

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

MISSISSIPPI VALLEY CONSERVATION AUTHORITY
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Year Ended December 31, 2024

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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 (2023 - \$61,933, 2024 - \$61,933) and the related expenses (2023 - \$14,104, 2024 - \$4,383.63) 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.

Baker Tilly REO LLP

Carleton Place, Ontario
April 14, 2025

Chartered Professional Accountants, Licensed Public Accountants

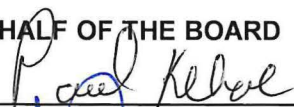
MISSISSIPPI VALLEY CONSERVATION AUTHORITY

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
	<u>3,744,194</u>	<u>4,176,163</u>
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
	<u>4,596,164</u>	<u>5,045,891</u>
NET FINANCIAL DEBT	<u>(851,970)</u>	<u>(869,728)</u>
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	-
	<u>8,353,517</u>	<u>8,047,157</u>
ACCUMULATED SURPLUS (Note 12)	<u>\$ 7,501,547</u>	<u>\$ 7,177,426</u>

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 <i>Note 13</i>	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 (<i>Schedule 1</i>) (<i>Note 16</i>)	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
	<u>4,515,554</u>	<u>4,569,877</u>	<u>4,762,569</u>
EXPENSES			
Corporate services (<i>Schedule 2</i>)	1,129,772	1,322,204	1,026,315
Watershed management (<i>Schedule 2</i>)	1,850,453	1,275,742	2,079,650
Flood and erosion control (<i>Schedule 2</i>)	482,130	880,679	487,905
Conservation areas (<i>Schedule 2</i>)	370,469	347,979	543,831
Category 2 programs (<i>Schedule 2</i>)	296,536	150,061	104,131
Category 3 programs (<i>Schedule 2</i>)	412,980	482,290	331,370
	<u>4,542,340</u>	<u>4,458,955</u>	<u>4,573,202</u>
SURPLUS BEFORE CAPITAL ACTIVITIES	<u>(26,786)</u>	<u>110,922</u>	<u>189,367</u>
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)
	<u>691,745</u>	<u>213,199</u>	<u>158,486</u>
ANNUAL SURPLUS	664,959	324,121	347,853
ACCUMULATED SURPLUS - BEGINNING OF YEAR	<u>7,343,549</u>	<u>7,177,426</u>	<u>6,829,573</u>
ACCUMULATED SURPLUS - END OF YEAR (<i>Note 12</i>)	<u>\$ 8,008,508</u>	<u>\$ 7,501,547</u>	<u>\$ 7,177,426</u>

The accompanying notes are an integral part of these financial statements

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	-	166	(1,281)
	(1,444,475)	(306,363)	(418,634)
DECREASE (INCREASE) IN NET FINANCIAL DEBT	(779,516)	17,758	(70,781)
NET FINANCIAL DEBT - BEGINNING OF YEAR	(1,353,722)	(869,728)	(798,947)
NET FINANCIAL DEBT - END OF YEAR	\$ (2,133,238)	\$ (851,970)	\$ (869,728)

The accompanying notes are an integral part of these financial statements

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
	<u>671,009</u>	<u>734,971</u>
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)
	<u>(101,311)</u>	<u>(9,252)</u>
	<u>569,698</u>	<u>725,719</u>
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)	-
	<u>(657,899)</u>	<u>(752,007)</u>
FINANCING ACTIVITIES		
Repayment of long-term debt	(175,394)	(243,850)
	<u>(175,394)</u>	<u>(243,850)</u>
INVESTING ACTIVITIES		
Purchase of short-term investments	(280,981)	(1,500,000)
Interest earned and re-invested	(134,007)	(101,778)
	<u>(414,988)</u>	<u>(1,601,778)</u>
DECREASE IN CASH FLOW	<u>(678,583)</u>	<u>(1,871,916)</u>
CASH - BEGINNING OF YEAR	<u>964,957</u>	<u>2,836,873</u>
CASH - END OF YEAR	<u>\$ 286,374</u>	<u>\$ 964,957</u>

The accompanying notes are an integral part of these financial statements

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 Mapping3	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

The accompanying notes are an integral part of these financial statements

MISSISSIPPI VALLEY CONSERVATION AUTHORITY

Expenses (Schedule 2)

Year Ended December 31, 2024

	Budget 2024 <i>Note 13</i>	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)
	<u>\$ 1,129,772</u>	<u>\$ 1,322,204</u>	<u>\$ 1,026,315</u>
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
	<u>\$ 1,850,453</u>	<u>\$ 1,275,742</u>	<u>\$ 2,079,650</u>
Flood and erosion control			
Dam operations	\$ 257,359	\$ 162,630	\$ 171,453
Flood forecasting and warning	224,771	718,049	316,452
	<u>\$ 482,130</u>	<u>\$ 880,679</u>	<u>\$ 487,905</u>
Conservation areas			
Conservation areas	\$ 298,613	\$ 332,007	\$ 543,831
Technical studies - conservation	71,856	15,972	-
	<u>\$ 370,469</u>	<u>\$ 347,979</u>	<u>\$ 543,831</u>

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

	Budget 2024 <i>Note 13</i>	Actual 2024	Actual 2023
Category 2 programs			
Monitoring	\$ 168,313	\$ 108,187	\$ 104,131
Watershed plan	128,223	41,874	-
	<u>\$ 296,536</u>	<u>\$ 150,061</u>	<u>\$ 104,131</u>
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
	<u>\$ 412,980</u>	<u>\$ 482,290</u>	<u>\$ 331,370</u>

The accompanying notes are an integral part of these financial statements

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)

MISSISSIPPI VALLEY CONSERVATION AUTHORITY

Notes to Financial Statements

Year Ended December 31, 2024

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.

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MISSISSIPPI VALLEY CONSERVATION AUTHORITY

Notes to Financial Statements

Year Ended December 31, 2024

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.

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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.

MISSISSIPPI VALLEY CONSERVATION AUTHORITY

Notes to Financial Statements

Year Ended December 31, 2024

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
<u>Deferred revenue consists of:</u>		
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

	<u>2024</u>	<u>2023</u>
The Corporation of the Town of Carleton Place loan bearing interest at 3.4% per annum, repayable in semi-annual blended payments of \$138,502. The loan matures June 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	<u>(183,074)</u>	<u>(175,530)</u>
	\$ 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	<u>3,004,793</u>	
	\$ 3,977,537	
Interest paid during the year amounted to \$127,176 (2023 - \$141,488)		

MISSISSIPPI VALLEY CONSERVATION AUTHORITY

Notes to Financial Statements

Year Ended December 31, 2024

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:

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

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

Unamortized (gain) loss related to retirement benefits:

	<u>2024</u>	<u>2023</u>
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	<u>52,422</u>	<u>56,666</u>
Accrued benefit liability	<u>\$ 141,864</u>	<u>\$ 146,346</u>

MISSISSIPPI VALLEY CONSERVATION AUTHORITY

Notes to Financial Statements

Year Ended December 31, 2024

10. TANGIBLE CAPITAL ASSETS

<u>Cost</u>	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
	<u>\$ 13,522,604</u>	<u>\$ 441,177</u>	<u>\$ -</u>	<u>\$ 13,963,781</u>

<u>Accumulated Amortization</u>	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
	<u>\$ 5,768,561</u>	<u>\$ 333,678</u>	<u>\$ -</u>	<u>\$ 6,102,239</u>

(continues)

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

10. TANGIBLE CAPITAL ASSETS (continued)

<u>Net book value</u>	<u>2024</u>	<u>2023</u>
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
	<u>\$ 7,861,542</u>	<u>\$ 7,754,038</u>

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

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

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:

	<u>Budget</u>	<u>Actual</u>
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
	<u>\$ -</u>	<u>\$ -</u>

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
	<u>\$ 4,937,502</u>	<u>\$ 5,049,346</u>

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.
