

CONSOLIDATED FINANCIAL STATEMENTS
For
TOWNSHIP OF GREATER MADAWASKA
For year ended
DECEMBER 31, 2023

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL REPORTING

Management of the Corporation of the Township of Greater Madawaska (the "Township") is responsible for the preparation, accuracy, objectivity and integrity of the accompanying consolidated financial statements and all other information contained within this Financial Report. Management believes that the consolidated financial statements present fairly the Township's consolidated financial position as at December 31, 2023 and the results of its consolidated operations for the year then ended.

The consolidated financial statements have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards (PSAS).

The consolidated financial statements include certain amounts based on estimates and judgments. Such amounts have been determined on a reasonable basis in order to ensure that the consolidated financial statements are presented fairly in all material respects.

In fulfilling its responsibilities and recognizing the limits inherent in all systems, management has designed and maintains a system of internal controls to produce reliable information and to meet reporting requirements on a timely basis. The system is designed to provide management with reasonable assurance that transactions are properly authorized and assets are properly accounted for and safeguarded.

These systems are monitored and evaluated by management and reliable financial information is available for preparation of the consolidated financial statements.

The Township Council carries out its responsibilities for review of the consolidated financial statements principally through regular meetings. The Township Council meets regularly with management and the external auditors to discuss the results of audit examinations and financial reporting matters.

The external auditors have full access to the Township Council with and without the presence of management. The Township Council has approved the consolidated financial statements.

The consolidated financial statements have been audited by Welch LLP, Chartered Professional Accountants, 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.



Jennifer Eve
Treasurer-Deputy CAO

TOWNSHIP OF GREATER MADAWASKA
CONSOLIDATED AUDITED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Members of Council,
Inhabitants and Ratepayers of the

CORPORATION OF THE TOWNSHIP OF GREATER MADAWASKA

Opinion

We have audited the consolidated financial statements of the Township of Greater Madawaska (the "Township"), which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated statement of operations and accumulated surplus, consolidated statement of changes in net debt and the consolidated statement 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 financial statements present fairly, in all material respects, the financial position of the Township as at December 31, 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 Consolidated 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 financial statements in Canada, and we have fulfilled our 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 Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of 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.

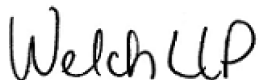
Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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.

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.



Chartered Professional Accountants
Licensed Public Accountants

Ottawa, Ontario
April 18, 2024.

TOWNSHIP OF GREATER MADAWASKA
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2023

	<u>2023</u>	<u>2022</u>
FINANCIAL ASSETS		
Cash	\$ 841,635	\$ 268,312
Taxes receivable	411,545	421,309
Accounts receivable	<u>809,198</u>	<u>1,912,890</u>
	<u>2,062,378</u>	<u>2,602,511</u>
LIABILITIES		
Accounts payable and accrued liabilities	436,392	718,346
Deferred revenue - obligatory reserve funds (note 6)	144,146	27,621
- other (note 7)	18,724	62,942
Long-term debt (note 4)	3,380,434	3,031,192
Employee future benefits (note 2)	10,481	10,481
Landfill closure and post closure costs (notes 2 and 8)	<u>1,361,375</u>	<u>1,578,100</u>
	<u>5,351,552</u>	<u>5,428,682</u>
NET DEBT	<u>(3,289,174)</u>	<u>(2,826,171)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (net)	20,213,738	19,776,046
Construction in progress	370,627	219,016
Inventories of supplies	163,403	163,468
Prepaid expenses	<u>20,998</u>	<u>3,826</u>
	<u>20,768,766</u>	<u>20,162,356</u>
ACCUMULATED SURPLUS	<u>\$ 17,479,592</u>	<u>\$ 17,336,185</u>
ACCUMULATED SURPLUS COMPRISED OF		
Equity in tangible capital assets (note 11)	\$ 17,203,931	\$ 16,963,871
Reserve and reserve funds	1,608,499	1,921,877
Library Board	39,018	39,018
Unfunded - employee future benefits (note 2)	(10,481)	(10,481)
- landfill closure and post closure costs (note 2)	<u>(1,361,375)</u>	<u>(1,578,100)</u>
TOTAL ACCUMULATED SURPLUS	<u>\$ 17,479,592</u>	<u>\$ 17,336,185</u>

Approved by the Council



..... Mayor



..... Treasurer-Deputy CAO

(See accompanying notes)

TOWNSHIP OF GREATER MADAWASKA
CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
YEAR ENDED DECEMBER 31, 2023

	2023 <u>Budget</u>	2023 <u>Actual</u>	2022 <u>Actual</u>
REVENUE			
Taxation and user charges	\$ 4,763,860	\$ 4,757,858	\$ 4,426,958
Government transfers:			
Ontario	689,585	1,363,879	1,183,958
Canada	11,700	196,386	3,954,521
Other municipalities	24,903	29,183	38,482
Other	<u>705,275</u>	<u>725,683</u>	<u>291,331</u>
	<u>6,195,323</u>	<u>7,072,989</u>	<u>9,895,250</u>
EXPENSES			
General government	1,299,550	1,555,821	1,400,309
Protection to persons and property	1,255,614	1,647,224	1,255,898
Transportation services	2,018,502	2,472,122	2,350,316
Environmental services	460,350	356,331	429,990
Health services	32,340	32,340	31,706
Recreation and cultural services	877,977	668,126	537,500
Planning and development	<u>250,990</u>	<u>197,618</u>	<u>211,395</u>
	<u>6,195,323</u>	<u>6,929,582</u>	<u>6,217,114</u>
Excess of revenue over expenses	-	143,407	3,678,136
Accumulated surplus, beginning of year	<u>17,336,185</u>	<u>17,336,185</u>	<u>13,658,049</u>
Accumulated surplus, end of year	<u>\$ 17,336,185</u>	<u>\$ 17,479,592</u>	<u>\$ 17,336,185</u>

(See accompanying notes)

TOWNSHIP OF GREATER MADAWASKA
CONSOLIDATED STATEMENT OF CHANGES IN NET DEBT
YEAR ENDED DECEMBER 31, 2023

	<u>2023</u> <u>Budget</u>	<u>2023</u> <u>Actual</u>	<u>2022</u> <u>Actual</u>
EXCESS OF REVENUE OVER EXPENSES	\$ -	\$ 143,407	\$ 3,678,136
Amortization of tangible capital assets	-	1,010,595	976,489
Acquisition of tangible capital assets	(1,816,841)	(1,599,899)	(5,905,966)
Loss on disposal of capital assets	-	-	649,472
Use of (acquisition of) prepaid expenses	-	(17,172)	27,269
Use of (acquisition of) inventory	-	66	(38,864)
	<u>(1,816,841)</u>	<u>(606,410)</u>	<u>(4,291,600)</u>
DECREASE (INCREASE) IN NET DEBT	(1,816,841)	(463,003)	(613,464)
NET DEBT, BEGINNING OF YEAR	<u>(2,826,171)</u>	<u>(2,826,171)</u>	<u>(2,212,707)</u>
NET DEBT, END OF YEAR	<u>\$ (4,643,012)</u>	<u>\$ (3,289,174)</u>	<u>\$ (2,826,171)</u>

(See accompanying notes)

TOWNSHIP OF GREATER MADAWASKA
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2023

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 143,407	\$ 3,678,136
Non-cash items included in excess of revenue and expenses:		
Amortization	1,010,595	976,489
Loss on disposal of capital assets	-	649,472
Deferred revenue	72,309	(224,663)
Landfill closure estimation	(216,725)	(95,000)
Employee future benefits	-	(7,931)
	<u>1,009,586</u>	<u>4,976,503</u>
Changes in non-cash working capital components:		
Decrease (increase) in taxes receivable	9,764	(129,964)
Decrease (increase) in accounts receivable	1,103,692	(1,395,081)
Decrease (increase) in inventories of supplies	66	(38,864)
Increase (decrease) in accounts payable and accrued liabilities	(281,954)	507,397
Decrease (increase) in prepaid expenses	(17,174)	27,269
	<u>1,823,980</u>	<u>3,947,260</u>
CASH FLOWS USED IN CAPITAL ACTIVITIES		
Additions to tangible capital assets:		
General government	(947,674)	(540,606)
Transportation services	(652,225)	(5,392,810)
Sale of capital assets	-	27,450
	<u>(1,599,899)</u>	<u>(5,905,966)</u>
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Payments on long-term debt	(423,758)	(220,259)
Proceeds from issuance of long-term debt	<u>773,000</u>	<u>523,000</u>
	<u>349,242</u>	<u>302,741</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	573,323	(1,655,965)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>268,312</u>	<u>1,924,277</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 841,635</u>	<u>\$ 268,312</u>

(See accompanying notes)

TOWNSHIP OF GREATER MADAWASKA
CONSOLIDATED SCHEDULE OF SEGMENTED DISCLOSURE
YEAR ENDED DECEMBER 31, 2023

	General government	Protection to persons and property	Transportation services	Environmental and Health services	Recreation and cultural services	Planning and development	Total
REVENUE							
Property taxation	\$ 3,898,434	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,898,434
Payment in lieu of taxes	859,424	-	-	-	-	-	859,424
Provincial and other government charges	627,733	531,223	226,099	99,455	21,513	-	1,506,023
Gas tax funding	83,424	-	-	-	-	-	83,424
Investment and other income	49,312	-	-	-	-	-	49,312
Penalties and interest	96,165	-	-	-	-	-	96,165
Fees, service charges, donations and miscellaneous	211,071	7,175	10,314	168,948	40,179	142,220	579,907
Gain on disposal of tangible capital assets	300	-	-	-	-	-	300
	<u>5,825,863</u>	<u>538,398</u>	<u>236,413</u>	<u>268,403</u>	<u>61,692</u>	<u>142,220</u>	<u>7,072,989</u>
EXPENSES							
Salaries, wages and benefits	937,263	376,916	790,099	179,710	356,120	95,657	2,735,765
Interest on long term debt	1,923	1,208	115,946	-	-	-	119,077
Materials	524,325	451,648	853,519	(72,357)	229,245	8,945	1,995,325
Contracted services	52,269	724,959	-	146,701	8,995	93,016	1,025,940
External transfers	-	1,259	-	32,340	9,280	-	42,880
	<u>1,515,780</u>	<u>1,555,990</u>	<u>1,759,564</u>	<u>286,394</u>	<u>603,640</u>	<u>197,618</u>	<u>5,918,987</u>
NET REVENUE (EXPENSE) BEFORE AMORTIZATION	4,310,083	(1,017,592)	(1,523,151)	(17,991)	(541,948)	(55,398)	1,154,002
Amortization expense	40,043	91,234	712,558	102,272	64,488	-	1,010,595
NET REVENUE (EXPENSES)	<u>\$ 4,270,040</u>	<u>\$ (1,108,826)</u>	<u>\$ (2,235,709)</u>	<u>\$ (120,263)</u>	<u>\$ (606,436)</u>	<u>\$ (55,398)</u>	<u>\$ 143,407</u>

TOWNSHIP OF GREATER MADAWASKA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Corporation of the Township of Greater Madawaska are the representation of management prepared in accordance with generally accepted accounting principles 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. Net debt 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.

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 Greater Madawaska Library Board

- 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.

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.

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 expenditure, provides the change in net debt for the year.

TOWNSHIP OF GREATER MADAWASKA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED DECEMBER 31, 2023

1. **SIGNIFICANT ACCOUNTING POLICIES - Cont'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. The cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Land improvements	15 - 50 years
Buildings	20 - 50 years
Machinery and equipment	5 - 50 years
Vehicles	5 - 20 years
Linear assets	15 - 75 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.

Historically, in instances 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 Non-Residential Building Construction Price Index (NRBCPI) for buildings and using the Consumer Price Index (CPI) for all other assets. 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.

- 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 expenditure equal to the net book value of the assets as of the date of transfer.

Inventories

Inventories held for consumption are recorded at the lower of cost or replacement cost on an individual basis.

Investment income

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.

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.

TOWNSHIP OF GREATER MADAWASKA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED DECEMBER 31, 2023

1. **SIGNIFICANT ACCOUNTING POLICIES - Cont'd.**

Deferred revenue

Certain revenues 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.

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.

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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 amortization.

Cash and cash equivalents

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

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 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.

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.

The carrying amounts reported on the statement of financial position for cash, accounts receivable and accounts payable and accrued liabilities, approximates 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 Township with similar terms and maturities and approximates its carrying amounts as disclosed on the statement of financial position.

TOWNSHIP OF GREATER MADAWASKA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED DECEMBER 31, 2023

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 costs \$1,361,375 (2022 - \$1,578,100) and employee future benefits of \$10,481 (2022 - \$10,481).

3. OPERATIONS OF SCHOOL BOARDS AND COUNTY OF RENFREW

During 2023, the Township levied property taxes and payments in lieu of property taxes on behalf of the School Boards and County of Renfrew as follows:

	<u>School Boards</u>	<u>County</u>
Property taxes	\$ 1,397,916	\$ 3,390,060
Payments in-lieu	<u>7,089</u>	<u>59,864</u>
	<u>\$ 1,405,005</u>	<u>\$ 3,449,924</u>

4. LONG-TERM DEBT

The balance of long-term debt of \$3,380,434 (2022 - \$3,031,192) reported on the "Consolidated Statement of Financial Position" is made up of long-term debt incurred by the Township and includes those incurred on behalf of municipal enterprises

	<u>2023</u>	<u>2022</u>
Ontario Infrastructure and Lands Corporation debenture payable, interest at 2.31%, \$28,850 plus interest payable semi-annually, maturing August 2025	\$ 115,400	\$ 173,100
Ontario Infrastructure and Lands Corporation debenture payable, interest at 2.74%, \$ 55,331 plus interest payable semi-annually, maturing April 2029	608,637	719,298
Ontario Infrastructure and Lands Corporation debenture payable, interest at 2.24%, \$ 25,948 plus interest payable semi-annually, maturing December 2024	51,897	103,794
Ontario Infrastructure and Lands Corporation debenture payable, interest at 4.47%, \$ 101,750 plus interest payable semi-annually, maturing July 2032	1,831,500	2,035,000
Ontario Infrastructure and Lands Corporation debenture payable, interest at 4.71%, \$ 38,650 plus interest payable semi-annually, maturing July 2033	<u>773,000</u>	<u>-</u>
	<u>\$ 3,380,434</u>	<u>\$ 3,031,192</u>

Principal and interest payments required on the long-term debt are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 501,058	\$ 134,597	\$ 635,655
2025	449,161	116,258	565,419
2026	391,461	99,486	490,947
2027	391,461	83,717	475,178
2026 to 2031	<u>1,647,293</u>	<u>200,911</u>	<u>1,848,204</u>
	<u>\$ 3,380,434</u>	<u>\$ 634,969</u>	<u>\$ 4,015,403</u>

TOWNSHIP OF GREATER MADAWASKA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED DECEMBER 31, 2023

5. CHARGES FOR LONG-TERM DEBT

Total charges for the year for long-term debt are as follows:

	<u>2023</u>	<u>2022</u>
Principal	\$ 423,758	\$ 220,259
Interest paid	<u>119,077</u>	<u>84,922</u>
	<u>\$ 542,835</u>	<u>\$ 305,181</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.

The interest charges shown above are reported on the Consolidated Statement of Operations under the appropriate functional expenditure heading.

6. DEFERRED REVENUE - OBLIGATORY RESERVE FUNDS

A requirement of the public sector accounting principles 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:

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

	<u>2023</u>	<u>2022</u>
Park development	\$ 139,866	\$ 23,341
Shoreline	<u>4,280</u>	<u>4,280</u>
	<u>\$ 144,146</u>	<u>\$ 27,621</u>

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

	<u>2023</u>	<u>2022</u>
Balance, beginning of year	\$ 27,621	\$ 221,863
Gas tax revenue received	83,424	79,859
Parkland funds	116,000	-
Development charges	-	171,308
Interest earned	<u>525</u>	<u>-</u>
	227,570	473,030
Utilized during the year	<u>(83,424)</u>	<u>(445,409)</u>
Balance, end of year	<u>\$ 144,146</u>	<u>\$ 27,621</u>

7. DEFERRED REVENUE - OTHER

	<u>2023</u>	<u>2022</u>
Deposits	\$ -	\$ 32,212
General government	-	15,000
Recreation	<u>18,724</u>	<u>15,730</u>
	<u>\$ 18,724</u>	<u>\$ 62,942</u>

TOWNSHIP OF GREATER MADAWASKA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED DECEMBER 31, 2023

8. LANDFILL CLOSURE AND POST CLOSURE LIABILITY

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 \$ 340,000 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. Effective fiscal 2023, the Public Sector Accounting Board required all public sector entities reporting landfill liabilities to adopt the accounting methodologies outlined in PS 3280, Asset Retirement Obligations. The Township adopted the standard and its liability now reflects the present value of the future obligation related to landfill closure and post-closure costs, based on the cost estimates provided by an external expert.

Future events that result in significant changes to the estimated liability would be recognized prospectively, as a change in estimate, when applicable.

Landfill sites' estimated remaining capacity in cubic metres	36,712
Landfill sites' remaining useful life in years	38
Expected years of post-closure care	25

The estimated total expenses over the closure and post-closure period amount to approximately \$1,361,375 (2022 - 1,578,100).

9. CONTINGENT LIABILITIES

The nature of municipal activities is such that there may be litigation pending or in prospect at any time. The Township of Greater Madawaska is aware of two claims as at December 31, 2023, for which they have been named the defendant. The outcomes are not determinable as at the financial reporting date.

10. BUDGET FIGURES

The operating budget approved by the Township of Greater Madawaska for 2023 is reflected on the Consolidated Statement of Operations. The budget established for capital investment in tangible capital assets is 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. The budgeted figures are unaudited.

TOWNSHIP OF GREATER MADAWASKA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED DECEMBER 31, 2023

11. EQUITY IN TANGIBLE CAPITAL ASSETS

	<u>2023</u>	<u>2022</u>
Tangible capital assets - net	\$ 20,213,738	\$ 19,776,047
Construction in progress	370,627	219,016
Net long-term liabilities	<u>(3,380,434)</u>	<u>(3,031,192)</u>
Equity in tangible capital assets	<u>\$ 17,203,931</u>	<u>\$ 16,963,871</u>

12. 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 December 31, 2023, the Municipality contributed \$154,408 (2022 - \$152,151) to the plan and is included as an expense in the consolidated statement of operations. The Township does not recognize in its consolidated financial statements any share of the pension plan deficit as this is a joint responsibility of all Ontario municipalities and their employees.

The most recent actuarial valuation of the Plan as at December 31, 2023 indicates the Plan is in a deficit position and the Plan's December 31, 2023 financial statements indicate a net deficit of \$7.57 billion (a deficit of \$4.2 billion plus adjustment of \$3.37 billion of unrecognized investment returns above or below the discount rate that is being smoothed and recognized over a five-year period). The Plan's management is monitoring the adequacy of the contributions to ensure that future contributions together with the Plan's assets and future investment earnings will be sufficient to provide for all future benefits.

13. COMMITMENTS

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 cost for 2023 was \$711,870 (2022 - \$717,383).

The Township has entered into a financing agreement with three other Municipalities and the Renfrew & Area Health Services Village. This agreement provides a Line of Credit to the Renfrew & Area Health Services Village to a maximum of \$510,000 to be repaid in full by December 31, 2024 with no set annual repayment. Each Municipality is responsible for an equal share of the balance outstanding. As at December 31, 2023 the total outstanding balance is \$ 201,845 (2022 - \$ 296,845).

14. MUNICIPALITIES BENEFIT COMMITTEE

The Township of Greater Madawaska is a member of the Municipalities Benefit Committee (MBC) which is an employee group benefits plan arranged through Manulife to share in the financial risk of extended health and dental benefits. In the event that a deficit position is incurred, the Township of Greater Madawaska must repay their pro-rata share of the deficit through a lump sum deposit or an increase in future annual premiums collected through the monthly billed rates. In the case of a surplus position, upon full funding of the claims fluctuation reserve (CFR), the surplus is transferred into a deposit account held by Manulife on the MBC's behalf. The surplus funds in the deposit account are to be used to fund premium requirements, enhancements to the benefit plan or fund future deficits. If the Township of Greater Madawaska leaves the MBC, the Township forfeits its right to any surplus.

TOWNSHIP OF GREATER MADAWASKA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED DECEMBER 31, 2023

15. PRIVATE WATER SYSTEMS

A \$ 50,000 letter of credit has been established by an individual in respect of a sewage system on a specific property, which contains a condominium, and can be drawn on by the Township of Greater Madawaska at any time on demand should there be any deficiencies in the system.

The Township entered into a municipal responsibility agreement (MRA) in respect of a water and sewage system on a specific property. The MRA, as per By-Law 01-2020, protects the financial interest of the Township as it defines the Owner's design, operation, maintenance and financial responsibilities associated with the proposed private communal water supply and sanitary sewage system as set out in the terms of the agreement.

In the event that the Township is required to assume responsibility for either system, the Township would be responsible for all costs associated with the systems.

16. FINANCIAL INSTRUMENTS

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The following disclosures provide information to assist users of the financial statements in assessing the extent of risk related to the Township's financial instruments:

Credit risk

The Township is exposed to credit risk resulting from the possibility that parties may default on their financial obligations. The Township's maximum exposure to credit risk represents the sum of the carrying value of its cash and accounts receivable. The Township's cash is with a Canadian chartered bank and as a result management believes the risk of loss on this item to be remote.

Management believes that the Township's credit risk with respect to accounts receivable is limited. The Township manages its credit risk by reviewing accounts receivable aging and following up on outstanding amounts.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Township's long-term debt bear interest at fixed interest rates, consequently, the Township's exposure to interest rate risk is negligible.

Liquidity risk

Liquidity risk refers to the adverse consequence that the Township will encounter difficulty in meeting obligations associated with financial liabilities, which are comprised of accounts payable, accrued liabilities, and long term liabilities.

The Township manages liquidity risk by monitoring its cash flow requirements on a regular basis. The Township considers its liquidity risk to be minimal as it finances large capital expenditures using debt, receives emergency funding from senior governments when needed, and maintains reserves for other obligations as they come due.

Changes in risk

There have been no significant changes in the Corporation's risk exposures from the prior year.

17. COMPARATIVE FIGURES

Comparative figures have been reclassified where necessary to conform to the presentation adopted in the current year.

TOWNSHIP OF GREATER MADAWASKA
SCHEDULE OF TANGIBLE CAPITAL ASSETS
YEAR ENDED DECEMBER 31, 2023

	<u>Land</u>	<u>Land improvements</u>	<u>Buildings</u>	<u>Machinery and equipment</u>	<u>Vehicles</u>	<u>Linear assets</u>	<u>Capital work in progress</u>	<u>2023</u>	<u>2022</u>
COST:									
Balance, beginning of year	\$ 544,105	\$ 1,555,035	\$ 4,226,112	\$ 2,196,502	\$ 3,706,659	\$ 21,845,573	\$ 219,016	\$ 34,293,002	\$ 32,654,312
Additions	53,396	-	9,927	42,390	829,261	513,313	205,006	1,653,293	6,580,896
Disposals, write-offs and adjustments	-	-	(9,518)	-	-	(719,827)	(53,395)	(782,740)	(4,942,206)
Balance, end of year	<u>597,501</u>	<u>1,555,035</u>	<u>4,226,521</u>	<u>2,238,892</u>	<u>4,535,920</u>	<u>21,639,059</u>	<u>370,627</u>	<u>35,163,555</u>	<u>34,293,002</u>
ACCUMULATED AMORTIZATION:									
Balance, beginning of year	-	748,067	1,434,149	883,193	1,435,927	9,796,604	-	14,297,940	16,939,255
Annual amortization	-	54,155	109,046	102,327	273,272	471,795	-	1,010,595	976,489
Accum. amortization on disposals	-	-	(9,518)	-	-	(719,827)	-	(729,345)	(3,617,804)
Balance, end of year	<u>-</u>	<u>802,222</u>	<u>1,533,677</u>	<u>985,520</u>	<u>1,709,199</u>	<u>9,548,572</u>	<u>-</u>	<u>14,579,190</u>	<u>14,297,940</u>
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>\$ 597,501</u>	<u>\$ 752,813</u>	<u>\$ 2,692,844</u>	<u>\$ 1,253,372</u>	<u>\$ 2,826,721</u>	<u>\$ 12,090,487</u>	<u>\$ 370,627</u>	<u>\$ 20,584,365</u>	<u>\$ 19,995,062</u>
2022 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>\$ 544,105</u>	<u>\$ 806,968</u>	<u>\$ 2,791,963</u>	<u>\$ 1,313,309</u>	<u>\$ 2,270,732</u>	<u>\$ 12,048,969</u>	<u>\$ 219,016</u>	<u>\$ 19,995,062</u>	<u>\$ -</u>

TOWNSHIP OF GREATER MADAWASKA
SCHEDULE OF RESERVES AND RESERVE FUNDS
YEAR ENDED DECEMBER 31, 2023

	<u>2023</u>	<u>2022</u>
Contribution:		
From operations	\$ <u>143,407</u>	\$ <u>3,678,136</u>
Transfers:		
To operations	105,803	206,740
To tangible capital acquisitions	<u>350,982</u>	<u>3,884,175</u>
	<u>456,785</u>	<u>4,090,915</u>
Changes in reserves and reserve funds balance	(313,378)	(412,779)
Reserves and reserve funds at beginning of year	<u>1,921,877</u>	<u>2,334,656</u>
Reserves and reserve funds at end of year	\$ <u>1,608,499</u>	\$ <u>1,921,877</u>
Reserves:		
Working capital	\$ 353,723	\$ 353,723
Capital works	741,399	593,141
General recreation	12,793	12,793
Recreation	24,454	24,454
Rink	26,551	18,000
Calabogie recreation	9,115	9,115
Parks	16,240	16,240
One time funding	183,708	289,109
Post closure	340,000	340,000
General operating contingency	200,000	100,000
Lot development charge	(332,239)	(192,484)
Unallocated	<u>32,755</u>	<u>357,786</u>
Total reserves	\$ <u>1,608,499</u>	\$ <u>1,921,877</u>

FINANCIAL STATEMENTS
For
TOWNSHIP OF GREATER MADAWASKA LIBRARY BOARD
For year ended
DECEMBER 31, 2023

INDEPENDENT AUDITOR'S REPORT

To the Board of Members,
Members of Council,
Inhabitants and Ratepayers of the

CORPORATION OF THE TOWNSHIP OF GREATER MADAWASKA

Opinion

We have audited the financial statements of the Township of Greater Madawaska Library Board (the "Library Board"), which comprise the statement of financial position as at December 31, 2023, and the statement of operations and accumulated surplus for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Library Board as at December 31, 2023 and its financial performance 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 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 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 Township to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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



Chartered Professional Accountants
Licensed Public Accountants

Ottawa, Ontario
April 18, 2024.

TOWNSHIP OF GREATER MADAWASKA LIBRARY BOARD

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2023

	<u>2023</u>	<u>2022</u>
<u>ASSETS</u>		
CURRENT		
Cash on hand and in bank	\$ 10,750	\$ 10,621
Short-term investments	23,954	22,935
Due from Township	<u>4,314</u>	<u>5,462</u>
	<u>\$ 39,018</u>	<u>\$ 39,018</u>
<u>LIABILITIES AND ACCUMULATED SURPLUS</u>		
CURRENT LIABILITIES	\$ -	\$ -
ACCUMULATED SURPLUS	<u>39,018</u>	<u>39,018</u>
	<u>\$ 39,018</u>	<u>\$ 39,018</u>

(See accompanying notes)

TOWNSHIP OF GREATER MADAWASKA LIBRARY BOARD
STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
YEAR ENDED DECEMBER 31, 2023

	<u>2023</u>	<u>2022</u>
Revenue		
Ontario grant - operating	\$ 11,817	\$ 11,817
- other	2,196	1,368
Township grant	130,500	97,171
Fundraising and donations	8,787	7,892
Interest and other	<u>1,851</u>	<u>111</u>
	<u>155,151</u>	<u>118,359</u>
Expenses		
Salaries and benefits	103,810	76,054
Books, supplies, materials and maintenance	<u>51,341</u>	<u>41,287</u>
	<u>155,151</u>	<u>117,341</u>
 Change in general surplus for the year	 -	 1,018
 Accumulated surplus at beginning of year	 <u>39,018</u>	 <u>38,000</u>
 Accumulated surplus at end of year	 <u>\$ 39,018</u>	 <u>\$ 39,018</u>

(See accompanying notes)

TOWNSHIP OF GREATER MADAWASKA LIBRARY BOARD

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Township of Greater Madawaska Library Board are the representation of management prepared in accordance with generally accepted accounting principles 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) Cash on hand and investments

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.

2. FINANCIAL INSTRUMENTS

Financial instruments include cash on hand and in bank, short term investments and due from Township. 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, short term investments and due from Township, approximates their fair values, due to the immediate and short term maturities of these financial instruments.

3. CONTINGENT LIABILITIES

The nature of the 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 December 31, 2023.