Mississippi Valley Conservation Authority

Agenda: Finance and Administration Advisory Committee

April 4, 2025

11:00 a.m

Hybrid meeting via Zoom and MVCA Office Boardroom

Roll Call

Declarations of Interest (written)

Adoption of Agenda

Main Business

1. Approval of Minutes: Finance and Administration Advisory Committee Meeting Minutes, March 3, 2025, Page 2
2. Financial Statements, Baker Tilly REO, Page 15
3. Auditor's Report, Baker Tilly REO, Page 44
4. Financial Update – YTD December 31, 2024, Audited, Report 3484/25, Stacy Millard, Page 57

Adjournment

Mississippi Valley Conservation Authority

Minutes: Finance and Administation Advisory Committee Meeting

Monday, March 3, 2025

Hybrid Meeting Via Zoom and at MVCA Office

Roll Call

Members Present

- Janet Mason, Chair
- Roy Huetl, Vice Chair
- Cathy Curry (Virtual 1:08 p.m.)
- Jeannie Kelso (Virtual)
- Jeff Atkinson
- Mary Lou Souter
- Richard Kidd
- Paul Kehoe

Members Absent

- Allan Hubley

Staff

- Sally McIntyre, General Manager
- Stacy Millard, Treasurer
- Scott Lawryk, Property Manager
- Alex Broadbent, Manager of IC&T
- Elizabeth Cliffen Gallant, Finance Assistant
- Kelly Hollington, Recording Secretary

Guests

- Jennifer Hess, Manager, Investment Services Municipal Financial Officers Association
- Keith Taylor, Chief Investment Officer, ONE Investment

J. Mason called the meeting to order at 1:00 p.m.

Declarations of Interest

Members were asked to declare any conflicts of interest. No declarations were received.

Agenda Review

There were no additions or amendments to the agenda.

FAAC25/03/03 - 1

MOVED BY: J. Atkinson

SECONDED BY: P. Kehoe

Resolved, that the agenda for the March 3, 2025 Finance and Administration Advisory Committee Meeting be adopted as presented.

"CARRIED"

Main Business

1. Approval of Minutes: Finance and Administration Advisory Committee Meeting, November 28, 2024.

There were no comments or discussion on the minutes.

FAAC25/03/03 - 2

MOVED BY: M. Souter

SECONDED BY: R. Huetl

Resolved, that the minutes of the Finance and Administration Advisory Committee Meeting held on Previous Meeting date, 2025 be received and approved as printed.

"CARRIED"

2. MVCA 2025 Investment Policy & 2025 Strategy, Report 3475/25, Stacy Millard.

S. Millard presented the 2025 Investment Policy and Strategy. She reviewed MVCA's current approach to investments and recommended ONE Investment as a broker to continue to grow capital reserves. She highlighted Table 1 of the Investment Periods and Approach in the Draft Investment Policy.

J. Mason asked if this policy is approved if it will go back to the Board for review. S. Millard explained that the investment mix will be reviewed annually following annual update of the *10-year Capital Plan*. S. McIntyre highlighted item 4.d) in the Draft Investment Policy: The Board shall review and approve the investment mix following annual update of the *10-year Capital Plan*.

J. Kelso asked when investment reports would be tabled with the Board. S. Millard responded that the investment mix is likely to be reviewed quarterly along with the Financial Update report.

P. Kehoe asked why the Category 3 reserve balance target needs to be higher. He expressed concern regarding funds being allocated to Category 3 programs and services instead of Category 1 and 2. S. McIntyre asked to table this discussion until item 6. Financial Update. P. Kehoe agreed.

J. Mason asked which other Investment Brokers were considered. S. Millard responded that MVCA's current bank was considered. She explained that the pool of candidates was small due to security and management requirements.

S. McIntyre explained that ONE Investment is the broker of choice for many municipal jurisdictions because they are required to adhere to the Municipal Act.
S. Millard commented that she connected with South Nation Conservation Authority, they've opted to stay with their bank but have the staff and resources to oversee, advise and manage investments.

a. **<u>Presentation by ONE Investment.</u>**

J. Hess provided an overview of ONE Investment. She explained that they are a non-profit operated by Local Authority Service, the business services arm for the Association of Municipalities of Ontario and CHUMS, a subsidiary of the Municipal Finance Officers Association.

She highlighted that they are currently servicing approximately 40% of all Ontario municipalities and approximately 20 other entities, including 6 Conservation Authorities within Ontario. She highlighted that education and assistance are their primary focus, ONE Investment will continually advise to help tailor the appropriate mix of investments to minimize risks and meet investment outcomes.

She reviewed investment advisory services. She reviewed the two streams of investments based on municipal act legislation, Legal List and Prudent Investor. She provided an overview of Legal List portfolio options including High Interest Savings Account (HISA), Canadian Government Bond, Canadian Corporate Bond and Canadian Equity. She reviewed HISA options.

K. Taylor provided performance statistics for ONE Investment's Canadian Government Bond, Canadian Corporate Bond and Canadian Equity portfolios. He reviewed the Legal

List fee structure, ONE Investment governance including the ONE Investment Board and Investment Advisory Committee and investment themes.

He highlighted the importance of diversification in the mitigating investment risks. He emphasized the stability of fixed income investments and the potential for higher returns from equity markets. He noted that a combination of equity and fixed income investments could be appropriate.

J. Mason asked if inflation was considered in the values in the chart demonstrating the growth of equity investments and bonds from 2022-2023. She noted that bonds yield interest and asked if the graph reflects the interest being added. K. Taylor explained that when investing in fixed income, you should expect a return that broadly matches inflation. He responded that the graph amounts are nominal dollars with no inflation adjustments.

M. Souter asked what the intended investment mix is for MVCA. S. McIntyre responded that the intended mix for 2025 is 25% in Canadian Corporate Bonds and 75% in Canadian Government Bonds as stated in the Investment Policy & 2025 Strategy under 3.1 Investment Mix. S. Millard added that the policy is to review the mix every year with the Capital Plan, any changes must be approved by the Board of Directors.

J. Mason thanked J. Hess and K. Taylor for their presentation. The Committee continued discussions.

J. Mason expressed concern regarding the lack of consideration of inflation and interest in ONE Investment's graph values. J. Atkinson commented that he believes the goal was to demonstrate the stability of the bonds. He highlighted the goal of ensuring that MVCA's investments don't lost value to inflation over time.

J. Mason commented that the high interest savings account showed better returns than the bonds in the examples provided. S. Millard explained that the goal is to find a mix to maintain stability in a changing market.

J. Mason asked if any committee members have experience working with ONE Investment. She confirmed that no one on the committee has experience with ONE Investment.

R. Kidd commented that there are two choices, the Bank and ONE Investment. He noted that ONE Investment provides the opportunity for flexibility in investing.

M. Souter commented that the proposed mix in the strategy is low risk and not much different than the current strategy of investing in GICs. She expressed support to using ONE Investment.

S. McIntyre highlighted that the motion is to sign off on a limited time frame of two years, after which MVCA can re-evaluate.

J. Atkinson asked when the $750,000 would mature and be transferred to ONE Investment. S. Millard responded that if approved, starting this week and up until April.

P. Kehoe asked what ONE Investment will be directed to do. J. Mason explained that the investment mix set out in the report will be recommended to the Board of Directors for approval. S. Millard added that, if approved, $750,00 will be invested in Canadian Corporate Bonds and the balance in Canadian Government Bonds.

FAAC25/03/03 - 3

MOVED BY: J. Atkinson

SECONDED BY: M. Souter

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

1. **The Investment Policy attached to this report.**
2. **The 2025 investment strategy set out in this report.**
3. **Transfer of investments to ONE Investment as set out in this report during the next two fiscal years.**

"CARRIED"

3. Palmerston Beach Property Transfer, Report 3476/25, Scott Lawryk.

S. Lawryk explained that property title issues have been resolved at the Palmerston Beach property. The transfer process of the property with the Township of North Frontenac can proceed. He recommended sharing legal costs with the Township. A letter has been submitted to the Minister of Natural Resources to inform them of the intended transfer of the parcel to the Township. He recommended that legal fees be shared with the Township.

R. Huetl asked how MVCA will convey the message of their recommendation to split legal costs. S. McIntyre responded that she would write a letter to the Township of North Frontenac Chief Administrative Officer (CAO) requesting that the item be brought to council for consideration. She noted that the standing offer on that property from the Township states that MVCA would incur all of the legal costs. It was not anticipated that the process would be as long and costly, which is why MVCA is asking for this consideration.

M. Souter asked what happens if the Township refuses to share the costs. S. McIntyre explained that in conversations with R. Huetl, he will put forward MVCA's position at council. If council denies it, MVCA must honor the current agreement.

R. Kidd commented that MVCA is hoping on the goodwill of the Township.

J. Kelso commented that it is important to highlight that residents of the Township will use and enjoy this property. She added that she is hopeful the Township will be reasonable.

R. Huetl added that the plan is to ask for 50% but to negotiate for 25% if denied. He noted that he has made the Mayor of the Township of North Frontenac aware of this.

FAAC25/03/03 - 4

MOVED BY: J. Kelso

SECONDED BY: R. Huetl

Resolved, That the Finance and Administration Advisory Committee recommend that the Board of Directors direct the General Manager to petition the Township of North Frontenac to contribute 50% towards the legal fees incurred by MVCA to provide clear title of the Palmerston Beach property for the Township.

"CARRIED"

4. K&P Transfer Agreements, Report 3477/25, Scott Lawryk.

S. Lawryk reviewed the background and current status of K&P Transfer agreements including the three documents received in early 2024 from the counties of Lanark, Frontenac and Renfrew: a Draft Agreement of Purchase of Sale (APS), Draft Lease Agreement and Memo of title issues along MVCA's section of the trail.

He highlighted outstanding concerns with the current drafts and the proposed amendments to mitigate MVCA's financial risks. A 10-year lease agreement is recommended, which would require approval from the Minister of Natural Resources. The amended drafts have been provided to the counties for review and comment.

P. Kehoe expressed concerns regarding title issues and the financial implications related to the sale of the property. M. Souter supported P. Kehoe's concerns.

R. Kidd expressed concerns regarding the reimbursement of legal and survey costs if the counties terminate the agreement.

M. Souter asked how much the trail costs to maintain currently, how much it has cost MVCA over the past 10-years to maintain and if maintenance of the trail will be transferred along with the sale. S. McIntyre explained that there is potential risk related to paying a share of the legal survey costs.

S. McIntyre noted that there is value in having clear titles. She explained that significant investments were made in the K&P Trail after it's purchase in 1991. Within the next decade, MVCA made the decision to stop investing in the K&P Trail, which caused degradation of the condition of the trail, making certain sections dangerous. The amount of investment required to address the degradation is significant. The mitigation of risk associated with trail usage has been a challenge to implement due to signage being vandalized or removed. She highlighted that there is a long-term opportunity for a higher level of government to invest in the asset to mitigate risks and capitalize on it as a tourism asset within the broader community. Having clear titles makes the transfer of the trail more attractive to the counties to take on. She noted that by taking over the property under a lease agreement, the counties will be responsible for maintenance improvements. MVCA's 10-year Capital Plan already allows for a small investment of $15,000 per year on the K&P Trail.

P. Kehoe expressed concern regarding the financial implications of the transfer. He suggested that closing the trail could be an option.

J. Mason asked if the committee wants Staff to provide a report of all the options for the K&P Trail and to table them at the next meeting.

R. Kidd expressed his concerns regarding the liability related to the trail. He highlighted that MVCA currently owns the property and is liable if accidents occur due to the degradation of the trail. He expressed concerns regarding the costs to make the trail safe for use.

S. McIntyre explained that, regarding title issues, the 70% of the trail with issues is by length, not by owner. She noted that a lot of the title issues are where the Crown patent is not clear, the province still has some sort of ownership over the parcel.

Mapping will be provided at the Board of Directors meeting to clearly demonstrate the nature of the title issue.

R. Kidd asked for the percentage of parcels affected to be included. S. McIntyre noted that the majority of the parcels affected are in Renfrew County.

M. Souter asked if it's possible to sign a Quit Claim for the section of the trail in Renfrew County. S. McIntyre suggested against shortening the trail. She explained that the K&P Trail is a connecting link between the Ottawa Valley Rail Trail and the Havelock Trail. She highlighted the importance of the trail staying in public ownership with either MVCA or the counties.

S. McIntyre acknowledged that a large investment is needed to improve the trails and reduce liability. She noted that the property has great potential tourism and recreational value to the counties.

R. Kidd asked if the K&P Trail is subject to any railroad transportation acts that restrict the sale of individual parcels. S. McIntyre explained that MVCA acquired the property from the Province, not a rail company. S. McIntyre noted that railroad transportation acts have not come up in discussions with legal council but will look into this subject further.

M. Souter asked for more information when this report is tabled with the Board of Directors to be able to make a reasonable and informed decision.

J. Mason commented that the map of title issues and outstanding risk items should be included in the Board report.

M. Souter asked for a breakdown of expenses related to the purchase and maintenance of the trail.

R. Kidd commented that it is important to clarify that the agreement is a lease-to-own.

J. Mason tasked staff with providing a complete background of the K&P Trail risks and associated costs.

<u>FAAC25/03/03 - 5</u>

MOVED BY: **P. Kehoe**

SECONDED BY: **R. Huetl**

Resolved, That the Finance and Administration Advisory Committee recommend that the Board of Directors authorize the General Manager and Board Chair to

finalize and execute agreements with the counties of Lanark, Renfrew and Frontenac for the lease and acquisition of the K&P Trail as set out in this report.

"CARRIED"

5. Tenant Agreements, Report 3478/25, Scott Lawryk.

S. Lawryk reviewed tenant agreements with MVCA at their head offices and Mill of Kintail Conservation Area site. He highlighted the need to move toward cost recovery while balancing the importance of community partnerships. The committee discussed how to update agreements with various tenant organizations using the properties.

J. Kelso asked who is responsible for losses or damages and whether MVCA is carrying extra insurance to cover tenants. S. Lawryk explained that MVCA is expecting all of the groups to provide their own insurance, MVCA should be added to their policy. Proof of insurance will be required for any future agreements.

R. Kidd commented that requiring rent for use of the properties may incentivize fundraising by the tenant organizations. He noted that it is tough to set policy that would suit everyone. He commented that with new tenant agreements, it will be easier to obtain cost-recovery.

J. Mason asked if the Mississippi Valley Field Naturalists (MVFN) are paying $50 per month in rent. S. Lawryk responded that they were charged that amount originally but have not been charged recently. She asked if Mississippi Madawaska Land Trust (MMLT) is paying $3600. S. Lawryk responded that the agreement with MMLT was recently formalized.

M. Souter commented that some of the groups could pay rent and that some of the existing deals are generous. She highlighted the importance of cost-recovery. She noted that a blanket policy would not be suitable.

J. Atkinson suggested having one-on-one conversations with the groups to discuss policy changes and gain an understanding of what's possible. He expressed support in asking for liability insurance from each group. He highlighted the updates to Mill of Kintail facilities add value for tenant organizations.

S. Millard noted that most groups are not paying for parking at the Mill of Kintail Site. There is an opportunity to request parking fees.

J. Kelso expressed her support in one-on-one conversations with tenant organizations to present MVCA's costs related to the maintenance of the facilities.

R. Kidd expressed support in moving toward cost-recovery of expenses related to tenant use of the site.

J. Mason asked the committee to provide their input regarding tenant agreements to S. McIntyre and S. Lawryk.

6. Financial Update – 2024 Q4, Report 3479/25, Stacy Millard

S. Millard presented the unaudited financial data as of December 2024. She noted that are potentially some minor audit adjustments. She explained that discussion is required to determine appropriate allocation of surplus funds. She recommended allocating the surplus to Category 3 reserve to support the expansion of Category 3 programs. The Category 3 reserve target is based on covering 1 year of salary for staff.

P. Kehoe expressed concerns with allocating surplus funds to Category 3 rather than Category 1 and 2. He asked what programs are included in Category 3. S. McIntyre responded that the Education Program, Stewardship Program and Museum are considered Category 3.

P. Kehoe commented that Category 3 programs should be fully cost-recoverable.

S. Millard noted that the reserve policy is set up to cover fluctuations in grant funding.

S. McIntyre explained that MVCA has a 5-year contract with member municipalities to deliver on Category 3 programs.

P. Kehoe commented that MVCA could provide the surplus funds back to the municipalities.

S. McIntyre stated that MVCA is invested in delivering Category 3 programs. By setting aside funds, MVCA is able to allow for fluctuations in grant programs and other funding. She highlighted the importance of planning for the long-term and working toward cost-recovery. The surplus funds are due to over-budgeting in other categories. She commented that options for the surplus funds include returning the money to the municipalities, over-funding the Category 2 operating reserve or allocating to Category 3.

P. Kehoe asked if the funds can be allocated to Category 1 reserves.

R. Kidd asked for confirmation of MVCA's reserve policies.

M. Souter asked if funds can be moved from Category 3 reserves to Category 1 or 2 reserves.

S. McIntyre explained that you must have separate operating and capital reserves for each category of programs/services. The regulations prescribe that reserves required a name, purpose and target value. Category 3 program target values have not been met based on the target value approved in the policy. She noted that she would look into regulations regarding transferring of balances from Category 3 reserves to Category 1 or 2 reserves.

J. Mason asked if the surplus can be allocated to a capital reserve or dam infrastructure reserve, whether the fund allocation is flexible. S. McIntyre responded that the Board of Directors has the discretion to allocate funds where they see fit.

R. Kidd expressed concerns regarding the restrictions of reserve fund allocation. He asked if a contingency reserve can be created to allow for flexibility in use of funds for any purpose.

J. Kelso expressed concerns regarding the creation of a contingency reserve. She noted that it gives the impression that MVCA is taking more funds than needed.

S. McIntyre explained that when the various reserves were set up, targets were calculated to track progress. She noted that the Operating reserve provides for unexpected expenses and can be considered a contingency fund for Category 1 programs.

C. Curry commented that provincial regulations can change. She highlighted the importance of clear reserves and security and expressed her support in the recommendation in the report.

<u>**FAAC25/03/03 - 6**</u>

MOVED BY: **J. Atkinson**

SECONDED BY: **C. Curry**

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

1. **Drawdown of the Category 3 Operating Reserve by $21,007 to cover a short-fall in daily parking pass revenues;**
2. **Allocation of the Category 2 Operating Surplus of $100,000 in accordance with Option 2 of this report.**
3. **Allocation of any remaining year-end surplus after audit adjustments to the Water Control Structure Reserve.**

4 In Favour

4 Opposed

"FAILED"

The committee discussed the recommendation and decided to amend to remove item B from the original recommendation - the allocation of funds to the Category 3 reserves. J. Mason asked if this decision is time-sensitive. S. McIntyre confirmed that an allocation decision is needed by the next Board of Directors meeting to finalize the financial statements.

FAAC25/03/03 - 7

MOVED BY: **P. Kehoe**

SECONDED BY: **J. Atkinson**

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

1. **Drawdown of the Category 3 Operating Reserve by $21,007 to cover a short-fall in daily parking pass revenues;**
2. **Allocation of any remaining year-end surplus after audit adjustments to the Water Control Structure Reserve.**

"CARRIED"

Adjournment

FAAC25/03/03 - 7

MOVED BY: **P. Kehoe**

SECONDED BY: **J. Kelso**

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

“CARRIED”

The meeting adjourned at 2:59 p.m.

K. Hollington, Recording Secretary

MISSISSIPPI VALLEY CONSERVATION AUTHORITY

Financial Statements

Year Ended December 31, 2024

MISSISSIPPI VALLEY CONSERVATION AUTHORITY
Index to Financial Statements
Year Ended December 31, 2024

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements of Mississippi Valley Conservation Authority have been prepared in accordance with Canadian public sector accounting standards (PSAS). When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. These statements include certain amounts based on management's estimates and judgments. Management has determined such amounts based on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects.

The integrity and reliability of Mississippi Valley Conservation Authority's reporting systems are achieved through the use of formal policies and procedures, the careful selection of employees and an appropriate division of responsibilities. These systems are designed to provide reasonable assurance that the financial information is reliable and accurate.

The Board of Directors is responsible for ensuring that management fulfills its responsibility for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Board carries out this responsibility principally through its Finance & Administration (F&A) Committee. The F&A Committee is appointed by the Board and meets periodically with management and the Boards' auditors to review significant accounting, reporting and internal control matters. Following its review of the financial statements and discussions with the auditors, the F&A Committee reports to the Board of Directors prior to its approval of the financial statements. The Committee also considers, for review by the Board and approval by the Board, the engagement or re-appointment of the external auditors.

The financial statements have been audited on behalf of the Board by Baker Tilly REO LLP, in accordance with Canadian generally accepted auditing standards.

Sally McIntyre, General Manager

Stacy Millard, Treasurer

Carleton Place, Ontario
April 14, 2025

INDEPENDENT AUDITOR'S REPORT

To the Board of Mississippi Valley Conservation Authority

Qualified Opinion

We have audited the financial statements of Mississippi Valley Conservation Authority (the Authority), which comprise the statement of financial position as at December 31, 2024, and the statements of operations and accumulated surplus, changes in net financial debt and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Authority as at December 31, 2024, and the results of its operations and cash flows for the year then ended in accordance with Canadian public sector accounting standards (PSAS).

Basis for Qualified Opinion

Asset retirement obligations are legal obligations associated with the retirement of tangible capital assets. The Authority is obligated to identify all legal obligations associated with retirement of its assets to ensure completeness of the asset retirement obligations recorded, and estimate the future costs of remediation for these obligations to determine the value. The Authority has not provided sufficient appropriate audit evidence regarding the completeness and the valuation of the amounts recorded and the disclosures required in respect of this liability.

We were consequently unable to determine whether the amounts in question should have been adjusted with respect to the accumulated deficit as at December 31 , 2023; tangible capital assets and the asset retirement obligations as at December 31, 2023 and December 31, 2024 (2024 - $61,933, 2023 - $61,933) and the related expenses (2024 - $4,383.63, 2023 - $14,104) for the years then ended; and the related disclosures in notes 10 and 15.

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 report. We are independent of the Authority in accordance with 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 qualified audit opinion.

(continues)

Independent Auditor's Report to the Board of Mississippi Valley Conservation Authority *(continued)*

Other Matter

The financial statements for the year ended December 31, 2023 were audited by another auditor who expressed an unmodified opinion on those financial statements on April 8, 2024.

Key Audit Matters

Except for the matter described in the Basis for Qualified Opinion section, we have determined that there are no other key audit matters to communicate in our report.

Other Information

Management is responsible for the other information. The other information comprises the information, other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 PSAS, 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 Authority'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 Authority or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Authority'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 these financial statements.

(continues)

Independent Auditor's Report to the Board of Mississippi Valley Conservation Authority *(continued)*

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 Authority’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 Authority’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 Authority 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.

We 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.

Carleton Place, Ontario
April 14, 2025 Chartered Professional Accountants, Licensed Public Accountants

MISSISSIPPI VALLEY CONSERVATION AUTHORITY
Statement of Financial Position
December 31, 2024

	2024	2023
FINANCIAL ASSETS		
Cash	**$ 286,374**	$ 964,957
Investments *(Note 4)*	**3,035,933**	2,620,945
Accounts receivable *(Notes 5, 16)*	**421,887**	590,261
	3,744,194	4,176,163
FINANCIAL LIABILITIES		
Accounts payable and accrued liabilities *(Note 6)*	**306,069**	563,806
Deferred revenue *(Note 7)*	**108,761**	120,875
Current portion of long term debt *(Note 8)*	**183,074**	175,530
Long-term debt *(Note 8)*	**3,794,463**	3,977,401
Retirement benefit liability *(Note 9)*	**141,864**	146,346
Asset retirement obligation *(Note 15)*	**61,933**	61,933
	4,596,164	5,045,891
NET FINANCIAL DEBT	**(851,970)**	(869,728)
NON-FINANCIAL ASSETS		
Prepaid expenses	**36,282**	36,450
Intangible assets *(Note 11)*	**125,437**	117,697
Tangible capital assets *(Note 10)*	**7,861,542**	7,754,038
Tangible capital assets under construction *(Note 10)*	**306,756**	138,972
Intangible assets in development *(Note 11)*	**23,500**	-
	8,353,517	8,047,157
ACCUMULATED SURPLUS *(Note 12)*	**$ 7,501,547**	$ 7,177,426

Draft

ON BEHALF OF THE BOARD

___________________________________ *Director*

___________________________________ *Director*

The accompanying notes are an integral part of these financial statements

MISSISSIPPI VALLEY CONSERVATION AUTHORITY
Statement of Operations and Accumulated Surplus
Year Ended December 31, 2024

	Budget 2024 *Note 13*	**Actual 2024**	Actual 2023
REVENUE			
Municipal levy - category 1	$ 2,817,071	**$ 2,817,072**	$ 2,962,451
Municipal levy - category 2	178,536	**178,537**	-
Municipal levy - category 3	144,590	**144,590**	-
Municipal levy - special	68,000	**68,000**	71,500
Other revenue *(Schedule 1) (Note 16)*	1,007,241	**1,074,193**	1,427,315
Government grant - Ministry of Natural Resources Section 39	128,436	**128,436**	128,436
Government grant - provincial (CMOG)	13,445	**13,445**	13,445
Conservation area - fees, sales and rentals	101,000	**88,843**	96,148
Supplementary programs - student grants	30,235	**-**	26,774
Donations	27,000	**56,761**	36,500
	4,515,554	**4,569,877**	4,762,569
EXPENSES			
Corporate services *(Schedule 2)*	1,129,772	**1,322,204**	1,026,315
Watershed management *(Schedule 2)*	1,850,453	**1,275,742**	2,079,650
Flood and erosion control *(Schedule 2)*	482,130	**880,679**	487,905
Conservation areas *(Schedule 2)*	370,469	**347,979**	543,831
Category 2 programs *(Schedule 2)*	296,536	**150,061**	104,131
Category 3 programs *(Schedule 2)*	412,980	**482,290**	331,370
	4,542,340	**4,458,955**	4,573,202
SURPLUS BEFORE CAPITAL ACTIVITIES	(26,786)	**110,922**	189,367
CAPITAL ACTIVITIES			
Municipal levy - capital	691,745	**691,745**	634,628
Amortization	-	**(351,370)**	(334,654)
Interest on long-term debt	-	**(127,176)**	(141,488)
	691,745	**213,199**	158,486
ANNUAL SURPLUS	664,959	**324,121**	347,853
ACCUMULATED SURPLUS - BEGINNING OF YEAR	7,343,549	**7,177,426**	6,829,573
ACCUMULATED SURPLUS - END OF YEAR *(Note 12)*	$ 8,008,508	**$ 7,501,547**	$ 7,177,426

MISSISSIPPI VALLEY CONSERVATION AUTHORITY
Statement of Changes in Net Financial Debt
Year Ended December 31, 2024

	Budget 2024	**Actual 2024**	Actual 2023
ANNUAL SURPLUS	$ 664,959	**$ 324,121**	$ 347,853
Acquisition of tangible capital assets	(1,444,475)	**(441,176)**	(591,426)
Increase in intangible assets in development	-	**(23,500)**	-
Increase in tangible capital assets under construction	-	**(167,784)**	(138,972)
Acquisition of intangible capital assets	-	**(25,439)**	(21,609)
Amortization of tangible capital assets	-	**351,370**	334,654
Change in prepaid expenses	-	**169**	(1,284)
	(1,444,475)	**(306,360)**	(418,637)
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(779,516)	**17,761**	(70,784)
NET FINANCIAL DEBT - BEGINNING OF YEAR	(1,353,722)	**(869,731)**	(798,947)
NET FINANCIAL DEBT - END OF YEAR	$ (2,133,238)	**$ (851,970)**	$ (869,731)

MISSISSIPPI VALLEY CONSERVATION AUTHORITY
Statement of Cash Flows
Year Ended December 31, 2024

	2024	2023
OPERATING ACTIVITIES		
Annual surplus	**$ 324,121**	$ 347,853
Items not affecting cash:		
Amortization	**351,370**	334,654
Retirement benefit liability	**(4,482)**	(9,469)
Asset retirement obligation	**-**	61,933
	671,009	734,971
Changes in non-cash working capital:		
Accounts receivable	**168,374**	51,975
Accounts payable and accrued liabilities	**(257,742)**	193,572
Deferred revenue - other	**(12,114)**	(253,514)
Prepaid expenses	**171**	(1,285)
	(101,311)	(9,252)
	569,698	725,719
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	**(441,176)**	(591,426)
Purchase of intangible assets	**(25,439)**	(21,609)
Tangible capital assets under construction	**(167,784)**	(138,972)
Intangible assets in development	**(23,500)**	-
	(657,899)	(752,007)
FINANCING ACTIVITIES		
Repayment of long-term debt	**(175,394)**	(243,850)
	(175,394)	(243,850)
INVESTING ACTIVITIES		
Purchase of short-term investments	**(280,981)**	(1,500,000)
Interest earned and re-invested	**(134,007)**	(101,778)
	(414,988)	(1,601,778)
DECREASE IN CASH FLOW	**(678,583)**	(1,871,916)
CASH - BEGINNING OF YEAR	**964,957**	2,836,873
CASH - END OF YEAR	**$ 286,374**	$ 964,957

MISSISSIPPI VALLEY CONSERVATION AUTHORITY
Other Revenue (Schedule 1)
Year Ended December 31, 2024

	Budget 2024	**Actual 2024**	Actual 2023
GRANTS			
City of Ottawa floodplain mapping	110,500	**136,991**	67,592
ECCC	60,000	**59,520**	299,688
ALUS Lanark	72,000	**53,596**	56,962
Danbe Foundation	-	**50,000**	-
DMAF	40,000	**40,536**	50,752
Ottawa Rural Clean Water Project	13,025	**19,919**	19,086
County of Lanark Forestry Program	7,000	**16,878**	15,252
Mississippi Mills - Mill of Kintail	12,221	**13,081**	5,693
Provincial - FHIMP - Clyde River	5,000	**9,178**	66,183
Education review	5,000	**5,000**	-
Capital Revenue:Capital Grants	110,000	**54,956**	199,725
Grants - other	-	**-**	8,100
RBC Funding	15,000	**-**	-
Wetland Protection Fund	15,000	**-**	-
Hazard Identification Mapping*3*	30,000	**-**	-
Poole Creek	3,000	**-**	-
	497,746	**459,655**	789,033
Planning and regulation fees	280,000	**337,510**	332,466
Interest	130,000	**178,540**	173,287
Ontario Power Generation	44,000	**35,799**	38,243
Camps income	25,200	**32,335**	-
MNRF dam operations	11,795	**11,795**	8,000
Rental income	7,000	**9,986**	3,641
Fees for services	11,500	**6,602**	23,725
Bell Canada - K&P Easement	-	**1,971**	1,933
Interagency coordination - LiDAR	-	**-**	37,372
Septic Programs	-	**-**	19,615
	509,495	**614,538**	638,282
Grand Total	$ 1,007,241	**$ 1,074,193**	$ 1,427,315

MISSISSIPPI VALLEY CONSERVATION AUTHORITY
Expenses (Schedule 2)
Year Ended December 31, 2024

	Budget 2024 *Note 13*	**Actual 2024**	Actual 2023
Corporate services			
Administration	$ 704,048	**$ 876,403**	$ 733,029
Communications	63,779	**42,803**	76,263
Head office	176,342	**219,913**	68,152
Information management	193,829	**180,413**	166,261
Vehicle and equipment	(8,226)	**2,672**	(17,390)
	$ 1,129,772	**$ 1,322,204**	$ 1,026,315
Watershed management			
Hazard mapping	$ -	**$ 202,952**	$ -
Monitoring - Category 1	49,094	**67,587**	6,667
Plan review	1,003,375	**952,953**	959,372
Septic inspection program	-	**-**	80,410
Technical studies and watershed planning	797,984	**52,250**	1,033,201
	$ 1,850,453	**$ 1,275,742**	$ 2,079,650
Flood and erosion control			
Dam operations	$ 257,359	**$ 162,630**	$ 171,453
Flood forecasting and warning	224,771	**718,049**	316,452
	$ 482,130	**$ 880,679**	$ 487,905
Conservation areas			
Conservation areas	$ 298,613	**$ 332,007**	$ 543,831
Technical studies - conservation	71,856	**15,972**	-
	$ 370,469	**$ 347,979**	$ 543,831

(continues)

MISSISSIPPI VALLEY CONSERVATION AUTHORITY
Expenses *(continued)* (Schedule 2)
Year Ended December 31, 2024

	Budget 2024 *Note 13*	**Actual 2024**	Actual 2023
Category 2 programs			
Monitoring	$ 168,313	**$ 108,187**	$ 104,131
Watershed plan	128,223	**41,874**	-
	$ 296,536	**$ 150,061**	$ 104,131
Category 3 programs			
Education programs	$ 61,170	**$ 68,368**	$ -
Stewardship programs	159,521	**233,493**	199,833
Visitor services	192,289	**180,429**	131,537
	$ 412,980	**$ 482,290**	$ 331,370

MISSISSIPPI VALLEY CONSERVATION AUTHORITY
Notes to Financial Statements
Year Ended December 31, 2024

1. PURPOSE OF THE AUTHORITY

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian public sector accounting standards (PSAS).

Investments

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

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.

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, less accumulated amortization and are amortized over their estimated useful lives at the following rates and methods:

Land improvements	10 - 30 years	straight-line method
Water control structures	20 - 50 years	straight-line method
Buildings	40 years	straight-line method
Leasehold improvements	lease term	straight-line method
Equipment	10 years	straight-line method
Furniture and fixtures	10 years	straight-line method
Vehicles	5 years	straight-line method
Computer equipment	5 years	straight-line method

The Authority regularly reviews its tangible capital assets to eliminate obsolete items.

Tangible capital assets under construction are not amortized until the asset is available for productive use, at which time the costs are transferred to the appropriate asset category.

(continues)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Intangible assets

Intangible assets are recorded at cost, which includes 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 over their estimated useful at the following rates and methods:

Watershed modeling and hazard mapping	10 years	straight-line method

Intangible assets in development are not placed into use until the asset is available for productive use, at which time the costs are transferred to the appropriate category.

Impairment

The Authority tests for impairment whenever events or changes in circumstances 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 is 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.

Future removal and site restoration costs

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

1. There is a legal obligation to incur retirement costs in relation to a tangible capital asset and other contract obligations;
2. The past transactions or events giving rise to the liability have occurred;
3. It is expected that future economic benefits will be given up; and
4. 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. 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.

(continues)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

Pensions and employee future 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.

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 is charged as a program expenditure.

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.

(continues)

MISSISSIPPI VALLEY CONSERVATION AUTHORITY
Notes to Financial Statements
Year Ended December 31, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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.

Interest earned on guaranteed investment certificates is recognized as earned.

Donations are recognized as they are received.

Contributed services

The operations of the organization depend on the contribution of time by volunteers. The fair value of services cannot be reasonably determined and are therefore not reflected in these financial statements.

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.

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.

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, 2024 or 2023.

(continues)

MISSISSIPPI VALLEY CONSERVATION AUTHORITY
Notes to Financial Statements
Year Ended December 31, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Areas where estimations are used include accrued liabilities, deferred revenue, useful life of tangible capital assets, retirement benefit liabilities, and asset retirement obligations. Actual results could differ from these estimates.

3. FINANCIAL INSTRUMENTS

The Authority is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Authority's risk exposure and concentration as of December 31, 2024.

Credit risk

Credit risk arises from the potential that a counterparty will fail to perform its obligations. The Authority is exposed to credit risk from customers. In order to reduce its credit risk, the Authority reviews a new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. As of December 31, 2024, the balance of the allowance for doubtful accounts is $NIL. The Authority has a significant number of customers which minimizes concentration of credit risk. There have been no significant changes to the credit risk exposure from 2023.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Authority is exposed to this risk mainly in respect of its receipt of funds from its customers and other related sources, long term debt, obligations under capital leases, contributions to the pension plan, and accounts payable.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency rate risk, interest rate risk and other price risk. The Authority is mainly exposed to interest rate risk.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Authority manages exposure through its normal operating and financing activities. The Authority is exposed to interest rate risk primarily through its investments in guaranteed investment certificates which are disclosed in note 4. If the Authority were to enter into a loan to fund future development, there is potential interest rate risk associated with this. There has been no change to the interest rate risk exposure from 2023.

Unless otherwise noted, it is management’s opinion that the Authority is not exposed to significant other price risks arising from these financial instruments.

MISSISSIPPI VALLEY CONSERVATION AUTHORITY
Notes to Financial Statements
Year Ended December 31, 2024

4. INVESTMENTS

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

	2024	2023
Matured March 26, 2024 and earned interest at rate of 5.37% per annum	**$ -**	$ 533,406
Matured June 6, 2024 and earned interest at rate of 4.9% per annum	**-**	514,029
Matured September 17, 2024 and earned 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	**563,972**	533,784
Matures February 27, 2025 and earns interest at a rate of 3.51% per annum	**401,269**	-
Matures March 6, 2025 and earns interest at a rate of 2.67% per annum	**500,951**	-
Matures March 27, 2025 and earns interest at a rate of 3.1% per annum	**1,010,562**	-
Matures March 27, 2025 and earns interest at a rate of 3.1% per annum	**559,179**	-
	$ 3,035,933	$ 2,620,945

5. ACCOUNTS RECEIVABLE

	2024	2023
Government and trade receivables	**$ 310,203**	$ 390,941
Harmonized sales tax rebate	**103,577**	139,310
Mississippi Valley Conservation Foundation	**8,107**	60,010
	$ 421,887	$ 590,261

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2024	2023
Accounts payable & accruals	**$ 76,227**	$ 399,497
Wages and benefits	**229,842**	164,309
	$ 306,069	$ 563,806

MISSISSIPPI VALLEY CONSERVATION AUTHORITY
Notes to Financial Statements
Year Ended December 31, 2024

7. DEFERRED REVENUE

	2024	2023
Beginning balance	$ 120,875	$ 374,389
Add: amount received related to the following year	23,574	9,642
	144,449	384,031
Less: amount recognized as revenue in the year	(35,688)	(263,156)
Ending balance	$ 108,761	$ 120,875
Deferred revenue consists of:		
City of Ottawa - Upper Poole Creek Study	$ 3,147	$ 3,147
Developer deposits	52,500	63,170
Eastern Region Safety Committee	3,146	3,146
Enbridge - Roy Brown Park	5,000	5,000
MVC Foundation	19,644	25,771
Ontario Power Generation	2,500	2,500
RBC Foundation	15,000	15,000
Weddings - Future Bookings	900	3,141
Visitor services passes	6,924	-
	$ 108,761	$ 120,875

MISSISSIPPI VALLEY CONSERVATION AUTHORITY
Notes to Financial Statements
Year Ended December 31, 2024

8. LONG TERM DEBT

	2024	2023
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 2040 and is secured by property at 10970 Highway 7, Carleton Place, ON which has a carrying value of $4,108,525.	**$ 3,317,264**	$ 3,477,430
The City of Ottawa loan bearing interest at 3% per annum, repayable in monthly blended payments of $2,951. The loan matures April 2052. The purpose of the loan was to assist with financing of development and construction of water erosion control infrastructure at the Shabomeka Lake Dam.	**660,273**	675,501
	3,977,537	4,152,931
Current portion of long term debt	**(183,074)**	(175,530)
	$ 3,794,463	$ 3,977,401

Principal repayment terms are approximately:

2025	$ 183,074
2026	187,643
2027	194,014
2028	200,601
2029	207,412
Thereafter	3,004,793
	$ 3,977,537

Interest paid during the year amounted to $127,176 (2023 - $141,488)

9. RETIREMENT BENEFIT LIABILITY

The Authority sponsors a plan for retiree life and health benefits. Retirees are eligible for benefits from age 60 to age 65 after 25 years of service. Total benefit payments for retirees during the year were $5,179 (2023 - $14,454). The plan is unfunded and requires no contribution from employees.

Actuarial valuations for accounting purposes are performed triennially using the projected benefit method prorated on services. The most recent actuarial report was prepared at December 31, 2022.

The actuarial valuation was based on a number of assumptions about future events, such as inflation rates, interest rates, medical inflation rates, and employee turnover and mortality. The assumptions used reflect the Authority's best estimates. The expected inflation rate is 2.5%. The discount rate used to determine the accrued benefit obligation is 4.65%.

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

	2024	2023
Current service cost	**$ 5,634**	$ 5,384
Interest cost	**4,070**	4,186
Amortization of actuarial gains	**(4,244)**	(4,588)
	$ 5,460	$ 4,982

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:

	2024	2023
Unamortized (gain) loss at the beginning of the year	**$ (56,666)**	$ (61,254)
Less: amortization of loss	**4,244**	4,588
Accrued benefit obligation	**$ 89,442**	$ 89,680
Unamortized gains	**52,422**	56,666
Accrued benefit liability	**$ 141,864**	$ 146,346

MISSISSIPPI VALLEY CONSERVATION AUTHORITY
Notes to Financial Statements
Year Ended December 31, 2024

10. TANGIBLE CAPITAL ASSETS

Cost	2023 Balance	Additions	Disposals	**2024 Balance**
Land	$ 903,066	$ -	$ -	**$ 903,066**
Land Improvements	155,047	33,458	-	**188,505**
Water Control Structures	4,355,029	38,193	-	**4,393,222**
Buildings	6,277,550	78,110	-	**6,355,660**
Asset Retirement Obligation	61,933	-	-	**61,933**
Leasehold Improvements	454,418	40,561	-	**494,979**
Equipment	510,106	88,788	-	**598,894**
Furniture & Fixtures	273,170	-	-	**273,170**
Vehicles	339,604	110,999	-	**450,603**
Computer Hardware	192,681	51,068	-	**243,749**
	$ 13,522,604	$ 441,177	$ -	**$ 13,963,781**

Accumulated Amortization	2023 Balance	Amortization	Accumulated Amortization on Disposals	**2024 Balance**
Land	$ -	$ -	$ -	**$ -**
Land Improvements	96,524	4,985	-	**101,509**
Water Control Structures	2,126,978	76,942	-	**2,203,920**
Buildings	1,975,349	156,579	-	**2,131,928**
Asset Retirement Obligation	14,104	4,384	-	**18,488**
Leasehold Improvements	437,395	3,829	-	**441,224**
Equipment	380,493	32,454	-	**412,947**
Furniture & Fixtures	273,170	-	-	**273,170**
Vehicles	297,190	33,276	-	**330,466**
Computer Hardware	167,358	21,229	-	**188,587**
	$ 5,768,561	$ 333,678	$ -	**$ 6,102,239**

(continues)

MISSISSIPPI VALLEY CONSERVATION AUTHORITY
Notes to Financial Statements
Year Ended December 31, 2024

10. TANGIBLE CAPITAL ASSETS *(continued)*

Net book value	2024	2023
Land	**$ 903,066**	$ 903,066
Land Improvements	**86,996**	58,518
Water Control Structures	**2,189,302**	2,228,051
Buildings	**4,223,732**	4,302,201
Asset Retirement Obligation	**43,445**	47,829
Leasehold Improvements	**53,755**	17,023
Equipment	**185,947**	129,613
Vehicles	**120,137**	42,414
Computer Hardware	**55,162**	25,323
	$ 7,861,542	$ 7,754,038

Tangible capital assets under construction includes expenditures to date for construction of replacement dam on Kashwakamak Lake. As of December 31, 2024 this totaled $306,756 (2023 - $138,972)

11. INTANGIBLE ASSETS

	2024	2023
Watershed modeling and hazard mapping	**$ 176,989**	$ 151,550
Accumulated Amortization	**(51,552)**	(33,853)
Net book value	**$ 125,437**	$ 117,697

Intangible assets in development includes expenditures to date on developing an app for use by visitors to the conservation areas. As of December 31, 2024 this totaled $23,500 (2023 - $NIL)

MISSISSIPPI VALLEY CONSERVATION AUTHORITY
Notes to Financial Statements
Year Ended December 31, 2024

12. ACCUMULATED SURPLUS

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

	2024	2023
Tangible capital assets	**$ 7,818,099**	$ 7,706,209
Assets under construction	**306,756**	138,972
Less: long-term debt	**(3,977,537)**	(4,152,931)
Invested in tangible capital assets	**4,147,318**	3,692,250
Intangible assets	**125,437**	117,697
Intangibles in development	**23,500**	-
Invested in intangible assets	**148,937**	117,697
Unrestricted reserves		
Category 1 operating	**905,307**	1,022,526
Category 2 operating	**89,000**	89,000
Category 3 operating	**91,047**	125,760
	1,085,354	1,237,286
Restricted reserves		
Building	**534,701**	534,701
Conservation areas	**185,700**	185,700
Information technology	**65,956**	80,185
Category 3 capital	**-**	39,000
Sick pay	**73,843**	73,843
Vehicles	**253,537**	263,537
Water control structures	**592,804**	514,391
Priority projects	**413,397**	438,836
	2,119,938	2,130,193
Total accumulated surplus	**$ 7,501,547**	$ 7,177,426

Tangible capital assets are less the net book value of the building asset retirement obligation of $43,455 (2023 - $47,829)

MISSISSIPPI VALLEY CONSERVATION AUTHORITY
Notes to Financial Statements
Year Ended December 31, 2024

13. BUDGET

The budget data presented in these financial statements is based upon the 2024 operating and capital budgets approved by the Board on February 12, 2024.

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	**$ 664,959**	$ 324,121
Acquisition of tangible capital assets	**(1,444,475)**	(441,177)
Acquisition of intangible capital assets	**-**	(25,439)
Expenditures on tangible capital assets under construction	**-**	(167,784)
Expenditures on intangible assets in development	**-**	(23,500)
Amortization of assets	**-**	351,370
Debt repayment	**(344,922)**	(302,570)
Debt financing	**715,000**	-
Transfers from unrestricted operating reserves	**196,786**	160,899
Transfers from restricted reserves	**212,652**	124,080
	$ -	$ -

MISSISSIPPI VALLEY CONSERVATION AUTHORITY
Notes to Financial Statements
Year Ended December 31, 2024

14. EXPENSES BY OBJECT

A breakdown of expenses by object is as follows:

	2024	2023
Salaries and benefits	**$ 3,505,861**	$ 3,212,418
Materials and supplies	**125,875**	152,132
Amortization	**351,370**	334,654
Purchased services	**247,113**	330,070
Insurance, heat and utilities	**208,752**	207,099
Direct project expenses	**175,391**	439,111
Travel and vehicle	**59,615**	94,609
Computer supplies and IT support	**91,444**	96,121
Property taxes	**13,016**	12,648
Interest on long-term debt	**127,176**	141,488
Other expenses	**31,889**	28,996
	$ 4,937,502	$ 5,049,346

15. ASSET RETIREMENT LIABILITY

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. There was no change in the estimated obligation during the year.

16. 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 $48,277 (2023 - $15,000) to the Authority to support the Authority's programs. As at December 31, 2024 $8,107 (2023 - $60,010) due from the Foundation was included in accounts receivable.

MISSISSIPPI VALLEY CONSERVATION AUTHORITY
Notes to Financial Statements
Year Ended December 31, 2024

17. CONTINGENT LIABILITY

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, 2024, management believes that the Authority has valid defences and appropriate insurance coverage's 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.

18. ECONOMIC DEPENDENCE

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

19. 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, 2024. At that time the plan reported a $2.9 billion actuarial deficit (2023 - $4.2 billion), based on actuarial liabilities of $140.8 billion (2023 - $134.6 billion) and actuarial assets of $137.9 billion (2023 - $130.4 billion). Ongoing adequacy of the current contribution rates will need to be monitored and may lead to increased future funding requirements.

In 2024, the Authority's contribution to OMERS was $198,035 (2023 - $191,970).

20. COMPARATIVE FIGURES

Some of the comparative figures prepared by another accountant have been reclassified to conform to the current year's presentation.

March 27, 2025

Mississippi Valley Conservation Authority
10970 Highway 7
Carleton Place Ontario K7C 3P1

Attention: Members of the Board of Directors

Re: Audit of the Financial Statements of Mississippi Valley Conservation Authority

We have been engaged to express an audit opinion on the financial statements of Mississippi Valley Conservation Authority ("the Authority") for the year ended December 31, 2024. We have substantially completed our audit and are pleased to report on the following items.

The purpose of this report is to summarize certain aspects of the audit that we believe to be of interest to the Board of Directors. This report should be read in conjunction with the draft financial statements and our report thereon.

Auditor Independence

CAS requires communications with audit committees, or other appropriate parties responsible for governance, at least annually, regarding all relationships between the Authority and our Firm that, in our professional judgement, may reasonably be thought to bear on our independence.

For Canadian listed entities, our Code of Professional Conduct requires us to conduct a review of our relationships with the Authority, its affiliates and management and the services we render to identify threats to independence and potential conflicts of interest, consider the impacts and, where such threats cannot be reduced to an acceptable level by procedures, withdraw from or decline the engagement.

Accordingly, ongoing communication with management and the Board of Directors is essential to avoid situations where independence may be impaired. For reporting issuers below the market capitalization and book value of asset thresholds of $10 million CDN, the independence prohibitions and restrictions on the work we can undertake are less stringent. However, once an Authority reaches the threshold, the heightened requirements continue to apply for a further two fiscal years, regardless of whether the Authority falls below the threshold in the intervening periods.

Through our planning process, we identify any potential independence threats and communicate any concerns we identify. The Authority, management, and the Board of Directors have a proactive role in this process, and are responsible for understanding the independence requirements applicable to the Authority and its auditor. You must also bring to our attention any changes in the threshold status of the Authority, any concerns you may have, or any knowledge of situations or relationships between the Authority, management, personnel (acting in an oversight or financial reporting role) and our Firm, its partners/principals and audit team personnel that may reasonably be thought to bear on our independence.

In determining which relationships to report, these standards require us to consider relevant rules and related interpretations prescribed by the Chartered Professional Accountants of Ontario and applicable legislation, covering such matters as:

(a) holding a financial interest, either directly or indirectly, in a client;

(b) holding a position, either directly or indirectly, that gives the right or responsibility to exert significant influence over the financial or accounting policies of a client;

(c) personal or business relationships of immediate family, close relatives, partners or retired partners, either directly or indirectly, with a client;

(d) economic dependence on a client; and

(e) provision of services in addition to the audit engagement.

In accordance with our professional requirements, we advise you that we are not aware of any relationships between the company and our Firm that, in our professional judgement, may reasonably be thought to bear on our independence.

Accordingly, we hereby confirm that our audit engagement team, our Firm, and the other Baker Tilly Canada offices are independent with respect to the company within the meaning of the Code of Professional Conduct Rule 204 of the Chartered Professional Accountants of Ontario.

Partner and Engagement Team Rotation

Under the independence provisions of Rule 204 (as referenced above), the Firm must address familiarity threats resulting from long-term association of the lead partner and key engagement team personnel through mandatory and systematic rotation of partners and quality control review personnel for listed entity audits.

The mandatory rotation requirements do not apply to entities that are below and stay below the $10 million threshold noted above. The application of the rule is complex and requires involved record keeping of hours worked and functions undertaken by engagement team members.

Lead partners (and, with some differences, other Firm partners) associated with a listed entity for a total of seven years must rotate off and turn over engagement responsibility to another partner or professional for a further five years. This rule is similar to US and international standard requirements. The Board of Directors and management should be aware of this requirement and be prepared for auditor transition when and as required.

Assignment of Engagement Partner and Key Audit Personnel

The Firm is responsible for assigning an engagement practitioner as lead partner responsible for the Authority's audit and other engagements. Such individual and his/her roles are to be identified to the Board of Directors. The key individuals involved in the audit are:

Donna Rotar, CPA, CA - Audit Partner

Benjamin Mann, CPA, CA - Audit Partner - Engagement Quality Reviewer

Our Responsibilities as Auditor

As stated in the engagement letter, our responsibility as auditor of the Authority is to express an opinion on whether the financial statements present fairly, in all material respects, the financial position, results of operations and cash flows of the Authority in accordance with Canadian public sector accounting standards.

An audit is performed to obtain reasonable but not absolute assurance as to whether the financial statements are free of material misstatement. Due to the inherent limitations of an audit, there is an unavoidable risk that some misstatements of the financial statements will not be detected (particularly intentional misstatements concealed through collusion), even though the audit is properly planned and performed.

Our audit includes:

- Assessing the risk that the financial statements may contain material misstatements that, individually or in the aggregate, are material to the financial statements taken as a whole;
- Examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements;
- Assessing the accounting principles used, and their application;
- Assessing the significant estimates made by management;
- Concluding 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 Authority's ability to continue as a going concern; and
- Evaluating 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.

As part of our audit, we will obtain a sufficient understanding of the business and internal control structure of the Authority to plan the audit. This will include management's assessment of:

- The risk that the financial statements may be materially misstated as a result of fraud and error; and
- The internal controls put in place by management to address such risks.

The engagement team must undertake a documented planning process prior to commencement of the audit to identify concerns, address independence considerations, assess the engagement team requirements, and plan the audit work and timing.

An audit does not relieve management or those responsible for governance of their responsibilities for the preparation of the Authority's financial statements.

Board of Directors Responsibilities

The Board of Directors's role is to act in an objective, independent capacity as a liaison between the auditor, management, and the Board of Directors to ensure the auditors have a facility to consider and discuss governance and audit issues with parties not directly responsible for operations.

The Board of Directors's responsibilities include:

- Being available to assist and provide direction in the audit planning process when and where appropriate;
- Meeting with the auditors as necessary and prior to release and approval of financial statements to review audit, disclosure, and compliance issues;
- Where necessary, reviewing matters raised by the auditor with appropriate levels of management, and reporting back to the auditors their findings;
- Making known to the auditor any issues of disclosure, corporate governance, fraud or illegal acts, non-compliance with laws or regulatory requirements that are known to them, where such matters may impact the financial statements or the Independent Auditors' Report;

- Providing guidance and direction to the auditor on any additional work the auditor feels should be undertaken in response to issues raised or concerns expressed;

- Making such enquiries as appropriate into the findings of the auditor with respect to corporate governance, management conduct, cooperation, information flow, and systems of internal controls;

- Reviewing the draft financial statements prepared by management, including the presentation, disclosures, and supporting notes and schedules, for accuracy, completeness, and appropriateness, and approve the same to be passed to directors for approval.

Audit Approach

Outlined below are certain aspects of our audit approach which are intended to help you in discharging your oversight responsibilities. Our general approach to the audit of Mississippi Valley Conservation Authority is to assess the risks of material misstatement in the financial statements and then respond by designing audit procedures.

Independent Auditors' Report

We expect that our Independent Auditors' Report will be modified as follows:

> Asset retirement obligations are legal obligations associated with the retirement of tangible capital assets. The Authority is obligated to identify all legal obligations associated with retirement of its assets to ensure completeness of the asset retirement obligations recorded, and estimate the future costs of remediation for these obligations to determine the value. The Authority has not provided sufficient appropriate audit evidence regarding the completeness and the valuation of the amounts recorded and the disclosures required in respect of this liability.
>
> We were consequently unable to determine whether the amounts in questions should have been adjusted with respect to the accumulated deficit as at December 31, 2023; tangible capital assets and the asset retirement obligations as at December 31, 2023 and December 31, 2024 (2024 - $61,933, 2023 - $61,933) and the related expenses (2024 - $4,383.63, 2023 - $14,104) for the years then ended; and the related disclosures in notes 10 and 15.

Our Independent Auditors' Report will be dated no earlier than the date on which we have obtained sufficient appropriate audit evidence on which to base our audit opinion on the financial statements, including evidence that all the statements and disclosures that comprise the financial statements have been prepared and the Board has approved the financial statements.

Illegal Acts, Fraud, Intentional Misstatements, and Errors

Our auditing procedures, including tests of your accounting records, were limited to those considered necessary in the circumstances and will not necessarily disclose all illegal acts should any exist. Under CAS, we consider the Authority's control environment, governance structure, circumstances encountered during the audit and the potential likelihood of fraud and illegal acts occurring.

These procedures are not designed to test for fraudulent or illegal acts, nor will they necessarily detect such acts or recognize them as such, even if the effect on the financial statements is material. However, should we become aware that an illegal or possible illegal act or an act of fraud may have occurred, other than one considered clearly inconsequential, we will communicate directly to the Board of Directors.

It is management's responsibility to detect and prevent illegal actions. If such acts are discovered or the Board of Directors members become aware of circumstances under which the Authority may have been involved in fraudulent, illegal or regulatory non-compliance situations, such circumstances must be disclosed to us.

Testing during our audit did not reveal any illegal, improper or questionable payments or acts, nor any acts committed with the intent to deceive, involving either misappropriation of assets or misrepresentation of assets or misrepresentation of financial information.

Related Party Transactions

During our audit, we conduct various tests and procedures to identify transactions considered to involve related parties. Related parties exist when one party has the ability to exercise, directly or indirectly, control, joint control or significant influence over the other. Two or more parties are related when they are subject to common control, joint control or common significant influence. Related parties also include management, directors and their immediate family members and companies with which these individuals have an economic interest.

All related party transactions that were identified during the audit have been represented by management to have been disclosed in the notes to financial statements, recorded in accordance with Canadian public sector accounting standards, and have been reviewed with you.

Management has advised that no other related party transactions have occurred that have not been disclosed to us. The Board of Directors is required to advise us if they are aware of or suspect any other related party transactions have occurred which have not been disclosed in the financial statements.

Significant Accounting Principles and Policies

Management is responsible for the appropriate selection and application of accounting policies. Our role is to review the appropriateness and application as part of our audit. The significant accounting principles and policies are disclosed in the notes to the financial statements.

The accounting policies adopted may be acceptable policies under Canadian public sector accounting standards; however, alternative policies may also be acceptable under Canadian public sector accounting standards. The Authority and the Board of Directors have a responsibility to not adopt extreme or inappropriate interpretations of Canadian public sector accounting standards that may have inappropriate or misleading results. Alternative policies, if adopted, may produce significant changes in the reported results of the operations, financial position and disclosures of the Authority.

The Board of Directors has a responsibility to review the accounting policies adopted by the Authority, and where alternative policies are available, make determinations as to the most appropriate policies to be adopted in the circumstances. If members of the Board of Directors believe that the adoption or change in accounting policy may produce an inappropriate or misleading result in financial reporting or disclosure, this concern must be discussed with management and us.

There were no new accounting policies adopted or changes to the application of accounting policies of the Authority during the year.

Accounting Estimates

Management is responsible for the accounting estimates included in the financial statements. Estimates and the related judgements and assumptions are based on management's knowledge of the business and past experience about current and future events.

Our responsibility as auditors is to obtain sufficient appropriate evidence to provide reasonable assurance that management's accounting estimates are reasonable within the context of the financial statements as a whole. An audit includes performing appropriate procedures to verify the:

- Calculation of accounting estimates;
- Analysing of key factors such as underlying management assumptions;
- Materiality of estimates individually and in the aggregate in relation to the financial statements as a whole;

- Estimates sensitivity to variation and deviation from historical patterns;
- Estimates consistency with the entity's business plans; and
- Other audit evidence.

Risk-based

Our risk-based approach focuses on obtaining sufficient appropriate audit evidence to reduce the risk of material misstatement in the financial statements to an appropriately low level. This means that we focus our audit work on higher risk areas that have a higher risk of being materially misstated.

Key Audit Matters

There are no key audit matters to be communicated in the auditor’s report.

Materiality

Materiality is used throughout the audit and in particular when:

(a) Identifying and assessing risk of material misstatement;

(b) Determining the nature, timing and extent of further audit procedures; and

(c) Evaluating the effect of uncorrected misstatements, if any, on the financial statements and in forming an opinion on the auditors' report.

Materiality is defined as:

Materiality is the term used to describe the significance of financial statement information to decision makers. An item of information, or an aggregate of items, is material if it is probable that its omission or misstatement would influence or change a decision. Materiality is a matter of professional judgement in the particular circumstances.

We used an overall materiality of $95,000 and a performance materiality of $80,750.

Audit Procedures

The objective of the tests of controls is to evaluate whether certain controls operated effectively. The objective of the tests of details is to detect material misstatements in the account balances and transaction streams. Substantive analytical procedures are used to identify differences between recorded amounts and predictable expectations in larger volumes of transactions over time.

In response to our risk assessment and based on our understanding of internal controls, we adopted a substantive approach for the audit.

Evaluation of Internal Controls

Audits include a review and evaluation of the system of internal controls to assist in determining the level of reliance that may or should be placed on the system in assessing the nature and extent of audit procedures to be undertaken.

There are no internal control matters that we wish to bring to your attention.

Significant Matters Discussed with Management

There were no significant matters arising from the audit discussed with management.

Significant Misstatements

In the course of our audit, we have not found any material misstatements or unadjusted items that, in aggregate, exceed materiality thresholds established for the audit, nor have we found significant misstatements that would likely cause future financial statements to be materially misstated.

Uncorrected Misstatements

In the course of our audit, we have aggregated uncorrected financial statement misstatements which are summarized in the accompanying schedule. Management has deemed the effects of these misstatements to be immaterial, both individually and in the aggregate, to the financial statements taken as a whole. To date, management has not agreed to correct these misstatements. Under CAS, we are required to request that the Board of Directors approve the correction of these misstatements.

Significant Unusual Transactions

We are not aware of any significant transactions entered into by the Authority that you should be informed about.

Disagreements with Management

We are required to communicate any disagreements with management, whether or not resolved, about matters that are individually or in aggregate significant to the Authority's financial statements or auditors' report. Disagreements may arise over:

- Selection or application of accounting principles;
- Assumptions and related judgements for accounting estimates;
- Financial statement disclosures;
- Scope of the audit; or
- Wording of the auditors' report.

In the course of our audit, we did not have any significant disagreements with management, nor were we under any significant time pressures or poor working conditions. We are not aware of any cause for concern as to management's attitude, competence or credibility with respect to matters affecting the financial statements.

Difficulties Encountered During the Audit

We encountered no significant difficulties during our audit that should be brought to the attention of the Board of Directors.

Management Letter

We will be submitting to management a letter on internal controls and any other matters that we feel should be brought to the attention of management. We are attaching draft points for your perusal.

Annual Report and Other Filings

Once the financial statements have been approved by the Board, we will be in a position to sign our audit report subject to our review of the Annual Report including MD & A (and Annual Information Form ["AIF"] and earnings press release, if applicable), and are satisfied that the financial results presented are consistent with the approved financial statements and other reporting requirements.

In Closing

We wish to express our appreciation for the co-operation we received during the audit from the Authority's management.

Should any member of the Board of Directors wish to discuss or review any matter addressed in this letter or any other matters related to financial reporting, please do not hesitate to contact us at any time.

To ensure there is a clear understanding and record of the matters discussed, we ask that members of the Board of Directors sign their acknowledgement in the spaces provided below.

Yours truly,

BAKER TILLY REO LLP

Chartered Professional Accountants

Donna Rotar, CPA, CA
Partner
Phone: 613-253-5839

Acknowledgement of Board of Directors:

We have read and reviewed the above disclosures and understand and agree with the comments therein.
Mississippi Valley Conservation Authority

Print Name	Signature	Date signed
Print Name	Signature	Date signed

Mississippi Valley Conservation Authority
Schedule of Likely Aggregate Misstatements

December 31, 2024

H25 - 1

Preparer	Reviewer	Partner
ACM 3-11-2025	PC 3-19-2025	DMR 3-22-2025
-	-	-

Overall Materiality

Preliminary overall:	$95,000
Preliminary performance:	$80,750
Dollar threshold for clearly trivial errors	$4,750

Specific Materiality

Select from available options below:

Link to materiality guideline (P75)

Proposed Adjustments Dr (Cr)

	Description of Misstatement	File Ref.	Statement of Income: Identified Misstatements	Statement of Income: Likely Misstatements	Balance Sheet: Assets	Balance Sheet: Liabilities	Balance Sheet: Share Capital	Balance Sheet: Opening Equity	Type	Corrected?	Rev
U1	To record accrued interest.	NN.1	10,868	10,868	-	(10,868)	-	-	R	N	
	To record prior year accrued interest	NN.1	(11,383)	(11,383)	-	-	-	11,383	CY	N	
	Osprey platform built in 2023 but was not recorded until 2024.	U.6	-	-	16,795	-	-	(16,795)	CY	N	
	EkoTrekr app purchased in 2023 but not recorded until 2024	U.8	-	-	23,500	-	-	(23,500)	CY	N	

Mississippi Valley Conservation Authority **H25 - 2**
Schedule of Likely Aggregate Misstatements

December 31, 2024

Preparer	Reviewer	Partner
ACM 3-11-2025	PC 3-19-2025	DMR 3-22-2025
-	-	-

a) Totals	(515)	40,295	(10,868)	-	(28,912)	
b) Misstatements corrected by management	-	-	-	-	-	
c) Likely aggregate misstatements net of corrections (a - b)	(515)	40,295	(10,868)	-	(28,912)	
d) Effect of unadjusted misstatements from previous year's reversing errors	-	-	-	-	-	TD
e) Aggregate likely misstatements (c + d)	(515)	40,295	(10,868)	-	(28,912)	
f) Final overall materiality	95,000	95,000	95,000	95,000	95,000	
g) Amount remaining for further possible misstatement (f - e)	94,485	54,705	84,132	95,000	66,088	
h) Total of reversing errors (to be carried forward to next year)	10,868	-	(10,868)	-	-	

Draft

Evaluation of Misstatements

	Initials	Date	Comments
1. Update overall and performance materiality for any revisions required during the audit P75	ACM	3-11-25	No revisions required throughout the course of the audit
2. Consider specific materiality, where applicable, in evaluation of misstatements.	ACM	3-11-25	Specific materiality not considered necessary in any areas

Mississippi Valley Conservation Authority
Schedule of Likely Aggregate Misstatements

December 31, 2024

H25 - 3

Preparer	Reviewer	Partner
ACM 3-11-2025	PC 3-19-2025	DMR 3-22-2025
-	-	-

3. Ask management to correct all identified misstatements and summarize management's reasoning as to why any misstatements have not been corrected.	ACM	3-11-25	PDW Stacy in person 03/05/2025 they do not wish to correct immaterial prior period adjustments as budgets were set based on prior period financials and do not wish to accrue interest payable on the loans as it is an in and an out each year but would create additional work for them. Interest accrual will offset to a nominal amount year over year. No issues noted. Capital additions missed in PY are now correctly recorded in the FS in 2024, not material and adjustment to PY would not be material
4. Describe any patterns in the misstatements that might indicate possible management bias or possible fraud.	ACM	3-11-25	Both misstatement due to error and considered one off issues. No patterns indicating management bias or fraud
5. Where individual material misstatements that have not been corrected exist, explain why the offset by other misstatements are appropriate.	ACM	3-11-25	No offsetting misstatements, other than year over year interest accrual, which is appropriate
6. Describe the effect of any classification misstatements on areas such as debt or other contractual covenants, individual line items or subtotals, and key ratios.	ACM	3-11-25	No classification misstatements noted.
7. Describe any additional work required when uncorrected misstatements are close to exceeding materiality.	ACM	3-11-25	N/A, misstatements are not close to exceeding materiality.

Conclusion: The financial statements are not materially misstated.

March 27, 2025

Mississippi Valley Conservation Authority
10970 Highway 7
Carleton Place Ontario K7C 3P1

Dear Stacy Millard:

During the course of our audit of Mississippi Valley Conservation Authority for the year ended December 31, 2024, we identified matters that may be of interest to management. The objective of an audit is to obtain reasonable assurance whether the financial statements are free of material misstatement and it is not designed to identify matters that may be of interest to management. Accordingly, an audit would not usually identify all such matters.

Payroll Controls

Payroll - Segregation of Duties

During the course of our audit we noted that approval and processing of payroll is all handled by the treasurer.

Implications

A lack of segregation of duties in performing the payroll function increases the susceptibility of payroll to material misstatements, either due to errors or fraud.

Recommendations

It is recommended that the general manager review a report from Payworks, denoting the rate of pay, hours worked any other adjustments being made to an employee's pay and sign-off indicating her approval of the payroll. This can be done after payroll is run, as long as it is in a timely manner and any issues noted are corrected immediately. Alternatively, another employee could process payroll and the treasurer could perform the approval and sign-off function.

Transactions with MVCF

Assets purchased by Mississippi Valley Conservation Foundation

During the course of our audit we noted that assets purchased by the MVCF on behalf of the Authority in 2023 were not recorded until 2024.

Implications

The implication of this is that the assets were not recorded in the books in the correct period, the related revenue was not recorded and amortization was not taken.

Recommendations

It is recommended that management develop a process to ensure that all assets purchased by the Foundation are recorded in the records of the Authority each fiscal year.

Asset Retirement Obligation

Expert Analysis was not obtained

Asset retirement obligations are legal obligations associated with the retirement of tangible capital assets, specifically related to asbestos. This is a complex estimate and management made this estimate without the use of an expert.

Implications

As we could not rely on the work of an expert when performing our audit, we were unable to obtain sufficient appropriate audit evidence related to this estimate. As a result, our audit opinion is qualified with respect to this matter.

Recommendations

We recommend hiring an expert to evaluate all tangible capital assets owned by the Authority for any asbestos, including providing an estimate of costs to remediate.

Conclusion

This communication is prepared solely for the information of management and is not intended for any other purpose. We accept no responsibility to a third party who uses this communication.

We trust you will implement our recommendations; however, should you require further clarification or information, please contact the undersigned.

Yours truly,

BAKER TILLY REO LLP

Chartered Professional Accountants

Donna Rotar, CPA, CA
Partner
Phone: 613-253-5839

Mississippi Valley Conservation Authority

Financial Update – YTD December 31, 2024, Audited

TO: The Chair and Members of the Mississippi Valley Conservation Authority Finance and Administration Advisory Committee

FROM: Stacy Millard, Treasurer

REPORT: 3484/25, March 31, 2025

FOR INFORMATION

The purpose of this report is to present year-to-date financial data as of December 31, 2024 incorporating final audited numbers and board direction regarding reserves into our internal version of reports.

Operating

Key operating statement updates arising from the audit were: unrecognized revenue for City of Ottawa Floodplain Mapping projects of $99,243; and, a rebate of $45,859 from WSIB. The City has now set up the purchase order to allow invoicing. The WSIB rebate was declared by WSIB on March 3, 2025, but was for 2023 and, as such, was incorporated into the 2024 financials. These updates reduced the use of reserve funds. Refer to Table 1 for details.

Capital

Updates arising from the audit included the transfer of assets paid by MVC Foundation to MVCA and their addition to the asset inventory, specifically: the Osprey Tower installed at Carp River Conservation Area, and the purchase of the Eco-trekr phone app. There were no significant financial impacts from these re-allocations as they were recognized with offsetting contributions paid by MVCF. There was also an adjustment to move ongoing work on Kashwakamak Lake Dam to *Work in Progress* until the new dam is fully in use. This does not affect internal financial reporting but does affect when amortization of this investment begins. As the audited financial statements calculate the annual surplus using amortization and interest expense as opposed to the full cost of asset purchase there is a difference between internal and external reporting. Refer to Table 2.

Table 1: Operating Budget

Budget Item	2024 Budget	Audited Dec 31, 2024 YTD Actuals	Variance Actual to Budget
Expenditures			
Corporate Services	$1,134,464	$1,327,437	117%
Watershed Management	$1,332,249	$1,279,278	96%
Flood and Erosion Control	$995,643	$875,445	88%
Conservation Services	$370,469	$347,979	94%
Category 2 Programs	$296,536	$150,061	51%
Category 3 Programs	$412,981	$482,290	117%
Total Operating	**$4,542,341**	**$4,462,490**	**98%**
Revenues			
Municipal Levy	$3,140,197	$3,140,197	100%
Reserve Funds	$196,786	$30,865	16%
Provincial & Federal Grants	$237,116	$210,579	89%
Fees for Service	$776,020	$713,223	105%
Other Revenue	$192,221	$268,384	140%
Total Revenues	**$4,542,341**	**$4,512,029**	**98%**

Table 2: Capital Budget

2	2024 Budget	Audited Dec. 31, 2024 YTD actuals	Variance Actual to Budget
Expenditures			
WECI Capital Projects	$295,000	$205,977	70%
Conservation Areas	$78,250	$78,466	100%
Corporate Projects	$891,850	$185,380	21%
Tech Studies – Capital	$149,375	$98,037	66%
Debt Repayment	$344,922	$312,417	91%
Category 3 Capital	$30,000	$90,041	300%
Total Operating	**$1,789,397**	**$970,317**	**54%**
Revenues			
Municipal Levy	$691,745	$691,745	100%
Reserve Funds	$212,652	$137,786	65%
Provincial & Federal Grants	$150,000	$95,491	64%
Fees for Service	$0	$0	0%
Other Revenue	$735,000	$45,295	6%
Total Revenues	**$1,789,397**	**$970,317**	**54%**

Reserves

At the March 10, 2025 the Board directed that any Annual Surplus be directed to the Water Control Structure Reserve. Table 3 reflects the final December 31, 2024 reserve balances, incorporating the Audited Annual Surplus of $324,121. It compares all reserve balances against their target balance per MVCA's reserve policy.

Table 3: Reserve Balances

Reserves	Dec. 31 2024 Balance	Target Balance	% of Target Balance
Operating Reserve – Category 1	$905,307	$850,850	106%
Operating Reserve – Category 2	$89,000	$96,500	92%
Operating Reserve – Category 3	$91,017	$356,000	26%
Sub-total Operating Reserves	**$1,085,324**	**$1,303,350**	**83%**
Category 3 Capital Reserve	$0	$242,535	0%
HQ Building Reserve	$534,701	$1,849,921	29%
Conservation Areas Reserve	$185,700	$469,976	40%
Information & Communication Technology Reserve	$65,956	$165,089	40%
Vehicles & Equipment Reserve	$253,537	$620,430	41%
Water Control Structure Reserve	$916,925	$1,941,307	47%
Sick Pay Reserve	$73,843	$73,843	100%
Priority Projects Reserve	$413,397	$413,397	100%
Sub-total Restricted Reserves	**$2,444,059**	**$5,776,498**	**42%**
TOTAL	**$3,529,383**	**$7,079,848**	**50%**

Corporate Strategic Plan

This report is prepared to support achievement of the following Corporate Goals and Objectives:

Goal 1: Asset Management – revitalize watershed management activities and invest in our legislated mandate.

a) Implement the five-year capital program.

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.