

CONSOLIDATED FINANCIAL STATEMENTS
For
TOWNSHIP OF GREATER MADAWASKA
For year ended
DECEMBER 31, 2024

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, 2024 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, 2024

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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, 2024, 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, 2024 and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards (PSAS).

Basis for Opinion

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

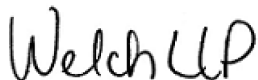
Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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 17, 2025.

TOWNSHIP OF GREATER MADAWASKA
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2024

	<u>2024</u>	<u>2023</u>
FINANCIAL ASSETS		
Cash	\$ 1,206,110	\$ 841,635
Taxes receivable	588,284	411,545
Accounts receivable	<u>678,689</u>	<u>809,198</u>
	<u>2,473,083</u>	<u>2,062,378</u>
LIABILITIES		
Accounts payable and accrued liabilities	547,623	436,392
Deferred revenue - obligatory reserve funds (note 6)	148,169	144,146
- other (note 7)	78,144	18,724
Long-term debt (note 4)	3,332,861	3,380,434
Employee future benefits (note 2)	25,816	10,481
Asset retirement obligation (notes 2 and 8)	<u>1,296,975</u>	<u>1,361,375</u>
	<u>5,429,588</u>	<u>5,351,552</u>
NET DEBT	<u>(2,956,505)</u>	<u>(3,289,174)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (net)	20,549,372	20,213,738
Construction in progress	45,394	370,627
Inventories of supplies	260,270	163,403
Prepaid expenses	<u>15,309</u>	<u>20,998</u>
	<u>20,870,345</u>	<u>20,768,766</u>
ACCUMULATED SURPLUS	<u>\$ 17,913,840</u>	<u>\$ 17,479,592</u>
ACCUMULATED SURPLUS COMPRISED OF		
Equity in tangible capital assets (note 11)	\$ 17,261,905	\$ 17,203,931
Reserve and reserve funds	1,935,708	1,608,499
Library Board	39,018	39,018
Unfunded - employee future benefits (note 2)	(25,816)	(10,481)
- asset retirement obligation (note 2)	<u>(1,296,975)</u>	<u>(1,361,375)</u>
TOTAL ACCUMULATED SURPLUS	<u>\$ 17,913,840</u>	<u>\$ 17,479,592</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, 2024

	2024 <u>Budget</u>	2024 <u>Actual</u>	2023 <u>Actual</u>
REVENUE			
Taxation and user charges	\$ 5,145,706	\$ 5,140,375	\$ 4,757,858
Government transfers:			
Ontario	760,200	1,100,094	1,356,379
Canada	-	192,959	196,386
Other municipalities	25,550	26,953	29,183
Other	<u>528,570</u>	<u>883,291</u>	<u>733,183</u>
	<u>6,460,026</u>	<u>7,343,672</u>	<u>7,072,989</u>
EXPENSES			
General government	1,401,164	1,119,513	1,555,821
Protection to persons and property	1,279,948	1,454,807	1,647,224
Transportation services	2,147,545	2,757,222	2,472,122
Environmental services	441,000	555,109	356,331
Health services	32,986	32,986	32,340
Recreation and cultural services	835,793	753,490	668,126
Planning and development	<u>321,590</u>	<u>236,298</u>	<u>197,618</u>
	<u>6,460,026</u>	<u>6,909,425</u>	<u>6,929,582</u>
Excess of revenue over expenses	-	434,247	143,407
Accumulated surplus, beginning of year	<u>17,479,592</u>	<u>17,479,592</u>	<u>17,336,185</u>
Accumulated surplus, end of year	<u>\$ 17,479,592</u>	<u>\$ 17,913,840</u>	<u>\$ 17,479,592</u>

(See accompanying notes)

TOWNSHIP OF GREATER MADAWASKA
CONSOLIDATED STATEMENT OF CHANGES IN NET DEBT
YEAR ENDED DECEMBER 31, 2024

	2024 <u>Budget</u>	2024 <u>Actual</u>	2023 <u>Actual</u>
EXCESS OF REVENUE OVER EXPENSES	\$ -	\$ 434,247	\$ 143,407
Amortization of tangible capital assets	-	1,267,935	1,010,595
Acquisition of tangible capital assets	(1,566,448)	(1,295,657)	(1,599,899)
Loss on disposal of capital assets	-	17,323	-
Use of (acquisition of) prepaid expenses	-	5,688	(17,172)
Use of (acquisition of) inventory	-	(96,867)	66
	<u>(1,566,448)</u>	<u>(101,578)</u>	<u>(606,410)</u>
INCREASE (DECREASE) IN NET DEBT	(1,566,448)	332,669	(463,003)
NET DEBT, BEGINNING OF YEAR	<u>(3,289,174)</u>	<u>(3,289,174)</u>	<u>(2,826,171)</u>
NET DEBT, END OF YEAR	<u>\$ (4,855,622)</u>	<u>\$ (2,956,505)</u>	<u>\$ (3,289,174)</u>

(See accompanying notes)

TOWNSHIP OF GREATER MADAWASKA
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2024

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 434,247	\$ 143,407
Non-cash items included in excess of revenue and expenses:		
Amortization	1,267,935	1,010,595
Loss on disposal of capital assets	17,323	-
Deferred revenue	63,443	72,309
Landfill closure estimation	(64,400)	(216,725)
Employee future benefits	<u>15,335</u>	<u>-</u>
	1,733,883	1,009,586
Changes in non-cash working capital components:		
Decrease (increase) in taxes receivable	(176,739)	9,764
Decrease (increase) in accounts receivable	130,509	1,103,692
Decrease (increase) in inventories of supplies	(96,867)	66
Increase (decrease) in accounts payable and accrued liabilities	111,231	(281,954)
Decrease (increase) in prepaid expenses	<u>5,688</u>	<u>(17,174)</u>
	<u>1,707,705</u>	<u>1,823,980</u>
CASH FLOWS USED IN CAPITAL ACTIVITIES		
Additions to tangible capital assets:		
General government	(965,854)	(947,674)
Transportation services	<u>(329,803)</u>	<u>(652,225)</u>
	<u>(1,295,657)</u>	<u>(1,599,899)</u>
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Payments on long-term debt	(501,058)	(423,758)
Proceeds from issuance of long-term debt	<u>453,485</u>	<u>773,000</u>
	<u>(47,573)</u>	<u>349,242</u>
INCREASE IN CASH AND CASH EQUIVALENTS	364,475	573,323
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>841,635</u>	<u>268,312</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 1,206,110</u>	<u>\$ 841,635</u>

(See accompanying notes)

TOWNSHIP OF GREATER MADAWASKA
CONSOLIDATED SCHEDULE OF SEGMENTED DISCLOSURE
YEAR ENDED DECEMBER 31, 2024

	General government	Protection to persons and property	Transportation services	Environmental and Health services	Recreation and cultural services	Planning and development	Total
REVENUE							
Property taxation	\$ 4,264,012	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,264,012
Payment in lieu of taxes	876,363	-	-	-	-	-	876,363
Provincial and other government charges	605,593	52,014	446,407	110,930	14,437	-	1,229,381
Gas tax funding	91,625	-	-	-	-	-	91,625
Investment and other income	60,059	-	-	-	-	-	60,059
Penalties and interest	105,113	-	-	-	-	-	105,113
Fees, service charges, donations and miscellaneous	376,885	-	12,484	76,652	226,032	30,700	722,753
Gain on disposal of tangible capital assets	(5,634)	-	-	-	-	-	(5,634)
	<u>6,374,016</u>	<u>52,014</u>	<u>458,891</u>	<u>187,582</u>	<u>240,469</u>	<u>30,700</u>	<u>7,343,672</u>
EXPENSES							
Salaries, wages and benefits	725,819	416,460	934,291	220,797	393,669	173,812	2,864,848
Interest on long term debt	1,100	1,007	129,205	-	-	-	131,312
Materials	273,518	210,335	719,655	23,544	277,423	5,340	1,509,815
Contracted services	78,537	750,916	-	205,585	-	57,146	1,092,184
External transfers	-	1,345	-	32,986	9,000	-	43,331
	<u>1,078,974</u>	<u>1,380,063</u>	<u>1,783,151</u>	<u>482,912</u>	<u>680,092</u>	<u>236,298</u>	<u>5,641,490</u>
NET REVENUE (EXPENSE) BEFORE AMORTIZATION	5,295,042	(1,328,049)	(1,324,260)	(295,330)	(439,623)	(205,598)	1,702,182
Amortization expense	<u>40,539</u>	<u>74,744</u>	<u>974,071</u>	<u>105,183</u>	<u>73,398</u>	<u>-</u>	<u>1,267,935</u>
NET REVENUE (EXPENSES)	<u>\$ 5,254,503</u>	<u>\$ (1,402,793)</u>	<u>\$ (2,298,331)</u>	<u>\$ (400,513)</u>	<u>\$ (513,021)</u>	<u>\$ (205,598)</u>	<u>\$ 434,247</u>

(See accompanying notes)

TOWNSHIP OF GREATER MADAWASKA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024

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, 2024

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.

Asset retirement obligations

A liability for an asset retirement obligation (ARO) is recognized when there is a legal obligation to incur retirement costs in relation to a tangible capital asset; the past transaction or event giving rise to the liability has occurred; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made. The liability is recorded at an amount that is the best estimate of the expenditure required to retire a tangible capital asset at the financial statement date. This liability is subsequently reviewed at each financial reporting date and adjusted for the passage of time and for any revisions to the timing, amount required to settle the obligation or the discount rate. Upon the initial measurement of an ARO, a corresponding asset retirement cost is added to the carrying value of the related tangible capital asset if it is still in productive use. This cost is amortized over the useful life of the tangible capital asset. If the related tangible capital asset is unrecognized or no longer in productive use, the asset retirement costs are expensed.

TOWNSHIP OF GREATER MADAWASKA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED DECEMBER 31, 2024

1. SIGNIFICANT ACCOUNTING POLICIES - Cont'd.

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.

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.

Effective January 1, 2024, the Township prospectively adopted the new standard, PS 3400, Revenue. No changes to existing accounting policies and practices are required as a result of this new accounting standard. For exchange-type transactions, revenue is recognized when the activity is performed or when the services are rendered.

TOWNSHIP OF GREATER MADAWASKA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED DECEMBER 31, 2024

1. SIGNIFICANT ACCOUNTING POLICIES - Cont'd.

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.

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 employee future benefits of \$25,816 (2023 - \$10,481) and the ARO for the landfill closure and post closure costs \$1,296,975 (2023 - \$1,361,375).

3. OPERATIONS OF SCHOOL BOARDS AND COUNTY OF RENFREW

During 2024, 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	\$ 1,429,412	\$ 3,643,493
Payments in-lieu	<u>7,108</u>	<u>63,256</u>
	<u>\$ 1,436,520</u>	<u>\$ 3,706,749</u>

4. LONG-TERM DEBT

The balance of long-term debt of \$3,332,861 (2023 - \$3,380,434) 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>2024</u>	<u>2023</u>
Ontario Infrastructure and Lands Corporation debenture payable, interest at 2.31%, \$28,850 plus interest payable semi-annually, maturing August 2025	\$ 57,700	\$ 115,400
Ontario Infrastructure and Lands Corporation debenture payable, interest at 2.74%, \$ 55,331 plus interest payable semi-annually, maturing April 2029	497,976	608,637
Ontario Infrastructure and Lands Corporation debenture payable, interest at 2.24%, \$ 25,948 plus interest payable semi-annually, matured December 2024	<u>-</u>	<u>51,897</u>
Balance carried forward	<u>\$ 555,676</u>	<u>\$ 775,934</u>

TOWNSHIP OF GREATER MADAWASKA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED DECEMBER 31, 2024

4. LONG-TERM DEBT - Cont'd.

	<u>2024</u>	<u>2023</u>
Balance brought forward	\$ 555,676	\$ 775,934
Ontario Infrastructure and Lands Corporation debenture payable, interest at 4.47%, \$ 101,750 plus interest payable semi-annually, maturing July 2032	1,628,000	1,831,500
Ontario Infrastructure and Lands Corporation debenture payable, interest at 4.71%, \$ 38,650 plus interest payable semi-annually, maturing July 2033	695,700	773,000
Ontario Infrastructure and Lands Corporation debenture payable, interest at 3.68%, \$22,674 plus interest payable semi-annually, maturing March 2035	<u>453,485</u>	<u>-</u>
	<u>\$ 3,332,861</u>	<u>\$ 3,380,434</u>

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 471,835	\$ 124,671	\$ 596,506
2026	436,809	114,919	551,728
2027	436,809	97,480	534,289
2028	436,809	80,262	517,071
2029 to 2035	<u>1,550,599</u>	<u>170,739</u>	<u>1,721,338</u>
	<u>\$ 3,332,861</u>	<u>\$ 588,071</u>	<u>\$ 3,920,932</u>

5. CHARGES FOR LONG-TERM DEBT

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

	<u>2024</u>	<u>2023</u>
Principal	\$ 501,058	\$ 423,758
Interest paid	<u>131,313</u>	<u>119,077</u>
	<u>\$ 632,371</u>	<u>\$ 542,835</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.

TOWNSHIP OF GREATER MADAWASKA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED DECEMBER 31, 2024

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>2024</u>	<u>2023</u>
Park development	\$ 143,889	\$ 139,866
Shoreline	<u>4,280</u>	<u>4,280</u>
	<u>\$ 148,169</u>	<u>\$ 144,146</u>

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

	<u>2024</u>	<u>2023</u>
Balance, beginning of year	\$ 144,146	\$ 27,621
Gas tax revenue received	-	83,424
Parkland funds	4,023	116,000
Interest earned	<u>-</u>	<u>525</u>
	148,169	227,570
Utilized during the year	<u>-</u>	<u>(83,424)</u>
Balance, end of year	<u>\$ 148,169</u>	<u>\$ 144,146</u>

7. DEFERRED REVENUE - OTHER

	<u>2024</u>	<u>2023</u>
Deposits	\$ 57,354	\$ -
Recreation	<u>20,790</u>	<u>18,724</u>
	<u>\$ 78,144</u>	<u>\$ 18,724</u>

8. ASSET RETIREMENT OBLIGATIONS

Effective fiscal 2023, the Township adopted PS 3280 - Asset Retirement Obligations. This standard requires public sector entities to recognize legal and constructive obligations associated with the retirement of tangible capital assets.

Landfill closure and post-closure care

The Township is responsible for the closure and post-closure care of its solid waste landfill sites, as required by the Environmental Protection Act and associated regulations. These obligations include activities such as final capping and landscaping, groundwater and leachate management, environmental monitoring, and ongoing site inspection and maintenance.

In compliance with the requirements of PS 3280, Asset Retirement Obligations, the Township has recognized a liability reflecting the present value of future costs associated with these obligations. The liability is based on the best available information to management and cost estimates provided by an external expert. These estimates are subject to significant assumptions, including the remaining useful life of the landfill, expected capacity, and inflationary and discount rate assumptions. Changes in these assumptions or future events could result in adjustments to the reported liability, which are accounted for as revenues or expenses in the period.

TOWNSHIP OF GREATER MADAWASKA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED DECEMBER 31, 2024

8. ASSET RETIREMENT OBLIGATIONS - Cont'd.

Landfill closure and post-closure care - Cont'd.

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.

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	34,982
Landfill sites' remaining useful life in years	32
Expected years of post-closure care	25

The estimated total expenses over the closure and post-closure period amount to approximately \$1,296,975 (2023 - 1,361,375).

Other asset retirement obligations

Following a full review of it's asset portfolio, the Township concluded that PS 3280 does not result in any other material obligations. The Township will continue to monitor its asset portfolio for any changes that may require reassessment in future periods.

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, 2024, 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 2024 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.

11. EQUITY IN TANGIBLE CAPITAL ASSETS

	<u>2024</u>	<u>2023</u>
Tangible capital assets - net	\$ 20,549,372	\$ 20,213,738
Construction in progress	45,394	370,627
Net long-term liabilities	<u>(3,332,861)</u>	<u>(3,380,434)</u>
Equity in tangible capital assets	<u>\$ 17,261,905</u>	<u>\$ 17,203,931</u>

TOWNSHIP OF GREATER MADAWASKA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED DECEMBER 31, 2024

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, 2024, the Municipality contributed \$179,299 (2023 - \$154,408) 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, 2024 indicates the Plan is in a deficit position and the Plan's December 31, 2023 financial statements indicate a net deficit of \$4.3 billion (a deficit of \$2.9 billion plus adjustment of \$1.4 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 2024 was \$710,871 (2023 - \$711,870).

The Township had 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, 2024 the township has fully repaid its share of the obligation.

14. 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.

TOWNSHIP OF GREATER MADAWASKA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED DECEMBER 31, 2024

15. 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.

16. 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, 2024

	<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>2024</u>	<u>2023</u>
COST:									
Balance, beginning of year	\$ 597,501	\$ 1,555,035	\$ 4,226,521	\$ 2,238,892	\$ 4,535,920	\$ 21,639,059	\$ 370,627	\$ 35,163,555	\$ 34,293,002
Additions	-	-	-	182,042	131,473	1,307,377	37,945	1,658,837	1,653,293
Disposals, write-offs and adjustments	-	-	-	(17,081)	(250,707)	(658,900)	(363,178)	(1,289,866)	(782,740)
Balance, end of year	<u>597,501</u>	<u>1,555,035</u>	<u>4,226,521</u>	<u>2,403,853</u>	<u>4,416,686</u>	<u>22,287,536</u>	<u>45,394</u>	<u>35,532,526</u>	<u>35,163,555</u>
ACCUMULATED AMORTIZATION:									
Balance, beginning of year	-	802,222	1,533,677	985,520	1,709,199	9,548,572	-	14,579,190	14,297,940
Annual amortization	-	54,039	109,542	145,660	272,582	686,113	-	1,267,936	1,010,595
Accum. amortization on disposals	-	-	-	(17,081)	(233,385)	(658,900)	-	(909,366)	(729,345)
Balance, end of year	<u>-</u>	<u>856,261</u>	<u>1,643,219</u>	<u>1,114,099</u>	<u>1,748,396</u>	<u>9,575,785</u>	<u>-</u>	<u>14,937,760</u>	<u>14,579,190</u>
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>\$ 597,501</u>	<u>\$ 698,774</u>	<u>\$ 2,583,302</u>	<u>\$ 1,289,754</u>	<u>\$ 2,668,290</u>	<u>\$ 12,711,751</u>	<u>\$ 45,394</u>	<u>\$ 20,594,766</u>	<u>\$ 20,584,365</u>
2023 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>\$ -</u>

TOWNSHIP OF GREATER MADAWASKA
SCHEDULE OF RESERVES AND RESERVE FUNDS
YEAR ENDED DECEMBER 31, 2024

	<u>2024</u>	<u>2023</u>
Contribution:		
From operations	\$ 434,247	\$ 143,407
Transfers:		
To operations	92,244	105,803
To tangible capital acquisitions	<u>14,795</u>	<u>350,982</u>
	<u>107,039</u>	<u>456,785</u>
Changes in reserves and reserve funds balance	327,208	(313,378)
Reserves and reserve funds at beginning of year	<u>1,608,499</u>	<u>1,921,877</u>
Reserves and reserve funds at end of year	<u>\$ 1,935,707</u>	<u>\$ 1,608,499</u>
Reserves:		
Working capital	\$ 353,723	\$ 353,723
Capital works	647,732	741,399
General recreation	12,793	12,793
Recreation	24,454	24,454
Rink	41,551	26,551
Calabogie recreation	9,115	9,115
Parks	16,240	16,240
One time funding	91,464	183,708
Post closure	340,000	340,000
General operating contingency	200,000	200,000
Lot development charge	(87,222)	(332,239)
Unallocated	<u>285,858</u>	<u>32,755</u>
Total reserves	<u>\$ 1,935,708</u>	<u>\$ 1,608,499</u>

FINANCIAL STATEMENTS
For
TOWNSHIP OF GREATER MADAWASKA LIBRARY BOARD
For year ended
DECEMBER 31, 2024

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, 2024, 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, 2024 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.

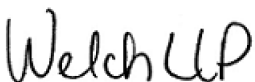
Auditor's Responsibilities for the Audit of the Financial Statements

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 17, 2025.

TOWNSHIP OF GREATER MADAWASKA LIBRARY BOARD

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2024

	<u>2024</u>	<u>2023</u>
<u>ASSETS</u>		
CURRENT		
Cash on hand and in bank	\$ 29,016	\$ 10,750
Short-term investments	25,215	23,954
Due from Township	<u>-</u>	<u>4,314</u>
	<u>\$ 54,231</u>	<u>\$ 39,018</u>
<u>LIABILITIES AND ACCUMULATED SURPLUS</u>		
CURRENT LIABILITIES		
Due to Township	\$ 15,213	\$ -
ACCUMULATED SURPLUS	<u>39,018</u>	<u>39,018</u>
	<u>\$ 54,231</u>	<u>\$ 39,018</u>

(See accompanying notes)

Welch LLP[®]

TOWNSHIP OF GREATER MADAWASKA LIBRARY BOARD
STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
YEAR ENDED DECEMBER 31, 2024

	<u>2024</u>	<u>2023</u>
Revenue		
Ontario grant - operating	\$ 11,817	\$ 11,817
- other	1,620	2,196
Other grants	1,000	-
Township grant	134,702	130,500
Fundraising and donations	8,398	8,787
Interest and other	<u>2,106</u>	<u>1,851</u>
	<u>159,643</u>	<u>155,151</u>
Expenses		
Salaries and benefits	104,228	103,810
Books, supplies, materials and maintenance	<u>55,415</u>	<u>51,341</u>
	<u>159,643</u>	<u>155,151</u>
 Accumulated surplus at beginning of year	 <u>39,018</u>	 <u>39,018</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, 2024

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, 2024.