

MISSISSIPPI VALLEY CONSERVATION AUTHORITY
Financial Statements

Year Ended December 31, 2021

MISSISSIPPI VALLEY CONSERVATION AUTHORITY

Index to the Financial Statements

Year Ended December 31, 2021

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MISSISSIPPI VALLEY CONSERVATION AUTHORITY
Management's Responsibility for the Financial Statements
Year Ended December 31, 2021

The accompanying financial statements of the Mississippi 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 Finance 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 Cross Street Professional Corporation, 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.

Sally McIntyre

Sally McIntyre (Feb 9, 2022 13:52 EST)

Sally McIntyre, General Manager

Angela Millar

Angela Millar (Feb 9, 2022 13:50 EST)

Angela Millar, Treasurer

INDEPENDENT AUDITOR'S REPORT

To the Directors and Members of MISSISSIPPI VALLEY CONSERVATION AUTHORITY

Opinion

I have audited the financial statements of MISSISSIPPI VALLEY CONSERVATION AUTHORITY which comprise the statements of financial position as at December 31, 2021, and the statements of operations, changes in net financial assets, cash flow and the related schedules for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of MISSISSIPPI VALLEY CONSERVATION AUTHORITY as at December 31, 2021, and the results of its operations and its cash flow for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Basis for Opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of MISSISSIPPI VALLEY CONSERVATION AUTHORITY in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing MISSISSIPPI VALLEY CONSERVATION AUTHORITY ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate MISSISSIPPI VALLEY CONSERVATION AUTHORITY or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing MISSISSIPPI VALLEY CONSERVATION AUTHORITY financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



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

Perth, Ontario
February 16, 2022

MISSISSIPPI VALLEY CONSERVATION AUTHORITY

(Incorporated under the Laws of Ontario)

Statement of Financial Position as at December 31,

2021

2020

FINANCIAL ASSETS

Cash	\$	4,331,890	1,335,801
Short-term investments (note 3)		-	1,605,160
Accounts receivable, trade and other (note 4)		369,265	520,284
		<u>4,701,155</u>	<u>3,461,245</u>

LIABILITIES

Accounts payable and accrued liabilities		770,993	285,400
Deferred revenue (note 5)		671,654	490,698
Current portion of long-term debt (note 6)		149,722	144,759
Long-term debt (note 6)		3,630,983	3,780,705
Retirement benefit liability (note 7)		151,794	152,376
		<u>5,375,146</u>	<u>4,853,938</u>
NET FINANCIAL ASSETS		(673,991)	(1,392,693)

NON-FINANCIAL ASSETS

Tangible capital assets (note 8)		6,842,473	6,548,656
Intangible assets (note 9)		51,338	-
Prepaid expenses		22,714	22,037
		<u>6,916,525</u>	<u>6,570,693</u>

Contingent Liabilities and Commitments (note 15)

Subsequent Events (note 16)

ACCUMULATED SURPLUS (note 10)

	\$	<u>6,242,534</u>	<u>5,178,000</u>
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See accompanying notes to the financial statements

Approved by:

Director: _____

Director: _____

MISSISSIPPI VALLEY CONSERVATION AUTHORITY

Statement of Operations for the year ended December 31,	Budget	2021	2020
	(Note 11)		
Revenue			
Municipal levy - general	\$ 3,244,667	3,330,540	3,046,450
Municipal levy - special	62,000	62,000	36,352
	<u>3,306,667</u>	<u>3,392,540</u>	<u>3,082,802</u>
Other revenue (Schedule 1)	1,640,259	1,427,865	639,165
Government grant - Ministry of Natural Resources	128,438	128,436	128,436
Government grant - other provincial	13,445	13,445	13,445
Conservation area - fees, sales and rental	46,000	94,440	62,949
Supplementary programs	-	19,908	25,871
Donations	15,500	21,077	16,743
	<u>5,150,309</u>	<u>5,097,711</u>	<u>3,969,411</u>
Expenses			
Corporate services (Schedule 2)	677,585	696,913	609,972
Watershed management (Schedule 2)	1,786,562	1,687,597	1,304,537
Flood and erosion control (Schedule 2)	679,853	626,912	700,571
Stewardship services (Schedule 2)	647,662	581,687	646,307
Supplementary programs (Schedule 2)	-	20,416	16,026
Interest on long-term debt	-	131,835	148,167
Amortization of assets	-	287,817	289,018
	<u>3,791,662</u>	<u>4,033,177</u>	<u>3,714,598</u>
Excess of revenue over expenses	1,358,647	1,064,534	254,813
Accumulated Surplus, Beginning of Year	5,178,000	5,178,000	4,923,187
Accumulated Surplus, End of Year (note 10)	<u>\$ 6,536,647</u>	<u>6,242,534</u>	<u>5,178,000</u>

See accompanying notes to the financial statements

MISSISSIPPI VALLEY CONSERVATION AUTHORITY

Statement of Changes in Net Financial Assets for the year ended
December 31,

	Budget	2021	2020
	(Note 11)		
ANNUAL SURPLUS	\$ 1,358,647	1,064,534	254,813
Amortization of assets	-	287,817	289,018
Acquisition of tangible capital assets	(1,800,100)	(575,930)	(117,032)
Acquisition of intangible assets	(250,000)	(57,042)	-
Change in prepaid expenses	-	(677)	(18,989)
	<u>(2,050,100)</u>	<u>(345,832)</u>	<u>152,997</u>
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(691,453)	718,702	407,810
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>(1,392,693)</u>	<u>(1,392,693)</u>	<u>(1,800,503)</u>
NET FINANCIAL ASSETS, END OF YEAR	<u><u>\$(2,084,146)</u></u>	<u><u>(673,991)</u></u>	<u><u>(1,392,693)</u></u>

See accompanying notes to the financial statements

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MISSISSIPPI VALLEY CONSERVATION AUTHORITY

Statement of Cash Flow for the year ended December 31,	2021	2020
Operating Activities		
Annual surplus	\$ 1,064,534	254,813
Items not affecting cash:		
Amortization of assets	287,817	289,018
	1,352,351	543,831
Change in Working Capital		
Accounts receivable, trade and other	151,019	(118,653)
Prepaid expenses and other assets	(677)	(18,989)
Accounts payable and accrued liabilities	485,593	93,412
Deferred revenue	180,956	125,189
Retirement benefit liability	(582)	1,460
	816,309	82,419
Net change in operating activities	2,168,660	626,250
Capital activities		
Acquisition of capital assets	(575,930)	(117,032)
Acquisition of intangible assets	(57,042)	-
Net capital activities	(632,972)	(117,032)
Investing activities		
Purchase of short term investments	-	(1,605,160)
Proceeds from redemption of short term investments	1,605,160	1,096,421
Net investing activities	1,605,160	(508,739)
Financing activities		
Proceeds from redemption of long-term investments	-	501,447
Repayment of long-term debt	(144,759)	(139,960)
Net financing activities	(144,759)	361,487
Net increase in cash	2,996,089	361,966
Cash, Beginning of Year	1,335,801	973,835
Cash, End of Year	\$ 4,331,890	1,335,801
Supplemental disclosure of cash flow information:		
Cash received (paid)		
Interest expense	\$ (132,246)	(137,045)
Interest revenue	28,101	25,211

See accompanying notes to the financial statements

MISSISSIPPI VALLEY CONSERVATION AUTHORITY

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

Budget

2021

2020

Other revenue

Bell Canada - K&P	\$ 1,700	1,644	1,612
Conservation Centre rentals	-	4,109	400
Federation of Cdn Municipalities - Asset Management	-	-	2,625
Freedom of information	-	5	28
Grants - Special:Canada Heritage Emergency Fund	-	-	11,899
Grants - Special:CMOG - Digital Grant	-	3,000	-
Grants - Special:County of Lanark Forestry Program	6,000	10,679	8,083
Grants - Special:Enbridge	5,000	-	-
Grants - Special:Federal - Harwood Creek Study	-	2,741	-
Grants - Special:Federal - NDMP	155,000	27,957	-
Grants - Special:Floodplain Mapping Grant - Ottawa	48,785	48,785	48,785
Grants - Special:MOK - Mississippi Mills	11,974	12,220	11,974
Grants - Special:Ottawa - Carp Erosion Control	200,000	232,268	33,928
Grants - Special:Ottawa Rural Clean Water Project	3,000	8,683	1,375
Grants - Special:Temporary Emerg. Wage Subsidy	-	25,000	-
Interagency Coordination - LiDAR	-	62,446	-
Interest	34,500	16,081	32,504
MNR - Water & erosion control infrastructure	775,000	328,256	15,933
MNR dams - preventative maintenance	7,350	3,248	9,225
Ontario Hydro Operating	42,500	33,672	47,019
Planning and regulation fees	240,000	430,608	294,523
Poole Creek study	12,000	-	-
Roy Brown Park	10,000	-	-
RTM trust fund	-	10,446	5,748
Septic inspection program	75,000	141,728	88,863
Sundry revenue	2,450	24,289	17,962
WISKI contributions	10,000	-	6,679
	\$ 1,640,259	1,427,865	639,165

See accompanying notes to the financial statements

MISSISSIPPI VALLEY CONSERVATION AUTHORITY

Schedule 2 - Expenses for the year ended December 31,	Budget	2021	2020
Corporate services			
Administration	\$ 587,618	652,772	537,822
Communications	109,767	69,804	92,801
Operations	(19,800)	(25,664)	(20,651)
	<u>\$ 677,585</u>	<u>696,912</u>	<u>609,972</u>
Watershed management			
Information management	\$ 108,825	101,333	189,860
Plan review	650,681	604,492	172,843
Section 28 regulation enforcement	-	-	269,531
Septic inspection program	75,000	109,278	64,254
Surveys and studies	-	-	114,912
Watershed monitoring	-	-	201,780
Technical studies & watershed planning	952,056	872,494	291,357
	<u>\$ 1,786,562</u>	<u>1,687,597</u>	<u>1,304,537</u>
Flood and erosion control			
Flood forecasting and warning	\$ 244,151	196,452	242,584
Operation/maintenance flood control structures	321,494	311,800	301,834
Preventative maintenance flood control structures	114,208	118,660	156,153
	<u>\$ 679,853</u>	<u>626,912</u>	<u>700,571</u>
Stewardship services			
Conservation education	\$ -	-	90,497
Stewardship services	90,483	73,417	89,548
Property management	470,240	430,120	352,438
Visitor services	86,939	78,150	113,824
	<u>\$ 647,662</u>	<u>581,687</u>	<u>646,307</u>
Supplementary programs			
Canada summer job	\$ -	9,018	16,026
Career Launcher	-	11,398	-
	<u>\$ -</u>	<u>20,416</u>	<u>16,026</u>

See accompanying notes to the financial statements

MISSISSIPPI VALLEY CONSERVATION AUTHORITY

Notes to Financial Statements
Year Ended December 31, 2021

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 are the representations of management and have been prepared 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 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:

	<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

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

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

MISSISSIPPI VALLEY CONSERVATION AUTHORITY

Notes to Financial Statements
Year Ended December 31, 2021

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 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.

Intangible Assets

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

	<u>Years</u>
GIS mapping	10

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.

Pensions 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.

The Authority accounts for its participation in the Group RRSP plan held by London Life as an annual program expenditure. This plan was set up for full-time employees prior to OMERS.

Employee benefits include vacation entitlement which are accrued as entitlements as they are earned in accordance with the Authority's policy.

The Authority provides Post-Retirement Benefits in the form of employer paid group insurance premiums commencing on retirement at age 60 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

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

Deferred revenue

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.

MISSISSIPPI VALLEY CONSERVATION AUTHORITY

Notes to Financial Statements
Year Ended December 31, 2021

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

Municipal levies are recognized in the financial statements as revenues in the period in which they are levied.

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

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

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 accrued interest. If the market value of investments become lower than cost and the decline in value is considered to be other than temporary, the investments are written down to market value.

Financial instruments

The Authority recognizes its financial instruments when the authority becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value.

All financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs are added to the carrying amount for those financial instruments subsequently measured at amortized cost.

All financial assets are tested annually for impairment. Management considers recent collection experience for the financial assets, such as a default or delinquency in interest or principal payments in determining whether objective evidence of impairment exists. Any impairment which is not considered temporary is recorded in the statement of operations. Write-downs of financial assets at amortized costs to reflect losses in value are not reversed for subsequent increases in value.

Measurement Uncertainty

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

MISSISSIPPI VALLEY CONSERVATION AUTHORITY

Notes to Financial Statements
Year Ended December 31, 2021

Contributed services

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

Corporate services program revenue 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.

3. Investments

Guaranteed Investment Certificates held by Scotiabank

	<u>2021</u>	<u>2020</u>
Matures January 7, 2021 and earns interest at rate of 1.32% per annum	\$ -	253,255
Matures January 7, 2021 and earns interest at rate of 1.86% per annum	-	254,586
Matures May 14, 2021 and earns interest at rate of 2.2% per annum	-	512,509
Matures June 23, 2021 and earns interest at rate of 0.80% per annum	-	502,104
Matures August 21, 2021 and earns interest at rate of 2.2% per annum	-	82,706
	<u>\$ -</u>	<u>1,605,160</u>

4. Accounts Receivable

	<u>2021</u>	<u>2020</u>
Government and trade receivables	\$ 266,424	209,280
Canada Emergency Wage Subsidy	-	169,495
Special levy	-	36,352
HST	81,331	87,432
Mississippi Valley Conservation Foundation (note 12)	21,510	17,725
	<u>\$ 369,265</u>	<u>520,284</u>

5. Deferred Revenue

	<u>2021</u>	<u>2020</u>
Beginning balance, related to operating funding	\$ 490,698	365,509
Add amount received related to the following year	577,459	414,283
	<u>1,068,157</u>	<u>779,792</u>
Less: amount recognized as revenue in the year	116,119	235,277
amount returned to funder	280,384	53,817
	<u>396,503</u>	<u>289,094</u>
Ending balance, related to operating funding	<u>\$ 671,654</u>	<u>490,698</u>

MISSISSIPPI VALLEY CONSERVATION AUTHORITY

Notes to Financial Statements
Year Ended December 31, 2021

Deferred revenue consists of:

Bell Canada - K&P trail easement	\$ 962	962
Canada Emergency Wage Subsidy (note 15)	-	280,384
Canada Summer Jobs	3,156	-
City of Ottawa - Upper Poole Creek study	12,000	12,000
City of Ottawa Levy	244,395	-
Developer deposits	51,720	33,470
Eastern Region Safety Committee	3,146	3,146
Enbridge	5,000	5,000
LiDAR interagency coordination	22,692	-
Mississippi Mills - Naismith Foundation	5,693	5,693
Municipal Levy for capital	-	85,869
MVC Foundation	25,771	21,674
Ontario Power Generation	2,500	2,500
RBC Foundation	15,000	15,000
Temporary Wage Subsidy (note 15)	-	25,000
WECl for dam construction	279,619	-
	<u>\$ 671,654</u>	<u>490,698</u>

6. Long-Term Debt

	<u>2021</u>	<u>2020</u>
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 \$4,513,224	\$ 3,780,705	3,925,464
Current portion	<u>149,722</u>	<u>144,759</u>
Long-term portion	<u>\$ 3,630,983</u>	<u>3,780,705</u>

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

2022	\$ 149,722
2023	154,856
2024	160,166
2025	165,658
2026	<u>171,338</u>
	<u>\$ 801,740</u>

7. 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 for retirees during the year were \$8,625 (2020 - \$11,833). 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, 2019.

MISSISSIPPI VALLEY CONSERVATION AUTHORITY

Notes to Financial Statements
Year Ended December 31, 2021

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%.

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

	<u>2021</u>	<u>2020</u>
Current service cost	\$ 7,342	7,128
Interest on obligation	4,239	4,170
Amortize (gain) loss	(742)	(800)
	<u>\$ 10,839</u>	<u>10,498</u>

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

Unamortized (gain) loss related to retirement benefits:

	<u>2021</u>	<u>2020</u>
Unamortized (gain) loss at start of year	\$ (10,171)	(10,971)
Less amortization of (gain) loss	(742)	(800)
Unamortized gain at end of year	<u>\$ (9,429)</u>	<u>(10,171)</u>

8. Tangible Capital Assets

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2021 Net Book Value</u>	<u>2020 Net Book Value</u>
Land	\$ 903,066	-	903,066	903,066
Roads and bridges	129,427	71,068	58,359	48,223
Water control structures	3,177,493	1,975,885	1,201,608	707,250
Buildings	6,214,886	1,667,499	4,547,387	4,700,447
Leasehold improvements	442,958	434,212	8,746	-
Equipment	403,593	328,797	74,796	101,639
Motor vehicles	284,222	279,130	5,092	20,167
Computer equipment	164,881	146,384	18,497	18,366
Furniture and fixtures	273,170	248,248	24,922	49,498
	<u>\$ 11,993,696</u>	<u>5,151,223</u>	<u>6,842,473</u>	<u>6,548,656</u>

9. Intangible Assets

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2021 Net Book Value</u>	<u>2020 Net Book Value</u>
GIS mapping	\$ 57,042	5,704	51,338	-

MISSISSIPPI VALLEY CONSERVATION AUTHORITY

Notes to Financial Statements
Year Ended December 31, 2021

10. Accumulated Surplus

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

	<u>2021</u>	<u>2020</u>
Invested in Tangible Capital Assets	\$ 6,842,473	6,548,656
Invested in Intangible Assets	51,338	-
Unrestricted Deficit		
Operating	1,496,074	1,234,594
Long-term debt	(3,780,705)	(3,925,464)
	<u>(2,284,631)</u>	<u>(2,690,870)</u>
Reserves		
Building	368,701	338,701
Conservation areas	127,128	42,000
Information technology	40,158	32,000
Museum Building & Art	6,760	6,751
Sick pay	73,843	73,843
Vehicles	213,537	89,437
Water control structures	364,391	298,646
Water management priorities (Glen Cairn Provincial funding)	438,836	438,836
	<u>1,633,354</u>	<u>1,320,214</u>
Accumulated Surplus	<u>\$ 6,242,534</u>	<u>5,178,000</u>

11. Budget

The budget amounts were not prepared on a basis consistent with that used to report actual results (Canadian Public Sector Accounting Standards). The budget included capital and reserve transfer items as program revenue and expenses but some of the actual revenue and expenses have not been included in the Statement of Operations.

The following analysis is provided to assist readers in understanding these differences:

	<u>Budget</u>	<u>Actual</u>
Annual surplus per Statement of Operations	\$ 1,358,647	1,064,534
Acquisition of tangible capital assets	(1,800,100)	(575,930)
Acquisition of intangible assets	(250,000)	(57,042)
Amortization of assets	-	287,817
Debt repayment	(277,005)	(144,759)
Debt financing	750,000	-
Transfers from operating reserve	314,203	-
Transfers to operating reserve	-	(261,480)
Transfers to capital reserves	<u>(95,745)</u>	<u>(313,140)</u>

MISSISSIPPI VALLEY CONSERVATION AUTHORITY

Notes to Financial Statements
Year Ended December 31, 2021

12. 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 pledged \$23,510 (2020 - \$10,168) 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 \$10,446 (2020 - \$5,748) to the Authority to support the Authority's programs.

13. Pension Plan

The Authority has a group registered retirement savings plan with London Life. Authority contributions to the plan amounted to \$110,365: Authority share \$54,532; employees share \$55,833 (2020 - \$125,059: Authority share \$61,879; employees share \$63,180)

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 \$273,616: Authority share \$136,808; employees share \$136,808 (2020 - \$234,552: Authority share \$117,276; employees share \$117,276)

14. 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.

MISSISSIPPI VALLEY CONSERVATION AUTHORITY

Notes to Financial Statements
Year Ended December 31, 2021

15. 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, 2021, management believes that the Authority has valid defenses and appropriate insurance coverages in place. In the event any claims are successful, the amount is not determinable, therefore, no amount has been accrued in the financial statements of any potential liability.

16. Subsequent Events

Since December 31, 2021, the outbreak of the novel strain of the coronavirus, specifically identified as "COVID-19", has continued to result in a widespread health crisis that has affected economies and financial markets around the world resulting in an economic downturn. This outbreak may also cause staff shortages, reduced demand on programming offered by the Authority, increased government regulations or interventions and decrease in government funding, all of which may negatively impact the financial condition and operations of the Authority. The duration and impact of the COVID-19 outbreak is unknown at this time and it is not possible to reliably estimate the length and severity of these developments.

17. 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.

18. 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, accrued vacation, other accrued liabilities and loan.

The Authority's exposure to and management of risk has not changed materially from December 31, 2021.

Credit risk

Credit risk arises from the possibility that the entities to which the Authority provides services to may experience difficulty and be unable to fulfil their obligations. The Authority is exposed to financial risk that arises from the credit quality of the entities to which it provides services. The Authority 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, cash equivalents, investments and 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.