

**CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020**

Draft

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**Municipality of
Mississippi Mills
Consolidated
Financial Statements
December 31, 2020**

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

December 31	2020	2019	2018	2017	2016
Population (Statistics Canada)	13,163	13,163	13,163	13,163	13,163
Number of Households (MPAC)	5,979	5,897	5,755	5,654	5,550
<hr/>					
Taxable Assessment (000's)	\$	\$	\$	\$	\$
Residential and farm	1,976,326	1,862,360	1,788,497	1,691,275	1,616,203
Commercial and industrial	95,943	93,715	92,044	90,847	94,180
Total	2,072,269	1,956,075	1,880,541	1,782,122	1,710,383
Commercial, industrial as % of assessment	4.63%	4.79%	4.89%	5.09%	5.51%
<hr/>					
Rates of Taxation					
Residential					
▸ for general municipal purposes	0.516497	0.522898	0.517954	0.508951	0.492824
▸ for county purposes	0.367114	0.369753	0.370048	0.376627	0.373000
▸ for school board purposes	0.153000	0.161000	0.170000	0.179000	0.188000
Total	1.036611	1.053651	1.058002	1.064578	1.053824
Multi-Residential (municipal)	1.101315	1.118083	1.109898	1.113514	1.132799
Commercial (municipal)	0.951865	0.951960	0.930695	0.901541	0.840852
Industrial (municipal)	1.307581	1.335588	1.335026	1.322777	1.285926
Tax Arrears ▸ percentage of current levy (<10%)**	6.33%	6.97%	7.40%	8.69%	9.81%
Taxes Transferred (000's)					
▸ County	7,980	7,643	7,307	7,121	6,744
▸ School Boards	4,154	4,139	4,149	4,178	4,260
<hr/>					
Revenues (000's)	\$	\$	\$	\$	\$
▸ Taxation and payments in lieu	12,734	12,393	11,759	11,156	10,442
▸ Government transfers	2,734	2,058	2,231	1,870	1,729
▸ Fees and service charges	5,132	5,549	5,143	4,770	4,569
▸ Other	2,621	2,861	2,921	3,418	1,454
▸ Revenues related to capital assets	3,706	1,993	2,318	3,209	599
Total	26,927	24,854	24,372	24,423	18,793
<hr/>					
Expenses (000's)					
▸ Operations	21,472	21,990	21,312	19,924	18,745
▸ Amortization	3,621	3,565	3,192	3,010	2,696
<hr/>					
Net Financial Assets (Net Debt)					
▸ % of Operating Revenue (>(20%)) **	0.00%	(19.47%)	(24.33%)	(18.45%)	(14.88%)
▸ % of Taxation and User Charges (>(50%)) **	0.01%	(24.03%)	(31.23%)	(23.10%)	(18.25%)

** 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	2020	2019	2018	2017	2016
	\$	\$	\$	\$	\$
Long Term Debt					
▸ Net long term debt (000's)	21,089	19,367	16,859	15,646	15,216
▸ Long term debt charges (000's)	2,083	1,848	1,575	1,406	1,384
▸ Total annual repayment limit (000's)	4,704	4,443	4,136	3,861	3,763
▸ Long term debt per household	3,527	3,284	2,929	2,767	2,742
▸ Debt charges (000's)					
▸ user charges	617	494	494	490	471
▸ tax supported	1,466	1,354	1,081	916	913
	2,083	1,848	1,575	1,406	1,384
Municipal Equity (000's)					
▸ Surplus and Reserves	15,038	11,719	9,229	8,155	7,785
▸ Invested in capital assets	56,826	55,135	55,184	53,274	50,192
▸ Equity in MRPC, ORPC, ORES	7,504	7,058	6,635	6,559	5,573
▸ Reserves as % of operating expenses (>20%) **	70.03%	53.29%	43.30%	40.90%	41.20%
▸ Asset consumption ratio	37.22%	35.77%	34.51%	34.83%	34.98%
Financial Indicators					
▸ Sustainability					
▸ financial assets to liabilities	1.0000	0.8513	0.7837	0.8399	0.8734
▸ financial assets to liabilities excluding long term debt	2.9932	2.5631	2.5352	2.6320	2.9407
▸ capital reserves to accumulated amortization	24.24%	19.43%	15.80%	14.60%	15.00%
▸ debt to tangible capital assets	26.60%	24.78%	22.11%	21.85%	22.99%
▸ Flexibility					
▸ Debt charges to total operating revenue (<5%) **	9.24%	8.46%	7.26%	7.05%	7.52%
▸ Total operating revenue to taxable assessment	1.09%	1.13%	1.15%	1.12%	1.08%
▸ Working capital to operating expenses (>10%) **	63.27%	57.06%	54.33%	60.10%	66.56%
▸ Vulnerability					
▸ Total government transfers to total revenues	14.64%	13.01%	13.45%	13.97%	11.82%

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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, 2020;
- the consolidated statement of operations and accumulated surplus for the year then ended;
- the consolidated statement of changes in net financial assets (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, 2020, 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 1, 2021.

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

December 31	2020	2019
	\$	\$
ASSETS		
Financial Assets		
Cash and short term deposits	20,839,012	14,124,378
Taxes receivable (net of allowance of \$94,900)	1,535,639	1,650,867
User charges receivable	583,061	552,797
Accounts receivable (net of allowance of \$11,351)	1,182,633	1,266,583
Inventory for resale	18,682	23,223
Long term receivables (note 7)	7,534	11,529
Investment in Ottawa River Power Corporation (note 6)	2,410,052	2,335,200
Investment in Ottawa River Energy Solutions Inc. (note 6)	332,372	322,864
Investment in Mississippi River Power Corporation (note 6)	4,761,392	4,400,118
	31,670,377	24,687,559
LIABILITIES		
Financial Liabilities		
Accounts payable and accrued liabilities	2,331,601	2,850,647
Prepaid property taxes	1,341,311	1,320,131
Accrued landfill closure and post closure (note 13)	861,179	846,179
Other current liabilities	1,444,034	977,187
Deferred revenues (note 5)	4,602,490	3,637,901
Long term liabilities (note 7)	21,088,860	19,366,630
	31,669,475	28,998,675
NET FINANCIAL ASSETS (DEBT)	902	(4,311,116)
NON-FINANCIAL ASSETS		
Tangible capital assets (note 15)	79,293,663	78,165,274
Inventories	73,099	57,907
	79,366,762	78,223,181
Contingent Liabilities (note 12)		
MUNICIPAL EQUITY (note 8)	79,367,664	73,912,065

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 17) Budget	2020	2019
	\$	\$	\$
REVENUES			
Taxation ▶ residential	10,045,629	10,077,087	9,738,243
▶ commercial	933,056	948,063	915,112
▶ other governments	241,220	238,631	239,096
▶ garbage collection and local improvements	1,498,910	1,470,520	1,500,625
User charges ▶ sewer and water	3,360,285	3,736,893	3,424,807
▶ recreation and culture	555,615	345,623	506,196
▶ daycare	1,773,700	638,171	1,206,339
▶ other	224,542	411,569	411,926
Government transfers	1,765,176	2,733,595	2,057,637
Licences and permits	484,400	703,754	639,848
Deferred revenues earned (note 5)	393,939	386,377	376,087
Investment income	125,000	183,819	212,604
Penalties and interest on taxes	245,000	183,893	215,915
Provincial offenses	90,000	19,848	73,441
Other	397,900	472,559	611,389
Net income ▶ Ottawa River Power Corporation	---	74,852	114,014
▶ Ottawa River Energy Solutions Inc.	---	9,508	8,872
▶ Mississippi River Power Corporation	---	586,274	609,301
TOTAL REVENUES	22,134,372	23,221,036	22,861,452
EXPENSES			
General government	2,056,831	1,973,444	1,749,930
Protection to persons and property	3,651,719	3,553,268	3,449,370
Transportation services	5,308,672	4,704,541	5,391,132
Environmental services	7,516,395	5,882,750	5,919,023
Social and family services	2,663,504	1,850,181	2,148,826
Recreation and cultural services	3,135,663	2,930,660	2,866,105
Planning and development	696,246	576,694	466,151
TOTAL EXPENSES	25,029,030	21,471,538	21,990,537
NET REVENUES (EXPENDITURES) FROM OPERATIONS	(2,894,658)	1,749,498	870,915
OTHER			
Grants and transfers related to capital			
Deferred revenues earned (note 5)	2,240,981	812,903	895,276
Government transfers	1,671,060	682,147	1,082,183
Other	129,500	26,528	15,500
Contributed assets	---	2,184,523	---
	4,041,541	3,706,101	1,992,959
ANNUAL SURPLUS	1,146,883	5,455,599	2,863,874
MUNICIPAL EQUITY, BEGINNING OF YEAR	73,912,065	73,912,065	71,048,191
MUNICIPAL EQUITY, END OF YEAR	75,058,948	79,367,664	73,912,065

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

**Municipality of Mississippi Mills
Consolidated Statement of Changes in Net Financial Assets (Debt)**

For the year ended December 31	(Note 17) Budget	2020	2019
	\$	\$	\$
ANNUAL SURPLUS	1,146,883	5,455,599	2,863,874
Amortization of tangible capital assets	3,705,668	3,620,704	3,564,635
Acquisition of tangible capital assets	(8,104,883)	(4,853,436)	(5,466,698)
Disposal of tangible capital assets	---	104,343	---
Acquisition of supplies inventories	---	(15,192)	5,740
	(4,399,215)	(1,143,581)	(1,896,323)
DECREASE (INCREASE) IN NET DEBT	(3,252,332)	4,312,018	967,551
NET DEBT, BEGINNING OF YEAR	(4,311,116)	(4,311,116)	(5,278,667)
NET FINANCIAL ASSETS (DEBT), END OF YEAR	(7,563,448)	902	(4,311,116)

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	2020	2019
	\$	\$
OPERATING ACTIVITIES		
Annual surplus for the year	5,455,599	2,863,874
Non cash changes ▶ amortization	3,620,704	3,564,635
	9,076,303	6,428,509
Net Change in Non-Cash Working Capital Balances		
Taxes receivable	115,228	32,560
User charges receivable	(30,264)	(57,559)
Accounts receivable	83,950	251,895
Inventory for resale	4,541	2,876
Accounts payable and accrued liabilities	(519,046)	480,756
Prepaid property taxes	21,180	83,526
Accrued landfill closure and post closure	15,000	15,000
Other current liabilities	466,847	(105,719)
Deferred revenues	964,589	1,615,362
Inventories	(15,192)	5,740
Long term receivables	3,995	12,280
	1,110,828	2,336,717
Working Capital from Operations	10,187,131	8,765,226
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(4,853,436)	(5,466,698)
Disposal of capital assets	104,343	---
Net investment in tangible capital assets	(4,749,093)	(5,466,698)
INVESTING ACTIVITIES		
Increase in investment in Ottawa River Power Corporation	(74,852)	(38,015)
Increase in investment in Ottawa River Energy Solutions Inc.	(9,508)	(846)
Increase in investment in Mississippi River Power Corporation	(361,274)	(384,301)
Net decrease in cash from investing activities	(445,634)	(423,162)
FINANCING ACTIVITIES		
Debt issued for Municipality purposes	3,070,500	3,682,100
Debt principal repayments	(1,348,270)	(1,173,978)
Net increase in cash from financing activities	1,722,230	2,508,122
NET INCREASE IN CASH	6,714,634	5,383,488
CASH, BEGINNING OF YEAR	14,124,378	8,740,890
CASH, END OF YEAR	20,839,012	14,124,378

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

Municipality of Mississippi Mills

Notes to the Consolidated Financial Statements

December 31, 2020

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, 2020

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, 2020

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, 2020

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, 2020

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 2020, 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	4,152,304	7,911,834
Taxation from other governments	1,896	68,287
Amounts requisitioned and paid	4,154,200	7,980,121

Municipality of Mississippi Mills
Notes to the Consolidated Financial Statements

December 31, 2020

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, 2020, there was \$Nil (2019 \$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, 2020	2,710,316	1,992	925,593	3,637,901
Contributions from developers	2,114,946	---	---	2,114,946
Interest	45,918	9	2,996	48,923
Transfer for capital projects	(383,430)	---	(429,473)	(812,903)
Transfer to operating fund	(386,377)	---	---	(386,377)
December 31, 2020	4,101,373	2,001	499,116	4,602,490

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.

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

December 31, 2020

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.

Ottawa River Power Corporation (15.94%)	2020	2019
	\$	\$
Financial Position		
Current and other assets	1,533,912	1,548,895
Capital assets	2,244,911	2,178,683
Future income taxes	110,623	134,711
	3,889,446	3,862,289
Current liabilities	1,216,653	1,539,197
Long term debt	262,741	(12,108)
Net Assets	2,410,052	2,335,200
Results of Operations		
Revenues	826,069	1,165,084
Operating expenses	751,217	1,051,070
Net Income	74,852	114,014

Ottawa River Energy Solutions Inc. (15.94%)	2020	2019
	\$	\$
Financial Position		
Current and other assets	143,735	241,525
Capital assets	224,270	219,125
	368,005	460,650
Current liabilities	32,819	64,888
Long term debt	2,814	72,898
Net Assets	332,372	322,864
Results of Operations		
Revenues	176,641	186,579
Operating expenses	167,133	177,707
Net Income	9,508	8,872

During the year, the Municipality reviewed dividends of \$Nil (2019 \$70,783) which is netted to other income on consolidation.

Municipality of Mississippi Mills
Notes to the Consolidated Financial Statements

December 31, 2020

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%)	2020	2019
	\$	\$
Financial Position		
Current assets	3,818,871	3,494,848
Capital assets	18,337,052	19,107,865
	22,155,923	22,602,713
Current liabilities	1,952,035	2,370,956
Long term debt (excluding Municipality debt)	15,442,496	15,831,639
Net Assets	4,761,392	4,400,118
Results of Operations		
Revenues	3,062,511	3,018,069
Operating expenses	2,476,237	2,408,768
Net Income	586,274	609,301

During 2020, the Municipality received a dividend of \$225,000 (2019 \$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:

	2020	2019
	\$	\$
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.	7,018,048	7,249,693
Fixed rate bank loans with maturity dates between 2021 and 2034 and interest rates between 2.61% and 5.40%.	14,063,278	12,105,408
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	7,534	11,529
Net long term liabilities at the end of the year	21,088,860	19,366,630

Municipality of Mississippi Mills
Notes to the Consolidated Financial Statements

December 31, 2020

7. Long Term Liabilities / continued

(b) Principal payments fall due as follows:

	General Revenues	User Charges	Total
	\$	\$	\$
2021	1,989,143	285,071	2,274,214
2022	1,087,133	289,565	1,376,698
2023	944,073	296,065	1,240,138
2024	1,282,032	306,711	1,588,743
2025	808,479	316,132	1,124,611
2026 to 2030	5,737,858	2,959,337	8,697,195
2031 and thereafter	50,851	4,736,410	4,787,261
	11,899,569	9,189,291	21,088,860

(c) Interest expense on long term liabilities in 2020 amounted to \$734,699 (2019 \$686,703).

(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:

	2020	2019
	\$	\$
Investment in tangible capital assets		
Tangible capital assets	79,293,663	78,165,274
Long term liabilities	(21,081,326)	(19,355,101)
Unfinanced Capital Projects		
Economic development	(14,229)	---
Parks and Recreation	(81,026)	(732,298)
Public works projects	(318,929)	(439,463)
Water and sewer projects	(971,850)	(2,503,596)
	56,826,303	55,134,816
Reserves (Schedule 1)	15,037,545	11,719,067
Equity in Government Business Enterprises		
Ottawa River Power Corporation	2,410,052	2,335,200
Ottawa River Energy Solution Inc.	332,372	322,864
Mississippi River Power Corporation	4,761,392	4,400,118
	7,503,816	7,058,182
Total Municipal Equity	79,367,664	73,912,065

Municipality of Mississippi Mills

Notes to the Consolidated Financial Statements

December 31, 2020

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 \$428,695 (2019 \$385,949) 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. 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.

11. 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 \$1,477,236 (2019 \$1,450,403).

Municipality of Mississippi Mills Notes to the Consolidated Financial Statements

December 31, 2020

11. Contractual Obligations / continued

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 2020 for police service usage was \$1,932,708 (2019 \$1,876,776).

The Municipality has negotiated an 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 2020 was \$576,499 (2019 \$536,359).

The Municipality has negotiated a long term contract with Emterra Environmental Inc. (previously GLF Environmental) for the collection, processing and marketing of recycled materials collected at curbside. The contract is for the period June 2020 to December 2022 with an option for three - one year extensions. Annual charges are determined based on the number of households in the community, the consumer price index and a fuel surcharge clause. The contract for 2020 was \$324,994.

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

	\$
2021	19,200
2022	19,200
2023	19,200
2024	19,200
2025	1,976

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:

	\$
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.

The Municipality has entered into a contract for the construction of a water storage facility in the amount of \$2,985,765. Costs incurred to December 2020 were approximately \$568,000. The project is to be completed in 2021 and will be funded from development charges and the proceeds of long term debt.

Municipality of Mississippi Mills Notes to the Consolidated Financial Statements

December 31, 2020

12. 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, 2020, 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.

13. 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, 2020 is an amount of \$861,179 (2019 \$846,179) with respect to landfill closure and post-closure liabilities recognized to date.

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

December 31, 2020

14. 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, 2019.

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, 2020

15. Tangible Capital Assets

	2020	2019
	\$	\$
Land	329,645	329,645
Landfill Sites	31,209	35,059
Buildings	10,276,383	10,733,439
Vehicles	3,525,017	3,923,865
Equipment		
Parks	1,239,890	1,294,536
Streetlights and traffic lights	951,574	1,008,266
Other	1,602,648	1,750,192
Water and Sewer Facilities / Networks		
Linear assets	17,495,097	16,641,538
Water tower	561,952	617,586
Wells, lagoons, pumping stations	24,099,375	24,905,803
Linear Assets		
Roads	9,428,538	8,020,476
Sidewalks and curbs	2,377,318	2,126,941
Bridges and culverts	6,107,680	6,293,102
Construction in Progress	1,267,337	484,826
	79,293,663	78,165,274

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

16. 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, 2020

16. Segmented Information / continued

2020	Salaries, Wages & Employee Benefits	Debenture Debt Interest	Materials & Services	External Transfers	Amortization	Total
	\$	\$	\$	\$	\$	\$
General Government	166,158	---	45,343	---	---	211,501
Governance						
Corporate Management	860,078	69,035	665,438	---	167,392	1,761,943
Protection to Persons and Property						
Fire	494,895	26,610	200,870	---	188,633	911,008
Police	200	---	1,934,645	---	---	1,934,845
Conservation Authority	---	---	---	82,596	---	82,596
Protective Inspection	476,554	---	142,486	---	5,779	624,819
Transportation						
Roadways	993,532	214,434	971,699	---	1,366,891	3,546,556
Winter Control	205,584	---	820,286	---	---	1,025,870
Street Lighting	---	---	75,423	---	56,692	132,115
Environmental						
Sanitary Sewer and Waterworks	329,847	347,247	1,979,285	---	1,376,150	4,032,529
Waste Services	59,507	---	1,786,864	---	3,850	1,850,221
Social and Family						
Child Care	1,640,500	---	195,679	---	14,002	1,850,181
Recreation and Cultural Services						
Recreation Facilities & Programs	769,179	67,866	717,263	257,890	347,558	2,159,756
Libraries	415,156	5,068	151,395	60,201	89,920	721,740
Cultural Services	600	---	76	48,488	---	49,164
Planning and Development						
Planning & Zoning	206,069	---	163,897	---	---	369,966
Economic Development	103,525	3,748	93,990	---	3,837	205,100
Agriculture	937	691	---	---	---	1,628
2020	6,722,321	734,699	9,944,639	449,175	3,620,704	21,471,538

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

December 31, 2020

16. Segmented Information / continued

2019	Salaries, Wages & Employee Benefits	Debenture Debt Interest	Materials & Services	External Transfers	Amortization	Total
	\$	\$	\$	\$	\$	\$
General Government						
Governance	163,328	---	32,743	---	---	196,071
Corporate Management	784,059	75,024	520,098	---	174,678	1,553,859
Protection to Persons and Property						
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
Transportation						
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
Environmental						
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
Social and Family						
Child Care	1,792,959	---	341,865	---	14,002	2,148,826
Recreation and Cultural Services						
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
Planning and Development						
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
2019	6,780,817	686,703	10,511,202	447,180	3,564,635	21,990,537

17. Budget Figures

The 2020 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.

Municipality of Mississippi Mills
Notes to the Consolidated Financial Statements

December 31, 2020

17. Budget Figures / continued

The following analysis is provided to assist readers in their understanding of differences between the approved budget and the audited financial statements:

	Budget	Actual
	\$	\$
Total Revenues	22,134,372	23,221,036
Total Expenses	25,029,030	21,471,538
Net (Expenses) Revenues	(2,894,658)	1,749,498
Amortization	3,705,668	3,620,704
Adjusted Net Revenues	811,010	5,370,202
Capital Revenues	4,041,541	3,706,101
Funds Available	4,852,551	9,076,303
Capital Expenses		
Disposal of Tangible Capital Assets	(8,104,883)	(4,853,436)
Net Change in Investment in:	---	104,343
Ottawa River Power Corporation	---	(74,852)
Ottawa River Energy Solutions Inc.	---	(9,508)
Mississippi River Power Corporation	---	(361,274)
Principal Repayments	(1,374,924)	(1,344,275)
Net Long Term Debt Acquired	3,193,715	3,070,500
(Decrease) Increase in Operating Surplus	(1,433,541)	5,607,801
Allocated as follows:		
Net transfers (from) to reserves	(1,433,541)	3,318,478
Net decrease in unfinanced capital	---	2,289,323
	(1,433,541)	5,607,801

18. Impact of COVID-19

On March 11, 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus ('COVID-19') as a pandemic. This resulted in governments worldwide, including the Canadian, Ontario and municipal governments, enacting emergency measures to combat the spread of the virus.

The pandemic has had significant operational and financial impacts including service reductions, declines in associated user fee revenues and additional costs. While impacts have been mitigated by associated funding and other cost saving measures, the pandemic has created uncertainty over current and future year operations and the financial position of the Municipality.

The duration and impact of COVID-19 are unknown at this time. It is not possible to reliably estimate the impact that the length and severity of these developments will have on the financial results and conditions of the Municipality in future periods. The Municipality continues to closely monitor and assess the impact on its operations. It is management's assessment that the Municipality will have sufficient resources to mitigate the potential losses in 2021 as a result of COVID-19.

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

For the year ended December 31	(Note 17) Budget	2020	2019
	\$	\$	\$
Net Transfers From/(To) Other Funds			
Transfers from operations	888,883	3,959,826	3,365,244
Transfers to capital acquisitions	(2,322,424)	(641,348)	(875,024)
Total Net Transfers	(1,433,541)	3,318,478	2,490,220
Reserves and Reserve Fund Balances, Change in Year	(1,433,541)	3,318,478	2,490,220
Reserves and Reserve Fund Balances, Beginning of Year	11,719,067	11,719,067	9,228,847
Reserves and Reserve Fund Balances, End of Year	10,285,526	15,037,545	11,719,067

Composition of Reserves and Reserve Funds

For the year ended December 31	2020	2019
	\$	\$
Reserves set aside for specific purposes by Council: For the Municipality of Mississippi Mills		
For Operating Purposes		
▶ for working capital	1,100,000	1,100,000
▶ for contingencies	527,429	513,721
▶ for library	71,633	81,495
▶ for winter control	97,620	55,820
▶ for protection to persons and property	881,553	646,565
▶ for planning and zoning	59,659	2,159
▶ for economic development	132,708	129,708
▶ for parking	55,738	55,738
▶ for daycare	712,133	674,958
▶ for the Former Township of Ramsay - general purposes	2,640	2,640
▶ for the Former Township of Pakenham - general purposes	267	267
	3,641,380	3,263,071
For Capital Purposes		
▶ for acquisition of capital assets	3,949,766	2,445,827
▶ for public works	1,193,966	802,496
▶ for recreation	278,240	245,809
▶ for fire	132,966	124,268
▶ for waste management	1,263,899	1,408,108
▶ for the Former Town of Almonte - water and sewer	4,248,181	3,148,722
▶ for septage system	329,147	280,766
	11,396,165	8,455,996
Total Reserves and Reserve Funds	15,037,545	11,719,067

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

**Municipality of Mississippi Mills
Schedule 2 ▶ 2020 Tangible Capital Assets**

Asset Class	Cost 01/01/20	Additions	(Disposals)	Cost 31/12/20
	\$	\$	\$	\$
Land	329,645	---	---	329,645
Landfill Sites	112,423	---	---	112,423
Buildings	18,726,261	---	---	18,726,261
Vehicles	7,047,668	32,919	(239,874)	6,840,713
Equipment				
Parks	2,198,243	41,761	---	2,240,004
Streetlights and traffic lights	3,176,406	---	---	3,176,406
Other	4,460,820	55,590	---	4,516,410
Water and Sewer				
Linear assets	22,618,252	1,332,426	---	23,950,678
Water tower	1,701,978	---	---	1,701,978
Wells, lagoons, pumping stations	32,412,262	---	---	32,412,262
Linear Assets				
Roads	17,341,631	2,256,645	---	19,598,276
Sidewalks and curbs	3,599,162	351,584	---	3,950,746
Bridges and culverts	7,479,377	---	---	7,479,377
Construction in Progress	484,826	782,511	---	1,267,337
	121,688,954	4,853,436	(239,874)	126,302,516

Asset Class	Accumulated Amortization 01/01/20	Amortization	(Disposals)	Accumulated Amortization 31/12/20	Net Book Value 31/12/20
	\$	\$	\$	\$	\$
Land	---	---	---	---	329,645
Landfill Sites	77,364	3,850	---	81,214	31,209
Buildings	7,992,822	457,056	---	8,449,878	10,276,383
Vehicles	3,123,803	327,424	(135,531)	3,315,696	3,525,017
Equipment					
Parks	903,707	96,407	---	1,000,114	1,239,890
Streetlights and traffic lights	2,168,140	56,692	---	2,224,832	951,574
Other	2,710,628	203,134	---	2,913,762	1,602,648
Water and Sewer					
Linear assets	5,976,714	478,867	---	6,455,581	17,495,097
Water tower	1,084,392	55,634	---	1,140,026	561,952
Wells, lagoons, pumping stations	7,506,459	806,428	---	8,312,887	24,099,375
Linear Assets					
Roads	9,321,155	848,583	---	10,169,738	9,428,538
Sidewalks and curbs	1,472,221	101,207	---	1,573,428	2,377,318
Bridges and culverts	1,186,275	185,422	---	1,371,697	6,107,680
Construction in Progress	---	---	---	---	1,267,337
	43,523,680	3,620,704	(135,531)	47,008,853	79,293,663

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 01/01/18	Additions	(Disposals)	Cost 31/12/18
	\$	\$	\$	\$
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 01/01/18	Amortization	(Disposals)	Accumulated Amortization 31/12/18	Net Book Value 31/12/18
	\$	\$	\$	\$	\$
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.

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, 2020;
- 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, 2020, 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.

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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.

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- 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 1, 2021.

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

December 31	2020	2019
	\$	\$
ASSETS		
Financial Assets		
Cash and short term deposits	10,020	32,656
Accounts receivable	1,139	1,524
Due from Town of Mississippi Mills	22,574	4,684
	33,733	38,864
LIABILITIES		
Accounts payable and accrued liabilities	7,721	22,206
Other current liabilities	26,012	16,658
	33,733	38,864
NET FINANCIAL ASSETS	---	---
NON-FINANCIAL ASSETS		
Tangible capital assets (note 4)	1,304,042	1,345,367
ACCUMULATED SURPLUS (note 3)	1,304,042	1,345,367

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	2020	2019
	\$	\$	\$
REVENUES			
Government Grants			
Municipal Grants	633,844	532,708	576,061
Province of Ontario	31,848	32,899	35,042
Federal Grants	---	2,876	3,920
User Charges			
Programs	---	1,450	1,146
Rentals	2,500	770	1,636
Photocopy charges	1,400	943	1,903
Other Income			
Fines	10,000	2,337	10,961
Donations, book sales, miscellaneous	4,250	18,077	25,273
TOTAL REVENUES	683,842	592,060	655,942
EXPENSES			
Salaries, wages, employee benefits	503,065	415,156	473,115
Library materials	17,500	28,614	19,967
Administration	37,900	28,323	43,613
Insurance	3,460	4,310	3,293
Building maintenance and utilities	47,060	42,261	43,638
Contribution to Carleton Place Public Library	59,974	60,201	57,555
Minor capital	93,000	59,230	78,871
Amortization	90,000	89,920	86,741
TOTAL EXPENSES	851,959	728,015	806,793
NET EXPENSES FROM OPERATIONS	(168,117)	(135,955)	(150,851)
OTHER			
Grants and transfers related to capital			
Municipal contribution to tangible capital assets	93,000	59,230	78,871
Deferred revenues earned	35,400	35,400	35,400
	128,400	94,630	114,271
ANNUAL DEFICIT	(39,717)	(41,325)	(36,580)
ACCUMULATED SURPLUS, BEGINNING OF YEAR	1,345,367	1,345,367	1,381,947
ACCUMULATED SURPLUS, END OF YEAR	1,305,650	1,304,042	1,345,367

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	2020	2019
	\$	\$
ANNUAL DEFICIT	(41,325)	(36,580)
Amortization of tangible capital assets	89,920	86,741
Acquisition of tangible capital assets	(48,595)	(50,161)
	41,325	36,580
INCREASE IN NET FINANCIAL ASSETS	---	---
NET DEBT, BEGINNING OF YEAR	---	---
NET FINANCIAL ASSETS, END OF YEAR	---	---

Statement of Cash Flows

For the year ended December 31	2020	2019
	\$	\$
OPERATING ACTIVITIES		
Annual deficit	(41,325)	(36,580)
Non cash changes ▶ amortization	89,920	86,741
	48,595	50,161
Net Change in Non-Cash Working Capital Items		
Accounts receivable	385	11,289
Due from Municipality	(17,890)	14,973
Accounts payable and accrued liabilities	(14,485)	6,987
Other current liabilities	9,354	(676)
	(22,636)	32,573
Working Capital from Operations	25,959	82,734
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(48,595)	(50,161)
NET (DECREASE) INCREASE IN CASH	(22,636)	32,573
CASH, BEGINNING OF YEAR	32,656	83
CASH, END OF YEAR	10,020	32,656

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, 2020

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:

Assets	Estimated Useful Life
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, 2020

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, 2020

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:

	2020	2019
	\$	\$
Surplus		
Invested in tangible capital assets	1,304,042	1,345,367
Deficit	---	---
Accumulated Surplus	1,304,042	1,345,367

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

December 31, 2020

4. Tangible Capital Assets

Net Book Value of Assets	2020	2019
	\$	\$
Buildings	1,136,790	1,181,415
Books	167,252	163,952
	1,304,042	1,345,367

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 2020 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, 2020

Assets	Cost 01/01/20	Additions (Disposals)	Cost 31/12/20	Accumulated Amortization 01/01/20	Amortization 2020	Accumulated Amortization 31/12/20	Net Book Value 31/12/20
	\$	\$	\$	\$	\$	\$	\$
Buildings	1,789,829	---	1,789,829	608,414	44,625	653,039	1,136,790
Books	1,408,131	48,595	1,456,726	1,244,179	45,295	1,289,474	167,252
	3,197,960	48,595	3,246,555	1,852,593	89,920	1,942,513	1,304,042

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
	3,147,799	50,161	3,197,960	1,765,852	86,741	1,852,593	1,345,367

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

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

For the year ended December 31	(Note 17) Budget	2020	2019
	\$	\$	\$
REVENUES			
Grants			
Municipality of Mississippi Mills	1,309,995	1,319,821	1,166,871
Government of Canada	300	300	300
Recreation fees			
Activity fees	48,100	3,605	48,783
Facility rental	18,200	4,422	10,987
Arena fees			
Ice rentals	378,100	292,904	342,882
Hall rentals	26,000	7,815	26,990
Food and beverage sales	38,000	9,883	29,054
Canteen and other	3,921	5,372	2,744
Curling			
Rentals and special events	36,544	16,997	37,689
Food and beverage sales	37,000	25,915	55,463
Other			
Contribution from developers	---	---	1,800
TOTAL REVENUES	1,896,160	1,687,034	1,723,563
EXPENSES			
Recreation operations			
Salaries, wages and benefits	139,750	116,407	97,079
Program supplies and operations	150,575	65,124	166,072
Maintenance and other services	17,600	22,610	18,964
Insurance	4,702	6,498	4,478
Grants to other organizations	169,709	168,032	147,423
Arena operations			
Salaries, wages and benefits	209,650	187,163	198,944
Utilities	180,000	151,037	154,164
Insurance	12,692	11,528	12,088
Maintenance, building and equipment	75,100	94,095	91,198
Food and beverage purchases	19,100	7,337	19,240
Curling operations			
Utilities	36,300	30,121	44,684
Insurance	6,346	5,764	6,044
Maintenance, building and equipment	24,600	18,124	31,083
Administration			
Salaries, wages and benefits	424,270	421,181	380,271
Other services and rents	74,750	63,212	83,331
Carleton Place recreation grants	89,858	89,858	76,240
Curling bar			
Salaries, wages and benefits	12,900	6,172	14,043
Food and beverage purchases	12,250	14,831	19,020
Long term debt payment	236,008	207,940	159,197
TOTAL EXPENSES	1,896,160	1,687,034	1,723,563
NET REVENUES FOR THE YEAR	---	---	---

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

For the year ended December 31	(Note 17) Budget	2020	2019
	\$	\$	\$
REVENUES			
Grants			
County of Lanark	624,998	1,154,424	876,146
County of Lanark - one time	10,000	28,124	175,384
Municipality of Mississippi Mills	122,282	---	(130,136)
Municipality of Mississippi Mills - capital	148,500	---	3,172
Federal grant	---	---	3,920
User charges			
Child care fees	1,768,700	635,705	1,202,997
Other			
Contribution from developers	50,022	15,460	---
Fundraising	5,000	2,466	3,342
TOTAL REVENUES	2,729,502	1,836,179	2,134,825
EXPENSES			
Salaries ▶ supervisory and teaching	1,768,137	1,257,817	1,405,847
▶ other	95,447	51,636	67,789
Employee benefits	410,323	331,047	319,324
Staff travel and training	8,500	5,074	4,487
Food and kitchen supplies	111,750	61,498	73,619
Insurance	2,200	2,156	2,028
Program supplies	52,000	19,333	35,290
Property operations and maintenance	37,900	36,690	34,943
Property lease costs	43,545	29,731	3,629
Office and other	13,200	11,368	6,829
Bad debt	1,000	1,705	2,484
Program expansion and minor capital	185,500	28,124	178,556
TOTAL EXPENSES	2,729,502	1,836,179	2,134,825
NET REVENUES FOR THE YEAR	---	---	---

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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,

Adrian Foster, 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, 2020;
- 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, 2020, 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.

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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.

Draft

- 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 8, 2021.

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

For the year ended December 31	(Note 14) Budget	2020	2019
	\$	\$	\$
Revenue ▶ sale of power	2,422,929	3,062,511	3,018,069
Cost of Power ▶ Direct Expenses			
Amortization ▶ plant and equipment			
Heat, light and power	731,897	704,370	727,154
Insurance	12,500	11,943	11,666
Plant automation	29,576	29,568	28,893
Repairs and maintenance	3,500	7,027	4,089
▶ building	35,500	65,391	25,034
▶ equipment	135,450	113,115	89,930
▶ professional fees	55,000	38,367	61,029
▶ vehicle	4,800	2,941	6,079
Taxes, fees and licences	15,586	13,560	15,586
Wages and benefits	93,000	106,800	88,766
	1,116,809	1,093,082	1,058,226
Income Before Operating Expenses	1,306,120	1,969,429	1,959,843
Operating Expenses			
Advertising and promotion	17,000	13,447	10,265
Amortization	30,346	46,853	28,335
Finance			
Bank charges and interest	1,300	1,720	876
Debenture interest	725,852	725,096	744,672
Loan interest	206,524	209,878	219,206
Feasibility studies	53,800	39,014	14,852
Occupancy			
Heat, light and power	7,250	6,922	7,567
Insurance	1,582	1,590	1,582
Repairs and maintenance ▶ building	16,500	25,513	19,900
▶ equipment	5,800	3,799	2,502
▶ grounds keeping	19,500	14,360	23,394
Taxes, fees and licenses	6,200	6,297	6,077
Office			
Bookkeeping	3,800	3,723	2,585
Office	8,500	8,763	7,777
Telephone and communications	8,400	10,315	7,363
Professional fees	12,100	12,100	11,963
Wages			
Directors fees	31,500	31,500	31,500
Wages and benefits	173,900	143,604	165,729
	1,329,854	1,304,494	1,306,145
Operating Income (Loss)	(23,734)	664,935	653,698
Other Income and Expense			
Other income and net rent	50,600	50,073	95,588
Gross revenue charge (note 8)	---	(15,961)	---
	50,600	34,112	95,588
Income Before Amount in Lieu of Income Taxes	26,866	699,047	749,286

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)

For the year ended December 31	(Note 14) Budget	2020	2019
	\$	\$	\$
Income Before Amount in Lieu of Income Taxes / continued	26,866	699,047	749,286
Income Taxes (note 7)			
Payment in lieu of income taxes	---	114,773	119,235
Deferred income taxes	---	(2,000)	(1,000)
	---	112,773	118,235
Net Income for the Year	26,866	586,274	631,051
Retained Earnings, Beginning of Year	2,009,465	2,009,465	1,625,164
Adjustment for Adoption of IFRS 16	---	---	(21,750)
Dividends	---	(225,000)	(225,000)
Retained Earnings, End of Year	2,036,331	2,370,739	2,009,465

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

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

For the year ended December 31	2020	2019
	\$	\$
Cash Flows from Operating Activities		
Net income for the year	586,274	631,051
Amortization	751,223	755,489
Gain on disposal of assets	---	(6,000)
Income tax expense	(2,000)	(1,000)
	1,335,497	1,379,540
Movements in Working Capital		
Accounts receivable	(83,369)	65,638
Government taxes receivable	---	199,498
Payments in lieu of income taxes receivable	(9,098)	113,346
Prepaid expenses	(3,953)	26,031
Accounts payable and accrued liabilities	(34,775)	(322,981)
Government taxes payable	20,746	28,774
Payments in lieu of income taxes payable	(4,930)	4,930
Gross revenue charge payable	15,961	---
Interest payable	(119,434)	---
	(218,852)	115,236
Cash Flows from Investing Activities		
Disposition of capital asset	112,275	6,000
Payments to acquire capital assets (note 4)	(92,685)	(376,789)
	19,590	(370,789)
Cash Flows from Financing Activities		
Dividends paid and payable	(225,000)	(225,000)
Advance of long term borrowings	---	142,211
Repayment of long term borrowings	(683,632)	(647,019)
	(908,632)	(729,808)
Change in Cash, During the Year	227,603	394,179
Cash, Beginning of Year	2,442,759	2,048,580
Cash, End of Year	2,670,362	2,442,759

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

Mississippi River Power Corporation

Notes to the Financial Statements

December 31, 2020

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 licensed by the Ontario Energy Board (OEB). The address of the Corporation's registered office is 12B Mill Street, 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, 2020

2. Significant Accounting Policies / continued

Leases

Effective January 1, 2019 the Corporation has adopted IFRS 16 – Leases.

At the inception of the contract, the Corporation assesses whether the contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time, in exchange for consideration.

The corporation recognizes right-of-use ('ROU') assets and a lease liability at the lease commencement date. ROU assets are initially measured at cost and subsequently carried at cost less accumulated depreciation and impairments, if any. The initial cost of an ROU asset equals the amount of the initial measurement of the corresponding lease liability, plus an initial direct cost incurred to bring the assets into operation.

Lease liabilities are initially measured at the present value of lease payments that are not paid at the commencement date. The lease payments are discounted using the rate implicit in the lease, or, if that rate cannot be readily determined, the Corporation's incremental borrowing rate which reflects the Corporation's ability to borrow money over a similar term, for an asset of similar value to the underlying asset, similar security or in a similar economic environment. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability.

Lease liabilities are subsequently measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Corporation's estimate of the amount expected to be payable under a residual value guarantee, or if the Corporation changes its assessment of whether it will exercise a purchase, extension or termination option.

When a lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the ROU asset, or is recorded in profit or loss if the carrying amount of the ROU asset has been reduced to zero. Payments under lease liabilities are apportioned between interest expense and a reduction of the outstanding lease liability.

Where the Corporation is reasonably certain it will obtain ownership of the ROU asset before the end of the lease term, the asset is depreciated over its useful life on a straight-line basis. Otherwise, depreciation is calculated over the shorter period of the lease term and the asset's useful life. The lease term includes periods covered by an option to extend if the Corporation is reasonably certain to exercise that option.

The Corporation has elected to apply the practical expedient not to recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

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.

Mississippi River Power Corporation

Notes to the Financial Statements

December 31, 2020

2. Significant Accounting Policies / continued

Revenues

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 the IESO through settlement agent, Ottawa River Power Corporation.

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 accounting 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, 2020

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 their 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, 2020

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 they relate 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, 2020

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 recognizes 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.

3. Accounts Receivable

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 remain monies outstanding. Management has provided its best estimate of lost revenues to be recuperated from other parties responsible and these amounts are included in accounts receivable.

	2020	2019
	\$	\$
Due from Ottawa River Power Corporation for sale of power representing December revenues generated.	394,391	311,022
Other receivables	719,691	719,691
	1,114,082	1,030,713

Mississippi River Power Corporation
Notes to the Financial Statements

December 31, 2020

4. Property, Plant and Equipment

	2020			2019
	Cost	Amortization	Net Book Value	Net Book Value
	\$	\$	\$	\$
Land	188,717	---	188,717	188,717
Generating Station Building				
▸ Lower Falls	17,640,117	4,536,087	13,104,030	13,545,030
▸ Upper Falls	4,425,064	2,648,954	1,776,110	1,886,736
Millfall Dam	2,203,247	106,955	2,096,292	2,139,502
Paving, Landscaping and Fencing	140,001	107,504	32,497	41,782
Generating Equipment	1,872,966	976,152	896,814	992,430
Right of Use ▸ office building	92,685	4,634	88,051	112,274
Substation	119,510	115,141	4,369	6,549
Vehicles	41,163	17,341	23,822	30,628
Signage	10,890	10,890	---	---
Safety Equipment	18,642	18,259	383	1,152
Office Equipment	68,907	68,907	---	2,421
Water Rights	27,452	27,452	---	---
Computer Equipment	47,551	47,551	---	---
Leasehold Improvements	204,266	78,299	125,967	160,644
	27,101,178	8,764,126	18,337,052	19,107,865

Additions during the year were as follows:

	2020	2019
	\$	\$
Land ▸ Millfall Dam	---	464
Millfall Dam	---	149,794
Generating Equipment ▸ plant automation	---	2,307
Right of Use ▸ office building	92,685	142,211
Paving, Landscaping and Fencing ▸ Des Houston Park	---	46,425
Vehicles	---	34,032
Leasehold Improvements ▸ Metcalfe Park	---	1,556
Total Net Additions	92,685	376,789

5. 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, 2020, there was \$Nil (2019 \$Nil) drawn on the facility.

Mississippi River Power Corporation
Notes to the Financial Statements

December 31, 2020

6. Long Term Debt

	2020	2019
	\$	\$
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.	13,741,654	14,127,879
Bank of Montreal Loan (3.5400%), repayable in blended monthly payments of \$17,673.50, secured by a general security agreement, due November 2028.	1,462,368	1,616,297
Bank of Montreal Loan (2.5900%), repayable in monthly payments of \$5,308.53, secured by a general security agreement, due March 2021.	548,361	598,024
Bank of Montreal Loan (3.3900%), repayable in monthly payments of \$2,787.47, secured by a general security agreement, due March 2022.	265,276	289,290
Bank of Montreal Loan (2.9400%), repayable in monthly payments of \$2,717.53, secured by a general security agreement, due March 2021.	263,952	288,415
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 2020 was at a rate of 5.0000% (2019 5.0000%).	2,388,653	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.	---	133,388
Right of use building lease, (3.5000%), repayable in blended annual payments of \$20,528.00, secured by lease agreement over right of use building, due September 2025.	88,050	---
	18,758,314	19,441,946
Less: current portion of long term borrowing	1,425,434	1,221,654
	17,332,880	18,220,292

Principal payments fall due as follows:

	\$
2021	1,425,434
2022	856,255
2023	644,722
2024	675,060
2025	702,271
2026 and thereafter	14,454,572
	18,758,314

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

Mississippi River Power Corporation

Notes to the Financial Statements

December 31, 2020

7. Payments in Lieu of Corporate Income Taxes

Statutory Canadian Federal and Provincial tax rates for the current year comprise 15.00% (2019 15.0%) for Federal corporate tax and 11.50% (2019 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:

	2020	2019
	\$	\$
Income Before Provision for PILs	699,047	749,286
Statutory Canadian provincial tax rate (blended)	26.50%	26.50%
Provision for PILs at statutory rate	185,247	198,561
Decrease in Income Tax Resulting From:		
Small business deduction	(71,500)	(70,000)
Capital cost allowance in excess of amortization	1,026	366
Gain on disposal of assets per financial statements	---	(1,590)
Charitable donations from Schedule 2	---	(8,102)
Total Provision	114,773	119,235
Effective Tax Rate	15.50%	15.91%

The change in the deferred tax liability is as follows:

	2020	2019
	\$	\$
Opening Balance, January 1	474,000	475,000
Recognized in Statement of Comprehensive Income	(2,000)	(1,000)
Closing Balance, December 31	472,000	474,000

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 (2019 \$Nil).

8. 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. Consequently the December 31st, 2020 financial statements show a liability of \$15,961.

Mississippi River Power Corporation

Notes to the Financial Statements

December 31, 2020

9. 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 (2019 \$119,433) of interest on long term and short term debts and \$60,000 (2019 \$36,000) of rent to its shareholder, the Municipality of Mississippi Mills. The Corporation owes its shareholder, the Municipality of Mississippi Mills, \$2,733,086 (2019 \$2,924,519) at the year end.

10. 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.

11. Contingent Liabilities

The nature of the Corporation's activities is such that there may be litigation pending or in prospect at any time. With respect to claims as at December 31, 2020, 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.

12. 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, 2020

12. Risk Management / continued

The Corporation's exposure to and management of risk has not changed materially from December 31, 2019.

Credit Risk

Credit risk arises from the possibility that the entities to which the Corporation provides services 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 has recorded receivables as disclosed in Note 3. While there is concentration of risk due to the fact that the receivable amounts are due from two parties, both parties have indicated their responsibility for the amounts and as such the recorded allowance as per note 3 is believe to be adequate.

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.

13. 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 generating 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.

14. Budget Figures

Mississippi River Power Corporation reviews its operating and capital budgets each year. The approved operating budget for 2020 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, 2020

15. Compensation of Key Management Personnel

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

	2020	2019
	\$	\$
Management and Director Remuneration	159,588	148,064
Other Long Term Benefits	15,178	13,807
	174,766	161,871

16. Approval of the Financial Statements

The financial statements were approved by the Board of Directors and authorized for issue on March 30, 2021.

17. Pension Contributions

The Corporation 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 Corporation does not recognize any share of the OMERS pension surplus or deficit in these financial statements.

The amount contributed to OMERS was \$54,254 (2018 \$51,248) for current services and is included as an expenditure on the Statement of Operations classified under the appropriate functional expenditure. Contributions by employees were a similar amount.
