



**MISSISSIPPI VALLEY CONSERVATION AUTHORITY**  
**Financial Statements**

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Year Ended December 31, 2022

# **MISSISSIPPI VALLEY CONSERVATION AUTHORITY**

Index to the Financial Statements

Year Ended December 31, 2022

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## **MISSISSIPPI VALLEY CONSERVATION AUTHORITY**

### **Management's Responsibility for the Financial Statements**


Year Ended December 31, 2022

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, General Manager  
\_\_\_\_\_  
Stacy Millard, 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, 2022, 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, 2022, 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**

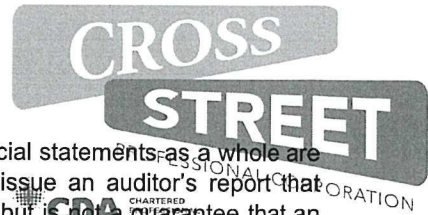
I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of MISSISSIPPI VALLEY CONSERVATION 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 it does not 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.

A handwritten signature in black ink, appearing to read "Cross Street", followed by a stylized flourish.

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

Perth, Ontario  
February 22, 2023



**MISSISSIPPI VALLEY CONSERVATION AUTHORITY**

(Incorporated under the Laws of Ontario)

Statement of Financial Position as at December 31,

**2022****2021****FINANCIAL ASSETS**

Cash	\$	2,836,873	4,331,890
Short-term investments (note 3)		1,019,167	-
Accounts receivable, trade and other (note 4)		642,236	369,265
		<u>4,498,276</u>	<u>4,701,155</u>

**LIABILITIES**

Accounts payable and accrued liabilities (note 5)	370,234	770,993
Deferred revenue (note 6)	374,389	671,654
Current portion of long-term debt (note 7)	245,260	149,722
Long-term debt (note 7)	4,151,522	3,630,983
Retirement benefit liability (note 8)	155,818	151,794
	<u>5,297,223</u>	<u>5,375,146</u>
	(798,947)	(673,991)

**NET FINANCIAL ASSETS****NON-FINANCIAL ASSETS**

Tangible capital assets (note 9)	7,482,111	6,842,473
Intangible assets (note 10)	111,244	51,338
Prepaid expenses	35,165	22,714
	<u>7,628,520</u>	<u>6,916,525</u>

Contingent Liabilities and Commitments (note 16)

Subsequent Events (note 17)

**ACCUMULATED SURPLUS (note 11)**

\$	6,829,573	6,242,534
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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	2022	2021
	(Note 12)		
<b>Revenue</b>			
Municipal levy - general	\$ 3,375,802	3,375,806	3,330,540
Municipal levy - special	63,870	63,870	62,000
	<u>3,439,672</u>	<u>3,439,676</u>	<u>3,392,540</u>
Other revenue (Schedule 1)	1,036,203	1,295,297	1,427,865
Government grant - Ministry of Natural Resources	128,436	128,436	128,436
Government grant - other provincial	13,445	13,445	13,445
Conservation area - fees, sales and rental	55,000	74,867	94,440
Supplementary programs	29,400	15,232	19,908
Donations	38,500	15,469	21,077
	<u>4,740,656</u>	<u>4,982,422</u>	<u>5,097,711</u>
<b>Expenses</b>			
Corporate services (Schedule 2)	663,722	712,943	696,913
Watershed management (Schedule 2)	2,265,030	1,776,438	1,687,597
Flood and erosion control (Schedule 2)	812,448	751,106	626,912
Stewardship services (Schedule 2)	830,674	700,317	581,687
Supplementary programs (Schedule 2)	-	15,158	20,416
Interest on long-term debt	-	128,584	131,835
Amortization of assets	-	310,837	287,817
	<u>4,571,874</u>	<u>4,395,383</u>	<u>4,033,177</u>
<b>Excess of revenue over expenses</b>	168,782	587,039	1,064,534
<b>Accumulated Surplus, Beginning of Year</b>	6,242,534	6,242,534	5,178,000
<b>Accumulated Surplus, End of Year (note 10)</b>	<u>\$ 6,411,316</u>	<u>6,829,573</u>	<u>6,242,534</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,

	<b>Budget</b>	<b>2022</b>	<b>2021</b>
	(Note 12)		
<b>ANNUAL SURPLUS</b>	\$ 168,782	587,039	1,064,534
Amortization of assets	-	310,837	287,817
Acquisition of tangible capital assets	(509,507)	(937,481)	(575,930)
Acquisition of intangible assets	-	(72,900)	(57,042)
Change in prepaid expenses	-	(12,451)	(677)
	<u>(509,507)</u>	<u>(711,995)</u>	<u>(345,832)</u>
<b>INCREASE (DECREASE) IN NET FINANCIAL ASSETS</b>	(340,725)	(124,956)	718,702
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	<u>(673,991)</u>	<u>(673,991)</u>	<u>(1,392,693)</u>
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	<u><u>\$(1,014,716)</u></u>	<u><u>(798,947)</u></u>	<u><u>(673,991)</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,

**2022**

**2021**

## Operating Activities

Annual surplus	\$ 587,039	1,064,534
Items not affecting cash:		
Amortization of assets	310,837	287,817
	<u>897,876</u>	<u>1,352,351</u>

## Change in Working Capital

Accounts receivable, trade and other	(272,971)	151,019
Prepaid expenses and other assets	(12,451)	(677)
Accounts payable and accrued liabilities	(400,759)	485,593
Deferred revenue	(297,265)	180,956
Retirement benefit liability	4,024	(582)
	<u>(979,422)</u>	<u>816,309</u>
Net change in operating activities	(81,546)	2,168,660

## Capital activities

Acquisition of capital assets	(937,481)	(575,930)
Acquisition of intangible assets	(72,900)	(57,042)
Net capital activities	<u>(1,010,381)</u>	<u>(632,972)</u>

## Investing activities

Purchase of short term investments	(1,019,167)	-
Proceeds from redemption of short term investments	-	1,605,160
Net investing activities	<u>(1,019,167)</u>	<u>1,605,160</u>

## Financing activities

Proceeds from long-term debt	700,000	-
Repayment of long-term debt	(83,923)	(144,759)
Net financing activities	<u>616,077</u>	<u>(144,759)</u>

## Net increase (decrease) in cash

(1,495,017)	2,996,089
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## Cash, Beginning of Year

4,331,890	1,335,801
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## Cash, End of Year

\$ 2,836,873	4,331,890
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## Supplemental disclosure of cash flow information:

Cash received (paid)		
Interest expense	\$ (78,187)	(132,246)
Interest revenue	50,481	28,101

See accompanying notes to the financial statements

# MISSISSIPPI VALLEY CONSERVATION AUTHORITY

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

**Budget**

**2022**

**2021**

(Note 12)

## Other revenue

Bell Canada - K&P	\$ 1,734	2,857	1,644
Conservation Centre rentals	-	2,561	4,109
Freedom of information	-	40	5
Grants - Special:Other Capital	60,000	-	-
Grants - Special:ALUS	60,000	103,310	-
Grants - Special:CMOG - Digital Grant	-	-	3,000
Grants - Special:County of Lanark Forestry Program	6,000	11,147	10,679
Grants - Special:DMAF	75,000	-	-
Grants - Special:ECCC-CO	41,900	48,757	-
Grants - Special:Education review	5,000	-	-
Grants - Special:Federal - Harwood Creek Study	-	-	2,741
Grants - Special:Federal - NDMP	16,399	7,535	27,957
Grants - Special:Poole Creek	12,000	8,854	48,785
Grants - Special:FPM Projects - Other Tech Studies	100,000	-	-
Grants - Special:MOK - Mississippi Mills	12,400	12,460	12,220
Grants - Special:Ottawa - Carp Erosion Control	25,000	9,443	232,268
Grants - Special:Ottawa Rural Clean Water Project	3,000	12,899	8,683
Grants - Special: TD Planting Program	5,500	-	-
Grants - Special:Temporary Emerg. Wage Subsidy	-	-	25,000
Interagency Coordination - LiDAR	33,680	30,986	62,446
Interest	25,000	69,648	16,081
MNR - Water & erosion control infrastructure	100,000	397,259	328,256
MNR dams - preventative maintenance	7,590	7,730	3,248
Ontario Power Generation	44,000	19,320	33,672
Planning and regulation fees	305,000	445,363	430,609
Professional services/staff time	10,000	-	-
RTM trust fund	-	4,641	10,446
Septic inspection program	75,000	77,703	141,728
Sundry revenue	2,000	12,784	24,288
WISKI contributions	10,000	10,000	-
	<b>\$ 1,036,203</b>	<b>1,295,297</b>	<b>1,427,865</b>

See accompanying notes to the financial statements

# MISSISSIPPI VALLEY CONSERVATION AUTHORITY

Schedule 2 - Expenses for the year ended December 31,

	Budget	2022	2021
	(Note 12)		
<b>Corporate services</b>			
Administration	\$ 617,108	698,270	652,773
Communications	54,500	28,745	69,804
Operations	(7,886)	(14,072)	(25,664)
	<u>\$ 663,722</u>	<u>712,943</u>	<u>696,913</u>
<b>Watershed management</b>			
Information management	\$ 133,839	82,546	101,333
Plan review	843,505	794,357	604,492
Septic inspection program	75,000	55,629	109,278
Technical studies & watershed planning	1,212,686	843,906	872,494
	<u>\$ 2,265,030</u>	<u>1,776,438</u>	<u>1,687,597</u>
<b>Flood and erosion control</b>			
Flood forecasting and warning	\$ 311,505	253,523	196,452
Operation/maintenance flood control structures	359,246	343,028	311,800
Preventative maintenance flood control structures	141,697	154,555	118,660
	<u>\$ 812,448</u>	<u>751,106</u>	<u>626,912</u>
<b>Stewardship services</b>			
Stewardship services	\$ 236,511	108,683	73,417
Property management	499,374	496,663	430,120
Visitor services	94,789	94,971	78,150
	<u>\$ 830,674</u>	<u>700,317</u>	<u>581,687</u>
<b>Supplementary programs</b>			
Canada summer job	\$ -	9,018	9,018
Career Launcher	-	-	11,398
Environment Canada - Science Horizons	-	6,140	-
	<u>\$ -</u>	<u>15,158</u>	<u>20,416</u>

See accompanying notes to the financial statements

# MISSISSIPPI VALLEY CONSERVATION AUTHORITY

Notes to Financial Statements  
Year Ended December 31, 2022

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## 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, 2022

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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, 2022

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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, 2022

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### 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 measured at cost plus accrued interest.

	2022	2021
Matures September 26, 2023 and earns interest at rate of 4.4% per annum	\$ 1,019,167	-

### 4. Accounts Receivable

	2022	2021
Government and trade receivables	\$ 410,160	266,424
HST	210,566	81,331
Mississippi Valley Conservation Foundation (note 12)	21,510	21,510
	<u>\$ 642,236</u>	<u>369,265</u>

### 5. Accounts Payable and Accrued Liabilities

	2022	2021
Trade payables and accruals	\$ 106,541	627,423
Wages and benefits	188,670	132,859
Loan interest	75,023	10,711
	<u>\$ 370,234</u>	<u>770,993</u>

### 6. Deferred Revenue

	2022	2021
Beginning balance, related to operating funding	\$ 671,654	490,698
Add amount received related to the following year	267,162	577,459
	<u>938,816</u>	<u>1,068,157</u>
Less: amount recognized as revenue in the year	564,427	116,119
amount returned to funder	-	280,384
	<u>564,427</u>	<u>396,503</u>
Ending balance, related to operating funding	<u>\$ 374,389</u>	<u>671,654</u>

# MISSISSIPPI VALLEY CONSERVATION AUTHORITY

Notes to Financial Statements  
Year Ended December 31, 2022

	2022	2021
Deferred revenue consists of:		
Bell Canada - K&P trail easement	\$ -	962
Canada Summer Jobs	-	3,156
City of Ottawa - Upper Poole Creek study	3,147	12,000
City of Ottawa Levy	251,162	244,395
Developer deposits	62,970	51,720
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
MVC Foundation	25,771	25,771
Ontario Power Generation	2,500	2,500
RBC Foundation	15,000	15,000
WECl for dam construction	-	279,619
	<u>\$ 374,389</u>	<u>671,654</u>

## 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 \$4,372,047

\$	3,706,474	3,780,705
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The City of Ottawa loan bearing interest at 3.0% per annum, repayable in monthly blended payments of \$2,951. The loan matures April 1, 2052. The purpose of the loan is to assist with financing of development and construction of water erosion control infrastructure at the Shabomeka Lake Dam.

Total debt

690,308	-
<u>4,396,782</u>	<u>3,780,705</u>

Current portion

245,260	149,722
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Long-term portion

<u>\$ 4,151,522</u>	<u>3,630,983</u>
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Loan principal payments over the next five years are as follows:

2023	245,260
2024	175,529
2025	181,488
2026	187,650
2027	194,021
	<u>\$ 983,948</u>

# MISSISSIPPI VALLEY CONSERVATION AUTHORITY

Notes to Financial Statements  
Year Ended December 31, 2022

## 8. 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 \$9,399 (2021 - \$9,183). 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 December 31, 2022.

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 4.65%.

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

	2022	2021
Current service cost	\$ 7,562	7,342
Interest on obligation	4,311	4,239
Amortize (gain) loss	(688)	(742)
	<u>\$ 11,185</u>	<u>10,839</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:

	2022	2021
Unamortized (gain) loss at start of year	\$ (9,429)	(10,171)
Gain in period	(52,513)	-
	<u>(61,942)</u>	<u>(10,171)</u>
Less amortization of (gain) loss	(688)	(742)
Unamortized gain at end of year	<u>\$ (61,254)</u>	<u>(9,429)</u>

## 9. Tangible Capital Assets

	Cost	Accumulated Amortization	2022 Net Book Value	2021 Net Book Value
Land	\$ 903,066	-	903,066	903,066
Roads and bridges	141,595	74,608	66,987	58,359
Water control structures	4,042,996	2,045,794	1,997,202	1,201,608
Buildings	6,221,446	1,820,723	4,400,723	4,547,387
Leasehold improvements	452,442	435,742	16,700	8,746
Equipment	421,267	356,918	64,349	74,796
Motor vehicles	293,680	286,114	7,566	5,092
Computer equipment	181,515	156,343	25,172	18,497
Furniture and fixtures	273,170	272,824	346	24,922
	<u>\$ 12,931,177</u>	<u>5,449,066</u>	<u>7,482,111</u>	<u>6,842,473</u>



# MISSISSIPPI VALLEY CONSERVATION AUTHORITY

Notes to Financial Statements  
Year Ended December 31, 2022

## 10. Intangible Assets

	Cost	Accumulated Amortization	2022 Net Book Value	2021 Net Book Value
GIS mapping	\$ 129,942	18,698	111,244	51,338

## 11. Accumulated Surplus

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

	2022	2021
<b>Invested in Tangible Capital Assets</b>	\$ 7,482,111	6,842,473
<b>Invested in Intangible Assets</b>	111,244	51,338
<b>Unrestricted Deficit</b>		
Operating	1,496,074	1,496,074
Long-term debt	(4,396,782)	(3,780,705)
	(2,900,708)	(2,284,631)
<b>Reserves</b>		
Building	573,701	368,701
Conservation areas	185,700	127,128
Information technology	80,158	40,158
Museum Building & Art	6,760	6,760
Sick pay	73,843	73,843
Vehicles	263,537	213,537
Water control structures	514,391	364,391
Water management priorities (Glen Cairn Provincial funding)	438,836	438,836
	2,136,926	1,633,354
<b>Accumulated Surplus</b>	\$ 6,829,573	6,242,534

## 12. 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:

	Budget	Actual
Annual surplus per Statement of Operations	\$ 168,782	587,039
Acquisition of tangible capital assets	(509,507)	(937,481)
Acquisition of intangible assets	-	(72,900)
Amortization of assets	-	310,837
Debt repayment	(322,635)	(83,923)
Debt financing	-	700,000
Transfers (to) from unrestricted operating reserve	470,530	-
Transfers (to) from restricted reserves	192,830	(503,572)
	\$ -	-



## MISSISSIPPI VALLEY CONSERVATION AUTHORITY

Notes to Financial Statements  
Year Ended December 31, 2022

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### 13. 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 \$nil (2021 - \$23,510) 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 \$4,641 (2021 - \$10,446) to the Authority to support the Authority's programs.

### 14. Pension Plan

The Authority has a group registered retirement savings plan with London Life. Authority contributions to the plan amounted to \$110,892: Authority share \$54,771; employees share \$56,121 (2021 - \$110,365; Authority share \$54,532; employees share \$55,833)

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 enroll with OMERS. OMERS is mandatory for all employees hired after the effective date. Authority contributions to the plan amounted to \$316,176: Authority share \$158,088; employees share \$158,088 (2021 - \$273,616: Authority share \$136,808; employees share \$136,808)

### 15. 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, 2022

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### 16. 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, 2022, 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.

### 17. Subsequent Events

Since December 31, 2022, 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.

### 18. 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.

### 19. 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, 2022.

#### 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.