Mississippi Valley Conservation Authority

Finance and Administration Advisory Committee Meeting

Hybrid meeting (via Zoom) 1:00 pm March 28, 2024

MVCA Boardroom

AGENDA

ROLL CALL

Declarations of Interest (written)

Adoption of Agenda

MAIN BUSINESS

1. Approval of Minutes: Finance and Administration Advisory Committee Meeting Minutes, November 28th, 2023, Page 2
2. Financial Statements, (Lori Huber, KPMG), Page 12
3. Auditor's Report, (Lori Huber, KPMG), Page 41
4. Employee Manual Amendments, Report 3406/24, (Sally McIntyre), Page 72
5. Removing Operational/Redundant Items from MVCA's *Employee Manual*, Report 3407/24 (Sally McIntyre), Page 75

ADJOURNMENT

MINUTES

Hybrid Meeting Via Zoom and at MVCA Office	Finance and Administration Advisory Committee Meeting	November 28th, 2023

MEMBERS PRESENT	J. Mason, Chair
	R. Kidd
	P. Kehoe
	A. Vereyken (virtual)
	M. Souter
	R. Huetl
	C. Curry (virtual)
	A. Kendrick
MEMBERS ABSENT	A. Hubley
	J. Atkinson
STAFF PRESENT	S. McIntyre, General Manager
	A. Broadbent, Manager of I&CT
	S. Millard, Treasurer
	S. Lawryk, Property Manager
	D. Doughty, Finance Administrative Assistant
	K. Hollington, Recording Secretary

J. Mason called the meeting to order at 10:01 a.m.

Declarations of Interest (Written)

Members were asked to declare any conflicts of interest and informed that they may declare a conflict at any time during the session. No declarations were received.

Agenda Review

M. Souter asked for an update on the K&P Trail Landowners Dispute. J. Mason noted this would be added as item 7 to the agenda.

FAAC23/11/28-1

MOVED BY: **M. Souter**

SECONDED BY: **R. Kidd**

Resolved, that the agenda for the November 28th, 2023 Finance and Administration Advisory Committee Meeting be adopted as amended.

"CARRIED"

MAIN BUSINESS

1. Approval of Minutes: Finance and Administration Advisory Committee Meeting, October 2, 2023

FAAC23/11/28-2

MOVED BY: C. Curry

SECONDED BY: A. Kendrick

Resolved, that the minutes of the Finance and Administration Advisory Committee Meeting held on October 2nd, 2023 be received and approved as printed.

"CARRIED"

2. IT Asset Management Plan, Report 3367/23, (A. Broadbent)

A. Broadbent noted that MVCA had an independent review of IT assets to help guide the IT Asset Management Plan. He explained that MVCA uses a hybrid network environment, with both on-site equipment and a cloud-based system. He described main system elements, summarized issues, and noted recommendations for key system components, their timing and cost implications.

P. Kehoe asked whether the recommendation to reduce from 3 servers to 1 large server to save on costs would make MVCA more vulnerable to cyber attacks compared. A. Broadbent responded that the server would be partitioned, with each area acting independently of the others with its own antivirus and firewall. He added that two of the three servers are scheduled to be replaced between 2023 and 2025 in the current 10-Year Capital Plan, and this replacement server would not incur extra costs.

C. Curry described her previous experience with emergency response table-top exercises with other Boards she has sat on. She asked if there is a plan to have the MVCA Board of Directors and MVCA management participate in a run-through of an IT emergency response plan. A. Broadbent answered that documenting the IT emergency response plan is needed. S. McIntyre explained that most vulnerabilities identified were internal to MVCA and that there is an ongoing program to educate MVCA staff to reduce risks. She added that after the last security breach, a contractor was employed to make IT improvements to MVCA's IT security. S. McIntyre committed to connect with C. Curry to gain an understanding of her previous experiences and to determine what may be appropriate for the MVCA Board of Directors.

J. Mason asked if the IT Asset Management Plan will have an impact on the Operating or Capital Budget. S. McIntyre answered that there will be no impact to the 2024 budget, but moving forward Software as a Service (SAS) requirements will likely increase and put pressure on operating costs. She added that the existing 10-Year Capital Plan had allowed for replacement of the servers and that the new server would not incur any additional costs.

FAAC23/11/28-3

MOVED BY: **P. Kehoe**

SECONDED BY: **M. Souter**

Resolved, That the Finance and Administrative Advisory Committee recommend that the Board of Directors approve the IT Asset Management Plan as set out in Report 3367/23.

"CARRIED"

3. Fleet Management Plan, Report 3368/23, (S. Lawryk)

S. Lawryk summarized the current MVCA vehicle fleet, highlighting the aging condition of the vehicles, resulting in rising repair costs. He explained that four-wheel/all-wheel drive vehicles are required by most MVCA departments to access remote areas and to transport both staff and equipment. He added that MVCA has a need for a vehicle with Commercial Vehicle Operator's Registration (CVOR) to tow equipment like boats and trailers

S. Lawryk identified short-term vehicle needs and outlined a mid-term plan to research modernization of the MVCA fleet and electric vehicle (EV) infrastructure, noting potential to partner with local municipalities. He highlighted that plan will be somewhat fluid based upon changing vehicle requirements and market conditions. Each purchase will be preceded by a cost benefit analysis to ensure it meets the operational and financial needs of the organization. He noted that with the age of the fleet, there is a greater risk of a vehicle requiring a major repair in the future.

A. Kendrick asked if there is a GIS mapping layer that shows EV charger locations within the watershed. A. Broadbent replied that MVCA does not have this GIS layer but that it could be looked into.

P. Kehoe explained that usually when entering a tendering process, the more vehicles the better and asked why the recommendation is to replace only 2 rather than 3. He noted that that there are 3 vehicles in the fleet that need replacement based on age and being over 200,000 kilometers. He also asked if there is an ability to partner with member municipalities that will be buying vehicles in 2024 to take advantage of any possible cost-savings by buying in multiple. S. Lawryk replied that MVCA takes advantage of fleet pricing with the company that provides fuel for the fleet, but agreed that there is an opportunity to reach out to member municipalities to pursue bulk purchase. S. Lawryk added that his recommendation of replacing two cars rather than 3 is based on maintaining lower costs and staggering the acquisition of vehicles to reduce multiple replacements or repair costs in the future.

M. Souter asked if there is an annual transfer of funds to reserves in anticipation of transfer of infrastructure to or electric vehicles or if it solely dependent on grants. S. Millard answered that the current 10-Year Capital Plan does not have MVCA building the vehicle reserve over the next 5 years—all contributions to reserves are scheduled to be allocated to Water Control Structures based upon need. Contributions to the Vehicle Reserve begin in year six. Currently, the vehicle reserve has approximately $220,000. MVCA plans to draw from this reserve in 2024 but no other years in the near-term. S. McIntyre explained that the purchase of a new vehicle does not necessarily mean drawing from vehicle reserves. Another option is PAYGO—paying as you go using same-year revenues/cash on hand.

M. Souter expressed concern over the depletion of vehicle reserves with the additional need to replace the CVOR vehicle in the future in addition to the two recommended. S. Millard explained that in the current plan it is not anticipated that any excess above the approximate $45,000 will be taken from vehicle reserves. Currently other sources of funding are expected to cover cost of any other vehicle procurement.

C. Curry expressed her support for collaborating with member municipalities to gather information to inform the Fleet Management Plan in regards to fleet optimization, cost savings, and electric infrastructure.

M. Souter asked if any thought has been given to installing public chargers at Conservation Areas. S. Lawryk explained that MVCA has started the process of exploring charging installation opportunities, noting that the grants available are larger for public charging stations in comparison to in-house fleet chargers.

R. Huetl asked what the waiting time would be for a new vehicle. S. Lawryk responded that it is dependent on the vehicle type/model and that a cost benefit analysis will be required to determine the best option.

R. Huetl commented that MVCA transition to EV cars is highly dependent on charger availability across the watershed, particularly in North Frontenac, which is a far distance from the MVCA's office. S. Lawryk agreed that once EV infrastructure is in place he would feel more comfortable about the safety of staff travelling far distances.

J. Mason commented that the plan for EV infrastructure is a future topic for discussion. She highlighted the current need for replacing two fleet vehicles. The Fleet Management Plan is open and can be developed over time as things change, leaving opportunities to discuss EV capabilities further.

R. Kidd asked if the price estimate of $120,000 for a rental vehicle is for a 1-year period. S. Lawryk responded that the price is for an assumed 8-month period to cover MVCA through its main operational period.

R. Kidd highlighted the importance of pursing grants for public charging stations at the Conservation Areas. He explained that MVCA should set an example by being the leader in installing charging stations. S. McIntyre responded that part of the Fleet Management Plan looks at how to implement the creation of EV infrastructure. She added that there is an opportunity for a public charging station at the MVCA office that would service the community using Roy Brown Park and commuting on Highway 7. She explained that grants available to the municipalities are more robust than those available to the Conservation Authority. Partnering with member municipalities would help ensure optimization of available grant funds. She added that in 2024 a supplemental report could be created to explore EV infrastructure options more thoroughly. R. Kidd noted that there will be many opportunities to charge along Highway 7 and feels there is a greater opportunity to support the community by providing chargers in more remote locations like Conservation Areas.

A. Kendrick added that he supports MVCA being a leader in EV infrastructure. He highlighted the opportunity for MVCA to purchase hybrid vehicles for the two immediate recommended replacements and to look to fully electric as infrastructure is improved and developed within the watershed.

J. Mason noted the commitment for MVCA to look into EV infrastructure opportunities and for future reports to be tabled with the Finance and Administration Committee and Board of Directors.

FAAC23/11/28-4

MOVED BY: **R. Huetl**

SECONDED BY: **A. Kendrick**

Resolved, That the Finance and Administrative Advisory Committee recommend that the Board of Directors approve the Fleet Management Plan as set out in report 3368/23.

"CARRIED"

4. 2024 Fees, Report 3369/23, (S. Millard)

S. Millard explained that MVCA has updated the Fee Schedule assuming the Province of Ontario extend the freeze that ends on December 31st. The basis for all permit, planning and modelling fees is a 3% increase, which is inline with South Nation and Rideau Valley Conservation Authorities to keep City of Ottawa fees consistent.

Updating of wording is highlighted in yellow in the report to ensure clarity. She noted changes to Conservation Area fees in Schedule D, explaining that a market analysis and comparation was conducted over the past 6 months to determine appropriate fees. She noted that these fees are for Category 3 programs and that MVCA is working towards greater cost-recovery and a potential surplus. Comparative properties used for the analysis included other historic sites, such as Pinhey's Point in Dunrobin, rather than other local wedding venues. Fees have been structured to require a 4-hour minimum booking time.

A. Kendrick noted that proceeding with a 3% increase in fees for 2024, the Conservation Authorities are accepting a 1-year hiatus in fee increases. He asked if there was any discussion of a higher fee increase. S. McIntyre clarified that MVCA adjusted its 2023 fees in advance of the provincial freeze, therefore this impact will not be incurred.

FAAC23/11/28-5

MOVED BY: **A. Kendrick**

SECONDED BY: **M. Souter**

Resolved, That the Finance and Administrative Advisory Committee recommend that the Board of Directors approve the 2024 Fee Schedule as set out in Report 3369/23.

"CARRIED"

5. Reserve Policy Update, Report 3370/23, (S. Millard)

S. Millard explained that when the Reserve Policy was approved and implemented in July 2022, it was noted that MVCA would need to come back and update it to fully implement agreements under Category 2 and 3. She presented the current state of operating reserves and projected year-end, noting that the General Operating Reserve is projected to be almost double the target balance set in the policy; and that the 10-Year Capital Plan provides for building the capital reserves fairly aggressively over the next few years.

S. Millard explained that the target operating reserve levels for Category 2 and 3 are designed to offset fluctuations in funding for those programs, and equal the percentages used in the Category 2 and 3 municipal agreements. She summarized the proposed changes in reserve fund balances, and the projected 2023 year-end balances.

M. Souter noted that in order to bring the new Category 2 and 3 Operating Reserves up to target, it is proposed that any surplus within an operating budget would build the fund. She asked if there are any other sources of funding and if any future municipal capital levies would feed into these funds. S. Millard answered that grants, donations, and fees are alternative sources of funding that feed into these funds. S. McIntyre explained that the agreements that the municipalities have signed says that up to 2% of the annual capital levy can go towards the category 3 capital works in the current year or to build the reserve. She added that grants and contributions are looked at to build Category 2 and 3 Operating Reserves.

FAAC23/11/28-6

MOVED BY: **P. Kehoe**

SECONDED BY: **M. Souter**

Resolved, That the Finance and Administrative Advisory Committee recommend that the Board of Directors:

1. **Approve amendment of the Reserve Policy to provide for Category 2 and 3 reserves, as outlined in Report 3370/23.**
2. **Approve transfer of reserve balances as set out in Report 3370/23.**

"CARRIED"

6. 2024 Budget, Report 3371/23. (S. Millard)

S. McIntyre explained the process behind the budget setting for 2024. She noted that in the fall, the Board of Directors approved postponing the Annual General Meeting and annual review of financial statements to March/April, and that the budget would proceed in February separate from those items.

S. McIntyre reviewed the totals for the 2023 and 2024 budgets, noting a 6.5% increase. She explained that the increase in Capital budget is due to a major capital project--the Water and Sewer connection that is expected for 2024. The bulk of operating expenditures is for Category 1 programming. Most of the budget is supported by the municipal levy but MVCA is making efforts to increase revenues though fees for service, and pursuing grants and contributions.

She noted that all Category 1 programs see a drop from 2023 to 2024 due to the reallocation of costs to Category 2 and 3 programs. She highlighted the proposed draft budgets for Category 2 and 3 programs. She noted the increase in the budget for Category 3 programs in part due to the introduction of the approved education program. She summarized the Capital budget, noting the continuation of WECI projects, Conservation Area safety maintenance, Corporate projects such as the Water and Sewer Connection, and debt repayment. She highlighted capitalization of some of the technical studies, major products that MVCA produces like mapping and models that meet lifecycle length requirements and have the potential to be shared at a cost.

A. Kendrick asked if the Corporate projects 'Other Revenue' figure of $715,000 is taking out more debt. S. McIntyre explained that the policy states that if a capital project exceeds

$500,000 that MVCA would consider debt financing. This was tabled and approved previously when it was recognized that the water and sewer connection would likely exceed $500,000.

M. Souter asked how long it will take for MVCA to repay the current mortgage. S. McIntyre responded that by 2040, 17 years.

M. Souter asked if money was set aside for future connection to Water and Sewer when the property was purchased and why it was not included in the mortgage. S. McIntyre responded that she cannot speak to the reason why it was not included in the mortgage at the time. She explained that some money has been set aside in the Capital Reserves over the years to allow for the water and sewer connection but are insufficient due to the combination of costs for hooking up to municipal services, decommissioning existing structures, and payment to the Town for bringing municipal services to the property line. M. Souter asked if any money is set aside for any potential lawsuits over the amount owed for the services being brought to the property line.

J. Mason noted that this topic was covered at the last Finance and Administration Committee meeting and Board of Directors Meeting and any further discussion should go in-camera. She explained that the General Manager will be tabling the status of negotiations with the Town of Carleton Place with the Finance and Administrative Committee and the Board of Directors. M. Souter withdrew her question. R. Kidd asked if an agreement has been reached. J. Mason confirmed that no agreement has been made at this time. R. Kidd commented that the amount of $715,000 for the Water and Sewer Connection is close to 20% of the cost to build the MVCA office.

S. McIntyre asked if any further details/explanations are required in regards to the budget. J. Mason commented that the improved formatting makes the budget clear and easy to understand. J. Mason asked again if any members require more information. M. Souter also commented that the formatting made the budget very easy to understand and is satisfied that the budget can be tabled with the Board of Directors.

A. Kendrick expressed concern over the cost of the Water and Sewer Connection and asked if continuing with existing infrastructure is possible. J. Mason commented that the answer for this question will require going in-camera.

A. Kendrick asked about the status of the reserves, drawing down on reserves without any significant contributions and asked if this is sustainable moving forward. S. Millard answered that the 10-Year Capital Plan that was tabled with the Board in the spring has a significant increase in the levy over the next several years to bring the reserve levels up and MVCA is looking to transfer overages from the operating reserve to the capital reserves. J. Mason asked if there will be an update of the 10-Year Capital plan presented in 2024. S. Millard answered that the intent is to update every year. J. Mason noted that this would provide an opportunity to see how the reserves are affected over time.

C. Curry asked there is any advocacy work that is recommended. S. McIntyre responded that the Board has previously lobbied the province regarding the WECI funding and annual transfer. MVCA is mandated by the regulation to deliver services on behalf of the province and the funding has been cut in half after 17 years with no increase. MVCA could lobby to reinstate the other half as well as indexing moving forward to cover the costs to deliver services for the province. She added that the province has not increased the value of the WECI capital funding envelope for roughly 20 years. She noted that a key constraint in the administration of WECI grants is that CAs are typically given less than 10 months to complete a capital project from the time funding is approved.

C. Curry mentioned a recent auditor report regarding a subdivision approved within the flood plain and expressed concern about approval processes of CAs. J. Mason confirmed that the General Manager will follow this situation. S. McIntyre commented that MVCA will be dealing with something comparable that will be tabled with the Policy and Planning Committee, regarding updated policies and objectives that will help guide permit approvals within MVCA regulated areas.

FAAC23/11/28-7

MOVED BY: **P. Kehoe**

SECONDED BY: **R. Huetl**

Resolved, That the Finance and Administrative Advisory Committee enter into camera to discuss an issue of potential financial and legal impact to the Conservation Authority.

And further, Resolved, That:

Sally McIntyre, Stacy Millard, Scott Lawryk, Dana Doherty and Kelly Hollington remain in the room.

"CARRIED"

FAAC23/11/28-8

MOVED BY: **P. Kehoe**

SECONDED BY: **M. Souter**

Resolved, That the Finance and Administrative Advisory Committee move out of in-camera discussion.

"CARRIED"

FAAC23/11/28-9

MOVED BY: **R. Huetl**

SECONDED BY: **A. Kendrick**

Resolved, That the Finance and Administrative Advisory Committee recommend that the Draft 2024 Budget be tabled with the Board of Directors for consideration and circulated to member municipalities for comment.

"CARRIED"

7. K&P Trail Landowners Dispute

J. Mason asked for a motion to defer item 7 of the agenda.

FAAC23/11/28-10

MOVED BY: **P. Kehoe**

SECONDED BY: **R. Huetl**

Resolved, That the Finance and Administrative Advisory Committee defer item 7 that had been added to the agenda.

"CARRIED"

ADJOURNMENT

FAAC23/11/28-11

MOVED BY: **R. Huetl**

SECONDED BY: **M. Souter**

Resolved, That the Finance and Administrative Advisory Committee meeting be adjourned.

"CARRIED"

The meeting adjourned at 11:56 a.m.

K. Hollington, Recording Secretary

Financial Statements of

MISSISSIPPI VALLEY CONSERVATION AUTHORITY

Year ended December 31, 2023

MISSISSIPPI VALLEY CONSERVATION AUTHORITY

Table of Contents

Year ended December 31, 2023

Management's Responsibility for the Financial Statements

The accompanying financial statements of the Mississippi Valley Conservation Authority (the "Authority") are the responsibility of the Authority's management and have been prepared in accordance with Canadian public sector accounting standards. The significant accounting policies are described in summary in Note 1 to the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, 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 the financial statements. These systems are monitored and evaluated by management.

The Board of Directors meets with management and the external auditors to review the financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the financial statements. The financial statements have been audited by KPMG LLP, independent external auditors appointed by the Board. The accompanying Independent 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 Board of Mississippi Valley Conservation Authority

Opinion

We have audited the financial statements of Mississippi Valley Conservation Authority (the Entity), which comprise:

- the statement of financial position as at December 31, 2023
- the statement of operations and accumulated surplus for the year then ended
- the statement of changes in net financial assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements, present fairly, in all material respects, the financial position of the Entity as at December 31, 2023, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Other Matter – Comparative Information

The financial statements as at and for the year ended December 31, 2022 were audited by another auditor who expressed an unmodified opinion on these financial statements on February 22, 2023.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 the Entity’s 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 the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our 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 our 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 the financial statements.

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

We 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 our 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity 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.
- 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 we identify during our audit.

Chartered Professional Accountants, Licensed Public Accountants

Kingston, Canada

April 8, 2024

MISSISSIPPI VALLEY CONSERVATION AUTHORITY

Statement of Financial Position

December 31, 2023, with comparative information for 2022

	2023	2022
Financial assets:		
Cash	$ 964,957	$ 2,836,873
Investments (note 2)	2,620,945	1,019,167
Accounts receivable (note 3)	590,261	642,236
	4,176,163	4,498,276
Financial liabilities:		
Accounts payable and accrued liabilities (note 4)	563,806	370,234
Deferred revenue - other (note 5)	120,875	374,389
Current portion of long-term debt (note 6)	175,530	245,260
Long-term debt (note 6)	3,977,401	4,151,522
Retirement benefit liability (note 7)	146,346	155,818
Asset retirement obligations (note 13)	61,936	–
Total liabilities	5,045,894	5,297,223
Net financial debt	(869,731)	(798,947)
Non-financial assets:		
Prepaid expenses	36,450	35,165
Intangible assets (note 9)	117,697	111,244
Tangible capital assets (note 8)	7,893,010	7,482,111
	8,047,157	7,628,520
Contingent liabilities (note 16)		
Economic dependence (note 17)		
Accumulated surplus (note 10)	$ 7,177,426	$ 6,829,573

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

On behalf of the Board:

____________________ Director

____________________ Director

MISSISSIPPI VALLEY CONSERVATION AUTHORITY

Statement of Operations and Accumulated Surplus

Year ended December 31, 2023, with comparative information for 2022

	Budget 2023	Actual 2023	Actual 2022
	(Unaudited - note 11)		
Revenue:			
Municipal levy - general	$ 2,962,450	$ 2,962,451	$ 2,777,100
Municipal levy - special	71,500	71,500	63,870
Other revenue (Schedule 1)	1,061,742	1,427,315	1,292,736
Provincial grant - MNRF Section 39	128,436	128,436	128,436
Provincial grant - CMOG	13,445	13,445	13,445
Conservation area - fees, sales and rental	84,000	96,148	77,428
Supplementary programs	24,235	26,774	15,232
Donations	58,500	36,500	15,469
	4,404,308	4,762,569	4,383,716
Expenses:			
Corporate services (Schedule 2)	1,108,512	1,026,312	795,489
Watershed management (Schedule 2)	2,100,573	2,079,651	1,693,892
Flood and erosion control (Schedule 2)	508,166	487,906	737,190
Conservation areas (Schedule 2)	416,511	543,832	496,663
Category 2 programs (Schedule 2)	–	104,131	15,158
Category 3 programs (Schedule 2)	391,199	331,370	203,654
	4,524,961	4,573,202	3,942,046
Annual operating surplus before the undernoted items	(120,653)	189,367	441,670
Capital activities:			
Municipal levy - capital	634,628	634,628	598,706
Interest on long-term debt		(141,488)	(142,500)
Amortization of assets	–	(334,654)	(310,837)
	634,628	158,486	145,369
Annual surplus	513,975	347,853	587,039
Accumulated surplus, beginning of year	6,829,574	6,829,573	6,242,534
Accumulated surplus, end of year (note 10)	$ 7,343,549	$ 7,177,426	$ 6,829,573

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

MISSISSIPPI VALLEY CONSERVATION AUTHORITY

Statement of Changes in Net Financial Assets

Year ended December 31, 2023, with comparative information for 2022
(In thousands of dollars)

	Budget 2023 (Unaudited - note 11)	Actual 2023	Actual 2022
Annual surplus	$ 513,975	$ 347,853	$ 587,040
Acquisition of tangible capital assets	(1,068,750)	(730,398)	(937,481)
Acquisition of intangible assets	–	(21,609)	(72,900)
Amortization of assets	–	334,654	310,837
Change in prepaid expenses	–	(1,284)	(12,452)
	(1,068,750)	(418,637)	(711,996)
Decrease in net financial assets	(554,775)	(70,784)	(124,956)
Net financial assets (debt), beginning of year	(798,947)	(798,947)	(673,991)
Net financial assets (debt), end of year	$ (1,353,722)	$ (869,731)	$ (798,947)

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

MISSISSIPPI VALLEY CONSERVATION AUTHORITY

Statement of Cash Flows

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
Cash provided by (used for):		
Operating activities:		
Annual surplus	$ 347,853	$ 587,040
Items not involving cash:		
Amortization of assets	334,654	310,837
Retirement benefit liability	(9,472)	4,024
Asset retirement obligations	61,936	–
Changes to financial assets and liabilities:		
Accounts receivable	51,975	(272,971)
Prepaid expenses	(1,285)	(12,452)
Accounts payable and accrued liabilities	193,572	(400,759)
Deferred revenue	(253,514)	(297,265)
	(9,252)	(983,447)
Net change in operating activities	725,719	(81,546)
Capital activities:		
Acquisition of tangible capital assets	(730,398)	(937,481)
Acquisition of intangible assets	(21,609)	(72,900)
	(752,007)	(1,010,381)
Investing activities:		
Purchase of short-term investments	(1,601,778)	(1,019,167)
Financing activities:		
Proceeds from long-term debt	–	700,000
Repayment of long-term debt	(243,850)	(83,923)
	(243,850)	616,077
Decrease in cash during the year	(1,871,916)	(1,495,017)
Cash, beginning of year	2,836,873	4,331,890
Cash, end of year	$ 964,957	$ 2,836,873

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

MISSISSIPPI VALLEY CONSERVATION AUTHORITY

Schedule 1 - Other Revenue

Year ended December 31, 2023

	Budget (note 11)	2023	2022
Other revenue:			
Bell Canada - K&P	$ 1,769	$ 1,933	$ 2,857
Birdhouse Auction	16,094	–	–
Conservation Centre rentals	4,500	3,641	–
Enbridge	5,000	–	–
Freedom of Information	–	675	40
Special grants:			
ALUS	–	56,962	103,310
County of Lanark Forestry Program	7,000	15,252	11,147
DMAF	40,000	50,752	–
ECCC-CO	174,075	299,688	48,757
Education review	5,000	–	–
Provincial - FHIMP - Clyde River FPM	74,800	66,183	–
Other FPM	35,000	–	–
Federal - NDMP	–	–	7,535
Poole Creek	3,000	–	8,854
MOK - Mississippi Mills	17,914	5,693	12,460
Ottawa - Carp Erosion Control	–	42,193	9,443
Ottawa - Carp Restoration Survey	–	25,399	–
Ottawa Rural Clean Water Project	3,000	19,086	12,899
Grants - Other	70,000	8,100	–
Interagency Coordination - LiDAR	–	37,372	30,986
Interest	73,000	173,288	69,648
MNR - WECI	105,000	199,725	397,259
MNR dam ops	7,590	8,000	7,730
Ontario Power Generation	44,000	38,243	19,320
Planning and regulation fees	280,000	332,466	445,363
Professional services/staff time	5,000	18,808	–
RTM trust fund	–	–	4,641
RBC	15,000	–	–
Septic inspection program	75,000	19,615	77,703
Sundry revenue	–	4,241	12,784
WISKI contributions	–	–	10,000
	$ 1,061,742	$ 1,427,315	$ 1,292,736

MISSISSIPPI VALLEY CONSERVATION AUTHORITY

Schedule 2 - Expenses

Year ended December 31, 2023

	Budget (note 11)	2023	2022
Corporate services:			
Administration	$ 816,267	$ 733,026	$ 698,270
Communications	36,000	76,263	28,745
Information management	80,445	166,261	82,546
Head office	191,200	68,152	–
Vehicle and equipment	(17,400)	(17,390)	(14,072)
	1,106,512	1,026,312	795,489
Watershed management:			
Plan review	$ 1,015,109	$ 959,372	$ 791,135
Septic inspection program	75,000	80,410	58,851
Monitoring - Category 1	42,500	6,667	–
Technical studies and watershed planning	967,963	1,033,202	843,906
	2,100,572	2,079,651	1,693,892
Flood and erosion control:			
Flood forecasting and warning	$ 247,357	$ 316,453	$ 253,523
Dam operations	260,809	171,453	483,667
	508,166	487,906	737,190
Conservation areas:			
Conservation Areas	$ 416,511	$ 543,832	$ 496,663
Technical Studies - Conservation	–	–	–
	416,511	543,832	496,663
Category 2 programs:			
Monitoring - Category 2	$ –	$ 104,131	$ 15,158
Watershed Plan	–	–	–
	–	104,131	15,158
Category 3 programs:			
Stewardship programs	$ 213,078	$ 199,833	$ 108,683
Education programs	17,000	–	–
Visitor services	163,121	131,537	94,971
	393,199	331,370	203,654
	$ 4,524,960	$ 4,573,202	$ 3,942,046

MISSISSIPPI VALLEY CONSERVATION AUTHORITY
Notes to Financial Statements

Year ended December 31, 2023

The Mississippi Valley Conservation Authority (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.

1. Significant accounting policies:

The financial statements of the Authority are prepared by management in accordance with generally accepted accounting principles for organizations operating in the local government sector as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by the Authority are as follows:

(a) Basis of accounting:

The financial statements of the Authority have been prepared on the accrual basis of accounting, whereby revenues and expenses are reflected in the accounts in the year in which they have been earned or incurred respectively. The financial statements do not include the activities of the Mississippi Valley Conservation Foundation, a related incorporated registered charity.

(b) Non-financial assets:

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.

(i) Tangible capital assets:

Tangible capital assets are recorded at cost, which includes all amounts that are directly attributable to acquisition, construction, development and 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:

Asset	Useful Life - Years
Land improvements	10-30 years
Water control structures	20-50 years
Buildings	40 years
Leasehold improvements	lease term
Equipment	10 years
Motor Vehicles	5 years
Computer equipment	5 years
Furniture and fixtures	10 years

MISSISSIPPI VALLEY CONSERVATION AUTHORITY

Notes to Financial Statements (continued)

Year ended December 31, 2023

1. **Significant accounting policies (continued):**

(b) Non-financial assets (continued):

(i) Tangible capital assets (continued):

Annual amortization is charged in the first year after acquisition and in the year of disposal. Work-in-progress is not amortized until the asset is available for productive use, at which time the costs are transferred to the appropriate asset category.

(ii) Intangible capital 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:

Asset	Years
GIS mapping	10 years

(iii) Impairment:

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 and Accumulated Surplus.

(c) 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.

(d) 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 Canada Life as an annual program expenditure. This plan was set up for full-time employees prior to OMERS.

MISSISSIPPI VALLEY CONSERVATION AUTHORITY

Notes to Financial Statements (continued)

Year ended December 31, 2023

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1. Significant accounting policies (continued):

(d) Pensions and employee benefits (continued):

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.

(e) 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.

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.

(f) 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.

(g) 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.

(h) Investments:

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.

MISSISSIPPI VALLEY CONSERVATION AUTHORITY

Notes to Financial Statements (continued)

Year ended December 31, 2023

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1. Significant accounting policies (continued):

(i) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Derivative instruments and equity instruments that are quoted in an active market are reported at fair value. All other financial instruments are subsequently recorded at cost or amortized cost unless management has elected to carry the instruments at fair value. The Authority has not elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments are measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year. When a decline is determined to be other than temporary, the amount of the loss is reported in the statement of operations and adjusted through the statement of remeasurement gains and losses.

When the asset is sold, the unrealized gains and losses previously recognized in the statement of remeasurement gains and losses are reversed and recognized in the statement of operations.

The Standards require an organization to classify fair value measurements using a fair value hierarchy, which includes three levels of information that may be used to measure fair value:

- Level 1 - Unadjusted quoted market prices in active markets for identical assets or liabilities;
- Level 2 - Observable or corroborated inputs, other than level 1, such as quoted prices for similar assets or liabilities in inactive markets or market data for substantially the full term of the assets or liabilities: and
- Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

(j) 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 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, retirement benefit liabilities and asset retirement obligations.

MISSISSIPPI VALLEY CONSERVATION AUTHORITY

Notes to Financial Statements (continued)

Year ended December 31, 2023

1. Significant accounting policies (continued):

(k) 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.

(l) 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.

(m) Asset retirement obligations:

An asset retirement obligation (“ARO”) at fair value is recognized when, as at the financial reporting date, all of the following criteria are met:

(i) There is a legal obligation to incur retirement costs in relation to a tangible capital asset and other contract obligations;

(ii) The past transactions or events giving rise to the liability has occurred;

(iii) It is expected that future economic benefits will be given up; and

(iv) A reasonable estimate of the amount can be made.

Actual remediation costs incurred are charged against the ARO to the extent of the liability recorded.

Differences between the actual remediation costs incurred and the associated liabilities are recognized in the Statement of Operations and Accumulated Surplus at the time of remediation.

The asset retirement obligation is based on management’s best estimate of the expenditures to settle the obligation. A liability has been recognized based on estimated future expenses on retirement of the tangible capital assets. Under the prospective method, the assumptions used on initial recognition are those as of the date the legal obligation was incurred. Assumptions used in the subsequent calculations are revised yearly.

(n) Statement of Remeasurement Gains and Losses:

A Statement of Remeasurement Gains and Losses has not been provided as there are no significant unrealized gains or losses at December 31, 2023 or 2022.

MISSISSIPPI VALLEY CONSERVATION AUTHORITY

Notes to Financial Statements (continued)

Year ended December 31, 2023

2. Investments:

Guaranteed Investment Certificates held by Scotiabank measured at cost plus accrued interest.

	2023	2022
Matures September 26, 2023 and earns interest at rate of 4.4% per annum	$ –	$ 1,019,167
Matures March 26, 2024 and earns interest at rate of 5.37% per annum	533,406	–
Matures June 6, 2024 and earns interest at rate of 4.9% per annum	514,029	–
Matures September 17, 2024 and earns interest at rate of 5.0% per annum	1,039,726	–
Matures January 27, 2025 and earns interest at rate of 5.64% per annum	533,784	–
	$ 2,620,945	$ 1,019,167

3. Accounts receivable:

	2023	2022
Government and trade receivables	$ 390,941	$ 410,160
HST rebate	139,310	210,566
Mississippi Valley Conservation Foundation	60,010	21,510
	$ 590,261	$ 642,236

4. Accounts payable and accrued liabilities:

	2023	2022
Trade payable and accruals	$ 399,497	$ 106,541
Wages and benefits	164,309	188,670
Loan interest	–	75,023
	$ 563,806	$ 370,234

MISSISSIPPI VALLEY CONSERVATION AUTHORITY

Notes to Financial Statements (continued)

Year ended December 31, 2023

5. Deferred revenue:

		2023		2022
Beginning balance	$	374,389	$	671,654
Add amount received related to the following year		9,642		267,162
		384,031		938,816
Less: amount recognized as revenue in the year		263,156		564,427
Ending balance	$	120,875	$	374,389

		2023		2022
Deferred revenue consists of:				
City of Ottawa - Upper Poole Creek study	$	3,147	$	3,147
City of Ottawa - Municipal Levy		–		251,162
Developer deposits		63,170		62,970
Eastern Region Safety Committee		3,146		3,146
Enbridge - Roy Brown Park		5,000		5,000
Mississippi Mills - Naismith Foundation		–		5,693
MVC Foundation		25,771		25,771
Ontario Power Generation		2,500		2,500
RBC Foundation		15,000		15,000
Weddings - future bookings		3,141		–
	$	120,875	$	374,389

MISSISSIPPI VALLEY CONSERVATION AUTHORITY

Notes to Financial Statements (continued)

Year ended December 31, 2023

6. Long-term debt:

	2023	2022
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	$ 3,477,430	$ 3,706,474
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.	675,501	690,308
	4,152,931	4,396,782
Less: current portion of long-term debt	175,530	245,260
Long-term portion	$ 3,977,401	$ 4,151,522

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

2024	$ 175,530
2025	181,488
2026	187,651
2027	194,020
2028	200,610
Thereafter	3,213,632
	$ 4,152,931

Interest paid during the year amounted to $141,488 (2022 - $142,500).

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 $14,454 (2022 - $9,399). 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.

MISSISSIPPI VALLEY CONSERVATION AUTHORITY

Notes to Financial Statements (continued)

Year ended December 31, 2023

7. Retirement benefit liability (continued):

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:

	2023	2022
Current service cost	$ 5,384	$ 7,562
Interest retirement benefit obligation	4,186	4,311
Amortization of actuarial gains	(4,588)	(688)
	$ 4,982	$ 11,185

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:

	2023	2022
Unamortized loss at beginning of year	$ (61,254)	$ (9,429)
Gain in period	–	(52,513)
	(61,254)	(61,942)
Less amortization of loss	4,588	688
Unamortized loss at end of year	$ (56,666)	$ (61,254)

	2023	2022
Accrued benefit obligation	$ 89,680	$ 94,564
Unamortized actuarial experience gain	56,666	61,254
Accrued benefit liability	$ 146,346	$ 155,818

MISSISSIPPI VALLEY CONSERVATION AUTHORITY

Notes to Financial Statements (continued)

Year ended December 31, 2023

8. Tangible capital assets:

Cost	Balance at December 31, 2022	Transfers and additions	Transfers, disposals and adjustments	Balance at December 31, 2023
Land	$ 903,066	$ –	$ –	$ 903,066
Land improvements	141,595	13,452	–	155,047
Water and control structures	4,042,996	451,003	–	4,494,000
Buildings	6,221,446	56,104	–	6,277,550
Building asset retirement obligation	–	61,933	–	61,933
Leasehold improvements	452,442	1,976	–	454,418
Equipment	421,267	88,840	–	510,107
Motor vehicles	293,680	45,924	–	339,604
Computer equipment	181,515	11,166	–	192,681
Furniture and fixtures	273,170	–	–	273,170
Total	$ 12,931,177	$ 730,398	$ –	$ 13,661,576

Accumulated amortization	Balance at December 31, 2022	Amortization expense	Transfers, disposals and adjustments	Balance at December 31, 2023
Land	$ –	$ –	$ –	$ –
Land improvements	74,608	21,921	–	96,529
Water and control structures	2,045,794	81,184		2,126,978
Buildings	1,820,723	154,626	–	1,975,349
Building asset retirement obligation	–	14,104	-	14,104
Leasehold improvements	435,742	1,653	–	437,395
Equipment	356,918	23,575	–	380,493
Motor vehicles	286,114	11,076	–	297,190
Computer equipment	156,343	11,015	–	167,358
Furniture and fixtures	272,824	346	–	273,170
Total	$ 5,449,066	$ 319,500	$ –	$ 5,768,566

	Net book value December 31, 2022	Net book value December 31, 2023
Land	$ 903,066	$ 903,066
Land improvements	66,987	58,518
Water and control structures	1,997,202	2,367,022
Buildings	4,400,723	4,302,201
Building asset retirement obligation	–	47,829
Leasehold improvements	16,700	17,023
Equipment	64,349	129,614
Motor vehicles	7,566	42,414
Computer equipment	25,172	25,323
Furniture and fixtures	346	–
Total	$ 7,482,111	$ 7,893,010

MISSISSIPPI VALLEY CONSERVATION AUTHORITY

Notes to Financial Statements (continued)

Year ended December 31, 2023

9. Intangible assets:

	Cost	Accumulated Amortization	2023 Net Book Value	2022 Net Book Value
GIS mapping	$ 151,550	$ 33,853	$ 117,697	$ 111,244

Cost and accumulated amortization of intangible assets at December 31, 2022 amounted to $129,942 and $18,698, respectively.

10. Accumulated surplus:

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

	2023	2022
Tangible capital assets	$ 7,845,181	$ 7,482,111
Less: long-term debt	(4,152,931)	(4,396,782)
Invested in tangible capital assets	3,692,250	3,085,329
Invested in intangible assets	117,697	111,244
Unrestricted deficit:		
Operating	1,022,526	1,496,074
Category 2 operating	89,000	–
Category 3 operating	125,760	–
	1,237,286	1,496,074
Reserves:		
Building	534,701	573,701
Conservation areas	185,700	185,700
Information technology	80,185	80,158
Museum building and art	–	6,760
Category 3 capital	39,000	–
Sick pay	73,843	73,843
Vehicles	263,537	263,537
Water control structures	514,391	514,391
Water management priorities (Glen Cairn Provincial funding)	438,836	438,836
	2,130,193	2,136,926
Total accumulated surplus	$ 7,177,426	$ 6,829,573

MISSISSIPPI VALLEY CONSERVATION AUTHORITY

Notes to Financial Statements (continued)

Year ended December 31, 2023

11. Budget:

The budget data presented in these financial statements is based upon the 2023 operating and capital budgets approved by the Board on February 22, 2023.

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	$ 513,975	$ 347,853
Acquisition of tangible capital assets	(1,068,750)	(730,398)
Acquisition of intangible assets	–	(21,609)
Amortization of assets	–	334,654
Debt repayment	(312,417)	(385,340)
Debt financing	–	–
Transfers (to) from unrestricted operating reserve	198,120	75,476
Transfers (to) from restricted reserves	669,072	379,364
	$ –	$ –

12. Expenses by object:

A breakdown of expenses by object is as follows:

	2023	2022
Wages and benefits	$ 3,214,418	$ 2,923,938
Materials and supplies	152,128	184,243
Amortization	334,655	310,837
Purchased services	330,071	289,883
Insurance, heat and utilities	207,099	198,049
Direct project expenses	439,111	191,016
Travel and vehicle	94,609	50,052
Computer supplies and IT support	96,121	69,763
Property taxes	12,648	12,281
Interest on long-term debt	141,488	142,500
Other expenses	28,996	22,821
	$ 5,049,344	$ 4,395,383

MISSISSIPPI VALLEY CONSERVATION AUTHORITY

Notes to Financial Statements (continued)

Year ended December 31, 2023

13. Asset retirement obligations:

The Authority's asset retirement obligations relate to the legally required removal or remediation of asbestos-containing materials in certain buildings. The obligation is determined based on the estimated undiscounted cash flows that will be required in the future to remove or remediate the asbestos containing material in accordance with current legislation.

The change in the estimated obligation during the year consists of the following:

	2023	2022
Balance, beginning of year	$ –	$ –
Change in accounting policy (note 19(a))	61,936	–
Opening balance, as restated	61,936	–
Less: obligations settled in the year	–	–
Balance, end of year	$ 61,936	$ –

14. Related parties:

Mississippi Valley Conservation Foundation ("Foundation") raises funds and provides volunteer support for the conservation and education programs of the 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 provided $15,000 (2022 - $Nil) to the Authority to support the Authority's programs.

R.Tait McKenzie Trust ("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 Authority due to Board membership and administrative support. During the year the Trust disbursed $Nil (2022 - $4,641) to the Authority to support the Authority's programs.

15. Financial risks:

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 refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Authority is exposed to credit risk with respect to the accounts receivable, cash and investments.

MISSISSIPPI VALLEY CONSERVATION AUTHORITY

Notes to Financial Statements (continued)

Year ended December 31, 2023

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15. Financial risks (continued):

(a) Credit risk (continued):

The Authority assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. The maximum exposure to credit risk of the Authority as at December 31, 2023 is the carrying value of these assets.

The carrying amount of accounts receivable is valued with consideration for an allowance for doubtful accounts. The amount of any related impairment loss is recognized in the Statement of Operations. Subsequent recoveries of impairment losses to accounts receivable are credited to the Statement of Operations and Accumulated Surplus. The balance of the allowance for doubtful accounts is $Nil (2022 - $Nil).

There have been no significant changes to the credit risk exposure from 2022.

(b) Liquidity risk:

Liquidity risk is the risk that the Authority will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Authority manages its liquidity risk by monitoring its operating requirements. The Authority prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

Accounts payable and accrued liabilities are generally due within 30 days of receipt of an invoice.

(c) Interest rate risk:

Interest rate risk is the risk that the fair value of future cash flows or a financial instrument will fluctuate because of changes in the market interest rates.

Financial assets with variable interest rates expose the Authority to cash flow interest rate risk. The Authority's investments are disclosed in note 2.

There has been no change to the interest rate risk exposure from 2022.

16. Contingent liabilities:

The nature of Authority activities is such that there may be litigation pending or in prospect at any time. With respect to claims as at December 31, 2023, 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. 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.

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18. Pension benefits:

The Authority makes contributions to the Ontario Municipal Employees Retirement System ("OMERS"), which is a multi-employer plan, on behalf of all eligible members of its staff. The plan is a defined benefit plan, which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay.

Because OMERS is a multi-employer pension plan, any pension plan surpluses or deficits are the joint responsibility of Ontario municipal organizations and their employees. As a result, the Authority does not recognize any share of the OMERS pension surplus or deficit.

The latest available report for the OMERS plan was December 31, 2023. At that time the plan reported a $4.2 billion actuarial deficit (2021 - $6.7 billion), based on actuarial liabilities of $134.6 billion (2021 - $128.8 billion) and actuarial assets of $130.4 billion (2021 - $122.1 billion). Ongoing adequacy of the current contribution rates will need to be monitored and may lead to increased future funding requirements.

In 2023, the Authority's contribution to OMERS was $191,970 (2022 - $157,915).

19. Change in accounting policies – adoption of new accounting standards:

(a) The Authority adopted the following accounting standard beginning January 1, 2023:

PS 3280 Asset Retirement Obligations ("ARO") establishes the accounting and reporting requirements for legal obligations associated with the retirement of certain tangible capital assets, such as asbestos removal in buildings controlled by public sector entities. An ARO liability can apply to tangible capital assets either in productive use or no longer in productive use. This standard was adopted on January 1, 2023 on prospective basis.

In the past, the Authority has reported its obligations related to the retirement of tangible capital assets in the period when the asset was retired directly as an expense. The new standard requires the recognition of a liability for legal obligations that exist as a result of the acquisition, construction or development of a tangible capital asset, or that result from the normal use of the asset when the asset is recorded, and replaces Section PS 3270, Solid Waste Landfill Closure and Post-Closure Liability. Such obligation justifies recognition of a liability and can result from existing legislation, regulation, agreement, contract, or that is based on a promise and an expectation of performance. The estimate of the liability includes costs directly attributable to asset retirement activities. When recording an asset retirement obligation, the estimated retirement costs are capitalized to the carrying value of the associated assets and amortized over the asset's estimated useful life. The amortization of the asset retirement costs follows the same method of amortization as the associated tangible capital asset.

A significant part of asset retirement obligations results from the removal and disposal of designated substances such as asbestos from the Authority's buildings. The Authority reports liabilities related to the legal obligations where the Authority is obligated to incur costs to retire a tangible capital asset.

MISSISSIPPI VALLEY CONSERVATION AUTHORITY

Notes to Financial Statements (continued)

Year ended December 31, 2023

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19. Change in accounting policies – adoption of new accounting standards (continued):

(a) (Continued):

The Authority's ongoing efforts to assess the extent to which designated substances exist in Authority's assets, and new information obtained through regular maintenance and renewal of Authority's assets may result in additional asset retirement obligations from better information on the nature and extent the substance exists or from changes to the estimated cost to fulfil the obligation. The measurement of asset retirement obligations is also impacted by activities that occurred to settle all or part of the obligation, or any changes in the legal obligation. Revisions to the estimated cost of the obligation will result in adjustment to the carrying amount of the associated assets that are in productive use and amortized as part of the asset on an ongoing basis.

In accordance with the provisions of *PS 3280 Asset Retirement Obligations*, the Authority reflected the following adjustments at January 1, 2023:

- An increase of $61,936, to buildings capital asset account, representing the fair value of the obligation;
- During the year, the ARO asset was amortized over the remaining useful lives of the assets; and
- The 2023 amortization of the ARO asset was $14,104.

(b) The Authority adopted the following standards concurrently beginning January 1, 2023 prospectively: *PS 1201 Financial Statement Presentation, PS 2601 Foreign Currency Translation, PS 3041 Portfolio Investments, and PS 3450 Financial Instruments*.

(i) *PS 1201 Financial Statement Presentation* replaces *PS 1200 Financial Statement Presentation*. This standard establishes general reporting principles and standards for the disclosure of information in government financial statements. The standard introduces the Statement of Remeasurement Gains and Losses separate from the Statement of Operations. Requirements *in PS 2601 Foreign Currency Translation*, *PS 3450 Financial Instruments*, and *PS 3041 Portfolio Investments*, which are required to be adopted at the same time, can give rise to the presentation of gains and losses as remeasurement gains and losses.

(ii) *PS 2601 Foreign Currency Translation* replaces *PS 2600 Foreign Currency Translation*. The standard requires monetary assets and liabilities denominated in a foreign currency and non- monetary items denoted in a foreign currency that are reported as fair value, to be adjusted to reflect the exchange rates in effect at the financial statement date. Unrealized gains and losses arising from foreign currency changes are presented in the new Statement of Remeasurement Gains and Losses.

MISSISSIPPI VALLEY CONSERVATION AUTHORITY

Notes to Financial Statements (continued)

Year ended December 31, 2023

19. Change in accounting policies – adoption of new accounting standards (continued):

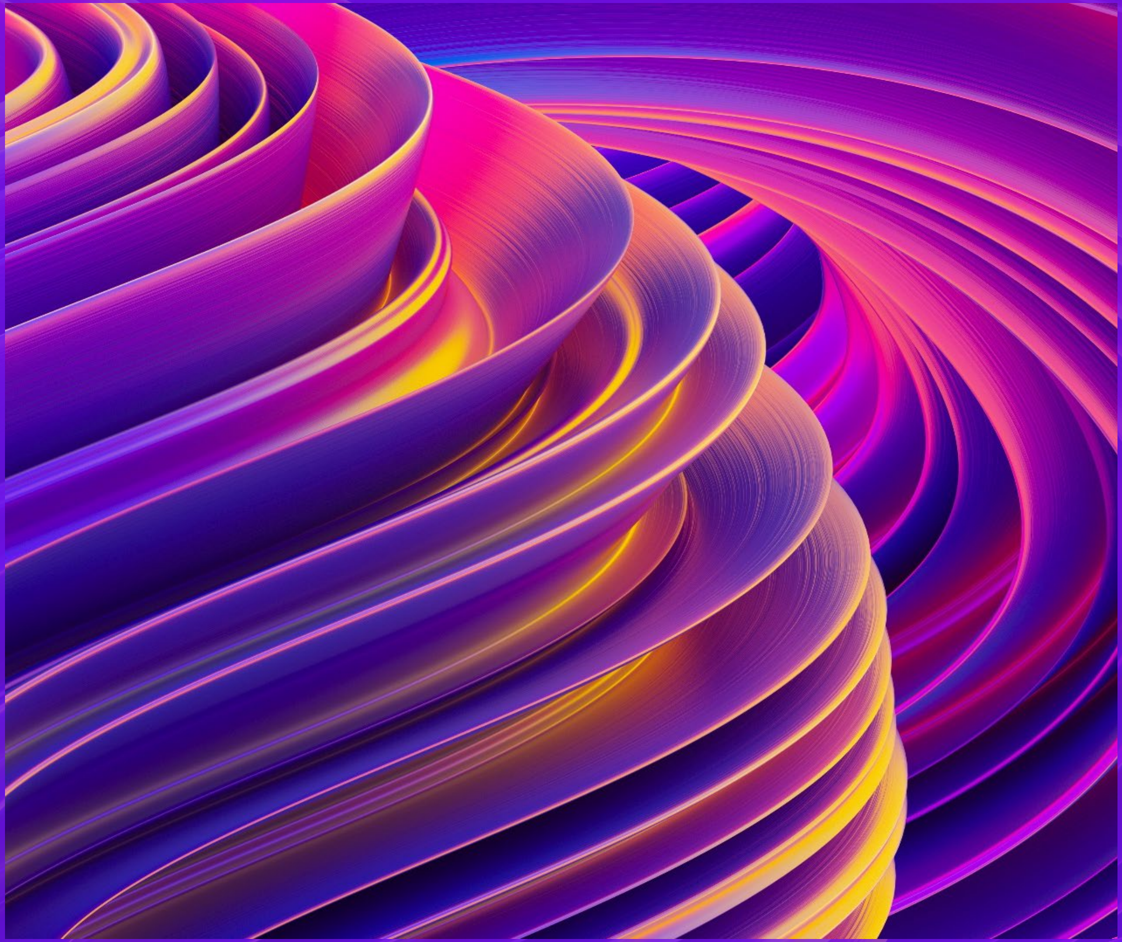
(b) (Continued):

(iii) *PS 3041 Portfolio Investments* replaces *PS 3040 Portfolio Investments*. The standard provides revised guidance on accounting for, and presentation and disclosure of, portfolio investments to conform to *PS 3450 Financial Instruments*. The distinction between temporary and portfolio investments has been removed in the new standard, and upon adoption, *PS 3030 Temporary Investments* no longer applies.

(iv) *PS 3450 Financial Instruments* establishes accounting and reporting requirements for all types of financial instruments including derivatives. The standard requires fair value measurement of derivatives and portfolio investments in equity instruments that are quoted in an active market. All other financial instruments will generally be measured at cost or amortized cost. Unrealized gains and losses arising from changes in fair value are presented in the Statement of Remeasurement Gains and Losses.

There were no impacts on the financial statements as a result of the adoption of these new standards.

Mississippi Valley Conservation Authority



Audit Findings Report for the year ended December 31, 2023

KPMG LLP

Prepared as of March 21, 2024 for presentation to the Board of Directors on April 8, 2024

kpmg.ca/audit

KPMG contacts

Key contacts in connection with this engagement

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Table of contents

The purpose of this report is to assist you, as a member of the Finance and Administration Advisory Committee of the Board of Directors, in your review of the results of our audit of the financial statements. This report is intended solely for the information and use of Management and those charged with governance and should not be used for any other purpose or any other party. KPMG shall have no responsibility or liability for loss or damages or claims, if any, to or by any third party as this report has not been prepared for, and is not intended for, and should not be used by, any third party or for any other purpose.

Digital use information

This Audit Findings Report is also available as a “hyper-linked” PDF document.

If you are reading in electronic form (e.g. In “Adobe Reader” or “Board Books”), clicking on the home symbol on the top right corner will bring you back to this slide.

Click on any item in the table of contents to navigate to that section.

Audit highlights

No matters to report

Matters to report – see link for details

Status

We have completed the audit of the financial statements (“financial statements”) of Mississippi Valley Conservation Authority (“Conservation Authority”) for the year ended December 31, 2023, with the exception of certain remaining outstanding procedures, which are highlighted on the ‘Status’ slide of this report.

Significant changes

Significant changes since our audit plan

- No changes to risk assessment
- No changes to audit strategy assessment

Risks and results

Significant risks

- We did not identify any significant financial reporting risks other than the presumed risk of management override of controls.

Other risks of material misstatement

- Other financial reporting risks that required additional audit procedures related to the adoption of new accounting standards

Policies and practices & Specific topics

Significant unusual transactions

Accounting policies and practices

Other financial reporting matters

Going concern matters

Materiality

Current year	$100,000
Benchmark	Expenses
% Benchmark	2.28%
Audit Misstatement Posting Threshold	$5,000

Misstatements

Corrected misstatements

Uncorrected misstatements

Control deficiencies

Significant deficiencies

Other observations

Status

As of March 21, 2024 in preparation of our Audit Findings Report, we have completed the audit of the financial statements, with the exception of certain remaining procedures, which include amongst others:

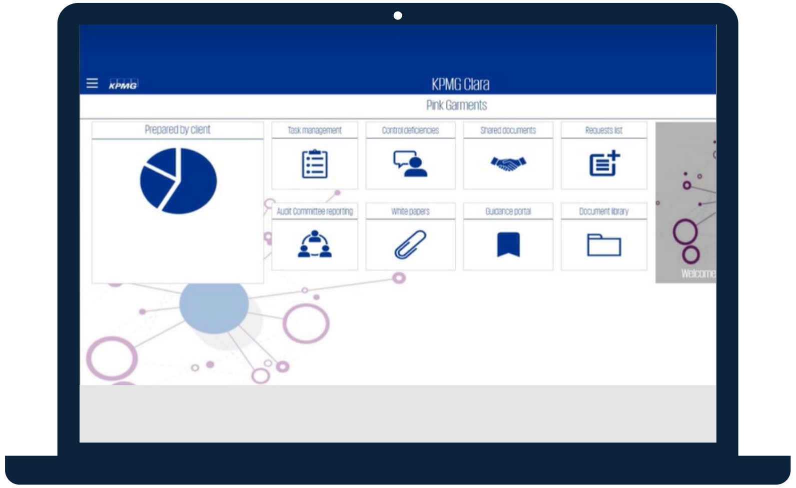
- Receipt of representation letter from the Conservation Authority's actuary;
- Completing our discussions with the Board of Directors;
- Completion of our subsequent events review procedures up to the date of our auditor's report;
- Obtaining evidence of the Board of Director's approval of the financial statements; and
- Receipt of signed management representation letter.

We will update the Board of Directors, and not solely the Chair, on significant matters, if any, arising from the completion of the audit, including the completion of the above procedures.

A draft of our auditor's report is provided in Appendix 1a: Draft Auditor's Report.

Our auditor's report has been modified from the standard report because of the comparative information being audited by another auditor. As a result, an other matter paragraph has been added to the auditor's report.

KPMG Clara for Clients (KCfc)



Real-time collaboration and transparency

We leveraged **KCfc** to facilitate real-time collaboration with management and provide visual insights into the status of the audit!

On our audit we used KCfc to coordinate requests from management.

Risk assessment summary

Our planning begins with an assessment of risks of material misstatement in your financial statements.

We draw upon our understanding of the Conservation Authority and its environment (e.g. the industry, the wider economic environment in which the business operates, etc.), our understanding of the Conservation Authority's components of its system of internal control, including our business process understanding.

		Risk of fraud	Risk of error	Risk Rating
●	Management override of controls	✓		
●	Revenue and related deferred revenue and accounts receivable		✓	Base
●	Operating and payroll expenses (including related accruals)		✓	Base
●	Tangible capital assets and related capital funding		✓	Base
●	Asset retirement obligations		✓	Base
●	Cash and Investments		✓	Base
●	Financial reporting		✓	Base

● PRESUMED RISK OF MATERIAL MISSTATEMENT
● OTHER AREA OF FOCUS

Current year findings

We did not uncover any significant findings as a result of the procedures performed over the areas highlighted above.

Significant risks and results

We highlight our significant findings in respect of **significant risks.**

Management Override of Controls

RISK OF FRAUD

Significant risk	Estimate?	Key audit matter?
Management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Although the level of risk of management override of controls will vary from entity to entity, the risk nevertheless is present in all entities.	No	No

Our response

- Our procedures included:
  - We tested the design and implementation of controls surrounding the review of journal entries, and the business rationale for significant entries.
  - Using our KPMG software tools, we analyzed the journal entries posted during the year for completeness.
  - In responding to risks of fraud and management override of controls, we set specific criteria to isolate high risk journal entries and adjustments in order to analyze for further insights into our audit procedures and findings.
  - We have not identified any specific additional risks of management override relating to this audit.
- There were no significant changes to management's process for making the critical accounting estimates and there were no indicators of possible management bias.

– No issues were noted.

Other findings and results

Asset Retirement Obligations

Background

In 2023, the Conservation Authority adopted Public Accounting Standard PS 3280, Asset Retirement Obligations ("ARO"). The new accounting standard addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets, such as asbestos removal in buildings owned by the Conservation Authority. Asset retirement obligations are an estimate in the Conservation Authority's financial statements which is derived from internal information and a widely-used costing model.

Management performed an assessment of the impact of the new accounting standard on the Conservation Authority's financial statements, including potential liabilities related to asbestos and lead-based paint abatement. To generate their assessment, Management worked internally with the Property Manager and Director of Engineering to perform a calculation of estimated abatement costs. Using the prospective application approach, as at December 31, 2023, an asset retirement obligation amounting to $61,936 has been recognized on the Conservation Authority's statement of financial position along with $14,104 in amortization expense on the ARO asset recorded on the statement of operations.

Our response

- Our procedures included:
  - We obtained an understanding of the activities performed by Management to identify the Corporation's legal obligations associated with the retirement of capital assets and ensured that all of the recognition criteria were met to recognize an ARO in the financial statements.
  - We obtained Management's calculation of the ARO. As part of our audit, we corroborated management's inputs into the calculation to assess their reasonableness.
  - We noted that this estimate is internal based on senior leadership's knowledge of the assets within scope of ARO. Many other similar entities chose to obtain third party assessments to estimate the ARO which provided independent evidence to support the accuracy of the estimate. Any changes to the ARO in the future will be treated as a change in estimate, presented prospectively. We recommend that management re-evaluate this estimate annually to ensure accurate financial reporting.
  - The Conservation Authority has chosen not to discount or use the present value technique for measurement of the ARO liability, as the timeline for the retirement activities is not well defined and discounting would add an additional layer of substantial uncertainty. KPMG notes that while PS 3280 does not require the present value technique for measurement, it does suggest that it is often the best available technique. However, we do understand the Conservation Authority's position for not discounting the obligation as there is uncertainty as to the timing of remediation.
  - Appropriate disclosures have been made in the financial statements for the adoption of the new accounting policy in note 19.
  - Looking ahead, in subsequent periods, continued effective communication between property management and finance will be important to ensure that the asset retirement obligations recorded in the Conservation Authority's financial statements remain complete and accurate.
  - Based on the information provided and the audit procedures performed, we concur with Management's presentation and disclosure related to the implementation of PS 3280, Asset Retirement Obligations in the Conservation Authority's financial statements for the year ended December 31, 2023.

Other findings and results (continued)

Financial Instruments

Background

In fiscal 2023, the Conservation Authority adopted the following standards concurrently beginning January 1, 2023 prospectively:

- PS 1201 Financial Statement Presentation;
- PS 2601 Foreign Currency Translation;
- PS 3041 Portfolio Investments; and
- PS 3450 Financial Instruments.

Management performed an assessment of the impact of the new accounting standards and concluded there was not a significant impact.

Our response

- Our procedures included:
  - We obtained an understanding of the activities performed by Management to identify financial instruments and ensure compliance with the new standards.
  - Appropriate disclosures have been made in the financial statements for the adoption of the new accounting policy in note 19.
  - We noted no issues in the performance of the above procedures. We concur with Management's presentation and disclosure related to the implementation of the above noted standards in the Conservation Authority's financial statements for the year ended December 31, 2023.

Corrected misstatements

Corrected misstatements include financial presentation and disclosure misstatements.

Impact of corrected misstatements

- Discuss the effect on the financial reporting process
  - Discussion about the cause of the corrected misstatements (e.g. control deficiencies)
  - Discussion about that the matters underlying the corrected misstatements (e.g. control deficiencies) could potentially cause future-period financial statements to be materially misstated.
  - Corrected misstatements have been provided to management as part of the Management Representation Letter.

Control deficiencies

Consideration of internal control over financial reporting (ICFR)

In planning and performing our audit, we considered ICFR relevant to the Conservation Authority's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on ICFR.

Our understanding of internal control over financial reporting was for the limited purpose described above and was not designed to identify all control deficiencies that might be significant deficiencies. The matters being reported are limited to those deficiencies that we have identified during the audit that we have concluded are of sufficient importance to merit being reported to those charged with governance.

Our awareness of control deficiencies varies with each audit and is influenced by the nature, timing, and extent of audit procedures performed, as well as other factors. Had we performed more extensive procedures on internal control over financial reporting, we might have identified more significant deficiencies to be reported or concluded that some of the reported significant deficiencies need not, in fact, have been reported.

A deficiency in internal control over financial reporting

A deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A deficiency in design exists when (a) a control necessary to meet the control objective is missing or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed, or when the person performing the control does not possess the necessary authority or competence to perform the control effectively.

Significant deficiencies in internal control over financial reporting

A deficiency, or a combination of deficiencies, in internal control over financial reporting that, in our judgment, is important enough to merit the attention of those charged with governance. **We have not identified a significant deficiency in internal control over financial reporting. We identified certain other observations.** **See page 12.**

Control deficiencies (continued)

Evidence of review

Observation:

During the audit, KPMG noted evidence of review was not present on all journal entries posted by the Treasurer, or monthly bank reconciliations.

KPMG notes that secondary review and segregation of duties is a key internal control to safeguard the Conservation Authority's assets.

Recommendation:

KPMG recommends that either a physical or electronic signature with a time stamp be added on all journal entries and bank reconciliations to ensure adequate audit trail of approval and review.

Vacation & time in lieu accruals

Observation:

During the audit of the Conservation Authority's payroll accrual balances, KPMG identified the following:

- One employee in the sample did not have the proper amount of vacation accrued in the general ledger as per the payroll system report.
- Banked overtime (time in lieu) balances were being tracked, but not recorded in the general ledger.

Recommendation:

KPMG recommends that the Conservation Authority periodically reviews the vacation accrual balances on an employee by employee basis to ensure the proper amounts are recorded in the general ledger. Management has recorded an adjusting journal entry at December 31, 2023 to record an accrual for time in lieu, however KPMG recommends that banked time continues to be tracked, quantified, and recorded in the general ledger on a periodic basis.

Control deficiencies (continued)

Tangible capital assets

Observation:

During the audit of the Conservation Authority's tangible capital asset balances, KPMG noted the following:

- Deemed dispositions for fully amortized assets are not recorded in the general ledger. These unrecorded write-offs amount to approximately $2.8 million at December 31, 2023.
- There were items capitalized during 2023 (and prior years) that fell below the capitalization threshold as outlined in the TCA Policy provided by Management.

Recommendation:

KPMG recommends that deemed dispositions be recorded to ensure that accurate and clean capital asset records are maintained and to ensure that cost and accumulated amortization balances disclosed in the financial statements are not overstated.

KPMG also recommends that the Conservation Authority follows its policy in regard to capitalization thresholds for individual items, unless the item falls within a group of individual costs that, in aggregate, exceed the threshold (i.e. costs for an overall capital project).

Vacation & time in lieu accruals

Observation:

During the audit, KPMG notes that there was no formal process in place for tracking the receipt and reimbursement of developer deposits.

Recommendation:

KPMG recommends that the Conservation Authority periodically review developer deposits on hand to determine if amounts are eligible for refund or should be written-off into income. This will ensure amounts recorded on the statement of financial position are not overstated.

Accounting policies and practices

Initial selection

The following new significant accounting policies and practices were selected and applied during the period.

- The Corporation adopted Public Accounting Standard PS 3280 – Asset Retirement Obligations on January 1, 2023 and applied this transition on the prospective basis. Note disclosure has been included in the financial statements related to the transition to the new accounting standard. Please see note 19 for additional information relating to the transitional adjustments.
- PS 1201 Financial Statement Presentation establishes general reporting principles and standards for the disclosure of information in government financial statements. This standard was applied prospectively.
- PS 2601 Foreign Currency Translation establishes monetary assets and liabilities denominated in a foreign currency and non-monetary items denoted in a foreign currency that are reported as fair value, to be adjusted to reflect the exchange rates in effect at the financial statement date. This standard was applied prospectively.
- PS 3041 Portfolio Investments establishes guidance on accounting for, and presentation and disclosure of, portfolio investments to conform to PS 3450 Financial Instruments. This standard was applied prospectively.
- PS 3450 Financial Instruments establishes accounting and reporting requirements for all types of financial instruments including derivatives. The standard requires fair value measurement of derivatives and portfolio investments in equity instruments that are quoted in an active market. This standard was applied prospectively.

Revised

No matters to report.

Significant qualitative aspects

Significant accounting policies or practices are disclosed in note 1 to the financial statements.

No matters to report.

Other financial reporting matters

We also highlight the following:

Financial statement presentation - form, arrangement, and content	Through the course of the audit, KPMG provided guidance and support to management on required disclosures in accordance with the financial reporting framework along with the adoption of the new accounting standards in 2023.
Concerns regarding application of new accounting pronouncements	See Appendix 3 for new and upcoming standards.
Significant qualitative aspects of financial statement presentation and disclosure	No matters to report

Specific topics

We have highlighted the following that we would like to bring to your attention:

Matter	Finding
Illegal acts, including noncompliance with laws and regulations, or fraud	No matters to report
Other information in documents containing the audited financial statements	No matters to report
Significant difficulties encountered during the audit	No matters to report
Difficult or contentious matters for which the auditor consulted	No matters to report
Management's consultation with other accountants	No matters to report
Disagreements with management	No matters to report
Related parties	KPMG noted that amounts due from the related Foundation are aged and we recommend the transfer of funds on a timely basis to clear the Conservation Authority's receivables.
Significant issues in connection with our appointment or retention	No matters to report
Other matters that are relevant matters of governance interest	No matters to report

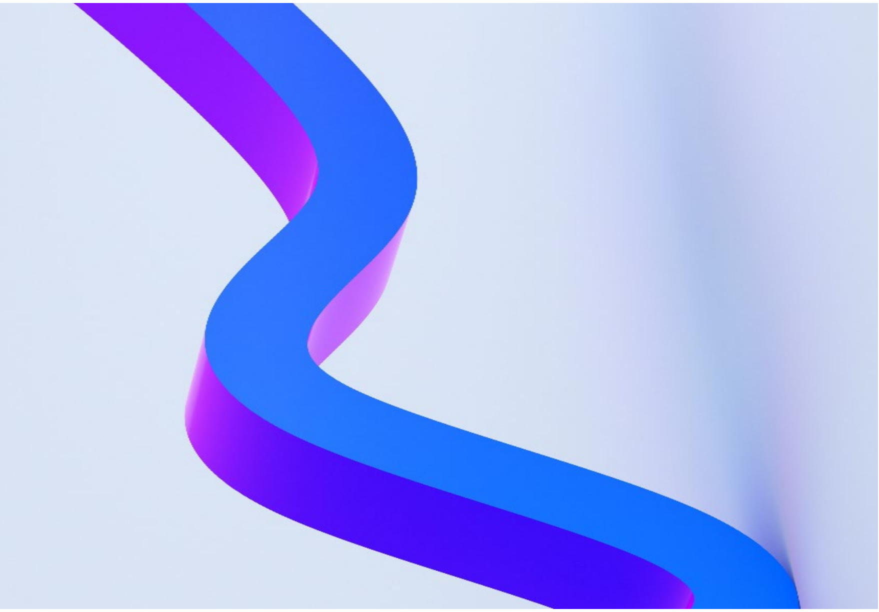
Independence

As a firm, we are committed to being and being seen to be independent. We have strict rules and protocols to maintain our independence that meet or exceed those of the IESBA Code[1] and CPA Code. The following are the actions or safeguards applied to reduce or eliminate threats to an acceptable level:

- Dedicated ethics & independence partners
- Process for reporting breaches of professional standards and policy, and documented disciplinary policy
- Ethics, independence and integrity training for all staff
- International proprietary system used to evaluate and document threats to independence and those arising from conflicts of interest
- Operating polices, procedures and guidance contained in our quality & risk management manual
- Mandated procedures for evaluating independence of prospective audit clients
- Restricted investments and relationships
- Annual ethics and independence confirmation for staff

Statement of compliance

We confirm that, as of the date of this communication, **we are independent** of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada.



1 International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards)

Appendices

1. Required communications
2. Audit quality
3. New and upcoming standards
4. Insights

Appendix 1: Other required communications

Engagement terms

A copy of the engagement letter and any subsequent amendments has been provided to the Board of Directors.

CPAB communication protocol

The reports available through the following links were published by the Canadian Public Accountability Board to inform the Board of Directors and other stakeholders about the results of quality inspections conducted over the past year:

- CPAB Audit Quality Insights Report: 2021 Annual Inspections Results
- CPAB Audit Quality Insights Report: 2022 Interim Inspections Results
- CPAB Audit Quality Insights Report: 2022 Annual Inspections Results
- CPAB Audit Quality Insights Report: 2023 Interim Inspections Results

Appendix 1a: Draft auditor's report

INDEPENDENT AUDITOR'S REPORT

To the Board of Mississippi Valley Conservation Authority

Opinion

We have audited the financial statements of Mississippi Valley Conservation Authority (the "Entity"), which comprise:

- the statement of financial position as at December 31, 2023
- the statement of operations and accumulated surplus for the year then ended
- the statement of changes in net financial assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements, present fairly, in all material respects, the financial position of the Entity as at December 31, 2023, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Appendix 1a: Draft auditor's report (continued)

Other Matter – Comparative Information

The financial statements as at and for the year ended December 31, 2022 were audited by another auditor who expressed an unmodified opinion on these financial statements on February 22, 2023.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 the Entity's 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 the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our 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 our 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 the financial statements.

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

Appendix 1a: Draft auditor's report (continued)

We 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 our 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity 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.

- 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 we identify during our audit.

Chartered Professional Accountants, Licensed Public Accountants

Kingston, Canada

Date

Appendix 1b: Management representation letter

KPMG LLP
863 Princess Street, Suite 400
Kingston, Ontario K7L 5N4
Canada

April 8, 2024

Ladies and Gentlemen:

We are writing at your request to confirm our understanding that your audit was for the purpose of expressing an opinion on the financial statements (hereinafter referred to as "financial statements") of Mississippi Valley Conservation Authority ("the Entity") as at and for the period ended December 31, 2023.

General:

We confirm that the representations we make in this letter are in accordance with the definitions as set out in Attachment I to this letter.

We also confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Responsibilities:

1) We have fulfilled our responsibilities, as set out in the terms of the engagement letter dated January 21, 2024, including for:

   a) the preparation and fair presentation of the financial statements and believe that these financial statements have been prepared and present fairly in accordance with the relevant financial reporting framework.

   b) providing you with all information of which we are aware that is relevant to the preparation of the financial statements ("relevant information"), such as financial records, documentation and other matters, including:

      — the names of all related parties and information regarding all relationships and transactions with related parties;

      — the complete minutes of meetings, or summaries of actions of recent meetings for which minutes have not yet been prepared, of shareholders, board of directors and committees of the board of directors that may affect the financial statements. All significant actions are included in such summaries.

   c) providing you with unrestricted access to such relevant information.

   d) providing you with complete responses to all enquiries made by you during the engagement.

   e) providing you with additional information that you may request from us for the purpose of the engagement.

   f) providing you with unrestricted access to persons within the Entity from whom you determined it necessary to obtain audit evidence.

   g) such internal control as we determined is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. We also acknowledge and understand that we are responsible for the design, implementation and maintenance of internal control to prevent and detect fraud.

   h) ensuring that all transactions have been recorded in the accounting records and are reflected in the financial statements.

   i) ensuring that internal auditors providing direct assistance to you, if any, were instructed to follow your instructions and that we, and others within the entity, did not intervene in the work the internal auditors performed for you.

Internal control over financial reporting:

2) We have communicated to you all deficiencies in the design and implementation or maintenance of internal control over financial reporting of which we are aware.

Fraud & non-compliance with laws and regulations:

3) We have disclosed to you:

   a) the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

   b) all information in relation to fraud or suspected fraud that we are aware of that involves:

      — management;

      — employees who have significant roles in internal control over financial reporting; or

      — others

      where such fraud or suspected fraud could have a material effect on the financial statements.

   c) all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements, communicated by employees, former employees, analysts, regulators, or others.

   d) all known instances of non-compliance or suspected non-compliance with laws and regulations, including all aspects of contractual agreements, whose effects should be considered when preparing financial statements.

   e) all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

Subsequent events:

4) All events subsequent to the date of the financial statements and for which the relevant financial reporting framework requires adjustment or disclosure in the financial statements have been adjusted or disclosed.

Related parties:

5) We have disclosed to you the identity of the Entity's related parties.

Appendix 1b: Management representation letter (continued)

6) We have disclosed to you all the related party relationships and transactions/balances of which we are aware.

7) All related party relationships and transactions/balances have been appropriately accounted for and disclosed in accordance with the relevant financial reporting framework.

Estimates:

8) The methods, the data and the significant assumptions used in making accounting estimates, and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in the context of the applicable financial reporting framework.

Going concern:

9) We have provided you with all information relevant to the use of the going concern assumption in the financial statements.

10) We confirm that we are not aware of material uncertainties related to events or conditions that may cast significant doubt upon the Entity's ability to continue as a going concern.

Misstatements:

11) We approve the corrected misstatements identified by you during the audit described in Attachment II.

Non-SEC registrants or non-reporting issuers:

12) We confirm that the Entity is not a Canadian reporting issuer (as defined under any applicable Canadian securities act) and is not a United States Securities and Exchange Commission ("SEC") Issuer (as defined by the Sarbanes-Oxley Act of 2002).

13) We also confirm that the financial statements of the Entity will not be included in the group financial statements of a Canadian reporting issuer audited by KPMG or an SEC Issuer audited by any member of the KPMG organization.'

Yours very truly,

Ms. Sally McIntyre, General Manager

Ms. Stacy Millar, Treasurer

Attachment I – Definitions

Materiality

Certain representations in this letter are described as being limited to matters that are material.

Information is material if omitting, misstating or obscuring it could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Judgments about materiality are made in light of surrounding circumstances, and are affected by perception of the needs of, or the characteristics of, the users of the financial statements and, the size or nature of a misstatement, or a combination of both while also considering the entity's own circumstances.

Fraud & error

Fraudulent financial reporting involves intentional misstatements including omissions of amounts or disclosures in financial statements to deceive financial statement users.

Misappropriation of assets involves the theft of an entity's assets. It is often accompanied by false or misleading records or documents in order to conceal the fact that the assets are missing or have been pledged without proper authorization.

An error is an unintentional misstatement in financial statements, including the omission of an amount or a disclosure.

Appendix 1b: Management representation letter (continued)

Attachment II – Summary of Audit Misstatements

Summary of Corrected Audit Misstatements

Description	Statement of Financial Position effect[1] Assets $	Liabilities $	Net Assets $	Statement of Operations effect[1] $
Audit misstatements greater than $5,000 individually				
Dr. Building ARO	61,936	–	–	–
Cr. ARO liability	–	(61,936)	–	–
Dr. Amortization	–	–	14,104	14,104
Cr. A.A. building ARO	(14,104)	–	–	–
To record adoption of asset retirement (ARO) standard and associated amortization expense.				
Dr. Retirement benefit liability	–	9,472	–	–
Cr. Wages and benefits	–	–	(9,472)	(9,472)
To record change in retirement benefit liability for 2023.				
Dr. Wages and benefits	–	–	14,269	14,269
Cr. Accrued liabilities	–	(14,269)	–	–
To record accrual for banked time in lieu.				
TOTAL CORRECTED AUDIT MISSTATEMENTS	**47,832**	**(66,733)**	**18,901**	**18,901**

[1] Debit (Credit)

Appendix 2: Audit quality - How do we deliver audit quality?

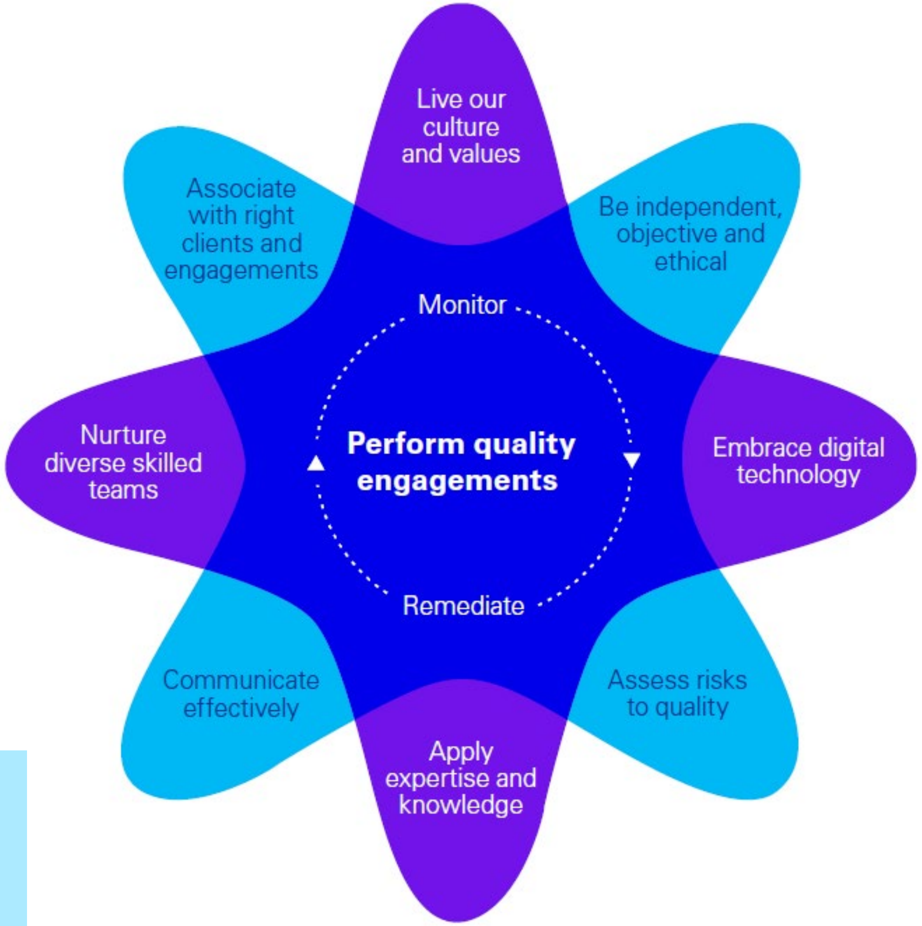
Quality essentially means doing the right thing and remains our highest priority. Our Global Quality Framework outlines how we deliver quality and how every partner and staff member contributes to its delivery.

The drivers outlined in the framework are the ten components of the KPMG System of Quality Management (SoQM). Aligned with ISQM 1/CSQM 1, our SoQM components also meet the requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA) and the relevant rules of professional conduct / code of ethics applicable to the practice of public accounting in Canada, which apply to professional services firms that perform audits of financial statements. Our Transparency Report includes our firm's Statement on the Effectiveness of our SoQM.

KPMG 2023 Audit Quality and Transparency Report

We define 'audit quality' as being the outcome when:

- audits are **executed consistently**, in line with the requirements and intent of **applicable professional standards** within a strong **system of quality management;** and
- all of our related activities are undertaken in an environment of the utmost level of **objectivity, independence, ethics** and **integrity.**



Doing the right thing. Always.

Appendix 2: Audit quality - Indicators (AQIs)

The objective of these measures is to provide the Board of Directors and management with more in-depth information about factors that influence audit quality within an audit process. Below you will find the current status of the AQIs that are relevant for the audit.

Audit team composition

- Experience, commitment and knowledge of the broader public sector
- A combination of continuity and fresh perspectives
- Access to specialist resources with public sector experience

Technology in the audit

- Increase in use of technology in the audit year over year
- Use of secure KPMG portal for transfer of electronic documents

Independence

- We will not put ourselves in a situation where we would audit our own work.
- We apply the most rigorous standards to our professional services in order to ensure our continued independence in our role.

Client preparedness

- Key financial records and working papers were not made available to the audit team during the planned week of fieldwork, including a final trial balance and draft financial statements
- KPMG provided guidance and support to management in ensuring the appropriate disclosures and adjustments were included in the financial statements, specifically in regard to new accounting standards adopted during the year

Board of Directors and members

- Board of Directors and members participate fully in the discussion with auditors, including meeting in camera with the auditors
- KPMG provides current industry trends and updates to accounting and audit standards

Nothing to report | Some matters to report | Specific matters to report

Appendix 3: Newly effective and upcoming changes to auditing standards

Effective for periods beginning on or after December 15, 2022

ISA/CAS 220

(Revised) Quality management for an audit of financial statements

ISQM1/CSQM1

Quality management for firms that perform audits or reviews of financial statements or other assurance or related services engagements

ISQM2/CSQM2

Engagement quality reviews

Effective for periods beginning on or after December 15, 2023

ISA 600/CAS 600

Revised special considerations – Audits of group financial statements

For more information on newly effective and upcoming changes to auditing standards - see Current Developments

Appendix 3: Upcoming changes to accounting standards

Accounting changes

Newly effective accounting standards

The amendments to PS 3400, *Revenue,* become effective for this year end (fiscal years beginning on or after April 1, 2023).

- The standard establishes a single framework to categorize revenues to enhance the consistency of revenue recognition and its measurement.
- The standard notes that in the case of revenues arising from an exchange transaction, a public sector entity must ensure the recognition of revenue aligns with the satisfaction of related performance obligations.
- The standard notes that unilateral revenue arises when no performance obligations are present, and recognition occurs when there is authority to record the revenue and an event has happened that gives the public sector entity the right to the revenue.

Newly effective accounting standards

PS 3160, *Public Private Partnerships ("P3s")* becomes effective for this year end (fiscal years beginning on or after April 1, 2023).

- This standard includes new requirements for the recognition, measurement and classification of infrastructure procured through a public private partnership. The standard may be applied retroactively or prospectively.
- The standard notes that recognition of infrastructure by the public sector entity would occur when it controls the purpose and use of the infrastructure, when it controls access and the price, if any, charged for use, and it controls any significant interest accumulated in the infrastructure when the P3 ends.
- The public sector entity recognizes a liability when it needs to pay cash or non-cash consideration to the private sector partner for the infrastructure.

Newly effective accounting standards

PSG-8, *Purchased Intangibles,* becomes effective for this year end (fiscal years beginning on or after April 1, 2023).

- The guideline allows public sector entities to recognize intangibles purchased through an exchange transaction. The definition of an asset, the general recognition criteria and GAAP hierarchy are used to account for purchased intangibles.
- Narrow scope amendments were made to PS 1000 Financial statement concepts to remove the prohibition to recognize purchased intangibles and to PS 1201 Financial statement presentation to remove the requirement to disclose purchased intangibles not recognized.
- The guideline can be applied retroactively or prospectively.

Appendix 4: Audit and assurance insights

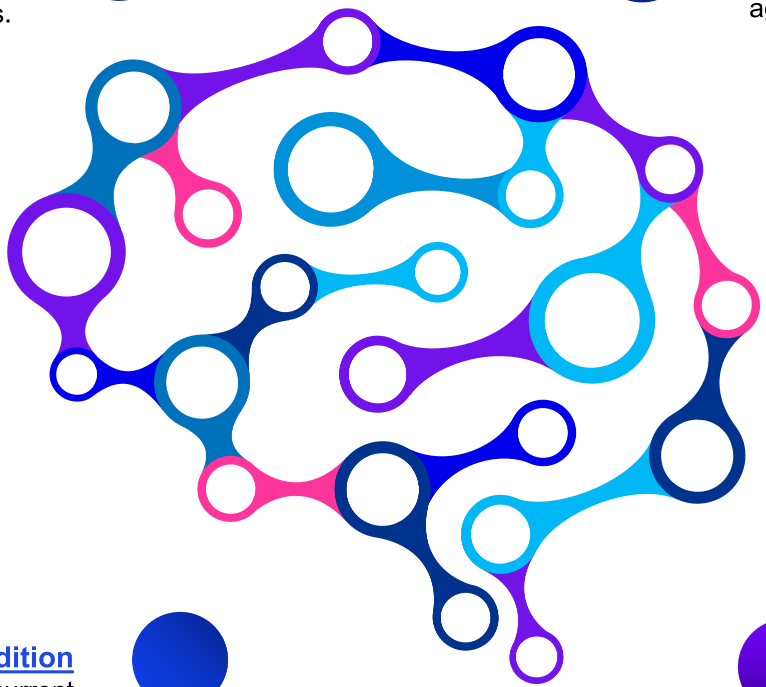
Our latest thinking on the issues that matter most to Audit Committees, board of directors and management.

KPMG Audit & Assurance Insights
Curated research and insights for audit committees and boards.

Board Leadership Centre
Leading insights to help board members maximize boardroom opportunities

Current Developments
Series of quarterly publications for Canadian businesses including Spotlight on IFRS, Canadian Securities & Auditing Matters and US Outlook reports.

Audit Committee Guide – Canadian Edition
A practical guide providing insight into current challenges and leading practices shaping audit committee effectiveness in Canada.



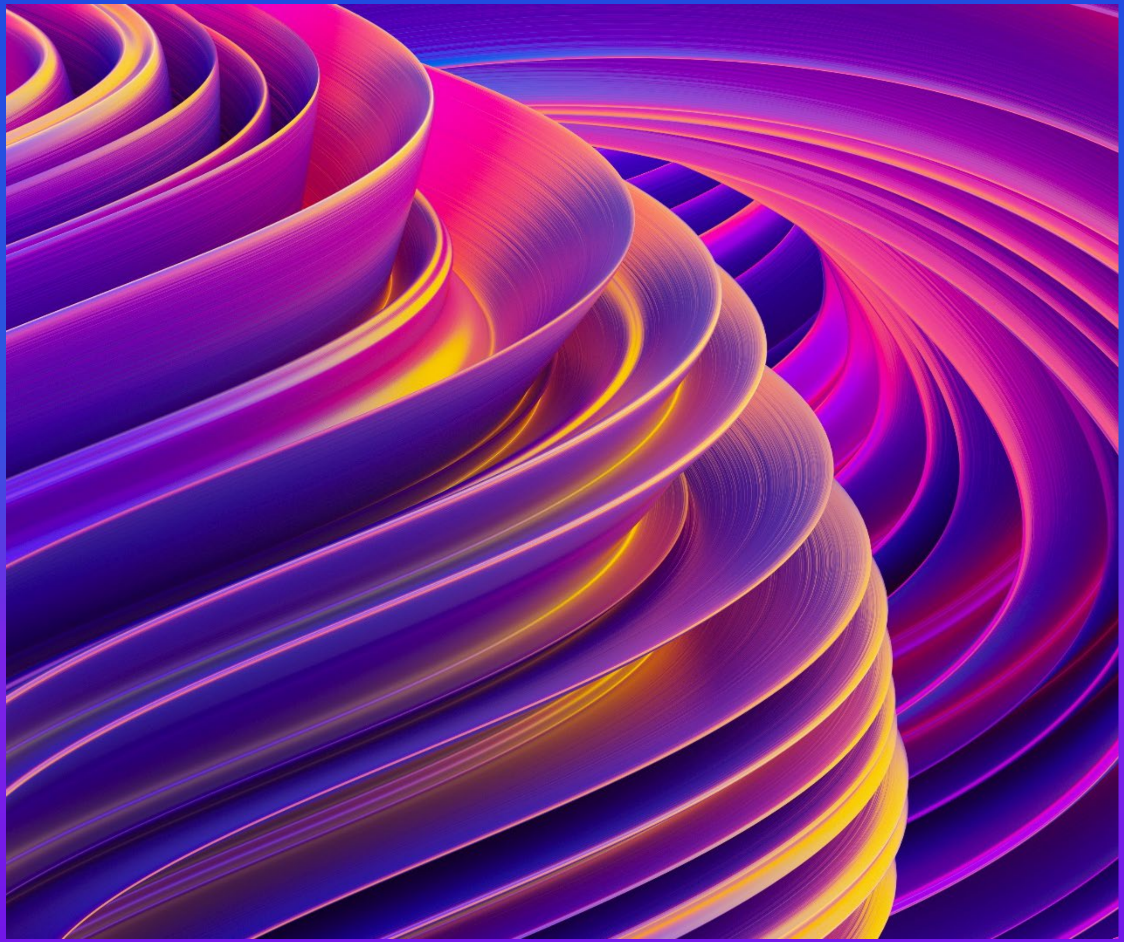
Accelerate 2024
The key issues driving the audit committee agenda in 2024.

Momentum
A quarterly newsletter with the latest thought-leadership from KPMG's subject matter leaders across Canada and valuable audit resources for clients.

KPMG Climate Change Financial Reporting Resource Centre
Our climate change resource center provides insights to help you identify the potential financial statement impacts to your business.

IFRS Breaking News
A monthly Canadian newsletter that provides the latest insights on international financial reporting standards and IASB activities.

https://kpmg.com/ca/en/home.html



REPORT 3406/24

TO:	The Chair and Members of the Mississippi Valley Conservation Authority Finance & Administration Committee
FROM:	Sally McIntyre, General Manager
RE:	**Employee Manual Amendments**
DATE:	March 20, 2024

RECOMMENDATION

That the Finance & Administration Advisory Committee recommend that the Board of Directors approve amendment of the *Employee Manual* as set out in this report.

PURPOSE

Section 2.3 of the *Employee Manual* has two terms with very similar meaning: Standby Pay and On Call Pay; and does not address the function or compensation of a Duty Officer. The purpose of this report is to amend the *Employee Manual* to clarify terms and compensation for this work.

ON CALL

An on-call roster is typically developed during the spring to manage weekend dam operations; and during the winter to deal with weekend snow clearing requirements. On-call may also be used when a major storm event is expected during the summer. When staff are on-call they are compensated for being available, within commuting distance of the office, and fit for work. Given that on-call is tied to weather and flow conditions, they are only on-call until 10am the day they are scheduled. If there is not a requirement to conduct a log operation, clear snow, or other emergency operation they are free for the balance of the day.

The use of terms "Standby Pay" and "On Call Pay" has led to much confusion over time. Attachment 1 to this report proposes amendments that, if approved, will delete the Standby Pay section and clarify the On Call Pay section. Proposed amendments include:

- explicit requirements regarding readiness and availability for work.
- an increase in on-call compensation from $20 to $25/shift on weekends, and from $30 to $35/shift on statutory holidays. Compensation rate have not changed since at least 2018 during the last major update of the *Employee Manual*.

- Cash compensation for work performed on statutory holidays instead of time-in-lieu.

DUTY OFFICER

MVCA uses this term to refer to the person responsible on weekends and statutory holidays for monitoring watershed conditions, liaising with OPG and others, and related operational duties. As with on-call, staff scheduled to be the Duty Officer are compensated for being available and fit for work outside of normal working hours.

While the term Duty Officer shows up in job descriptions, it is not captured in the *Employee Manual*. Attachment 1 to this report proposes amendment of Section 2.3 of the *Employee* Manual to describe this function and how it is to be compensated. Proposed compensation is consistent with current practice.

CORPORATE STRATEGIC PLAN

Clarification of these terms and amendment of the Employee Manual supports achievement of the following goal and objectives:

> Goal 3: People and Performance – support the operational transformations required to achieve MVCA's priorities and to address legislative changes.
>
> a) Staff the organization to allow for: delivery of mandatory programs and services, priority projects, and fulfillment of commitments made under memoranda of understanding (MOUs) and other agreements.
>
> b) Monitor the quality, efficiency and impact of what we do and modify to improve operational effectiveness.

Attachment 1: Proposed Amendments to the Employee Manual

Section 2.3 Hours of Work

~~**Standby Pay** – Occasionally supervisors may request employees to be on standby for a specified period of time. These employees will be paid $10.00 per half day if they are not called in **OR** will get a minimum of 4 hours overtime if they are called in which must be taken as time in lieu. If an employee is required to be on standby on a Statutory Holiday, they will be paid $15.00 per half day if they are not called in. If they are called in they will continue to receive their regular pay for the statutory holiday and will receive time off in lieu for the time worked or a minimum of 6 hours.~~

On Call ~~**Pay**~~ – Occasionally supervisors may request employees to be on call to conduct dam operations, clear snow, or perform other emergency operations ~~and carry a pager for a specified period of time~~.

Employees scheduled to be On Call shall ensure that during their scheduled shift they are available by phone, within a 45-minute drive of the office, be free of other responsibilities, and are fit for work.

These employees will be paid ~~$10.00 per week day and~~ $25.00 per shift~~day~~ on the weekend if they are not called in, and will ~~be entitled to~~ earn time off in lieu for any time worked in accordance with statutory requirements. If an employee is required to be on call on a Statutory Holiday, they will be paid $35.00 per shift~~day~~ if they are not called in. If they are called in they will ~~continue to~~ receive their regular pay for the statutory holiday, and will receive pay ~~time off in lieu~~ at the rate of 1.5 times for the time worked, which shall be no less than the 3-hour statutory minimum. Hours worked shall include travel time to and from home to the office or work site.

Duty Officer

The Duty Officer is responsible for remote or onsite monitoring of watershed conditions, liaising with OPG and others, determining the need for dam operations and public notifications, arranging for dam operations, drafting and issuing public notifications when required, and related functions as assigned.

Duty Officer responsibilities are assigned on weekends and statutory holidays, and typically require no more than 1 hour to complete. Employees scheduled to be the Duty Officer shall ensure that during their scheduled shift they have reliable internet and phone service, computer access, are free of other responsibilities, and are fit for work. The Duty Officer will be compensated as follows:

- On weekends – 1-hour regular pay/shift. If system conditions require work beyond 1-hour, the Duty Officer will be entitled to the statutory minimum 3-hours pay. Any time worked beyond the 3-hours will be compensated as time-in-lieu.
- On Statutory Holidays – the employee will receive their regular pay for the statutory holiday, plus an additional 1.5-hour regular pay/shift. If system conditions require work beyond 1-hour, the Duty Officer will be entitled to the statutory minimum 3-hours at a rate of 1.5 regular pay. Any time worked beyond the 3-hours will be compensated as time-in-lieu at a rate determined in accordance with statutory requirements.

REPORT 3407/24

TO:	The Chair and Members of the Mississippi Valley Conservation Authority Finance & Administration Committee
FROM:	Sally McIntyre, General Manager
RE:	**Removing Operational/Redundant items from MVCA's Employee Manual**
DATE:	March 20, 2024

RECOMMENDATION

> **That the Finance & Administration Advisory Committee recommend that the Board of Directors approve removal of various redundant or conflicting policies and operational elements from the *Employee Manual* as set out in this report.**

In September 2023,[1] the Board approved a process for disentangling Board-approved policies from operational procedures. The purpose of this report is to obtain approval to remove several items from the *Employee Manual* that are either redundant to or conflict with other approved policy (namely MVCA's *Health & Safety Manual* and *Code of Conduct*), or are not policy but rather operational procedures, guidance, or forms. Further amendments are still required to the Employee Manual but will require staff engagement prior to tabling with the Board.

ITEMS PROPOSED FOR REMOVAL

The following components are recommended for removal from the *Employee Manual*. Details are provided for review in Attachment 1.

- Annual pay adjustment procedure
- Workplace harassment procedure
- Workplace violence procedure
- Investigation process
- Corrective action process
- Performance evaluation process
- Workplace Harassment form
- Violence Incident/Complaint form
- Performance Evaluation form
- Confidentiality agreement
- Conflict of interest agreement

[1] Refer to Staff Report 3354/23.

CORPORATE STRATEGIC PLAN

Clarification of these terms and amendment of the Employee Manual supports achievement of the following goal and objectives:

> Goal 3: People and Performance – support the operational transformations required to achieve MVCA's priorities and to address legislative changes.
>
> b) Monitor the quality, efficiency and impact of what we do and modify to improve operational effectiveness.

Attachment 1: Items proposed to be removed from MVCA's *Employee Manual*

4.2 Annual Adjustments

The following table is a summary of key action items and timelines:

What	When	Who
Establish corporate objectives	October/ November	Board & General Mgr
Establish departmental objectives	October/ November	General Manager and Management Staff
Establish individual employee performance objectives	January	Supervisor & Employee
Provide ongoing feedback throughout the year. Adjust objectives if necessary.	Ongoing	Supervisor
Conduct annual performance evaluation	December	Supervisor
Approve annual budget	February	Board
Implement retroactive salary increases	March	Finance

5.4 Complaint Procedure – Workplace Harassment

<u>5.4.1 Informal Procedure</u>

1. Employees are encouraged to attempt to resolve their concerns by direct communication with the person(s) engaging in the unwanted behaviour. Where the employee feels comfortable in doing so, they should communicate their disapproval in a respectful manner with the other person(s) regarding the behavior, conduct or comments and request that the offending behavior cease. Keep a personal written record of the date, time, details of the comments, and witnesses, if any. Although this may be difficult to do, telling the person you do not like their actions is often enough to stop the behavior.

2. Some of the things you can say that might stop the behavior include:

   "I don't want you to do that."

   "Please stop doing or saying …"

   "It makes me uncomfortable when you . . ."

   "I don't find it funny when you . . ."

3. If you believe that someone who is not an employee, for example a board member, member of the general public or a supplier, has harassed you, please report the harassment to your supervisor.

5.4.2 Formal Procedure

1. If you are unable to resolve the matter by dealing directly with the person, or if you feel uncomfortable about approaching him or her, speak to your supervisor. To the extent possible, your supervisor will attempt to address this issue.

2. In the event the harasser is your immediate supervisor or manager and you have been unable to resolve the matter by dealing directly with him or her, you should address the issue with the General Manager. If it is inappropriate or not possible to address the issue with the General Manager, the issue should be addressed with the Chairman and subsequently with the Board of Directors of the Authority if required.

3. Once your supervisor has resolved the issue, he or she will advise the General Manager about the complaint and its resolution. This will enable us to be aware of and respond to any pattern of harassment by a particular individual.

4. If your supervisor cannot resolve your complaint or if it is too serious to handle at that level, he or she will refer you to the General Manager. If you are not comfortable approaching your supervisor about your concerns, you may address the issue directly with General Manager.

5. The General Manager will explore your options with you. These options may include counseling you on how to resolve the problem with the individual, educating the person with whom you are having difficulty, or assisting you in making a formal complaint.

6. If you decide to initiate a formal complaint, we will need as much written information as possible, including the name of the person you believe is harassing you, the place, date and time of the harassment, specific words or actions as well as the frequency of occurrences and the name of any possible witnesses. A copy of the "Harassment Complaint" form is attached to this policy.

7. Harassment is a serious matter. Therefore, if you decide not to make a formal complaint, we may still need to look into the matter and take steps to prevent further harassment. We may need to do this if the allegations are particularly serious or there have been previous complaints or incidents involving the alleged harasser. An employee has the right to approach the Human Rights Commission if they are not satisfied with the result of the formal procedure undertaken by the Authority.

5.5 Procedure – Workplace Violence

5.5.1 Risk Assessment for Workplace Violence

The potential risk of violence in all workplaces is assessed. Workplace Violence Risk Assessments are conducted as necessary to ensure compliance with the Act, and the results are reported to the Joint Health and Safety Committee.

Measures will be taken to control risks and will include procedures for specific situations which may include but are not limited to:

- Working alone or after hours
- Working with unstable or volatile residents/members of the public
- Office reception area
- Interior and exterior lighting
- Driving a vehicle to provide service at various sites
- Handling cash

5.5.2 Reporting Emergencies

For acts of violence, assault, or other violent incidents, CALL 911 immediately. Critical information must be provided including the nature of the incident, whether emergency services are required, whether the perpetrator(s) are still present or whether weapons are involved.

After the proper control of the emergency, notify supervisor and complete a Harassment or Violent Incident Report Form.

5.5.3 Reporting Non-Emergencies

These include verbal threats or actions that may lead to emergency situations in the future. Violence-related incidents or hazards should be reported to your supervisor and a Harassment or Violent Incident Report form. The report may be made confidentially; however, information may need to be released to investigate and respond to the complaint.

5.6 Investigation

Mississippi Valley Conservation Authority recognizes the sensitive nature of workplace violence and harassment. Information about a complaint or incident will not be disclosed except to the extent necessary to protect workers, to investigate the complaint or incident, to take corrective action or as otherwise required by law.

Mississippi Valley Conservation Authority will commence an investigation as quickly as possible. We may choose to use either an internal or external investigator, depending on the nature of the complaint.

The investigation will include giving the respondent an opportunity to respond to the allegations. It will also include speaking to witnesses and reviewing any related documentation.

Mississippi Valley Conservation Authority will not tolerate retaliations, taunts or threats against anyone who complains about harassment or takes part in an investigation. Any person who taunts, retaliates against or threatens anyone in relation to a complaint may be disciplined or terminated.

It is our goal to complete any investigation and communicate the results in a fair and timely manner, ideally within 30 days after we receive the complaint.

5.7 Corrective Action

If you have engaged in sexual or discriminatory harassment, been violent in the workplace, or have created a poisoned work environment, you will be subject to disciplinary action, up to and including dismissal for cause.

If you taunt, retaliate against or threaten anyone for exercising his or her rights under this policy, you may be subject to disciplinary action, up to and including dismissal for cause.

If you make a complaint in good faith and without malice, you will not be subject to any form of discipline, regardless of the outcome of the investigation. We will discipline or terminate anyone who brings a complaint in bad faith or a malicious complaint.

Other resources available to provide support and help to address workplace harassment or violence include the Joint Health and Safety Committee, and Employee Assistance Program.

9.1 Performance Management Process

9.1.1 The Performance Evaluation Process

The following is a summary of the key phases:

What	**When**	**Who**
Step 1- Establish performance objectives	July	Supervisor & Employee
Step 2 – Provide ongoing feedback throughout the year. Adjust objectives if necessary.	Ongoing	Supervisor
Step 3 – Conduct annual performance evaluation	June	Supervisor

9.1.2 Establish Performance Objectives

The employee's job description and recent performance reviews may be helpful when establishing performance objectives.

Write SMART objectives:

Specific	**M**easurable	**A**chievable	**R**ealistic	**T**imely

Examples:

- Reduce the time it takes to process a planning application by 25%.
- Increase the length of trails in the conservation authority by 5%
- Deliver financial reports two days before the deadline.
- Implement three new best management practices.
- Research and apply to four new funding opportunities.
- Create a promotional campaign for the Mississippi Valley canoe route.

9.1.3 Annual Performance Evaluation Meeting

The performance evaluation meeting is a two-way, open-ended discussion between you and your immediate supervisor. Both of you participate fully in the evaluation; however, your supervisor makes the overall decisions regarding performance levels achieved.

Each step in the performance evaluation process is summarized below:

Supervisor completes evaluation form	Your supervisor completes the performance evaluation by reviewing all of the data collected over the past year. You are encouraged but not required to complete your own self-evaluation. Bring your self-evaluation to the annual performance evaluation meeting.
Annual performance evaluation meeting	One hour will be set aside to review the report. In addition, your self-evaluation is also reviewed. In the event there are discrepancies between your supervisor's evaluation and your self-evaluation, these are discussed.
Sign off	This may occur at the performance evaluation or at a later date. In the event your supervisor wants to revisit the evaluation form as a result of your self-evaluation, there will be a second meeting convened. Review final evaluation form. The intent is simply to confirm that the evaluation has taken place and that both of you have had the opportunity to discuss the evaluation. You then have the option to add comments.
Distribution	Your supervisor gives you a copy of the final evaluation form and forwards the original to the General Manager *for review and* inclusion in your employee file.

13.1 Workplace Harassment and Violence Incident/Complaint Forms

MVHS-002A

MISSISSIPPI VALLEY CONSERVATION AUTHORITY

13.1.1 HARASSMENT INCIDENT REPORT FORM

IMPORTANT: Give this form to your supervisor immediately upon completion. In the event the harasser is your immediate supervisor or manager, address the issue with the General Manager. Refer to Section 5 of the Employee Manual for more information,

Name: ______________________________ Department: ______________________________

Please provide a detailed description of the behaviour or incident(s) about which you are making a complaint or attach the description to this form. Include the following information and anything else that would help management understand your complaint.

What Happened:

____
____
____

Who was involved:

____

When the Incident(s) took place:

____
____

Where the Incident(s) took place:

____
____

Who (if anyone) witnessed the Incident(s):

____
____
____

Please also attach any documents, emails, or other materials that support your claim of harassment.

Date & Time Reported:______________________ Signed:_________________

If you make a complaint in good faith and without malice, regardless of the outcome of the investigation, you will not be subject to any form of discipline. The Mississippi Valley Conservation Authority will, however, discipline or terminate anyone who brings a false and malicious complaint.

If there is not enough evidence to substantiate the complaint, corrective measures will not be taken.

MVHS – 002B

MISSISSIPPI VALLEY CONSERVATION AUTHORITY

13.1.2 VIOLENT INCIDENT REPORT FORM

IMPORTANT: Give this form to your supervisor immediately upon completion.

EMPLOYEE INFORMATION

Employee Name: ________________________ Job Title: ________________________
Date and time of incident: ________________________ Department: ________________________
Location of Incident: ________________________
Type of Assault: ________________________

Medical Attention/First Aid Obtained? ☐Yes ☐No WSIB Forms Completed? ☐Yes ☐No

Investigation Conducted? ☐Yes ☐No Police Called? ☐Yes ☐No

Action(s) Taken: ________________________
____

PERPETRATOR INFORMATION

☐ Customer ☐Co-Worker ☐Delivery Person ☐Resident
☐ Student ☐ Visitor ☐ Other – Please Specify:

Description (to the best of your ability) ☐ Male ☐ Female
Age: __________ Complexion: ________________ Height: ________ Weight: ________
Name (if known) ________________________

INCIDENT AND INJURY INFORMATION

Explain what happened:

OTHER INFORMATION

Was the perpetrator involved in any previous violent incidents with staff? ☐Yes ☐No
Are there any measures in place to prevent a similar incident? ☐Yes ☐No
Please provide any other information you think is relevant:

Date & Time Reported: ________________________ Signed: ________________________

IMPORTANT: Supervisor to send copy of this form to Manager and Payroll/Benefits Administrator.

13.1.3 WORKPLACE VIOLENCE/HARASSMENT COMPLAINT INVESTIGATION PLAN

Date: ______________________ **Investigator:** ______________________________________

Name of Complainant: ____

Name of Respondent: ____

Immediate response measures put in place:

____

____

Is an investigation warranted? Yes ___ No. If Yes, date of investigation, and names and titles of Team Members:

____

____

If No, why not? ____

Is a third party necessary? Yes __ No __ Who? Not limited to: Investigator__Police __ EAP__Lawyer __

Describe third parties contacted, dates of contact and date of initial meeting:

____

____

THE INVESTIGATION

Notification of Parties:

	Date Letter Sent	**Date of Initial Meeting**
Complainant:		
Respondent:		
Witness:		
Witness:		
Witness:		

Interview Schedule:

	Date and Time	**Location**
Complainant:		
Respondent:		
Witness:		
Witness:		
Witness:		

Estimated Time Line for Investigation: ______________________________

Estimate completed by: ____

Questions for the Complainant (list questions and record responses on separate document):

Questions for the Respondent (list questions and record responses on separate document):

Questions for Witnesses (list questions and record responses on separate document):

Relevant Documents:

13.2 Performance Evaluation Form

See next page.

ANNUAL REVIEW & GOAL SETTING

CONFIDENTIAL

Employee:	**Position Title:**
Review Period:	**Length of Time in Position:**

THE PROCESS

1. The Supervisor/Manager drafts the Review. (Note, text can extend beyond the space provided in form.)
2. The Supervisor/Manager presents and discusses the Review with the Employee.
3. The Employee is given one week to review and provide written comments to Supervisor/Manager.
4. The Supervisor/Manager and Employee meet again to review any comments, amend the Review if needed, and sign-off on the Review.
5. Supervisor/Manager discusses recommendations for merit bonus/increase with the General Manager.
6. General Manager signs-off Review, sets any merit increases/bonuses, and notifies Employee.

SIGNATURES

Supervisor

☐ I have reviewed/revised the job description for the employee's position.
☐ I have prepared this Annual Review in accordance with established policies and procedures.
☐ I have discussed this Annual Review with the employee, and the employee has had an opportunity to add written comments.

Signature of Supervisor Date

Employee

☐ I have had an opportunity to review my job description with my supervisor and to suggest any changes.
☐ I have had an opportunity to discuss this Annual Review with my supervisor.
☐ I have been given the opportunity to add my written comments.

Signature of Employee Date

General Manager

☐ I have reviewed the final Annual Review to ensure that it conforms to established policies and procedures.
☐ I will ensure that the employee receives a copy of the signed Annual Review and that the original is placed on the employee's file.

Signature of General Manager Date

Mississippi Valley Conservation Authority

Part 1: Supervisor's Assessment

1. Work deliverables/methods

Quality and quantity of work completed; demonstration of competencies; timeliness of work; compliance with policies, procedures, processes (record keeping and data management, health and safety, procurement, timesheets, expense claims.)

Observations and Opportunity for improvement/growth

2. Relationship Management / Customer Service

Communications/relationship with colleagues, supervisor/management, Board members, partner organizations, clients, general public, media; anticipates needs; demonstrates initiative; delivers on commitments; supports others in achievement of corporate services standards; positive force in the organization.

Observations and Opportunity for improvement/growth

3. Planning / Problem Solving

Task/project planning, follow-up, workload management, planning/use of resources, project and task monitoring and adjustment (assess situation/context, evaluate options, select and implements independently or in consultation, as needed); organization and efficiency; independence and personal accountability.

Observations and Opportunity for improvement/growth

4. Reliability

Attendance and leave management; steadiness/maturity; adaptability, flexibility, resilience to change; openness to new challenges/projects/approaches; trains, supports, and inspires others; positive representative of the corporation.

Observations and Opportunity for improvement/growth

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5. Strategic Leadership (for managers and supervisors only)

Develops and champions corporate and unit vision; seeks out and motivates talent; maintains a positive work environment; sets an excellent example; reviews assumptions and business practices; monitors and evaluates trends; identifies and pursues opportunities for improvement and partnerships; builds on lessons learned; communicates with a view to all audiences and all objectives.

Observations and Opportunity for improvement/growth

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6. Supervision/Management (for managers and supervisors only)

Conducts annual, seasonal, weekly, and daily work planning and coordinates with colleagues; assigns and explains work in a timely and clear manner; communicates and adjusts priorities; assigns work with consideration to staff workload; ensures quality and timeliness of work; assesses employees skill and proficiency; trains and mentors staff; monitors and manages conflict in the workplace; monitors and takes responsibility for health and safety in the workplace; provides constructive guidance and feedback; has regular 1:1 meetings with staff.

Observations and Opportunity for improvement/growth

Part 2: Progress Assessment of Annual Project Goals and Continuous Improvement Objectives

A) Annual Project Goals
Up to a max. of four.

Project Goal	***Success Indicator** (i.e. how we will know that this has been achieved)*	***Outcome***
1.		
2.		
3.		
4.		

Comments:

B) Annual Continuous Improvement / Growth Objectives

Growth Objective	***Success Indicator** (i.e. how we will know that this has been achieved)*	***Outcome***
1.		
2.		
3.		
4.		

Comments:

Part 3: Overall Performance

CONTEXT

How did the past year compare to average?

- Workload (volume/complexity/novelty)
- Work unit / Corporate condition (stable, minor or major changes)
- Externalities (extreme events, regulatory/other changes, revenue pressures)

Comments:

DEVELOPMENT

Was there continuous improvement/learning?

- Mandatory training (completed/incomplete)
- Career development (completed/incomplete)
- Personal development (improvement over previous year; lessons learned)

Comments:

OVERALL ASSESSMENT

On balance, this employee:

- ☐ Had a good year
- ☐ Had an exceptional year
- ☐ Requires significant improvement in key areas

Summary comments:

Part 4: Employee's Comments on Annual Review

Part 5: Goals and Objectives for Next Review Period

Key projects and initiatives to occur during the upcoming review period:

Project Goals	***Dates***	***Expected Results and/or Success Indicators***

Training and development which will occur during the upcoming review period.

Continuous Improvement / Growth Objectives	***Start & End Date***	***Expected Results and/or Success Indicators*** *(i.e. how we will know that this has been achieved)*

Note: Proposed training and development may be subject to funding approval.

Part 6: Review of Job Description

1. *Is the Job Description current and accurate? (yes/no)*
2. *How significant are any potential additions/deletions? (minor, moderate, significant)*
3. *Is the job description recommended for re-evaluation this year? (yes/no)*

Supervisor's comments:

Part 7: Health and Safety

The Supervisor/Manager and Employee shall confirm which job-specific Health & Safety policies and SOPs are to be reviewed by the employee, and set deadline(s) for their completion.

Policy / Standard Operating Procedure	To be reviewed by / Deadline

Supervisor's Name:
Supervisor's Position:
Date:

Signature ______________________________

Employee's Name:
Employee's Position:
Date:

Signature ______________________________

13.3 Confidentiality Agreement

In consideration of employment, continued employment, or engagement as an employee, independent contractor or consultant with Mississippi Valley Conservation Authority (the "**Organization**") the undersigned (the "**Participant**") agrees and covenants as follows:

1. Engagement with the Organization ("**Engagement**") will give the Participant access to proprietary and confidential information belonging to the Organization, its members, its suppliers and others (the proprietary and confidential information is collectively referred to in this Agreement as "**Confidential Information**"). Confidential Information includes but is not limited to Organization business plans or processes, proposals, contracts, personal, technical and/or financial information, databases, emails, internal correspondence, member, or third party intellectual property or confidential information, and know-how. All Confidential Information remains the confidential and proprietary information of the Organization.

2. As referred to herein, the "**Business of the Organization**" shall relate to any business activity of the Organization during the term of the Participant's employment by the Organization or any business activity contemplated to be undertaken at any time of which Participant is aware, or can reasonably be expected to be aware, either during the term of employment by Organization or thereafter.

3. The Participant shall return or destroy, as directed by the Organization, Confidential Information, Proprietary Property and Organization property to the Organization upon request by the Organization at any time. The Participant shall certify, by way of affidavit or statutory declaration that all such Confidential Information, Proprietary Property or Organization property has been returned or destroyed, as applicable.

4. The Participant covenants and agrees not to make any unauthorized use whatsoever of or to bring onto the Organization's premises for the purpose of making any unauthorized use whatsoever of any confidential information or proprietary property of any third party during the course of the Participant's Engagement with the Organization.

5. The Participant agrees that the Participant will, if requested from time to time by the Organization, execute such further reasonable agreements as to confidentiality and proprietary rights as the Organization, or Organization's member or suppliers reasonably require to protect confidential information or proprietary property. Without limiting the generality of the foregoing, the Participant agrees to execute, and be bound by, the Conflict of Interest Policy.

6. The Participant agrees that the Participant's sole and exclusive remedy for any breach of this Agreement by the Organization will be limited to monetary damages and that the Participant will not make any claim in respect of any rights to or interest in any Confidential Information or Proprietary Property.

7. The laws of the Province of Ontario govern this Agreement and the parties agree to the non-exclusive jurisdiction of the courts of the City of Ottawa, Province of Ontario in

relation to this Agreement.

8. If any provision of this Agreement is held by a court of competent jurisdiction to be invalid or unenforceable, that provision shall be deleted and replaced with a provision most closely reflecting the intent of the parties and the other provisions shall remain in effect.

IN WITNESS WHEREOF the Organization and the Participant have caused this Agreement to be executed as of the ___ day of _______________, 200___.

Mississippi Valley Conservation Authority	**Participant**	**Witness to Participant**
Per: ____________________	Per:____________________	Per:____________________
Name:	Name:	Name:

13.4 Conflict of Interest Agreement

Employees, independent contractors and consultants ("Participants") of Mississippi Valley Conservation Authority (the "Organization") and any subsidiary of the Organization shall refrain from activities which conflict with the interests of the Organization during the course of their engagement with the Organization as Participants.

Every Participant will at all times be conscious of the interests of the Organization and will:

(a) not appropriate or convert the Organization's property, tangible or intangible, including confidential information and other proprietary information;
(b) not offer bribes or accept corrupt payments or other like unethical or illegal considerations;
(c) not accept gifts or gratuities that cannot be reciprocated in the ordinary course of business – see Section 3.1.2;
(d) not disparage the Organization or the Organization's products, services or personnel to Organization clients or Organization's potential clients;
(e) not influence, in a manner unfavorable to the Organization, negotiations or transactions between the Organization and its suppliers, contractors, customers and others, because of a personal, commercial or financial interest in the outcome of the negotiations or transactions;
(f) execute, respect and not act in breach of, directly or indirectly, the Confidentiality and Proprietary Information Agreement.

The above examples are merely illustrations of sources of possible conflicts. It is anticipated that the activities of Participants will comply with both the letter and the spirit of this policy.

The objective of this policy is to establish basic rules of conduct for all the Organization's Participants in order to ensure that the business of the Organization is conducted with a high level of integrity and that the likelihood of conflicts of interest between the Organization and its Participants is minimal.

Mississippi Valley Conservation Authority	**Participant**	**Witness to Participant**
Per: ____________________	Per: ____________________	Per: ____________________
Name:	Name:	Name: