

Township of Madawaska Valley

Financial Statements

For the year ended 31 December 2023

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 I 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.

Amanda Fludder
Treasurer

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For the year ended 31 December 2023

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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 2023, 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 2023, 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.

7 August 2024.

Chartered Professional Accountants,
Licensed Public Accountants.

Township of Madawaska Valley
Consolidated Statement of Financial Position

As at 31 December 2023
(with 2022 figures for comparison)

	<u>2023</u>	<u>2022</u> (Restated Note 18)
Financial assets:		
Cash (Note 13)	\$ 7,263,111	\$ 7,541,946
Taxes receivable	718,739	903,787
Accounts receivable	1,209,245	854,749
Other assets	<u>6,097</u>	<u>1,672</u>
Total financial assets	<u>\$ 9,197,192</u>	<u>\$ 9,302,154</u>
Financial liabilities:		
Accounts payable and accrued liabilities	\$ 816,573	\$ 955,516
Deferred revenue - obligatory reserve funds (Note 5)	3,600	3,608
- other (Note 5)	313,387	289,875
Net long term liabilities - capital (Note 10)	1,110,700	1,223,045
Landfill closure and post closure costs (Note 6)	2,548,892	1,975,877
Employee future benefits	<u>83,490</u>	<u>109,809</u>
	<u>\$ 4,876,642</u>	<u>\$ 4,557,730</u>
Net financial assets	<u>\$ 4,320,550</u>	<u>\$ 4,744,424</u>
Non-financial assets:		
Tangible capital assets (net) (Notes 1 (d) (i) and 9)	\$ 35,051,313	\$ 35,181,493
Inventory of supplies (Note 1 (d) (iv))	249,682	152,917
Prepaid expenses	<u>216,099</u>	<u>176,399</u>
	<u>\$ 35,517,094</u>	<u>\$ 35,510,809</u>
Accumulated surplus	<u>\$ 39,837,644</u>	<u>\$ 40,255,233</u>
Municipal equity comprised of:		
Equity in tangible capital assets (Note 12)	\$ 33,940,613	\$ 33,958,448
Reserves	8,248,237	8,048,373
General	32,929	43,053
Library Board	35,155	15,575
Waterworks fund	94,425	116,474
Wastewater fund	108,985	150,935
Business Improvement Area Association	9,682	8,061
Unfunded - employee future benefit costs (Note 2)	(83,490)	(109,809)
Unfunded - landfill closure and post closure costs (Note 2)	<u>(2,548,892)</u>	<u>(1,975,877)</u>
Total accumulated surplus	<u>\$ 39,837,644</u>	<u>\$ 40,255,233</u>

(See accompanying notes)

Township of Madawaska Valley
Consolidated Statement of Operations and Accumulated Surplus
For the year ended 31 December 2023
(with 2023 budget and 2022 actual figures for comparison)

	2023 <u>Budget</u>	2023 <u>Actual</u>	2022 <u>Actual</u> (Restated Note 18)
Revenue:			
Taxation revenue (Note 17)	\$ 4,788,727	\$ 4,935,432	\$ 4,779,601
User charges	1,112,480	1,099,049	1,116,654
Government transfers:			
Ontario	2,618,730	2,602,812	2,234,748
Canada	268,848	217,751	354,326
Other municipalities	18,667	17,151	27,992
Other	928,925	1,228,837	1,138,201
Landfill closure cost adjustment	<u> </u>	<u>(573,015)</u>	<u>(1,384,598)</u>
	<u>\$ 9,736,377</u>	<u>\$ 9,528,017</u>	<u>\$ 8,266,924</u>
Expenses:			
General government	\$ 1,225,183	\$ 1,311,587	\$ 1,221,560
Protection to persons and property	1,499,436	1,570,616	1,583,087
Transportation services	3,209,350	3,322,328	3,205,507
Environmental services	2,132,979	2,032,194	1,910,574
Health services		56,000	193,627
Recreation and cultural services	1,396,833	1,394,620	1,231,617
Planning and development	<u>284,750</u>	<u>258,261</u>	<u>185,569</u>
	<u>\$ 9,748,531</u>	<u>\$ 9,945,606</u>	<u>\$ 9,531,541</u>
Excess (deficiency) of revenue over expenses	\$ (12,154)	\$ (417,589)	\$ (1,264,617)
Accumulated surplus at the beginning of the year	<u>40,255,233</u>	<u>40,255,233</u>	<u>41,519,850</u>
Accumulated surplus at the end of the year	<u>\$ 40,243,079</u>	<u>\$ 39,837,644</u>	<u>\$ 40,255,233</u>

(See accompanying notes)

Township of Madawaska Valley
Consolidated Statement of Changes in Net Financial Assets
For the year ended 31 December 2023
(with 2023 budget and 2022 actual figures for comparison)

	<u>2023</u> <u>Budget</u>	<u>2023</u> <u>Actual</u>	<u>2022</u> <u>Actual</u> (Restated Note 18)
Excess (deficiency) of revenue over expenses	\$ (12,154)	\$ (417,589)	\$ (1,264,617)
Amortization of tangible capital assets	2,034,526	2,034,526	1,985,535
Acquisition of tangible capital assets and construction in progress	(3,435,047)	(1,904,346)	(2,945,689)
Use of (acquisition of) prepaid expenses		(39,700)	(50,123)
Use of (acquisition of) inventory	<u> </u>	<u>(96,765)</u>	<u>(88,726)</u>
Increase (decrease) in net financial assets	\$ (1,412,675)	\$ (423,874)	\$ (2,363,620)
Net financial assets at the beginning of the year	<u>4,744,424</u>	<u>4,744,424</u>	<u>7,108,044</u>
Net financial assets at the end of the year	<u>\$ 3,331,749</u>	<u>\$ 4,320,550</u>	<u>\$ 4,744,424</u>

(See accompanying notes)

Township of Madawaska Valley
Consolidated Statement of Cash Flows
For the year ended 31 December 2023
(with 2022 figures for comparison)

	<u>2023</u>	<u>2022</u> (Restated Note 18)
Cash flows from operating activities:		
Excess (deficiency) of revenue over expenses	\$ (417,589)	\$ (1,264,617)
Add amounts which do not involve cash		
- amortization	2,034,526	1,985,535
- increase (decrease) in landfill closure and post closure costs	573,015	1,384,598
- increase (decrease) in employee future benefits	<u>(26,319)</u>	<u>(1,121)</u>
	<u>\$ 2,163,633</u>	<u>\$ 2,104,395</u>
Net change in non cash working capital balances related to operations:		
- decrease (increase) in taxes receivable	\$ 185,048	\$ 358,758
- decrease (increase) in other assets	(4,425)	(1,672)
- decrease (increase) in accounts receivable	(354,496)	485,217
- decrease (increase) in prepaid expenses	(39,700)	(50,123)
- decrease (increase) in inventory of supplies	(96,765)	(88,726)
- increase (decrease) in deferred revenue	23,504	(201,298)
- increase (decrease) in accounts payable and accrued liabilities	<u>(138,943)</u>	<u>(117,969)</u>
	<u>\$ (425,777)</u>	<u>\$ 384,187</u>
Cash flows from operating activities	<u>\$ 1,737,856</u>	<u>\$ 2,488,582</u>
Cash flows used for financing activities:		
Decrease in long term liabilities	<u>\$ (112,345)</u>	<u>\$ (108,977)</u>
Cash flows used for capital activities:		
Additions to tangible capital assets:		
General government	\$ (2)	\$ (37,604)
Protection services	(50,216)	(79,194)
Transportation services	(1,489,970)	(735,229)
Environmental services	(273,643)	(26,950)
Recreation and cultural services	<u>(90,515)</u>	<u>(2,066,712)</u>
Cash flows used for capital activities	<u>\$ (1,904,346)</u>	<u>\$ (2,945,689)</u>
Increase (decrease) in cash and cash equivalents during the year	\$ (278,835)	\$ (566,084)
Cash and cash equivalents at the beginning of the year	<u>7,541,946</u>	<u>8,108,030</u>
Cash and cash equivalents at the end of the year	<u><u>\$ 7,263,111</u></u>	<u><u>\$ 7,541,946</u></u>

(See accompanying notes)

Township of Madawaska Valley
Notes to the Consolidated Financial Statements
For the year ended 31 December 2023

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 2023

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 2023

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 2023

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 \$ 12,561 (2022 - \$ 11,184) 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	\$ 1,447,996	\$ 3,217,197
Payments in lieu	<u>1,206</u>	<u>64,712</u>
	<u>\$ 1,449,202</u>	<u>\$ 3,281,909</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>2023</u>	<u>2022</u>
Development charges	\$ 3,600	\$ 3,608
Gasoline Tax - Federal	<u>-</u>	<u>-</u>
	<u>\$ 3,600</u>	<u>\$ 3,608</u>

Township of Madawaska Valley
Notes to the Consolidated Financial Statements
For the year ended 31 December 2023

5. DEFERRED REVENUE (Continued)

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

	<u>2023</u>	<u>2022</u>
Balance at the beginning of the year	\$ 3,608	\$ 200,406
Gas tax revenue received	136,447	130,762
Interest earned	<u>148</u>	<u>377</u>
	\$ <u>140,203</u>	\$ <u>331,545</u>
Used to purchase tangible capital assets	\$ (136,603)	\$ (300,218)
Used for operations	<u></u>	<u>(27,719)</u>
	\$ <u>(136,603)</u>	\$ <u>(327,937)</u>
Balance at the end of the year	<u>\$ 3,600</u>	<u>\$ 3,608</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>2023</u>	<u>2022</u>
Landfill closure and post closure costs	\$ 1,975,877	\$ 591,279
Increase (decrease) in change of estimate	<u>573,015</u>	<u>1,384,598</u>
	\$ <u>2,548,892</u>	\$ <u>1,975,877</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 \$ 717,406 (2022 - \$ 583,053) 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 2023

6. ASSET RETIREMENT OBLIGATION (Continued)

Bark Lake

The landfill is expected to reach its capacity in 7 years, and the estimated remaining capacity is 87,087 cubic meters, which is 42% of the site's total capacity. The total undiscounted future expenditures for closure and post closure care are \$ 3,937,521 (2022 - \$ 3,327,088). 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 \$ 188,252 (2022 - \$ 191,246). The estimated length of time for post closure care is 12 years.

Paugh Lake

The landfill has reached its total capacity. The total undiscounted future expenditures for closure and post closure care are \$ 24,108 (2022 - \$ 42,300). The estimated length of time for post closure care is 2 years.

Radcliffe

The landfill has reached its total capacity. The total undiscounted future expenditures for closure and post closure care are \$ 136,656 (2022 - \$ 152,366). The estimated length of time for post closure care is 8 years.

Wilno

The landfill has reached its total capacity. The total undiscounted future expenditures for closure and post closure care are \$ 10,635 (2022 - \$ 10,573). 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 \$ 4,297,172.

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 2023 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 2023

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 2023 - \$ Nil (2022 - \$ 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 2023 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 \$ 1,110,700 (2022 - \$ 1,223,045) 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>2023</u>	<u>2022</u>
(b) Ontario Infrastructure Projects Corporations (OIPC) loan payable, interest at 2.73%, \$ 48,729 principal and interest payable semi-annually, maturing March 2034	\$ 884,511	\$ 956,348
Ontario Infrastructure and Lands Corporation debenture payable, interest at 3.67%, \$ 24,963 principal and interest payable semi-annually, maturing December 2028	<u>226,189</u>	<u>266,697</u>
Net long term liabilities at the end of the year	<u>\$ 1,110,700</u>	<u>\$ 1,223,045</u>

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 115,825	\$ 31,616	\$ 147,441
2025	119,405	28,041	147,446
2026	123,303	24,283	147,586
2027	126,919	20,469	147,388
2028	130,854	16,531	147,385
2029 to 2033	446,526	40,766	487,292
2034 onward	<u>47,868</u>	<u>657</u>	<u>48,525</u>
	<u>\$ 1,110,700</u>	<u>\$ 162,363</u>	<u>\$ 1,273,063</u>

Township of Madawaska Valley
Notes to the Consolidated Financial Statements
For the year ended 31 December 2023

11. CHARGES FOR NET LONG TERM LIABILITIES

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

	<u>2023</u>	<u>2022</u>
Principal	\$ 112,345	\$ 108,977
Interest	<u>34,459</u>	<u>37,843</u>
	<u>\$ 146,804</u>	<u>\$ 146,820</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>2023</u>	<u>2022</u> (Restated Note 18)
Tangible capital assets - net	\$ 35,051,313	\$ 35,181,493
Net long term liabilities	<u>(1,110,700)</u>	<u>(1,223,045)</u>
Equity in tangible capital assets	<u>\$ 33,940,613</u>	<u>\$ 33,958,448</u>

13. CASH

Cash consists of cash in bank of \$ 893,839 (2022 - \$ 1,441,039) and investments of \$ 6,369,272 (2022 - \$ 6,100,907).

	Cost 31 December <u>2023</u>	Cost 31 December <u>2022</u>	Market Value 31 December <u>2023</u>	Market Value 31 December <u>2022</u>
Investments consist of:				
Guaranteed Investment Certificates	\$ 5,159,715	\$ 1,854,479	\$ 5,164,497	\$ 1,854,479
Government of Canada Coupons	104,781		104,781	
Province of Ontario Coupons	36,561		36,561	
Province of Quebec Coupons	78,974		78,974	
Fixed Income	<u>989,241</u>	<u>4,246,428</u>	<u>989,241</u>	<u>4,149,916</u>
Total investments	<u>\$ 6,369,272</u>	<u>\$ 6,100,907</u>	<u>\$ 6,374,054</u>	<u>\$ 6,004,395</u>

Township of Madawaska Valley
Notes to the Consolidated Financial Statements
For the year ended 31 December 2023

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 2023, the Municipality contributed \$ 180,810 (2022 - \$ 159,159) 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 2023 is \$ (7,571,000,000) the surplus/(deficit) for 2022 was \$ (6,100,000,000) 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 2023 annual charges for water and sewage treatment was, water \$ 281,378 (2022 - \$ 243,351) and sewage disposal \$ 368,804 (2022 - \$ 333,018).

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 2023 was \$ 854,113 (2022 - \$ 892,689).

The Township entered into a contract for environmental engineering monitoring that expires in 2027. The amount for 2023 was \$ 43,946 (2022 - \$ 45,516).

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) Social services include service related to social assistance.
 - vii) Recreation and cultural services include parks and recreation and libraries.
 - viii) 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 2023

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 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>

- (c) The expenditures for 31 December 2022 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	\$ 771,498		\$ 431,673		\$ 18,389	\$ 1,221,560
Protection services	375,270		1,089,478		118,339	1,583,087
Transportation services	713,492		1,165,181		1,326,834	3,205,507
Environmental services	340,111	\$ 37,843	1,128,698		403,922	1,910,574
Health services			193,627			193,627
Recreation services	541,435		559,274	\$ 12,857	118,051	1,231,617
Planning and development	<u>118,703</u>		<u>66,866</u>			<u>185,569</u>
	<u>\$ 2,860,509</u>	<u>\$ 37,843</u>	<u>\$ 4,634,797</u>	<u>\$ 12,857</u>	<u>\$ 1,985,535</u>	<u>\$ 9,531,541</u>

Township of Madawaska Valley
Notes to the Consolidated Financial Statements
For the year ended 31 December 2023

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 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>

(e) The revenues for 31 December 2022 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	\$ 4,779,601	\$ 429,857	\$ 1,710,262	\$ 27,624	\$ 6,947,344
Protection services		145,853	2,275		148,128
Transportation services		38,712	381,755		420,467
Environmental services		58,708	115,454		174,162
Health services		8,843			8,843
Recreation services		178,228	25,002	326,702	529,932
Planning and development		38,048			38,048
	<u>\$ 4,779,601</u>	<u>\$ 898,249</u>	<u>\$ 2,234,748</u>	<u>\$ 354,326</u>	<u>\$ 8,266,924</u>

17. TAXATION REVENUE

	<u>2023</u>	<u>2022</u>
Property taxes	\$ 4,508,658	\$ 4,359,898
Payment in lieu of property taxes	120,651	118,947
Other charges	<u>306,123</u>	<u>300,756</u>
Total tax revenue	<u>\$ 4,935,432</u>	<u>\$ 4,779,601</u>

Township of Madawaska Valley
Notes to the Consolidated Financial Statements
For the year ended 31 December 2023

18. CHANGE IN ACCOUNTING POLICIES

On 1 January 2022, the Township adopted Public Accounting Standard PS 3280 - Asset Retirement Obligations (ARO) on a modified retrospective basis.

PS 3280 Asset Retirement Obligations (ARO) establishes the accounting and reporting requirements for legal obligations associated with the retirement of tangible capital assets controlled by a government or government organization. A liability for retirement obligation can apply to tangible capital assets either in productive use or no longer in productive use.

Previously, the Municipality reported its obligations relating to the retirement of its landfill including closure and post closure activities provided for over the estimated remaining life of the landfill site based on usage.

The new accounting standard addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets, such as landfill closure and post closure costs. The standard was adopted on the modified retrospective basis at the date of adoption. Under the the modified retrospective method, the discount rate used for the application of the standard was 5%.

On 1 January 2022, the Township recognized an asset retirement obligation relating to landfills that are owned by the Township for landfill closure and post closure costs. The landfills were originally opened in the 1970's, with the Township undertaking additions and expansions to the landfills subsequent to their original acquisition.

The ARO liability relating to the landfill closure and post closure costs is measured as of the date of acquisition of the landfills, when the liability was created and is calculated based on current costs without discounting to the date of the initial landfill acquisition.

In accordance with the provisions of this new standard, the Township reflected the following adjustments at 1 January 2022:

An increase in the tangible capital assets of \$ 56,702, representing the net book value of the landfill sites.

An increase in the opening equity in tangible capital assets of \$ 56,702, to reflect the recognition of the original ARO liability and accompanying increase in amortization expense.

Township of Madawaska Valley
Notes to the Consolidated Financial Statements
For the year ended 31 December 2023

18. CHANGE IN ACCOUNTING POLICIES (Continued)

The adoption of PS 3280 Asset Retirement Obligations (ARO) has been applied to the comparative period as follows:

	<u>As Previously Stated</u>	<u>Adjustments</u>	<u>Restated</u>
<u>Statement of Financial Position</u>			
Tangible capital assets including ARO	\$ 35,131,091	\$ 50,402	\$ 35,181,493
Equity in tangible capital assets	33,908,046	50,402	33,958,448
<u>Statement of Changes in Net Financial Assets</u>			
Excess (deficiency) of revenue over expenses	\$ (1,258,317)	\$ (6,300)	\$ (1,264,617)
Amortization of TCA (incl. TCA-ARO)	1,979,235	6,300	1,985,535
<u>Statement of Operations</u>			
Environmental services	\$ 1,904,274	\$ 6,300	\$ 1,910,574
Excess (deficiency) of revenue over expenses	(1,258,317)	(6,300)	(1,264,617)
<u>Statement of Cash Flows</u>			
Excess (deficiency) of revenue over expenses	\$ (1,258,317)	\$ (6,300)	\$ (1,264,617)
Amortization of TCA (incl. TCA-ARO)	1,979,235	6,300	1,985,535
<u>Note 12 Equity in Tangible Capital Assets</u>			
Tangible capital assets - net	\$ 35,131,091	\$ 50,402	\$ 35,181,493
<u>Note 16 Segmented Information</u>			
Amortization of TCA (incl. TCA-ARO)	\$ 1,979,235	\$ 6,300	\$ 1,985,535
<u>Schedule of General Operations</u>			
Environmental services	\$ 677,201	\$ 6,300	\$ 683,501
Transfer from (to) equity in TCA	(1,315,174)	6,300	(1,308,874)

Township of Madawaska Valley
Schedule of General Operations
For the year ended 31 December 2023
(with 2023 budget and 2022 actual figures for comparison)

	<u>2023</u> <u>Budget</u>	<u>2023</u> <u>Actual</u>	<u>2022</u> <u>Actual</u> (Restated Note 18)
Revenue:			
Net municipal taxation	\$ 4,788,727	\$ 4,922,839	\$ 4,771,115
Government transfers:			
Ontario	2,501,883	2,485,237	2,211,633
Canada	156,447	160,657	354,326
Other municipalities	14,800	13,283	24,200
Other	<u>915,925</u>	<u>1,206,984</u>	<u>1,126,304</u>
	<u>\$ 8,377,782</u>	<u>\$ 8,789,000</u>	<u>\$ 8,487,578</u>
Expenses:			
General government	\$ 1,225,183	\$ 1,344,124	\$ 1,219,126
Protection to persons and property	1,499,436	1,564,042	1,579,752
Transportation services	3,209,350	3,323,879	3,205,391
Environmental services	770,682	764,442	683,501
Health services		56,000	193,627
Recreation and cultural services	1,187,144	1,195,407	1,032,711
Planning and development	<u>284,750</u>	<u>245,824</u>	<u>179,494</u>
	<u>\$ 8,176,545</u>	<u>\$ 8,493,718</u>	<u>\$ 8,093,602</u>
Excess of revenue over expenses	<u>\$ 201,237</u>	<u>\$ 295,282</u>	<u>\$ 393,976</u>
Transfers:			
Transfer from (to) Library	\$ (169,633)	\$ (169,633)	\$ (168,109)
Transfer from (to) reserves	1,026,288	(190,875)	1,024,008
Transfer from (to) equity in tangible capital assets	<u>(1,057,892)</u>	<u>55,102</u>	<u>(1,308,874)</u>
Net transfers	<u>\$ (201,237)</u>	<u>\$ (305,406)</u>	<u>\$ (452,975)</u>
Change in general surplus (deficit) for the year	\$ -	\$ (10,124)	\$ (58,999)
General surplus at the beginning of the year	<u>43,053</u>	<u>43,053</u>	<u>102,052</u>
General surplus at the end of the year	<u>\$ 43,053</u>	<u>\$ 32,929</u>	<u>\$ 43,053</u>

(See accompanying notes)

Township of Madawaska Valley
Schedule of Tangible Capital Assets

For the year ended 31 December 2023
(with 2022 figures for comparison)

Segmented by asset class:	Balance at 31 December <u>2022</u>	<u>Additions</u>	Disposals, write-offs and adjustments	Balance at 31 December <u>2023</u>
<u>Cost</u>	(Restated Note 18)			
Land	\$ 1,278,485	\$ 2		\$ 1,278,487
Land improvements	568,638	33,479		602,117
Buildings	19,371,463	263,200		19,634,663
Linear assets	37,514,716	1,252,536		38,767,252
Machinery and equipment	1,958,790	262,577	\$ (6,106)	2,215,261
Vehicles	<u>5,770,671</u>	<u>92,552</u>		<u>5,863,223</u>
Total	<u>\$ 66,462,763</u>	<u>\$ 1,904,346</u>	<u>\$ (6,106)</u>	<u>\$ 68,361,003</u>

Accumulated <u>amortization</u>	Balance at 31 December <u>2022</u>	<u>Amortization</u>	Disposals, write-offs and adjustments	Balance at 31 December <u>2023</u>
	(Restated Note 18)			
Land improvements	\$ 403,430	\$ 12,508		\$ 415,938
Buildings	6,698,462	408,306		7,106,768
Linear assets	19,290,551	1,249,419		20,539,970
Machinery and equipment	1,107,608	104,441	\$ (6,106)	1,205,943
Vehicles	<u>3,781,219</u>	<u>259,852</u>		<u>4,041,071</u>
Total	<u>\$ 31,281,270</u>	<u>\$ 2,034,526</u>	<u>\$ (6,106)</u>	<u>\$ 33,309,690</u>

<u>Net book value</u>	Balance at 31 December <u>2022</u>	Balance at 31 December <u>2023</u>
	(Restated Note 18)	
Land	\$ 1,278,485	\$ 1,278,487
Land improvements	165,208	186,179
Buildings	12,673,001	12,527,895
Linear assets	18,224,165	18,227,282
Machinery and equipment	851,182	1,009,318
Vehicles	<u>1,989,452</u>	<u>1,822,152</u>
Total	<u>\$ 35,181,493</u>	<u>\$ 35,051,313</u>

(See accompanying notes)

Township of Madawaska Valley
Schedule of Tangible Capital Assets

For the year ended 31 December 2023
(with 2022 figures for comparison)

Segmented by function: <u>Cost</u>	Balance at 31 December <u>2022</u> (Restated Note 18)	<u>Additions</u>	Disposals, write-offs and adjustments	Balance at 31 December <u>2023</u>
General government	\$ 767,516	\$ 2		\$ 767,518
Protection services	2,002,466	50,216	\$ (6,106)	2,046,576
Transportation services	38,063,669	1,489,970		39,553,639
Environmental services	18,820,673	273,643		19,094,316
Recreation and cultural services	<u>6,808,439</u>	<u>90,515</u>		<u>6,898,954</u>
Total	<u>\$ 66,462,763</u>	<u>\$ 1,904,346</u>	<u>\$ (6,106)</u>	<u>\$ 68,361,003</u>

<u>Accumulated amortization</u>	Balance at 31 December <u>2022</u> (Restated Note 18)	<u>Amortization</u>	Disposals, write-offs and adjustments	Balance at 31 December <u>2023</u>
General government	\$ 317,100	\$ 21,490		\$ 338,590
Protection services	1,011,652	107,889	\$ (6,106)	1,113,435
Transportation services	19,397,867	1,338,325		20,736,192
Environmental services	7,418,242	405,652		7,823,894
Recreation and cultural services	<u>3,136,409</u>	<u>161,170</u>		<u>3,297,579</u>
Total	<u>\$ 31,281,270</u>	<u>\$ 2,034,526</u>	<u>\$ (6,106)</u>	<u>\$ 33,309,690</u>

<u>Net book value</u>	Balance at 31 December <u>2022</u> (Restated Note 18)	Balance at 31 December <u>2023</u>
General government	\$ 450,416	\$ 428,928
Protection services	990,814	933,141
Transportation services	18,665,802	18,817,447
Environmental services	11,402,431	11,270,422
Recreation and cultural services	<u>3,672,030</u>	<u>3,601,375</u>
Total	<u>\$ 35,181,493</u>	<u>\$ 35,051,313</u>

(See accompanying notes)

Township of Madawaska Valley
Schedule of Reserves and Reserve Funds
For the year ended 31 December 2023
(with 2022 figures for comparison)

	<u>2023</u>	<u>2022</u>
Contributions:		
From operations	\$ <u>1,283,242</u>	\$ <u>1,609,512</u>
Transfers:		
To operations	\$ (516,362)	\$ (1,723,061)
To tangible capital asset acquisitions	<u>(567,016)</u>	<u>(782,700)</u>
	\$ <u>(1,083,378)</u>	\$ <u>(2,505,761)</u>
Change in reserves and reserve funds balance	\$ 199,864	\$ (896,249)
Reserves and reserve funds at the beginning of the year	<u>8,048,373</u>	<u>8,944,622</u>
Reserves and reserve funds at the end of the year	<u><u>\$ 8,248,237</u></u>	<u><u>\$ 8,048,373</u></u>
Reserves:		
Working funds	\$ 2,340,682	\$ 2,622,906
Fire	272,820	225,334
Roadways, sidewalks and streetlighting	1,758,062	1,723,677
Replacement of equipment	8,000	8,000
Recreation and culture	534,369	325,260
Building	97,280	75,513
Emergency plan	27,413	14,390
Wastewater system	754,080	755,665
Water system	785,483	778,078
Economic development	90,006	145,193
Unallocated	21,624	21,212
Waste management	<u>1,558,418</u>	<u>1,353,145</u>
Total reserves	<u><u>\$ 8,248,237</u></u>	<u><u>\$ 8,048,373</u></u>

(See accompanying notes)

Township of Madawaska Valley
Schedule of Waterworks Operations
For the year ended 31 December 2023
 (with 2023 budget and 2022 actual figures for comparison)

	<u>2023</u> <u>Budget</u>	<u>2023</u> <u>Actual</u>	<u>2022</u> <u>Actual</u>
Revenue:			
User charges	\$ 537,090	\$ 531,181	\$ 535,601
Late payment charges		3,304	6,920
Other revenue		1,134	1,432
Ontario grant	93,658	92,038	
Canada grant	112,401	57,094	
Investment income	<u>1,700</u>	<u>110</u>	
	<u>\$ 744,849</u>	<u>\$ 684,861</u>	<u>\$ 543,953</u>
Expenses:			
Amortization	\$ 136,680	\$ 136,680	\$ 136,680
Long term debt interest	26,000	25,039	27,578
Operating charges - Ontario Clean Water Agency	306,069	281,378	243,351
Materials and supplies	80,975	93,879	114,657
Wages and benefits	<u>20,400</u>	<u>15,854</u>	<u>18,658</u>
	<u>\$ 570,124</u>	<u>\$ 552,830</u>	<u>\$ 540,924</u>
Excess (shortfall) of revenue over expenses	<u>\$ 174,725</u>	<u>\$ 132,031</u>	<u>\$ 3,029</u>
Financing and transfers:			
Transfer from (to) equity in tangible capital assets	\$ (518,533)	\$ (146,675)	\$ 62,412
Transfer from (to) reserves	<u>343,808</u>	<u>(7,405)</u>	<u>(82,700)</u>
Net financing and transfers	<u>\$ (174,725)</u>	<u>\$ (154,080)</u>	<u>\$ (20,288)</u>
Change in surplus (deficit) during the year	\$ -	\$ (22,049)	\$ (17,259)
Surplus at the beginning of the year	<u>116,474</u>	<u>116,474</u>	<u>133,733</u>
Surplus at the end of the year	<u>\$ 116,474</u>	<u>\$ 94,425</u>	<u>\$ 116,474</u>

(See accompanying notes)

Township of Madawaska Valley
Schedule of Wastewater Operations
For the year ended 31 December 2023
(with 2023 budget and 2022 actual figures for comparison)

	<u>2023</u> <u>Budget</u>	<u>2023</u> <u>Actual</u>	<u>2022</u> <u>Actual</u>
Revenue:			
User charges	\$ 570,190	\$ 561,320	\$ 569,255
Late payment charges	3,500	3,461	3,447
Investment income	<u>2,300</u>	<u>1,291</u>	<u> </u>
	<u>\$ 575,990</u>	<u>\$ 566,072</u>	<u>\$ 572,702</u>
Expenses:			
Amortization	\$ 212,040	\$ 212,040	\$ 213,924
Long term debt interest	10,000	9,420	10,265
Operating charges - Ontario Clean Water Agency	338,346	368,804	333,018
Material and supplies	105,485	110,727	113,815
Wages and benefits	<u>14,916</u>	<u>14,854</u>	<u>14,215</u>
	<u>\$ 680,787</u>	<u>\$ 715,845</u>	<u>\$ 685,237</u>
Shortfall of revenue over expenses	<u>\$ (104,797)</u>	<u>\$ (149,773)</u>	<u>\$ (112,535)</u>
Financing and transfers:			
Transfer from equity in tangible capital assets	\$ 62,977	\$ 109,408	\$ 177,331
Transfer from (to) reserves	<u>41,820</u>	<u>(1,585)</u>	<u>(43,255)</u>
Net financing and transfers	<u>\$ 104,797</u>	<u>\$ 107,823</u>	<u>\$ 134,076</u>
Change in surplus (deficit) during the year	\$ -	\$ (41,950)	\$ 21,541
Surplus at the beginning of the year	<u>150,935</u>	<u>150,935</u>	<u>129,394</u>
Surplus at the end of the year	<u><u>\$ 150,935</u></u>	<u><u>\$ 108,985</u></u>	<u><u>\$ 150,935</u></u>

(See accompanying notes)

Township of Madawaska Valley
Schedule of Business Improvement Area Association Operations
For the year ended 31 December 2023
 (with 2022 figures for comparison)

	<u>2023</u>	<u>2022</u>
Revenue	\$ <u>12,593</u>	\$ <u>8,486</u>
Expenses:		
Materials and supplies	\$ <u>10,972</u>	\$ <u>13,967</u>
Excess (deficiency) of revenue over expenses	\$ <u><u>1,621</u></u>	\$ <u><u>(5,481)</u></u>

(See accompanying notes)

Township of Madawaska Valley
Combermere Methodist Cemetery Trust Fund
Schedule of Financial Position
As at 31 December 2023
 (with 2022 figures for comparison)

	<u>2023</u>	<u>2022</u>
<u>ASSETS</u>		
Cash in bank	\$ 1,561	\$ 11,184
Investments	<u>11,000</u>	<u> </u>
	<u>\$ 12,561</u>	<u>\$ 11,184</u>
<u>FUND BALANCE</u>		
Fund balance	<u>\$ 12,561</u>	<u>\$ 11,184</u>

Township of Madawaska Valley
Combermere Methodist Cemetery Trust Fund
Schedule of Operations and Change in Fund Balance
For the year ended 31 December 2023
 (with 2022 figures for comparison)

	<u>2023</u>	<u>2022</u>
Fund balance at the beginning of the year	\$ 11,184	\$ 11,141
Revenue:		
Lot sale	1,356	
Interest income	21	43
Expenditure:		
Bank charges	<u>-</u>	<u>-</u>
Fund balance at the end of the year	<u>\$ 12,561</u>	<u>\$ 11,184</u>

(See accompanying notes)

Township of Madawaska Valley

Public Library Board

Financial Statements

For the year ended 31 December 2023

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 2023, 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 2023, 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 \$ 17,365 (2022 - \$ 21,056).

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.

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.

Mae Killian + Associates

RENFREW, Ontario.
27 May 2024.

Chartered Professional Accountants,
Licensed Public Accountants.

Township of Madawaska Valley
Public Library Board
Statement of Financial Position
As at 31 December 2023
 (with 2022 figures for comparison)

	<u>2023</u>	<u>2022</u>
<u>ASSETS</u>		
Financial assets:		
Cash on hand and in bank	\$ 54,479	\$ 35,993
Due from Canada	4,760	3,504
Investment (Note 5)	<u>24,847</u>	<u>23,733</u>
	<u>\$ 84,086</u>	<u>\$ 63,230</u>
Liabilities:		
Accounts payable and accrued liabilities	\$ 17,759	\$ 16,871
Due to Municipality	1,572	1,184
Deferred revenue (Note 4)	<u>19,000</u>	<u>19,000</u>
	<u>\$ 38,331</u>	<u>\$ 37,055</u>
Net financial assets	<u>\$ 45,755</u>	<u>\$ 26,175</u>
Accumulated surplus comprised of:		
General	\$ 35,155	\$ 15,575
Reserves	<u>10,600</u>	<u>10,600</u>
	<u>\$ 45,755</u>	<u>\$ 26,175</u>

(See accompanying notes)

Township of Madawaska Valley

Public Library Board

Statement of Operations and Accumulated Surplus

For the year ended 31 December 2023

(with 2023 budget and 2022 actual figures for comparison)

	<u>2023</u> <u>Budget</u>	<u>2023</u> <u>Actual</u>	<u>2022</u> <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	1,860	1,860	
- one time		2,300	1,802
- public internet access	1,600	1,648	1,584
Municipal grant	169,633	169,633	166,307
Interest income		2,165	767
Township of Brudenell, Lyndoch and Raglan	3,867	3,868	3,792
Fees and miscellaneous	2,000	13,187	7,509
Donations	<u>11,000</u>	<u>3,750</u>	<u>3,620</u>
	<u>\$ 209,689</u>	<u>\$ 218,140</u>	<u>\$ 205,110</u>
Expenses:			
Advertising	\$ 1,300	\$ 603	\$ 1,002
Audit	4,000	4,509	3,500
Books	17,120	12,080	19,260
Computer equipment	3,200	5,285	1,795
Custodial contract	4,200	4,125	3,900
Insurance	1,350	1,572	1,305
Internet expenses	100	1,111	1,122
Maintenance	6,500	6,310	6,671
Periodicals	450	470	586
Professional development	1,100	252	
Salaries, wages and employee benefits	154,534	148,521	144,894
Special programs	2,500	1,738	2,167
Sundry	1,640	2,032	1,339
Supplies	3,400	2,257	3,032
Utilities	8,295	7,695	7,861
Videos and disks			500
	<u>\$ 209,689</u>	<u>\$ 198,560</u>	<u>\$ 198,934</u>
Excess (shortfall) of revenue over expenses	\$ -	\$ 19,580	\$ 6,176
Accumulated surplus at the beginning of the year	<u>26,175</u>	<u>26,175</u>	<u>19,999</u>
Accumulated surplus at the end of the year	<u><u>\$ 26,175</u></u>	<u><u>\$ 45,755</u></u>	<u><u>\$ 26,175</u></u>

(See accompanying notes)

Township of Madawaska Valley
Public Library Board
Statement of Cash Flows
For the year ended 31 December 2023
 (with 2022 figures for comparison)

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Excess (shortfall) of revenue over expenses	\$ <u>19,580</u>	\$ <u>6,176</u>
Net change in non cash working capital balances related to operations:		
- decrease (increase) in due from Canada	\$ (1,256)	\$ (1,349)
- increase (decrease) in accounts payable and accrued liabilities	888	(855)
- increase (decrease) in due to Municipality	388	(2,664)
- decrease (increase) in prepaid expense	<u> </u>	<u>625</u>
	\$ <u>20</u>	\$ <u>(4,243)</u>
Cash flows from (used for) operating activities	\$ <u>19,600</u>	\$ <u>1,933</u>
Cash flows used for investing activities:		
- increase in investment	\$ <u>(1,114)</u>	\$ <u>(407)</u>
Net increase (decrease) in cash and cash equivalents during the year	\$ 18,486	\$ 1,526
Cash and cash equivalents at the beginning of the year	<u>35,993</u>	<u>34,467</u>
Cash and cash equivalents at the end of the year	\$ <u><u>54,479</u></u>	\$ <u><u>35,993</u></u>
Comprised of:		
Cash on hand and in bank	\$ <u><u>54,479</u></u>	\$ <u><u>35,993</u></u>

(See accompanying notes)

Township of Madawaska Valley
Public Library Board
Notes to the Financial Statements
For the year ended 31 December 2023

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 2023

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.

2. FINANCIAL INSTRUMENTS

Financial instruments include cash on hand and in bank, 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, 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 2023.

4. DEFERRED REVENUE

Deferred revenue consists of advances from the Province of Ontario.

	<u>2023</u>	<u>2022</u>
Province of Ontario Literacy Grant	\$ <u>19,000</u>	\$ <u>19,000</u>

5. INVESTMENT

Investment consists of a Guaranteed Investment Certificate with an interest rate of 5.00% maturing on 28 March 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, \$ 169,633 (2022 - \$ 166,307) was received from the Township.