

**CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

---

**CONTENTS**

Five Year Financial Review.....	1 - 2
Management's Responsibility for the Consolidated Financial Statements. ....	3
Independent Auditor's Report. ....	4 - 6
Consolidated Statement of Financial Position. ....	7
Consolidated Statement of Operations. ....	8
Consolidated Statement of Changes in Net Debt.....	9
Consolidated Statement of Cash Flows.....	10
Notes to the Consolidated Financial Statements. ....	11 - 27
Schedule 1 ▶ Continuity of Reserves and Reserve Funds. ....	28
Schedule 2 ▶ Tangible Capital Assets. ....	29 - 30
Independent Auditor's Report ▶ Public Library Board.....	31 - 33
Municipality of Mississippi Mills Public Library Board.....	34 - 41
Municipality of Mississippi Mills Parks and Recreation Committee.....	42
Municipality of Mississippi Mills Day Care Centre. ....	43
Municipality of Mississippi Mills ▶ Waterworks Operations Schedule. ....	44
Mississippi River Power Corporation. ....	45 - 63

---

**Municipality of  
Mississippi Mills  
Consolidated  
Financial Statements  
December 31, 2019**

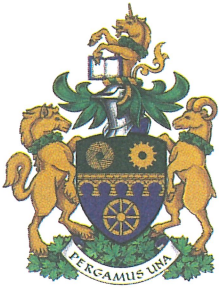
**Municipality of Mississippi Mills**  
**Five Year Financial Review**  
(not subject to audit)

<b>December 31</b>	<b>2019</b>	2018	2017	2016	2015
<b>Population</b> (Statistics Canada)	<b>13,163</b>	13,163	13,163	13,163	12,385
<b>Number of Households</b> (MPAC)	<b>5,897</b>	5,755	5,654	5,550	5,478
<hr/>					
<b>Taxable Assessment</b> (000's)	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Residential and farm	<b>1,862,360</b>	1,788,497	1,691,275	1,616,203	1,518,663
Commercial and industrial	<b>93,715</b>	92,044	90,847	94,180	104,908
<b>Total</b>	<b>1,956,075</b>	1,880,541	1,782,122	1,710,383	1,623,571
Commercial, industrial as % of assessment	<b>4.79%</b>	4.89%	5.09%	5.51%	6.46%
<hr/>					
<b>Rates of Taxation</b>					
Residential					
▸ for general municipal purposes	<b>0.522898</b>	0.517954	0.508951	0.492824	0.489343
▸ for county purposes	<b>0.369753</b>	0.370048	0.376627	0.373000	0.379779
▸ for school board purposes	<b>0.161000</b>	0.170000	0.179000	0.188000	0.195000
<b>Total</b>	<b>1.053651</b>	1.058002	1.064578	1.053824	1.064122
Multi-Residential (municipal)	<b>1.118083</b>	1.109898	1.113514	1.132799	1.141454
Commercial (municipal)	<b>0.951960</b>	0.930695	0.901541	0.840852	0.823141
Industrial (municipal)	<b>1.335588</b>	1.335026	1.322777	1.285926	1.256043
<b>Tax Arrears</b> ▸ percentage of current levy (<10%)**	<b>6.97%</b>	7.40%	8.69%	9.81%	10.38%
<b>Taxes Transferred</b> (000's)					
▸ County	<b>7,643</b>	7,307	7,121	6,744	6,410
▸ School Boards	<b>4,139</b>	4,149	4,178	4,260	4,103
<hr/>					
<b>Revenues</b> (000's)	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
▸ Taxation and payments in lieu	<b>12,393</b>	11,759	11,156	10,442	9,774
▸ Government transfers	<b>2,058</b>	2,231	1,870	1,729	1,721
▸ Fees and service charges	<b>5,549</b>	5,143	4,770	4,569	4,719
▸ Other	<b>2,861</b>	2,921	3,418	1,454	4,416
▸ Revenues related to capital assets	<b>1,993</b>	2,318	3,209	599	2,014
<b>Total</b>	<b>24,854</b>	24,372	24,423	18,793	22,644
<hr/>					
<b>Expenses</b> (000's)					
▸ Operations	<b>21,990</b>	21,312	19,924	18,745	18,064
▸ Amortization	<b>3,565</b>	3,192	3,010	2,696	2,652
<hr/>					
<b>Net Financial Assets (Net Debt)</b>					
▸ % of Operating Revenue (>(20%)) **	<b>(19.47%)</b>	(24.33%)	(18.45%)	(14.88%)	(18.86%)
▸ % of Taxation and User Charges (>(50%)) **	<b>(24.03%)</b>	(31.23%)	(23.10%)	(18.25%)	(23.80%)

\*\* Represents the Provincial Low Risk Indicator.  
(Note: All dollar amounts are in thousands of dollars.)

**Municipality of Mississippi Mills**  
**Five Year Financial Review**  
(not subject to audit)

December 31	2019	2018	2017	2016	2015
	\$	\$	\$	\$	\$
<b>Long Term Debt</b>					
▸ Net long term debt (000's)	19,367	16,859	15,646	15,216	14,966
▸ Long term debt charges (000's)	1,848	1,575	1,406	1,384	1,414
▸ Total annual repayment limit (000's)	4,443	4,136	3,861	3,763	3,644
▸ Long term debt per household	3,284	2,929	2,767	2,742	2,732
▸ Debt charges (000's)					
▸ user charges	494	494	490	471	471
▸ tax supported	1,354	1,081	916	913	943
	1,848	1,575	1,406	1,384	1,414
<b>Municipal Equity (000's)</b>					
▸ Surplus and Reserves	11,719	9,229	8,155	7,785	6,827
▸ Invested in capital assets	55,135	55,184	53,274	50,192	50,573
▸ Equity in MRPC, ORPC, ORES	7,058	6,635	6,559	5,573	6,104
▸ Reserves as % of operating expenses (>20%) **	53.29%	43.30%	40.90%	41.20%	37.60%
▸ Asset consumption ratio	35.77%	34.51%	34.83%	34.98%	33.10%
<b>Financial Indicators</b>					
▸ Sustainability					
▸ financial assets to liabilities	0.8513	0.7837	0.8399	0.8734	0.8398
▸ financial assets to liabilities excluding long term debt	2.5631	2.5352	2.6320	2.9407	2.8960
▸ capital reserves to accumulated amortization	19.43%	15.80%	14.60%	15.00%	13.54%
▸ debt to tangible capital assets	24.78%	22.11%	21.85%	22.99%	22.39%
▸ Flexibility					
▸ Debt charges to total operating revenue (<5%) **	8.46%	7.26%	7.05%	7.52%	7.87%
▸ Total operating revenue to taxable assessment	1.13%	1.15%	1.12%	1.08%	1.10%
▸ Working capital to operating expenses (>10%) **	57.06%	54.33%	60.10%	66.56%	64.15%
▸ Vulnerability					
▸ Total government transfers to total revenues	13.01%	13.45%	13.97%	11.82%	11.45%



## **CORPORATION OF THE MUNICIPALITY OF MISSISSIPPI MILLS**

3131 OLD PERTH ROAD • PO BOX 400 • RR2 • ALMONTE ON • K0A 1A0

PHONE: 613-256-2064

FAX: 613-256-4887

WEBSITE: [www.mississippimills.ca](http://www.mississippimills.ca)

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

---

The accompanying consolidated financial statements of the Corporation of the Municipality of Mississippi Mills are the responsibility of the Municipality's management and have been prepared in compliance with legislation, and in accordance with Canadian Public Sector Accounting Standards. A summary of significant accounting policies are described in note 2 to the consolidated financial statements. The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Municipality's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of consolidated financial statements. These systems are monitored and evaluated by management.

Council meets with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to Council approval of the consolidated financial statements.

The consolidated financial statements have been audited by Allan and Partners LLP, independent external auditors appointed by the Municipality. The accompanying Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Municipality's consolidated financial statements.

Ken Kelly,  
Chief Administrative Officer

Rhonda Whitmarsh, CPA, CA  
Treasurer



## INDEPENDENT AUDITOR'S REPORT

---

To the Members of Council, Inhabitants and Ratepayers  
of the Corporation of the Municipality of Mississippi Mills:

### Opinion

We have audited the consolidated financial statements of the Corporation of the Municipality of Mississippi Mills (the 'Entity'), which comprise:

- the consolidated statement of financial position as at December 31, 2019;
- the consolidated statement of operations and accumulated surplus for the year then ended;
- the consolidated statement of changes in net debt for the year then ended;
- the consolidated statement of cash flows for the year then ended;
- and the notes to the consolidated financial statements, including a summary of significant accounting policies;

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2019, and its consolidated results of operations, its consolidated changes in net debt and its consolidated cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

### Basis for Opinion

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

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

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



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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian Public Sector Accounting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

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

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement 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 of our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



Allan and Partners LLP  
Chartered Professional Accountants  
Licensed Public Accountants

Perth, Ontario  
June 16, 2020.

**Municipality of Mississippi Mills  
Consolidated Statement of Financial Position**

December 31	2019	2018
	\$	\$
<b>ASSETS</b>		
<b>Financial Assets</b>		
Cash and short term deposits	14,124,378	8,740,890
Taxes receivable (net of allowance of \$34,900)	1,650,867	1,683,427
User charges receivable	552,797	495,238
Accounts receivable (net of allowance of \$10,992)	1,266,583	1,518,478
Inventory for resale	23,223	26,099
Long term receivables (note 7)	11,529	23,809
Investment in Ottawa River Power Corporation (note 6)	2,335,200	2,297,185
Investment in Ottawa River Energy Solutions Inc. (note 6)	322,864	322,018
Investment in Mississippi River Power Corporation (note 6)	4,400,118	4,015,817
	<b>24,687,559</b>	19,122,961
<b>LIABILITIES</b>		
<b>Financial Liabilities</b>		
Accounts payable and accrued liabilities	2,850,647	2,369,891
Prepaid property taxes	1,320,131	1,236,605
Accrued landfill closure and post closure	846,179	831,179
Other current liabilities	977,187	1,082,906
Deferred revenues (note 5)	3,637,901	2,022,539
Long term liabilities (note 7)	19,366,630	16,858,508
	<b>28,998,675</b>	24,401,628
<b>NET DEBT</b>	<b>(4,311,116)</b>	(5,278,667)
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (note 16)	78,165,274	76,263,211
Inventories	57,907	63,647
	<b>78,223,181</b>	76,326,858
Contingent Liabilities (note 13)		
<b>MUNICIPAL EQUITY</b> (note 8)	<b>73,912,065</b>	71,048,191

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



## Municipality of Mississippi Mills Consolidated Statement of Operations

For the year ended December 31	(Note 18) Budget	2019	2018
	\$	\$	\$
<b>REVENUES</b>			
Taxation ▶ residential	9,578,692	<b>9,738,243</b>	9,138,740
▶ commercial	915,185	<b>915,112</b>	883,985
▶ other governments	244,220	<b>239,096</b>	238,746
▶ garbage collection and local improvements	1,496,800	<b>1,500,625</b>	1,497,384
User charges ▶ sewer and water	3,181,515	<b>3,424,807</b>	3,217,878
▶ recreation and culture	570,754	<b>506,196</b>	508,448
▶ daycare	1,401,200	<b>1,206,339</b>	1,096,058
▶ other	194,880	<b>411,926</b>	320,635
Government transfers	1,790,528	<b>2,057,637</b>	2,230,767
Licences and permits	451,765	<b>639,848</b>	636,328
Deferred revenues earned (note 5)	397,262	<b>376,087</b>	378,347
Investment income	80,000	<b>212,604</b>	121,749
Penalties and interest on taxes	265,000	<b>215,915</b>	241,807
Provincial offenses	90,000	<b>73,441</b>	122,643
Other	392,600	<b>611,389</b>	1,066,477
Net income ▶ Ottawa River Power Corporation	---	<b>114,014</b>	162,046
▶ Ottawa River Energy Solutions Inc.	---	<b>8,872</b>	17,699
▶ Mississippi River Power Corporation	---	<b>609,301</b>	173,501
<b>TOTAL REVENUES</b>	21,050,401	<b>22,861,452</b>	22,053,238
<b>EXPENSES</b>			
General government	2,005,466	<b>1,749,930</b>	2,234,875
Protection to persons and property	3,455,295	<b>3,449,370</b>	3,419,250
Transportation services	4,970,431	<b>5,391,132</b>	4,667,455
Environmental services	6,755,576	<b>5,919,023</b>	5,750,718
Social and family services	2,440,376	<b>2,148,826</b>	1,756,252
Recreation and cultural services	3,018,543	<b>2,866,105</b>	2,900,936
Planning and development	574,832	<b>466,151</b>	582,579
<b>TOTAL EXPENSES</b>	23,220,519	<b>21,990,537</b>	21,312,065
<b>NET REVENUES (EXPENDITURES) FROM OPERATIONS</b>	(2,170,118)	<b>870,915</b>	741,173
<b>OTHER</b>			
Grants and transfers related to capital			
Deferred revenues earned (note 5)	1,878,457	<b>895,276</b>	756,687
Government transfers	892,406	<b>1,082,183</b>	688,277
Other	7,000	<b>15,500</b>	177,009
Contributed assets	---	---	696,493
	2,777,863	<b>1,992,959</b>	2,318,466
<b>ANNUAL SURPLUS</b>	607,745	<b>2,863,874</b>	3,056,639
<b>MUNICIPAL EQUITY, BEGINNING OF YEAR</b>	71,048,191	<b>71,048,191</b>	67,988,552
<b>MUNICIPAL EQUITY, END OF YEAR</b>	71,655,936	<b>73,912,065</b>	71,048,191

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

**Municipality of Mississippi Mills  
Consolidated Statement of Changes in Net Debt**

For the year ended December 31	(Note 18) Budget	2019	2018
	\$	\$	\$
<b>ANNUAL SURPLUS</b>	607,745	<b>2,863,874</b>	3,059,639
Amortization of tangible capital assets	3,371,125	<b>3,564,635</b>	3,192,267
Acquisition of tangible capital assets	(7,204,618)	<b>(5,466,698)</b>	(8,011,581)
Disposal of tangible capital assets	---	---	165,690
Acquisition of supplies inventories	---	<b>5,740</b>	(5,421)
	(3,833,493)	<b>(1,896,323)</b>	(4,659,045)
<b>DECREASE (INCREASE) IN NET DEBT</b>	(3,225,748)	<b>967,551</b>	(1,599,406)
<b>NET DEBT, BEGINNING OF YEAR</b>	(5,278,667)	<b>(5,278,667)</b>	(3,679,261)
<b>NET DEBT, END OF YEAR</b>	(8,504,415)	<b>(4,311,116)</b>	(5,278,667)

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

## Municipality of Mississippi Mills Consolidated Statement of Cash Flows

For the year ended December 31	2019	2018
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Annual surplus for the year	2,863,874	3,059,639
Non cash changes ▶ amortization	3,564,635	3,192,267
	<b>6,428,509</b>	6,251,906
<b>Net Change in Non-Cash Working Capital Balances</b>		
Taxes receivable	32,560	232,607
User charges receivable	(57,559)	363,819
Accounts receivable	251,895	72,570
Inventory for resale	2,876	21,990
Accounts payable and accrued liabilities	480,756	(263,192)
Prepaid property taxes	83,526	54,872
Accrued landfill closure and post closure	15,000	15,000
Other current liabilities	(105,719)	160,170
Deferred revenues	1,615,362	242,602
Inventories	5,740	(5,421)
Long term receivables	12,280	11,586
	<b>2,336,717</b>	906,603
<b>Working Capital from Operations</b>	<b>8,765,226</b>	7,158,509
<b>CAPITAL ACTIVITIES</b>		
Acquisition of tangible capital assets	(5,466,698)	(8,011,581)
Disposal of capital assets	---	165,690
<b>Net investment in tangible capital assets</b>	<b>(5,466,698)</b>	(7,845,891)
<b>INVESTING ACTIVITIES</b>		
Increase in investment in Ottawa River Power Corporation	(38,015)	(117,734)
Increase in investment in Ottawa River Energy Solutions Inc.	(846)	(9,729)
(Increase) decrease in investment in Mississippi River Power Corporation	(384,301)	51,499
<b>Net decrease in cash from investing activities</b>	<b>(423,162)</b>	(75,964)
<b>FINANCING ACTIVITIES</b>		
Debt issued for Municipality purposes	3,682,100	2,182,500
Debt principal repayments	(1,173,978)	(969,852)
<b>Net increase in cash from financing activities</b>	<b>2,508,122</b>	1,212,648
<b>NET INCREASE IN CASH</b>	<b>5,383,488</b>	449,302
<b>CASH, BEGINNING OF YEAR</b>	<b>8,740,890</b>	8,291,588
<b>CASH, END OF YEAR</b>	<b>14,124,378</b>	8,740,890

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

---

# Municipality of Mississippi Mills

## Notes to the Consolidated Financial Statements

December 31, 2019

---

### 1. Status of the Municipality of Mississippi Mills

The Municipality of Mississippi Mills (the 'Municipality') was incorporated January 1, 1998 (being an amalgamation of the former Town of Almonte and Townships of Ramsay and Pakenham) and assumed its responsibilities under the authority of the Minister of Municipal Affairs and the Municipal Act. The Municipality operates as a lower tier government in the County of Lanark, in the Province of Ontario, Canada and provides municipal services such as police, fire, public works, planning, parks and recreation, library and other general government operations.

---

### 2. Significant Accounting Policies

The consolidated financial statements of the Corporation of the Municipality of Mississippi Mills are the representations of management and have been prepared in all material respects in accordance with Canadian Public Sector Accounting Standards. Significant aspects of the accounting policies adopted by the Municipality are as follows:

#### Reporting Entity

- (i) The consolidated financial statements reflect financial assets, liabilities, operating revenues and expenses, reserves, reserve funds and changes in investment in tangible capital assets of the Municipality. The reporting entity is comprised of all organizations, committees and local boards accountable for the administration of their financial affairs and resources to the Municipality and which are owned or controlled by the Municipality. Interdepartmental and inter-organizational transactions and balances between these organizations are eliminated. These consolidated financial statements include:

- ▶ Public Library Board
- ▶ Community Services Committee
- ▶ Day Care Centre

The Ottawa River Power Corporation, Mississippi River Power Corporation and the Ottawa River Energy Solutions Inc. are accounted for on a modified equity basis, consistent with Canadian generally accepted accounting treatment for government business enterprises. Under the modified equity basis, the business enterprises accounting principles are not adjusted to conform with those of the Municipality and inter-organizational transactions and balances are not eliminated.

- (ii) The taxation, other revenues, expenses, assets and liabilities with respect to the operations of the school boards are not reflected in these consolidated financial statements.

#### Basis of Accounting

- (i) The consolidated financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based on receipt of goods and services and/or the creation of a legal obligation to pay.
- (ii) Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year, and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the change in net financial assets for the year.

---

# Municipality of Mississippi Mills

## Notes to the Consolidated Financial Statements

December 31, 2019

---

### 2. Significant Accounting Policies / continued

#### Taxation and Related Revenues

Property tax billings are prepared by the Town based on assessment rolls issued by the Municipal Property Assessment Corporation ('MPAC'). Tax rates are established by Town Council, incorporating amounts to be raised for local services, amounts to be raised on behalf of County of Lanark for regional services, and amounts the Town is required to collect on behalf of the Province of Ontario in respect of education taxes. Taxation revenues are recorded at the time tax billings are issued. Adjustments to taxation revenue can occur during the year related to the issuance of supplementary tax billings and/or assessment appeals. These adjustments are recorded when the amount of the adjustments can be quantified. The Town is entitled to collect interest and penalties on overdue taxes. These revenues are recorded in the period in which the interest and penalties are applied.

#### Tangible Capital Assets

Tangible capital assets are recorded at historical cost or where historical cost records were not available, other methods determined to provide a best estimate of historical cost and accumulated amortization of the assets. In certain cases the Municipality used replacement costs and appropriate indices to deflate the replacement cost to an estimated historical cost at the year of acquisition. Costs include all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets are amortized on a straight line basis over their estimated useful lives as follows:

Land	
Landfill Sites	5 years
Parking Lots	45 - 65 years
Buildings	10 - 40 years
Vehicles	5 - 20 years
Equipment	10 - 20 years
Water and Sewer Facilities / Networks	
Linear Assets	50 - 80 years
Facilities / Wells / Lagoons	15 - 40 years
Linear Assets	
Roads	12 - 40 years
Sidewalks / Curbs	50 years
Bridges and Culverts	50 - 80 years
Construction in Progress	

Amortization is pro rated in the year of acquisition and in the year of disposal.

The Municipality has a capitalization threshold of \$5,000 for vehicles and equipment and \$50,000 for linear assets and buildings so that individual capital assets of lesser value are expensed, unless they are pooled because, collectively, they have significant value, or for operations reasons.

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt, and that fair value is also recorded as revenue. Similarly, transfers of assets to third parties are recorded as an expense equal to the net book value of other asset as of the date of transfer.

When tangible capital assets are disposed of, either by way of a sale, destruction or loss, or abandonment of the asset, the asset's net book value, historical cost less accumulated amortization, is written off. Any resulting gain or loss, equal to the proceeds on disposal less the asset's net book value, is reported on the consolidated statement of operations in the year of disposal. Transfers of assets to third parties are recorded as an expense equal to the net book value of the asset as of the date of transfer.

---

# Municipality of Mississippi Mills

## Notes to the Consolidated Financial Statements

December 31, 2019

---

### 2. Significant Accounting Policies / continued

#### Tangible Capital Assets / continued

When conditions indicate that a tangible capital asset no longer contributes to the Board's ability to provide services or the value of the future economic benefits associated with the tangible capital asset are less than its net book value, and the decline is expected to be permanent, the cost and accumulated amortization of the asset are reduced to reflect the revised estimate of the value of the asset's remaining service potential. The resulting net adjustment is reported as an expense on the consolidated statement of operations.

#### 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.

#### Inventories and Prepaid Expenses

Inventories and prepaid expenses held for consumption are recorded at the lower of cost or replacement cost.

#### Pension and Employee Benefits

The Municipality accounts for its participation in the Ontario Municipal Employees 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.

Employee benefits include vacation entitlement and sick leave benefits. Vacation entitlements are accrued as entitlements are earned. Sick leave benefits are accrued in accordance with the Municipality's policy.

#### Cash and Cash Equivalents

The Municipality considers cash and cash equivalents to be highly liquid investments with original maturities of three months or less.

#### Government Transfers

Government transfers are recognized in the consolidated 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.

#### Deferred Revenues

The Municipality defers recognition of user charges and fees which have been collected but for which the related services have yet to be performed. Government transfers of gas taxes, development charges collected under the *Development Charges Act, 1997*, and recreational land collected under the Planning Act are reported as deferred revenues in the Consolidated Statement of Financial Position. These amounts will be recognized as revenues in the fiscal year the services are performed.

---

# Municipality of Mississippi Mills

## Notes to the Consolidated Financial Statements

December 31, 2019

---

### 2. Significant Accounting Policies / continued

#### Deferred Revenues / continued

The Municipality receives restricted contributions under the authority of Federal and Provincial legislation and Municipality 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 Municipality 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.

#### Investments

Short-term and long-term investments are recorded at cost plus accrual interest. If the market value of investments become lower than cost and the decline in value is considered to be other than temporary, the investments are written down to market value.

Investment income earned on surplus current funds, capital funds, reserves and reserve funds (other than obligatory reserve funds) are reported as revenue in the period earned. Investment income earned on development charges and parkland obligatory reserve funds is added to the fund balance and forms part of respective deferred revenue balances.

#### Landfill Closure and Post-Closure Liabilities

The Municipality accrues landfill closure and post-closure care requirements that have been defined in accordance with industry standards and include final covering and landscaping of the landfill, pumping of ground water and leachates from the site, and ongoing environmental monitoring, site inspection and maintenance. The reported liability is based on estimates and assumptions with respect to events extending over a twenty-five year period using the best information available to management.

Future events may result in significant changes to the estimated total expenses, capacity used or total capacity and the estimated liability, and would be recognized prospectively, as a change in estimate, when applicable.

#### Liability for Contaminated Sites

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of contaminated sites is recognized when a site is not in productive use and all the following criteria are met:

- (a) an environmental standard exists;
- (b) contamination exceeds the environmental standard;
- (c) the Municipality:
  - (i) is directly responsible; or
  - (ii) accepts responsibility
- (d) it is expected that future economic benefit will be given up; and
- (e) a reasonable estimate of the amount can be made.

---

# Municipality of Mississippi Mills

## Notes to the Consolidated Financial Statements

December 31, 2019

---

### 2. Significant Accounting Policies / continued

#### Liability for Contaminated Sites / continued

The liability is recognized as management's estimate of cost of post-remediation including operation, maintenance and monitoring that are an integral part of the remediation strategy for a contaminated site.

#### Financial Instruments

All financial instruments are initially recognized at fair value on the consolidated statement of financial position. The Municipality has classified each financial instrument into one of the following categories: held-for-trading financial assets and liabilities, loans and receivables, held-to-maturity financial assets and other financial liabilities. Subsequent measurement of financial instruments is based on their classification.

Held-for-trading financial assets and liabilities are subsequently measured at fair value with changes in those fair values recognized in net revenues.

Loans and receivables, held-to-maturity financial assets and other financial liabilities are subsequently measured at amortized cost using the effective interest method.

The Municipality classifies cash and cash equivalents as held-for-trading financial assets, accounts receivable as loans and receivables, and accounts payable and accrued liabilities as other financial liabilities.

#### Measurement Uncertainty

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from these estimates. These estimates are reviewed periodically and as adjustments become necessary, they are recorded in the consolidated financial statements in the period in which they become known.

---

### 3. Operations of the School Boards and County of Lanark

During 2019, the Municipality collected and made property tax transfers including payments in lieu of property taxes, to the County of Lanark and School Boards as follows:

	School Boards \$	County \$
Property taxes	4,137,339	7,575,520
Taxation from other governments	1,856	67,560
Amounts requisitioned and paid	4,139,195	7,643,080

---



# Municipality of Mississippi Mills

## Notes to the Consolidated Financial Statements

December 31, 2019

#### 4. Bank Indebtedness

The Municipality's financial agreement with its bank provides for an operating credit facility of up to \$1,000,000 to finance expenses, pending receipt of property taxes and other income. Interest on funds drawn is charged at the Royal Bank's prime rate. As at December 31, 2019, there was \$Nil (2018 \$Nil) drawn on the facility.

#### 5. Deferred Revenues

A requirement of public sector accounting standards of the Chartered Professional Accountants of Canada is that obligatory reserve funds be reported as deferred revenue. This requirement is in place as Provincial legislation restricts how these funds may be used and under certain circumstances these funds may possibly be refunded. The transactions for the year are summarized below:

	Development Charges	Parkland	Infrastructure Funding	Total
	\$	\$	\$	\$
January 1, 2019	2,020,575	1,964	---	<b>2,022,539</b>
Government grants	---	---	925,593	<b>925,593</b>
Contributions from developers	1,914,472	---	---	<b>1,914,472</b>
Interest	46,632	28	---	<b>46,660</b>
Transfer for capital projects	(895,276)	---	---	<b>(895,276)</b>
Transfer for other capital	(376,087)	---	---	<b>(376,087)</b>
December 31, 2019	2,710,316	1,992	925,593	<b>3,637,901</b>

#### 6. Investment in Ottawa River Power Corporation, Ottawa River Energy Solutions Inc., Mississippi River Power Corporation (government business enterprises)

Ottawa River Power Corporation (ORPC) (15.94%), Ottawa River Energy Solutions Inc. (OES) (15.94%), and the Mississippi River Power Corporation (MRPC) (100.00%) are government business enterprises in which the Municipality owns the percentage interest as noted and accounted for on a modified equity basis in these consolidated financial statements.

The principal business of ORPC is to distribute electric power to the Municipality of Mississippi Mills Almonte Ward (and other communities) and manage the electric distribution system. Ottawa River Energy Solutions Inc. is a retailer of electricity related activities for the residents of Mississippi Mills Almonte Ward. MRPC's principal business is the generation of electric power for the benefit of the Municipality of Mississippi Mills Almonte Ward's residents.

## Municipality of Mississippi Mills Notes to the Consolidated Financial Statements

December 31, 2019

**6. Investment in Ottawa River Power Corporation, Ottawa River Energy Solutions Inc., Mississippi River Power Corporation (government business enterprises) / continued**

The following tables provide condensed supplementary financial information setting out the Municipality's proportionate share for the three entities for the year ended December 31.

<b>Ottawa River Power Corporation (15.94%)</b>	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>Financial Position</b>		
Current and other assets	1,548,895	1,497,109
Capital assets	2,178,683	1,884,485
Future income taxes	134,711	143,245
	<b>3,862,289</b>	3,524,839
Current liabilities	1,527,089	1,227,654
<b>Net Assets</b>	<b>2,335,200</b>	2,297,185
<b>Results of Operations</b>		
Revenues	1,165,084	877,884
Operating expenses	1,051,070	715,838
<b>Net Income</b>	<b>114,014</b>	162,046

<b>Ottawa River Energy Solutions Inc. (15.94%)</b>	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>Financial Position</b>		
Current and other assets	241,525	208,058
Capital assets	219,125	226,995
	<b>460,650</b>	435,053
Current liabilities	64,888	16,446
Long term debt	72,898	96,589
<b>Net Assets</b>	<b>322,864</b>	322,018
<b>Results of Operations</b>		
Revenues	186,579	160,870
Operating expenses	177,707	143,171
<b>Net Income</b>	<b>8,872</b>	17,699

During the year, the Municipality reviewed dividends of \$70,783 which is netted to other income on consolidation.

## Municipality of Mississippi Mills Notes to the Consolidated Financial Statements

December 31, 2019

### 6. Investment in Ottawa River Power Corporation, Ottawa River Energy Solutions Inc., Mississippi River Power Corporation (government business enterprises) / continued

Mississippi River Power Corporation (100.00%)	2019	2018
	\$	\$
<b>Financial Position</b>		
Current assets	3,494,848	3,505,182
Capital assets	19,107,865	19,486,565
	<b>22,602,713</b>	22,991,747
Current liabilities	2,370,956	2,055,951
Long term debt (excluding Municipality debt)	15,831,639	16,919,979
<b>Net Assets</b>	<b>4,400,118</b>	4,015,817
<b>Results of Operations</b>		
Revenues	3,018,069	2,454,078
Operating expenses	2,408,768	2,280,577
<b>Net Income</b>	<b>609,301</b>	173,501

During 2019, the Municipality received a dividend of \$225,000 (2018 \$225,000) which is netted to other income on consolidation.

### 7. Long Term Liabilities

- (a) The balance of long term liabilities reported on the "Consolidated Statement of Financial Position" is comprised of the following:

	2019	2018
	\$	\$
Ontario Infrastructure Projects Corporation (2 projects) (4.63% and 4.13%), with semi annual blended payments of \$41,628 and \$230,273, maturing 2022 and 2044.	7,249,693	7,485,512
Fixed rate bank loans with maturity dates between 2020 and 2034 and interest rates between 2.61% and 5.40%.	12,105,408	9,349,187
Instalment debentures with the Province of Ontario under the Ontario Tile Loan Program. The responsibility for payment of principal and interest charges for tile drainage and shoreline property assistance loans has been assumed by individuals. At the end of the year, the outstanding principal amount of this liability is	11,529	23,809
<b>Net long term liabilities at the end of the year</b>	<b>19,366,630</b>	16,858,508

**Municipality of Mississippi Mills**  
**Notes to the Consolidated Financial Statements**

**December 31, 2019**

**7. Long Term Liabilities / continued**

(b) Principal payments fall due as follows:

	General Revenues	User Charges	Total
	\$	\$	\$
2020	1,065,449	184,389	<b>1,249,838</b>
2021	1,101,854	191,105	<b>1,292,959</b>
2022	1,127,465	193,203	<b>1,320,668</b>
2023	988,672	197,450	<b>1,186,122</b>
2024	990,644	205,687	<b>1,196,331</b>
2025 to 2029	4,132,270	3,134,872	<b>7,267,142</b>
2030 and thereafter	1,844,406	3,009,164	<b>4,853,570</b>
	<b>11,250,760</b>	<b>7,115,870</b>	<b>18,366,630</b>

(c) Interest expense on long term liabilities in 2019 amounted to \$686,703 (2018 \$604,917).

(d) These payments are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.

**8. Municipal Equity**

Municipal equity consists of:

	2019	2018
	\$	\$
Investment in tangible capital assets		
Tangible capital assets	<b>78,165,274</b>	76,263,211
Long term liabilities	<b>(19,355,101)</b>	(16,834,699)
Unfinanced Capital Projects		
Parks and Recreation	<b>(732,298)</b>	(514,671)
Public works projects	<b>(439,463)</b>	(3,250,343)
Water and sewer projects	<b>(2,503,596)</b>	(479,174)
	<b>55,134,816</b>	55,184,324
Reserves (Schedule 1)	<b>11,719,067</b>	9,228,847
Equity in Government Business Enterprises		
Ottawa River Power Corporation	<b>2,335,200</b>	2,297,185
Ottawa River Energy Solution Inc.	<b>322,864</b>	322,018
Mississippi River Power Corporation	<b>4,400,118</b>	4,015,817
	<b>7,058,182</b>	6,635,020
<b>Total Municipal Equity</b>	<b>73,912,065</b>	71,048,191

---

# Municipality of Mississippi Mills

## Notes to the Consolidated Financial Statements

December 31, 2019

---

### 9. Pension Contributions

The Municipality makes contributions to the Ontario Municipal Employees Retirement System (“OMERS”), which is a multi-employer plan, on behalf of all permanent 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. Employers and employees contribute to the plan. Since any surpluses or deficits are a joint responsibility of all Ontario municipalities and their employees, the Municipality does not recognize any share of the OMERS pension surplus or deficit in these consolidated financial statements.

The amount contributed to OMERS was \$385,949 (2018 \$383,689) for current services and is included as an expenditure on the Consolidated Statement of Operations classified under the appropriate functional expenditure. Contributions by employees were a similar amount.

---

### 10. Trust Funds

Trust funds administered by the Municipality amounting to \$Nil (2018 \$Nil) are presented in a separate financial statement of trust fund balances and operations. As such balances are held in trust by the Municipality for the benefit of others, they are not presented as part of the Municipality’s financial position or financial activities.

---

### 11. Provincial Offences Administration (POA)

The Town of Perth has assumed the administration of the Provincial Offences office for all County of Lanark resident municipalities. The transfer of administration from the Ministry of the Attorney General to the Town was a result of the Provincial Offences Act (POA) 1997, which provides the framework for the transfer of responsibility and administration of POA courts.

The POA is a procedural law for administering and prosecuting provincial offences, including those committed under the Highway Traffic Act, Compulsory Automobile Insurance Act, Trespass to Property Act, Liquor Licence Act, Municipal By-Laws and minor federal offences. The POA governs all aspects of legal process from serving notice to a defendant, to conducting trials, including sentencing and appeals.

The Municipality’s share of net revenues arising from operation of the POA office have been consolidated with these financial statements. The revenue of the court office consists of fines levied under Parts I and III (including delay penalties) for POA charges filed in the Perth court.

If fines are paid at other court offices, the receipt is recorded in the Integrated Courts Operation Network System (“ICON”) operated by the Province of Ontario. Revenue is recognized when receipt of funds is recorded by the provincial ICON system regardless of the location where payment is made.

The Municipality of Mississippi Mills shares net POA revenues based on weighted assessment.

---

---

# Municipality of Mississippi Mills

## Notes to the Consolidated Financial Statements

December 31, 2019

---

### 12. Contractual Obligations

In November 2017, the Municipality entered into a contract with OCWA (Ontario Clean Water Agency). For the management and operations of the water plant, wastewater plant and the sanitary pumping station. The contract is for the period January 1, 2018 to December 31, 2024 and provides for a four year extension to December 31, 2028.

The contract is a fixed price contract that provides for an annual inflation increase of 1.85%. The contract provides for the reconciliation of hydro costs on an annual basis.

The annual cost of the contract was \$1,450,403 (2018 \$1,365,721).

There is no contract for policing services. The Municipality is provided police services by the Ontario Provincial Police under Section 5.1 of the Police Services Act. The annual charges are determined based on the level of service and are reconciled to actual costs in the following year. The amount paid in 2019 for police service usage was \$1,876,776 (2018 \$1,866,420).

The Municipality has negotiated a 8 year contract with Waste Management Canada Corporation for the collection of curbside garbage. The contract runs from June 1, 2013 to May 31, 2021. Annual charges are determined by reference to the Municipality's number of households, the consumer price index and a fuel surcharge clause. The contract for 2019 was \$536,359 (2018 \$450,739).

The Municipality has negotiated a long term contract with GFL Environmental Inc. for the collection, processing and marketing of recycled materials collected at curbside. The contract runs from June 1, 2013 to May 31, 2020. Annual charges are determined based on the number of households in the Municipality, the consumer price index and a fuel surcharge clause. The contract for 2019 was \$448,149 (2018 \$466,464).

The Municipality has entered into a long term lease agreement for property located at 134 Main Street. The annual lease commitments are as follows:

	\$
2020	16,500

The Municipality has entered into a long term lease agreement with the Catholic District School Board of Eastern Ontario for property to be used for providing child care services. The annual lease commitment is as follows:

	\$
2020	43,834
2021	44,709
2022	45,605
2023	46,517
2024	31,423

The lease expires August 2024 and provides for a renewal for a further five years provided the Catholic District School Board of Eastern Ontario does not require the space for school purposes.

---

## Municipality of Mississippi Mills Notes to the Consolidated Financial Statements

December 31, 2019

---

### 13. Contingent Liabilities

The nature of municipal activities is such that there may be litigation pending or in prospect at any time. With respect to claims as at December 31, 2019, management believes that the Municipality has valid defences and appropriate insurance coverages in place.

In the event any claims are successful, the amount of any potential liability is not determinable, therefore, no amount has been accrued in the consolidated financial statements.

---

### 14. Landfill Closure and Post Closure Liability

The Environment Protection Act sets out the regulatory requirements to properly close and maintain all active and inactive landfill sites. Under environmental law, there is a requirement for closure and post-closure care of solid waste landfill sites and is in accordance with the Municipality's accounting policy. This requirement is to be provided for over the estimated remaining life of the landfill site based on usage.

The Municipality currently has one active and two inactive landfill sites. The Almonte site is licensed, and accepts approximately 100 tonnes of waste per year. At current disposal rates, the site has an estimated lifespan of 6 to 8 years. Estimated closure costs are in the range of \$935,000. The anticipated closure plan involves a layer of sand followed by a layer of clay and soil. Annual post closure maintenance and monitoring requirements are estimated to be \$30,000 per annum.

The Pakenham site was closed in 1990 and involved covering the site with a clay cap and vegetative cover. Additional buffer lands were also purchased at the time of closing. Annual site monitoring costs are estimated at \$10,000 per annum.

The Ramsay site was closed in 1996 with a layer of cover material of a mixture of sand, silt stone and some clay. Annual site monitoring costs are estimated at \$10,000 per annum.

Landfill closure and post-closure care requirements have been defined in accordance with industry standards and include final covering and landscaping of the landfill, pumping of ground water and leachates from the site, and ongoing environmental monitoring, site inspection and maintenance. The reported liability is based on estimates and assumptions with respect to events extending over a twenty-five year period using the best information available to management. Future events may result in significant changes to the estimated total expenses, capacity used or total capacity and the estimated liability, and would be recognized prospectively, as a change in estimate, when applicable.

Estimated total expenses represent the sum of the discounted future cash flows for closure and post-closure care activities discounted at the Municipality's average long term borrowing rate of 2.0% and using an assumed rate of 2.0% for inflation. The estimated total landfill closure and post-closure care expenses are calculated to be approximately \$1,505,000. For sites that are inactive, the estimated liability for these expenses is recognized immediately. Included in liabilities on the Consolidated Statement of Financial Position at December 31, 2019 is an amount of \$846,179 (2018 \$831,179 ) with respect to landfill closure and post-closure liabilities recognized to date.

---

---

# Municipality of Mississippi Mills

## Notes to the Consolidated Financial Statements

December 31, 2019

---

### 15. Risk Management

In the normal course of operations, the Municipality is exposed to a variety of financial risks which are actively managed by the Municipality.

The Municipality's financial instruments consist of cash, investments, accounts receivable and accounts payable and accrued liabilities. The fair values of cash, investments and accounts payable and accrued liabilities approximate their carrying values because of their expected short term maturity and treatment on normal trade terms.

The Municipality's exposure to and management of risk has not changed materially from December 31, 2018.

#### **Credit Risk**

Credit risk arises from the possibility that the entities to which the Municipality provides services to may experience difficulty and be unable to fulfill their obligations. The Municipality is exposed to financial risk that arises from the credit quality of the entities to which it provides services. The Municipality does not have a significant exposure to any individual customer or counter party. As a result, the requirement for credit risk related reserves for accounts receivable is minimal.

#### **Interest Rate Risk**

Interest rate risk arises from the possibility that the value of, or cash flows related to, a financial instrument will fluctuate as a result of changes in market interest rates. The Municipality is exposed to financial risk that arises from the interest rate differentials between the market interest rate and the rates on its cash and cash equivalents and operating loan. Changes in variable interest rates could cause unanticipated fluctuations in the Municipality's operating results.

#### **Liquidity Risk**

Liquidity risk is the risk that the Municipality will not be able to meet its obligations as they fall due. The Municipality requires working capital to meet day-to-day operating activities. Management expects that the Municipality's cash flows from operating activities will be sufficient to meet these requirements.

---



**Municipality of Mississippi Mills**  
**Notes to the Consolidated Financial Statements**

**December 31, 2019**

**16. Tangible Capital Assets**

	2019	2018
	\$	\$
Land	329,645	329,643
Landfill Sites	35,059	38,909
Buildings	10,733,439	11,190,495
Vehicles	3,923,865	4,272,626
Equipment		
Parks	1,294,536	1,426,898
Streetlights and traffic lights	1,008,266	1,029,506
Other	1,750,192	975,626
Water and Sewer Facilities / Networks		
Linear assets	16,641,538	14,223,785
Water tower	617,586	674,250
Wells, lagoons, pumping stations	24,905,803	25,866,048
Linear Assets		
Roads	8,020,476	7,371,199
Sidewalks and curbs	2,126,941	2,125,392
Bridges and culverts	6,293,102	6,278,018
Construction in Progress	484,826	460,816
	<b>78,165,274</b>	<b>76,263,211</b>

For additional information, see Schedule 2 ▶ Tangible Capital Assets.

**17. Segmented Information**

The Municipality is a diversified municipal government that provides a wide range of services to its citizens. The services are provided by departments and their activities are reported in the consolidated statement of operations.

Departments have been separately disclosed in the segmented information, along with the service they provide, are set out in the schedule below.

For each reported segment, expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in note 2.

**Municipality of Mississippi Mills  
Notes to the Consolidated Financial Statements**

**December 31, 2019**

**17. Segmented Information / continued**

2019	Salaries, Wages & Employee Benefits	Debenture Debt Interest	Materials & Services	External Transfers	Amortization	Total
	\$	\$	\$	\$	\$	\$
<b>General Government</b>						
Governance	163,328	---	32,743	---	---	196,071
Corporate Management	784,059	75,024	520,098	---	174,678	1,553,859
<b>Protection to Persons and Property</b>						
Fire	424,731	30,102	251,657	---	199,616	906,106
Police	1,000	---	1,883,559	---	---	1,884,559
Conservation Authority	---	---	---	79,872	---	79,872
Protective Inspection	441,118	---	131,936	---	5,779	578,833
<b>Transportation</b>						
Roadways	1,038,133	216,565	1,719,754	---	1,256,892	4,231,344
Winter Control	223,524	---	847,740	---	---	1,071,264
Street Lighting	885	---	66,399	---	21,240	88,524
<b>Environmental</b>						
Sanitary Sewer and Waterworks	308,182	300,870	2,249,884	---	1,472,519	4,331,455
Waste Services	51,653	---	1,532,065	---	3,850	1,587,568
<b>Social and Family</b>						
Child Care	1,792,959	---	341,865	---	14,002	2,148,826
<b>Recreation and Cultural Services</b>						
Recreation Facilities & Programs	755,812	52,192	620,934	282,763	324,815	2,036,516
Libraries	473,115	4,855	178,021	57,555	86,741	800,287
Cultural Services	675	---	1,637	26,990	---	29,302
<b>Planning and Development</b>						
Planning & Zoning	210,474	---	36,474	---	---	246,948
Economic Development	108,145	5,666	96,436	---	4,503	214,750
Agriculture	3,024	1,429	---	---	---	4,453
<b>2019</b>	<b>6,780,817</b>	<b>686,703</b>	<b>10,511,202</b>	<b>447,180</b>	<b>3,564,635</b>	<b>21,990,537</b>

**Municipality of Mississippi Mills  
Notes to the Consolidated Financial Statements**

**December 31, 2019**

**17. Segmented Information / continued**

2018	Salaries, Wages & Employee Benefits	Debenture Debt Interest	Materials & Services	External Transfers	Amortization	Total
	\$	\$	\$	\$	\$	\$
<b>General Government</b>						
Governance	206,711	---	43,635	---	---	250,346
Corporate Management	1,030,517	83,268	696,064	---	174,680	1,984,529
<b>Protection to Persons and Property</b>						
Fire	389,637	38,321	269,509	---	187,393	884,860
Police	600	---	1,873,350	---	---	1,873,950
Conservation Authority	---	---	---	73,171	---	73,171
Protective Inspection	490,750	---	90,740	---	5,779	587,269
<b>Transportation</b>						
Roadways	1,010,138	132,174	1,400,851	---	1,099,607	3,642,770
Winter Control	191,825	---	665,496	---	---	857,321
Street Lighting	457	---	98,174	---	68,733	167,364
<b>Environmental</b>						
Sanitary Sewer and Waterworks	354,448	308,695	2,286,458	---	1,243,875	4,193,476
Waste Services	60,919	---	1,491,007	---	5,316	1,557,242
<b>Social and Family</b>						
Child Care	1,552,689	---	189,561	---	14,002	1,756,252
<b>Recreation and Cultural Services</b>						
Recreation Facilities & Programs	602,513	32,836	950,476	246,788	302,000	2,134,613
Libraries	486,642	---	127,334	51,033	90,882	755,891
Cultural Services	---	---	---	10,432	---	10,432
<b>Planning and Development</b>						
Planning & Zoning	192,433	---	166,372	---	---	358,805
Economic Development	97,513	7,499	113,673	---	---	218,685
Agriculture	2,965	2,124	---	---	---	5,089
<b>2018</b>	<b>6,670,757</b>	<b>604,917</b>	<b>10,462,700</b>	<b>381,424</b>	<b>3,192,267</b>	<b>21,312,065</b>

**Municipality of Mississippi Mills**  
**Notes to the Consolidated Financial Statements**

**December 31, 2019**

**18. Budget Figures**

The 2019 budget amounts that were approved were not prepared on a basis consistent with that used to report actual results (Public Sector Accounting Board Standards). The budget included capital items such as infrastructure replacements and estimated costs for constructed assets, as program expenses, but the actual expenses have been removed in the Statement of Operations. The revenues attributable to these items continue to be included in the Statement of Operations, resulting in a significant variance. The following analysis is provided to assist readers in their understanding of differences between the approved budget and the audited financial statements:

	<b>Budget</b>	<b>Actual</b>
	<b>\$</b>	<b>\$</b>
Total Revenues	21,050,401	22,861,452
Total Expenses	23,220,519	21,990,537
Net (Expenses) Revenues	(2,170,118)	870,915
Amortization	3,371,125	3,564,635
Adjusted Net Revenues	1,201,007	4,435,550
Capital Revenues	2,777,863	1,992,959
Funds Available	3,978,870	6,428,509
Capital Expenses	(7,204,618)	(5,466,698)
Net Change in Investment in:		
Ottawa River Power Corporation	---	(38,015)
Ottawa River Energy Solutions Inc.	---	(846)
Mississippi River Power Corporation	---	(384,301)
Principal Repayments	(1,191,457)	(1,161,698)
Net Long Term Debt Acquired	3,190,155	3,682,100
<b>(Decrease) Increase in Operating Surplus</b>	<b>(1,227,050)</b>	<b>3,059,051</b>
<b>Allocated as follows:</b>		
Net transfers (from) to reserves	(1,227,050)	2,490,220
Net decrease in unfinanced capital	---	568,831
	<b>(1,227,050)</b>	<b>3,059,051</b>

**Municipality of Mississippi Mills**  
**Schedule 1 ▶ Continuity of Reserves and Reserve Funds**

For the year ended December 31	(Note 18) Budget	2019	2018
	\$	\$	\$
<b>Net Transfers From/(To) Other Funds</b>			
Transfers from operations	761,196	<b>3,365,244</b>	2,884,523
Transfers to capital acquisitions	(1,988,246)	<b>(875,024)</b>	(1,811,275)
<b>Total Net Transfers</b>	(1,227,050)	<b>2,490,220</b>	1,073,248
<b>Reserves and Reserve Fund Balances, Change in Year</b>	(1,227,050)	<b>2,490,220</b>	1,073,248
<b>Reserves and Reserve Fund Balances, Beginning of Year</b>	9,228,847	<b>9,228,847</b>	8,155,599
<b>Reserves and Reserve Fund Balances, End of Year</b>	8,001,797	<b>11,719,067</b>	9,228,847

**Composition of Reserves and Reserve Funds**

For the year ended December 31	2019	2018
	\$	\$
<b>Reserves set aside for specific purposes by Council: For the Municipality of Mississippi Mills</b>		
<b>For Operating Purposes</b>		
▶ for working capital	<b>1,100,000</b>	1,100,000
▶ for contingencies	<b>513,721</b>	496,316
▶ for library	<b>81,495</b>	125,936
▶ for winter control	<b>55,820</b>	55,820
▶ for protection to persons and property	<b>646,565</b>	466,145
▶ for planning and zoning	<b>2,159</b>	2,159
▶ for economic development	<b>129,708</b>	127,569
▶ for parking	<b>55,738</b>	32,738
▶ for daycare	<b>674,958</b>	470,194
▶ for the Former Township of Ramsay - general purposes	<b>2,640</b>	2,640
▶ for the Former Township of Pakenham - general purposes	<b>267</b>	267
	<b>3,263,071</b>	2,879,784
<b>For Capital Purposes</b>		
▶ for acquisition of capital assets	<b>2,445,827</b>	1,715,407
▶ for public works	<b>802,496</b>	476,896
▶ for recreation	<b>245,809</b>	239,615
▶ for fire	<b>124,268</b>	40,149
▶ for waste management	<b>1,408,108</b>	1,263,941
▶ for the Former Town of Almonte - water and sewer	<b>3,148,722</b>	2,383,772
▶ for septage system	<b>280,766</b>	229,283
	<b>8,455,996</b>	6,349,063
<b>Total Reserves and Reserve Funds</b>	<b>11,719,067</b>	9,228,847

The accompany notes are an integral part of these consolidated financial statements.

**Municipality of Mississippi Mills  
Schedule 2 ▶ 2019 Tangible Capital Assets**

Asset Class	Cost 01/01/19	Additions	(Disposals)	Cost 31/12/19
	\$	\$	\$	\$
Land	329,643	2	---	329,645
Landfill Sites	112,423	---	---	112,423
Buildings	18,726,261	---	---	18,726,261
Vehicles	7,047,668	---	---	7,047,668
Equipment				
Parks	2,198,243	---	---	2,198,243
Streetlights and traffic lights	3,176,406	---	---	3,176,406
Other	3,500,046	960,774	---	4,460,820
Water and Sewer				
Linear assets	19,939,992	2,836,246	(157,986)	22,618,252
Water tower	1,701,978	---	---	1,701,978
Wells, lagoons, pumping stations	32,412,262	---	---	32,412,262
Linear Assets				
Roads	16,021,803	1,358,642	(38,814)	17,341,631
Sidewalks and curbs	3,537,846	86,331	(25,015)	3,599,162
Bridges and culverts	7,278,684	200,693	---	7,479,377
Construction in Progress	460,816	24,010	---	484,826
	116,444,071	5,466,698	(221,815)	121,688,954

Asset Class	Accumulated Amortization 01/01/19	Amortization	(Disposals)	Accumulated Amortization 31/12/19	Net Book Value 31/12/19
	\$	\$	\$	\$	\$
Land	---	---	---	---	329,645
Landfill Sites	73,514	3,850	---	77,364	35,059
Buildings	7,535,766	457,056	---	7,992,822	10,733,439
Vehicles	2,775,042	348,761	---	3,123,803	3,923,865
Equipment					
Parks	771,345	132,362	---	903,707	1,294,536
Streetlights and traffic lights	2,146,900	21,240	---	2,168,140	1,008,266
Other	2,524,420	186,208	---	2,710,628	1,750,192
Water and Sewer					
Linear assets	5,716,207	418,493	(157,986)	5,976,714	16,641,538
Water tower	1,027,728	56,664	---	1,084,392	617,586
Wells, lagoons, pumping stations	6,546,214	960,245	---	7,506,459	24,905,803
Linear Assets					
Roads	8,650,604	709,365	(38,814)	9,321,155	8,020,476
Sidewalks and curbs	1,412,454	84,782	(25,015)	1,472,221	2,126,941
Bridges and culverts	1,000,666	185,609	---	1,186,275	6,293,102
Construction in Progress	---	---	---	---	484,826
	40,180,860	3,564,635	(221,815)	43,523,680	78,165,274

The accompany notes are an integral part of these consolidated financial statements.

**Municipality of Mississippi Mills  
Schedule 2 ▶ 2018 Tangible Capital Assets**

Asset Class	Cost 01/01/18	Additions	(Disposals)	Cost 31/12/18
	\$	\$	\$	\$
Land	329,636	7	---	329,643
Landfill Sites	112,423	---	---	112,423
Buildings	17,996,192	730,069	---	18,726,261
Vehicles	6,681,914	1,150,996	(785,242)	7,047,668
Equipment				
Parks	2,161,243	37,000	---	2,198,243
Streetlights and traffic lights	3,179,016	393,065	(395,675)	3,176,406
Other	3,255,617	287,424	(42,995)	3,500,046
Water and Sewer				
Linear assets	18,837,495	1,136,701	(34,204)	19,939,992
Water tower	1,701,978	---	---	1,701,978
Wells, lagoons, pumping stations	32,412,262	---	---	32,412,262
Linear Assets				
Roads	14,549,573	1,659,500	(187,270)	16,021,803
Sidewalks and curbs	3,383,497	158,944	(4,595)	3,537,846
Bridges and culverts	4,304,043	2,974,641	---	7,278,684
Construction in Progress	977,582	(516,766)	---	460,816
	109,882,471	8,011,581	(1,449,981)	116,444,071

Asset Class	Accumulated Amortization 01/01/18	Amortization	(Disposals)	Accumulated Amortization 31/12/18	Net Book Value 31/12/18
	\$	\$	\$	\$	\$
Land	---	---	---	---	329,643
Landfill Sites	69,664	3,850	---	73,514	38,909
Buildings	7,084,857	450,909	---	7,535,766	11,190,495
Vehicles	3,055,502	339,092	(619,552)	2,775,042	4,272,626
Equipment					
Parks	674,611	96,734	---	771,345	1,426,898
Streetlights and traffic lights	2,473,842	68,733	(395,675)	2,146,900	1,029,506
Other	2,410,839	156,576	(42,995)	2,524,420	975,626
Water and Sewer					
Linear assets	5,417,787	332,624	(34,204)	5,716,207	14,223,785
Water tower	970,284	57,444	---	1,027,728	674,250
Wells, lagoons, pumping stations	5,732,422	813,792	---	6,546,214	25,866,048
Linear Assets					
Roads	8,172,126	665,748	(187,270)	8,650,604	7,371,199
Sidewalks and curbs	1,341,672	75,377	(4,595)	1,412,454	2,125,392
Bridges and culverts	869,278	131,388	---	1,000,666	6,278,018
Construction in Progress	---	---	---	---	460,816
	38,272,884	3,192,267	(1,284,291)	40,180,860	76,263,211

The accompany notes are an integral part of these consolidated financial statements.



## INDEPENDENT AUDITOR'S REPORT

---

To the Members of Council, Inhabitants and Ratepayers  
of the Corporation of the Municipality of Mississippi Mills:

### Opinion

We have audited the financial statements of the Corporation of the Municipality of Mississippi Mills Public Library Board (the 'Entity'), which comprise:

- the statement of financial position as at December 31, 2019;
- the statement of operations and accumulated surplus for the year then ended;
- the statement of changes in net financial assets for the year then ended;
- the statement of cash flows for the year then ended;
- and the notes to the financial statements, including a summary of significant accounting policies;

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2019, and its results of operations, its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

### Basis for Opinion

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

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

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





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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian Public Sector Accounting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

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

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement 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 of our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Allan and Partners LLP  
Chartered Professional Accountants  
Licensed Public Accountants

Perth, Ontario  
June 16, 2020.

**Municipality of Mississippi Mills  
Public Library Board  
Statement of Financial Position**

<b>December 31</b>	<b>2019</b>	<b>2018</b>
	\$	\$
<b>ASSETS</b>		
<b>Financial Assets</b>		
Cash and short term deposits	32,656	83
Accounts receivable	1,524	12,813
Due from Town of Mississippi Mills	4,684	19,657
	<b>38,864</b>	32,553
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	22,206	15,219
Other current liabilities	16,658	17,334
	<b>38,864</b>	32,553
<b>NET FINANCIAL ASSETS</b>	---	---
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (note 4)	1,345,367	1,381,947
<b>ACCUMULATED SURPLUS</b> (note 3)	<b>1,345,367</b>	1,381,947

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

**Municipality of Mississippi Mills  
Public Library Board  
Statement of Operations**

For the year ended December 31	(Note 5) Budget	2019	2018
	\$	\$	\$
<b>REVENUES</b>			
Government Grants			
Municipal Grants	591,102	<b>576,061</b>	555,213
Province of Ontario	31,848	<b>35,042</b>	35,788
Federal Grants	---	<b>3,920</b>	10,673
User Charges			
Programs	---	<b>1,146</b>	393
Rentals	2,500	<b>1,636</b>	2,330
Photocopy charges	1,400	<b>1,903</b>	1,902
Other Income			
Fines	10,000	<b>10,961</b>	12,450
Donations, book sales, miscellaneous	4,000	<b>25,273</b>	33,044
<b>TOTAL REVENUES</b>	640,850	<b>655,942</b>	651,793
<b>EXPENSES</b>			
Salaries, wages, employee benefits	468,864	<b>473,115</b>	486,642
Library materials	16,650	<b>19,967</b>	15,010
Administration	33,025	<b>43,613</b>	32,649
Insurance	3,295	<b>3,293</b>	3,181
Building maintenance and utilities	46,561	<b>43,638</b>	45,995
Programs	---	---	1,179
Contribution to Carleton Place Public Library	57,572	<b>57,555</b>	51,033
Minor capital	130,500	<b>78,871</b>	37,300
Amortization	87,000	<b>86,741</b>	90,882
<b>TOTAL EXPENSES</b>	843,867	<b>806,793</b>	763,871
<b>NET EXPENSES FROM OPERATIONS</b>	(202,617)	<b>(150,851)</b>	(112,078)
<b>OTHER</b>			
Grants and transfers related to capital			
Municipal contribution to tangible capital assets	108,000	<b>78,871</b>	22,524
Deferred revenues earned	57,900	<b>35,400</b>	32,500
Fundraising and donations	---	---	14,776
	165,900	<b>114,271</b>	69,800
<b>ANNUAL DEFICIT</b>	(36,717)	<b>(36,580)</b>	(42,278)
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	1,381,947	<b>1,381,947</b>	1,424,225
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	1,345,230	<b>1,345,367</b>	1,381,947

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

**Municipality of Mississippi Mills  
Public Library Board  
Statement of Changes in Net Financial Assets**

For the year ended December 31	2019	2018
	\$	\$
<b>ANNUAL DEFICIT</b>	<b>(36,580)</b>	<b>(42,278)</b>
Amortization of tangible capital assets	<b>86,741</b>	90,882
Acquisition of tangible capital assets	<b>(50,161)</b>	(48,604)
	<b>36,580</b>	42,278
<b>INCREASE IN NET FINANCIAL ASSETS</b>	<b>---</b>	<b>---</b>
<b>NET DEBT, BEGINNING OF YEAR</b>	<b>---</b>	<b>---</b>
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	<b>---</b>	<b>---</b>

**Statement of Cash Flows**

For the year ended December 31	2019	2018
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Annual deficit	<b>(36,580)</b>	(42,278)
Non cash changes ▶ amortization	<b>86,741</b>	90,882
	<b>50,161</b>	48,604
Net Change in Non-Cash Working Capital Items		
Accounts receivable	<b>11,289</b>	(9,133)
Due from Municipality	<b>14,973</b>	23,362
Accounts payable and accrued liabilities	<b>6,987</b>	(1,441)
Other current liabilities	<b>(676)</b>	(12,817)
	<b>32,573</b>	(29)
<b>Working Capital from Operations</b>	<b>82,734</b>	48,575
<b>CAPITAL ACTIVITIES</b>		
Acquisition of tangible capital assets	<b>(50,161)</b>	(48,604)
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>32,573</b>	(29)
<b>CASH, BEGINNING OF YEAR</b>	<b>83</b>	112
<b>CASH, END OF YEAR</b>	<b>32,656</b>	83

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

---

# Municipality of Mississippi Mills Public Library Board Notes to the Financial Statements

December 31, 2019

---

## 1. Status of the Board

The Mississippi Mills Public Library Board (the 'Board') was established under the Public Library Act, 1992, R.S.O. 1990 in accordance with the Section 15 of the Minister of Municipal Affairs Restructuring Order which amalgamated the former Town of Almonte and the Townships of Ramsay and Pakenham.

---

## 2. Significant Accounting Policies

The financial statements of the Mississippi Mills Public Library Board are the representations of management and have been prepared in all material respects in accordance with Canadian Public Sector Accounting Standards ('PSAS'). Significant aspects of the accounting policies adopted by the Board are as follows:

### Reporting Entity

The financial statements reflect financial assets, liabilities, operating revenues and expenses, reserves, reserve funds and changes in investment in tangible capital assets of the Board.

### Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based on receipt of goods and services and/or the creation of a legal obligation to pay.

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year, and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the Change in Net Financial Assets for the year.

### Tangible Capital Assets

Tangible capital assets are recorded at cost, which include all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets are amortized on a straight line basis over their estimated useful lives as follows:

<b>Assets</b>	<b>Estimated Useful Life</b>
Building	40 years
Books	7 years

One half of the annual amortization is charged in the year of acquisition and the year of disposal. Assets under construction are not amortized until the asset is available for productive use, at which time they are capitalized.

---

**Municipality of Mississippi Mills  
Public Library Board  
Notes to the Financial Statements**

**December 31, 2019**

---

**2. Significant Accounting Policies / continued**

**Tangible Capital Assets / continued**

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt, and that fair value is also recorded as revenue. Similarly, transfers of assets to third parties are recorded as an expense equal to the net book value of other assets as of the date of transfer.

When tangible capital assets are disposed of, either by way of a sale, destruction or loss, or abandonment of the asset, the asset's net book value, historical cost less accumulated amortization, is written off. Any resulting gain or loss, equal to the proceeds on disposal less the asset's net book value, is reported on the statement of operations in the year of disposal. Transfers of assets to third parties are recorded as an expense equal to the net book value of the asset as of the date of transfer.

When conditions indicate that a tangible capital asset no longer contributes to the Board's ability to provide services or the value of the future economic benefits associated with the tangible capital asset are less than its net book value, and the decline is expected to be permanent, the cost and accumulated amortization of the asset are reduced to reflect the revised estimate of the value of the asset's remaining service potential. The resulting net adjustment is reported as an expense on the statement of operations.

**Cash and Cash Equivalents**

The Board considers cash and cash equivalents to be highly liquid investments with original maturities of three months or less.

**Government Transfers**

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.

**Deferred Revenue**

The Board 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.

The Board receives restricted contributions under the authority of Federal and Provincial legislation and Board 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 Board 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.

**Municipality of Mississippi Mills  
Public Library Board  
Notes to the Financial Statements**

**December 31, 2019**

---

**2. Significant Accounting Policies / continued**

**Financial Instruments**

All financial instruments are initially recognized at fair value on the statement of financial position. The Board has classified each financial instrument into one of the following categories: held-for-trading financial assets and liabilities, loans and receivables, held-to-maturity financial assets and other financial liabilities. Subsequent measurement of financial instruments is based on their classification.

Held-for-trading financial assets and liabilities are subsequently measured at fair value with changes in those fair values recognized in net revenues.

Loans and receivables, held-to-maturity financial assets and other financial liabilities are subsequently measured at amortized cost using the effective interest method.

The Board classifies cash and cash equivalents as held-for-trading financial assets, accounts receivable as loans and receivables, and accounts payable and accrued liabilities as other financial liabilities.

**Measurement Uncertainty**

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from these estimates. These estimates are reviewed periodically and as adjustments become necessary, they are recorded in the financial statements in the period in which they become known.

---

**3. Accumulated Surplus**

Accumulated surplus consists of individual fund surplus (deficit) and reserves as follows:

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>Surplus</b>		
Invested in tangible capital assets	<b>1,345,367</b>	1,381,947
<b>Deficit</b>	---	---
<b>Accumulated Surplus</b>	<b>1,345,367</b>	1,381,947

---



---

**Municipality of Mississippi Mills  
Public Library Board  
Notes to the Financial Statements**

**December 31, 2019**

---

**4. Tangible Capital Assets**

<b>Net Book Value of Assets</b>	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Buildings	<b>1,181,415</b>	1,226,040
Books	<b>163,952</b>	155,907
	<b>1,345,367</b>	1,381,947

---

For additional information, see Schedule 1 ▶ Tangible Capital Assets.

---

**5. Budget Figures**

Mississippi Mills Public Library Board reviews its operating and capital budgets each year. The approved operating budget for 2019 is included in the budget figures presented in the Consolidated Statement of Operations.

---

**Municipality of Mississippi Mills  
Public Library Board  
Schedule 1 ▶ Tangible Capital Assets**

**December 31, 2019**

Assets	Cost 01/01/19	Additions (Disposals)	Cost 31/12/19	Accumulated Amortization 01/01/19	Amortization 2019	Accumulated Amortization 31/12/19	Net Book Value 31/12/19
	\$	\$	\$	\$	\$	\$	\$
Buildings	1,789,829	---	1,789,829	563,789	44,625	608,414	1,181,415
Books	1,357,970	50,161	1,408,131	1,202,063	42,116	1,244,179	163,952
	<b>3,147,799</b>	50,161	3,197,960	1,765,852	86,741	1,852,593	<b>1,345,367</b>

**December 31, 2018**

Assets	Cost 01/01/18	Additions (Disposals)	Cost 31/12/18	Accumulated Amortization 01/01/18	Amortization 2018	Accumulated Amortization 31/12/18	Net Book Value 31/12/18
	\$	\$	\$	\$	\$	\$	\$
Buildings	1,789,829	---	1,789,829	519,164	44,625	563,789	1,226,040
Books	1,309,366	48,604	1,357,970	1,155,806	46,257	1,202,063	155,907
	<b>3,099,195</b>	48,604	3,147,799	1,674,970	90,882	1,765,852	<b>1,381,947</b>

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

**Municipality of Mississippi Mills  
Parks and Recreation Committee  
Statement of Operations**

<b>For the year ended December 31</b>	(Note 18) Budget	2019	2018
	\$	\$	\$
<b>REVENUES</b>			
Grants			
Municipality of Mississippi Mills	1,173,847	1,166,871	1,090,595
Government of Canada	2,800	300	300
Recreation fees			
Activity fees	53,800	48,783	51,615
Facility rental	19,200	10,987	14,822
Arena fees			
Ice rentals	369,600	342,882	357,806
Hall rentals	31,000	26,990	23,313
Food and beverage sales	46,000	29,054	29,340
Canteen and other	7,100	2,744	6,310
Curling			
Rentals and special events	35,254	37,689	37,350
Food and beverage sales	36,500	55,463	53,138
Other			
Contribution from developers	1,800	1,800	3,400
Donations	---	---	547
<b>TOTAL REVENUES</b>	1,776,901	1,723,563	1,668,536
<b>EXPENSES</b>			
Recreation operations			
Salaries, wages and benefits	130,150	97,079	102,384
Program supplies and operations	144,875	166,072	141,068
Maintenance and other services	17,600	18,964	17,901
Insurance	4,478	4,478	5,893
Grants to other organizations	147,423	147,423	145,085
Arena operations			
Salaries, wages and benefits	210,570	198,944	214,489
Utilities	183,000	154,164	158,846
Insurance	12,088	12,088	13,870
Maintenance, building and equipment	80,900	91,198	108,512
Food and beverage purchases	24,850	19,240	14,897
Curling operations			
Utilities	35,500	44,684	34,648
Insurance	6,044	6,044	5,242
Maintenance, building and equipment	20,800	31,083	32,972
Administration			
Salaries, wages and benefits	406,700	380,271	377,812
Other services and rents	75,300	83,331	63,059
Carleton Place recreation grants	77,159	76,240	71,204
Curling bar			
Salaries, wages and benefits	12,900	14,043	13,827
Food and beverage purchases	12,250	19,020	23,655
Long term debt payment	174,314	159,197	123,172
<b>TOTAL EXPENSES</b>	1,776,901	1,723,563	1,668,536
<b>NET REVENUES FOR THE YEAR</b>	---	---	---

**Municipality of Mississippi Mills  
Day Care Centre  
Statement of Operations**

For the year ended December 31	(Note 18) Budget	2019	2018
	\$	\$	\$
<b>REVENUES</b>			
Grants			
County of Lanark	716,242	<b>876,146</b>	939,195
County of Lanark - one time	20,000	<b>175,384</b>	---
Municipality of Mississippi Mills	7,757	<b>(130,136)</b>	(325,294)
Municipality of Mississippi Mills - capital	260,000	<b>3,172</b>	---
Federal grant	---	<b>3,920</b>	---
User charges			
Child care fees	1,396,200	<b>1,202,997</b>	1,091,238
Other			
Contribution from developers	21,175	---	13,000
Fundraising	5,000	<b>3,342</b>	4,819
<b>TOTAL REVENUES</b>	2,426,374	<b>2,134,825</b>	1,722,958
<b>EXPENSES</b>			
Salaries ▶ supervisory and teaching	1,509,207	<b>1,405,847</b>	1,216,494
▶ other	92,143	<b>67,789</b>	65,892
Employee benefits	333,944	<b>319,324</b>	270,303
Staff travel and training	7,500	<b>4,487</b>	7,790
Food and kitchen supplies	80,750	<b>73,619</b>	67,291
Insurance	2,030	<b>2,028</b>	1,989
Program supplies	43,500	<b>35,290</b>	37,262
Property operations and maintenance	36,300	<b>34,943</b>	36,275
Property lease costs	32,000	<b>3,629</b>	---
Office and other	8,000	<b>6,829</b>	9,447
Bad debt	1,000	<b>2,484</b>	10,215
Program expansion and minor capital	280,000	<b>178,556</b>	---
<b>TOTAL EXPENSES</b>	2,426,374	<b>2,134,825</b>	1,722,958
<b>NET REVENUES FOR THE YEAR</b>	---	---	---

**Municipality of Mississippi Mills  
Waterworks Operations Schedule  
Statement of Operations**

For the year ended December 31	(Note 18) Budget	2019	2018
	\$	\$	\$
<b>REVENUES</b>			
User charges			
Water bill revenue	3,102,415	<b>3,329,703</b>	3,077,574
Hydrant rental	3,500	<b>3,500</b>	3,500
Rent	13,320	<b>13,320</b>	19,800
Miscellaneous fees and service charges	41,600	<b>80,193</b>	60,268
Other			
Contribution from developers	888,757	<b>729,467</b>	363,417
Government transfers	---	---	89,298
Interest ▶ Ottawa River Power Corporation	44,400	<b>44,730</b>	54,057
▶ Mississippi River Power Corporation	44,400	<b>127,650</b>	189,750
Interest and penalty	54,000	<b>73,201</b>	81,493
<b>TOTAL REVENUES</b>	4,192,392	<b>4,401,764</b>	3,939,157
<b>EXPENSES</b>			
Current Operations			
Administration	220,471	<b>194,695</b>	214,688
Sanitary sewer maintenance	77,221	<b>72,456</b>	76,653
Water distribution ▶ general	7,337	<b>11,867</b>	10,635
▶ maintenance	231,900	<b>190,642</b>	243,840
Meter installation and maintenance	41,250	<b>45,444</b>	57,697
Billing and collecting	13,300	<b>10,463</b>	9,039
Pump houses and lagoons	1,550,403	<b>1,531,388</b>	1,462,626
Interest on long term debt	330,853	<b>300,870</b>	308,695
Principal on long term debt	219,119	<b>193,105</b>	185,325
	2,691,854	<b>2,550,930</b>	2,569,198
Capital			
Sewer and watermain reconstruction	2,858,000	<b>2,657,419</b>	869,300
Plant upgrades	1,017,500	<b>415,091</b>	363,645
Other construction and equipment	63,000	<b>37,803</b>	101,331
	3,938,500	<b>3,110,313</b>	1,334,276
<b>TOTAL EXPENSES</b>	6,630,354	<b>5,661,243</b>	3,903,474
<b>NET (EXPENSES) REVENUES FOR THE YEAR</b>	(2,437,962)	<b>(1,259,479)</b>	35,683
<b>FINANCING AND TRANSFERS</b>			
Proceeds of long term debt	2,105,555	---	---
Transfers to reserves	(315,132)	<b>(1,085,256)</b>	(1,014,022)
Transfers from reserves	647,539	<b>320,307</b>	586,765
	2,437,962	<b>(764,949)</b>	(427,257)
<b>DECREASE IN FUND BALANCES</b>	---	<b>(2,024,428)</b>	(391,574)



---

## Management's Responsibility for the Financial Statements

---

Management is responsible for the integrity of the financial data reported by Mississippi River Power Corporation. Fulfilling this responsibility requires the preparation and presentation of financial statements using management's best judgement and estimates in accordance with International Financial Reporting Standards, applied on a basis consistent with the preceding year.

Management maintains appropriate systems of internal control and corporate-wide policies and procedures, which provide reasonable assurance that Mississippi River Power Corporation's assets are safeguarded and that financial records are relevant and reliable.

The Board of Directors ensures that management fulfills its responsibility for financial reporting and internal control. The Board of Directors consists of outside directors and at regular meetings review audit, internal control and financial reporting matters with management and external auditors.

The financial statements were reviewed and approved by the Board of Directors. The financial statements have been examined by our independent external auditors appointed by the Board of Directors. The external auditor's responsibility is to express their opinion on whether the financial statements are fairly presented in accordance with International Financial Reporting Standards. The attached Independent Auditor's Report outlines the scope of their examination and their opinion.

On behalf of management,

---

Paul Virgin, President

---

Scott J. Newton, General Manager

## INDEPENDENT AUDITOR'S REPORT

---

### To the Shareholders of Mississippi River Power Corporation:

We have audited the financial statements of Mississippi River Power Corporation (the Entity) which comprise:

- the statement of financial position as at December 31, 2019;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended;
- and notes to the financial statements, including a summary of significant accounting policies;

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2019, and its separate financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

### Basis for Opinion

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

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

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

## **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement 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 of our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Allan and Partners LLP  
Chartered Professional Accountants  
Licensed Public Accountants

Perth, Ontario  
April 15, 2020.

**Mississippi River Power Corporation**  
**Statement of Financial Position**  
(Expressed in Canadian Dollars)

December 31	2019	2018
	\$	\$
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash	2,442,759	2,048,580
Accounts receivable (net of allowance)	1,030,713	1,096,351
Government taxes receivable	---	199,498
Payment in lieu of income taxes receivable (note 6)	---	113,346
Prepaid expenses	21,376	47,407
	<b>3,494,848</b>	<b>3,505,182</b>
<b>Non-Current Assets</b>		
Property, plant and equipment (note 3)	19,107,865	19,486,565
	<b>22,602,713</b>	<b>22,991,747</b>
<b>EQUITY AND LIABILITIES</b>		
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	177,732	500,716
Government taxes payable	28,774	---
Payments in lieu of income taxes payable (note 6)	4,930	---
Interest payable	238,866	238,866
Dividend payable	225,000	225,000
Short term financial liabilities (note 5)	1,221,654	616,369
	<b>1,896,956</b>	<b>1,580,951</b>
<b>Non-Current Liabilities</b>		
Long term financial liabilities (note 5)	18,220,292	19,308,632
Deferred tax liabilities (note 6)	474,000	475,000
	<b>18,694,292</b>	<b>19,783,632</b>
<b>EQUITY</b>		
Capital Stock	2,000	2,000
Retained Earnings	2,009,465	1,625,164
	<b>2,011,465</b>	<b>1,627,164</b>
<b>Total Equity and Liabilities</b>	<b>22,602,713</b>	<b>22,991,747</b>

Basis of Presentation (note 1) Commitments (note 9)  
and Contingent Liabilities (note 10)

On Behalf of the Board:

\_\_\_\_\_, Chair

\_\_\_\_\_, Treasurer

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

**Mississippi River Power Corporation**  
**Statement of Comprehensive Income and Changes in Equity**  
(Expressed in Canadian Dollars)

For the year ended December 31	(Note 13) Budget	2019	2018
	\$	\$	\$
<b>Revenue</b> ▶ sale of power	2,411,009	<b>3,018,069</b>	2,454,078
<b>Cost of Power ▶ Direct Expenses</b>			
Amortization ▶ plant and equipment			
Heat, light and power	690,352	<b>727,154</b>	665,733
Insurance	17,000	<b>11,666</b>	14,284
Plant automation	27,953	<b>28,893</b>	27,163
Repairs and maintenance	2,000	<b>4,089</b>	5,594
▶ building	59,000	<b>25,034</b>	31,990
▶ equipment	103,150	<b>89,930</b>	83,021
▶ professional fees	22,000	<b>61,029</b>	86,480
▶ vehicle	3,700	<b>6,079</b>	4,408
Taxes, fees and licences	15,586	<b>15,586</b>	15,586
Wages and benefits	90,000	<b>88,766</b>	82,734
	1,030,741	<b>1,058,226</b>	1,016,993
<b>Income Before Operating Expenses</b>	1,380,268	<b>1,959,843</b>	1,437,085
<b>Operating Expenses</b>			
Advertising and promotion	9,500	<b>10,265</b>	6,729
Amortization	24,867	<b>28,335</b>	31,028
Finance			
Bank charges and interest	1,500	<b>876</b>	1,518
Debenture interest	745,390	<b>744,672</b>	763,257
Loan interest	214,170	<b>219,206</b>	156,309
Feasibility studies	40,500	<b>14,852</b>	53,033
Occupancy			
Heat, light and power	7,700	<b>7,567</b>	6,712
Insurance	1,582	<b>1,582</b>	1,582
Repairs and maintenance ▶ building	16,000	<b>19,900</b>	33,588
▶ equipment	2,800	<b>2,502</b>	1,915
▶ grounds keeping	23,600	<b>23,394</b>	19,759
Taxes, fees and licenses	6,100	<b>6,077</b>	6,075
Office			
Bookkeeping	2,400	<b>2,585</b>	2,289
Office	19,500	<b>7,777</b>	6,570
Telephone and communications	9,000	<b>7,363</b>	7,701
Professional fees	12,000	<b>11,963</b>	11,563
Wages			
Directors fees	31,500	<b>31,500</b>	31,000
Wages and benefits	154,800	<b>165,729</b>	113,760
	1,322,909	<b>1,306,145</b>	1,254,388
<b>Operating Income</b>	57,359	<b>653,698</b>	182,697
<b>Other Income and Expense</b>			
Other income and net rent	35,600	<b>95,588</b>	33,088
<b>Income Before Amount in Lieu of Income Taxes</b>	92,959	<b>749,286</b>	215,785

Continued on Next Page

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

**Mississippi River Power Corporation**  
**Statement of Comprehensive Income and Changes in Equity**  
(Expressed in Canadian Dollars)

<b>For the year ended December 31</b>	(Note 13) Budget	<b>2019</b>	2018
	\$	\$	\$
<b>Income Before Amount in Lieu of Income Taxes</b> / continued	92,959	<b>749,286</b>	215,785
<b>Income Taxes</b> (note 6)			
Payment in lieu of income taxes	21,381	<b>119,235</b>	14,884
Deferred income taxes	---	<b>(1,000)</b>	27,400
	21,381	<b>118,235</b>	42,284
<b>Net Income for the Year</b>	71,578	<b>631,051</b>	173,501
<b>Retained Earnings, Beginning of Year</b>	1,625,164	<b>1,625,164</b>	1,676,663
<b>Adjustment for Adoption of IFRS 16</b> (note 17)	---	<b>(21,750)</b>	---
<b>Dividends</b>	(225,000)	<b>(225,000)</b>	(225,000)
<b>Retained Earnings, End of Year</b>	1,471,742	<b>2,009,465</b>	1,625,164

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

**Mississippi River Power Corporation**  
**Statement of Cash Flows**  
(Expressed in Canadian Dollars)

<b>For the year ended December 31</b>	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>Cash Flows from Operating Activities</b>		
Net income for the year	631,051	173,501
Amortization	755,489	696,761
Gain on disposal of assets	(6,000)	---
Income tax expense	(1,000)	27,400
	<b>1,379,540</b>	<b>897,662</b>
<b>Movements in Working Capital</b>		
Accounts receivable	65,638	(21,883)
Government taxes receivable	199,498	(199,498)
Payments in lieu of income taxes receivable	113,346	(113,346)
Deferred expenses	---	87,746
Prepaid expenses	26,031	(1,236)
Accounts payable and accrued liabilities	(322,981)	227,523
Government taxes payable	28,774	(155,113)
Payments in lieu of income taxes payable	4,930	(12,675)
Deferred revenue	---	(700)
Interest payable	---	119,433
Dividend payable	---	225,000
	<b>115,236</b>	<b>155,251</b>
<b>Cash Flows from Investing Activities</b>		
Disposition of capital asset	6,000	---
Payments to acquire capital assets (note 3)	(376,789)	(2,504,819)
	<b>(370,789)</b>	<b>(2,504,819)</b>
<b>Cash Flows from Financing Activities</b>		
Dividends paid and payable	(225,000)	(225,000)
Advance of long term borrowings	142,211	1,783,888
Repayment of long term borrowings	(647,019)	(459,358)
	<b>(729,808)</b>	<b>1,099,530</b>
<b>Change in Cash, During the Year</b>	<b>394,179</b>	<b>(352,376)</b>
<b>Cash, Beginning of Year</b>	<b>2,048,580</b>	<b>2,400,956</b>
<b>Cash, End of Year</b>	<b>2,442,759</b>	<b>2,048,580</b>

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

---

# Mississippi River Power Corporation

## Notes to the Financial Statements

December 31, 2019

---

The Mississippi River Power Corporation (the 'Corporation') was incorporated in Canada under the Business Corporations Act (Ontario) on April 27, 2000 by the Municipality of Mississippi Mills, its sole shareholder, to comply with provincial legislation. This Corporation's principal activities include the generation and sale of hydro-electric power in the Municipality of Mississippi Mills, Ontario and is regulated by the Ontario Energy Board (OEB). The address of the Corporation's registered office is 28 Mill Street, P. O. Box 179, Almonte, Ontario, K0A 1A0.

---

### 1. Basis of Presentation

#### Statement of Compliance

The financial statements of the Mississippi River Power Corporation are the representation of management and are prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB) and the interpretations are issued by the International Financial Reporting Interpretations Committee (IFRIC) of the IASB.

#### Basis of Measurement

The financial statements have been prepared on the historical cost basis.

#### Functional and Presentation Currency

The financial statements are presented in Canadian dollars, which is the Corporation's functional currency. All financial information presented has been rounded to the nearest dollar.

#### Use of Estimates and Judgments

The presentation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Corporation's accounting policies. The areas involving a higher degree of judgment, complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in each relevant significant accounting policy where applicable.

Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

---

### 2. Significant Accounting Policies

The preparation and presentation of the financial statements can be significantly affected by the accounting policies selected by the Corporation. The financial statements reflect the following significant accounting policies, which are an integral part of understanding them.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements unless otherwise indicated.

---

# Mississippi River Power Corporation

## Notes to the Financial Statements

December 31, 2019

---

### 2. Significant Accounting Policies / continued

#### Revenues

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Corporation recognizes revenue when it transfers control over a product or service to a customer.

The Corporation's principal activities include the generation and sale of hydro-electric power within the Municipality of Mississippi Mills. The sales are made between the Corporation and Ottawa River Power Corporation. It is regulated by the Ontario Energy Board (OEB).

Receivables, from contracts with customers, are included in 'Accounts receivable' on the statement of financial position.

#### Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held on demand with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value.

#### Financial Assets

Financial assets are classified as loans and receivables.

These include cash and accounts receivable. Collectability of accounts receivable is reviewed on an ongoing basis. Accounts receivable which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that the Corporation will not be able to collect all the amounts due according to the original term of the receivables. In determining the allowance for doubtful accounts, the Corporation considers historical loss experience of account balances based on the aging and arrears status of accounts receivable balances. The amount of the provision is the difference between the asset's carrying amount and the present value of future cash flows. The amount of the provision is recognized in the statement of comprehensive income.

#### Financial Liabilities

Accounts payable and accrued liabilities and long-term debt are classified as other financial liabilities. These liabilities are measured at amortized cost.

#### Property, Plant and Equipment

Property, plant and equipment (PP&E) are recorded at cost, being the purchase price and directly attributable cost of acquisition or construction required to bring the asset to the location and condition necessary to be capable of operating in the manner intended by the Corporation.

Amortization of PP&E is recorded in the statement of comprehensive income on a straight-line basis over the estimated useful life of the related asset. Half of a year's amortization is taken for the first year, regardless of when the property was actually put into service during the year. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Gains and losses on disposal of an item of PP&E are determined by comparing the net proceeds from disposal with the carrying amount of the asset, and are included in the statement of comprehensive income when the asset is disposed.

---

# Mississippi River Power Corporation

## Notes to the Financial Statements

December 31, 2019

---

### 2. Significant Accounting Policies / continued

#### Property, Plant and Equipment / continued

The estimated useful lives are as follows:

Buildings	40 years
Substation	20 years
Generation Equipment	20 years
Office Equipment	10 years
Water Rights	10 years
Vehicles	5 years
Signage	5 years
Safety Equipment	5 years
Computer Equipment	5 years
Paving, Landscaping and Fencing	5 years
Leasehold Improvements	5 - 20 years
Right of Use Asset	lease term

#### Borrowing Costs

The Corporation capitalizes interest expenses and other finance charges directly relating to the acquisition, construction, or production of assets that take a substantial period of time to get ready for its intended use. Capitalization commences when expenses are being incurred, borrowing costs are being incurred, and activities that are necessary to prepare the assets for its intended use or sale are in progress. Capitalization will be suspended during periods in which active development is interrupted. Capitalization should cease when substantially all of the activities necessary to prepare the asset for its intended use or sale are complete.

#### Impairment of Non-Financial Assets

The Corporation conducts assessments of the values of PP&E to determine whether there are events or changes in circumstances that indicate that their carrying amount may not be recoverable. Where carrying value exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly. An impairment loss is charged to the statement of comprehensive income except to the extent it reverses gains previously recognized in other comprehensive income.

#### Pension Plan

The permanent employees of the Corporation participate in the Ontario Municipal Employees Retirement System ("OMERS"). The Corporation also makes contributions to the OMERS plan on behalf of its employees. The plan has a defined benefit option at retirement available to employees, which specifies the amount of the retirement benefit plan to be received by the employees based on length of service and rates of pay.

#### Payments in Lieu of Taxes Payable

The Corporation is a Municipal Electricity Utility (MEU) for purposes of the payments in lieu of taxes (PILs) regime contained in the Electricity Act, 1998. As a MEU, the Corporation is exempt from tax under the Income Tax Act (Canada) and the Corporations Tax Act (Ontario).



---

# Mississippi River Power Corporation

## Notes to the Financial Statements

December 31, 2019

---

### 2. Significant Accounting Policies / continued

#### Payments in Lieu of Taxes Payable / continued

Under the Electricity Act, 1998, the Corporation is required to make, for each taxation year, PILs to Ontario Electricity Financial Corporations (“OEFC”). These payments are calculated in accordance with rules for computing income and taxable capital and other relevant amounts contained in The Income Tax Act (Canada) and the Corporations Tax Act (Ontario) as modified by the Electricity Act, 1998 and related regulations.

Provision in lieu of taxes (PILs) is comprised of current and deferred tax. Current tax and deferred tax are recognized in net income except to the extent that it relates to items recognized directly in equity.

Current PILs are recognized on the taxable income or loss for the current year plus any adjustment in respect of previous years. Current PILS are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base. The amount of the deferred tax asset or liability is measured at the amount expected to be recovered from or paid to the taxation authorities. This amount is determined using tax rates and tax laws that have been enacted or substantially enacted by the year-end date and are expected to apply when the liabilities/(assets) are settled/(recovered).

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain.

At the end of each reporting period, the Corporation reassesses both recognized and unrecognized deferred tax liabilities.

#### Finance Income and Finance Costs

Finance income is comprised of interest income on funds invested such as cash and short-term investments. Interest income is recognized as it accrues in the statement of comprehensive income, using the effective interest method.

Finance cost is comprised of interest payable on debt.

#### Equity

Share capital represents the nominal value of shares that have been issued. Retained Earnings include all current and prior period retained profits. Dividend distribution payable to equity shareholders are included in other liabilities when the dividends have been approved prior to the recording date.

#### Financial Instruments

##### (i) Non-Derivative Financial Assets

All of the Corporation’s non-derivative financial assets are classified as loans and receivables. Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such financial assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest rate method, less any impairment losses.

---

# Mississippi River Power Corporation

## Notes to the Financial Statements

December 31, 2019

---

### 2. Significant Accounting Policies / continued

#### Financial Instruments / continued

The Corporation recognizes loans and receivables on the date they are originated.

The Corporation derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

#### (ii) Non-Derivative Financial Liabilities

All of the Corporation's non-derivative financial liabilities are classified as other financial liabilities. Other financial liabilities comprise loans and borrowings, and trade and other payables. Such financial liabilities are recognized initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest rate method.

The Corporation recognized other financial liabilities on the trade date, which is the date that the Corporation becomes a party to the contractual provisions of the instrument.

The Corporation derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

It is management's opinion that the facility is not exposed to significant interest, currency or credit risks arising from its non-derivative financial instruments.

#### Standards and Amended Standards Adopted

The Corporation has adopted IFRS 16 Leases. In accordance with the transition provisions in IFRS 16 the new rules have been adopted retrospectively with the cumulative effect of applying the new standard recognized on January 1, 2019. Comparatives for the 2018 financial year have not been restated.

#### Leases

At the inception of a contract, the Corporation assesses whether a contract is a lease. A contract is a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Corporation assesses whether the contract contains an identifiable asset, whether the Corporation has the right to obtain substantially all the economic benefits from the use of the asset over the period of use, and whether the Corporation had the right to direct the use of the asset and to operate the asset.

The Corporation recognized a right of use asset and lease liability at the commencement of the lease. The right of use asset is initially recorded at amortized cost. The right of use asset is subsequently amortized using the straight line method over the lessor of the lease term and the useful life of the asset. The lease liability is measured at the present value of the future lease payments, discounted at the Corporation's incremental borrowing rate, using the effective interest method.

Short term leases of under 12 months and leases of low value assets are expensed over the lease term.

**Mississippi River Power Corporation**  
**Notes to the Financial Statements**

**December 31, 2019**

**3. Property, Plant and Equipment**

	2019			2018
	Cost	Amortization	Net Book Value	Net Book Value
	\$	\$	\$	\$
Land	188,717	---	188,717	188,253
Generating Station Building				
▸ Lower Falls	17,640,117	4,095,087	13,545,030	13,986,030
▸ Upper Falls	4,425,064	2,538,328	1,886,736	1,997,362
Millfall Dam	2,203,247	63,745	2,139,502	2,032,917
Paving, Landscaping and Fencing	140,001	98,219	41,782	2,121
Generating Equipment	1,872,966	880,536	992,430	1,085,738
Right of Use ▸ office building	299,398	187,124	112,274	---
Substation	119,510	112,961	6,549	8,730
Vehicles	41,163	10,535	30,628	---
Signage	10,890	10,890	---	---
Safety Equipment	18,642	17,490	1,152	1,921
Office Equipment	68,907	66,486	2,421	5,979
Water Rights	27,452	27,452	---	---
Computer Equipment	47,551	47,551	---	---
Leasehold Improvements	277,258	116,614	160,644	177,514
	<b>27,380,883</b>	<b>8,273,018</b>	<b>19,107,865</b>	<b>19,486,565</b>

Additions during the year were as follows:

	2019	2018
	\$	\$
Land ▸ Millfall Dam	464	183,085
Millfall Dam	149,794	2,053,453
Generation Station ▸ Lower Falls	---	170,908
Generating Equipment ▸ plant automation	2,307	49,953
▸ hawk	---	14,845
▸ crane	---	32,575
Right of Use ▸ office building	142,211	---
Paving, Landscaping and Fencing ▸ Des Houston Park	46,425	---
Vehicles	34,032	---
Leasehold Improvements ▸ Metcalfe Park	1,556	---
<b>Total Net Additions</b>	<b>376,789</b>	<b>2,504,819</b>

The Corporation is under contract to purchase and transfer the Des Houston Park land from the Municipality of Mississippi Mills in 2020. It is the Board's view that they are beneficial owners of the land.

# Mississippi River Power Corporation

## Notes to the Financial Statements

**December 31, 2019**

#### 4. Bank Indebtedness

The Corporation's financial agreement with its bank provides for an operating credit facility of up to \$200,000 to finance expenses, pending receipt of income. Interest on funds drawn is charged at the bank's prime rate. As at December 31, 2019, there was \$Nil (2018 \$Nil) drawn on the facility.

#### 5. Long Term Debt

	2019	2018
	\$	\$
Ontario Infrastructure Projects Corporation debenture (5.2023%), repayable in blended monthly payments of \$92,673.06, secured by a general security agreement covering all assets, due October 2040.	<b>14,127,879</b>	14,494,566
Bank of Montreal Loan (3.5400%), repayable in blended monthly payments of \$17,673.50, secured by a general security agreement, due November 2028.	<b>1,616,297</b>	1,768,116
Bank of Montreal Loan (2.5100%), repayable in monthly payments of \$5,531.59, secured by a general security agreement, due March 2020.	<b>598,024</b>	648,668
Bank of Montreal Loan (3.3900%), repayable in monthly payments of \$2,787.47, secured by a general security agreement, due March 2022.	<b>289,290</b>	312,827
Bank of Montreal Loan (2.9400%), repayable in monthly payments of \$2,717.53, secured by a general security agreement, due March 2021.	<b>288,415</b>	312,171
Municipality of Mississippi Mills promissory note, with no fixed terms of repayment, the term and the interest rate to be renegotiated annually between the Board of Directors and corporate shareholder. Interest accrued for 2019 was at a rate of 5.0000% (2018 5.0000%).	<b>2,388,653</b>	2,388,653
Municipality of Mississippi Mills, right of use building lease, (3.5000%), repayable in blended annual payments of \$36,000.00, secured by lease agreement over right of use building, due September 2023.	<b>133,388</b>	---
	<b>19,441,946</b>	19,925,001
Less: current portion of long term borrowing	<b>1,221,654</b>	616,369
	<b>18,220,292</b>	19,308,632

Principal payments falls due as follows:

	\$
2020	1,221,654
2021	891,290
2022	871,618
2023	661,272
2024 and thereafter	15,796,112
	19,441,946

Interest on promissory note is calculated annually and payable annually to the shareholders.

# Mississippi River Power Corporation

## Notes to the Financial Statements

**December 31, 2019**

### 6. Payments in Lieu of Corporate Income Taxes

Statutory Canadian Federal and Provincial tax rates for the current year comprise 15.0% (2018 15.0%) for Federal corporate tax and 11.5% (2018 11.5%) for corporate tax in Ontario. The PILs expense varies from amounts which would be computed by applying the Corporation's combined statutory income tax rate as follows:

	<b>2019</b>	2018
	<b>\$</b>	<b>\$</b>
Income Before Provision for PILs	<b>749,286</b>	215,785
Statutory Canadian provincial tax rate (blended)	<b>26.50%</b>	26.50%
Provision for PILs at statutory rate	<b>198,561</b>	57,183
Decrease in Income Tax Resulting From:		
Small business deduction	<b>(70,000)</b>	(14,334)
Capital cost allowance in excess of amortization	<b>366</b>	(27,965)
Gain on disposal of assets per financial statements	<b>(1,590)</b>	---
Charitable donations from Schedule 2	<b>(8,102)</b>	---
<b>Total Provision</b>	<b>119,235</b>	14,884
Effective Tax Rate	<b>15.91%</b>	6.90%

The change in the deferred tax liability is as follows:

	<b>2019</b>	2018
	<b>\$</b>	<b>\$</b>
Opening Balance, January 1	<b>475,000</b>	447,600
Recognized in Statement of Comprehensive Income	<b>(1,000)</b>	27,400
<b>Closing Balance, December 31</b>	<b>474,000</b>	475,000

Deferred tax liabilities are attributable to property, plant and equipment.

The Corporation has losses for tax purposes to carry forward against future income in the amount of \$Nil (2018 \$Nil).

### 7. Gross Revenue Charge

The Corporation is liable to pay a charge based on their gross generation of kilowatts hours to the Ontario Electricity Financial Corporation. The Corporation has applied with the Ministry of Natural Resources for a deduction under the Electricity Act 1998 to waive this charge for 10 years. In 2016, the application was approved and the charge was waived effective May 9, 2010 for a ten year period ending May 9, 2020.

---

# Mississippi River Power Corporation

## Notes to the Financial Statements

December 31, 2019

---

### 8. Related Party Balances on Transactions

The Ultimate Parent

The common shares of Mississippi River Power Corporation are owned by the Municipality of Mississippi Mills which constitutes local government. Consequently, the Corporation is exempt from some of the general disclosure requirements of IAS 24 with relation to transactions with government-related parties, and has applied the government-related disclosure requirements.

Transactions with Related Parties

The following summarizes the Corporation's related party transactions for the year. These transactions are in the normal course of operations and are measured at the exchange value (the amount of consideration established and agreed to by the related parties), which approximates the arm's length equivalent for sales of product or provision of service.

During the year, the Corporation paid \$119,433 (2018 \$119,433) of interest on long term and short term debts and \$36,000 (2018 \$36,000) of rent to its shareholder, the Municipality of Mississippi Mills. The Corporation owes its shareholder, the Municipality of Mississippi Mills, \$2,699,519 (2018 \$2,544,086) at the year end.

---

### 9. Commitments

The Corporation leases Metcalfe Geo Heritage Park from the Municipality of Mississippi Mills under the terms of an operating lease at an annual cost of \$1.00. The lease has a term of 20 years with an expiration date of December 31, 2033, with an option to renew for one further period of 20 years, upon the same terms.

---

### 10. Contingent Liabilities

The nature of municipal activities is such that there may be litigation pending or in prospect at any time. With respect to claims as at December 31, 2019, management maintains that the Corporation has valid defences and appropriate insurance coverage in place. In the event any claims are successful, management believes that such claims are not expected to have a material effect on the Corporation's financial position.

---

### 11. Risk Management

In the normal course of operations, the Corporation is exposed to a variety of financial risks which are actively managed by the Corporation.

The Corporation's financial instruments consist of cash, accounts receivable and accounts payable and accrued liabilities. The fair values of cash, and accounts payable and accrued liabilities approximate their carrying values because of their expected short term maturity and treatment on normal trade terms.

---

# Mississippi River Power Corporation

## Notes to the Financial Statements

December 31, 2019

---

### 11. Risk Management / continued

The Corporation's exposure to and management of risk has not changed materially from December 31, 2018.

#### **Credit Risk**

Credit risk arises from the possibility that the entities to which the Corporation provides services to may experience difficulty and be unable to fulfill their obligations. The Corporation is exposed to financial risk that arises from the credit quality of the entities to which it provides services. The Corporation does not have a significant exposure to any individual customer or counter party. As a result, the requirement for credit risk related reserves for accounts receivable is minimal.

#### **Interest Rate Risk**

Interest rate risk arises from the possibility that the value of, or cash flows related to, a financial instrument will fluctuate as a result of changes in market interest rates. The Corporation is exposed to financial risk that arises from the interest rate differentials between the market interest rate and the rates on its cash and cash equivalents and operating loan. Changes in variable interest rates could cause unanticipated fluctuations in the Corporation's operating results.

#### **Liquidity Risk**

Liquidity risk is the risk that the Corporation will not be able to meet its obligations as they fall due. The Corporation requires working capital to meet day-to-day operating activities. Management expects that the Corporation's cash flows from operating activities will be sufficient to meet these requirements.

---

### 12. Capital Management

The Corporation considers its capital to be its capital stock and retained earnings. The Corporation's main objectives when managing capital are to: i) ensure sufficient liquidity to maintain and improve its electricity distribution system, support its financial obligations and execute its operating and strategic plans, ii) minimize the cost of capital while taking into consideration current and future industry, market and economic risks and conditions, and iii) provide an adequate return to its shareholders.

The Corporation relies on its cash flow from operations to fund its dividend distributions to its shareholders.

---

### 13. Budget Figures

Mississippi River Power Corporation reviews its operating and capital budgets each year. The approved operating budget for 2019 is included in the budget figures presented in the Statement of Comprehensive Income but they are not subject to audit.

---

# Mississippi River Power Corporation

## Notes to the Financial Statements

December 31, 2019

### 14. Compensation of Key Management Personnel

The remuneration of directors and other members of key management personnel during the year was as follows:

	<b>2019</b>	2018
	\$	\$
Management and Director Remuneration	<b>148,064</b>	144,252
Other Long Term Benefits	<b>13,807</b>	12,971
	<b>161,871</b>	157,223

### 15. Lost Revenue Recuperation

During 2012 there was a malfunction within the generating station, after which no revenues were able to be generated until repairs were completed in 2013. The Corporation received partial payments in 2013, but there remains monies outstanding. Management has provided their best estimate of lost revenues to be recuperated from other parties responsible and these amounts are included in accounts receivable.

### 16. Approval of the Financial Statements

The financial statements were approved by the Board of Directors and authorized for issue on \_\_\_\_\_, 2020.

### 17. Change in Accounting Policy

On transition to IFRS 16, the Corporation recognized a right of use asset and lease liability in regards to the lease for the office building. The following summarizes the impact of adopting the new standards:

	As Previously Reported	Adjustments	As Restated
	\$	\$	\$
Property, Plant and Equipment	19,486,565	142,214	<b>19,628,779</b>
Long Term Debt	(19,308,632)	(163,964)	<b>(19,472,596)</b>
Retained Earnings	(1,625,164)	21,750	<b>(1,603,414)</b>