



MISSISSIPPI VALLEY CONSERVATION AUTHORITY
Financial Statements

Year Ended December 31, 2018

MISSISSIPPI VALLEY CONSERVATION AUTHORITY

Index to the Financial Statements

Year Ended December 31, 2018

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INDEPENDENT AUDITOR'S REPORT

To the Directors and Members of MISSISSIPPI VALLEY CONSERVATION AUTHORITY

I have audited the accompanying financial statements of MISSISSIPPI VALLEY CONSERVATION AUTHORITY, which comprise the statement of financial position as at December 31, 2018 and the statements of net assets, operations and cash flow for the year ended December 31, 2018 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 for not-for-profit organizations 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the 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 the 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of MISSISSIPPI VALLEY CONSERVATION AUTHORITY as at December 31, 2018 and the results of its operations and its cash flow for the year ended December 31, 2018 in accordance with Canadian public sector accounting standards for not-for-profit organizations.



Cross Street Professional Corporation
Authorized to practise public accounting by Chartered Professional Accountants of Ontario

February 20, 2019
Perth, Ontario

MISSISSIPPI VALLEY CONSERVATION AUTHORITY

(Incorporated under the Laws of Ontario)

Statement of Financial Position as at December 31,

2018**2017****ASSETS**

Current

Cash

Term deposits (note 3)

Accounts receivable, trade and other (note 4)

\$	1,081,397	490,228
	1,071,454	1,501,687
	200,052	160,449
	<u>2,352,903</u>	<u>2,152,364</u>

Term deposits (note 3)

Capital assets (note 5)

	-	71,455
	<u>6,985,150</u>	<u>7,135,013</u>
	<u>6,985,150</u>	<u>7,206,468</u>
\$	<u>9,338,053</u>	<u>9,358,832</u>

LIABILITIES AND NET ASSETS

Current liabilities

Accounts payable and accrued liabilities

Current portion of long-term debt (note 7)

Deferred revenue (note 6)

\$	155,167	159,774
	135,320	130,834
	120,505	70,284
	<u>410,992</u>	<u>360,892</u>

Long-term

Long-term debt (note 7)

Deferred contributions for capital assets (note 8)

Retirement benefit liability (note 9)

	4,065,424	4,200,744
	2,182,491	2,115,848
	149,121	131,134
	<u>6,397,036</u>	<u>6,447,726</u>
	<u>6,808,028</u>	<u>6,808,618</u>

Net assets

Invested in capital assets

Reserves (note 10)

Unrestricted

	601,914	687,587
	1,208,700	1,198,517
	719,411	664,110
	<u>2,530,025</u>	<u>2,550,214</u>
\$	<u>9,338,053</u>	<u>9,358,832</u>

See accompanying notes to the financial statements

Approved by:

Director: _____

Director: _____

MISSISSIPPI VALLEY CONSERVATION AUTHORITY

Statement of Net Assets for the year ended December 31,				2018	2017
	Invested in Capital Assets	(note 10) Reserves	Unrestricted	Total	Total
Net assets, beginning of the year	\$ 687,587	1,198,517	664,110	2,550,214	2,722,875
Excess (Deficiency) of revenue over expenses	(233,114)	-	212,925	(20,189)	(172,661)
Investment in capital assets	147,441	-	(147,441)	-	-
Reserve transfers	-	10,183	(10,183)	-	-
Net assets, end of the year	<u>\$ 601,914</u>	<u>1,208,700</u>	<u>719,411</u>	<u>2,530,025</u>	<u>2,550,214</u>

See accompanying notes to the financial statements

MISSISSIPPI VALLEY CONSERVATION AUTHORITY

Statement of Operations for the year ended December 31,

2018

2017

Revenue

Municipal levy - general	\$ 2,798,554	2,709,152
Deferred for capital contributions	(277,005)	(277,005)
	<u>2,521,549</u>	<u>2,432,147</u>

Other revenue (Schedule 1)	657,096	522,682
Government grant - Ministry of Natural Resources	248,792	248,792
Government grant - other provincial	13,445	13,445
Conservation area - fees, sales and rental	68,339	65,708
Supplementary programs	50,900	9,674
Donations	1,325	5,255
	<u>3,561,446</u>	<u>3,297,703</u>

Expenses

Corporate services (Schedule 2)	568,534	586,024
Watershed management (Schedule 2)	1,410,001	1,317,250
Flood and erosion control (Schedule 2)	688,228	692,301
Conservation services (Schedule 2)	630,858	621,280
Supplementary programs (Schedule 2)	50,900	9,674
	<u>3,348,521</u>	<u>3,226,529</u>

Excess of revenue over expenses before capital items

212,925 71,174

Capital items

Amortization of capital assets	(304,305)	(318,202)
Amortization of deferred contributions	210,362	210,961
Gain on disposal of assets	7,000	13,914
Interest on loan	(146,171)	(150,508)
	<u>(233,114)</u>	<u>(243,835)</u>

Deficiency of revenue over expenses

\$ (20,189) (172,661)

See accompanying notes to the financial statements

MISSISSIPPI VALLEY CONSERVATION AUTHORITY

Statement of Cash Flow for the year ended December 31,

2018

2017

	2018	2017
Cash flow from operating activities		
Deficiency of revenue over expenses	\$ (20,189)	(172,661)
Items not affecting cash:		
Amortization of capital assets	304,305	318,202
Amortization of deferred contributions	(210,362)	(210,961)
Gain on disposal of assets	(7,000)	(13,914)
Retirement benefit expense	17,987	17,468
	<u>84,741</u>	<u>(61,866)</u>
Changes in non-cash working capital:		
Accounts receivable, trade and other	(39,603)	(66,640)
Accounts payable and accrued liabilities	(4,607)	(19,365)
Deferred revenue	50,221	19,136
Net cash provided by (used in) operating activities	<u>90,752</u>	<u>(128,735)</u>
Cash flow from investing activities		
Purchase of capital assets	(154,441)	(121,596)
Proceeds from disposal of capital assets	7,000	39,793
Purchase of term deposits	(1,000,000)	(1,501,714)
Proceeds from redemption of term deposits	1,501,687	-
Net cash provided by (used in) investing activities	<u>354,246</u>	<u>(1,583,517)</u>
Cash flow from financing activities		
Repayment of long-term debt	(130,834)	(126,497)
Proceeds from deferred contributions for capital assets	277,005	277,005
Net cash provided by financing activities	<u>146,171</u>	<u>150,508</u>
Net increase (decrease) in cash and equivalents	<u>591,169</u>	<u>(1,561,744)</u>
Cash and equivalents at the beginning of the year	<u>490,228</u>	<u>2,051,972</u>
Cash and equivalents at the end of the year	<u>\$ 1,081,397</u>	<u>490,228</u>

Supplemental disclosure of cash flow information:

Cash received (paid)		
Interest expense	\$ (146,171)	(150,508)
Interest revenue	42,476	9,971

See accompanying notes to the financial statements

MISSISSIPPI VALLEY CONSERVATION AUTHORITY

Schedule 1 - Other Revenue for the year ended December 31,

2018

2017

Other revenue

Bell Canada - K&P	\$	1,650	1,650
Busing grants - MVCF		1,200	1,200
Carp River action plan		7,449	24,160
Carp River Planting		14,501	-
Conservation Centre rentals		125	675
Freedom of information		-	31
Grants - Special:County of Lanark Forestry Program		12,378	13,134
Grants - Special:Federal - Harwood Creek Study		21,199	-
Grants - Special:Floodplain Mapping Grant - Ottawa		48,785	48,785
Grants - Special:Ground Water Monitoring Project		-	2,000
Grants - Special:MNRF-Drought & Low Water Grant		2,000	-
Grants - Special:MOK - Mississippi Mills Municipal Grant		5,771	11,240
Grants - Special:Ottawa - Baseline WQ Monitor		36,821	-
Grants - Special:Ottawa - Carp Erosion Control		36,313	14,289
Grants - Special:Prov Grant - Miss R FI PI Map S		8,858	-
Interest		33,305	27,230
MNR - Water & erosion control infrastructure		44,942	27,578
MNR dams - preventative maintenance		9,300	9,500
Ontario Hydro Operating		29,549	39,055
Planning and regulation fees		244,407	207,437
R. Tait McKenzie sculpture		-	1,000
RTM trust fund		1,150	2,531
Septic inspection program		75,276	83,949
Sundry revenue		22,117	7,238
	\$	657,096	522,682

See accompanying notes to the financial statements

MISSISSIPPI VALLEY CONSERVATION AUTHORITY

Schedule 2 - Expenses for the year ended December 31,

	2018	2017
Corporate services		
Administration	\$ 496,205	519,505
Communications	95,797	90,766
Operations	(23,468)	(24,247)
	<u>\$ 568,534</u>	<u>586,024</u>
Watershed management		
Information management	\$ 185,189	184,412
Plan review	207,772	223,253
Section 28 regulation enforcement	273,077	242,512
Septic inspection program	75,333	83,949
Surveys and studies	130,074	100,240
Watershed monitoring	221,896	140,979
Watershed planning	316,660	341,905
	<u>\$ 1,410,001</u>	<u>1,317,250</u>
Flood and erosion control		
Flood forecasting and warning	\$ 222,646	221,304
Operation/maintenance flood control structures	309,327	310,704
Preventative maintenance flood control structures	156,255	160,293
	<u>\$ 688,228</u>	<u>692,301</u>
Conservation services		
Conservation education	\$ 103,886	96,454
Conservation services	83,664	52,944
Land management	311,221	332,826
Visitor services	132,087	139,056
	<u>\$ 630,858</u>	<u>621,280</u>
Supplementary programs		
Canada summer job	\$ 25,668	-
Clean Tech Internship program	13,352	-
MNR - summer experience program	7,609	6,196
Youth Canada Works	4,271	3,478
	<u>\$ 50,900</u>	<u>9,674</u>

See accompanying notes to the financial statements

MISSISSIPPI VALLEY CONSERVATION AUTHORITY

Notes to Financial Statements
Year Ended December 31, 2018

1. Description of Organization

The Authority is established under the Conservation Authorities Act - Ontario. It acts as the agent for water and land conservation and management for its member municipalities. The Authority is a registered charity which is exempt from income tax and may issue tax receipts to donors.

2. Summary of Significant Accounting Policies

These financial statements have been prepared in accordance with Canadian public sector accounting standards for not-for-profit organizations.

Cash and cash equivalents

Cash and cash equivalents consist primarily of bank balances and cash on hand.

Financial instruments

Initial and subsequent measurement

The Authority initially measures its financial assets and liabilities at fair value except for certain related party transactions that are measured at the carrying amount or exchange amount, as appropriate.

The Authority subsequently measures all its financial assets and liabilities at cost or amortized cost.

Financial assets measured at amortized cost on a straight-line basis include cash, term deposits, and accounts receivable.

Financial liabilities measured at amortized cost on a straight-line basis include accounts payable and long term debt.

Transaction costs

Transaction costs related to financial instruments subsequently measured at amortized cost are included in the original cost of the asset or liability and recognized in net income over the life of the instrument using the straight-line method.

Impairment

For financial assets measured at cost or amortized cost, the Authority determines whether there are indications of possible impairment. When there is an indication of impairment, and the Authority determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in net income. A previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may not be greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

Capital assets

Capital assets are accounted for at cost and amortized on the basis of their useful life using the following methods and rates or duration.

MISSISSIPPI VALLEY CONSERVATION AUTHORITY

Notes to Financial Statements
Year Ended December 31, 2018

	<u>Years</u>
Roads and bridges	40
Water control structures	40
Buildings	40
Leasehold improvements	lease term
Equipment	10
Motor vehicles	5
Computer equipment	5
Furniture and fixtures	10

Revenue recognition

The Authority follows the deferral method of accounting for government contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Revenue from conservation areas, supplementary programs and other revenue is recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Donations are recognized when received.

Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses for the periods covered. The main estimates relate to impairment of financial assets, the useful life of capital assets and retirement benefit assumptions.

3. Term Deposits

Guaranteed Investment Certificates held by the Bank of Nova Scotia.

	<u>2018</u>	<u>2017</u>
Current:		
Matures January 19, 2019 and earns interest at rate of 1.7% per annum	\$ 71,454	-
Matures February 14, 2019 and earns interest at rate of 2.1% per annum	500,000	-
Matures November 13, 2019 and earns interest at rate of 2.49% per annum	500,000	-
Matures February 8, 2018 and earns interest at rate of 1.5% per annum	-	1,000,000
Matures December 26, 2018 and earns interest at rate of 2.0% per annum	-	501,687
	<u>\$ 1,071,454</u>	<u>1,501,687</u>
Long-term:		
Matures January 19, 2019 and earns interest at rate of 1.7% per annum	\$ -	71,455

4. Accounts Receivable

	<u>2018</u>	<u>2017</u>
Trade receivables	\$ 177,701	99,465
HST	14,263	43,725
Interest receivable	8,088	17,259
	<u>\$ 200,052</u>	<u>160,449</u>

MISSISSIPPI VALLEY CONSERVATION AUTHORITY

Notes to Financial Statements
Year Ended December 31, 2018

5. Capital Assets

	Cost	Accumulated Amortization	2018 Net Book Value	2017 Net Book Value
Land	\$ 903,066	-	903,066	903,066
Roads and bridges	90,125	62,503	27,622	29,875
Water control structures	2,542,949	1,834,412	708,537	661,661
Buildings	6,204,711	1,208,574	4,996,137	5,148,941
Leasehold improvements	433,240	433,240	-	-
Equipment	392,396	241,846	150,550	151,174
Motor vehicles	284,222	207,744	76,478	85,179
Computer equipment	137,608	114,812	22,796	29,920
Furniture and fixtures	273,170	173,206	99,964	125,197
	<u>\$ 11,261,487</u>	<u>4,276,337</u>	<u>6,985,150</u>	<u>7,135,013</u>

6. Deferred Revenue

	2018	2017
Beginning balance, related to operating funding	\$ 70,284	51,148
Add amount received related to the following year	91,045	46,208
	<u>161,329</u>	<u>97,356</u>
Less amount recognized as revenue in the year	40,824	27,072
Ending balance, related to operating funding	<u>\$ 120,505</u>	<u>70,284</u>
Deferred revenue consists of:		
Bell Canada - K&P trail easement	\$ 962	962
Carp river action plan	-	7,449
City of Ottawa - Upper Poole Creek study	57,590	-
Developer deposits	9,750	8,250
Eastern Region Asset Management project	5,200	-
Eastern Region Safety Committee	3,596	2,696
Mississippi Mills - Naismith Foundation	5,693	-
MVC Foundation	22,714	23,329
RBC Foundation	15,000	-
WECl	-	27,598
	<u>\$ 120,505</u>	<u>70,284</u>

MISSISSIPPI VALLEY CONSERVATION AUTHORITY

Notes to Financial Statements
Year Ended December 31, 2018

7. Long-Term Debt

The Corporation of the Town of Carleton Place loan bearing interest at 3.4% per annum, repayable in semi-annual blended payments of \$138,502. The loan matures June 1, 2040. Secured by mortgage on property at 10970 Highway 7, Carleton Place, ON with a net book value of \$4,936,755.

Current portion

Long-term portion

	2018	2017
	\$ 4,200,744	4,331,578
	<u>135,320</u>	<u>130,834</u>
	<u>\$ 4,065,424</u>	<u>4,200,744</u>

Loan principal payments over the next five years are as follows:

2019	\$ 135,320
2020	139,960
2021	144,759
2022	149,722
2023	<u>154,856</u>
	<u>\$ 724,617</u>

8. Deferred Contributions for Capital Assets

Beginning balance, related to capital assets

Add contributed capital assets

Less amount amortized to revenue

Ending balance, related to capital assets

	2018	2017
	\$ 2,115,848	2,049,804
	<u>277,005</u>	<u>277,005</u>
	2,392,853	2,326,809
	<u>210,362</u>	<u>210,961</u>
	<u>\$ 2,182,491</u>	<u>2,115,848</u>

Deferred contributions for capital assets consists of municipal levies received specifically for funding the construction of the new headquarters building.

9. Retirement Benefit Liability

The Authority sponsors a plan for retiree life and health benefits. Retirees are eligible for benefits from age 60 to age 65 after 25 years of service. Total benefit payments to retirees during the year were \$nil (2017 - \$nil). The plan is unfunded and requires no contribution from employees.

Actuarial valuations for accounting purposes are performed triennially using the projected benefit method prorated on services. The most recent actuarial report was prepared at January 1, 2016.

The actuarial valuation was based on a number of assumptions about future events, such as inflation rates, interest rates, medical inflation rates, and employee turnover and mortality. The assumptions used reflect the Authority's best estimates. The expected inflation rate is 2.5%. The discount rate used to determine the accrued benefit obligation is 3.75%.

MISSISSIPPI VALLEY CONSERVATION AUTHORITY

Notes to Financial Statements
Year Ended December 31, 2018

The total expenses related to retirement benefits include the following components:

	2018	2017
Current service cost		
Interest on obligation	\$ 8,509	8,201
Amortize losses	6,524	6,086
	2,954	3,181
	<u>\$ 17,987</u>	<u>17,468</u>

The total expense related to retirement benefits is included in the statement of operations as a component of Corporate services - administration.

Unamortized losses related to retirement benefits:

	2018	2017
Unamortized loss at start of year	\$ 41,354	44,535
Less amortization of losses	2,954	3,181
Unamortized loss at end of year	<u>\$ 38,400</u>	<u>41,354</u>

10. Reserves

Reserves consist of:	2018	2017
Building	\$ 298,701	298,701
Information technology	24,000	16,000
Museum Building & Art	2,868	1,913
Sick pay	73,843	72,615
Vehicles	36,903	36,903
Water control structures	75,385	772,385
Water management priorities (Glen Cairn Provincial funding)	697,000	-
	<u>\$ 1,208,700</u>	<u>1,198,517</u>

11. Related Parties

Mississippi Valley Conservation Foundation raises funds and provides volunteer support for the conservation and education programs of Mississippi Valley Conservation Authority. The Foundation is a charitable public foundation and may issue tax receipts to donors. The Foundation is exempt from income taxes under paragraph 149(1)(f) of the Income Tax Act as a registered charity. The Foundation is subject to significant influence by the Authority due to Board membership and administrative support. During the year the Foundation disbursed \$1,200 (2017 - \$12,748) to the Authority to support the Authority's programs.

R. Tait McKenzie Trust raises funds for the R. Tait McKenzie museum operated as part of the Authority's programs. The Trust is a charitable private foundation and may issue tax receipts to donors. The Trust is exempt from income taxes as a registered charity. The Trust is subject to significant influence by the organization due to Board membership and administrative support. During the year the Trust disbursed \$1,150 (2017 - \$2,531) to the Authority to support the Authority's programs.

MISSISSIPPI VALLEY CONSERVATION AUTHORITY

Notes to Financial Statements
Year Ended December 31, 2018

12. Pension Plan

The Authority has a group registered retirement savings plan with London Life. Authority contributions to the plan amounted to \$107,200 (2017 - \$101,117).

Effective March 5, 2012 the Authority established an employee pension plan with Ontario Municipal Employees Retirement System (OMERS). The plan is a multi-employer defined benefit plan which specifies the amount of the retirement benefit to be received by employees based on the length of service and rates of pay. As of the effective date all current full time employees had the option to remain with the group registered retirement savings plan or enrol with OMERS. OMERS is mandatory for all employees hired after the effective date. Authority contributions to the plan amounted to \$78,454 (2017 - \$76,771).

13. Financial Instruments

The Authority is exposed to various risks through its financial instruments, without being exposed to concentrations of risk. The main risks are broken down below.

(a) Credit risk:

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Authority's credit risk is primarily attributable to its accounts receivable. The Authority provides credit to some of its clients in the normal course of its operations.

(b) Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate because of changes in market interest rates. The Authority is exposed to interest rate risk on its fixed and floating interest rate financial instruments. Fixed-interest instruments subject the Authority to a fair value risk, since fair value fluctuates inversely to changes in market interest rates. Floating rate instruments subject the Authority to related cash flow risk.

(c) Liquidity risk:

Liquidity risk is the risk that the Authority will encounter difficulty in meeting obligations associated with financial liabilities. The Authority is exposed to this risk mainly in respect of its long-term debt and accounts payable.

14. Commitments

The organization, in the normal course of operations, enters into a number of contracts for goods or services all of which contain short-term cancellation clauses.

15. Economic Dependence

The Authority is dependent on municipal levies for a significant portion of its revenue. As the Authority's main source of income is derived from these levies, its ability to continue viable operations is dependent upon the renewal of those levies on an annual basis.