

**FINANCIAL STATEMENTS
DECEMBER 31, 2017**

CONTENTS

Four Year Financial Review.....	1
Management`s Responsibility for the Financial Statements.....	2
Independent Auditor's Report	3 - 4
Statement of Financial Position.....	5
Statement of Operations	6
Statement of Changes in Net Debt.....	7
Statement of Cash Flows.....	8
Notes to the Financial Statements	9 - 19
Schedule 1 ▶ Continuity of Reserves	20
Schedule 2 ▶ Program Revenues.....	21
Schedule 3 ▶ Program Expenditures	22 - 23

**Rideau Valley
Conservation Authority
Financial Statements
December 31, 2017**

Rideau Valley Conservation Authority
Four Year Financial Review
(not subject to audit)

December 31	2017	2016	2015	2014
Equity (000's)				
▸ Surplus and Reserves	\$ 2,297	\$ 1,863	\$ 1,089	\$ 1,290
▸ Invested in capital assets	\$ 8,236	\$ 8,182	\$ 7,385	\$ 6,410
▸ Asset consumption ratio	49.98%	49.33%	49.89%	50.99%
▸ Reserves as % of operating expenses (>20%) **	24.05%	21.53%	16.04%	16.89%
Financial Indicators				
▸ Sustainability				
▸ financial assets to liabilities	0.86	0.77	0.61	0.68
▸ financial assets to liabilities excluding long term debt	1.75	1.57	1.36	1.29
▸ long term debt to tangible capital assets	27.37%	29.09%	32.77%	37.41%
▸ capital reserves to accumulated amortization	10.28%	9.36%	8.49%	9.07%
▸ Flexibility				
▸ Debt charges to total operating revenue (<5%) **	4.48%	4.49%	4.47%	4.38%
▸ Working capital to operating expenses (>10%) **	24.61%	21.14%	11.33%	12.79%
▸ Vulnerability				
▸ Total government transfers ▸ to total revenues	4.07%	4.61%	3.60%	2.67%

** Represents the Provincial Low Risk Indicator.
(Note: All dollar amounts are in thousands of dollars.)

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



Sommer Casgrain-Robertson, General Manager



Sarah Wayne, Manager, Financial Services

INDEPENDENT AUDITOR'S REPORT

To the Members of the Rideau Valley Conservation Authority:

Report on the Financial Statements

We have audited the accompanying financial statements of Rideau Valley Conservation Authority which comprise the statement of financial position as at December 31, 2017, and the statements of operations, changes in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Rideau Valley Conservation Authority as at December 31, 2017 and the results of its operations, changes in net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

A handwritten signature in cursive script, appearing to read "Allan".

Allan and Partners LLP
Chartered Professional Accountants
Licensed Public Accountants

Perth, Ontario,
March 22, 2018.

Rideau Valley Conservation Authority

Statement of Financial Position

December 31	2017	2016
	\$	\$
Financial Assets		
Cash and short term investments	4,401,478	4,206,019
Accounts receivable (note 3)	858,354	817,458
	5,259,832	5,023,477
Liabilities		
Accounts payable and accrued liabilities	705,368	804,807
Vacation pay and sick leave entitlements	206,965	175,464
Deferred revenues (note 4)	1,699,886	1,845,560
Non pension post retirement benefit obligation (note 8)	399,810	374,173
Obligation under capital lease (note 11)	3,104,332	3,356,999
	6,116,361	6,557,003
Net Debt	(856,529)	(1,533,526)
Non-Financial Assets		
Tangible capital assets (note 15)	11,340,356	11,539,197
Prepaid expenses	49,057	39,339
	11,389,413	11,578,536
Accumulated Surplus (note 10)	10,532,884	10,045,010
Contingent Liabilities and Commitments (note 12)		

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

Rideau Valley Conservation Authority

Statement of Operations

For the year ended December 31	(Note 16) (unaudited) Budget	2017	2016
	\$	\$	\$
Revenues			
Municipal levies	5,466,606	5,466,606	5,289,763
Special municipal levies			
Rideau River Ice Management	706,210	616,628	315,534
Water Control Infrastructure ▶ Reserve	10,000	10,000	10,000
▶ Operation and maintenance	23,500	23,500	23,500
Provincial Funding			
Ministry of Natural Resources			
▶ Operating Grant	242,187	242,687	242,687
▶ Drinking Water Source Protection (note 13)	200,000	172,021	227,000
Program revenues (Schedule 2)			
Watershed Sciences and Engineering Services	175,500	214,903	322,055
Planning Advisory and Regulatory Services	1,091,500	1,149,247	1,168,739
Stewardship Services	1,008,233	1,103,823	1,337,357
Conservation Land Management Services	306,000	345,605	344,250
Corporate Services	27,800	69,808	47,878
Other income ▶ capital projects	1,040,000	208,112	868,179
Total Revenues	10,297,536	9,622,940	10,196,942
Expenditures			
Program expenditures (Schedule 3)			
Watershed Sciences and Engineering Services	2,974,286	3,076,448	2,690,241
Planning Advisory and Regulatory Services	1,811,000	1,772,879	1,677,696
Stewardship Services	1,858,250	1,912,097	1,718,476
Conservation Land Management Services	1,102,000	1,047,934	1,159,080
Corporate Services	1,169,333	1,300,071	1,335,095
Non Pension Post Retirement Benefit Obligation	---	25,637	45,040
Total Expenditures	8,914,869	9,135,066	8,625,628
Annual Surplus	1,382,667	487,874	1,571,314
Accumulated Surplus, Beginning of Year	10,045,010	10,045,010	8,473,696
Accumulated Surplus, End of Year	11,427,677	10,532,884	10,045,010

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

Rideau Valley Conservation Authority Statement of Changes in Net Debt

For the year ended December 31	(Note 16) unaudited Budget	2017	2016
	\$	\$	\$
Annual Surplus	1,382,667	487,874	1,571,314
Amortization of tangible capital assets	---	377,757	391,570
Acquisition of tangible capital assets	(1,050,000)	(190,385)	(952,995)
Change in prepaid expenses	---	(9,718)	146
Gain on disposal of tangible capital assets	---	(10,679)	(8,463)
Proceeds on disposal of tangible capital assets	---	22,148	14,765
	(1,050,000)	189,123	(554,977)
Decrease in Net Debt	332,667	676,997	1,016,337
Net Debt, Beginning of Year	(1,533,526)	(1,533,526)	(2,549,863)
Net Debt, End of Year	(1,200,859)	(856,529)	(1,533,526)

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

Rideau Valley Conservation Authority

Statement of Cash Flows

For the year ended December 31	2017	2016
	\$	\$
Operating Activities		
Annual surplus	487,874	1,571,314
Amortization of tangible capital assets	377,757	391,570
Gain on disposal of tangible capital assets	(10,679)	(8,463)
	854,952	1,954,421
Net Change in Non-Cash Working Capital Balances Related to Operations		
Accounts receivable	(40,896)	744,473
Prepaid expenses	(9,718)	146
Accounts payable and accrued liabilities	(99,439)	49,725
Deferred revenues	(145,674)	170,581
Vacation pay and sick leave entitlements	31,501	(10,964)
Non pension post retirement benefit obligation	25,637	45,040
	(238,589)	999,001
Working Capital from Operations	616,363	2,953,422
Capital Activities		
Proceeds on disposal of tangible capital assets	22,148	14,765
Acquisition of tangible capital assets	(190,385)	(952,995)
Net investment in tangible capital assets	(168,237)	(938,230)
Financing Activities		
Capital lease repayments	(252,667)	(242,333)
Net Increase in Cash and Cash Equivalents	195,459	1,772,859
Cash and Cash Equivalents, Beginning of Year	4,206,019	2,433,160
Cash and Cash Equivalents, End of Year	4,401,478	4,206,019

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

Rideau Valley Conservation Authority

Notes to the Financial Statements

December 31, 2017

1. Status of the Authority

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

2. Summary of Significant Accounting Policies

The financial statements of the Rideau Valley Conservation Authority are the representations of management and have been prepared in all material respects in accordance with Canadian Public Sector Accounting Standards.

Basis of Accounting

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

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

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year, and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the Change in Net Debt for the year.

Tangible Capital Assets

Tangible capital assets are recorded at cost, which include all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets are amortized on a straight line basis over their estimated useful lives as follows:

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

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

Rideau Valley Conservation Authority Notes to the Financial Statements

December 31, 2017

2. Summary of Significant Accounting Policies / continued

Tangible Capital Assets / continued

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

When conditions indicate that a tangible capital asset no longer contributes to the Authority's ability to provide services or the value of the future economic benefits associated with the tangible capital asset are less than its net book value, and the decline is expected to be permanent, the cost and accumulated amortization of the asset are reduced to reflect the revised estimate of the value of the asset's remaining service potential. The resulting net adjustment is reported as an expense on the statement of operations.

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

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

Leases

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

Pension and Employee Benefits

The Authority accounts for its participation in the Ontario Municipal Employees Benefit Retirement System ('OMERS'), a multi-employer public sector pension fund, as a defined benefit plan. The OMERS plan specifies the retirement benefits to be received by employees based on length of service and pay rates.

Employee benefits include vacation entitlement and sick leave benefits. Vacation entitlements are accrued as entitlements are earned. Sick leave benefits are accrued in accordance with the Authority's policy.

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

Cash and Cash Equivalents

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

Rideau Valley Conservation Authority Notes to the Financial Statements

December 31, 2017

2. Summary of Significant Accounting Policies / continued

Deferred Revenues

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

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

Revenue Recognition

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

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

Reserves

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

Investments

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

Financial Instruments

All financial instruments are initially recognized at fair value on the balance sheet. The Authority has classified each financial instrument into one of the following categories: held-for-trading financial assets and liabilities, loans and receivables, held-to-maturity financial assets and other financial liabilities. Subsequent measurement of financial instruments is based on their classification.

Held-for-trading financial assets and liabilities are subsequently measured at fair value with changes in those fair values recognized in net revenues.

Loans and receivables, held-to-maturity financial assets and other financial liabilities are subsequently measured at amortized cost using the effective interest method.

The Authority classifies cash and cash equivalents as held-for-trading financial assets, accounts receivable as loans and receivables, and accounts payable and accrued liabilities as other financial liabilities.

Rideau Valley Conservation Authority Notes to the Financial Statements

December 31, 2017

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.

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. Accounts Receivable

	2017	2016
	\$	\$
Trade and other	273,866	239,161
Rideau Valley Conservation Foundation	287,967	303,028
City of Ottawa	296,521	275,269
	858,354	817,458

Rideau Valley Conservation Authority Notes to the Financial Statements

December 31, 2017

4. Deferred Revenues

	2017	2016
	\$	\$
Conservation Land Management Services	7,315	---
Watershed Sciences and Engineering Services	312,901	615,508
Planning Advisory & Regulatory Services	120,544	73,002
Stewardship Services	1,259,126	1,157,050
	1,699,886	1,845,560

5. 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 2017 of \$616,628 (2016 \$315,534). Other special levies in 2017 from the City of Ottawa include Water Control Infrastructure \$10,000 (2016 \$10,000) and Water Control Infrastructure Operation and Maintenance \$23,500 (2016 \$23,500).

6. Related Party

The Rideau Valley Conservation Authority (RVCA) has an economic interest in the Rideau Valley Conservation Foundation. During the year, the Rideau Valley Conservation Foundation contributed \$287,967 (2016 \$303,028) to the Authority. 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.

7. Pension Contributions

The Authority makes contributions to the Ontario Municipal Employees Retirement System ("OMERS"), which is a multi-employer plan, on behalf of all permanent members of its staff. The plan is a 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 \$367,138 (2016 \$378,371) 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

December 31, 2017

8. Non Pension Post Retirement Benefit Obligation

The Authority provides extended health care benefits to certain of its employees and extends this coverage to the post-retirement period. The accrued benefit obligation at December 31, 2017 was \$399,810 (\$374,173 in 2016).

9. 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 accrued liabilities. The fair values of cash, investments, accounts payable and accrued liabilities approximate their carrying values because of their expected short term maturity and treatment on normal trade terms.

The Authority's exposure to and management of risk has not changed materially from December 31, 2016.

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 fulfill their obligations. The Authority is exposed to financial risk that arises from the credit quality of the entities to which it provides services. The Authority does not have a significant exposure to any individual customer or counter party. As a result, the requirement for credit risk related reserves for accounts receivable is minimal.

Interest Rate Risk

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

Liquidity Risk

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

Rideau Valley Conservation Authority

Notes to the Financial Statements

December 31, 2017

10. Accumulated Surplus

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

	2017	2016
	\$	\$
Invested in Tangible Capital Assets		
Tangible capital assets	11,340,356	11,539,197
Obligation under capital lease	(3,104,332)	(3,356,999)
	8,236,024	8,182,198
Unrestricted Surplus (Deficit)	99,676	6,061
Reserves		
Capital Reserves	506,005	458,268
Building Life Cycle Reserve	658,895	592,813
Working Fund Reserve	355,000	297,000
Program Reserves ▶ Stewardship	45,342	25,342
▶ Part VIII Program	89,786	36,458
▶ LRC Production Centre	90,799	90,799
▶ ORWC	96,383	108,282
▶ Conservation Lands	91,443	66,443
▶ Planning and Regulations	183,017	113,017
▶ Watershed Science and Engineering	17,500	18,000
▶ Corporate Communications	62,491	48,491
▶ Part IV	523	1,838
Total Reserves	2,197,184	1,856,751
Accumulated Surplus	10,532,884	10,045,010

11. Obligation Under Capital Lease

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

Year	Annual Payment \$
2018	263,667
2019	274,667
2020	255,568
2021	202,704
2022	202,704
and thereafter	1,905,023

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 calculated at 4.804% per annum. 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 \$445,030 were paid for 2017 (2016 \$443,386).

Rideau Valley Conservation Authority Notes to the Financial Statements

December 31, 2017

11. Obligation Under Capital Lease / continued

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, 2017, under the terms of the capital lease, is \$3,104,332 (2016 \$3,356,999).

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.

12. Contingent Liabilities and Commitments

The nature of conservation authority activities is such that there may be litigation pending or in prospect at any time. With respect to claims as at December 31, 2017, management believes that the Authority has valid defences 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.

13. Source Water Protection

The Source Water Protection Program is a joint program with Mississippi Valley Conservation Authority. There is a Source Water Protection team supported by staff from both Conservation Authorities. Revenues are shared accordingly.

14. 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. Activity based costing is used to allocate internal support costs to departments. These costs include the net expenditures for departments, such as human resources, information systems, finance and others, commonly referred to as overhead.

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

Watershed Sciences and Engineering Services

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

Rideau Valley Conservation Authority Notes to the Financial Statements

December 31, 2017

14. Segmented Information

Planning Advisory and Regulatory Services

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

Stewardship Services

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

Conservation Land Management Services

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

Corporate Services

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

15. Tangible Capital Assets

Cost	Opening	Additions	Disposals	Closing
	\$	\$	\$	\$
Land	1,971,309	---	---	1,971,309
Buildings	9,036,466	---	---	9,036,466
Infrastructure ► Dams/Berms/Dykes	8,045,647	---	(86,667)	7,958,980
Infrastructure ► Bridges/Boardwalks	538,212	---	---	538,212
Vehicles	804,738	87,805	(154,252)	738,291
Machinery and Equipment	364,794	20,952	---	385,746
Computers and IT Equipment	506,651	---	(51,853)	454,798
Office and Audio Visual Equipment	145,480	6,092	---	151,572
Assets Under Construction	1,360,803	75,536	---	1,436,339
	22,774,100	190,385	(292,772)	22,671,713

Rideau Valley Conservation Authority

Notes to the Financial Statements

December 31, 2017

15. Tangible Capital Assets

Accumulated Amortization	Opening	Additions	Disposals	Closing
	\$	\$	\$	\$
Buildings	2,395,099	175,472	---	2,570,571
Infrastructure ► Dams/Berms/Dykes	7,326,713	45,686	(86,667)	7,285,732
Infrastructure ► Bridges/Boardwalks	269,542	22,700	---	292,242
Vehicles	519,010	79,147	(149,250)	448,907
Machinery and Equipment	239,070	21,095	---	260,165
Computers and IT Equipment	379,901	34,676	(51,853)	362,724
Office and Audio Visual Equipment	105,568	5,448	---	111,016
	11,234,903	384,224	(287,770)	11,331,357

Net Book Value	2017	2016
	\$	\$
Land	1,971,309	1,971,309
Buildings	6,465,895	6,641,367
Infrastructure ► Dams/Berms/Dykes	673,248	718,934
Infrastructure ► Bridges/Boardwalks	245,970	268,670
Vehicles	289,384	285,728
Machinery and Equipment	125,581	125,724
Computers and IT Equipment	92,074	126,750
Office and Audio Visual Equipment	40,556	39,912
Assets Under Construction	1,436,339	1,360,803
	11,340,356	11,539,197

16. Budget Amounts

The 2017 budget amounts that were approved on March 23, 2017 are unaudited and were not prepared on a basis consistent with that used to report actual results (Public Sector Accounting Board Standards). The budget included capital items such as infrastructure replacements and estimated costs for constructed assets, as program expenses, but the actual expenses have been removed in the Statement of Operations. The revenues attributable to these items continue to be included in the Statement of Operations, resulting in a significant positive variance.

Rideau Valley Conservation Authority Notes to the Financial Statements

December 31, 2017

16. Budget Amounts / continued

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

	Approved Budget	Actual
	\$	\$
Surplus for the Year Per Statement of Operations	1,382,667	487,874
Assets Capitalized as TCA	(1,050,000)	(190,385)
Gain on Disposal of Tangible Capital Assets	---	(10,679)
Amortization	---	377,757
Proceeds on Disposal of Tangible Capital Assets	---	22,148
Repayment of Obligation Under Capital Lease	(252,667)	(252,667)
Transfers from Reserves	---	163,887
Transfers to Reserves	(80,000)	(504,321)
Adjusted Surplus for the Year	---	93,614

17. 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, 2017 no balance (2016 \$Nil) was payable under the facility.

18. 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 (2016 \$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.

19. Comparative Information

Some reclassification of accounts was necessary to conform to this year's presentation.

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

For the year ended December 31	2017	2016
	\$	\$
Net Transfers From / (To) Other Funds		
Transfers from (to) operations	340,433	371,620
Total Net Transfers Approved By Board	340,433	371,620
Reserves and Reserve Fund Balances, Change in Year	340,433	371,620
Reserves and Reserve Fund Balances, Beginning of Year	1,856,751	1,485,131
Reserves and Reserve Fund Balances, End of Year	2,197,184	1,856,751

Composition of Reserves

For the year ended December 31	2017	2016
	\$	\$
Reserves		
Capital Reserves	506,005	458,268
Building Life Cycle Reserve	658,895	592,813
Working Fund Reserve	355,000	297,000
Program Reserves ► Stewardship	45,342	25,342
► Part VIII Program	89,786	36,458
► LRC Production Centre	90,799	90,799
► ORWC	96,383	108,282
► Conservation Lands	91,443	66,443
► Planning and Regulations	183,017	113,017
► Watershed Science and Engineering	17,500	18,000
► Corporate Communications	62,491	48,491
► Part IV	523	1,838
Total Reserves	2,197,184	1,856,751

Rideau Valley Conservation Authority Program Revenues ► Schedule 2

For the year ended December 31	(Note 16) (unaudited) Budget	2017	2016
	\$	\$	\$
Watershed Sciences and Engineering Services			
Surface Water Quality Monitoring	10,000	10,333	39,961
Hydrometric Monitoring and Forecasting	---	3,219	27,891
Flood Erosion and Drought Studies	50,000	52,243	---
Ground Water Monitoring	18,500	98,160	87,037
Aquatic and Terrestrial Habitat Monitoring	97,000	50,948	156,182
Water Control Operations	---	---	---
Water Information Management System	---	---	10,984
	175,500	214,903	322,055
Planning Advisory and Regulatory Services			
Plan Review	327,000	348,636	401,258
Section 28 Conservation Authorities Act	227,000	232,668	227,265
Septic Re-Inspection Program	20,000	23,246	20,372
Part VIII Building Code Act	507,250	536,671	500,495
Part IV Clean Water Act	10,250	8,026	19,349
	1,091,500	1,149,247	1,168,739
Stewardship Services			
Landowner Resource Centre	500	645	1,167
Landowner Resource Centre ► Production Centre	91,500	105,350	92,855
Private Land Forestry	514,122	618,115	798,301
Clean Water Program	224,000	135,012	93,092
Other	178,111	244,701	351,942
	1,008,233	1,103,823	1,337,357
Conservation Land Management Services			
Program Management and Land Donations	20,000	9,183	17,237
Baxter	110,000	157,922	142,317
Foley Mountain	75,000	67,813	76,966
Other Developed Conservation Areas	55,000	65,508	54,872
Other Conservation Areas	15,000	12,639	20,103
Lease and Management Agreements	31,000	32,540	32,755
	306,000	345,605	344,250
Corporate Services			
Administration and Finance	26,000	65,908	44,203
Communications	1,800	3,900	3,675
	27,800	69,808	47,878
Net Program Revenues	2,609,033	2,883,386	3,220,279

Rideau Valley Conservation Authority Program Expenditures ► Schedule 3

For the year ended December 31	(Note 16) (unaudited) Budget	2017	2016
	\$	\$	\$
Watershed Sciences and Engineering Services			
Program Management	110,500	112,869	111,318
Watershed Report Cards	184,000	181,192	185,307
Drinking Water Source Protection (note 13)	200,000	171,740	228,601
Surface Water Quality Monitoring	286,000	262,568	297,394
Hydrometric Monitoring and Forecasting	221,000	253,305	209,607
Flood, Erosion and Drought Studies	376,000	256,684	240,434
Groundwater Monitoring	147,750	226,474	199,093
Aquatic and Terrestrial Habitat Monitoring	390,500	411,417	457,447
Watershed Information System	198,250	178,248	202,826
Water Control Infrastructure ► operations	---	112,676	55,219
► capital maintenance	---	142,042	33,560
Rideau River Ice Management	860,286	716,628	415,534
Amortization	---	50,605	53,901
	2,974,286	3,076,448	2,690,241
Planning Advisory and Regulatory Services			
Program Management	72,000	72,253	72,053
Plan Review	629,500	654,928	615,531
Section 28 Conservation Authorities Act	572,000	526,470	474,737
Part IV Clean Water Act	10,250	9,342	17,511
Part VIII Building Code Act	507,250	483,343	478,020
Septic Re inspection Program	20,000	23,807	19,844
Amortization	---	2,736	---
	1,811,000	1,772,879	1,677,696
Stewardship Services			
Program Management	144,000	131,162	142,197
Landowner Resource Centre			
► Storefront	196,500	185,181	177,398
► Production Centre	91,500	105,641	82,974
Private Land Forestry	649,000	726,254	609,917
Clean Water Program	449,000	360,034	251,038
Shoreline Stewardship Program	258,000	327,548	291,316
Other	70,250	73,610	160,005
Amortization	---	2,667	3,631
	1,858,250	1,912,097	1,718,476

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

For the year ended December 31	(Note 16) (unaudited) Budget	2017	2016
	\$	\$	\$
Conservation Land Management Services			
Program Management and Land Donations	106,000	56,877	89,240
Baxter Conservation Area	275,000	328,053	309,128
Foley Mountain Conservation Area	244,000	238,002	321,449
Other Developed Conservation Areas	234,000	215,301	191,292
Other Conservation Lands	212,000	126,808	163,000
Lease and Management Agreements	31,000	31,445	32,755
Amortization	---	51,448	52,216
	1,102,000	1,047,934	1,159,080
Corporate Services			
Management and Members	280,000	272,003	274,552
Finance and Administration	405,000	394,212	375,336
Communications	176,000	163,468	166,639
Foundation	116,500	99,207	93,415
Headquarter Lease and Maintenance	191,833	203,551	222,328
	1,169,333	1,132,441	1,132,270
Internal Cost ► Expenditures (Recoveries)			
Gain on Disposal	---	(10,679)	(8,463)
Common Cost	---	5,282	2,912
Vehicles and Equipment	---	(97,274)	(73,445)
Amortization	---	270,301	281,821
	---	167,630	202,825
Total Corporate Services	1,169,333	1,300,071	1,335,095
Net Program Expenditures	8,914,869	9,109,429	8,580,588