

RIDEAU VALLEY CONSERVATION AUTHORITY

FINANCIAL STATEMENTS

December 31, 2022

RIDEAU VALLEY CONSERVATION AUTHORITY

December 31, 2022

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RIDEAU VALLEY CONSERVATION AUTHORITY

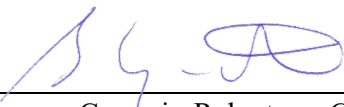
MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

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

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

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



Sommer Casgrain-Robertson, General Manager / Secretary-Treasurer

To the To the Board members of Rideau Valley Conservation Authority:

Opinion

We have audited the financial statements of Rideau Valley Conservation Authority (the "Organization"), which comprise the statement of financial position as at December 31, 2022, and the statements of operations, accumulated operating surplus, changes in net financial assets and cash flows 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 Organization as at December 31, 2022, and the results of its operations, changes in its net financial assets 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 Organization 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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional 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 Organization'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 Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 2, 2023

MNP LLP

Chartered Professional Accountants
Licensed Public Accountants

RIDEAU VALLEY CONSERVATION AUTHORITY

STATEMENT OF FINANCIAL POSITION

As at December 31, 2022

	2022	2021
NET FINANCIAL ASSETS		
Assets		
Cash	\$ 8,714,813	\$ 7,982,094
Short-term investments (Note 3)	400,000	400,000
Accounts receivable (Note 4)	862,712	809,015
Long-term investments (Note 3)	1,350,913	1,350,920
	11,328,438	10,542,029
Liabilities		
Accounts payable and accrued liabilities	2,048,454	1,999,088
Vacation pay and other leave entitlements	198,325	237,001
Deferred revenue (Note 6)	2,152,424	1,998,431
Non pension post-retirement benefits obligation (Note 7)	458,347	454,361
Obligation under capital lease (Note 9)	1,905,023	2,107,727
	6,762,573	6,796,608
Net Financial Assets	4,565,865	3,745,421
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 10)	10,674,723	10,645,014
Prepaid expenses	179,816	77,665
Non-Financial Assets	10,854,539	10,722,679
Contingent Liabilities (Note 11)		
ACCUMULATED SURPLUS		
Accumulated Surplus	\$ 15,420,404	\$ 14,468,100

RIDEAU VALLEY CONSERVATION AUTHORITY

STATEMENT OF OPERATIONS

For the year ended December 31, 2022

	(Note 17) BUDGET 2022	ACTUAL 2022	ACTUAL 2021
REVENUE			
Municipal levies	\$ 6,461,296	\$ 6,461,296	\$ 6,248,836
Special municipal levies			
Rideau River Ice Management	1,119,559	894,774	1,005,837
Water Control infrastructure			
Reserve	10,000	10,000	10,000
Operation and maintenance	40,000	40,000	40,000
Water Quality Monitoring	158,696	158,696	158,696
Britannia Water Control Structure	21,500	21,500	21,500
Provincial Funding			
Ministry of Natural Resources			
Operating grant	107,422	125,286	125,286
Drinking Water Source Protection (Note 14)	217,021	218,572	199,083
Program revenues (Schedule 2)			
Watershed Sciences and Engineering Services	64,700	291,845	280,704
Planning Advisory and Regulatory Services	1,399,677	1,620,644	1,527,702
Stewardship Services	946,643	1,155,963	832,524
Conservation Land Management Services	463,035	436,221	348,805
Corporation Services	114,595	239,201	123,679
Other Income			
Capital projects	80,000	-	78,808
Total Revenues	11,204,144	11,673,998	11,001,460
EXPENDITURES			
Program expenditures (Schedule 3)			
Watershed Sciences and Engineering Services	3,431,718	3,267,327	3,091,837
Planning Advisory and Regulatory Services	2,553,378	2,644,676	2,393,688
Stewardship Services	1,651,914	1,639,509	1,381,300
Conservation Land Management Services	1,402,146	1,352,279	1,244,483
Corporate Services	1,712,311	1,784,715	1,629,188
Non Pension Post Retirement Benefit Obligation	26,682	33,188	31,174
Total Expenditures	10,778,149	10,721,694	9,771,670
NET SURPLUS FOR THE YEAR	425,995	952,304	1,229,790
ACCUMULATED SURPLUS, beginning of year	14,468,100	14,468,100	13,238,310
ACCUMULATED SURPLUS, end of year	\$ 14,894,095	\$ 15,420,404	\$ 14,468,100

See Accompanying Notes

RIDEAU VALLEY CONSERVATION AUTHORITY

STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

For the year ended December 31, 2022

	(Note 17) BUDGET 2022	ACTUAL 2022	ACTUAL 2021
Net surplus for the year	\$ 425,995	\$ 952,304	\$ 1,229,790
Amortization of tangible capital assets	273,877	302,015	295,164
Amortization of buildings under capital lease	146,313	146,313	146,313
Acquisition of tangible capital assets	(595,000)	(497,261)	(232,791)
Change in prepaid expenses	-	(102,151)	(17,638)
Gain on disposal of tangible capital assets	-	19,224	(6,511)
Proceeds on disposal of tangible capital assets	-	-	13,264
Increase in net financial assets	251,185	820,444	1,427,591
Net financial assets, beginning of year	3,745,421	3,745,421	2,317,830
Net financial assets, end of year	3,996,606	\$ 4,565,865	\$ 3,745,421

RIDEAU VALLEY CONSERVATION AUTHORITY

STATEMENT OF CASH FLOWS

For the year ended December 31, 2022

	2022	2021
CASH FROM OPERATING ACTIVITIES		
Net surplus for the year	\$ 952,304	\$ 1,229,790
Items not affecting cash or equivalent		
Amortization of tangible capital assets	302,015	295,164
Amortization of buildings under capital lease	146,313	146,313
Gain on disposal of tangible capital assets	19,224	(6,511)
Changes in non-cash working capital balances		
Accounts receivable	(53,697)	1,549,164
Accounts payable and accrued liabilities	49,366	76,769
Vacation pay and other leave entitlements	(38,676)	10,902
Deferred revenue	153,993	332,854
Non pension post retirement benefit obligation	3,986	7,684
Prepaid expenses	(102,151)	(17,638)
	1,432,677	3,624,491
CASH USED IN CAPITAL ACTIVITIES		
Proceeds on disposal of tangible capital assets	-	13,264
Acquisition of tangible capital assets	(497,261)	(232,791)
	(497,261)	(219,527)
CASH FROM INVESTING ACTIVITIES		
(Purchase) redemption of short-term investments	-	(99,993)
Redemption (purchase) of long-term investments	7	99,993
	7	-
CASH USED IN FINANCING ACTIVITIES		
Capital lease payments	(202,704)	(202,704)
INCREASE IN CASH	732,719	3,202,260
CASH, beginning of year	7,982,094	4,779,834
CASH, end of year	\$ 8,714,813	\$ 7,982,094

See Accompanying Notes

RIDEAU VALLEY CONSERVATION AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

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, 2022

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, 2022

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, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Uncertainty

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the period. Actual results could differ from these estimates. These estimates are reviewed periodically and as adjustments become necessary, they are recorded in the financial statements in the period in which they become known. Significant estimates include estimated useful life of tangible capital assets, the valuation of allowances for doubtful accounts receivable, and future employment benefits.

Contributed services

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

Corporate Services Program Revenues and Expenditures

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

Contaminated Sites

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

3. INVESTMENTS

Short-term investments consist of GIC's with interest rates between 2.60% - 3.20% (2021 - 1.80% - 2.15%) maturing in June 2023. Long-term investments consist of GIC's with interest rates between 1.11% - 4.6% (2021 - 1.11% - 3.2%) maturing between June 2024 and July 2027.

4. ACCOUNTS RECEIVABLE

	2022	2021
Trade and other	\$ 638,859	\$ 440,710
Rideau Valley Conservation Foundation (Note 15)	155,643	136,476
City of Ottawa	68,210	231,829
	\$ 862,712	\$ 809,015

RIDEAU VALLEY CONSERVATION AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

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, 2022, no balance (2021 \$Nil) was payable under the facility.

6. DEFERRED REVENUES

	2022	2021
Conservation Land Management Services	\$ 31,105	\$ 4,500
Watershed Sciences and Engineering Services	93,941	70,370
Planning Advisory & Regulatory Services	169,145	206,846
Stewardship Services	1,430,740	1,273,454
Municipal levies - City of Ottawa	427,493	443,261
	\$ 2,152,424	\$ 1,998,431

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, 2022 consists of the following components:

	2022	2021
Accrued benefit obligation, beginning of year	\$ 454,361	\$ 446,677
Current service cost	23,661	22,696
Benefits paid during the year	(35,000)	(30,000)
Interest accrued	17,578	17,241
Unamortized Gain/(Loss)	(2,253)	(2,253)
Expected accrued benefit obligation, end of year	\$ 458,347	\$ 454,361

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 \$393,795 (2021 - \$383,692) 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, 2022

9. OBLIGATION UNDER CAPITAL LEASE

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

2023	\$ 322,793
2024	322,793
2025	322,793
2026	322,793
2027	322,793
and thereafter	\$ 1,534,535

The Authority has entered into a twenty year lease agreement with the City of Ottawa for the new office building located in Beryl Gaffney Park which expires August 2030. Minimum annual payments are based on the annual debt charges that the City will incur on a twenty year debenture of \$4,735,000. The effective interest rate as of December 31, 2022 was 5.97% (2021 - 5.69%). In addition, an annual park development fee of \$32,000 will be paid to the City for the term of the lease. Rent and park development fees (excluding HST) in the amount of \$354,793 were paid for 2022 (2021 - \$354,793). Interest on the obligation was paid in the amount of \$120,089 (2021 - \$120,089).

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, 2022, under the terms of the capital lease, is \$1,905,023 (2021 \$2,107,727).

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, 2022

10. TANGIBLE CAPITAL ASSETS

Cost	Opening	Additions	Transfers	Disposals	Closing
Land	\$ 1,977,823	\$ -	\$ -	\$ -	\$ 1,977,823
Buildings	1,876,142	-	-	-	1,876,142
Building Under Capital Lease	7,315,669	-	-	-	7,315,669
Infrastructure					
Dams/Berms/Dykes	9,399,096	-	-	-	9,399,096
Bridges/Boardwalks	538,212	-	-	(53,870)	484,342
Vehicles	791,716	41,218	-	-	832,934
Machinery and Equipment	665,648	58,482	-	(8,121)	716,009
Computers and IT equipment	457,132	36,017	-	-	493,149
Office and Audio Visual					
Equipment	159,739	-	-	-	159,739
Assets Under Construction	32,155	361,544			393,699
	\$ 23,213,332	\$ 497,261	\$ -	\$ (61,991)	\$ 23,648,602

Accumulated Amortization	Opening	Additions	Disposals	Closing
Buildings	\$ 1,218,921	\$ 33,296	\$ -	\$ 1,252,217
Building Under Capital Lease	2,060,579	146,313	-	2,206,892
Infrastructure				
Dams/Berms/Dykes	7,557,709	103,177	-	7,660,886
Bridges/Boardwalks	374,205	18,191	(36,811)	355,585
Vehicles	624,609	49,884	-	674,493
Machinery and Equipment	312,341	51,605	(5,956)	357,990
Computers and IT equipment	338,322	33,530	-	371,852
Office and Audio Visual				
Equipment	81,632	12,332	-	93,964
	\$ 12,568,318	\$ 448,328	\$ (42,767)	\$ 12,973,879

Net Book Value	2022	2021
Land	\$ 1,977,823	\$ 1,977,823
Buildings	623,925	657,221
Buildings Under Capital Lease	5,108,777	5,255,090
Infrastructure		
Dams/Berms/Dykes	1,738,210	1,841,387
Bridges/Boardwalks	128,757	164,007
Vehicles	158,441	167,107
Machinery and Equipment	358,019	353,307
Computers and IT equipment	121,297	118,810
Office and Audio Visual		
Equipment	65,775	78,107
Assets Under Construction	393,699	32,155
	\$ 10,674,723	\$ 10,645,014

RIDEAU VALLEY CONSERVATION AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

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, 2022 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:

	2022	2021
Unrestricted Surplus	217,851	245,619
Invested in Tangible Capital Assets		
Tangible capital assets	\$ 10,674,723	\$ 10,645,014
Obligation under capital lease	(1,905,023)	(2,107,727)
	8,769,700	8,537,287
Reserves		
Capital Reserves	1,906,394	1,709,469
Building Life Cycle Reserve	853,550	783,550
Working Fund Reserve	1,212,616	1,212,616
Program Reserves		
Stewardship	338,537	147,011
Part VIII Program	639,691	553,659
LRC Production Centre	100,800	100,800
ORWC	232,892	198,016
Conservation Lands	214,495	91,443
Planning and Regulations	540,992	540,992
Watershed Science and Engineering	256,623	256,623
Corporate Communications	90,491	90,491
Part IV	524	524
Septic Reinspection	45,248	-
Total reserves	6,432,853	5,685,194
Accumulated Surplus	\$ 15,420,404	\$ 14,468,100

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 2022 of \$894,774 (2021 - \$1,005,837). Other special levies in 2022 from the City of Ottawa include Water Control Infrastructure \$10,000 (2021 - \$10,000), Water Control Infrastructure Operation and Maintenance \$40,000 (2021 - \$40,000), Water Quality Monitoring \$158,696 (2021 - \$158,696), and Britannia Water Control Structure Reserve \$21,500 (2021 - \$21,500).

RIDEAU VALLEY CONSERVATION AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

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 \$48,830 (2021 - \$44,131), grant revenue of \$Nil (2021 - \$Nil), Species at Risk program revenue of \$96,773 (2021 - \$17,074) and Shoreline program revenue of \$Nil (2021 - \$71,852) in addition, expense reimbursements of \$44,856 (2021 - \$3,418) to the Authority. Of these transfers, \$155,643 (2021 - \$136,475) 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 (2021 - \$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, 2022

17. BUDGET AMOUNTS

The 2022 budget amounts that were approved on February 24, 2022 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	\$ 425,995	\$ 952,304
Assets capitalized as tangible capital assets	(595,000)	(497,261)
Gain on disposal of tangible capital assets	-	19,225
Amortization	-	448,328
Repayment of obligation under capital lease	(202,704)	(202,704)
Transfers from reserves	495,000	41,218
Transfers to reserves	(123,291)	(788,877)
Adjusted surplus for the year	\$ -	\$ (27,767)

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, 2022

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. SEGMENTED DISCLOSURES

	Watershed Sciences & Engineering Services	Planning Advisory & Regulatory Services	Stewardship Services	Conservation Land Management Services	Corporate Services & Internal Recoveries	2022	2021
Revenues							
Levies	\$ 2,787,288	\$ 1,142,701	\$ 705,271	\$ 1,039,109	\$ 1,911,897	\$ 7,586,266	\$ 7,484,868
User fees, program revenues & other	621,279	1,635,068	1,049,524	420,478	84,309	3,810,658	3,362,464
Interest revenue	-	-	-	-	154,893	154,893	70,305
Donations	-	-	106,438	15,742	-	122,180	83,823
	3,408,567	2,777,769	1,861,233	1,475,329	2,151,099	11,673,997	11,001,460
Expenses							
Amortization	129,077	2,736	2,667	45,590	268,258	448,328	441,477
Charge - common cost	239,036	335,872	100,786	123,070	214,744	1,013,508	880,355
Charge - vehicle & equipment	1,583	47,436	22,396	64,467	11,916	147,798	153,585
Operating expenses	1,320,611	272,285	910,599	328,265	1,054,219	3,885,979	3,505,539
Interest on capital lease	-	-	-	-	157,771	157,771	157,771
Recovery - common costs	-	-	-	-	(1,016,749)	(1,016,749)	(874,457)
Recovery - LRC	-	-	-	-	(17,851)	(17,851)	(25,956)
Recovery - vehicle & equipment	-	-	-	-	(153,648)	(153,648)	(185,975)
Salaries, wages & benefits	1,577,013	1,986,353	603,062	790,887	1,266,055	6,223,370	5,688,157
	3,267,320	2,644,682	1,639,510	1,352,279	1,784,715	10,688,506	9,740,496
Non Pension Retirement Benefits	-	-	-	-	33,188	33,188	31,174
Net Surplus	\$ 141,247	\$ 133,087	\$ 221,723	\$ 123,050	\$ 333,196	\$ 952,303	\$ 1,229,790

RIDEAU VALLEY CONSERVATION AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

20. 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, 2021.

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 the largest concentration of credit with South Nation Conservation Authority that totals 28% (2021 - City of Ottawa, 27%) 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, 2022

CONTINUITY OF RESERVES

	2022	2021
Reserves and reserve fund balances, beginning of year	\$ 5,685,194	\$ 4,496,453
Net transfers from operations approved by board	747,659	1,188,741
Reserves and reserves fund balances, end of year	\$ 6,432,853	\$ 5,685,194

COMPOSITION OF RESERVES

	2022	2021
Capital Reserves	\$ 1,906,394	\$ 1,709,469
Building Life Cycle Reserve	853,550	783,550
Working Fund Reserve	1,212,616	1,212,616
Program Reserves Stewardship	338,537	147,011
Part VIII Program	639,691	553,659
LRC Production Centre	100,800	100,800
ORWC	232,892	198,016
Conservation Lands	214,495	91,443
Planning and Regulations	540,992	540,992
Watershed Science and Engineering	256,623	256,623
Corporate Communications	90,491	90,491
Part IV	524	524
Septic Reinspection	45,248	-
Total	\$ 6,432,853	\$ 5,685,194

RIDEAU VALLEY CONSERVATION AUTHORITY

PROGRAM REVENUES

Schedule 2

For the year ended December 31, 2022

	(Note 17) Budget	2022	2021
Watershed Sciences and Engineering Services			
Surface Water Quality Monitoring	\$ -	\$ 70,774	\$ 5,652
Hydrometric Monitoring and Forecasting	2,700	36,113	2,492
Flood Erosion and Drought Studies	54,000	149,651	163,635
Ground Water Monitoring	-	1,204	-
Aquatic and Terrestrial Habitat Monitoring	38,000	34,103	67,762
Water Control Operations	-	-	41,163
Water Control Structures/Engineering	(30,000)	-	-
	64,700	291,845	280,704
Planning Advisory and Regulatory Services			
Plan Review	360,811	406,829	435,155
Section 28 Conservation Authorities Act	296,306	293,190	308,546
Septic Re-Inspection Program	69,906	121,138	45,027
Part VIII Building Code Act	627,774	797,943	733,700
Part IV Clean Water Act	44,880	1,544	5,274
	1,399,677	1,620,644	1,527,702
Stewardship Services			
Private Land Forestry	617,345	662,799	630,628
Clean Water Program	206,000	354,537	52,643
Other	123,298	138,627	149,253
	946,643	1,155,963	832,524
Conservation Land Management Services			
Program Management and Land Donations	15,000	30,950	-
Baxter	258,325	184,996	138,727
Foley Mountain	79,710	125,466	96,233
Other Developed Conservation Areas	70,000	41,929	55,645
Other Conservation Areas	8,000	18,987	26,200
Lease and Management Agreements	32,000	33,893	32,000
	463,035	436,221	348,805
Corporate Services			
Administration and Finance	114,595	159,236	91,210
Communications	-	7,873	24,334
Watershed Information Management System	-	72,092	8,135
	114,595	239,201	123,679
Total Program Revenues	\$ 2,988,650	\$ 3,743,874	\$ 3,113,414

RIDEAU VALLEY CONSERVATION AUTHORITY

PROGRAM EXPENDITURES

Schedule 3

For the year ended December 31, 2022

	(Note 17) Budget	2022	2021
Watershed Sciences and Engineering Services			
Program Management	\$ 64,568	\$ 101,139	\$ 97,361
Watershed Report Cards	165,160	228,856	161,252
Drinking Water Source Protection (Note 13)	217,020	218,572	199,083
Surface Water Quality Monitoring	447,113	440,554	391,142
Hydrometric Monitoring and Forecasting	286,787	273,438	282,742
Flood, Erosion and Drought Studies	418,562	558,881	524,033
Ground Water Monitoring	156,461	161,746	61,747
Aquatic and Terrestrial Habitat Monitoring	380,387	184,022	143,293
Water Control Infrastructure			
Operations	126,101	26,381	(12,229)
Capital Maintenance	50,000	(113)	70,953
Rideau River Ice Management	1,119,559	944,774	1,055,837
Amortization	-	129,077	116,623
	3,431,718	3,267,327	3,091,837
Planning Advisory and Regulatory Services			
Program Management	138,997	118,758	121,425
Plan Review	827,496	843,991	869,566
Section 28 Conservation Authorities Act	844,325	889,846	741,697
Part IV Clean Water Act	44,880	1,544	4,504
Part VIII Building Code Act	627,774	711,911	600,325
Septic Re-Inspection Program	69,906	75,890	53,435
Amortization	-	2,736	2,736
	2,553,378	2,644,676	2,393,688
Stewardship Services			
Program Management	162,603	166,277	155,598
Private Land Forestry	739,158	711,045	646,281
Clean Water Program	458,145	488,721	296,496
Shoreline Stewardship Program	217,289	192,133	230,813
Other	74,719	78,666	49,445
Amortization	-	2,667	2,667
	1,651,914	1,639,509	1,381,300
Conservation Land Management Services			
Program Management and Land Donations	101,847	96,059	85,105
Baxter Conservation Area	361,231	336,375	338,745
Foley Mountain Conservation Area	314,523	309,062	254,489
Other Developed Conservation Areas	340,037	291,895	282,351
Other Conservation Areas	252,508	239,405	203,304
Lease and Management Agreements	32,000	33,893	32,000
Amortization	-	45,590	48,489
	1,402,146	1,352,279	1,244,483

RIDEAU VALLEY CONSERVATION AUTHORITY

PROGRAM EXPENDITURES

Schedule 3 continued

For the year ended December 31, 2022

	(Note 17) Budget	2022	2021
Corporate Services			
Management and Members	\$ 331,170	\$ 301,438	\$ 304,744
Finance and Administration	546,910	485,426	433,036
Communications	294,868	247,867	247,701
Foundation	98,598	102,703	95,457
Headquarter Lease and Maintenance	157,771	157,771	157,771
Watershed Information Management System	245,690	253,137	226,310
	1,675,007	1,548,342	1,465,019
Internal Cost - Expenditures (Recoveries)			
Gain on Disposal	-	19,225	(6,511)
Common Cost	(22,696)	(28,052)	(26,814)
Vehicles and Equipment	60,000	(23,058)	(73,456)
Amortization	-	268,258	270,950
	37,304	236,373	164,169
Total Corporate Services	1,712,311	1,784,715	1,629,188
Total Program Expenditures	\$ 10,751,467	\$ 10,688,506	\$ 9,740,496