

Township of Madawaska Valley

Financial Statements

For the year ended 31 December 2024

MACKILLICAN & ASSOCIATES

CHARTERED PROFESSIONAL ACCOUNTANTS



THE CORPORATION OF THE TOWNSHIP OF MADAWASKA VALLEY

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Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of the Corporation of the Township of Madawaska Valley (the "Township") are the responsibility of the Township's management and have been prepared in compliance with legislation, and in accordance with Canadian Public Sector Accounting Standards. A summary of the significant accounting policies is contained in Note 1 to the consolidated financial statements. The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

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

The 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 their approval of the consolidated financial statements.

The consolidated financial statements have been audited by MacKillican & Associates, independent external auditors appointed by the Township. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Township's consolidated financial statements.

A handwritten signature in black ink, appearing to read "Amanda Hudder", written over a horizontal line.

Amanda Hudder
Treasurer

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For the year ended 31 December 2024

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INDEPENDENT AUDITOR'S REPORT

To the Members of Council,
Inhabitants and Ratepayers of the
Corporation of the Township of Madawaska Valley.

Opinion

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Township as at 31 December 2024, and its financial performance and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards (PSAS).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Township in accordance with the ethical requirements that are relevant to our audit of the consolidated 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 consolidated financial statements in accordance with PSAS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Township'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 Township or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township'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 Township's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Township to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Township to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Mae Kilham + Associates

RENFREW, Ontario.
29 September 2025.

Chartered Professional Accountants,
Licensed Public Accountants.

Township of Madawaska Valley
Consolidated Statement of Financial Position
As at 31 December 2024
(with 2023 figures for comparison)

	<u>2024</u>	<u>2023</u>
Financial assets:		
Cash (Note 13)	\$ 7,399,599	\$ 7,263,111
Taxes receivable	985,816	718,739
Accounts receivable	940,752	1,209,245
Other assets	<u>11,734</u>	<u>6,097</u>
Total financial assets	\$ <u>9,337,901</u>	\$ <u>9,197,192</u>
Financial liabilities:		
Accounts payable and accrued liabilities	\$ 755,420	\$ 816,573
Deferred revenue - obligatory reserve funds (Note 5)	5,637	3,600
- other (Note 5)	313,927	313,387
Net long term liabilities - capital (Note 10)	994,879	1,110,700
Landfill closure and post closure costs (Note 6)	2,884,664	2,548,892
Employee future benefits	<u>63,496</u>	<u>83,490</u>
	\$ <u>5,018,023</u>	\$ <u>4,876,642</u>
Net financial assets	\$ <u>4,319,878</u>	\$ <u>4,320,550</u>
Non-financial assets:		
Tangible capital assets (net) (Notes 1 (d) (i) and 9)	\$ 34,818,737	\$ 35,051,313
Inventory of supplies (Note 1 (d) (iv))	119,717	249,682
Prepaid expenses	<u>228,558</u>	<u>216,099</u>
	\$ <u>35,167,012</u>	\$ <u>35,517,094</u>
Accumulated surplus	\$ <u><u>39,486,890</u></u>	\$ <u><u>39,837,644</u></u>
Municipal equity comprised of:		
Equity in tangible capital assets (Note 12)	\$ 33,823,858	\$ 33,940,613
Reserves	8,432,126	8,248,237
General	42,617	32,929
Library Board	36,936	35,155
Waterworks fund	33,268	94,425
Wastewater fund	52,067	108,985
Business Improvement Area Association	14,178	9,682
Unfunded - employee future benefit costs (Note 2)	(63,496)	(83,490)
Unfunded - landfill closure and post closure costs (Note 2)	<u>(2,884,664)</u>	<u>(2,548,892)</u>
Total accumulated surplus	\$ <u><u>39,486,890</u></u>	\$ <u><u>39,837,644</u></u>

(See accompanying notes)

Township of Madawaska Valley
Consolidated Statement of Operations and Accumulated Surplus
For the year ended 31 December 2024
(with 2024 budget and 2023 actual figures for comparison)

	<u>2024</u> <u>Budget</u>	<u>2024</u> <u>Actual</u>	<u>2023</u> <u>Actual</u>
Revenue:			
Taxation revenue (Note 17)	\$ 5,003,663	\$ 5,164,707	\$ 4,935,432
User charges	1,130,080	1,173,398	1,099,049
Government transfers:			
Ontario	2,389,209	2,365,137	2,602,812
Canada	240,965	240,483	217,751
Other municipalities	26,665	17,541	17,151
Other	1,241,737	1,569,572	1,228,837
Landfill closure cost adjustment	<u> </u>	<u>(335,771)</u>	<u>(573,015)</u>
	<u>\$ 10,032,319</u>	<u>\$ 10,195,067</u>	<u>\$ 9,528,017</u>
Expenses:			
General government	\$ 1,397,878	\$ 1,387,193	\$ 1,311,587
Protection to persons and property	1,658,511	1,613,651	1,570,616
Transportation services	3,402,941	3,598,401	3,322,328
Environmental services	2,072,220	2,177,084	2,032,194
Health services		30,000	56,000
Recreation and cultural services	1,341,856	1,474,981	1,394,620
Planning and development	<u>292,430</u>	<u>264,511</u>	<u>258,261</u>
	<u>\$ 10,165,836</u>	<u>\$ 10,545,821</u>	<u>\$ 9,945,606</u>
Excess (deficiency) of revenue over expenses	\$ (133,517)	\$ (350,754)	\$ (417,589)
Accumulated surplus at the beginning of the year	<u>39,837,644</u>	<u>39,837,644</u>	<u>40,255,233</u>
Accumulated surplus at the end of the year	<u>\$ 39,704,127</u>	<u>\$ 39,486,890</u>	<u>\$ 39,837,644</u>

(See accompanying notes)

Township of Madawaska Valley
Consolidated Statement of Changes in Net Financial Assets
For the year ended 31 December 2024
(with 2024 budget and 2023 actual figures for comparison)

	<u>2024</u> <u>Budget</u>	<u>2024</u> <u>Actual</u>	<u>2023</u> <u>Actual</u>
Excess (deficiency) of revenue over expenses	\$ (133,517)	\$ (350,754)	\$ (417,589)
Amortization of tangible capital assets	2,117,979	2,117,979	2,034,526
Acquisition of tangible capital assets and construction in progress	(3,039,783)	(1,886,133)	(1,904,346)
Proceeds on sale of tangible capital assets		30,837	
Loss (gain) on disposal of tangible capital assets		(30,107)	
Use of (acquisition of) prepaid expenses		(12,459)	(39,700)
Use of (acquisition of) inventory	<u> </u>	<u>129,965</u>	<u>(96,765)</u>
Increase (decrease) in net financial assets	\$ (1,055,321)	\$ (672)	\$ (423,874)
Net financial assets at the beginning of the year	<u>4,320,550</u>	<u>4,320,550</u>	<u>4,744,424</u>
Net financial assets at the end of the year	<u>\$ 3,265,229</u>	<u>\$ 4,319,878</u>	<u>\$ 4,320,550</u>

(See accompanying notes)

Township of Madawaska Valley
Consolidated Statement of Cash Flows
For the year ended 31 December 2024
(with 2023 figures for comparison)

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Excess (deficiency) of revenue over expenses	\$ (350,754)	\$ (417,589)
Add amounts which do not involve cash		
- amortization	2,117,979	2,034,526
- increase (decrease) in landfill closure and post closure costs	335,772	573,015
- increase (decrease) in employee future benefits	(19,994)	(26,319)
- (gain) loss on disposal of capital assets	<u>(30,107)</u>	<u> </u>
	\$ <u>2,052,896</u>	\$ <u>2,163,633</u>
Net change in non cash working capital balances related to operations:		
- decrease (increase) in taxes receivable	\$ (267,077)	\$ 185,048
- decrease (increase) in other assets	(5,637)	(4,425)
- decrease (increase) in accounts receivable	268,493	(354,496)
- decrease (increase) in prepaid expenses	(12,459)	(39,700)
- decrease (increase) in inventory of supplies	129,965	(96,765)
- increase (decrease) in deferred revenue	2,577	23,504
- increase (decrease) in accounts payable and accrued liabilities	<u>(61,153)</u>	<u>(138,943)</u>
	\$ <u>54,709</u>	\$ <u>(425,777)</u>
Cash flows from operating activities	\$ <u>2,107,605</u>	\$ <u>1,737,856</u>
Cash flows used for financing activities:		
Decrease in long term liabilities	\$ <u>(115,821)</u>	\$ <u>(112,345)</u>
Cash flows used for capital activities:		
Additions to tangible capital assets:		
General government	\$ (62,165)	\$ (2)
Protection services	(159,202)	(50,216)
Transportation services	(1,166,131)	(1,489,970)
Environmental services	(111,339)	(273,643)
Recreation and cultural services	(387,296)	(90,515)
Proceeds of disposition of capital assets	<u>30,837</u>	<u> </u>
Cash flows used for capital activities	\$ <u>(1,855,296)</u>	\$ <u>(1,904,346)</u>
Increase (decrease) in cash and cash equivalents during the year	\$ 136,488	\$ (278,835)
Cash and cash equivalents at the beginning of the year	<u>7,263,111</u>	<u>7,541,946</u>
Cash and cash equivalents at the end of the year	<u><u>\$ 7,399,599</u></u>	<u><u>\$ 7,263,111</u></u>

(See accompanying notes)

Township of Madawaska Valley
Notes to the Consolidated Financial Statements
For the year ended 31 December 2024

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Corporation of the Township of Madawaska Valley are the representation of management prepared in accordance with generally accepted accounting standards for local governments as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada.

The focus of PSAB financial statements is on the financial position of the Township and changes thereto. The Consolidated Statement of Financial Position reports financial assets and liabilities. Financial assets are available to provide resources to discharge existing liabilities or finance future operations. Municipal position represents the financial position of the Township and is the difference between financial assets and liabilities. This information explains the Township's overall future revenue requirements and its ability to finance activities and meet its obligations.

(a) Reporting Entity

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

These consolidated financial statements include:

- Township of Madawaska Valley Public Library Board
- Township of Madawaska Valley Waterworks System
- Township of Madawaska Valley Wastewater System
- Township of Madawaska Valley Business Improvement Area Association

(ii) Accounting for County and School Board Transactions

The taxation, other revenues, expenditures, assets and liabilities with respect to the operations of the county and school boards are not reflected in the municipal fund balances of these financial statements.

- (iii) Trust funds and their related operations administered by the Township are not included in these financial statements but are reported separately.

(b) Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting recognizes revenues in the period in which transactions or events occurred that gave rise to the revenue; expenses are recognized in the period goods or services are acquired and a liability is incurred or transfers are due.

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used for certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed.

Township of Madawaska Valley
Notes to the Consolidated Financial Statements
For the year ended 31 December 2024

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Non-financial Assets

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

(d) Tangible Capital Assets

- (i) Tangible capital assets (TCAs) are recorded at cost, which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Where the cost was not readily determinable, the assets were valued at their current fair market value and then discounted back to their in-service date using the Consumer Price Index (CPI). Land for road segments is valued at \$ 1.00 per segment. All other land is valued at cost. Where cost was not readily determinable, the land was given a value of \$ 1.00 per segment. The cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Buildings	15 - 50 years
Linear assets	15 - 60 years
Machinery and equipment	5 - 20 years
Vehicles	10 - 15 years

Amortization is calculated commencing the first month of the year following acquisition using the above rates. In the year of disposal, a full year of amortization will be charged against the asset. Capital work in progress is not amortized until it is put into service.

The Township has a capitalization threshold of \$ 5,000, so that individual TCAs of lesser value are expensed, unless they are pooled because, collectively, they have significant value, or for operational reasons.

(ii) Contribution of Tangible Capital Assets

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 the assets as of the date of transfer.

(iii) 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.

(iv) Inventories

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

(e) Investments

Short term and long term investments are recorded at cost plus accrual interest. If the market value of the 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.

Township of Madawaska Valley
Notes to the Consolidated Financial Statements
For the year ended 31 December 2024

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investment income earned on current funds (other than obligatory reserve funds) is reported as revenue in the period earned. Investment income earned on externally restricted funds is added to the fund balance and forms part of the respective deferred revenue balance.

(f) Government Transfers

Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or are the result of a direct financial return.

Government transfers are recognized in the financial statements in the period in which the 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.

(g) Deferred Revenue

Certain amounts are received pursuant to regulations or agreement and may only be used in the conduct of certain programs or in the delivery of specific services and transactions. These amounts are recognized as revenue in the fiscal year the related expenditures are incurred or services performed.

(h) Deferred Revenue - Obligatory Reserve Funds

The Township receives restricted contributions under the authority of provincial and federal legislation and Township 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 expenditures are recorded as revenue in the fiscal period they are expended.

(i) Use of Estimates

The preparation of financial statements in conformity with Canadian Public Sector Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the year. Actual results could differ from these estimates. Significant estimates include the allowance for doubtful taxes, landfill closure and post closure costs, employee future benefits and the useful life and recoverable amount of tangible capital assets.

(j) Cash and Cash Equivalents

Cash and cash equivalents are comprised of cash on hand and in bank and investments due no greater than three months from the date of acquisition or that are cashable on demand.

(k) Revenue Recognition

Taxation revenue consists of non-exchange transactions. It is recognized in the period to which the assessment relates and reasonable estimates of amounts can be made. Annual revenue also includes adjustments related to reassessments or appeals related to prior years. Fees and user charges relate to utility charges (water, wastewater, and solid waste) licensing fees, fees for use of various programming, and fees imposed based on specific activities. Revenue is recognized when the activity is performed or when the services are rendered.

(l) Financial Instruments

Financial instruments include cash, accounts receivable, accounts payable and accrued liabilities and net long term liabilities. Unless otherwise noted, it is management's opinion that the Municipality is not exposed to significant interest, currency or credit risks arising from these financial instruments.

Township of Madawaska Valley
Notes to the Consolidated Financial Statements
For the year ended 31 December 2024

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

The carrying amounts reported on the statement of financial position for cash, accounts receivable, and accounts payable and accrued liabilities, approximate their fair values, due to the immediate and short term maturities of these financial instruments.

The fair value of net long term liabilities, including the current portion, is based on rates currently available to the Municipality with similar terms and maturities and approximates its carrying amounts as disclosed on the Consolidated Statement of Financial Position.

2. AMOUNTS TO BE RECOVERED

Amounts to be recovered represent the requirement of the Township to raise funds in subsequent periods to finance unfunded liabilities, comprised of the landfill closure and post closure liabilities and employee future benefit costs.

3. TRUST FUNDS

Trust funds administered by the Township, totalling \$ 14,094 (2023 - \$ 12,561) are presented in separate financial statements of trust fund financial position and operations. As such, balances held in trust by the Township for the benefit of others have not been included in the Consolidated Statement of Financial Position nor have their operations been included in the Consolidated Statement of Operations and Accumulated Surplus.

4. OPERATIONS OF SCHOOL BOARDS AND COUNTY OF RENFREW

Requisitions were made by the School Boards and County of Renfrew requiring the Township to collect property taxes and payments in lieu of property taxes on their behalf. The amounts collected and remitted are as follows:

	<u>School Boards</u>	<u>County</u>
Property taxes	\$ 1,468,942	\$ 3,439,078
Payments in lieu	<u>1,201</u>	<u>68,002</u>
	<u>\$ 1,470,143</u>	<u>\$ 3,507,080</u>

5. DEFERRED REVENUE

a) Obligatory Reserve Funds:

A requirement of the 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 because federal, provincial and municipal legislation restricts how these funds may be used. The balances in the obligatory reserve funds of the Township are summarized below:

- (i) The balance of deferred revenue - obligatory reserve funds on the "Consolidated Statement of Financial Position" at the end of the year are comprised of the following externally restricted reserve funds:

	<u>2024</u>	<u>2023</u>
Development charges	\$ 3,600	\$ 3,600
Gasoline Tax - Federal	<u>2,037</u>	<u></u>
	<u>\$ 5,637</u>	<u>\$ 3,600</u>

Township of Madawaska Valley
Notes to the Consolidated Financial Statements
For the year ended 31 December 2024

5. DEFERRED REVENUE (Continued)

(ii) Transactions during the year in the deferred revenue - obligatory reserve funds are as follows:

	<u>2024</u>	<u>2023</u>
Balance at the beginning of the year	\$ 3,600	\$ 3,608
Gas tax revenue received	125,502	136,447
Interest earned	<u>433</u>	<u>148</u>
	<u>\$ 129,535</u>	<u>\$ 140,203</u>
Used to purchase tangible capital assets	\$ (123,898)	\$ (136,603)
Used for operations	<u>-</u>	<u>-</u>
	<u>\$ (123,898)</u>	<u>\$ (136,603)</u>
Balance at the end of the year	<u><u>\$ 5,637</u></u>	<u><u>\$ 3,600</u></u>

b) Other Deferred Revenue:

Other deferred revenue consists of advances from the Province of Ontario to complete infrastructure projects within the Township.

6. ASSET RETIREMENT OBLIGATION

Asset retirement obligation at year end is as follows:

	<u>2024</u>	<u>2023</u>
Landfill closure and post closure costs	\$ 2,548,892	\$ 1,975,877
Increase (decrease) in change of estimate	<u>335,772</u>	<u>573,015</u>
	<u><u>\$ 2,884,664</u></u>	<u><u>\$ 2,548,892</u></u>

Landfill

The Environmental 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. This requirement is to be provided for over the estimated remaining life of the landfill site based on usage.

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 ground water and leachates from the site, and ongoing environmental monitoring, site inspection and maintenance. Some closure costs are incurred on an ongoing basis and are included in the yearly fiscal operating budget. All remaining expected closure and post closure costs have been discounted at the Township's average long term borrowing rate, net of estimated inflation. There is currently \$ 949,119 (2023 - \$ 717,406) in reserves set aside for either closure or post closure activities.

The reported liability is based on estimates and assumptions with respect to events extending over the useful life and estimated post closure care period using the best information available to management. Future events may result in significant changes to the estimated total expenditures, capacity used or total capacity and the estimated liability, and would be recognized prospectively, as a change in estimate, when applicable.

Township of Madawaska Valley
Notes to the Consolidated Financial Statements
For the year ended 31 December 2024

6. ASSET RETIREMENT OBLIGATION (Continued)

Bark Lake

The landfill is expected to reach its capacity in 9 years, and the estimated remaining capacity is 94,415 cubic meters, which is 45% of the site's total capacity. The total undiscounted future expenditures for closure and post closure care are \$ 4,950,806 (2023 - \$ 3,937,521). The estimated length of time for post closure care is 25 years.

Barry's Bay

The landfill has reached its total capacity. The total undiscounted future expenditures for closure and post closure care are \$ 181,606 (2023 - \$ 188,252). The estimated length of time for post closure care is 11 years.

Paugh Lake

The landfill has reached its total capacity. The total undiscounted future expenditures for closure and post closure care are \$ 12,153 (2023 - \$ 24,108). The estimated length of time for post closure care is 1 year.

Radcliffe

The landfill has reached its total capacity. The total undiscounted future expenditures for closure and post closure care are \$ 123,228 (2023 - \$ 136,656). The estimated length of time for post closure care is 7 years.

Wilno

The landfill has reached its total capacity. The total undiscounted future expenditures for closure and post closure care are \$ 10,978 (2023 - \$ 10,635). The estimated length of time for post closure care is 1 year.

The estimated total undiscounted expenses over the 25 year post closure period amount to approximately \$ 5,278,771.

7. CONTINGENT LIABILITIES

The nature of municipal activities is such that there may be litigation pending or in prospect at any time. The Township of Madawaska Valley is currently involved in liability claims with the outcomes currently not determinable.

8. BUDGET FIGURES

The operating budget approved by the Township of Madawaska Valley for 2024 is reflected on the Consolidated Statement of Operations and Accumulated Surplus. The budget established for capital investment in tangible capital assets are on a project-oriented basis, the costs of which may be carried out over one or more years and, therefore, may not be comparable with current year's actual expenditure amounts. As well, the Township does not budget activity within reserves and reserve funds, with the exception being those transactions which affect either operations or capital investments. Budget figures have been reclassified for the purpose of these financial statements to comply with PSAB reporting requirements.

Township of Madawaska Valley
Notes to the Consolidated Financial Statements
For the year ended 31 December 2024

9. TANGIBLE CAPITAL ASSETS

The Schedule of Tangible Capital Assets provides information on the tangible capital assets of the Township by major asset class and by function, as well as for accumulated amortization of the assets controlled. The reader should be aware of the following information relating to tangible capital assets:

(i) Contributed Tangible Capital Assets

The Township records all tangible capital assets contributed by an external party at fair value on the earlier of the date received or of the transfer of risk and responsibility. Typical examples are roadways, water and sewer lines installed by a developer as part of a subdivision agreement. The total donated assets in 2024 - \$ Nil (2023 - \$ Nil).

(ii) Tangible Capital Assets Recognized at Nominal Value

Certain assets have been assigned a nominal value of one dollar, because of the difficulty of determining a tenable valuation. The most significant such assets are the Township's road allowances. The 2024 road network had segments, each of which has been assigned a value of one dollar for the road allowance itself.

10. NET LONG TERM LIABILITIES

- (a) The balance of net long term liabilities - capital of \$ 994,879 (2023 - \$ 1,110,700) reported on the "Consolidated Statement of Financial Position" is made up of long term liabilities incurred by the Township and includes those incurred on behalf of municipal enterprises.

	<u>2024</u>	<u>2023</u>
(b) Ontario Infrastructure Projects Corporations (OIPC) loan payable, interest at 2.73%, \$ 48,729 principal and interest payable semi-annually, maturing March 2034	\$ 810,699	\$ 884,511
Ontario Infrastructure and Lands Corporation debenture payable, interest at 3.67%, \$ 24,963 principal and interest payable semi-annually, maturing December 2028	<u>184,180</u>	<u>226,189</u>
Net long term liabilities at the end of the year	<u>\$ 994,879</u>	<u>\$ 1,110,700</u>

- (c) Principal and interest payments required on the long term liabilities are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 119,408	\$ 28,041	\$ 147,449
2026	123,303	24,283	147,586
2027	126,919	20,469	147,388
2028	130,854	16,531	147,385
2029	84,529	12,930	97,459
2030 to 2034	409,866	28,492	438,358
2035 onward	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 994,879</u>	<u>\$ 130,746</u>	<u>\$ 1,125,625</u>

Township of Madawaska Valley
Notes to the Consolidated Financial Statements
For the year ended 31 December 2024

11. CHARGES FOR NET LONG TERM LIABILITIES

(a) Total charges for the year for net long term liabilities are as follows:

	<u>2024</u>	<u>2023</u>
Principal	\$ 115,821	\$ 112,345
Interest	<u>30,968</u>	<u>34,459</u>
	<u>\$ 146,789</u>	<u>\$ 146,804</u>

These payments are within the annual debt repayment limit as prescribed by the Ministry of Municipal Affairs and Housing under Ontario Regulation 403/02.

(b) The interest charges shown in (a) above are reported on the Consolidated Statement of Operations and Accumulated Surplus under the appropriate functional expenditure heading.

12. EQUITY IN TANGIBLE CAPITAL ASSETS

	<u>2024</u>	<u>2023</u>
Tangible capital assets - net	\$ 34,818,737	\$ 35,051,313
Net long term liabilities	<u>(994,879)</u>	<u>(1,110,700)</u>
Equity in tangible capital assets	<u>\$ 33,823,858</u>	<u>\$ 33,940,613</u>

13. CASH

Cash consists of cash in bank of \$ 750,568 (2023 - \$ 893,839) and investments of \$ 6,649,031 (2023 - \$ 6,369,272).

	Cost 31 December <u>2024</u>	Cost 31 December <u>2023</u>	Market Value 31 December <u>2024</u>	Market Value 31 December <u>2023</u>
Investments consist of:				
Guaranteed Investment Certificates	\$ 5,079,478	\$ 5,159,715	\$ 5,077,206	\$ 5,164,497
Government of Canada Coupons	112,091	104,781	112,091	104,781
Province of Ontario Coupons	38,380	36,561	38,380	36,561
Province of Quebec Coupons	82,983	78,974	82,983	78,974
Fixed Income	<u>1,336,099</u>	<u>989,241</u>	<u>1,336,099</u>	<u>989,241</u>
Total investments	<u>\$ 6,649,031</u>	<u>\$ 6,369,272</u>	<u>\$ 6,646,759</u>	<u>\$ 6,374,054</u>

Township of Madawaska Valley
Notes to the Consolidated Financial Statements
For the year ended 31 December 2024

14. PENSION CONTRIBUTIONS

The Municipality makes contributions to the Ontario Municipal Employees Retirement System (OMERS), a multi-employer pension plan. The plan provides defined pension benefits to employees based on their length of service and rates of pay. During the year ended 31 December 2024, the Municipality contributed \$ 191,647 (2023 - \$ 180,810) to the plan and is included as an expense in the Consolidated Statement of Operations and Accumulated Surplus. The Township does not recognize in its consolidated financial statements any share of the pension plan surplus as this is a joint responsibility of all Ontario municipalities and their employees. The pension plan surplus/(deficit) for 2024 is \$ (4,319,000,000) the surplus/(deficit) for 2023 was \$ (7,571,000,000) based on the fair market value of the Plan's assets.

15. CONTRACTUAL OBLIGATIONS

In 2021, the Township entered into a contract with Ontario Clean Water Agency. The contract will continue to be in effect until 31 December 2024. The 2024 annual charges for water and sewage treatment was, water \$ 264,688 (2023 - \$ 281,378) and sewage disposal \$ 384,489 (2023 - \$ 368,804).

The Township has not negotiated a contract with the Ontario Provincial Police for the provision of policing services, however the Ontario Provincial Police provide policing services on an annual basis. Annual charges are determined based on the level of service and are reconciled to actual costs in the following year. The amount for 2024 was \$ 864,660 (2023 - \$ 854,113).

The Township entered into a contract for environmental engineering monitoring that expires in 2027. The amount for 2024 was \$ 58,930 (2023 - \$ 43,946).

16. SEGMENTED INFORMATION

- (a) The Township is responsible for providing a wide range of services to its citizens. The Township reports on functional areas and programs in its consolidated financial statements. A brief description of each segment follows:
- i) General government is comprised of council and administration and is responsible for the overall governance and management of the Municipality.
 - ii) Protection is comprised of police, fire, and other protective services.
 - iii) Transportation is comprised of roads including parking, signs and signals, streetlights and the maintenance of roads of the Township.
 - iv) Environmental services include water supply and distribution, wastewater treatment, and solid waste and recycling services.
 - v) Health services include expenditures related to the doctor recruitment.
 - vi) Recreation and cultural services include parks and recreation and libraries.
 - vii) Planning and development services are comprised of managing development for residential and business interests, as well as infrastructure and parks.

Township of Madawaska Valley
Notes to the Consolidated Financial Statements
For the year ended 31 December 2024

16. SEGMENTED INFORMATION (Continued)

- (b) For each functional area, expenditures represent both amounts that are directly attributable to the functional area and amounts that are allocated on a reasonable basis. The expenditures for 31 December 2024 are as follows:

	Salaries and <u>benefits</u>	Interest on long term <u>debt</u>	Materials and contracted <u>services</u>	Rent and external <u>transfers</u>	<u>Amortization</u>	<u>Total</u>
General government	\$ 785,562		\$ 580,141		\$ 21,490	\$ 1,387,193
Protection services	399,793		1,100,947		112,910	1,613,650
Transportation services	814,080		1,379,713		1,404,608	3,598,401
Environmental services	418,591	\$ 30,968	1,313,915		413,610	2,177,084
Health services			30,000			30,000
Recreation services	623,766		682,006	\$ 3,848	165,361	1,474,981
Planning and development	<u>185,243</u>		<u>79,269</u>			<u>264,512</u>
	<u>\$ 3,227,035</u>	<u>\$ 30,968</u>	<u>\$ 5,165,991</u>	<u>\$ 3,848</u>	<u>\$ 2,117,979</u>	<u>\$ 10,545,821</u>

- (c) The expenditures for 31 December 2023 are as follows:

	Salaries and <u>benefits</u>	Interest on long term <u>debt</u>	Materials and contracted <u>services</u>	Rent and external <u>transfers</u>	<u>Amortization</u>	<u>Total</u>
General government	\$ 721,541		\$ 568,556		\$ 21,490	\$ 1,311,587
Protection services	399,563		1,063,164		107,889	1,570,616
Transportation services	785,208		1,198,795		1,338,325	3,322,328
Environmental services	363,616	\$ 34,459	1,228,467		405,652	2,032,194
Health services			56,000			56,000
Recreation services	614,165		605,551	\$ 13,734	161,170	1,394,620
Planning and development	<u>200,548</u>		<u>57,713</u>			<u>258,261</u>
	<u>\$ 3,084,641</u>	<u>\$ 34,459</u>	<u>\$ 4,778,246</u>	<u>\$ 13,734</u>	<u>\$ 2,034,526</u>	<u>\$ 9,945,606</u>

Township of Madawaska Valley
Notes to the Consolidated Financial Statements
For the year ended 31 December 2024

16. SEGMENTED INFORMATION (Continued)

(d) For each functional area, revenues represent both amounts that are directly attributable to the functional area and amounts that are allocated on a reasonable basis. The revenues for 31 December 2024 are as follows:

	<u>Taxes</u>	<u>User charges and other revenues</u>	<u>Government transfers - Ontario</u>	<u>Government transfers - Canada</u>	<u>Total</u>
General government	\$ 5,164,707	\$ 742,642	\$ 1,606,700		\$ 7,514,049
Protection services		138,354	45,863		184,217
Transportation services		8,453	480,761	\$ 123,898	613,112
Environmental services		1,180,772	155,202	2,318	1,338,292
Health services		3,827			3,827
Recreation services		315,624	76,611	114,267	506,502
Planning and development		35,068			35,068
	<u>\$ 5,164,707</u>	<u>\$ 2,424,740</u>	<u>\$ 2,365,137</u>	<u>\$ 240,483</u>	<u>\$ 10,195,067</u>

(e) The revenues for 31 December 2023 are as follows:

	<u>Taxes</u>	<u>User charges and other revenues</u>	<u>Government transfers - Ontario</u>	<u>Government transfers - Canada</u>	<u>Total</u>
General government	\$ 4,935,432	\$ 353,221	\$ 1,627,742		\$ 6,916,395
Protection services		143,411			143,411
Transportation services		15,788	684,410	\$ 136,603	836,801
Environmental services		898,018	259,282	57,094	1,214,394
Health services		2,701			2,701
Recreation services		323,254	31,377	24,210	378,841
Planning and development		35,474			35,474
	<u>\$ 4,935,432</u>	<u>\$ 1,771,867</u>	<u>\$ 2,602,811</u>	<u>\$ 217,907</u>	<u>\$ 9,528,017</u>

17. TAXATION REVENUE

	<u>2024</u>	<u>2023</u>
Property taxes	\$ 4,713,357	\$ 4,508,658
Payment in lieu of property taxes	125,198	120,651
Other charges	<u>326,152</u>	<u>306,123</u>
Total tax revenue	<u>\$ 5,164,707</u>	<u>\$ 4,935,432</u>

Township of Madawaska Valley
Schedule of General Operations
For the year ended 31 December 2024
(with 2024 budget and 2023 actual figures for comparison)

	<u>2024</u> <u>Budget</u>	<u>2024</u> <u>Actual</u>	<u>2023</u> <u>Actual</u>
Revenue:			
Net municipal taxation	\$ 5,003,663	\$ 5,150,817	\$ 4,922,839
Government transfers:			
Ontario	2,365,356	2,340,721	2,485,237
Canada	240,965	240,483	160,657
Other municipalities	22,700	13,576	13,283
Other	<u>1,226,237</u>	<u>1,540,873</u>	<u>1,206,984</u>
	<u>\$ 8,858,921</u>	<u>\$ 9,286,470</u>	<u>\$ 8,789,000</u>
Expenses:			
General government	\$ 1,397,878	\$ 1,394,295	\$ 1,344,124
Protection to persons and property	1,658,511	1,617,188	1,564,042
Transportation services	3,402,941	3,605,709	3,323,879
Environmental services	709,036	818,883	764,442
Health services		30,000	56,000
Recreation and cultural services	1,122,331	1,250,745	1,195,407
Planning and development	<u>292,430</u>	<u>257,463</u>	<u>245,824</u>
	<u>\$ 8,583,127</u>	<u>\$ 8,974,283</u>	<u>\$ 8,493,718</u>
Excess (deficiency) of revenue over expenses	<u>\$ 275,794</u>	<u>\$ 312,187</u>	<u>\$ 295,282</u>
Transfers:			
Transfer from (to) Library	\$ (176,207)	\$ (173,874)	\$ (169,633)
Transfer from (to) reserves	1,335,237	(23,951)	(190,875)
Transfer from (to) equity in tangible capital assets	<u>(1,467,753)</u>	<u>(104,674)</u>	<u>55,102</u>
Net transfers	<u>\$ (308,723)</u>	<u>\$ (302,499)</u>	<u>\$ (305,406)</u>
Change in general surplus (deficit) for the year	\$ (32,929)	\$ 9,688	\$ (10,124)
General surplus at the beginning of the year	<u>32,929</u>	<u>32,929</u>	<u>43,053</u>
General surplus at the end of the year	<u>\$ -</u>	<u>\$ 42,617</u>	<u>\$ 32,929</u>

(See accompanying notes)

Township of Madawaska Valley
Schedule of Tangible Capital Assets

For the year ended 31 December 2024
(with 2023 figures for comparison)

Segmented by asset class: <u>Cost</u>	Balance at 31 December <u>2023</u>	<u>Additions</u>	Disposals, write-offs and adjustments	Balance at 31 December <u>2024</u>
Land	\$ 1,278,487			\$ 1,278,487
Land improvements	602,117			602,117
Buildings	19,634,663	\$ 210,820		19,845,483
Linear assets	38,767,252	697,904		39,465,156
Machinery and equipment	2,215,261	265,249		2,480,510
Vehicles	5,863,223	629,166	\$ (364,786)	6,127,603
Capital work in process		82,994		82,994
Total	<u>\$ 68,361,003</u>	<u>\$ 1,886,133</u>	<u>\$ (364,786)</u>	<u>\$ 69,882,350</u>

<u>Accumulated amortization</u>	Balance at 31 December <u>2023</u>	<u>Amortization</u>	Disposals, write-offs and adjustments	Balance at 31 December <u>2024</u>
Land improvements	\$ 415,938	\$ 13,847		\$ 429,785
Buildings	7,106,768	420,277		7,527,045
Linear assets	20,539,970	1,311,153		21,851,123
Machinery and equipment	1,205,943	117,557		1,323,500
Vehicles	4,041,071	255,145	\$ (364,056)	3,932,160
Total	<u>\$ 33,309,690</u>	<u>\$ 2,117,979</u>	<u>\$ (364,056)</u>	<u>\$ 35,063,613</u>

<u>Net book value</u>	Balance at 31 December <u>2023</u>	Balance at 31 December <u>2024</u>
Land	\$ 1,278,487	\$ 1,278,487
Land improvements	186,179	172,332
Buildings	12,527,895	12,318,438
Linear assets	18,227,282	17,614,033
Machinery and equipment	1,009,318	1,157,010
Vehicles	1,822,152	2,195,443
Capital work in process		82,994
Total	<u>\$ 35,051,313</u>	<u>\$ 34,818,737</u>

(See accompanying notes)

Township of Madawaska Valley
Schedule of Tangible Capital Assets

For the year ended 31 December 2024
(with 2023 figures for comparison)

Segmented by function: <u>Cost</u>	Balance at 31 December <u>2023</u>	<u>Additions</u>	Disposals, write-offs and adjustments	Balance at 31 December <u>2024</u>
General government	\$ 767,518	\$ 62,165		\$ 829,683
Protection services	2,046,576	159,202	\$ (131,577)	2,074,201
Transportation services	39,553,639	1,166,131	(222,805)	40,496,965
Environmental services	19,094,316	111,339		19,205,655
Recreation and cultural services	<u>6,898,954</u>	<u>387,296</u>	<u>(10,404)</u>	<u>7,275,846</u>
Total	\$ <u>68,361,003</u>	\$ <u>1,886,133</u>	\$ <u>(364,786)</u>	\$ <u>69,882,350</u>

<u>Accumulated amortization</u>	Balance at 31 December <u>2023</u>	<u>Amortization</u>	Disposals, write-offs and adjustments	Balance at 31 December <u>2024</u>
General government	\$ 338,590	\$ 21,490		\$ 360,080
Protection services	1,113,435	112,910	\$ (131,577)	1,094,768
Transportation services	20,736,192	1,404,608	(222,075)	21,918,725
Environmental services	7,823,894	413,610		8,237,504
Recreation and cultural services	<u>3,297,579</u>	<u>165,361</u>	<u>(10,404)</u>	<u>3,452,536</u>
Total	\$ <u>33,309,690</u>	\$ <u>2,117,979</u>	\$ <u>(364,056)</u>	\$ <u>35,063,613</u>

<u>Net book value</u>	Balance at 31 December <u>2023</u>	Balance at 31 December <u>2024</u>
General government	\$ 428,928	\$ 469,603
Protection services	933,141	979,433
Transportation services	18,817,447	18,578,240
Environmental services	11,270,422	10,968,151
Recreation and cultural services	<u>3,601,375</u>	<u>3,823,310</u>
Total	\$ <u>35,051,313</u>	\$ <u>34,818,737</u>

(See accompanying notes)

Township of Madawaska Valley
Schedule of Reserves and Reserve Funds
For the year ended 31 December 2024
(with 2023 figures for comparison)

	<u>2024</u>	<u>2023</u>
Contributions:		
From operations	\$ <u>1,684,015</u>	\$ <u>1,283,242</u>
Transfers:		
To operations	\$ (342,542)	\$ (516,362)
To tangible capital asset acquisitions	<u>(1,157,584)</u>	<u>(567,016)</u>
	\$ <u>(1,500,126)</u>	\$ <u>(1,083,378)</u>
Change in reserves and reserve funds balance	\$ 183,889	\$ 199,864
Reserves and reserve funds at the beginning of the year	<u>8,248,237</u>	<u>8,048,373</u>
Reserves and reserve funds at the end of the year	<u>\$ 8,432,126</u>	<u>\$ 8,248,237</u>
Reserves:		
Working funds	\$ 2,167,393	\$ 2,340,682
Fire	243,529	272,820
Roadways, sidewalks and streetlighting	1,474,782	1,758,062
Replacement of equipment	8,000	8,000
Recreation and culture	736,748	534,369
Building	103,506	97,280
Emergency plan	41,330	27,413
Wastewater system	849,501	754,080
Water system	850,000	785,483
Economic development	65,902	90,006
Unallocated	22,392	21,624
Waste management	<u>1,869,043</u>	<u>1,558,418</u>
Total reserves	<u>\$ 8,432,126</u>	<u>\$ 8,248,237</u>

(See accompanying notes)

Township of Madawaska Valley
Schedule of Waterworks Operations
For the year ended 31 December 2024
 (with 2024 budget and 2023 actual figures for comparison)

	<u>2024</u> <u>Budget</u>	<u>2024</u> <u>Actual</u>	<u>2023</u> <u>Actual</u>
Revenue:			
User charges	\$ 540,640	\$ 569,244	\$ 531,181
Late payment charges	3,300	2,984	3,304
Other revenue	2,500	1,290	1,134
Ontario grant			92,038
Canada grant	54,302		57,094
Investment income	<u>1,400</u>	<u>1,494</u>	<u>110</u>
	<u>\$ 602,142</u>	<u>\$ 575,012</u>	<u>\$ 684,861</u>
Expenses:			
Amortization	\$ 145,484	\$ 145,484	\$ 136,680
Long term debt interest	24,000	23,049	25,039
Operating charges - Ontario Clean Water Agency	272,082	264,688	281,378
Materials and supplies	94,600	165,252	93,879
Wages and benefits	<u>16,450</u>	<u>17,638</u>	<u>15,854</u>
	<u>\$ 552,616</u>	<u>\$ 616,111</u>	<u>\$ 552,830</u>
Excess (shortfall) of revenue over expenses	<u>\$ 49,526</u>	<u>\$ (41,099)</u>	<u>\$ 132,031</u>
Financing and transfers:			
Transfer from (to) equity in tangible capital assets	\$ (73,488)	\$ 44,459	\$ (146,675)
Transfer from (to) reserves	<u>(16,038)</u>	<u>(64,517)</u>	<u>(7,405)</u>
Net financing and transfers	<u>\$ (89,526)</u>	<u>\$ (20,058)</u>	<u>\$ (154,080)</u>
Change in surplus (deficit) during the year	\$ (40,000)	\$ (61,157)	\$ (22,049)
Surplus at the beginning of the year	<u>94,425</u>	<u>94,425</u>	<u>116,474</u>
Surplus at the end of the year	<u><u>\$ 54,425</u></u>	<u><u>\$ 33,268</u></u>	<u><u>\$ 94,425</u></u>

(See accompanying notes)

Township of Madawaska Valley
Schedule of Wastewater Operations
For the year ended 31 December 2024
(with 2024 budget and 2023 actual figures for comparison)

	<u>2024</u> <u>Budget</u>	<u>2024</u> <u>Actual</u>	<u>2023</u> <u>Actual</u>
Revenue:			
User charges	\$ 578,790	\$ 598,075	\$ 561,320
Late payment charges	3,500	3,135	3,461
Investment income	<u>1,300</u>	<u>1,316</u>	<u>1,291</u>
	<u>\$ 583,590</u>	<u>\$ 602,526</u>	<u>\$ 566,072</u>
Expenses:			
Amortization	\$ 214,187	\$ 214,187	\$ 212,040
Long term debt interest	8,000	7,919	9,420
Operating charges - Ontario Clean Water Agency	344,609	384,489	368,804
Material and supplies	113,386	117,202	110,727
Wages and benefits	<u>15,000</u>	<u>17,198</u>	<u>14,854</u>
	<u>\$ 695,182</u>	<u>\$ 740,995</u>	<u>\$ 715,845</u>
Excess (shortfall) of revenue over expenses	<u>\$ (111,592)</u>	<u>\$ (138,469)</u>	<u>\$ (149,773)</u>
Financing and transfers:			
Transfer from equity in tangible capital assets	\$ 29,051	\$ 176,971	\$ 109,408
Transfer from (to) reserves	<u>43,700</u>	<u>(95,420)</u>	<u>(1,585)</u>
Net financing and transfers	<u>\$ 72,751</u>	<u>\$ 81,551</u>	<u>\$ 107,823</u>
Change in surplus (deficit) during the year	\$ (38,841)	\$ (56,918)	\$ (41,950)
Surplus at the beginning of the year	<u>108,985</u>	<u>108,985</u>	<u>150,935</u>
Surplus at the end of the year	<u><u>\$ 70,144</u></u>	<u><u>\$ 52,067</u></u>	<u><u>\$ 108,985</u></u>

(See accompanying notes)

Township of Madawaska Valley
Schedule of Business Improvement Area Association Operations
For the year ended 31 December 2024
 (with 2023 figures for comparison)

	<u>2024</u>	<u>2023</u>
Revenue	\$ <u>13,890</u>	\$ <u>12,593</u>
Expenses:		
Materials and supplies	\$ <u>9,394</u>	\$ <u>10,972</u>
Excess (deficiency) of revenue over expenses	\$ <u><u>4,496</u></u>	\$ <u><u>1,621</u></u>

(See accompanying notes)

Township of Madawaska Valley
Combermere Methodist Cemetery Trust Fund
Schedule of Financial Position
As at 31 December 2024
 (with 2023 figures for comparison)

	<u>2024</u>	<u>2023</u>
<u>ASSETS</u>		
Cash in bank	\$ 2,449	\$ 1,561
Investments	<u>11,645</u>	<u>11,000</u>
	<u>\$ 14,094</u>	<u>\$ 12,561</u>
<u>FUND BALANCE</u>		
Fund balance	<u>\$ 14,094</u>	<u>\$ 12,561</u>

Township of Madawaska Valley
Combermere Methodist Cemetery Trust Fund
Schedule of Operations and Change in Fund Balance
For the year ended 31 December 2024
 (with 2023 figures for comparison)

	<u>2024</u>	<u>2023</u>
Fund balance at the beginning of the year	\$ 12,561	\$ 11,184
Revenue:		
Lot sale	878	1,356
Interest income	655	21
Expenditure:		
Bank charges	<u>-</u>	<u>-</u>
Fund balance at the end of the year	<u>\$ 14,094</u>	<u>\$ 12,561</u>

(See accompanying notes)

Township of Madawaska Valley

Public Library Board

Financial Statements

For the year ended 31 December 2024

MACKILLICAN & ASSOCIATES

CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board Members,
Members of Council,
Inhabitants and Ratepayers of the
Corporation of the Township of Madawaska Valley.

Qualified Opinion

We have audited the financial statements of the Township of Madawaska Valley Public Library Board (the Library Board), which comprise the statement of financial position as at 31 December 2024, and the statement of operations and accumulated surplus and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the matter described in the *Basis for Qualified Opinion* paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of the Library Board as at 31 December 2024, and its financial performance and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards (PSAS).

Basis for Qualified Opinion

The Library Board's tangible capital assets were expensed during the year. The assets were not capitalized which is a departure from Canadian Public Sector Accounting Standards (PSAS). If the Library Board had capitalized the tangible capital assets, the current year's expenses would have been reduced by \$ 19,774 (2023 - \$ 17,365).

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Library Board 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 PSAS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Library Board'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 Library Board or to cease operations, or has no realistic alternative but to do so.

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

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Library Board'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 Library Board's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Library Board 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Library Board 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.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Mac Kilhian + Associates

RENFREW, Ontario.
31 March 2025.

Chartered Professional Accountants,
Licensed Public Accountants.

Township of Madawaska ValleyPublic Library BoardStatement of Financial Position

As at 31 December 2024
(with 2023 figures for comparison)

	<u>2024</u>	<u>2023</u>
<u>ASSETS</u>		
Financial assets:		
Cash on hand and in bank	\$ 51,915	\$ 54,479
Accounts receivable	4,934	
Due from Canada	5,480	4,760
Investment (Note 5)	26,101	24,847
Prepaid expense	631	
	<u>\$ 89,061</u>	<u>\$ 84,086</u>
Liabilities:		
Accounts payable and accrued liabilities	\$ 18,006	\$ 17,759
Due to Municipality	3,978	1,572
Deferred revenue (Note 4)	19,540	19,000
	<u>\$ 41,524</u>	<u>\$ 38,331</u>
Net financial assets	<u>\$ 47,537</u>	<u>\$ 45,755</u>
Accumulated surplus comprised of:		
General	\$ 36,937	\$ 35,155
Reserves	10,600	10,600
	<u>\$ 47,537</u>	<u>\$ 45,755</u>

(See accompanying notes)

Township of Madawaska Valley

Public Library Board

Statement of Operations and Accumulated Surplus

For the year ended 31 December 2024

(with 2024 budget and 2023 actual figures for comparison)

	2024 <u>Budget</u>	2024 <u>Actual</u>	2023 <u>Actual</u>
Revenue:			
Province of Ontario grants - operating	\$ 12,459	\$ 12,459	\$ 12,459
- pay equity	7,270	7,270	7,270
- summer student	2,334	2,311	1,860
- one time		610	2,300
- public internet access	1,790	1,766	1,648
Municipal grant	173,874	173,874	169,633
Interest income		1,407	2,165
Township of Brudenell, Lyndoch and Raglan	3,965	3,965	3,868
Fees and miscellaneous	12,250	15,923	13,187
Donations	<u>3,250</u>	<u>7,229</u>	<u>3,750</u>
	<u>\$ 217,192</u>	<u>\$ 226,814</u>	<u>\$ 218,140</u>
Expenses:			
Advertising	\$ 1,200	\$ 1,608	\$ 603
Audit	5,461	4,427	4,509
Books	17,620	17,327	12,080
Computer equipment	3,100	2,448	5,285
Custodial contract	4,200	4,200	4,125
Insurance	1,200	1,266	1,572
Internet expenses	100	2,247	1,111
Maintenance	8,690	9,711	6,310
Periodicals	600	621	470
Professional development	1,300	881	252
Salaries, wages and employee benefits	160,961	163,415	148,521
Special programs	2,500	3,724	1,738
Sundry	1,948	2,031	2,032
Supplies	2,800	3,856	2,257
Utilities	7,645	7,055	7,695
Videos and disks	<u>200</u>	<u>215</u>	<u></u>
	<u>\$ 219,525</u>	<u>\$ 225,032</u>	<u>\$ 198,560</u>
Excess (shortfall) of revenue over expenses	\$ (2,333)	\$ 1,782	\$ 19,580
Accumulated surplus at the beginning of the year	<u>45,755</u>	<u>45,755</u>	<u>26,175</u>
Accumulated surplus at the end of the year	<u><u>\$ 43,422</u></u>	<u><u>\$ 47,537</u></u>	<u><u>\$ 45,755</u></u>

(See accompanying notes)

Township of Madawaska Valley
Public Library Board
Statement of Cash Flows
For the year ended 31 December 2024
 (with 2023 figures for comparison)

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Excess (shortfall) of revenue over expenses	\$ <u>1,782</u>	\$ <u>19,580</u>
Net change in non cash working capital balances related to operations:		
- decrease (increase) in accounts receivable	\$ (4,934)	
- decrease (increase) in due from Canada	(720)	\$ (1,256)
- increase (decrease) in accounts payable and accrued liabilities	247	888
- increase (decrease) in due to Municipality	2,406	388
- increase (decrease) in deferred revenue	540	
- decrease (increase) in prepaid expense	<u>(631)</u>	<u> </u>
	\$ <u>(3,092)</u>	\$ <u>20</u>
Cash flows from (used for) operating activities	\$ <u>(1,310)</u>	\$ <u>19,600</u>
Cash flows used for investing activities:		
- increase in investment	\$ <u>(1,254)</u>	\$ <u>(1,114)</u>
Net increase (decrease) in cash and cash equivalents during the year	\$ (2,564)	\$ 18,486
Cash and cash equivalents at the beginning of the year	<u>54,479</u>	<u>35,993</u>
Cash and cash equivalents at the end of the year	\$ <u><u>51,915</u></u>	\$ <u><u>54,479</u></u>
Comprised of:		
Cash on hand and in bank	\$ <u><u>51,915</u></u>	\$ <u><u>54,479</u></u>

(See accompanying notes)

Township of Madawaska Valley
Public Library Board
Notes to the Financial Statements
For the year ended 31 December 2024

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Township of Madawaska Valley Public Library Board are the representation of management prepared in accordance with generally accepted accounting standards for local governments as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

(a) Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting recognizes revenues in the period in which transactions or events occurred that gave rise to the revenue; expenses are recognized in the period goods or services are acquired and a liability is incurred or transfers are due.

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used for certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred, services performed or the tangible capital assets are acquired.

(b) Government Transfers

Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or are the result of a direct financial return.

Government transfers are recognized in the financial statements in the period in which the events giving rise to the transfer occur, providing the transfers are authorized, and eligibility criteria have been met and reasonable estimates of the amounts can be made.

(c) Use of Estimates

The preparation of financial statements in conformity with Canadian Public Sector Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the year. Actual results could differ from these estimates.

(d) Deferred Revenue

Certain amounts are received pursuant to regulations or agreement and may only be used in the conduct of certain programs or in the delivery of specific services and transactions. These amounts are recognized as revenue in the fiscal year the related expenditures are incurred or services performed.

(e) Cash and Cash Equivalents

Cash and cash equivalents are comprised of cash on hand and in bank and investments due no greater than three months from the date of acquisition or that are cashable on demand.

Township of Madawaska Valley
Public Library Board
Notes to the Financial Statements
For the year ended 31 December 2024

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Revenue Recognition

Operating grants are recorded as revenue in the period to which they relate. Other revenue relates to library fines, fees for printing, money collected from fundraising activities and is recognized when the activity is performed or when the services are rendered. Donation revenue is recognized once collection is reasonably assured.

(g) Tangible Capital Assets

Capital assets consist of library books and equipment. Capital assets are expensed during the year. If the Library Board had capitalized the tangible capital assets, the current year's expenses would have been reduced by \$ 19,774 (2023 - \$ 17,365).

2. FINANCIAL INSTRUMENTS

Financial instruments include cash on hand and in bank, accounts receivable, investment, accounts payable and accrued liabilities and due to Municipality. Unless otherwise noted, it is management's opinion that the Library Board is not exposed to significant interest, currency or credit risks arising from these financial instruments.

The carrying amounts reported on the statement of financial position for cash on hand and in bank, accounts receivable, investment, accounts payable and accrued liabilities and due to Municipality, approximates their fair values, due to the immediate and short term maturities of these financial instruments.

3. CONTINGENT LIABILITIES

The nature of the Library Board's activities is such that there may be litigation pending or in prospect at any time. The Library Board is not aware of any claims or possible claims as at 31 December 2024.

4. DEFERRED REVENUE

Deferred revenue consists of advances from the Province of Ontario and the Pembroke Petawawa District Community Foundation.

	<u>2024</u>	<u>2023</u>
Province of Ontario Literacy Grant	\$ 19,000	\$ 19,000
Pembroke Petawawa District Community Foundation	<u>540</u>	<u> </u>
Total	<u>\$ 19,540</u>	<u>\$ 19,000</u>

5. INVESTMENT

Investment consists of a Guaranteed Investment Certificate with an interest rate of 2.00% maturing on 28 March 2025.

Township of Madawaska Valley
Public Library Board
Notes to the Financial Statements
For the year ended 31 December 2024

6. ECONOMIC DEPENDENCE

A significant portion of the Township of Madawaska Valley Public Library Board's operations are financed by a grant from the Township of Madawaska Valley. In the event that support from the Township was no longer extended, the Library Board would have to obtain alternate funding or reduce its' services. During the year, \$ 173,874 (2023 - \$ 169,633) was received from the Township.