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# Financial statements of the Township of East Hawkesbury

December 31, 2022

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To the members of Council, Inhabitants and Ratepayers of the  
Township of East Hawkesbury

## Opinion

We have audited the financial statements of the Township of East Hawkesbury (the "Municipality") which comprise the statement of financial position as at December 31, 2022, and the statements of operations, changes in net debt and 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 Municipality as at December 31, 2022, and the results of its operations, changes in its net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

## 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 Municipality in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, 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 Municipality'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 Municipality or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Municipality'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 Municipality'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 Municipality'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 Municipality 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.

Hawkesbury ON  
May 8, 2023

*MNP LLP*

Chartered Professional Accountants  
Licensed Public Accountants

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**Township of East Hawkesbury**  
**Statement of operations**  
 Year ended December 31, 2022

|  | Budget<br>2022 | Actual<br>2022     | Actual<br>2021 |
|--|----------------|--------------------|----------------|
|  | \$             | \$                 | \$             |
| <b>Revenue</b>                                       |                |                    |                |
| Taxation – all classes                               | 5,218,714      | <b>5,271,708</b>   | 5,082,222      |
| Less: amounts received for:                          |                |                    |                |
| United Counties (Note 3)                             | (1,993,647)    | <b>(2,068,660)</b> | (1,984,712)    |
| School boards (Note 3)                               | (817,456)      | <b>(821,912)</b>   | (810,196)      |
| Net taxation for municipal purposes                  | 2,407,611      | <b>2,381,136</b>   | 2,287,314      |
| User fees  | 632,468        | <b>816,870</b>     | 758,682        |
| Transfer payments                                    |                |                    |                |
| Government of Canada                                 | 577,762        | <b>670,042</b>     | 605,551        |
| Province of Ontario                                  | 977,804        | <b>799,331</b>     | 507,244        |
| Other municipalities                                 | 651,753        | <b>748,760</b>     | 449,026        |
| Loss on sale of tangible capital assets              | -              | -                  | (12,009)       |
| Investment income                                    | -              | <b>1,123</b>       | 1,669          |
| Licences and permits                                 | 6,850          | <b>8,666</b>       | 8,139          |
| Penalties and interest                               | 145,000        | <b>110,360</b>     | 123,350        |
| Donations  | -              | -                  | 5,000          |
| Fines  | 16,000         | <b>16,482</b>      | 11,772         |
| Rental income  | 20,000         | <b>21,384</b>      | 20,809         |
|  | 5,435,248      | <b>5,574,154</b>   | 4,766,547      |
| <b>Expenses (Schedule 4)</b>                         |                |                    |                |
| General government                                   | 715,281        | <b>721,852</b>     | 695,600        |
| Protection to person and property                    | 879,966        | <b>963,079</b>     | 896,561        |
| Transportation services                              | 1,091,409      | <b>1,718,204</b>   | 1,668,073      |
| Environmental services                               | 678,490        | <b>1,010,546</b>   | 745,429        |
| Recreation and cultural services                     | 143,995        | <b>221,429</b>     | 205,096        |
| Planning and development                             | 128,705        | <b>237,109</b>     | 197,447        |
|  | 3,637,846      | <b>4,872,219</b>   | 4,408,206      |
| Annual surplus                                       | 1,797,402      | <b>701,935</b>     | 358,341        |
| Accumulated surplus, beginning of year               | 14,915,056     | <b>14,915,056</b>  | 14,556,715     |
| <b>Accumulated surplus, end of year (Schedule 2)</b> | 16,712,458     | <b>15,616,991</b>  | 14,915,056     |

The accompanying notes and schedules are an integral part of the financial statements.



**Township of East Hawkesbury**  
**Statement of financial position**  
 As at December 31, 2022

|  | 2022               | 2021       |
|--|--------------------|------------|
|  | \$                 | \$         |
| <b>Assets</b>                            |                    |            |
| Financial assets                         |                    |            |
| Cash                                     | 52,134             | 25,890     |
| Accounts receivable                      | 1,360,490          | 530,624    |
| Taxes receivable                         | 672,177            | 759,893    |
|  | <b>2,084,801</b>   | 1,316,407  |
| <b>Liabilities</b>                       |                    |            |
| Bank loan (Note 4)                       | 930,000            | 110,000    |
| Accounts payable and accrued liabilities | 711,736            | 553,013    |
| Employee future benefits (Note 5)        | 16,630             | 20,145     |
| Deferred revenues (Note 6)               | 510,833            | 185,079    |
| Debts (Note 7)                           | 1,285,630          | 1,337,817  |
|  | <b>3,454,829</b>   | 2,206,054  |
| Net debt                                 | <b>(1,370,028)</b> | (889,647)  |
| Commitments (Note 10)                    |                    |            |
| <b>Non-financial assets</b>              |                    |            |
| Tangible capital assets (Schedule 1)     | 16,932,033         | 15,585,243 |
| Inventories                              | 50,306             | 109,826    |
| Prepaid expenses                         | 4,680              | 109,634    |
|  | <b>16,987,019</b>  | 15,804,703 |
| <b>Accumulated surplus (Schedule 2)</b>  | <b>15,616,991</b>  | 14,915,056 |

The accompanying notes and schedules are an integral part of the financial statements.

Approved by the Board

\_\_\_\_\_, Mayor

\_\_\_\_\_, Chief Administrative Officer/Treasurer



**Township of East Hawkesbury**  
**Statement of change in net debt**  
 Year ended December 31, 2022

|   | Budget<br>2022 | Actual<br>2022     | Actual<br>2021 |
|---|----------------|--------------------|----------------|
|   | \$             | \$                 | \$             |
| <b>Annual surplus</b>                         | 1,797,402      | <b>701,935</b>     | 358,341        |
| Loss on sale of tangible capital assets       | -              | -                  | 12,009         |
| Amortization of tangible capital assets       | -              | <b>757,632</b>     | 753,953        |
| Purchase of tangible capital assets           | (1,993,000)    | <b>(2,104,422)</b> | (883,407)      |
| Proceeds from sale of tangible capital assets | -              | -                  | 34,000         |
| Decrease (increase) of inventories            | -              | <b>59,520</b>      | (50,476)       |
| Decrease (increase) of prepaid expenses       | -              | <b>104,954</b>     | (109,634)      |
| (Increase) decrease in net debt               | (195,598)      | <b>(480,381)</b>   | 114,786        |
| Net debt, beginning of year                   | (889,647)      | <b>(889,647)</b>   | (1,004,433)    |
| <b>Net debt, end of year</b>                  | (1,085,245)    | <b>(1,370,028)</b> | (889,647)      |

The accompanying notes and schedules are an integral part of the financial statements.



**Township of East Hawkesbury**  
**Statement of cash flow**  
 Year ended December 31, 2022

|  | 2022               | 2021      |
|--|--------------------|-----------|
|  | \$                 | \$        |
| <b>Operating activities</b>                                      |                    |           |
| Annual surplus   | <b>701,935</b>     | 358,341   |
| Changes in non-cash assets and liabilities                       |                    |           |
| Increase in accounts receivable                                  | <b>(829,866)</b>   | (250,690) |
| Decrease in taxes receivable                                     | <b>87,716</b>      | 380,420   |
| Increase in accounts payable and accrued liabilities             | <b>160,858</b>     | 87,653    |
| (Decrease) increase in employee future benefits                  | <b>(3,515)</b>     | 566       |
| Increase (decrease) in deferred revenues                         | <b>325,754</b>     | (366,729) |
| Decrease (increase) in inventories                               | <b>59,520</b>      | (50,476)  |
| Decrease (increase) in prepaid expenses                          | <b>104,954</b>     | (109,634) |
|  | <b>607,356</b>     | 49,451    |
| Non-cash operating items   |                    |           |
| Loss on sale of tangible capital assets                          | -                  | 12,009    |
| Amortization of tangible capital assets                          | <b>757,632</b>     | 753,953   |
|  | <b>757,632</b>     | 765,962   |
| <b>Net increase in cash from operating activities</b>            | <b>1,364,988</b>   | 815,413   |
| <b>Capital activities</b>  |                    |           |
| Purchase of tangible capital assets                              | <b>(2,106,557)</b> | (895,738) |
| Proceeds from sale of tangible capital assets                    | -                  | 34,000    |
| <b>Net decrease in cash from capital activities</b>              | <b>(2,106,557)</b> | (861,738) |
| <b>Financing activities</b>                                      |                    |           |
| Increase in bank loan  | <b>820,000</b>     | 110,000   |
| Proceeds from long-term debt                                     | <b>156,076</b>     | -         |
| Debts principal repayment  | <b>(208,263)</b>   | (293,858) |
| <b>Net increase (decrease) in cash from financing activities</b> | <b>767,813</b>     | (183,858) |
| <b>Net increase (decrease) in cash</b>                           | <b>26,244</b>      | (230,183) |
| Cash, beginning of year  | <b>25,890</b>      | 256,073   |
| <b>Cash, end of year</b>   | <b>52,134</b>      | 25,890    |

See additional information presented in Note 8.

The accompanying notes and schedules are an integral part of the financial statements.





**Township of East Hawkesbury**  
**Notes to the financial statements**  
**December 31, 2022**

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**1. Future accounting policies**

*Effective date: April 1, 2022*

Section PS 1201, Financial statement presentation

This section establishes general reporting principles and standards for the disclosure of information in government financial statements.

The Municipality is currently evaluating the impacts of this new standard, which is applicable on a prospective basis.

Section PS 2601, Foreign currency translation

This section establishes standards on how to account for and report transactions that are denominated in a foreign currency in government financial statements.

The Municipality is currently evaluating the impacts of this new standard, which is applicable on a prospective basis.

Section PS 3041, Portfolio investments

This section establishes standards on how to account for and report portfolio investments in government financial statements.

The Municipality is currently evaluating the impacts of this new standard, which is applicable on a prospective basis.

Section PS 3280, Asset retirement obligations

This section establishes standards on how to account for and report a liability for asset retirement obligations.

The Municipality is currently evaluating the impacts of this new standard, which is applicable on a prospective basis.

Section PS 3450, Financial instruments

This section establishes standards on how to account for and report all types of financial instruments including derivatives.

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 annual surplus, provides the change in net debt for the year.

The Municipality is currently evaluating the impacts of this new standard, which is applicable on a prospective basis.



**Township of East Hawkesbury**  
**Notes to the financial statements**  
**December 31, 2022**

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**1. Future accounting policies (continued)**

*Effective date: April 1, 2023*

Section PS 3400, Revenue

This section establishes standards on how to account for and report on revenue. Specifically, it differentiates between revenue arising from transactions that include performance obligations and transactions that do not have performance obligations.

The Municipality is currently evaluating the impacts of this new standard, which may be applied retroactively or prospectively.

**2. Accounting policies**

The financial statements of the Municipality are the responsibility of management and are prepared in accordance with Canadian public sector accounting standards ("PSAS") as recommended by the Public Sector Accounting Board ("PSAB") of CPA Canada.

The focus of PSAB financial statements is on the financial position of the Municipality and the changes thereto. The statement of financial position reports financial assets and liabilities and non-financial assets of the Municipality. Financial assets are available to provide resources to discharge existing liabilities or finance future operations. The debt is the difference between financial assets and liabilities.

*Reporting entity*

Financial statements

These financial statements reflect the assets, liabilities, operating revenues and expenses, reserves and reserve funds and changes in investment in tangible capital assets and include the activities of all committees of the Council.

*Non-consolidated entity*

Hawkesbury Regional Joint Recycling Committee

The Hawkesbury Regional Joint Recycling Committee's financial position and its related operations administered by the Municipality are not consolidated because they are not controlled by the Municipality and are reported under separate financial statements.

*Basis of accounting*

Accrual basis

Expenses and related sources of financing are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.



**Township of East Hawkesbury**  
**Notes to the financial statements**  
**December 31, 2022**

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**2. Accounting policies (continued)**

*Basis of accounting (continued)*

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 annual surplus, provide the change in net debt.

Tangible capital assets

Tangible capital assets ("TCA") are recorded at cost, which includes all amounts that are directly attributable to acquisitions, construction, development or betterment of the asset. The cost, less residual value of the TCA, is amortized on a straight-line basis over its estimated useful lives as follows:

|                          |                |
|--------------------------|----------------|
| Land improvements        | 20 years       |
| Buildings and facilities | 20 to 70 years |
| Waterworks and sewers    | 30 to 60 years |
| Vehicles                 | 8 to 25 years  |
| Roads and bridges        | 12 to 80 years |
| Machinery and equipment  | 5 to 20 years  |

Lands are not amortized.

The amortization starts in the month when the asset is put into service and ends in the month of disposal. Assets under construction are not amortized until the TCA are available for productive use.

The Municipality has a capitalization threshold of \$15,000 for civil infrastructure systems and \$5,000 for pooled assets and all other assets. Items of lesser value are expensed, unless they are pooled because, collectively, they have significant value or for operational reasons. Examples of pooled assets are desktop computer systems, cars, utility poles and defibrillators.

Contribution of tangible capital assets

TCA received as contributions are recorded in the statement of financial position at their fair value at the date of receipt, and that fair value is also recorded as revenue. Transfers of TCA to other organizations are recorded as an expense at the net book value as of the date of transfer.

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.



**Township of East Hawkesbury**  
**Notes to the financial statements**  
 December 31, 2022

**2. Accounting policies (continued)**

*Basis of accounting (continued)*

Inventories

Inventories held for consumption are recorded at the lower of cost or replacement cost. Cost is determined on a first-in, first-out basis.

Deferred revenues

Funds received for specific purposes are accounted for as deferred revenues until the Municipality discharges its obligation, which led to receipt of the funds.

Government transfers

Government transfers are recognized as revenues in the period during which the transfer is authorized and any eligibility criteria are met. Government transfers are deferred if they are restricted through stipulations that require specific actions to be carried out in order to keep the transfer. For such transfers, revenue is recognized when the stipulation has been met.

Segment disclosures

A segment is defined as a distinguishable activity or group of activities for which it is appropriate to separately report financial information. Management has determined that existing disclosure in the statement of operations and within the related notes for both the prior and current years sufficiently disclose information of all appropriate segments and therefore no additional disclosure is required.

Employee future benefits

Sick leave benefits are accrued as entitlements are earned.

Reserves and reserve funds

Reserves and reserve funds consist of funds set aside by the Council for specific purposes.

Use of estimates

The preparation of financial statements in conformity with PSAS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Key components of the financial statements requiring management to make estimates include the provision for doubtful accounts in respect of receivable, the useful lives of tangible capital assets and the evaluation of certain accrued liabilities. Actual results could differ from these estimates.

**3. Operating of the United Counties of Prescott and Russell and the school boards**

The amounts collected on behalf of the United Counties of Prescott and Russell and the school boards are comprised of the following:

|                         | United<br>Counties | School<br>boards | Total            |
|-------------------------|--------------------|------------------|------------------|
|                         | \$                 | \$               | \$               |
| <b>2022</b>             |                    |                  |                  |
| Taxation                | <b>2,034,435</b>   | <b>821,912</b>   | <b>2,856,347</b> |
| Grants in lieu of taxes | <b>34,225</b>      | -                | <b>34,225</b>    |
|                         | <b>2,068,660</b>   | <b>821,912</b>   | <b>2,890,572</b> |
| <b>2021</b>             |                    |                  |                  |
| Taxation                | 1,951,360          | 810,196          | 2,761,556        |
| Grants in lieu of taxes | 33,352             | -                | 33,352           |
|                         | 1,984,712          | 810,196          | 2,794,908        |



**Township of East Hawkesbury**  
**Notes to the financial statements**  
 December 31, 2022

**4. Bank loan**

The Municipality has an authorized line of credit of \$2,500,000 (\$2,500,000 in 2021), bearing interest at bank's prime rate, renewable in 2023, of which \$1,570,000 (\$2,390,000 in 2021) remained unused at year-end.

**5. Employee future benefits**

The amount of the future employee benefits of \$16,630 (\$20,145 in 2021), shown in the statement of financial position, represents accumulated sick leaves. Sick leave benefits accumulate at a rate of 1.25 days per month to a maximum amount equivalent to 50% of an employee's yearly salary.

Accumulated sick leave benefits are payable when sick leaves are taken and are subject to a payout when an employee leaves the Municipality's employment.

Unused sick days are paid annually. According to the new policy, there are now 8 sick days per year. The days accumulated prior to 2020 are subject to the former policy.

**6. Deferred revenues**

|                           | <b>2022</b>    | 2021    |
|---------------------------|----------------|---------|
|                           | \$             | \$      |
| Grant                     | <b>228 916</b> | 9,332   |
| Drain maintenance charges | <b>277</b>     | 277     |
| Development charges       | <b>7,089</b>   | 7,089   |
| Parkland                  | <b>11,500</b>  | 10,800  |
| Grants – Federal Gas Tax  | <b>263,051</b> | 157,581 |
|                           | <b>510,833</b> | 185,079 |

The net change during the year in deferred revenues is made up as follows:

|                                      |                |           |
|--------------------------------------|----------------|-----------|
| Amounts received                     | <b>335,085</b> | 276,215   |
| Recognized revenues                  | <b>(9,331)</b> | (642,944) |
|                                      | <b>325,754</b> | (366,729) |
| Deferred revenues, beginning of year | <b>185,079</b> | 551,808   |
| Deferred revenues, end of year       | <b>510,833</b> | 185,079   |

**7. Debts**

|   | <b>2022</b>      | 2021      |
|---|------------------|-----------|
|   | \$               | \$        |
| The balance of the debts reported in the statement of financial position is made up of the following:   |                  |           |
| . debts incurred by the Municipality with interest between 3.06% and 6.00%, maturing between 2023 and 2040  | <b>1,379,130</b> | 1,456,799 |
| . of the debts shown above, the responsibility for payment of principal and interest charges for tile drainage loans has been assumed by individuals. At the end of the year, the outstanding principal amount is | <b>(93,500)</b>  | (118,982) |
| Debts, end of year  | <b>1,285,630</b> | 1,337,817 |



**Township of East Hawkesbury**  
**Notes to the financial statements**  
**December 31, 2022**

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**7. Debts (continued)**

Of the debts reported above, principal payments for the next fiscal years are as follows:

|            | General<br>taxation | User<br>charges | Total     |
|------------|---------------------|-----------------|-----------|
|            | \$                  | \$              | \$        |
| 2023       | 117,737             | 41,720          | 159,457   |
| 2024       | 113,146             | 32,651          | 145,797   |
| 2025       | 117,623             | 31,656          | 149,279   |
| 2026       | 122,281             | 32,766          | 155,047   |
| 2027       | 118,361             | 33,915          | 152,276   |
| Thereafter | 491,727             | 32,047          | 523,774   |
|            | 1,080,875           | 204,755         | 1,285,630 |

The Municipality is contingently liable for debt with respect to tile drainage loans made by landowners with the Ontario Ministry of Agriculture, Food and Rural Affairs ("OMAFRA"). The Municipality collects the loan repayments from the owners and remits them to OMAFRA. The Municipality does not have any history of defaulted payments on these loans. The total amount outstanding as at December 31, 2022, was \$93,500 (\$118,982 in 2021) and is not recorded in the statement of financial position.

The annual principal and interest payments required to service these debts are within the annual debt repayment limits prescribed by the Ministry of Municipal Affairs and Housing.

**8. Additional information relating to the statement of cash flow**

*Non-cash transactions*

During the year, TCA were acquired at an aggregate cost of \$2,104,422 (\$883,407 in 2021), of which \$9,416 (\$11,551 in 2021) was paid after year-end and \$2,095,006 (\$871,856 in 2021) was paid during the year.

**9. Pension plans**

The Municipality makes contributions to the Ontario Municipal Employees Retirement System ("OMERS"), a multi-employer plan, which, for 2022, was on behalf of 17 members (14 in 2021) of its staff. The plan is a defined benefit plan, which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay.

The amount contributed to OMERS for 2022 was \$81,950 (\$67,124 in 2021) for current service and is included as an expense in the statement of operations.

**10. Commitments**

*Ontario Clean Water Agency*

In accordance with a service agreement entered into by the Municipality in 2020 with the Ontario Clean Water Agency (the "Agency"), the existing sewage system is operated by the Agency. The Municipality is obligated to pay all operating costs related to this project. The contract expires in 2023. The total disbursements over the next year is estimated at \$67,000.

*Waste disposal and collection*

The Municipality signed an agreement in 2021 for the waste collection from January 2022 to December 2027. The Municipality also extended the agreement for the waste disposal signed in 2010 until December 2024. The total estimated disbursements over the next five years are \$1,192,000.

*Contractual obligations*

The Municipality has signed contracts for capital projects. Future payments aggregate to \$1,307,000.



**Township of East Hawkesbury**  
**Notes to the financial statements**  
December 31, 2022

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**11. Budget amounts**

The initial operating budget, approved by the Municipality for 2022, is reflected in the statement of operations. The budget established for capital investments 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 purchases amounts. For the purposes of these financial statements, budget figures have been presented on a basis consistent with the presentation of actual figures.



**Township of East Hawkesbury**  
**Tangible capital assets**  
 Year ended December 31, 2022

**Schedule 1**

|                                  | Lands<br>improvements | Buildings<br>and facilities | Waterworks<br>and sewers | Vehicles  | Roads<br>and bridges | Machinery<br>and equipment | Assets under<br>constructions | <b>2022</b>       | 2021       |
|----------------------------------|-----------------------|-----------------------------|--------------------------|-----------|----------------------|----------------------------|-------------------------------|-------------------|------------|
|                                  | \$                    | \$                          | \$                       | \$        | \$                   | \$                         | \$                            | \$                | \$         |
| <b>Cost</b>                      |                       |                             |                          |           |                      |                            |                               |                   |            |
| Beginning of year                | 1,798,275             | 2,645,663                   | 4,648,792                | 2,265,072 | 15,993,971           | 1,177,989                  | 75,846                        | <b>28,605,608</b> | 28,389,294 |
| Purchases                        | -                     | -                           | -                        | 320,675   | -                    | 53,789                     | 1,729,958                     | <b>2,104,422</b>  | 883,407    |
| Sales                            | -                     | -                           | -                        | -         | (25,937)             | -                          | -                             | <b>(25,937)</b>   | (667,093)  |
| Transfer                         | -                     | 83,148                      | -                        | -         | -                    | 47,110                     | (130,258)                     | -                 | -          |
| End of year                      | 1,798,275             | 2,728,811                   | 4,648,792                | 2,585,747 | 15,968,034           | 1,278,888                  | 1,675,546                     | <b>30,684,093</b> | 28,605,608 |
| <b>Accumulated amortization</b>  |                       |                             |                          |           |                      |                            |                               |                   |            |
| Beginning of year                | 315,224               | 898,976                     | 1,400,817                | 991,651   | 8,721,767            | 691,930                    | -                             | <b>13,020,365</b> | 12,887,496 |
| Amortization                     | 11,000                | 49,899                      | 82,299                   | 107,197   | 440,369              | 66,868                     | -                             | <b>757,632</b>    | 753,953    |
| Accumulated amortization on sale | -                     | -                           | -                        | -         | (25,937)             | -                          | -                             | <b>(25,937)</b>   | (621,084)  |
| End of year                      | 326,224               | 948,875                     | 1,483,116                | 1,098,848 | 9,136,199            | 758,798                    | -                             | <b>13,752,060</b> | 13,020,365 |
| <b>Net book value</b>            | 1,472,051             | 1,779,936                   | 3,165,676                | 1,486,899 | 6,831,835            | 520,090                    | 1,675,546                     | <b>16,932,033</b> | 15,585,243 |





**Township of East Hawkesbury**  
**Accumulated surplus**  
 Year ended December 31, 2022

**Schedule 2**

|   | <b>2022</b>       | 2021       |
|---|-------------------|------------|
|   | \$                | \$         |
| <b>Reserves</b>                                 |                   |            |
| Tangible capital assets                         |                   |            |
| Fire  | <b>32,000</b>     | -          |
| Roadways  | <b>75,000</b>     | 50,000     |
| Sanitary sewers                                 | <b>35,496</b>     | 31,643     |
| Recreation                                      | <b>32,077</b>     | 62,889     |
| Working capital                                 | <b>270,325</b>    | 270,325    |
| Recycling/garbage                               | -                 | 30,466     |
|   | <b>444,898</b>    | 445,323    |
| <b>Reserve funds</b>                            |                   |            |
| Tangible capital assets                         |                   |            |
| Sanitary sewers                                 | <b>47,029</b>     | 39,800     |
| <b>Reserves and reserve funds (Schedule 3)</b>  | <b>491,927</b>    | 485,123    |
| <b>Operating</b>                                |                   |            |
| . for increase of taxation                      |                   |            |
| - general                                       | <b>(158,232)</b>  | (16,036)   |
| - unconditional grant                           | -                 | 164,598    |
| . for decrease of user charges                  |                   |            |
| - garbage collection and disposal and recycling | <b>(12,971)</b>   | 67,065     |
| - sewers  | <b>10,027</b>     | 11,175     |
|   | <b>(161,176)</b>  | 226,802    |
| Invested in tangible capital assets             | <b>15,646,403</b> | 14,247,426 |
| Unfinanced tangible capital assets              | <b>(360,163)</b>  | (44,295)   |
|   | <b>15,286,240</b> | 14,203,131 |
|   | <b>15,616,991</b> | 14,915,056 |



**Township of East Hawkesbury**  
**Statement of operations for the reserves and reserve funds**  
 Year ended December 31, 2022

**Schedule 3**

|   | Budget<br>2022 | <b>Actual<br/>2022</b> | Actual<br>2021 |
|---|----------------|------------------------|----------------|
|   | \$             | \$                     | \$             |
| <b>Investment income</b>                                    | -              | <b>18</b>              | 5              |
| Net transfers from:   |                |                        |                |
| Operating   | 56,281         | <b>37,598</b>          | 67,778         |
| Unfinanced tangible capital assets                          | -              | <b>(30,812)</b>        | (20,104)       |
| Change in reserves and reserve funds                        | 56,281         | <b>6,804</b>           | 47,679         |
| Reserves and reserve funds, beginning of year               | 485,123        | <b>485,123</b>         | 437,444        |
| <b>Reserves and reserve funds, end of year (Schedule 2)</b> | 541,404        | <b>491,927</b>         | 485,123        |



**Township of East Hawkesbury**  
**Statement of expenses by object**  
Year ended December 31, 2022

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**Schedule 4**

|   | Budget<br>2022   | <b>Actual<br/>2022</b> | Actual<br>2021 |
|---|------------------|------------------------|----------------|
|   | \$               | \$                     | \$             |
| <b>Expenses</b>                         |                  |                        |                |
| Salaries, wages and benefits            | 1,402,327        | <b>1,506,117</b>       | 1,351,652      |
| Interest                                | 43,594           | <b>45,325</b>          | 47,142         |
| Materials                               | 885,773          | <b>1,197,218</b>       | 885,057        |
| Contracted services                     | 1,210,747        | <b>1,270,496</b>       | 1,275,985      |
| Rents and financial expenses            | 12,800           | <b>13,954</b>          | 14,365         |
| External transfers                      | 82,605           | <b>81,477</b>          | 80,053         |
| Amortization of tangible capital assets | -                | <b>757,632</b>         | 753,952        |
| <b>Total expenses by object</b>         | <b>3,637,846</b> | <b>4,872,219</b>       | 4,408,206      |