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## **Audit Committee Meeting**

Friday, March 11, 2022  
10:00 am

**Meeting Will be Held Electronically due to COVID-19.**

### **AGENDA**

<b>Meeting 1/22</b>	<b>Page #</b>
<b>1.0 Agenda Review</b>	
<b>2.0 Adoption of Agenda</b>	
<b>3.0 Declaration of Interest</b>	
<b>4.0 Approval of Minutes from April 16, 2021</b>	
<b>5.0 Business Arising from Minutes</b>	
<b>6.0 Draft Audited Financial Statements and Audit Report for 2021</b> Audit Documents To Be Circulated (Ian Murphy, MNP LLP) .....	1
<b>7.0 In-Camera Session</b> Opportunity for further inquiries without staff present	
<b>8.0 Member Inquiries</b>	
<b>9.0 New Business</b>	
<b>10.0 Adjournment</b>	

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with our 18 watershed municipalities**

Athens, Augusta, Beckwith, Central Frontenac, Clarence-Rockland,  
Drummond/North Elmsley, Elizabethtown-Kitley, Merrickville-Wolford, Montague,  
North Dundas, North Grenville, Ottawa, Perth, Rideau Lakes, Smiths Falls, South Frontenac, Tay Valley, Westport

DRAFT FOR DISCUSSION PURPOSES ONLY

**RIDEAU VALLEY CONSERVATION AUTHORITY**

**FINANCIAL STATEMENTS**

**December 31, 2021**

# RIDEAU VALLEY CONSERVATION AUTHORITY

December 31, 2021

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# **RIDEAU VALLEY CONSERVATION AUTHORITY**

## **MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

The accompanying financial statements of the Rideau Valley Conservation Authority are the responsibility of the Authority's management and have been prepared in compliance with legislation, and in accordance with Canadian Public Sector Accounting Standards. A summary of significant accounting policies are described in note 2 to the financial statements. The preparation of financial statements necessarily involved the use of estimates based on management's judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The 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 financial statements. These systems are monitored and evaluated by management.

The Audit Committee and management meet with the external auditors to review the financial statements and discuss any significant financial reporting or internal control matters. The Board of Directors meets with management subsequently to review these same matters prior to the Board's approval of the financial statements.

The financial statements have been audited by MNP LLP, independent external auditors appointed by the Authority. The accompanying Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Authority's financial statements.

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Sommer Casgrain-Robertson, CAO

**RIDEAU VALLEY CONSERVATION AUTHORITY**  
**STATEMENT OF FINANCIAL POSITION**

As at December 31, 2021

	2021	2020
<b>NET FINANCIAL ASSETS</b>		
<b>Assets</b>		
Cash	\$ 7,982,094	\$ 4,779,834
Short-term investments (Note 3)	400,000	300,007
Accounts receivable (Note 4)	809,015	2,358,179
Long-term investments (Note 3)	1,350,920	1,450,913
	<b>10,542,029</b>	8,888,933
<b>Liabilities</b>		
Accounts payable and accrued liabilities	1,999,088	1,922,319
Vacation pay and other leave entitlements	237,001	226,099
Deferred revenue (Note 6)	2,014,209	1,665,577
Non pension post-retirement benefits obligation (Note 7)	454,361	446,677
Obligation under capital lease (Note 9)	2,107,727	2,310,431
	<b>6,812,386</b>	6,571,103
<b>Net Financial Assets</b>	<b>3,729,643</b>	2,317,830
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Note 10)	10,645,014	10,860,453
Prepaid expenses	77,667	60,027
<b>Non-Financial Assets</b>	<b>10,722,681</b>	10,920,480
Contingent Liabilities (Note 11)		
<b>ACCUMULATED SURPLUS</b>		
<b>Accumulated Surplus</b>	<b>\$ 14,452,324</b>	\$ 13,238,310

Approved on behalf of the Board of Directors

\_\_\_\_\_  
**Director**

# RIDEAU VALLEY CONSERVATION AUTHORITY

## STATEMENT OF OPERATIONS

For the year ended December 31, 2021

	(Note 17) BUDGET 2021	ACTUAL 2021	ACTUAL 2020
<b>REVENUE</b>			
Municipal levies	\$ 6,248,836	\$ 6,248,836	\$ 6,037,522
Special municipal levies			
Rideau River Ice Management	1,038,292	1,005,837	912,334
Water Control infrastructure			
Reserve	10,000	10,000	10,000
Operation and maintenance	90,000	40,000	40,000
Water Quality Monitoring	158,696	158,696	110,974
Britannia Water Control Structure	21,500	21,500	21,500
Provincial Funding			
Ministry of Natural Resources			
Operating grant	317,168	125,286	125,286
Drinking Water Source Protection (Note 14)	-	199,083	180,745
Program revenues (Schedule 2)			
Watershed Sciences and Engineering Services	91,781	280,704	157,267
Planning Advisory and Regulatory Services	1,270,650	1,530,702	1,342,349
Stewardship Services	962,230	813,746	820,103
Conservation Land Management Services	300,035	354,953	321,418
Corporation Services	51,000	130,187	121,791
Other Income			
Capital projects	1,226,000	66,152	449,538
<b>Total Revenues</b>	<b>11,786,188</b>	<b>10,985,682</b>	<b>10,650,827</b>
<b>EXPENDITURES</b>			
Program expenditures (Schedule 3)			
Watershed Sciences and Engineering Services	3,866,801	3,090,921	3,325,347
Planning Advisory and Regulatory Services	2,312,760	2,393,688	2,270,895
Stewardship Services	1,632,415	1,381,300	1,359,268
Conservation Land Management Services	2,813,078	1,244,482	1,120,294
Corporate Services	2,018,754	1,630,103	1,647,592
Non Pension Post Retirement Benefit Obligation	30,380	31,174	37,733
<b>Total Expenditures</b>	<b>12,674,188</b>	<b>9,771,668</b>	<b>9,761,129</b>
<b>NET SURPLUS FOR THE YEAR</b>	<b>(888,000)</b>	<b>1,214,014</b>	<b>889,698</b>
<b>ACCUMULATED SURPLUS, beginning of year</b>	<b>13,238,310</b>	<b>13,238,310</b>	<b>12,348,612</b>
<b>ACCUMULATED SURPLUS, end of year</b>	<b>\$ 12,350,310</b>	<b>\$ 14,452,324</b>	<b>\$ 13,238,310</b>

See Accompanying Notes

**RIDEAU VALLEY CONSERVATION AUTHORITY**  
**STATEMENT OF CHANGE IN NET FINANCIAL ASSETS**

For the year ended December 31, 2021

	(Note 17) BUDGET 2021	ACTUAL 2021	ACTUAL 2020
Net surplus for the year	\$ (888,000)	\$ <b>1,214,014</b>	\$ 889,698
Amortization of tangible capital assets	273,877	<b>295,164</b>	289,476
Amortization of buildings under capital lease	146,313	<b>146,313</b>	146,313
Acquisition of tangible capital assets	(45,000)	<b>(232,791)</b>	(399,011)
Change in prepaid expenses	-	<b>(17,640)</b>	(2,841)
Gain on disposal of tangible capital assets	-	<b>(6,511)</b>	(5,644)
Proceeds on disposal of tangible capital assets	-	<b>13,264</b>	38,903
Increase in net financial assets	(512,810)	<b>1,411,813</b>	956,894
Net financial assets, beginning of year	2,317,830	<b>2,317,830</b>	1,360,936
Net financial assets, end of year	1,805,020	<b>\$ 3,729,643</b>	\$ 2,317,830

# RIDEAU VALLEY CONSERVATION AUTHORITY

## STATEMENT OF CASH FLOWS

For the year ended December 31, 2021

	2021	2020
<b>CASH FROM (USED IN) OPERATING ACTIVITIES</b>		
Net surplus for the year	\$ 1,214,014	\$ 889,698
Items not affecting cash or equivalent		
Amortization of tangible capital assets	295,164	289,476
Amortization of buildings under capital lease	146,313	146,313
Gain on disposal of tangible capital assets	(6,511)	(5,644)
Changes in non-cash working capital balances		
Accounts receivable	1,549,164	(769,435)
Accounts payable and accrued liabilities	76,769	694,757
Vacation pay and other leave entitlements	10,902	(3,483)
Deferred revenue	348,632	64,027
Non pension post retirement benefit obligation	7,684	11,271
Prepaid expenses	(17,640)	(2,841)
	<b>3,624,491</b>	<b>1,314,139</b>
<b>CASH USED IN CAPITAL ACTIVITIES</b>		
Proceeds on disposal of tangible capital assets	13,264	38,903
Acquisition of tangible capital assets	(232,791)	(399,011)
	<b>(219,527)</b>	<b>(360,108)</b>
<b>CASH FROM (USED IN) INVESTING ACTIVITIES</b>		
(Purchase) redemption of short-term investments	(99,993)	50,461
Redemption (purchase) of long-term investments	99,993	(50,913)
	<b>-</b>	<b>(452)</b>
<b>CASH FROM FINANCING ACTIVITIES</b>		
Capital lease payments	(202,704)	(255,568)
<b>INCREASE IN CASH</b>	<b>3,202,260</b>	<b>698,011</b>
<b>CASH, beginning of year</b>	<b>4,779,834</b>	<b>4,081,823</b>
<b>CASH, end of year</b>	<b>\$ 7,982,094</b>	<b>\$ 4,779,834</b>



# RIDEAU VALLEY CONSERVATION AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

### 1. STATUS OF THE AUTHORITY

The Rideau Valley Conservation Authority (the 'Authority') is established under the Conservation Authorities Act of Ontario to maintain and improve the quality of the valley environment through watershed planning, cooperative resource management and conservation awareness. The Authority is exempt from income taxes.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Rideau Valley Conservation Authority are the representations of management and have been prepared in accordance with Canadian Public Sector Accounting Standards. The financial statements include the following significant accounting policies:

#### **Basis of Accounting**

The financial statements reflect financial assets, liabilities, operating revenues and expenditures, reserves, reserve funds and changes in investment in tangible capital assets of the Authority.

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenditures are recognized as they are incurred and measurable based on receipt of goods and services and/or the creation of a legal obligation to pay.

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. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the Change in Net Financial Assets for the year.

#### **Revenue Recognition**

Municipal levies are recognized in the financial statements as revenues in the period in which they are levied.

Government transfers are recognized in the financial statements as revenues in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

The Authority defers recognition of user charges and fees which have been collected but for which the related services have yet to be performed. These amounts will be recognized as revenues in the fiscal year the services are performed.

#### **Cash and Cash Equivalents**

The Authority considers cash and cash equivalents to be highly liquid investments with original maturities of three months or less.

#### **Investments**

Short-term and long-term investments are recorded at cost plus accrued interest. If the market value of investments become lower than cost and the decline in value is considered to be other than temporary, the investments are written down to market value.

# RIDEAU VALLEY CONSERVATION AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Tangible Capital Assets

Tangible capital assets are recorded at cost, which include all amounts that are directly attributable to acquisition, construction, development or 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:

	Estimated Useful Life
Buildings	20 - 50 years
Building under Capital Lease	50 years
Infrastructure < Dams / Berms / Dykes	20 - 25 years
< Bridges / Boardwalks	20 - 30 years
< Vehicles	7 years
< Machinery and Equipment	5 - 15 years
< Computer and IT Equipment	5 - 20 years
< Office and Audio Equipment	5 - 20 years

Amortization is charged from the date of acquisition. Assets under construction are not amortized until the asset is available for productive use.

When tangible capital assets are disposed of, either by way of a sale, destruction or loss, or abandonment of the asset, the asset's net book value, historical cost less accumulated amortization, is written off. Any resulting gain or loss, equal to the proceeds on disposal less the asset's net book value, is reported on the statement of operations in the year of disposal. 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.

When conditions indicate that a tangible capital asset no longer contributes to the 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.

The Authority has a capitalization threshold of \$5,000 so that individual capital assets of lesser value are expensed, unless they are pooled because, collectively, they have significant value, or for operating reasons.

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 assets as of the date of transfer.

#### Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

# RIDEAU VALLEY CONSERVATION AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Pension and Employee Benefits

The Authority participates in the Ontario Municipal Employees Benefit Retirement System ('OMERS'), a multi-employer public sector pension fund, which is a defined benefit plan. As sufficient information is not available to apply defined benefit plan accounting, the Authority accounts for the plan as a defined contribution plan. The OMERS plan specifies the retirement benefits to be received by employees based on length of service and pay rates.

Employee benefits include vacation entitlement which are accrued as entitlements are they are earned in accordance with the Authority's policy.

The Authority provides Post-Retirement Benefits in the form of employer paid group insurance premiums commencing on retirement and payable until the attainment of age 65. The annual cost of the benefit obligation will be charged as a program expenditure.

#### Deferred Revenues

The Authority receives restricted contributions under the authority of Federal and Provincial legislation and Authority by-laws. These funds by their nature are restricted in their use and until applied to applicable costs are recorded as deferred revenue. Amounts applied to qualifying expenses are recorded as revenue in the fiscal period they are expended.

Deferred revenue represents certain user charges and fees which have been collected but for which the related services have yet to be performed. These amounts are recognized as revenue in the fiscal year the services are performed or related expenses incurred.

#### Reserves

Reserves for future expenditures and contingencies are established as required at the discretion of the Board members of the Authority. Increases or decreases in these reserves are made by appropriations to or from operations.

#### Financial Instruments

The Authority recognizes its financial instruments when the authority becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value.

All financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs are added to the carrying amount for those financial instruments subsequently measured at amortized cost.

All financial assets are tested annually for impairment. Management considers recent collection experience for the financial assets, such as a default or delinquency in interest or principal payments in determining whether objective evidence of impairment exists. Any impairment which is not considered temporary is recorded in the statement of operations. Write-downs of financial assets at amortized costs to reflect losses in value are not reversed for subsequent increases in value.

# RIDEAU VALLEY CONSERVATION AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Measurement Uncertainty

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 expenditures during the period. Actual results could differ from these estimates. These estimates are reviewed periodically and as adjustments become necessary, they are recorded in the financial statements in the period in which they become known. Significant estimates include estimated useful life of tangible capital assets, the valuation of allowances for doubtful accounts receivable, and future employment benefits.

#### Contributed services

Volunteers contribute significant time to the delivery of the Authority's programs. Due to the difficulty in determining the fair value of these contributions, contributed services are not recognized in the financial statements

#### Corporate Services Program Revenues and Expenditures

Internal charges are made to allocate common overhead expenses, payroll burden and vehicle charges to all program areas. Actual expenditures are applied to these recovery revenues at year end which results in a net surplus or expenditure each year. These net amounts are included in Corporate Services - Administration and Finance - Program Expenditures.

#### Contaminated Sites

Contaminated sites are the result of contamination being introduced in air, soil, water or sediment of a chemical, organic, or radioactive material or live organism that exceed an environmental standard. A liability for remediation of contaminated sites is recognized, net of any expected recoveries, when all of the following criteria are met: a) an environmental standard exists; b) contamination exceeds the environmental standard; c) the organization is directly responsible or accepts responsibility for the liability; d) future economic benefits will be given up; and e) a reasonable estimate of the liability can be made.

### 3. INVESTMENTS

Short-term investments consist of GIC's with interest rates between 1.80% - 2.15% (2020 - 1.6%) maturing in July 2022. Long-term investments consist of GIC's with interest rates between 1.11% - 3.2% (2020 - 1.6% - 3.2%) maturing between June 2023 and July 2026.

### 4. ACCOUNTS RECEIVABLE

	2021	2020
Trade and other	\$ 440,710	\$ 460,689
Rideau Valley Conservation Foundation (Note 15)	136,476	310,241
City of Ottawa	231,829	1,587,249
	<b>\$ 809,015</b>	<b>\$ 2,358,179</b>

# RIDEAU VALLEY CONSERVATION AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

### 5. CREDIT FACILITY

The Authority maintains an operating line facility with the Bank of Montreal of \$750,000 which bears interest at prime + 0.25% and is due on demand. As of December 31, 2021, no balance (2020 \$Nil) was payable under the facility.

### 6. DEFERRED REVENUES

	2021	2020
Conservation Land Management Services	\$ 4,500	\$ 6,000
Watershed Sciences and Engineering Services	70,370	131,569
Planning Advisory & Regulatory Services	206,846	173,056
Stewardship Services	1,289,232	1,354,952
Municipal levies - City of Ottawa	443,261	-
	<b>\$ 2,014,209</b>	<b>\$ 1,665,577</b>

### 7. NON PENSION POST RETIREMENT BENEFIT OBLIGATION

The Authority's employee benefits plan consists of employer-paid group insurance premiums for extended health care and dental care, as well as life insurance coverage. Benefits commence on retirement and are payable for five years, or until the employee reaches the age of sixty-five, if earlier.

The valuation was based on a number of assumptions about future events such as inflation rates, interest rates, medical and dental inflation rates, wage and salary increases, and employee turnover and mortality.

An actuarial valuation was performed for accounting purposes on February 11, 2020.

The accrued benefit obligation as at December 31, 2021 consists of the following components:

	2021	2020
Accrued benefit obligation, beginning of year	\$ 446,677	\$ 435,406
Current service cost	22,696	21,771
Benefits paid during the year	(30,000)	(25,000)
Interest accrued	17,241	16,753
Unamortized Gain/(Loss)	(2,253)	(2,253)
Expected accrued benefit obligation, end of year	<b>\$ 454,361</b>	<b>\$ 446,677</b>

### 8. PENSION CONTRIBUTIONS

The Authority is a member of the Ontario Municipal Employees Retirement System ('OMERS'), which is a multi-employer plan. The plan is a contributory defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. Employers and employees contribute to the plan. Since any surpluses or deficits are a joint responsibility of all Ontario municipalities and their employees, the Authority does not recognize any share of the OMERS pension surplus or deficit in these financial statements.

The amount contributed to OMERS was \$383,692 (2020 - \$391,864) for current services and is included as an expenditure on the Statement of Operations classified under the appropriate functional expenditure.

# RIDEAU VALLEY CONSERVATION AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

### 9. OBLIGATION UNDER CAPITAL LEASE

The Rideau Valley Conservation Authority is committed to total annual payments including interest under capital lease as follows:

2022	\$ 322,793
2023	322,793
2024	322,793
2025	322,793
2026	322,793
and thereafter	\$ 1,534,535

The Authority has entered into a twenty year lease agreement with the City of Ottawa for the new office building located in Beryl Gaffney Park which expires August 2030. Minimum annual payments are based on the annual debt charges that the City will incur on a twenty year debenture of \$4,735,000. The effective interest rate as of December 31, 2021 was 5.69% (2020 - 5.16%). In addition, an annual park development fee of \$32,000 will be paid to the City for the term of the lease. Rent and park development fees (excluding HST) in the amount of \$354,793 were paid for 2021 (2020 - \$415,835). Interest on the obligation was paid in the amount of \$120,089 (2020 - \$128,267).

In accordance with Article 2.04 of the building lease, monthly payments are based on estimated debt charges and will be amended to reflect actual debt charges.

The present value of the obligation at December 31, 2021, under the terms of the capital lease, is \$2,107,727 (2020 \$2,310,431).

At the end of the term, the Authority shall have the option to purchase the building for \$1. In no event shall acquisition of the building include the demised lands.

# RIDEAU VALLEY CONSERVATION AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

### 10. TANGIBLE CAPITAL ASSETS

Cost	Opening	Additions	Transfers	Disposals	Closing
Land	\$ 1,977,823	\$ -	\$ -	\$ -	\$ 1,977,823
Buildings	1,876,142	-			1,876,142
Building Under Capital Lease	7,315,669	-			7,315,669
Infrastructure					
Dams/Berms/Dykes	9,399,096	-			9,399,096
Bridges/Boardwalks	538,212	-			538,212
Vehicles	791,716	-			791,716
Machinery and Equipment	504,662	199,031		(38,045)	665,648
Computers and IT equipment	435,260	21,872			457,132
Office and Audio Visual					
Equipment	154,246	5,493			159,739
Assets Under Construction	25,760	6,395			32,155
	\$ 23,018,586	\$ 232,791	\$ -	\$ (38,045)	\$ 23,213,332

Accumulated Amortization	Opening	Additions	Disposals	Closing
Buildings	\$ 1,184,087	\$ 34,834	\$ -	\$ 1,218,921
Building Under Capital Lease	1,914,266	146,313		2,060,579
Infrastructure				
Dams/Berms/Dykes	7,452,732	104,977		7,557,709
Bridges/Boardwalks	355,040	19,165		374,205
Vehicles	565,534	59,075		624,609
Machinery and Equipment	308,949	34,684	(31,292)	312,341
Computers and IT equipment	307,309	31,013		338,322
Office and Audio Visual				
Equipment	70,216	11,416		81,632
	\$ 12,158,133	\$ 441,477	\$ (31,292)	\$ 12,568,318

Net Book Value	2021	2020
Land	\$ 1,977,823	\$ 1,977,823
Buildings	657,221	692,055
Buildings Under Capital Lease	5,255,090	5,401,403
Infrastructure		
Dams/Berms/Dykes	1,841,387	1,946,364
Bridges/Boardwalks	164,007	183,172
Vehicles	167,107	226,182
Machinery and Equipment	353,307	195,713
Computers and IT equipment	118,810	127,951
Office and Audio Visual		
Equipment	78,107	84,030
Assets Under Construction	32,155	25,760
	\$ 10,645,014	\$ 10,860,453

# RIDEAU VALLEY CONSERVATION AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

### 11. CONTINGENT LIABILITIES

The nature of conservation authority activities is such that there may be litigation pending or in prospect at any time. With respect to claims as at December 31, 2021 management believes that the Authority has valid defenses and appropriate insurance coverages in place. In the event any claims are successful, the amount of any potential liability is not determinable, therefore, no amount has been accrued in the financial statements.

### 12. ACCUMULATED SURPLUS

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

	2021	2020
<b>Unrestricted Surplus</b>	<b>187,618</b>	191,835
<b>Invested in Tangible Capital Assets</b>		
Tangible capital assets	\$ 10,645,014	\$ 10,860,453
Obligation under capital lease	(2,107,727)	(2,310,431)
	<b>8,537,287</b>	8,550,022
<b>Reserves</b>		
Capital Reserves	1,709,469	1,101,952
Building Life Cycle Reserve	783,550	713,550
Working Fund Reserve	1,212,616	1,103,104
Program Reserves		
Stewardship	147,011	93,065
Part VIII Program	595,884	420,284
LRC Production Centre	100,800	100,800
ORWC	198,016	180,724
Conservation Lands	91,443	91,443
Planning and Regulations	540,992	483,016
Watershed Science and Engineering	256,623	117,500
Corporate Communications	90,491	90,491
Part IV	524	524
<b>Total reserves</b>	<b>5,727,419</b>	4,496,453
<b>Accumulated Surplus</b>	<b>\$ 14,452,324</b>	\$ 13,238,310

### 13. SPECIAL LEVY ON MEMBER MUNICIPALITIES

The Authority's share of the cost of the Rideau River Ice Management - City of Ottawa was funded by a special levy on the benefiting municipality for 2021 of \$1,005,837 (2020 - \$912,334). Other special levies in 2021 from the City of Ottawa include Water Control Infrastructure \$10,000 (2020 - \$10,000), Water Control Infrastructure Operation and Maintenance \$40,000 (2020 - \$40,000), Water Quality Monitoring \$158,696 (2020 - \$110,974), and Britannia Water Control Structure Reserve \$21,500 (2020 - \$21,500).



# RIDEAU VALLEY CONSERVATION AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

### 14. SOURCE WATER PROTECTIONS

The Authority is receiving funding support for the Drinking Water Source Protection Program. Funds are to be used to lead and deliver the local source protection program for the Mississippi-Rideau Source Protection Region. This project will be delivered with the collaboration of the Mississippi Valley Conservation Authority. Any unspent funds are repayable to the Province.

### 15. RELATED PARTY

The Authority has an economic interest in the Rideau Valley Conservation Foundation. During the year, the Rideau Valley Conservation Foundation transferred donations of \$44,131 (2020 - \$17,579), grant revenue of \$nil (2020 - \$40,346), Species at Risk program revenue of \$17,074 (2020 - \$100,805) and Shoreline program revenue of \$71,852 (2020 - \$138,378) in addition, expense reimbursements of \$3,418 (2020 - \$13,133) to the Authority. Of these transfers, \$136,475 (2019 \$310,241) is outstanding at year end. Amounts owing are due on demand, non-interest-bearing and have no specific terms of repayment but are expected to be paid after the Foundation's Annual General Meeting, held annually in June.

The Foundation funds are used to support the conservation programs of the Authority to protect and conserve the lands and waters of the valley of the Rideau River in Eastern Ontario. All transactions between the Authority and the Foundation are recorded at fair market value.

### 16. LIABILITIES FOR CONTAMINATED SITES

The Authority reports environmental liabilities related to the management and remediation of contaminated sites where the Authority is obligated or likely obligated to incur such costs. A contaminated site liability of \$Nil (2020 - \$Nil) has been recorded based on environmental assessments or estimations for those sites where an assessment has not been conducted. The Authority's ongoing efforts to assess contaminated sites may result in additional environmental remediation liabilities related to newly identified sites, or changes in the assessments or intended use of existing sites. Any changes to the Authority's liabilities for contaminated sites will be accrued in the year in which they are assessed as likely and reasonably estimable.

# RIDEAU VALLEY CONSERVATION AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

### 17. BUDGET AMOUNTS

The 2021 budget amounts that were approved on February 25, 2021 were not prepared on a basis consistent with that used to report actual results (Public Sector Accounting Standards). The budget included capital items such as infrastructure replacements and estimated costs for constructed assets, as program expenses, but the actual expenses have been removed in the Statement of Operations. The revenues attributable to these items continue to be included in the Statement of Operations, resulting in a significant positive variance.

The following analysis is provided to assist readers in their understanding of differences between the approved budget and the audited financial statements:

	Approved Budget	Actual
<b>Surplus for the year per Statement of Operations</b>	\$ (888,000)	\$ 1,214,014
Assets capitalized as tangible capital assets	(2,126,000)	(232,791)
Gain on disposal of tangible capital assets	-	(6,511)
Amortization	416,300	441,467
Proceeds on disposal of tangible capital assets	-	13,264
Repayment of obligation under capital lease	(202,704)	(202,704)
Transfers from reserves	888,000	192,670
Transfers to reserves	-	(1,423,636)
Adjusted surplus for the year	\$ (1,912,404)	\$ (4,227)

### 18. SEGMENTED INFORMATION

Certain allocation methodologies are employed in the preparation of segmented financial information. Government grants, user charges, transfers from other funds, and other revenues are allocated to the specific program or service they relate to. Expense allocations are both internal and external. The basis of accounting for inter-segment transfers is at cost using activity based costing for the allocation of internal support costs to departments. These costs include the net expenditures for departments, such as human resources, information systems, finance and others, commonly referred to as overhead.

Rideau Valley Conservation Authority segments its activities into five main program areas which are reported in the accompanying supplementary schedules to the financial statements.

#### **Watershed Sciences and Engineering Services**

Watershed management and health monitoring program costs and revenues are those required to develop the framework and management strategy to provide a rational approach to natural systems protection, restoration and use. The main activities included in this segment are watershed and sub watershed plans, resource inventory and environmental monitoring, flood protection services and source water protection.

#### **Planning Advisory and Regulatory Services**

Planning advisory and regulatory services include costs and revenues associated with the approval of development applications or rendering of opinions on the impact of development applications on natural hazards, natural heritage resources and water resources as provided under provincial legislation which includes the Planning Act, Conservation Authorities Act and the Environmental Assessment Act.

# RIDEAU VALLEY CONSERVATION AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

### 18. SEGMENTED INFORMATION (Continued)

#### Stewardship Services

The stewardship services costs and revenues are those associated with providing service and assistance to private and public landowners on sound environmental practices that will enhance, restore or protect lands and natural features. This category includes activities such as fisheries rehabilitation, tree planting and reforestation, wildlife habitat improvements, management plans, agricultural best practices and erosion control services.

#### Conservation Land Management Services

The conservation land management services includes all expenses and revenues associated with lands, improvements, buildings and structures owned by Rideau Valley Conservation Authority. It also includes active programming on some Authority lands.

#### Corporate Services

Corporate services includes management and non-program specific costs and revenues. These include internal support service costs such as senior management costs, board costs, office services, financial services, human resources, information technology and corporate communications.

### 19. SIGNIFICANT EVENT

In the prior year, the outbreak of the novel strain of the coronavirus, specifically identified as "COVID-19", has resulted in a widespread health crisis that has affected economies and financial markets around the world resulting in an economic downturn. The current year impact of this outbreak has caused staff shortages, reduced demand on programming offered by the Authority, increased government regulations or interventions and decrease in government funding. The duration and impact of the COVID-19 outbreak is unknown at this time and it is not possible to reliably estimate the length and severity of these developments.

# RIDEAU VALLEY CONSERVATION AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

### 20. SEGMENTED DISCLOSURES

	Watershed Sciences & Engineering Services	Planning Advisory & Regulatory Services	Stewardship Services	Conservation Land Management Services	Corporate Services & Internal Recoveries	2021	2020
<b>Revenues</b>							
Levies	\$ 2,885,484	\$ 1,032,551	\$ 670,083	\$ 1,039,043	\$ 1,857,709	<b>7,484,869</b>	7,132,330
User fees, program revenues & other	669,459	1,542,124	744,892	336,836	53,374	<b>3,346,685</b>	3,222,100
Interest revenue	-	-	-	-	70,305	<b>70,305</b>	79,401
Donations	-	-	71,853	11,970	-	<b>83,823</b>	216,996
	<b>3,554,943</b>	<b>2,574,675</b>	<b>1,486,828</b>	<b>1,387,849</b>	<b>1,981,388</b>	<b>10,985,682</b>	<b>10,650,827</b>
<b>Expenses</b>							
Amortization	116,633	2,736	2,667	48,489	270,952	<b>441,477</b>	435,790
Charge - common cost	193,586	287,205	95,577	102,154	201,833	<b>880,355</b>	841,115
Charge - vehicle & equipment	4,900	45,847	25,904	64,739	12,195	<b>153,585</b>	145,376
Operating expenses	1,521,231	212,242	649,628	352,244	770,194	<b>3,505,539</b>	3,745,487
Interest on capital lease	-	-	-	-	157,771	<b>157,771</b>	167,023
Recovery - common costs	-	-	-	-	(874,457)	<b>(874,457)</b>	(831,539)
Recovery - LRC	-	-	-	-	(25,956)	<b>(25,956)</b>	(17,540)
Recovery - vehicle & equipment	-	-	-	-	(185,975)	<b>(185,975)</b>	(176,839)
Salaries, wages & benefits	1,254,565	1,845,659	607,525	676,857	1,303,549	<b>5,688,155</b>	5,414,522
	<b>3,090,915</b>	<b>2,393,689</b>	<b>1,381,301</b>	<b>1,244,483</b>	<b>1,630,106</b>	<b>9,740,494</b>	<b>9,723,395</b>
Non Pension Retirement Benefits	-	-	-	-	31,174	<b>31,174</b>	37,733
Net Surplus	\$ 464,028	\$ 180,986	\$ 105,527	\$ 143,366	\$ 320,108	<b>1,214,014</b>	889,699

# RIDEAU VALLEY CONSERVATION AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

### 21. RISK MANAGEMENT

In the normal course of operations, the Authority is exposed to a variety of financial risks which are actively managed by the Authority.

The Authority's financial instruments consist of cash, investments, accounts receivable, accounts payable and accrual liability, accrued vacation and other leave entitlements.

The Authority's exposure to and management of risk has not changed materially from December 31, 2020.

#### **Credit Risk**

Credit Risk arises from the possibility that the entities to which the Authority provides services to may experience difficulty and be unable to fulfil their obligations. The Authority is exposed to financial risk that arises from the credit quality of the entities to which it provides services. The Authority has a large outstanding receivable from the City of Ottawa that totals to 27% (2020 - 67%) of the Authority's entire receivable balance. As a result, the requirement for credit risk related reserves for accounts receivable is minimal.

#### **Interest Rate Risk**

Interest rate risk arises from the possibility that the value of, or cash flows related to, a financial instrument will fluctuate as a result of changes in market interest rates. The Authority is exposed to financial risk that arises from the interest rate differentials between the market interest rate and the rates on its cash, investments and operating loan. Changes in variable interest rates could cause unanticipated fluctuations in the Authority's operating results.

#### **Liquidity Risk**

Liquidity risk is the risk that the Authority will not be able to meet its obligations as they fall due. The Authority requires working capital to meet day-to-day operating activities. Management expects that the Authority's cash flows from operating activities will be sufficient to meet these requirements.

# RIDEAU VALLEY CONSERVATION AUTHORITY

## RESERVES

### Schedule 1

For the year ended December 31, 2021

#### CONTINUITY OF RESERVES

	2021	2020
<b>Reserves and reserve fund balances, beginning of year</b>	<b>\$ 4,496,451</b>	<b>\$ 3,921,653</b>
Net transfers from operations approved by board	<b>1,230,966</b>	574,798
<b>Reserves and reserves fund balances, end of year</b>	<b>\$ 5,727,417</b>	<b>\$ 4,496,451</b>

#### COMPOSITION OF RESERVES

	2021	2020
Capital Reserves	<b>\$ 1,709,469</b>	\$ 1,101,952
Building Life Cycle Reserve	<b>783,550</b>	713,550
Working Fund Reserve	<b>1,212,616</b>	1,103,104
Program Reserves	<b>147,011</b>	93,065
Stewardship	<b>595,884</b>	420,284
Part VIII Program	<b>100,800</b>	100,800
LRC Production Centre	<b>198,016</b>	180,724
ORWC	<b>91,443</b>	91,443
Conservation Lands	<b>540,991</b>	483,016
Planning and Regulations	<b>256,623</b>	117,500
Watershed Science and Engineering	<b>90,491</b>	90,491
Corporate Communications	<b>524</b>	523
Part IV		
<b>Total</b>	<b>\$ 5,727,418</b>	<b>\$ 4,496,452</b>

# RIDEAU VALLEY CONSERVATION AUTHORITY

## PROGRAM REVENUES

### Schedule 2

For the year ended December 31, 2021

	(Note 17) Budget	2021	2020
<b>Watershed Sciences and Engineering Services</b>			
Surface Water Quality Monitoring	\$ -	\$ 5,652	\$ 9,783
Hydrometric Monitoring and Forecasting	-	2,492	5,552
Flood Erosion and Drought Studies	53,781	163,635	134,058
Ground Water Monitoring	-	-	-
Aquatic and Terrestrial Habitat Monitoring	38,000	67,762	7,874
Water Control Operations	-	41,163	-
	91,781	280,704	157,267
<b>Planning Advisory and Regulatory Services</b>			
Plan Review	353,736	438,155	371,595
Section 28 Conservation Authorities Act	290,496	308,546	294,994
Septic Re-Inspection Program	61,547	45,027	24,055
Part VIII Building Code Act	550,254	733,700	651,705
Part IV Clean Water Act	14,617	5,274	-
	1,270,650	1,530,702	1,342,349
<b>Stewardship Services</b>			
Private Land Forestry	605,932	614,850	540,434
Clean Water Program	206,000	49,643	124,437
Other	150,298	149,253	155,232
	962,230	813,746	820,103
<b>Conservation Land Management Services</b>			
Program Management and Land Donations	20,000	-	4,170
Baxter	130,325	154,871	90,749
Foley Mountain	79,710	96,233	75,804
Other Developed Conservation Areas	30,000	55,645	110,037
Other Conservation Areas	8,000	16,204	9,903
Lease and Management Agreements	32,000	32,000	30,755
	300,035	354,953	321,418
<b>Corporate Services</b>			
Administration and Finance	50,000	87,722	119,596
Communications	1,000	34,330	2,195
Watershed Information Management System	-	8,135	-
	51,000	130,187	121,791
<b>Total Program Revenues</b>	<b>\$ 2,675,696</b>	<b>\$ 3,110,292</b>	<b>\$ 2,762,928</b>

# RIDEAU VALLEY CONSERVATION AUTHORITY

## PROGRAM EXPENDITURES

### Schedule 3

For the year ended December 31, 2021

	(Note 17) Budget	2021	2020
<b>Watershed Sciences and Engineering Services</b>			
Program Management	\$ 101,261	\$ 96,832	\$ 105,241
Watershed Report Cards	158,399	161,252	94,592
Drinking Water Source Protection (Note 13)	200,777	200,058	183,459
Surface Water Quality Monitoring	447,429	391,351	424,288
Hydrometric Monitoring and Forecasting	788,463	282,532	259,224
Flood, Erosion and Drought Studies	412,159	523,605	333,607
Ground Water Monitoring	112,889	62,302	47,693
Aquatic and Terrestrial Habitat Monitoring	392,791	142,720	208,726
Water Control Infrastructure			
Operations	132,841	(12,229)	104,583
Capital Maintenance	81,500	70,038	486,140
Rideau River Ice Management	1,038,292	1,055,837	962,334
Amortization	-	116,623	115,460
	3,866,801	3,090,921	3,325,347
<b>Planning Advisory and Regulatory Services</b>			
Program Management	132,418	121,908	144,473
Plan Review	840,881	869,082	687,250
Section 28 Conservation Authorities Act	715,864	742,116	862,273
Part IV Clean Water Act	11,796	4,086	750
Part VIII Building Code Act	550,254	600,325	538,947
Septic Re-Inspection Program	61,547	53,435	34,466
Amortization	-	2,736	2,736
	2,312,760	2,393,688	2,270,895
<b>Stewardship Services</b>			
Program Management	158,272	154,445	160,702
Private Land Forestry	720,797	647,434	582,378
Clean Water Program	449,554	296,496	370,322
Shoreline Stewardship Program	228,984	230,813	204,828
Other	74,808	49,445	38,371
Amortization	-	2,667	2,667
	1,632,415	1,381,300	1,359,268
<b>Conservation Land Management Services</b>			
Program Management and Land Donations	98,340	85,105	43,732
Baxter Conservation Area	1,513,575	338,925	253,746
Foley Mountain Conservation Area	304,826	254,308	218,981
Other Developed Conservation Areas	631,027	282,351	353,739
Other Conservation Areas	233,310	203,304	188,332
Lease and Management Agreements	32,000	32,000	15,530
Amortization	-	48,489	46,234
	2,813,078	1,244,482	1,120,294



# RIDEAU VALLEY CONSERVATION AUTHORITY

## PROGRAM EXPENDITURES

Schedule 3 continued

For the year ended December 31, 2021

	(Note 17) Budget	2021	2020
<b>Corporate Services</b>			
Management and Members	\$ 326,755	\$ 304,744	\$ 279,513
Finance and Administration	526,127	433,036	465,213
Communications	283,933	247,791	212,659
Foundation	95,697	95,457	82,114
Headquarter Lease and Maintenance	430,475	165,907	167,518
Watershed Information Management System	371,244	218,084	213,045
	2,034,231	1,465,019	1,420,062
<b>Internal Cost - Expenditures (Recoveries)</b>			
Gain on Disposal	-	(6,511)	(5,644)
Common Cost	(22,696)	(25,899)	5,883
Vehicles and Equipment	7,219	(73,456)	(41,273)
Amortization	-	270,950	268,564
	(15,477)	165,084	227,530
<b>Total Corporate Services</b>	2,018,754	1,630,103	1,647,592
<b>Total Program Expenditures</b>	\$ 12,643,808	\$ 9,740,494	\$ 9,723,396