

RIDEAU VALLEY CONSERVATION AUTHORITY

FINANCIAL STATEMENTS

December 31, 2020

RIDEAU VALLEY CONSERVATION AUTHORITY

December 31, 2020

CONTENTS

	Page
MANAGEMENT RESPONSIBILITY	
INDEPENDENT AUDITOR'S REPORT	
FINANCIAL STATEMENTS	
Statement of Financial Position	1
Statement of Operations	2
Statement of Change in Net Financial Assets	3
Statement of Cash Flows	4
Notes to the Financial Statements	5 - 17
Reserves - Schedule 1	18
Program Revenues - Schedule 2	19
Program Expenditures - Schedule 3	20 - 21

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.



Sommer Casgrain-Robertson, General Manager

To the Board of Directors 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, 2020, 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, 2020, 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.

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

April 22, 2021

MNP LLP

Chartered Professional Accountants

Licensed Public Accountants

RIDEAU VALLEY CONSERVATION AUTHORITY

STATEMENT OF FINANCIAL POSITION

As at December 31, 2020

	2020	2019
NET FINANCIAL ASSETS		
Assets		
Cash	\$ 4,779,834	\$ 4,081,823
Short-term investments (Note 3)	300,007	350,468
Accounts receivable (Note 4)	2,358,179	1,588,744
Long-term investments (Note 3)	1,450,913	1,400,000
	8,888,933	7,421,035
Liabilities		
Accounts payable and accrued liabilities	1,922,319	1,227,562
Vacation pay and other leave entitlements	226,099	229,582
Deferred revenue (Note 6)	1,665,577	1,601,550
Non pension post-retirement benefits obligation (Note 7)	446,677	435,406
Obligation under capital lease (Note 9)	2,310,431	2,565,999
	6,571,103	6,060,099
Net Financial Assets	2,317,830	1,360,936
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 10)	10,860,453	10,930,490
Prepaid expenses	60,027	57,186
Non-Financial Assets	10,920,480	10,987,676
Contingent Liabilities (Note 11)		
ACCUMULATED SURPLUS		
Accumulated Surplus	\$ 13,238,310	\$ 12,348,612

RIDEAU VALLEY CONSERVATION AUTHORITY

STATEMENT OF OPERATIONS

For the year ended December 31, 2020

	(Note 17) BUDGET 2020	ACTUAL 2020	ACTUAL 2019
REVENUE			
Municipal levies	\$ 6,037,522	\$ 6,037,522	\$ 5,833,355
Special municipal levies			
Rideau River Ice Management	946,215	912,334	1,329,002
Water Control infrastructure			
Reserve	10,000	10,000	10,000
Operation and maintenance	40,000	40,000	40,000
Water Quality Monitoring	158,696	110,974	161,084
Britannia Water Control Structure	21,500	21,500	21,500
Provincial Funding			
Ministry of Natural Resources			
Operating grant	354,751	125,286	125,286
Drinking Water Source Protection (Note 14)	-	180,745	200,590
Program revenues (Schedule 2)			
Watershed Sciences and Engineering Services	213,288	157,267	773,696
Planning Advisory and Regulatory Services	1,183,336	1,342,349	1,451,167
Stewardship Services	962,230	820,103	785,117
Conservation Land Management Services	367,000	321,418	344,675
Corporation Services	41,800	121,791	134,594
Other Income			
Capital projects	400,000	449,538	648,042
Total Revenues	10,736,338	10,650,827	11,858,108
EXPENDITURES			
Program expenditures (Schedule 3)			
Watershed Sciences and Engineering Services	3,679,686	3,325,347	4,672,369
Planning Advisory and Regulatory Services	2,179,399	2,270,895	2,177,742
Stewardship Services	1,628,131	1,359,268	1,420,415
Conservation Land Management Services	1,330,005	1,120,294	1,275,748
Corporate Services	1,863,083	1,647,592	1,542,922
Non Pension Post Retirement Benefit Obligation	56,034	37,733	14,562
Total Expenditures	10,736,338	9,761,129	11,103,758
NET SURPLUS FOR THE YEAR	-	889,698	754,350
ACCUMULATED SURPLUS, beginning of year	12,348,612	12,348,612	11,594,262
ACCUMULATED SURPLUS, end of year	\$ 12,348,612	\$ 13,238,310	\$ 12,348,612

See Accompanying Notes

RIDEAU VALLEY CONSERVATION AUTHORITY

STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

For the year ended December 31, 2020

	(Note 17) BUDGET 2020	ACTUAL 2020	ACTUAL 2019
Net surplus for the year	\$ -	\$ 889,698	\$ 754,350
Amortization of tangible capital assets	146,313	289,476	293,892
Amortization of buildings under capital lease	273,877	146,313	146,313
Acquisition of tangible capital assets	(45,000)	(399,011)	(175,143)
Change in prepaid expenses	-	(2,841)	778
Gain on disposal of tangible capital assets	-	(5,644)	(12,057)
Proceeds on disposal of tangible capital assets	-	38,903	21,855
Increase in net financial assets	375,190	956,894	1,029,988
Net financial assets, beginning of year	1,360,936	1,360,936	330,948
Net financial assets, end of year	1,736,126	\$ 2,317,830	\$ 1,360,936

RIDEAU VALLEY CONSERVATION AUTHORITY

STATEMENT OF CASH FLOWS

For the year ended December 31, 2020

	2020	2019
CASH USED IN OPERATING ACTIVITIES		
Net surplus for the year	\$ 889,698	\$ 754,350
Items not affecting cash or equivalent		
Amortization of tangible capital assets	289,481	293,892
Amortization of buildings under capital lease	146,313	146,313
Gain on disposal of tangible capital assets	(5,644)	(12,057)
Changes in non-cash working capital balances		
Accounts receivable	(769,435)	(644,601)
Accounts payable and accrued liabilities	694,757	456,912
Vacation pay and other leave entitlements	(3,483)	46,278
Deferred revenue	64,027	38,132
Non pension post retirement benefit obligation	11,271	14,562
Prepaid expenses	(2,841)	778
	1,314,144	1,094,559
CASH USED IN CAPITAL ACTIVITIES		
Proceeds on disposal of tangible capital assets	38,898	21,855
Acquisition of tangible capital assets	(399,011)	(175,143)
	(360,113)	(153,288)
CASH FROM INVESTING ACTIVITIES		
(Purchase) redemption of short-term investments	50,461	(50,468)
Redemption (purchase) of long-term investments	(50,913)	50,468
	(452)	-
CASH FROM FINANCING ACTIVITIES		
Capital lease payments	(255,568)	(274,666)
INCREASE IN CASH	698,011	666,605
CASH, beginning of year	4,081,823	3,415,218
CASH, end of year	\$ 4,779,834	\$ 4,081,823

RIDEAU VALLEY CONSERVATION AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

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, 2020

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, 2020

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, 2020

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 at 1.6% (2019 - 1.4%) maturing in July 2021. Long-term investments consist of GIC's with interest rates between 1.6% - 3.2% (2019 - 1.6% - 3.2%) maturing between July 2022 and July 2025.

4. ACCOUNTS RECEIVABLE

	2020	2019
Trade and other	\$ 460,689	\$ 379,918
Rideau Valley Conservation Foundation (Note 14)	310,241	229,134
City of Ottawa	1,587,249	979,692
	\$ 2,358,179	\$ 1,588,744

RIDEAU VALLEY CONSERVATION AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

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, 2020, no balance (2019 \$Nil) was payable under the facility.

6. DEFERRED REVENUES

	2020	2019
Conservation Land Management Services	\$ 6,000	\$ 12,859
Watershed Sciences and Engineering Services	131,569	170,736
Planning Advisory & Regulatory Services	173,056	175,832
Stewardship Services	1,354,952	1,242,123
	\$ 1,665,577	\$ 1,601,550

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, 2020 consists of the following components:

	2020	2019
Accrued benefit obligation, beginning of year	\$ 435,406	\$ 420,844
Current service cost	21,771	20,883
Benefits paid during the year	(25,000)	(19,853)
Interest accrued	16,753	20,015
Experience Gain/(Loss)	-	(46,079)
Unamortized Gain/(Loss)	(2,253)	39,596
Expected accrued benefit obligation, end of year	\$ 446,677	\$ 435,406

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 \$391,864 (2019 \$387,951) 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, 2020

9. OBLIGATION UNDER CAPITAL LEASE

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

2021	\$ 322,793
2022	322,793
2023	322,793
2024	322,793
2025	322,793
and thereafter	\$ 1,857,328

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, 2020 was 5.16% (2019 - 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 \$415,835 were paid for 2020 (2019 \$446,611). Interest on the obligation was paid in the amount of \$128,267 (2019 \$139,944).

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, 2020, under the terms of the capital lease, is \$2,310,431 (2019 \$2,565,999).

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, 2020

10. TANGIBLE CAPITAL ASSETS

Cost	Opening	Additions	Transfers	Disposals	Closing
Land	\$ 1,971,309	\$ 6,514	\$ -	\$ -	\$ 1,977,823
Buildings	1,720,797	155,345			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	783,717	43,147	-	(35,148)	791,716
Machinery and Equipment	416,644	96,311	-	(8,293)	504,662
Computers and IT equipment	385,251	50,003	-	-	435,260
Office and Audio Visual					
Equipment	106,555	47,691	-	-	154,246
Assets Under Construction	25,760				25,760
	\$ 22,663,010	\$ 399,011	\$ -	\$ (43,441)	\$ 23,018,586

Accumulated Amortization	Opening	Additions	Disposals	Closing
Buildings	\$ 1,153,565	\$ 30,522	\$ -	\$ 1,184,087
Building Under Capital Lease	1,767,953	146,313	-	1,914,266
Infrastructure				
Dams/Berms/Dykes	7,345,955	106,777	-	7,452,732
Bridges/Boardwalks	335,875	19,165	-	355,040
Vehicles	506,063	66,382	(6,911)	565,534
Machinery and Equipment	282,160	30,060	(3,271)	308,949
Computers and IT equipment	277,843	29,466	-	307,309
Office and Audio Visual				
Equipment	63,106	7,110	-	70,216
	\$ 11,732,520	\$ 435,795	\$ (10,182)	\$ 12,158,133

Net Book Value	2020	2019
Land	\$ 1,977,823	\$ 1,971,309
Buildings	692,055	567,232
Buildings Under Capital Lease	5,401,403	5,547,716
Infrastructure		
Dams/Berms/Dykes	1,946,364	2,053,141
Bridges/Boardwalks	183,172	202,337
Vehicles	226,182	277,654
Machinery and Equipment	195,713	134,484
Computers and IT equipment	127,951	107,408
Office and Audio Visual		
Equipment	84,030	43,449
Assets Under Construction	25,760	25,760
	\$ 10,860,453	\$ 10,930,490

RIDEAU VALLEY CONSERVATION AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

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, 2020 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:

	2020	2019
Unrestricted Surplus	191,835	62,467
Invested in Tangible Capital Assets		
Tangible capital assets	\$ 10,860,453	\$ 10,930,490
Obligation under capital lease	(2,310,431)	(2,565,999)
	8,550,022	8,364,491
Reserves		
Capital Reserves	1,101,952	832,994
Building Life Cycle Reserve	713,550	798,895
Working Fund Reserve	1,103,104	910,000
Program Reserves		
Stewardship	93,065	63,065
Part VIII Program	420,284	307,525
LRC Production Centre	100,800	100,800
ORWC	180,724	125,402
Conservation Lands	91,443	91,443
Planning and Regulations	483,017	483,016
Watershed Science and Engineering	117,500	117,500
Corporate Communications	90,491	90,491
Part IV	523	523
Total reserves	4,496,453	3,921,654
Accumulated Surplus	\$ 13,238,310	\$ 12,348,612

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 2020 of \$912,334 (2019 \$1,392,002). Other special levies in 2020 from the City of Ottawa include Water Control Infrastructure \$10,000 (2019 \$10,000), Water Control Infrastructure Operation and Maintenance \$40,000 (2019 \$40,000), Water Quality Monitoring \$110,974 (2019 \$161,084), and Britannia Water Control Structure Reserve \$21,500 (2019 \$21,500).

RIDEAU VALLEY CONSERVATION AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

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 \$17,579 (2019 \$35,455), grant revenue of \$40,346 (2019 \$31,775), Species at Risk program revenue of \$100,805 (2019 \$71,440) and Shoreline program revenue of \$138,378 (2019 \$90,464) in addition, expense reimbursements of \$13,133 (2019 \$3,849) to the Authority. Of these transfers, \$310,241 (2019 \$229,134) 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 (2019 \$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, 2020

17. BUDGET AMOUNTS

The 2020 budget amounts that were approved on April 23, 2020 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
Surplus for the year per Statement of Operations	\$ -	\$ 889,698
Assets capitalized as tangible capital assets	(45,000)	(399,011)
Gain on disposal of tangible capital assets	-	(5,644)
Amortization	420,190	435,790
Proceeds on disposal of tangible capital assets	-	38,903
Repayment of obligation under capital lease	(255,568)	(255,568)
Transfers from reserves	30,000	286,509
Transfers to reserves	(70,000)	(861,307)
Adjusted surplus for the year	\$ 79,622	\$ 129,370

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, 2020

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

During the 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. 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

For the year ended December 31, 2020

20. SEGMENTED DISCLOSURES

	Watershed Sciences & Engineering Services	Planning Advisory & Regulatory Services	Stewardship Services	Conservation Land Management Services	Corporate Services & Internal Recoveries	2020	2019
Revenues							
Levies	\$ 2,640,144	\$ 986,482	\$ 665,801	\$ 963,004	\$ 1,876,900	\$ 7,132,330	\$ 7,394,940
User fees, program revenues & other	900,551	1,353,957	679,543	245,657	42,392	3,222,100	4,202,613
Interest revenue	-	-	-	-	79,401	79,401	125,277
Donations	674	-	140,561	75,761	-	216,996	135,278
	3,541,369	2,340,439	1,485,905	1,284,422	1,998,693	10,650,827	11,858,108
Expenses							
Amortization	115,460	2,736	2,667	46,234	268,693	435,790	440,205
Charge - common cost	194,871	280,296	88,583	81,193	196,172	841,115	857,669
Charge - vehicle & equipment	29,827	45,617	22,335	61,688	11,502	170,969	239,407
Operating expenses	1,774,406	136,413	670,143	389,680	749,253	3,719,895	4,705,843
Interest on capital lease	-	-	-	-	167,023	167,023	139,946
Recovery - common costs	-	-	-	-	(831,539)	(831,539)	(856,077)
Recovery - LRC	-	-	-	-	(17,540)	(17,540)	(23,984)
Recovery - vehicle & equipment	-	-	-	-	(176,839)	(176,839)	(239,446)
Salaries, wages & benefits	1,210,783	1,805,833	575,540	541,499	1,280,867	5,414,522	5,825,633
	3,325,347	2,270,895	1,359,268	1,120,294	1,647,592	9,723,396	11,089,196
Non Pension Retirement Benefits	-	-	-	-	37,733	37,733	14,562
Net Surplus	\$ 216,022	\$ 69,544	\$ 126,637	\$ 164,128	\$ 313,368	\$ 889,698	\$ 754,350

RIDEAU VALLEY CONSERVATION AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

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, 2019.

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 67% (2019 - 62%) 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, 2020

CONTINUITY OF RESERVES

	2020	2019
Reserves and reserve fund balances, beginning of year	3,921,654	3,129,290
Net transfers from operations approved by board	574,798	792,364
Reserves and reserves fund balances, end of year	\$ 4,496,452	\$ 3,921,654

COMPOSITION OF RESERVES

	2020	2019
Capital Reserves	\$ 1,101,952	\$ 832,994
Building Life Cycle Reserve	713,550	798,895
Working Fund Reserve	1,103,104	910,000
Program Reserves Stewardship	93,065	63,065
Part VIII Program	420,284	307,525
LRC Production Centre	100,800	100,800
ORWC	180,724	125,402
Conservation Lands	91,443	91,443
Planning and Regulations	483,016	483,016
Watershed Science and Engineering	117,500	117,500
Corporate Communications	90,491	90,491
Part IV	523	523
Total	\$ 4,496,452	\$ 3,921,654

RIDEAU VALLEY CONSERVATION AUTHORITY

PROGRAM REVENUES

Schedule 2

For the year ended December 31, 2020

	(Note 17) Budget	2020	2019
Watershed Sciences and Engineering Services			
Watershed Report Cards	-	\$ -	\$ 786
Drinking Water Sources Protection	-	-	750
Surface Water Quality Monitoring	-	9,783	14,009
Hydrometric Monitoring and Forecasting	-	5,552	131
Flood Erosion and Drought Studies	169,488	134,058	607,092
Ground Water Monitoring	-	-	75,409
Aquatic and Terrestrial Habitat Monitoring	43,800	7,874	74,450
Water Control Operations	-	-	1,069
	213,288	157,267	773,696
Planning Advisory and Regulatory Services			
Plan Review	346,800	371,595	426,281
Section 28 Conservation Authorities Act	284,800	294,994	300,056
Septic Re-Inspection Program	38,108	24,055	68,033
Part VIII Building Code Act	505,828	651,705	652,967
Part IV Clean Water Act	7,800	-	3,830
	1,183,336	1,342,349	1,451,167
Stewardship Services			
Private Land Forestry	605,932	540,434	497,575
Clean Water Program	206,000	124,437	80,523
Other	150,298	155,232	207,019
	962,230	820,103	785,117
Conservation Land Management Services			
Program Management and Land Donations	25,000	4,170	1,766
Baxter	200,000	90,749	171,421
Foley Mountain	72,000	75,804	96,770
Other Developed Conservation Areas	30,000	110,037	43,181
Other Conservation Areas	8,000	9,903	100
Lease and Management Agreements	32,000	30,755	31,437
	367,000	321,418	344,675
Corporate Services			
Administration and Finance	40,000	119,596	131,537
Communications	1,800	2,195	2,435
Watershed Information Management System	-	-	622
	41,800	121,791	134,594
Total Program Revenues	\$ 2,767,654	\$ 2,762,928	\$ 3,489,249

RIDEAU VALLEY CONSERVATION AUTHORITY

PROGRAM EXPENDITURES

Schedule 3

For the year ended December 31, 2020

	(Note 17) Budget	2020	2019
Watershed Sciences and Engineering Services			
Program Management	\$ 91,483	\$ 105,241	\$ 94,085
Watershed Report Cards	161,195	94,592	141,836
Drinking Water Source Protection (Note 13)	223,017	183,459	201,340
Surface Water Quality Monitoring	434,223	424,288	435,097
Hydrometric Monitoring and Forecasting	257,129	259,224	294,081
Flood, Erosion and Drought Studies	388,792	333,607	745,346
Ground Water Monitoring	108,965	47,693	162,202
Aquatic and Terrestrial Habitat Monitoring	405,301	208,726	346,280
Water Control Infrastructure			
Operations	181,866	104,583	69,544
Capital Maintenance	431,500	486,140	696,331
Rideau River Ice Management	996,215	962,334	1,379,002
Amortization	-	115,460	107,225
	3,679,686	3,325,347	4,672,369
Planning Advisory and Regulatory Services			
Program Management	129,580	144,473	153,333
Plan Review	813,463	687,250	675,860
Section 28 Conservation Authorities Act	687,400	862,273	702,236
Part IV Clean Water Act	5,020	750	3,830
Part VIII Building Code Act	505,828	538,947	569,935
Septic Re-Inspection Program	38,108	34,466	69,812
Amortization	-	2,736	2,736
	2,179,399	2,270,895	2,177,742
Stewardship Services			
Program Management	153,519	160,702	137,435
Private Land Forestry	717,521	582,378	623,299
Clean Water Program	451,585	370,322	322,803
Shoreline Stewardship Program	230,908	204,828	274,524
Other	74,598	38,371	59,687
Amortization	-	2,667	2,667
	1,628,131	1,359,268	1,420,415
Conservation Land Management Services			
Program Management and Land Donations	104,668	43,732	108,997
Baxter Conservation Area	368,363	253,746	345,927
Foley Mountain Conservation Area	305,880	218,981	280,990
Other Developed Conservation Areas	298,156	353,739	252,838
Other Conservation Areas	220,938	188,332	204,383
Lease and Management Agreements	32,000	15,530	33,184
Amortization	-	46,234	49,429
	1,330,005	1,120,294	1,275,748

RIDEAU VALLEY CONSERVATION AUTHORITY

PROGRAM EXPENDITURES

Schedule 3 continued

For the year ended December 31, 2020

	(Note 17) Budget	2020	2019
Corporate Services			
Management and Members	316,099	279,513	284,262
Finance and Administration	464,336	465,213	410,146
Communications	280,418	212,659	210,320
Foundation	92,736	82,114	83,825
Headquarter Lease and Maintenance	492,591	167,518	179,242
Watershed Information Management System	244,690	213,045	214,245
	1,890,870	1,420,062	1,382,040
Internal Cost - Expenditures (Recoveries)			
Gain on Disposal	-	(5,644)	(12,057)
Common Cost	(35,000)	5,883	16,247
Vehicles and Equipment	7,213	(41,273)	(121,456)
Amortization	-	268,564	278,148
	(27,787)	227,530	160,882
Total Corporate Services	1,863,083	1,647,592	1,542,922
Total Program Expenditures	\$ 10,680,304	\$ 9,723,396	\$ 11,089,196