

**FINANCIAL STATEMENTS
DECEMBER 31, 2018**

CONTENTS

Management`s Responsibility for the Financial Statements.....	1
Independent Auditor's Report	2 - 3
Statement of Financial Position.....	4
Statement of Operations	5
Statement of Changes in Net Financial Assets.....	6
Statement of Cash Flows.....	7
Notes to the Financial Statements	8 - 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, 2018**

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, 2018, and the statements of operations, changes in net financial assets 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, 2018 and the results of its operations, changes in net financial assets 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 28, 2019.

Rideau Valley Conservation Authority

Statement of Financial Position

December 31	2018	2017
	\$	\$
Financial Assets		
Cash and short term investments	5,165,686	4,401,478
Accounts receivable (note 3)	944,143	858,354
	6,109,829	5,259,832
Liabilities		
Accounts payable and accrued liabilities	770,650	705,368
Vacation pay and sick leave entitlements	183,304	206,965
Deferred revenues (note 4)	1,563,418	1,699,886
Non pension post retirement benefit obligation (note 8)	420,844	399,810
Obligation under capital lease (note 12)	2,840,665	3,104,332
	5,778,881	6,116,361
Net Financial Assets (Debt)	330,948	(856,529)
Non-Financial Assets		
Tangible capital assets (note 16)	11,205,350	11,340,356
Prepaid expenses	57,964	49,057
	11,263,314	11,389,413
Accumulated Surplus (note 11)	11,594,262	10,532,884
Contingent Liabilities and Commitments (note 13)		

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

Rideau Valley Conservation Authority

Statement of Operations

For the year ended December 31	(Note 17) (unaudited) Budget	2018	2017
	\$	\$	\$
Revenues			
Municipal levies	5,647,004	5,647,004	5,466,606
Special municipal levies			
Rideau River Ice Management	567,670	793,014	616,628
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	242,687	242,687	242,687
▶ Drinking Water Source Protection (note 14)	172,402	201,874	172,021
Program revenues (Schedule 2)			
Watershed Sciences and Engineering Services	402,480	472,485	214,903
Planning Advisory and Regulatory Services	1,076,598	1,383,471	1,149,247
Stewardship Services	991,892	972,112	1,103,823
Conservation Land Management Services	340,954	332,999	345,605
Corporate Services	41,800	110,684	69,808
Other income ▶ capital projects	675,000	298,863	208,112
Total Revenues	10,191,987	10,488,693	9,622,940
Expenditures			
Program expenditures (Schedule 3)			
Watershed Sciences and Engineering Services	3,087,122	3,514,192	3,076,448
Planning Advisory and Regulatory Services	1,873,960	1,855,084	1,772,879
Stewardship Services	1,874,139	1,653,548	1,912,097
Conservation Land Management Services	1,202,975	1,114,254	1,047,934
Corporate Services	1,407,463	1,269,203	1,300,071
Non Pension Post Retirement Benefit Obligation	---	21,034	25,637
Total Expenditures	9,445,659	9,427,315	9,135,066
Annual Surplus	746,328	1,061,378	487,874
Accumulated Surplus, Beginning of Year	10,532,884	10,532,884	10,045,010
Accumulated Surplus, End of Year	11,279,212	11,594,262	10,532,884

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

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

For the year ended December 31	(Note 17) unaudited Budget	2018	2017
	\$	\$	\$
Annual Surplus	746,328	1,061,378	487,874
Amortization of tangible capital assets	370,314	370,447	377,757
Acquisition of tangible capital assets	---	(243,866)	(190,385)
Change in prepaid expenses	---	(8,907)	(9,718)
Gain on disposal of tangible capital assets	---	(4,447)	(10,679)
Proceeds on disposal of tangible capital assets	---	12,872	22,148
	370,314	126,099	189,123
Decrease in Net Debt	1,116,642	1,187,477	676,997
Net Debt, Beginning of Year	(856,529)	(856,529)	(1,533,526)
Net Financial Assets (Debt), End of Year	260,113	330,948	(856,529)

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	2018	2017
	\$	\$
Operating Activities		
Annual surplus	1,061,378	487,874
Amortization of tangible capital assets	370,447	377,757
Gain on disposal of tangible capital assets	(4,447)	(10,679)
	1,427,378	854,952
Net Change in Non-Cash Working Capital Balances Related to Operations		
Accounts receivable	(85,789)	(40,896)
Prepaid expenses	(8,907)	(9,718)
Accounts payable and accrued liabilities	65,282	(99,439)
Deferred revenues	(136,468)	(145,674)
Vacation pay and sick leave entitlements	(23,661)	31,501
Non pension post retirement benefit obligation	21,034	25,637
	(168,509)	(238,589)
Working Capital from Operations	1,258,869	616,363
Capital Activities		
Proceeds on disposal of tangible capital assets	12,872	22,148
Acquisition of tangible capital assets	(243,866)	(190,385)
Net investment in tangible capital assets	(230,994)	(168,237)
Financing Activities		
Capital lease repayments	(263,667)	(252,667)
Net Increase in Cash and Cash Equivalents	764,208	195,459
Cash and Cash Equivalents, Beginning of Year	4,401,478	4,206,019
Cash and Cash Equivalents, End of Year	5,165,686	4,401,478

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

Rideau Valley Conservation Authority

Notes to the Financial Statements

December 31, 2018

1. Status of the Authority

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

2. Summary of Significant Accounting Policies

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

Basis of Accounting

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

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

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year, and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the Change in Net Financial Assets (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, 2018

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, 2018

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, 2018

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

	2018	2017
	\$	\$
Trade and other	281,310	273,866
Rideau Valley Conservation Foundation	211,460	287,967
City of Ottawa	451,373	296,521
	944,143	858,354

Rideau Valley Conservation Authority Notes to the Financial Statements

December 31, 2018

4. Deferred Revenues

	2018	2017
	\$	\$
Conservation Land Management Services	5,662	7,315
Watershed Sciences and Engineering Services	173,649	312,901
Planning Advisory & Regulatory Services	153,354	120,544
Stewardship Services	1,230,753	1,259,126
	1,563,418	1,699,886

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 2018 of \$793,014 (2017 \$616,628). Other special levies in 2018 from the City of Ottawa include Water Control Infrastructure \$10,000 (2017 \$10,000) and Water Control Infrastructure Operation and Maintenance \$23,500 (2017 \$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 \$211,460 (2017 \$287,967) 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 \$369,244 (2017 \$367,138) 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, 2018

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, 2018 was \$420,844 (\$399,810 in 2017).

9. Public Sector Salary Disclosure

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

10. 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, 2017.

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, 2018

11. Accumulated Surplus

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

	2018	2017
	\$	\$
Invested in Tangible Capital Assets		
Tangible capital assets	11,205,350	11,340,356
Obligation under capital lease	(2,840,665)	(3,104,332)
	8,364,685	8,236,024
Unrestricted Surplus (Deficit)	100,288	99,676
Reserves		
Capital Reserves	707,011	506,005
Building Life Cycle Reserve	728,895	658,895
Working Fund Reserve	555,000	355,000
Program Reserves ▶ Stewardship	122,555	45,342
▶ Part VIII Program	224,493	89,786
▶ LRC Production Centre	100,800	90,799
▶ ORWC	107,463	96,383
▶ Conservation Lands	91,443	91,443
▶ Planning and Regulations	333,015	183,017
▶ Watershed Science and Engineering	67,500	17,500
▶ Corporate Communications	90,491	62,491
▶ Part IV	523	523
Total Reserves	3,129,289	2,197,184
Accumulated Surplus	11,594,262	10,532,884

12. Obligation Under Capital Lease

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

Year	Annual Payment \$
2019	274,667
2020	255,568
2021	202,704
2022	202,704
2023	202,704
and thereafter	1,702,320

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 \$446,338 were paid for 2018 (2017 \$445,030).

Rideau Valley Conservation Authority Notes to the Financial Statements

December 31, 2018

12. 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, 2018, under the terms of the capital lease, is \$2,840,665 (2017 \$3,104,332).

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.

13. 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, 2018, 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.

14. 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.

15. 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, 2018

15. Segmented Information / continued

Planning Advisory and Regulatory Services

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

Stewardship Services

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

Conservation Land Management Services

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

Corporate Services

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

16. 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	7,958,980	---	(87,150)	7,871,830
Infrastructure ► Bridges/Boardwalks	538,212	---	---	538,212
Vehicles	738,292	68,803	(64,698)	742,397
Machinery and Equipment	385,746	14,714	(16,886)	383,574
Computers and IT Equipment	454,792	57,834	(74,161)	438,465
Office and Audio Visual Equipment	151,572	11,588	---	163,160
Assets Under Construction	1,436,339	90,926	---	1,527,265
	22,671,708	243,865	(242,895)	22,672,678

Rideau Valley Conservation Authority
Notes to the Financial Statements

December 31, 2018

16. Tangible Capital Assets / continued

Accumulated Amortization	Opening	Additions	Disposals	Closing
	\$	\$	\$	\$
Buildings	2,570,571	175,473	---	2,746,044
Infrastructure ▶ Dams/Berms/Dykes	7,285,732	45,687	(87,150)	7,244,269
Infrastructure ▶ Bridges/Boardwalks	292,242	22,701	---	314,943
Vehicles	448,901	70,607	(60,236)	459,272
Machinery and Equipment	260,165	22,457	(13,158)	269,464
Computers and IT Equipment	362,724	27,898	(73,929)	316,693
Office and Audio Visual Equipment	111,016	5,626	---	116,642
	11,331,351	370,449	(234,473)	11,467,327

Net Book Value	2018	2017
	\$	\$
Land	1,971,309	1,971,309
Buildings	6,290,421	6,465,895
Infrastructure ▶ Dams/Berms/Dykes	627,561	673,248
Infrastructure ▶ Bridges/Boardwalks	223,270	245,970
Vehicles	283,124	289,384
Machinery and Equipment	114,109	125,581
Computers and IT Equipment	121,773	92,074
Office and Audio Visual Equipment	46,518	40,556
Assets Under Construction	1,527,265	1,436,339
	11,205,350	11,340,356

Rideau Valley Conservation Authority Notes to the Financial Statements

December 31, 2018

17. Budget Amounts

The 2018 budget amounts that were approved on March 23, 2018 are unaudited.

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	746,329	1,061,379
Assets Capitalized as TCA	(795,000)	(243,866)
Gain on Disposal of Tangible Capital Assets	---	(4,447)
Amortization	370,314	370,448
Proceeds on Disposal of Tangible Capital Assets	---	12,871
Repayment of Obligation Under Capital Lease	(263,667)	(263,667)
Transfers from Reserves	100,000	68,803
Transfers to Reserves	(157,976)	(1,000,909)
Adjusted Surplus for the Year	---	612

18. 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, 2018 no balance (2017 \$Nil) was payable under the facility.

19. 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 (2017 \$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

December 31, 2018

20. Segmented Disclosures

	Watershed Sciences & Engineering Services	Planning Advisory & Regulatory Services	Stewardship Services	Conservation Land Management Services	Corporate Services & Internal Recoveries	Grand Total
	\$	\$	\$	\$	\$	\$
Revenues						
Levies	2,533,942	784,050	879,951	860,381	1,415,194	6,473,518
Recovery						
– production centre	---	---	73,787	---	---	73,787
User fees, program revenues & other	1,137,239	1,395,470	753,123	314,517	141,184	3,741,533
Donations	36,171	---	145,202	18,482	---	199,855
	3,707,352	2,179,520	1,852,063	1,193,380	1,556,378	10,488,693
Expenditures						
Compensation	1,768,146	1,466,551	795,129	670,756	1,003,303	5,703,885
Other operating expenses	1,401,020	95,407	690,103	234,238	887,295	3,308,063
Amortization	51,143	2,736	2,667	50,898	263,003	370,447
Internal charge						
– common costs	247,610	230,803	133,087	85,431	159,882	856,813
Internal charge						
– vehicles & equipment	49,761	59,587	32,562	72,931	19,140	233,981
Recovery – common costs	---	---	---	---	(810,599)	(810,599)
Recovery						
– vehicle & equipment	(3,488)	---	---	---	(231,787)	(235,275)
	3,514,192	1,855,084	1,653,548	1,114,254	1,290,237	9,427,315
Net Surplus	193,160	324,436	198,515	79,126	266,141	1,061,378

21. 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	2018	2017
	\$	\$
Net Transfers From / (To) Other Funds		
Transfers from operations	932,105	340,433
Total Net Transfers Approved By Board	932,105	340,433
 Reserves and Reserve Fund Balances, Change in Year	 932,105	 340,433
Reserves and Reserve Fund Balances, Beginning of Year	2,197,184	1,856,751
Reserves and Reserve Fund Balances, End of Year	3,129,289	2,197,184

Composition of Reserves

For the year ended December 31	2018	2017
	\$	\$
Reserves		
Capital Reserves	707,111	506,005
Building Life Cycle Reserve	728,895	658,895
Working Fund Reserve	555,000	355,000
Program Reserves ► Stewardship	122,555	45,342
► Part VIII Program	224,493	89,786
► LRC Production Centre	100,800	90,799
► ORWC	107,463	96,383
► Conservation Lands	91,443	91,443
► Planning and Regulations	333,015	183,017
► Watershed Science and Engineering	67,500	17,500
► Corporate Communications	90,491	62,491
► Part IV	523	523
Total Reserves	3,129,289	2,197,184

Rideau Valley Conservation Authority Program Revenues ► Schedule 2

For the year ended December 31	(Note 17) (unaudited) Budget	2018	2017
	\$	\$	\$
Watershed Sciences and Engineering Services			
Surface Water Quality Monitoring	8,300	113,001	10,333
Hydrometric Monitoring and Forecasting	---	8,000	3,219
Flood Erosion and Drought Studies	123,930	125,015	52,243
Ground Water Monitoring	140,000	141,144	98,160
Aquatic and Terrestrial Habitat Monitoring	130,250	82,513	50,948
Water Control Operations	---	2,812	---
	402,480	472,485	214,903
Planning Advisory and Regulatory Services			
Plan Review	335,000	369,038	348,636
Section 28 Conservation Authorities Act	227,000	295,273	232,668
Septic Re-Inspection Program	6,743	19,854	23,246
Part VIII Building Code Act	488,539	678,707	536,671
Part IV Clean Water Act	19,316	20,599	8,026
	1,076,598	1,383,471	1,149,247
Stewardship Services			
Landowner Resource Centre	---	538	645
Landowner Resource Centre ► Production Centre	47,000	73,787	105,350
Private Land Forestry	573,648	598,546	618,115
Clean Water Program	205,825	138,043	135,012
Other	165,419	161,198	244,701
	991,892	972,112	1,103,823
Conservation Land Management Services			
Program Management and Land Donations	13,000	4,207	9,183
Baxter	142,700	161,813	157,922
Foley Mountain	80,254	88,711	67,813
Other Developed Conservation Areas	59,000	40,259	65,508
Other Conservation Areas	15,000	3,766	12,639
Lease and Management Agreements	31,000	34,243	32,540
	340,954	332,999	345,605
Corporate Services			
Administration and Finance	40,000	107,433	65,908
Communications	1,800	3,251	3,900
	41,800	110,684	69,808
Net Program Revenues	2,853,723	3,271,751	2,883,386

Rideau Valley Conservation Authority Program Expenditures ► Schedule 3

For the year ended December 31	(Note 17) (unaudited) Budget	2018	2017
	\$	\$	\$
Watershed Sciences and Engineering Services			
Program Management	114,669	177,164	112,869
Watershed Report Cards	185,187	203,429	181,192
Drinking Water Source Protection (note 13)	172,902	201,874	171,740
Surface Water Quality Monitoring	270,686	320,871	262,568
Hydrometric Monitoring and Forecasting	243,039	224,025	253,305
Flood, Erosion and Drought Studies	355,564	321,262	256,684
Groundwater Monitoring	283,174	236,311	226,474
Aquatic and Terrestrial Habitat Monitoring	471,225	405,973	411,417
Watershed Information System	200,789	185,061	178,248
Water Control Infrastructure ► operations	41,817	89,574	112,676
► capital maintenance	10,000	204,491	142,042
Rideau River Ice Management	691,170	893,014	716,628
Amortization	46,900	51,143	50,605
	3,087,122	3,514,192	3,076,448
Planning Advisory and Regulatory Services			
Program Management	115,733	92,283	72,253
Plan Review	713,874	580,356	654,928
Section 28 Conservation Authorities Act	527,155	595,153	526,470
Part IV Clean Water Act	6,743	20,599	9,342
Part VIII Building Code Act	488,540	544,000	483,343
Septic Re inspection Program	19,315	19,957	23,807
Amortization	2,600	2,736	2,736
	1,873,960	1,855,084	1,772,879
Stewardship Services			
Program Management	143,512	139,711	131,162
Landowner Resource Centre			
► Storefront	176,912	159,592	185,181
► Production Centre	80,757	84,367	105,641
Private Land Forestry	708,536	595,476	726,254
Clean Water Program	440,344	372,234	360,034
Shoreline Stewardship Program	250,003	202,070	327,548
Other	71,550	97,431	73,610
Amortization	2,525	2,667	2,667
	1,874,139	1,653,548	1,912,097

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

For the year ended December 31	(Note 17) (unaudited) Budget	2018	2017
	\$	\$	\$
Conservation Land Management Services			
Program Management and Land Donations	102,241	61,620	56,877
Baxter Conservation Area	312,106	309,759	328,053
Foley Mountain Conservation Area	272,803	265,735	238,002
Other Developed Conservation Areas	241,735	204,099	215,301
Other Conservation Lands	194,415	188,778	126,808
Lease and Management Agreements	31,000	33,365	31,445
Amortization	48,675	50,898	51,448
	1,202,975	1,114,254	1,047,934
Corporate Services			
Management and Members	290,499	265,241	272,003
Finance and Administration	385,810	433,946	394,212
Communications	197,803	150,842	163,468
Foundation	84,943	77,111	99,207
Headquarter Lease and Maintenance	259,964	189,965	203,551
	1,219,019	1,117,105	1,132,441
Internal Cost ► Expenditures (Recoveries)			
Gain on Disposal	---	(4,447)	(10,679)
Common Cost	(13,694)	(1,537)	5,282
Vehicles and Equipment	(67,476)	(104,921)	(97,274)
Amortization	269,614	263,003	270,301
	188,444	152,098	167,630
Total Corporate Services	1,407,463	1,269,203	1,300,071
Net Program Expenditures	9,445,659	9,406,281	9,109,429