\$ 11,691,975</u>	<u>\$ 11,987,617</u>

**CATARAQUI REGION CONSERVATION AUTHORITY**  
**SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS**  
**YEAR ENDED DECEMBER 31, 2018**

**DRAFT**

	<u>Balance, Beginning of Year</u>	<u>Activity in Year</u>	<u>Transfers</u>	<u>Balance, End of Year</u>
Surplus - investment in capital assets	\$11,987,617	\$(541,239)	\$245,597	\$11,691,975
Unfunded termination and vacation pay	(161,915)	64,167	-	(97,748)
Surplus - operating	-	280,648	(289,411)	(8,763)
Reserves (schedule C)	<u>2,061,636</u>	<u>-</u>	<u>43,814</u>	<u>2,105,450</u>
	<u>\$13,887,338</u>	<u>\$(196,424)</u>	<u>\$-</u>	<u>\$13,690,914</u>

**CATARAQUI REGION CONSERVATION AUTHORITY**  
**SCHEDULE OF CONTINUITY OF DISCRETIONARY RESERVES**  
**YEAR ENDED DECEMBER 31, 2018**

**SCHEDULE C**

	Balance Beginning of Year	Transfers to Reserve	Transfers from Reserve	Interest Earned	Ending Balance
<b>Corporate</b>					
Corporate Financing	\$ 174,780	\$ 58,672	\$ 143,086	\$ 1,532	\$ 91,898
Fleet (Equipment)	19,312	39,221	12,462	320	46,391
Fleet (Vehicles)	19,312	36,388	-	480	56,180
General	295,566	8,000	96,723	4,490	211,333
Information Technology	27,987	23,000	22,891	632	28,728
Stabilization	24,500	115,558	-	360	140,418
Trust	282,335	20,000	-	4,619	306,954
Trust-Mac Johnson Wildlife Area	-	28,228	-	-	28,228
<b>Conservation Lands</b>					
Boat Ramp and Water Access Point	59,298	-	54,162	641	5,777
Cataraqui Trail	55,554	13,510	32,559	975	37,480
Conservation Areas	171,270	5,900	21,056	2,701	158,815
Facilities	392,246	149,124	12,722	6,496	535,144
Mac Johnson Wildlife Area	159,164	600	162,352	2,588	-
Real Property	331,676	25	5,030	5,382	332,053
<b>Watershed Management</b>					
Forestry	48,636	9,206	-	805	58,647
Watershed Management	-	67,000	-	404	67,404
	<u>\$ 2,061,636</u>	<u>\$ 574,432</u>	<u>\$ 563,043</u>	<u>\$ 32,425</u>	<u>\$ 2,105,450</u>

**CATARAQUI REGION CONSERVATION AUTHORITY**  
**SCHEDULE OF CONTINUITY OF OBLIGATORY RESERVES**  
**YEAR ENDED DECEMBER 31, 2018**

**SCHEDULE D**

	Balance Beginning of Year	Transfers to Reserve	Transfers from Reserve	Interest Earned	Ending Balance
<b>Corporate</b>					
Development Review Legal Funds	\$ 35,652	\$ -	\$ -	\$ -	\$ 35,652
<b>Conservation Lands</b>					
Boat Ramp and Water Access Point	7,966	2,500	10,466	25	25
Lemoine Point Conservation Area	235,624	30,586	-	294	266,504
Lemoine Point Conservation Area Workshop	-	8,913	1,055	59	7,917
Lemoine Point Native Plant Nursery	30,861	5,648	1,296	454	35,667
Parrott's Bay Conservation Area	102,644	10,000	18,519	203	94,328
Owl Woods Conservation Area	4,047	1,622	-	73	5,742
<b>Water Control Structures</b>					
Sydenham Lake Dam	57,997	4,998	2,116	964	61,843
Wilton Road Dam	7,098	2,000	6,083	103	3,118
Highgate Creek Channelization	42,631	1,500	2,779	700	42,052
Little Cataraqui Creek Dam	10,768	7,793	2,116	193	16,638
Temperance Lake Dam	22,737	6,390	2,116	379	27,390
Marsh Bridge Dam	8,105	7,081	2,116	142	13,212
Fred Grant Dam	12,849	5,452	2,116	217	16,402
Broome-Runciman Dam	33,552	7,606	2,116	585	39,627
Buells Creek Detention Basin	34,274	6,094	2,116	456	38,708
Booth Falls Diversion	12,042	1,050	3,370	188	9,910
	<u>\$ 658,847</u>	<u>\$ 109,233</u>	<u>\$ 58,380</u>	<u>\$ 5,035</u>	<u>\$ 714,735</u>