Financial Statements of

MISSISSIPPI VALLEY CONSERVATION AUTHORITY

Year ended December 31, 2023

MISSISSIPPI VALLEY CONSERVATION AUTHORITY

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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

KPMG LLP
863 Princess Street, Suite 400
Kingston, ON K7L 5N4
Canada
Telephone 613 549 1550
Fax 613 549 6349

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 (debt) for the year then ended
- the statement of cash flows for the year then ended
- and notes and schedules 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.

KPMG

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.

KPMG LLP

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:

Paul Kehoe Director

Director

MISSISSIPPI VALLEY CONSERVATION AUTHORITY

Statement of Operations and Accumulated Surplus

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

	Budget 2023 (Unaudited - note 11)	Actual 2023	Actual 2022
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 (Debt)

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

	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, with comparative information for 2022

	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, with comparative information for 2022

	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	967,964	1,033,202	843,906
	2,100,573	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
	$ 4,524,961	$ 4,573,202	$ 3,942,046

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

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.

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.

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.

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.

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

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

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.

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

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

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

Tangible capital assets are less the net book value of the building asset retirement obligation of $47,829 (2022 - $Nil)

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 and Accumulated Surplus.

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

	Budget	Actual
Annual surplus per Statement of Operations and Accumulated Surplus	$ 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 from unrestricted operating reserve	198,120	75,476
Transfers 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	26,996	22,821
	$ 5,049,344	$ 4,395,383

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.

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.

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.

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.

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.