

**FINANCIAL STATEMENTS
DECEMBER 31, 2019**

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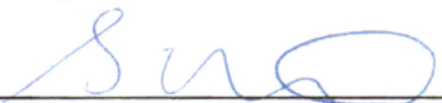
Management's Responsibility for the Financial Statements

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.


Sommer Casgrain-Robertson, General Manager


Sarah Wayne, Manager of Finance

Independent Auditor's Report

To the Members of Rideau Valley Conservation Authority:

Opinion

We have audited the financial statements of Rideau Valley Conservation Authority (the "Authority"), which comprise the statement of financial position as at December 31, 2019, and the statements of operations, changes in net financial assets, cash flows and the related schedules 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 the Authority as at December 31, 2019, and the results of its 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 report. We are independent of the 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.

Other Matter

The financial statements of the Authority for the year ended December 31, 2018 were audited by another accounting firm who expressed an unmodified opinion on those statements on March 28, 2019.

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 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 Authority or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Authority'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. 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 Authority'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 Authority'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 Authority 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.

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.

Cornwall, Ontario

May 15, 2020

MNP LLP

Chartered Professional Accountants

Licensed Public Accountants

**Rideau Valley Conservation Authority
Statement of Financial Position**

December 31	2019	2018
	\$	\$
Financial Assets		
Cash	4,081,823	3,415,218
Short term investments (note 3)	350,468	300,000
Long term investments (note 3)	1,400,000	1,450,468
Accounts receivable (note 4)	1,588,744	944,143
	7,421,035	6,109,829
Liabilities		
Accounts payable and accrued liabilities	1,227,562	770,650
Vacation pay and other leave entitlements	229,582	183,304
Deferred revenues (note 6)	1,601,550	1,563,418
Non pension post retirement benefit obligation (note 7)	435,406	420,844
Obligation under capital lease (note 9)	2,565,999	2,840,665
	6,060,099	5,778,881
Net Financial Assets	1,360,936	330,948
Non-Financial Assets		
Tangible capital assets (note 10)	10,930,490	11,205,350
Prepaid expenses	57,186	57,964
	10,987,676	11,263,314
Contingent Liabilities and Commitments (note 15)		
Subsequent Events (note 20)		
Accumulated Surplus (note 11)	12,348,612	11,594,262

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

Rideau Valley Conservation Authority Statement of Operations

For the year ended December 31	(Note 17) Budget	2019	2018
	\$	\$	\$
Revenues			
Municipal levies	5,833,355	5,833,355	5,647,004
Special municipal levies			
Rideau River Ice Management	575,059	1,329,002	793,014
Water Control Infrastructure ▶ Reserve	10,000	10,000	10,000
▶ Operation and maintenance	40,000	40,000	23,500
Water Quality Monitoring	194,000	161,084	-
Britannia Water Control Structure – Reserve	21,500	21,500	-
Provincial Funding			
Ministry of Natural Resources			
▶ Operating Grant	242,687	125,286	242,687
▶ Drinking Water Source Protection (note 13)	230,803	200,590	201,874
Program revenues (Schedule 2)			
Watershed Sciences and Engineering Services	273,425	773,696	472,485
Planning Advisory and Regulatory Services	1,134,940	1,451,167	1,383,471
Stewardship Services	963,633	785,117	972,112
Conservation Land Management Services	344,000	344,675	332,999
Corporate Services	41,800	134,594	110,684
Other income ▶ capital projects	860,000	648,042	298,863
Total Revenues	10,765,202	11,858,108	10,488,693
Expenditures			
Program expenditures (Schedule 3)			
Watershed Sciences and Engineering Services	3,031,315	4,672,369	3,329,129
Planning Advisory and Regulatory Services	2,088,336	2,177,742	1,855,084
Stewardship Services	1,649,352	1,420,415	1,653,548
Conservation Land Management Services	1,296,084	1,275,748	1,114,254
Corporate Services	1,763,995	1,542,922	1,454,266
Non Pension Post Retirement Benefit Obligation	21,034	14,562	21,034
Total Expenditures	9,850,116	11,103,758	9,427,315
Annual Surplus	915,086	754,350	1,061,378
Accumulated Surplus, Beginning of Year	11,594,262	11,594,262	10,532,884
Accumulated Surplus, End of Year	12,509,348	12,348,612	11,594,262

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

**Rideau Valley Conservation Authority
Statement of Changes in Net Financial Assets**

For the year ended December 31	(Note 17) Budget	2019	2018
	\$	\$	\$
Annual Surplus	915,086	754,350	1,061,378
Amortization of tangible capital assets	212,287	293,892	224,134
Amortization of buildings under capital lease	146,313	146,313	146,313
Acquisition of tangible capital assets	(915,000)	(175,143)	(243,866)
Change in prepaid expenses	-	778	(8,907)
Gain on disposal of tangible capital assets	-	(12,057)	(4,447)
Proceeds on disposal of tangible capital assets	-	21,855	12,872
	(556,400)	275,638	126,099
Increase in Net Financial Assets	358,686	1,029,988	1,187,477
Net Financial Assets, Beginning of Year	330,948	330,948	(856,529)
Net Financial Assets, End of Year	689,634	1,360,936	330,948

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

Rideau Valley Conservation Authority Statement of Cash Flows

For the year ended December 31	2019	2018
	\$	\$
Operating Activities		
Annual surplus	754,350	1,061,378
Amortization of tangible capital assets	293,892	224,134
Amortization of buildings under capital lease	146,313	146,313
Gain on disposal of tangible capital assets	(12,057)	(4,447)
	1,182,498	1,427,378
Change in Working Capital		
Accounts receivable	(644,601)	(85,789)
Prepaid expenses	778	(8,907)
Accounts payable and accrued liabilities	456,912	65,282
Deferred revenues	38,132	(136,468)
Vacation pay and other leave entitlements	46,278	(23,661)
Non pension post retirement benefit obligation	14,562	21,034
	(87,939)	(168,509)
Net change in operating activities	1,094,559	1,258,869
Capital Activities		
Proceeds on disposal of tangible capital assets	21,855	12,872
Acquisition of tangible capital assets	(175,143)	(243,866)
Net investment in tangible capital assets	(153,288)	(230,994)
Investing Activities		
(Purchase) redemption of short-term investments	(50,468)	100,000
Financing Activities		
Capital lease payments	(274,666)	(263,667)
Redemption (purchase) of long-term investments	50,468	(100,000)
Net change from financing activities	(224,198)	(363,667)
Net Increase in Cash Resources	666,605	764,208
Cash Resources, Beginning of Year	3,415,218	2,651,010
Cash Resources, End of Year	4,081,823	3,415,218

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

Rideau Valley Conservation Authority Notes to the Financial Statements

December 31, 2019

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 all material respects in accordance with Canadian Public Sector Accounting Standards.

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.

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	25 years
▶ Bridges / Boardwalks	20 - 30 years
▶ Vehicles	7 years
▶ Machinery and Equipment	5 - 15 years
▶ Computer and IT Equipment	5 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.

Rideau Valley Conservation Authority

Notes to the Financial Statements

December 31, 2019

2. Summary of Significant Accounting Policies / continued

Tangible Capital Assets / continued

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.

Pension and Employee Benefits

The Authority accounts for its participation in the Ontario Municipal Employees Benefit Retirement System ('OMERS'), a multi-employer public sector pension fund, as a defined benefit 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.

Cash and Cash Equivalents

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

Rideau Valley Conservation Authority

Notes to the Financial Statements

December 31, 2019

2. Summary of Significant Accounting Policies / continued

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. Deferred revenue also represents contributions that the Authority has received pursuant to legislation, regulation or agreement that may only be used for certain programs or in the completion of specific work. These amounts are recognized as revenue in the fiscal year the services are performed or related expenses incurred.

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.

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.

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.

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.

Rideau Valley Conservation Authority

Notes to the Financial Statements

December 31, 2019

2. Summary of Significant Accounting Policies / continued

Financial Instruments / continued

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.

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 at 1.4% maturing in June 2020. Long-term investments consist of GIC's with interest rates between 1.6%-3.2% maturing between May 2021 and June 2024.

Rideau Valley Conservation Authority Notes to the Financial Statements

December 31, 2019

4. Accounts Receivable

	2019	2018
	\$	\$
Trade and other	379,918	281,310
Rideau Valley Conservation Foundation (note 7)	229,134	211,460
City of Ottawa	979,692	451,373
	1,588,744	944,143

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, 2019, no balance (2018 \$Nil) was payable under the facility.

6. Deferred Revenues

	2019	2018
	\$	\$
Conservation Land Management Services	12,859	5,662
Watershed Sciences and Engineering Services	170,736	173,649
Planning Advisory & Regulatory Services	175,832	153,354
Stewardship Services	1,242,123	1,230,753
	1,601,550	1,563,418

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.

Rideau Valley Conservation Authority Notes to the Financial Statements

December 31, 2019

7. Non Pension Post Retirement Benefit Obligation / continued

An actuarial valuation was performed for accounting purposes on February 11, 2020. The accrued benefit obligation as at December 31, 2019 consists of the following components:

	2019	2018
	\$	\$
Accrued benefit obligation, beginning of year	420,844	399,810
Adjustment for post-retirement benefits relating to prior years' service	--	--
Current service cost	20,883	28,996
Benefits paid during the year	(19,853)	(27,000)
Interest accrued	20,015	19,038
Experience Gain/(Loss)	(46,079)	--
Unamortized Gain/(Loss)	39,596	--
Expected accrued benefit obligation, end of year	435,406	420,844

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 \$387,951 (2018 \$369,244) for current services and is included as an expenditure on the Statement of Operations classified under the appropriate functional expenditure.

9. Obligation Under Capital Lease

The Rideau Valley Conservation Authority is committed to a capital lease obligation with principal repayments as outlined below:

Year	Annual Payment \$
2020	255,568
2021	202,704
2022	202,704
2023	202,704
2024	202,704
and thereafter	1,148,656

Rideau Valley Conservation Authority Notes to the Financial Statements

December 31, 2019

9. Obligation Under Capital Lease / continued

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, 2019 was 4.35%. 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 \$446,611 were paid for 2019 (2018 \$446,338). Interest on the obligation was paid in the amount of \$139,944 (2018 \$150,671).

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, 2019, under the terms of the capital lease, is \$2,565,999 (2018 \$2,840,665).

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.

10. Tangible Capital Assets

Cost	Opening	Additions	Transfers	Disposals	Closing
	\$	\$	\$	\$	\$
Land	1,971,309	--	--	--	1,971,309
Buildings	1,720,797	--	--	--	1,720,797
Building Under Capital Lease	7,315,669	--	--	--	7,315,669
Infrastructure ▶	7,871,830	1,527,266	--	--	9,399,096
Dams/Berms/Dykes					
Infrastructure ▶	538,212	--	--	--	538,212
Bridges/Boardwalks					
Vehicles	742,397	67,161	--	(25,841)	783,717
Machinery and Equipment	383,574	54,931	--	(21,861)	416,644
Computers and IT Equipment	438,465	21,763	--	(74,977)	385,251
Office and Audio Visual	163,160	5,528	--	(62,133)	106,555
Equipment					
Assets Under Construction	1,527,265	25,760	(1,527,266)	--	25,760
	22,672,678	1,702,409	(1,527,266)	(184,812)	22,663,010

**Rideau Valley Conservation Authority
Notes to the Financial Statements**

December 31, 2019

10. Tangible Capital Assets / continued

Accumulated Amortization	Opening	Additions	Disposals	Closing
	\$	\$	\$	\$
Buildings	1,124,405	29,160	--	1,153,565
Building Under Capital Lease	1,621,640	146,313	--	1,767,953
Infrastructure ▶ Dams/Berms/Dykes	7,244,269	101,686	--	7,345,955
Infrastructure ▶ Bridges/Boardwalks	314,943	20,932	--	335,875
Vehicles	459,273	71,631	(24,841)	506,063
Machinery and Equipment	269,465	25,758	(13,063)	282,160
Computers and IT Equipment	316,692	36,128	(74,977)	277,843
Office and Audio Visual Equipment	116,642	8,597	(62,133)	63,106
	11,467,329	440,205	(175,014)	11,732,520

Net Book Value	2019	2018
	\$	\$
Land	1,971,309	1,971,309
Buildings	567,232	596,392
Building Under Capital Lease	5,547,716	5,694,029
Infrastructure ▶ Dams/Berms/Dykes	2,053,141	627,561
Infrastructure ▶ Bridges/Boardwalks	202,337	223,270
Vehicles	277,654	283,124
Machinery and Equipment	134,484	114,109
Computers and IT Equipment	107,408	121,773
Office and Audio Visual Equipment	43,449	46,518
Assets Under Construction	25,760	1,527,265
	10,930,490	11,205,350

Rideau Valley Conservation Authority Notes to the Financial Statements

December 31, 2019

11. Accumulated Surplus

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

	2019	2018
	\$	\$
Invested in Tangible Capital Assets		
Tangible capital assets	10,930,490	11,205,350
Obligation under capital lease	(2,565,999)	(2,840,665)
	8,364,491	8,364,685
Unrestricted Surplus (Deficit)	62,467	100,288
Reserves		
Capital Reserves	832,994	707,011
Building Life Cycle Reserve	798,895	728,895
Working Fund Reserve	910,000	555,000
Program Reserves		
▸ Stewardship	63,065	122,555
▸ Part VIII Program	307,525	224,493
▸ LRC Production Centre	100,800	100,800
▸ ORWC	125,402	107,463
▸ Conservation Lands	91,443	91,443
▸ Planning and Regulations	483,016	333,015
▸ Watershed Science and Engineering	117,500	67,500
▸ Corporate Communications	90,491	90,491
▸ Part IV	523	523
Total Reserves	3,921,654	3,129,289
Accumulated Surplus	12,348,612	11,594,262

12. 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 2019 of \$1,329,002 (2018 \$793,014). Other special levies in 2019 from the City of Ottawa include Water Control Infrastructure \$10,000 (2018 \$10,000), Water Control Infrastructure Operation and Maintenance \$40,000 (2018 \$23,500), Water Quality Monitoring \$161,084 (2018 NIL), and Britannia Water Control Structure Reserve \$21,500 (2018 NIL).

13. Source Water Protection

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.

Rideau Valley Conservation Authority

Notes to the Financial Statements

December 31, 2019

14. 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 \$35,455 (2018 \$19,611), grant revenue of \$31,775 (2018 \$60,375), Species at Risk program revenue of \$71,440 (2018 \$125,153) and Shoreline program revenue of \$90,464 (2018 \$6,321) in addition, expense reimbursements of \$3,849 (2018 \$ nil) to the Authority. Of these transfers, \$229,134 (2018 \$211,460) 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.

15. Contingent Liabilities and Commitments

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, 2019, 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.

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 (2018 \$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.

17. Budget Amounts

The 2019 budget amounts that were approved on March 23, 2019 were not prepared on a basis consistent with that used to report actual results (Public Sector Accounting Board 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.

Rideau Valley Conservation Authority Notes to the Financial Statements

December 31, 2019

17. Budget Amounts / continued

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
	\$	\$
Surplus for the Year Per Statement of Operations	915,085	754,351
Assets Capitalized as TCA	(915,000)	(175,144)
Gain on Disposal of Tangible Capital Assets	0	(12,057)
Amortization	358,600	440,206
Proceeds on Disposal of Tangible Capital Assets	0	21,856
Repayment of Obligation Under Capital Lease	(274,667)	(274,667)
Transfers from Reserves	35,000	182,736
Transfers to Reserves	(119,018)	(975,100)
Adjusted Surplus for the Year	0	(37,819)

18. Comparative figures

Comparative figures have been reclassified to conform to financial statement presentation.

19. 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 six 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.

Rideau Valley Conservation Authority Notes to the Financial Statements

December 31, 2019

19. Segmented Information / continued

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.

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.

20. Subsequent Events

Since December 31, 2019, 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. This outbreak may also cause staff shortages, reduced demand on programming offered by the Authority, increased government regulations or interventions and decrease in government funding, all of which may negatively impact the financial condition and operations of the Authority. 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**

December 31, 2019

21. Segmented Disclosures

	Watershed Sciences & Engineering Services	Planning Advisory & Regulatory Services	Stewardship Services	Conservation Land Management Services	Corporate Services & Internal Recoveries	Grand Total
	\$	\$	\$	\$	\$	\$
Revenues						
Levies	3,065,720	939,080	683,402	949,767	1,756,971	7,394,940
User fees, program revenues & other	1,713,522	1,457,498	692,734	313,450	25,409	4,202,613
Interest revenue	---	---	---	---	125,277	125,277
Donations	11,669	---	92,382	31,227	---	135,278
	4,790,911	2,396,578	1,468,518	1,294,444	1,907,658	11,858,108
Expenses						
Amortization	107,225	2,736	2,667	49,429	278,148	440,205
Charge – Common Cost	228,035	257,099	88,546	109,227	174,762	857,669
Charge – Vehicle & Equipment	54,345	60,648	32,307	67,689	24,418	239,407
Operating Expenses	2,746,522	141,992	700,693	287,480	829,156	4,705,843
Interest on Capital Lease	---	---	---	---	139,946	139,946
Recovery – common costs	---	---	---	---	(856,077)	(856,077)
Recovery – LRC	---	---	---	---	(23,984)	(23,984)
Recovery – Vehicle & Equipment	(4,163)	---	---	---	(235,283)	(239,446)
Salaries, Wages & Benefits	1,540,405	1,715,267	596,202	761,923	1,211,836	5,825,633
	4,672,369	2,177,742	1,420,415	1,275,748	1,542,922	11,089,196
Non Pension Retirement Benefit	---	---	---	---	14,562	14,562
Net Surplus	118,542	218,836	48,103	18,694	350,176	754,350

Rideau Valley Conservation Authority Notes to the Financial Statements

December 31, 2019

22. 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, accrued vacation and other accrued liabilities.

The Authority's exposure to and management of risk has not changed materially from December 31, 2019.

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 does not have a significant exposure to any individual customer or counter party. 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 and cash equivalents 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.

23. Public Sector Salary Disclosure

Rideau Valley Conservation Authority is subject to The Public Sector Salary Disclosure Act, 1996. Salaries and benefits that have been paid by the Authority and reported to the Province of Ontario in compliance with this legislation are listed on the Ontario Ministry of Finance website at <https://www.ontario.ca/page/public-sector-salary-disclosure> or can be provided in an alternative format upon request from the Authority.

**Rideau Valley Conservation Authority
Continuity of Reserves ▶ Schedule 1**

For the year ended December 31	2019	2018
	\$	\$
Net Transfers From / (To) Other Funds		
Transfers from (to) operations	792,364	932,105
Total Net Transfers Approved By Board	792,364	932,105
Reserves and Reserve Fund Balances, Change in Year	792,365	932,105
Reserves and Reserve Fund Balances, Beginning of Year	3,129,289	2,197,184
Reserves and Reserve Fund Balances, End of Year	3,921,654	3,129,289

Composition of Reserves

For the year ended December 31	2019	2018
	\$	\$
Reserves		
Capital Reserves	832,994	707,111
Building Life Cycle Reserve	798,895	728,895
Working Fund Reserve	910,000	555,000
Program Reserves ▶ Stewardship	63,065	122,555
▶ Part VIII Program	307,525	224,493
▶ LRC Production Centre	100,800	100,800
▶ ORWC	125,402	107,463
▶ Conservation Lands	91,443	91,443
▶ Planning and Regulations	483,016	333,015
▶ Watershed Science and Engineering	117,500	67,500
▶ Corporate Communications	90,491	90,491
▶ Part IV	523	523
Total Reserves	3,921,654	3,129,289

Rideau Valley Conservation Authority Program Revenues ▶ Schedule 2

For the year ended December 31	(Note 17) (unaudited) Budget	2019	2018
	\$	\$	\$
Watershed Sciences and Engineering Services			
Watershed Report Cards	--	786	--
Drinking Water Source Protection	--	750	--
Surface Water Quality Monitoring	--	14,009	113,001
Hydrometric Monitoring and Forecasting	--	131	8,000
Flood Erosion and Drought Studies	88,425	607,092	125,015
Ground Water Monitoring	145,000	75,409	141,144
Aquatic and Terrestrial Habitat Monitoring	40,000	74,450	82,513
Water Control Operations	--	1,069	2,812
	273,425	773,696	472,485
Planning Advisory and Regulatory Services			
Plan Review	340,000	426,281	369,038
Section 28 Conservation Authorities Act	240,000	300,056	295,273
Septic Re-Inspection Program	22,889	68,033	19,854
Part VIII Building Code Act	524,251	652,967	678,707
Part IV Clean Water Act	7,800	3,830	20,599
	1,134,940	1,451,167	1,383,471
Stewardship Services			
Landowner Resource Centre	--	--	538
Landowner Resource Centre ▶ Production Centre	--	--	73,787
Private Land Forestry	506,845	497,575	598,546
Clean Water Program	256,000	80,523	138,043
Other	200,788	207,019	161,198
	963,633	785,117	972,112
Conservation Land Management Services			
Program Management and Land Donations	20,000	1,766	4,207
Baxter	150,000	171,421	161,813
Foley Mountain	70,000	96,770	88,711
Other Developed Conservation Areas	59,000	43,181	40,259
Other Conservation Areas	13,000	100	3,766
Lease and Management Agreements	32,000	31,437	34,243
	344,000	344,675	332,999
Corporate Services			
Administration and Finance	40,000	131,536	107,433
Communications	1,800	2,435	3,251
Watershed Information Management System	--	623	--
	41,800	134,594	110,684
Net Program Revenues	2,757,798	3,489,249	3,271,751

**Rideau Valley Conservation Authority
Program Expenditures ▶ Schedule 3**

For the year ended December 31	(Note 16) (unaudited) Budget	2019	2018
	\$	\$	\$
Watershed Sciences and Engineering Services			
Program Management	59,971	94,085	177,164
Watershed Report Cards	165,073	141,836	203,429
Drinking Water Source Protection (note 13)	230,803	201,340	201,874
Surface Water Quality Monitoring	476,179	435,097	320,871
Hydrometric Monitoring and Forecasting	255,396	294,081	224,025
Flood, Erosion and Drought Studies	323,578	745,346	321,262
Groundwater Monitoring	292,208	162,202	236,311
Aquatic and Terrestrial Habitat Monitoring	410,649	346,280	405,973
Water Control Infrastructure ▶ operations	82,799	69,544	89,572
▶ capital maintenance	10,000	696,331	204,491
Rideau River Ice Management	675,059	1,379,002	893,014
Amortization	49,600	107,225	51,143
	3,031,315	4,672,369	3,329,129
Planning Advisory and Regulatory Services			
Program Management	126,824	153,333	92,283
Plan Review	787,546	675,860	580,356
Section 28 Conservation Authorities Act	616,326	702,236	595,153
Part IV Clean Water Act	7,800	3,830	20,599
Part VIII Building Code Act	524,251	569,935	544,000
Septic Re inspection Program	22,889	69,812	19,957
Amortization	2,700	2,736	2,736
	2,088,336	2,177,742	1,855,084
Stewardship Services			
Program Management	148,197	137,435	139,711
Landowner Resource Centre	--	--	--
▶ Storefront	--	--	159,592
▶ Production Centre	--	--	84,367
Private Land Forestry	646,778	623,299	595,476
Clean Water Program	498,744	322,803	372,234
Shoreline Stewardship Program	279,846	274,524	202,070
Other	73,187	59,687	97,431
Amortization	2,600	2,667	2,667
	1,649,352	1,420,415	1,653,548

**Rideau Valley Conservation Authority
Program Expenditures ▶ Schedule 3**

For the year ended December 31	(Note 16) (unaudited) Budget	2019	2018
	\$	\$	\$
Conservation Land Management Services			
Program Management and Land Donations	108,449	108,997	61,620
Baxter Conservation Area	310,206	345,927	309,759
Foley Mountain Conservation Area	298,142	280,990	265,735
Other Developed Conservation Areas	287,098	252,838	204,099
Other Conservation Lands	210,789	204,383	188,778
Lease and Management Agreements	32,000	33,184	33,365
Amortization	49,400	49,429	50,898
	1,296,084	1,275,748	1,114,254
Corporate Services			
Management and Members	298,674	284,262	265,241
Finance and Administration	421,772	410,146	433,946
Communications	276,396	210,320	150,844
Foundation	87,849	83,825	77,111
Headquarter Lease and Maintenance	249,705	179,242	189,965
Watershed Information Management System	229,118	214,245	185,061
	1,563,514	1,382,040	1,302,168
Internal Cost ▶ Expenditures (Recoveries)			
Gain on Disposal	--	(12,057)	(4,447)
Common Cost	14,699	16,247	(1,537)
Vehicles and Equipment	(68,518)	(121,456)	(104,921)
Amortization	254,300	278,148	263,003
	200,481	160,882	152,098
Total Corporate Services	1,763,995	1,542,922	1,454,266
Net Program Expenditures	9,829,082	11,089,196	9,406,331