

Township of Bonnechere Valley

Financial Statements

For the year ended 31 December 2024

MACKILLICAN & ASSOCIATES

CHARTERED PROFESSIONAL ACCOUNTANTS

The Corporation of the Township of Bonnechere Valley

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Management's Responsibility for the Consolidated Financial Statements

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

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

The Council meets with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

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

Annette Gilchrist
CAO

Township of Bonnechere Valley
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For the year ended 31 December 2024

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**MACKILLICAN
& ASSOCIATES**
CHARTERED PROFESSIONAL
ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

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

Opinion

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

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

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Township in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PSAS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Township's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Township or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

MacKillicon & Associates

RENFREW, Ontario.
20 May 2025.

Chartered Professional Accountants,
Licensed Public Accountants.

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

	<u>2024</u>	<u>2023</u>
Financial assets:		
Cash	\$ 3,357,871	\$ 3,481,003
Taxes receivable	806,374	632,255
Accounts receivable	451,793	372,571
Other assets	4,308	2,496
Notes receivable (Note 3)	971,946	923,927
Investment in Eganville Generation Corporation (Note 4)	<u>914,865</u>	<u>853,297</u>
	<u>\$ 6,507,157</u>	<u>\$ 6,265,549</u>
Liabilities:		
Accounts payable and accrued liabilities	\$ 716,926	\$ 273,604
Deferred revenue - obligatory reserve funds (Note 6 (a))	521,584	864,543
Deferred revenue (Note 6 (b))	525	321
Net long term liabilities (Note 11)	2,741,963	3,301,497
Asset retirement obligation (Note 7)	3,514,219	3,244,900
Employee future benefits	<u>106,516</u>	<u>91,483</u>
	<u>\$ 7,601,733</u>	<u>\$ 7,776,348</u>
Net financial assets (liabilities)	<u>\$ (1,094,576)</u>	<u>\$ (1,510,799)</u>
Non-financial assets:		
Tangible capital assets (net) (Note 10)	\$ 35,879,637	\$ 36,619,163
Inventory of supplies	193,760	147,401
Prepaid expenses	<u>146,698</u>	<u>117,008</u>
	<u>\$ 36,220,095</u>	<u>\$ 36,883,572</u>
Accumulated surplus	<u>\$ 35,125,519</u>	<u>\$ 35,372,773</u>
Accumulated surplus comprised of:		
Equity in tangible capital assets (Note 13)	\$ 33,123,499	\$ 33,317,666
Reserves	4,646,167	4,472,018
Equity in government business enterprise	914,865	853,297
Bonnechere Union Public Library Board	61,723	66,175
Unfunded - employee future benefit costs (Note 2)	(106,516)	(91,483)
Unfunded - asset retirement obligation (Note 2)	<u>(3,514,219)</u>	<u>(3,244,900)</u>
Total accumulated surplus	<u>\$ 35,125,519</u>	<u>\$ 35,372,773</u>

(See accompanying notes)

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

	<u>2024</u> <u>Budget</u>	<u>2024</u> <u>Actual</u>	<u>2023</u> <u>Actual</u>
Revenue:			
Taxation and user charges	\$ 5,345,500	\$ 5,273,042	\$ 4,937,223
Government transfers:			
Ontario	2,823,498	2,630,774	1,638,486
Canada	543,000	82,494	58,979
Other municipalities	110,014	114,755	127,886
Other	939,068	991,915	1,020,051
Loss on disposal of tangible capital assets	<u> </u>	<u> </u>	<u>(1,273)</u>
	<u>\$ 9,761,080</u>	<u>\$ 9,092,980</u>	<u>\$ 7,781,352</u>
Expenses:			
General government	\$ 1,118,275	\$ 1,036,660	\$ 999,738
Protection to persons and property	1,324,147	1,296,377	1,292,555
Transportation services	3,458,450	3,336,334	3,175,369
Environmental services	2,300,028	2,432,845	1,802,956
Recreation and cultural services	1,296,797	1,220,359	1,211,005
Planning and development	<u>24,000</u>	<u>17,659</u>	<u>72,210</u>
	<u>\$ 9,521,697</u>	<u>\$ 9,340,234</u>	<u>\$ 8,553,833</u>
Excess (shortfall) of revenue over expenses	\$ 239,383	\$ (247,254)	\$ (772,481)
Accumulated surplus at the beginning of the year	<u>35,372,773</u>	<u>35,372,773</u>	<u>36,145,254</u>
Accumulated surplus at the end of the year	<u>\$ 35,612,156</u>	<u>\$ 35,125,519</u>	<u>\$ 35,372,773</u>

(See accompanying notes)

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

	<u>2024</u> <u>Budget</u>	<u>2024</u> <u>Actual</u>	<u>2023</u> <u>Actual</u>
Excess (shortfall) of revenue over expenses	\$ 239,383	\$ (247,254)	\$ (772,481)
Amortization of tangible capital assets	1,958,402	1,958,402	1,769,420
Acquisition of tangible capital assets	(2,449,888)	(1,218,876)	(2,044,800)
Loss on disposal of tangible capital assets			1,273
Use of (acquisition of) prepaid expenses		(29,690)	(12,167)
Use of (acquisition of) inventory of supplies	<u> </u>	<u>(46,359)</u>	<u>55,388</u>
Increase (decrease) in net financial assets	\$ (252,103)	\$ 416,223	\$ (1,003,367)
Net financial assets (liabilities), beginning of year	<u>(1,510,799)</u>	<u>(1,510,799)</u>	<u>(507,432)</u>
Net financial assets (liabilities), end of year	<u>\$ (1,762,902)</u>	<u>\$ (1,094,576)</u>	<u>\$ (1,510,799)</u>

(See accompanying notes)

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

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Shortfall of revenue over expenses	\$ (247,254)	\$ (772,481)
Add (deduct) items which do not involve cash:		
- amortization	1,958,402	1,769,420
- loss on disposal of tangible capital assets		1,273
- deferred revenue	(342,755)	687,324
- asset retirement obligation	269,319	1,016,995
- employee future benefits	<u>15,033</u>	<u>(6,595)</u>
	<u>\$ 1,652,745</u>	<u>\$ 2,695,936</u>
Net change in non cash working capital balances related to operations:		
- decrease (increase) in taxes receivable	\$ (174,119)	\$ (101,512)
- decrease (increase) in other assets	(1,812)	1,457
- decrease (increase) in notes receivable	(48,019)	(47,668)
- decrease (increase) in prepaid expenses	(29,690)	(12,167)
- decrease (increase) in accounts receivable	(79,222)	96,144
- decrease (increase) in inventory of supplies	(46,359)	55,388
- increase (decrease) in accounts payable and accrued liabilities	<u>443,322</u>	<u>(556,466)</u>
	<u>\$ 64,101</u>	<u>\$ (564,824)</u>
Cash flows from operating activities	<u>\$ 1,716,846</u>	<u>\$ 2,131,112</u>
Cash flows from financing activities:		
Decrease in net long term liabilities	\$ (559,534)	\$ (490,241)
Increase in net long term liabilities		<u>936,734</u>
Cash flows from (used for) financing activities	<u>\$ (559,534)</u>	<u>\$ 446,493</u>
Cash flows used for capital activities:		
Additions to tangible capital assets:		
Protection services	\$ (17,077)	
Transportation services	(1,026,059)	\$ (795,177)
Environmental services	(72,050)	(1,089,494)
Recreation and cultural services	(103,690)	(160,129)
Change in investment in Eganville Generation Corporation	<u>(61,568)</u>	<u>(53,417)</u>
Cash flows used for capital activities	<u>\$ (1,280,444)</u>	<u>\$ (2,098,217)</u>
Increase (decrease) in cash and cash equivalents during the year	\$ (123,132)	\$ 479,388
Cash and cash equivalents at the beginning of the year	<u>3,481,003</u>	<u>3,001,615</u>
Cash and cash equivalents at the end of the year	<u><u>\$ 3,357,871</u></u>	<u><u>\$ 3,481,003</u></u>
Comprised of:		
Cash	<u><u>\$ 3,357,871</u></u>	<u><u>\$ 3,481,003</u></u>

(See accompanying notes)

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

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Corporation of the Township of Bonnechere Valley 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. Municipal position represents the financial position of the Township and is the difference between financial assets and liabilities. This information explains the Township's overall future revenue requirements and its ability to finance activities and meet its obligations.

(a) Reporting Entity

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

These consolidated financial statements include:

- Bonnechere Union Public Library Board

- (ii) Accounting for County and School Board Transactions

The taxation, other revenues, expenses, 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.

(b) Basis of Accounting

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

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

Government transfers, contributions and other amounts 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.

(c) Non-financial Assets

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Tangible Capital Assets

- (i) Tangible capital assets (TCAs) are recorded at cost, which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Where the cost was not readily determinable, the assets were valued at their current fair market value and then discounted back to their in-service date using the Non-Residential Building Construction Price Index (NRBCPI) for infrastructure, storm sewers and sanitary sewers 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. 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	20 - 50 years
Buildings	15 - 50 years
Machinery and equipment	5 - 25 years
Vehicles	7 - 20 years
Linear assets	10 - 60 years

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

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

(ii) Contribution of Tangible Capital Assets

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt, and that fair value is also recorded as revenue. Similarly, transfers of assets to third parties are recorded as an expense equal to the net book value of the assets as of the date of transfer.

(iii) Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

(iv) Inventories

Inventories held for consumption are recorded at cost.

(e) Investment Income

Short term and long term investments are recorded at cost plus accrual interest. If the market value of the investments become lower than cost and decline in value is considered to be other than temporary, the investments are written down to market value.

Investment income earned on current funds (other than obligatory reserve funds) are 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.

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Government Transfers

Government transfers are the transfers 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 direct financial return.

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

(g) Deferred Revenue

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

(h) Deferred Revenue - Obligatory Reserve Funds

The Township receives restricted contributions under the authority of provincial and federal legislation and Township by-laws. These funds by their nature are restricted in their use and until applied to applicable costs are recorded as deferred revenue. Amounts applied to qualifying expenditures are recorded as revenue in the fiscal period they are expended.

(i) Use of Estimates

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

(j) Cash and Cash Equivalents

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

(k) Revenue Recognition

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

(l) Financial Instruments

Financial instruments include cash, accounts receivable, other assets, notes receivable, accounts payable and accrued liabilities and net long term liabilities. Unless otherwise noted, it is management's opinion that the Township 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, other assets, notes 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 Bonnechere Valley
Notes to the Consolidated Financial Statements
For the year ended 31 December 2024

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 asset retirement obligation and employee future benefit costs.

3. NOTES RECEIVABLE

Due from Eganville Generation Corporation - \$ 971,946 (2023 - \$ 923,927):
The former Eganville Public Utilities Commission distribution system was sold to Hydro One in 2001. The Eganville Generation Corporation was formed and the proceeds from the sale were used to finance the generation system upgrade. The note receivable is offset by reserves held by the Township. The interest rates charged in 2024 were at 7.25% and a variable rate. The note has no fixed repayment terms and is unsecured.

4. INVESTMENT IN GOVERNMENT BUSINESS ENTERPRISE

Eganville Generation Corporation (EGC) is a government business enterprise that the Township owns a 100% interest in and is accounted for on a modified equity basis in these financial statements.

	<u>2024</u>	<u>2023</u>
Financial position:		
Current assets	\$ 396,456	\$ 310,233
Capital assets	<u>1,807,432</u>	<u>1,826,972</u>
	<u>\$ 2,203,888</u>	<u>\$ 2,137,205</u>
Current liabilities	\$ 66,879	\$ 78,350
Long term debt	<u>1,222,144</u>	<u>1,205,558</u>
	<u>\$ 1,289,023</u>	<u>\$ 1,283,908</u>
Net assets	<u><u>\$ 914,865</u></u>	<u><u>\$ 853,297</u></u>
Results of operations:		
Revenues	\$ 434,430	\$ 412,187
Operating expenses	<u>357,862</u>	<u>343,770</u>
Net income and comprehensive income for the year	<u><u>\$ 76,568</u></u>	<u><u>\$ 68,417</u></u>
Dividends declared	<u><u>\$ 15,000</u></u>	<u><u>\$ 15,000</u></u>

5. OPERATIONS OF SCHOOL BOARDS AND COUNTY OF RENFREW

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

	<u>School Boards</u>	<u>County</u>
Property taxes	\$ 928,722	\$ 2,262,198
Payments in lieu	<u>18,537</u>	<u>25,780</u>
	<u><u>\$ 947,259</u></u>	<u><u>\$ 2,287,978</u></u>

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

6. DEFERRED REVENUE

a) 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:

- (i) 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>
Ontario Community Infrastructure Fund	\$ 191,058	\$ 595,176
Canada Community-Building Fund	<u>330,526</u>	<u>269,367</u>
	<u>\$ 521,584</u>	<u>\$ 864,543</u>

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

	<u>2024</u>	<u>2023</u>
Balance at the beginning of the year	\$ 864,543	\$ 143,089
Canada Community-Building Fund revenue received	124,369	121,588
Ontario Community Infrastructure Fund revenue received	576,954	588,426
Interest earned	33,216	11,440
Used for purchases	<u>(1,077,498)</u>	<u></u>
Balance at the end of the year	<u>\$ 521,584</u>	<u>\$ 864,543</u>

b) Other Deferred Revenue:

Other deferred revenue consists of miscellaneous advances to be used in 2025.

7. ASSET RETIREMENT OBLIGATION

Asset retirement obligation at year end is as follows:

	<u>2024</u>	<u>2023</u>
Landfill closure and post closure costs	\$ 3,244,900	\$ 2,227,905
Accretion expense	269,319	
Increase in change in estimate	<u></u>	<u>1,016,995</u>
	<u>\$ 3,514,219</u>	<u>\$ 3,244,900</u>

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

7. ASSET RETIREMENT OBLIGATION (Continued)

Landfill

The Environmental Protection Act sets out the regulatory requirements to properly close and maintain all active and inactive landfill sites. Under environmental law, there is a requirement for closure and post closure care of solid waste landfill sites. This requirement is to be provided for over the estimated remaining life of the landfill site based on usage.

Landfill closure and post closure care requirements have been defined in accordance with industry standards and include final covering and landscaping of the landfill, pumping ground water and leachates from the site, and ongoing environmental monitoring, site inspection and maintenance. Some closure costs are incurred on an ongoing basis and are included in the yearly fiscal operating budget. All remaining expected closure and post closure costs have been discounted at the Township's average long term borrowing rate, net of estimated inflation.

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

Eganville Site (Snowdrifters)

This landfill is expected to reach its capacity in 6 years, and the estimated remaining capacity is 6,198 cubic meters, which is 4% of the site's total capacity. The total undiscounted future expenditures for closure and post closure care are \$ 1,440,756 (2023 - \$ 1,442,300). The estimated length of time for post closure care is 25 years.

Ruby Road Site

The landfill is expected to reach its capacity in 29 years, and the estimated remaining capacity is 103,065 cubic meters, which is 70% of the site's total capacity. The total undiscounted future expenditures for closure and post closure care are \$ 1,689,849 (2023 - \$ 1,422,400). The estimated length of time for post closure care is 25 years.

Sand Road Site

The landfill has reached its total capacity. The total undiscounted future expenditures for closure and post closure care are \$ 343,935 (2023 - \$ 318,200). The estimated length of time for post closure care is 25 years.

Lake Clear Site

The landfill has reached its total capacity. The total undiscounted future expenditures for closure and post closure care are \$ 38,679 (2023 - \$ 61,000). The estimated length of time for post closure care is 25 years.

Highway 41 Site

The landfill has reached its total capacity. The total undiscounted future expenditures for closure and post closure care are \$ 1,000 (2023 - \$ 1,000). The estimated length of time for post closure care is 25 years.

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

8. CONTINGENT LIABILITIES

The nature of municipal activities is such that there may be litigation pending or in prospect at any time. The final outcome with respect to claims and legal proceedings pending 31 December 2024 cannot be predicted with certainty.

9. BUDGET FIGURES

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

10. TANGIBLE CAPITAL ASSETS

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

(i) Contributed Tangible Capital Assets

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

(ii) Tangible Capital Assets Recognized at Nominal Value

Certain assets have been assigned a nominal value of one dollar, because of the difficulty of determining a tenable valuation. The most significant such assets are the Township's road allowances.

11. NET LONG TERM LIABILITIES

- (a) The balance of net long term liabilities of \$ 2,741,963 (2023 - \$ 3,301,497) reported on the "Consolidated Statement of Financial Position" is made up of long term liabilities incurred by the Township and includes those incurred on behalf of municipal enterprises.

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

11. NET LONG TERM LIABILITIES (Continued)

	<u>2024</u>	<u>2023</u>
(b) Bank of Montreal loan payable, interest at 3.65%, \$ 5,449 blended payment, payable monthly, maturing January 2026. \$	353,733	\$ 405,197
Bank of Montreal loan payable, interest at 7.77%, \$ 5,806 principal payment plus interest, payable monthly, maturing October 2028.	272,924	342,608
Bank of Montreal loan payable, interest at prime, \$ 5,446 principal payment plus interest, payable monthly, maturing July 2027.	163,375	228,724
Bank of Montreal loan payable, interest at 3.65%, \$ 2,042 blended payment, payable monthly, maturing January 2026.	25,298	48,420
Bank of Montreal loan payable, interest at 7.86%, \$ 3,411 principal payment plus interest, payable monthly, maturing October 2030.	242,161	283,089
Bank of Montreal loan payable, interest at 5.99%, \$ 10,173 blended payment, payable monthly, maturing September 2027.	317,397	417,197
Bank of Montreal loan payable, interest at prime, \$ 2,000 principal payment plus interest, payable monthly, matured October 2024.		20,000
Bank of Montreal loan payable, interest at 3.75%, \$ 5,425 blended payment, payable monthly, maturing January 2033.	457,167	500,217
Bank of Montreal loan payable, interest at 3.75%, \$ 4,844 blended payment, payable monthly, maturing January 2038.	606,795	636,483
Bank of Montreal loan payable, interest at prime, \$ 795 blended payment, payable monthly, maturing December 2025.	8,610	17,754
Bank of Montreal loan payable, interest at 6.5183%, \$ 4,484 blended payment, payable monthly, maturing March 2030.	238,715	275,652
Bank of Montreal loan payable, interest at prime, \$ 4,704 blended payment, payable monthly, maturing April 2025.	18,816	75,264
Bank of Montreal loan payable, interest at 5.53%, \$ 1,365 blended payment, payable monthly, maturing May 2027.	<u>36,972</u>	<u>50,892</u>
Net long term liabilities at the end of the year	<u>\$ 2,741,963</u>	<u>\$ 3,301,497</u>

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

11. NET LONG TERM LIABILITIES (Continued)

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 544,805	\$ 127,132	\$ 671,937
2026	507,953	98,002	605,955
2027	461,913	69,355	531,268
2028	327,047	48,007	375,054
2029	272,948	32,539	305,487
2030 - 2034	568,948	49,913	618,861
2035 onward	<u>58,349</u>	<u>1,045</u>	<u>59,394</u>
	<u>\$ 2,741,963</u>	<u>\$ 425,993</u>	<u>\$ 3,167,956</u>

12. CHARGES FOR NET LONG TERM LIABILITIES

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

	<u>2024</u>	<u>2023</u>
Principal	\$ 559,534	\$ 490,241
Interest	<u>190,377</u>	<u>154,690</u>
	<u>\$ 749,911</u>	<u>\$ 644,931</u>

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

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

13. EQUITY IN TANGIBLE CAPITAL ASSETS

	<u>2024</u>	<u>2023</u>
Tangible capital assets - net	\$ 35,879,637	\$ 36,619,163
Net long term liabilities (Note 11)	(2,741,963)	(3,301,497)
Amounts to be funded in future years	<u>(14,175)</u>	<u></u>
Equity in tangible capital assets	<u>\$ 33,123,499</u>	<u>\$ 33,317,666</u>

14. PENSION CONTRIBUTIONS

The Township makes contributions to the Ontario Municipal Employees Retirement System (OMERS), a multi-employer pension plan. The plan provides defined pension benefits to employees based on their length of service and rates of pay. During the year ended 31 December 2024, the Municipality contributed \$ 180,524 (2023 - \$ 166,877) to the plan and is included as an expense in the Consolidated Statement of Operations and Accumulated Surplus. The Township does not recognize in its consolidated financial statements any share of the pension plan deficit as this is a joint responsibility of all Ontario municipalities and their employees. The pension plan deficit for 2024 is \$ 4,319,000,000 (the deficit for 2023 was \$ 7,571,000,000) based on the fair market value of the Plan's assets.

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

15. MUNICIPALITIES BENEFIT COMMITTEE

The Township of Bonnechere Valley 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 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 Bonnechere Valley leaves the MBC, the Township forfeits its right to any surplus.

16. CONTRACTUAL OBLIGATIONS

In 2023, the Township entered into a contract with the Ontario Provincial Police for the provision of policing services. The contract runs from 2023 to 2026. Annual charges are determined based on a level of service and are reconciled to actual cost in the following year. The contract for 2024 was \$ 727,301 (2023 - \$ 718,909).

17. SEGMENTED INFORMATION

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

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

17. SEGMENTED INFORMATION (Continued)

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

	Salaries and benefits	Interest on long term debt	Materials and contracted services	Rent and external transfers	Amortization	Total
General government	\$ 680,177		\$ 335,912		\$ 20,571	\$ 1,036,660
Protection services	258,169	\$ 1,904	967,940	\$ 1,320	67,044	1,296,377
Transportation services	920,286	103,681	1,155,845		1,156,522	3,336,334
Environmental services	620,745	45,044	1,208,891		558,165	2,432,845
Recreation	533,050	39,748	488,871	2,590	156,100	1,220,359
Planning and development	12,719		4,940			17,659
	<u>\$ 3,025,146</u>	<u>\$ 190,377</u>	<u>\$ 4,162,399</u>	<u>\$ 3,910</u>	<u>\$ 1,958,402</u>	<u>\$ 9,340,234</u>

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

	Salaries and benefits	Interest on long term debt	Materials and contracted services	Rent and external transfers	Amortization	Total
General government	\$ 678,876		\$ 299,654		\$ 21,208	\$ 999,738
Protection services	272,803	\$ 2,398	944,243	\$ 6,068	67,043	1,292,555
Transportation services	814,863	79,412	1,168,158		1,112,936	3,175,369
Environmental services	533,077	36,044	812,019		421,816	1,802,956
Recreation	487,655	45,850	530,083	1,000	146,417	1,211,005
Planning and development	12,223		59,987			72,210
	<u>\$ 2,799,497</u>	<u>\$ 163,704</u>	<u>\$ 3,814,144</u>	<u>\$ 7,068</u>	<u>\$ 1,769,420</u>	<u>\$ 8,553,833</u>

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

	Taxes	User charges and other revenues	Government transfers - Ontario	Government transfers - Canada	Total
General government	\$ 4,112,527	\$ 500,705	\$ 1,507,985		\$ 6,121,217
Protection services		18,776	4,503		23,279
Transportation services		53,164	1,003,163		1,056,327
Environmental services		1,350,607	94,918	\$ 74,335	1,519,860
Recreation services		327,183	20,205	8,159	355,547
Planning and development		16,750			16,750
	<u>\$ 4,112,527</u>	<u>\$ 2,267,185</u>	<u>\$ 2,630,774</u>	<u>\$ 82,494</u>	<u>\$ 9,092,980</u>

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

17. SEGMENTED INFORMATION (Continued)

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

	<u>Taxes</u>	<u>User charges and other revenues</u>	<u>Government transfers - Ontario</u>	<u>Government transfers - Canada</u>	<u>Total</u>
General government	\$ 3,849,502	\$ 428,951	\$ 1,501,504		\$ 5,779,957
Protection services		132,778	10,318		143,096
Transportation services		52,990			52,990
Environmental services		1,243,012	88,147		1,331,159
Recreation services		351,904	38,517	\$ 58,979	449,400
Planning and development		24,750			24,750
	<u>\$ 3,849,502</u>	<u>\$ 2,234,385</u>	<u>\$ 1,638,486</u>	<u>\$ 58,979</u>	<u>\$ 7,781,352</u>

Township of Bonnechere Valley

Schedule of General Operations

For the year ended 31 December 2024

(with 2024 budget and 2023 actual figures for comparison)

	<u>2024</u> <u>Budget</u>	<u>2024</u> <u>Actual</u>	<u>2023</u> <u>Actual</u>
Revenue:			
Net municipal taxation	\$ 5,345,500	\$ 5,273,042	\$ 4,937,221
Government transfers:			
Ontario	2,803,193	2,610,475	1,618,222
Canada	538,000	82,494	54,112
Other municipalities	27,200	31,959	52,125
Other	852,300	890,648	886,634
Loss on disposal of tangible capital assets	<u> </u>	<u> </u>	<u>(1,273)</u>
	<u>\$ 9,566,193</u>	<u>\$ 8,888,618</u>	<u>\$ 7,547,041</u>
Expenses:			
General government	\$ 1,115,671	\$ 1,034,056	\$ 1,006,024
Protection to persons and property	1,323,494	1,295,724	1,273,728
Transportation services	3,450,212	3,328,094	3,172,894
Environmental services	2,029,585	2,162,402	1,818,901
Recreation and cultural services	1,157,064	1,057,201	1,066,150
Planning and development	<u>24,000</u>	<u>17,659</u>	<u>72,210</u>
	<u>\$ 9,100,026</u>	<u>\$ 8,895,136</u>	<u>\$ 8,409,907</u>
Excess (shortfall) of revenue over expenses	<u>\$ 466,167</u>	<u>\$ (6,518)</u>	<u>\$ (862,866)</u>
Transfers:			
Transfer from (to) reserves	\$ 400,000	\$ (174,149)	\$ 904,751
Transfer from (to) equity in tangible capital assets	<u>(866,167)</u>	<u>180,667</u>	<u>(41,885)</u>
Net transfers	<u>\$ (466,167)</u>	<u>\$ 6,518</u>	<u>\$ 862,866</u>
Change in general surplus (deficit) for the year	\$ -	\$ -	\$ -
General surplus at the beginning of the year	<u>-</u>	<u>-</u>	<u>-</u>
General surplus at the end of the year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

(See accompanying notes)

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

	<u>2024</u>	2023
Contributions:		
From operations	\$ 418,926	\$ 388,132
Transfers:		
To operations	(87,727)	(73,661)
To tangible capital asset acquisitions	<u>(157,050)</u>	<u>(272,586)</u>
Change in reserves and reserve funds balance	\$ 174,149	\$ 41,885
Reserves and reserve funds at the beginning of the year	<u>4,472,018</u>	<u>4,430,133</u>
Reserves and reserve funds at the end of the year	<u>\$ 4,646,167</u>	<u>\$ 4,472,018</u>
Reserves:		
Working funds	\$ 2,319,374	\$ 2,000,445
Protection services	55,632	55,632
Roadways	64,657	64,657
Administration	10,000	10,000
Water and sewage system	685,427	830,207
Recreation	19,046	19,046
Hydro generation	1,420,576	1,420,576
Landfill	<u>71,455</u>	<u>71,455</u>
Total reserves	<u>\$ 4,646,167</u>	<u>\$ 4,472,018</u>

(See accompanying notes)

Township of Bonnechere Valley
Schedule of Tangible Capital Assets
For the year ended 31 December 2024
(with 2023 figures for comparison)

Segmented by asset class: <u>Cost</u>	Balance at 31 December <u>2023</u>	<u>Additions</u>	Disposals, write-offs and adjustments	Balance at 31 December <u>2024</u>
Land	\$ 795,812			\$ 795,812
Land improvements	2,584,053			2,584,053
Buildings	11,584,471			11,584,471
Machinery and equipment	7,408,103	\$ 143,663	\$ (35,000)	7,516,766
Vehicles	3,270,689			3,270,689
Linear assets	53,777,519	1,016,468	43,230	54,837,217
Capital work in progress	<u>46,283</u>	<u>58,745</u>	<u>(43,230)</u>	<u>61,798</u>
Total	<u>\$ 79,466,930</u>	<u>\$ 1,218,876</u>	<u>\$ (35,000)</u>	<u>\$ 80,650,806</u>

<u>Accumulated amortization</u>	Balance at 31 December <u>2023</u>	<u>Amortization</u>	Disposals, write-offs and adjustments	Balance at 31 December <u>2024</u>
Land	\$ 68,708			\$ 68,708
Land improvements	1,180,510	\$ 164,516		1,345,026
Buildings	6,385,631	227,417		6,613,048
Machinery and equipment	4,615,812	286,406	\$ (35,000)	4,867,218
Vehicles	1,940,516	206,364		2,146,880
Linear assets	<u>28,656,590</u>	<u>1,073,699</u>		<u>29,730,289</u>
Total	<u>\$ 42,847,767</u>	<u>\$ 1,958,402</u>	<u>\$ (35,000)</u>	<u>\$ 44,771,169</u>

<u>Net book values</u>	Balance at 31 December <u>2023</u>	Balance at 31 December <u>2024</u>
Land	\$ 727,104	\$ 727,104
Land improvements	1,403,543	1,239,027
Buildings	5,198,840	4,971,423
Machinery and equipment	2,792,291	2,649,548
Vehicles	1,330,173	1,123,809
Linear assets	25,120,929	25,106,928
Capital work in progress	<u>46,283</u>	<u>61,798</u>
Total	<u>\$ 36,619,163</u>	<u>\$ 35,879,637</u>

(See accompanying notes)

Township of Bonnechere Valley
Schedule of Tangible Capital Assets
For the year ended 31 December 2024
(with 2023 figures for comparison)

Segmented by function: <u>Cost</u>	Balance at 31 December <u>2023</u>	<u>Additions</u>	Disposals, write-offs and adjustments	Balance at 31 December <u>2024</u>
General government	\$ 993,876			\$ 993,876
Protection services - fire department	2,218,595	\$ 17,077		2,235,672
Protection services - by-law	2,700			2,700
Protection services - animal shelter	42,656			42,656
Transportation services	50,075,734	1,026,059		51,101,793
Environmental services	2,655,077			2,655,077
Water and sewer - sewer treatment plant	8,069,220			8,069,220
Water and sewer - water treatment plant	9,207,449	72,050		9,279,499
Recreation and culture - administration and other	3,045,555	17,320	\$ 279,594	3,342,469
Recreation and culture - arena	3,046,634	86,370	(314,594)	2,818,410
Planning and development	<u>109,434</u>			<u>109,434</u>
Total	<u>\$ 79,466,930</u>	<u>\$ 1,218,876</u>	<u>\$ (35,000)</u>	<u>\$ 80,650,806</u>

<u>Accumulated amortization</u>	Balance at 31 December <u>2023</u>	<u>Amortization</u>	Disposals, write-offs and adjustments	Balance at 31 December <u>2024</u>
General government	\$ 696,626	\$ 20,571		\$ 717,197
Protection services - fire department	1,541,703	66,195		1,607,898
Protection services - by-law	2,700			2,700
Protection services - animal shelter	13,777	849		14,626
Transportation services	25,775,153	1,156,522		26,931,675
Environmental services	793,173	178,753		971,926
Water and sewer - sewer treatment plant	5,270,741	151,674		5,422,415
Water and sewer - water treatment plant	5,298,518	227,738		5,526,256
Recreation and culture - administration and other	2,315,873	92,862		2,408,735
Recreation and culture - arena	<u>1,139,503</u>	<u>63,238</u>	<u>\$ (35,000)</u>	<u>1,167,741</u>
Total	<u>\$ 42,847,767</u>	<u>\$ 1,958,402</u>	<u>\$ (35,000)</u>	<u>\$ 44,771,169</u>

(See accompanying notes)

Township of Bonnechere Valley
Schedule of Tangible Capital Assets
For the year ended 31 December 2024
 (with 2023 figures for comparison)

<u>Net book values</u>	Balance at 31 December <u>2023</u>	Balance at 31 December <u>2024</u>
General government	\$ 297,250	\$ 276,679
Protection services - fire department	676,892	627,774
Protection services - animal shelter	28,879	28,030
Transportation services	24,300,581	24,170,118
Environmental services	1,861,904	1,683,151
Water and sewer - sewer treatment plant	2,798,479	2,646,805
Water and sewer - water treatment plant	3,908,931	3,753,243
Recreation and culture - administration and other	729,682	933,734
Recreation and culture - arena	1,907,131	1,650,669
Planning and development	<u>109,434</u>	<u>109,434</u>
Total	\$ <u>36,619,163</u>	\$ <u>35,879,637</u>

(See accompanying notes)

Bonnechere Union Public Library Board

Financial Statements

For the year ended 31 December 2024

MACKILLICAN & ASSOCIATES

CHARTERED PROFESSIONAL ACCOUNTANTS



**MACKILLICAN
& ASSOCIATES**
CHARTERED PROFESSIONAL
ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board Members,
Bonnechere Union Public Library Board,
EGANVILLE, Ontario.

Opinion

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

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

Basis for Qualified Opinion

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 consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. In common with many such organizations, the Library Board derives revenue from donations, client fees and fundraising activities, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Library Board and we were not able to determine whether any adjustments might be necessary to revenues, assets and net assets.

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.

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J.D. Healey, CPA, CA, LPA / R.K. Richards, CPA, CA, LPA / B.D. Thompson, CPA, CA, LPA / D.J. Thompson, CPA, CA, LPA

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

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

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

MacKillicon & Associates

RENFREW, Ontario.
10 June 2025.

Chartered Professional Accountants,
Licensed Public Accountants.

Bonnechere Union Public Library Board

Statement of Financial Position

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

	<u>2024</u>	<u>2023</u>
Financial assets:		
Cash in bank - general funds	\$ 72,422	\$ 84,366
Cash in bank - capital improvement funds	18,365	16,071
Due from Canada	4,638	5,473
Prepaid expenses	<u>1,737</u>	<u></u>
	<u>\$ 97,162</u>	<u>\$ 105,910</u>
Liabilities:		
Accounts payable and accrued liabilities	<u>\$ 35,439</u>	<u>\$ 39,736</u>
Net financial assets	<u>\$ 61,723</u>	<u>\$ 66,174</u>
Non-financial assets:		
Tangible capital assets (Note 4)	<u>\$ 148,782</u>	<u>\$ 162,281</u>
Accumulated surplus	<u><u>\$ 210,505</u></u>	<u><u>\$ 228,455</u></u>
Accumulated surplus comprised of:		
Equity in tangible capital assets	\$ 148,782	\$ 162,281
General	<u>61,723</u>	<u>66,174</u>
Total accumulated surplus	<u><u>\$ 210,505</u></u>	<u><u>\$ 228,455</u></u>

(See accompanying notes)

Bonnechere Union Public Library Board
Statement of Operations and Accumulated Surplus
For the year ended 31 December 2024
(with 2024 budget and 2023 actual figures for comparison)

	<u>2024</u> <u>Budget</u>	<u>2024</u> <u>Actual</u>	<u>2023</u> <u>Actual</u>
Revenue:			
Province of Ontario - library grants (Note 3)	\$ 17,014	\$ 17,014	\$ 17,014
- pay equity	2,691	2,691	2,691
- ILL rebate	600	594	558
Government of Canada - Summer Career Placement Program	5,000		4,867
Municipalities - Bonnechere Valley	193,234	193,233	176,775
- North Algona Wilberforce	82,814	82,796	75,761
LEAF grant			27,000
Other grants		500	
Donations, fundraising, fees and memberships	24,200	38,098	52,006
Rotary partnership	<u>1,000</u>	<u>1,101</u>	<u>997</u>
	<u>\$ 326,553</u>	<u>\$ 336,027</u>	<u>\$ 357,669</u>
Expenses:			
Audit and bookkeeping	\$ 11,300	\$ 11,718	\$ 11,194
Books and publications		5,947	6,225
Cleaning	5,500	4,938	5,189
Equipment and supplies	3,200	3,536	3,894
Health and safety	2,000	1,759	2,169
Insurance	1,230	1,144	1,131
Miscellaneous	8,658	8,726	10,178
Programs and awards	1,000	1,001	1,373
Project expense		4,494	1,649
Rent and utilities	23,000	23,404	20,799
Rotary expenses	1,000	1,093	1,020
Technology advancements	5,500	6,657	5,658
Telephone	1,500	1,732	1,573
Transfers to other libraries		2,508	2,508
Wages and benefits	<u>250,865</u>	<u>244,501</u>	<u>227,563</u>
	<u>\$ 314,753</u>	<u>\$ 323,158</u>	<u>\$ 302,123</u>
Excess of revenue over expenses before amortization	\$ 11,800	\$ 12,869	\$ 55,546
Less amortization	<u>(15,800)</u>	<u>(30,819)</u>	<u>(25,173)</u>
Excess (shortfall) of revenue over expenses	\$ (4,000)	\$ (17,950)	\$ 30,373
Accumulated surplus at the beginning of the year	<u>228,455</u>	<u>228,455</u>	<u>198,082</u>
Accumulated surplus at the end of the year	<u>\$ 224,455</u>	<u>\$ 210,505</u>	<u>\$ 228,455</u>

(See accompanying notes)

Bonnechere Union Public Library Board
Statement of Changes in Net Financial Assets (Liabilities)
For the year ended 31 December 2024
(with 2024 budget and 2023 actual figures for comparison)

	<u>2024</u> <u>Budget</u>	<u>2024</u> <u>Actual</u>	<u>2023</u> <u>Actual</u>
Excess (shortfall) of revenue over expenses	\$ (4,000)	\$ (17,950)	\$ 30,373
Amortization of tangible capital assets	15,800	30,819	25,173
Acquisition of tangible capital assets	<u>(17,320)</u>	<u>(17,320)</u>	<u>(47,678)</u>
Increase (decrease) in net financial assets	\$ (5,520)	\$ (4,451)	\$ 7,868
Net financial assets at the beginning of the year	<u>66,174</u>	<u>66,174</u>	<u>58,306</u>
Net financial assets at the end of the year	<u>\$ 60,654</u>	<u>\$ 61,723</u>	<u>\$ 66,174</u>

(See accompanying notes)

Bonnechere Union Public Library Board

Statement of Cash Flows

For the year ended 31 December 2024

(with 2023 figures for comparison)

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Excess (shortfall) of revenue over expenses	\$ (17,950)	\$ 30,373
Add amortization which does not involve cash	<u>30,819</u>	<u>25,173</u>
	<u>\$ 12,869</u>	<u>\$ 55,546</u>
Net change in non cash working capital balances related to operations:		
- decrease (increase) in due from Canada	\$ 835	\$ (951)
- increase (decrease) in accounts payable and accrued liabilities	(4,297)	8,212
- decrease (increase) in prepaid expenses	(1,737)	
- increase (decrease) in deferred revenue	<u>(5,199)</u>	<u>(27,000)</u>
	<u>\$ (5,199)</u>	<u>\$ (19,739)</u>
Cash flows from operating activities	<u>\$ 7,670</u>	<u>\$ 35,807</u>
Cash flows used for investing activities:		
Acquisition of tangible capital assets	<u>\$ (17,320)</u>	<u>\$ (47,678)</u>
Increase (decrease) in cash and cash equivalents during the year	\$ (9,650)	\$ (11,871)
Cash and cash equivalents at the beginning of the year	<u>100,437</u>	<u>112,308</u>
Cash and cash equivalents at the end of the year	<u><u>\$ 90,787</u></u>	<u><u>\$ 100,437</u></u>

(See accompanying notes)

Bonnechere Union Public Library Board

Notes to the Financial Statements

For the year ended 31 December 2024

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Bonnechere Union Public 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) Non-financial Assets

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

(c) 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:

Equipment and books	5 - 20 years
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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 Library Board has a capitalization threshold of \$ 5,000, so that individual TCAs of lesser value are expensed, unless they are pooled because, collectively, they have significant value, or for operational reasons.

(ii) Contribution of Tangible Capital Assets

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt, and that fair value is also recorded as revenue. Similarly, transfers of assets to third parties are recorded as an expenditure equal to the net book value of the assets as of the date of transfer.

Bonnechere Union Public Library Board

Notes to the Financial Statements

For the year ended 31 December 2024

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) 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 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.

(e) Use of Estimates

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

(f) Cash and Cash Equivalents

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

(g) Deferred Revenue

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

2. FINANCIAL INSTRUMENTS

Financial instruments include cash in bank, and accounts payable and accrued liabilities. 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 in bank, and accounts payable and accrued liabilities, approximates their fair values, due to the immediate and short term maturities of these financial instruments.

3. PROVINCIAL LIBRARY GRANTS

	<u>2024</u>		<u>2023</u>
	<u>Amount Received</u>	<u>Transferred to Other Library Boards</u>	<u>Net Grants</u>
Bonnechere Valley	\$ <u>17,014</u>	\$ <u>2,508</u>	\$ <u>14,506</u>

4. TANGIBLE CAPITAL ASSETS

	<u>2024</u>		<u>2023</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>
Equipment and books	\$ <u>585,159</u>	\$ <u>436,377</u>	\$ <u>148,782</u>

Bonnechere Union Public Library BoardNotes to the Financial StatementsFor the year ended 31 December 2024**5. CONTINGENT LIABILITIES**

The nature of municipal activities is such that there may be litigation pending or in prospect at any time. The final outcome with respect to claims and legal proceedings pending 31 December 2024 cannot be predicted with certainty.