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## Financial statements of the Township of East Hawkesbury

December 31, 2024

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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, 2024, and the statements of operations, change in net debt and cash flow 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, 2024, and the results of its operations, change in its net debt, and its cash flow 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.

**MNP LLP**

Chartered Professional Accountants  
Licensed Public Accountants

Hawkesbury ON  
April 14, 2025

**MNP s.r.l./LLP**

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**Township of East Hawkesbury**  
**Statement of operations**  
Year ended December 31, 2024

	Budget 2024	Actual 2024	Actual 2023
	\$	\$	\$
<b>Revenue</b>			
Taxation – all classes	5,779,112	<b>5,813,833</b>	5,518,669
Less amounts received for:			
United Counties (Note 3)	(2,283,128)	<b>(2,305,983)</b>	(2,179,600)
School boards (Note 3)	(838,890)	<b>(843,909)</b>	(836,030)
Net taxation for municipal purposes	2,657,094	<b>2,663,941</b>	2,503,039
User fees	626,947	<b>789,450</b>	782,991
Transfer payments			
Government of Canada	375,000	<b>351,264</b>	404,833
Province of Ontario	394,717	<b>433,344</b>	641,412
Other municipalities	129,500	<b>211,217</b>	424,508
Gain on sale of tangible capital assets	275,000	<b>229,817</b>	316,879
Investment income	-	<b>1,522</b>	1,102
Licences and permits	6,850	<b>7,285</b>	7,277
Penalties and interest	105,000	<b>119,261</b>	110,730
Donations	41,000	<b>165,620</b>	21,044
Fines	-	<b>5,658</b>	6,522
Rental income	-	-	16,326
	4,611,108	<b>4,978,379</b>	5,236,663
<b>Expenses (Schedule 4)</b>			
General government	777,006	<b>946,996</b>	837,562
Protection to person and property	943,801	<b>1,007,498</b>	1,026,542
Transportation services	1,324,159	<b>1,704,504</b>	1,678,027
Environmental services	436,794	<b>509,420</b>	779,558
Recreation and cultural services	187,520	<b>206,390</b>	259,457
Planning and development	143,700	<b>231,391</b>	120,580
	3,812,980	<b>4,606,199</b>	4,701,726
Annual surplus	798,128	<b>372,180</b>	534,937
Accumulated surplus, beginning of year	16,151,928	<b>16,151,928</b>	15,616,991
<b>Accumulated surplus, end of year (Schedule 2)</b>	<b>16,950,056</b>	<b>16,524,108</b>	<b>16,151,928</b>

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, 2024

	<b>2024</b>	2023
	\$	\$
<b>Assets</b>		
Financial assets		
Cash	<b>40,877</b>	62,664
Accounts receivable	<b>365,852</b>	874,159
Taxes receivable	<b>766,163</b>	823,673
	<b>1,172,892</b>	1,760,496
<b>Liabilities</b>		
Bank loan (Note 4)	-	920,000
Accounts payable and accrued liabilities	<b>686,001</b>	647,192
Employee future benefits (Note 5)	<b>16,553</b>	17,560
Deferred revenues (Note 6)	<b>289,028</b>	401,278
Debts (Note 7)	<b>1,752,941</b>	1,229,369
Asset retirement obligation liability (Note 8)	<b>123,500</b>	123,500
	<b>2,868,023</b>	3,338,899
Net debt	<b>(1,695,131)</b>	(1,578,403)
Contingencies and commitments (Notes 11 and 12)		
<b>Non-financial assets</b>		
Tangible capital assets (Schedule 1)	<b>17,965,363</b>	17,666,895
Inventories	<b>86,451</b>	58,288
Prepaid expenses	<b>167,425</b>	5,148
	<b>18,219,239</b>	17,730,331
<b>Accumulated surplus (Schedule 2)</b>	<b>16,524,108</b>	16,151,928

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, 2024

	Budget 2024	Actual 2024	Actual 2023
	\$	\$	\$
<b>Annual surplus</b>	798,128	<b>372,180</b>	534,937
Gain on sale of tangible capital assets	(275,000)	<b>(229,817)</b>	(316,879)
Amortization of tangible capital assets	-	<b>778,880</b>	886,528
Purchase of tangible capital assets	(993,000)	<b>(1,078,143)</b>	(1,720,323)
Proceeds from sale of tangible capital assets	-	<b>230,612</b>	415,812
Increase in inventories	-	<b>(28,163)</b>	(7,982)
Increase in prepaid expenses	-	<b>(162,277)</b>	(468)
Increase in net debt	(469,872)	<b>(116,728)</b>	(208,375)
Net debt, beginning of year	(1,578,403)	<b>(1,578,403)</b>	(1,370,028)
<b>Net debt, end of year</b>	(2,048,275)	<b>(1,695,131)</b>	(1,578,403)

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, 2024

	<b>2024</b>	2023
	\$	\$
<b>Operating activities</b>		
Annual surplus	<b>372,180</b>	534,937
Changes in non-cash assets and liabilities		
Decrease in accounts receivable	<b>508,307</b>	486,331
Decrease (increase) in taxes receivable	<b>57,510</b>	(151,496)
Decrease in accounts payable and accrued liabilities	<b>(10,378)</b>	(61,336)
(Decrease) increase in employee future benefits	<b>(1,007)</b>	930
Decrease in deferred revenues	<b>(112,250)</b>	(109,555)
Increase in inventories	<b>(28,163)</b>	(7,982)
Increase in prepaid expenses	<b>(162,277)</b>	(468)
	<b>623,922</b>	691,361
Non-cash operating items		
Gain on sale of tangible capital assets	<b>(229,817)</b>	(316,879)
Amortization of tangible capital assets	<b>778,880</b>	886,528
	<b>549,063</b>	569,649
Net increase in cash from operating activities	<b>1,172,985</b>	1,261,010
<b>Capital activities</b>		
Purchase of tangible capital assets	<b>(1,028,956)</b>	(1,600,031)
Proceeds from sale of tangible capital assets	<b>230,612</b>	415,812
Net decrease in cash from capital activities	<b>(798,344)</b>	(1,184,219)
<b>Financing activities</b>		
Decrease in bank loan	<b>(920,000)</b>	(10,000)
Proceeds from long-term debt	<b>708,310</b>	111,253
Debts principal repayment	<b>(184,738)</b>	(167,514)
Net decrease in cash from financing activities	<b>(396,428)</b>	(66,261)
Net (decrease) increase in cash	<b>(21,787)</b>	10,530
Cash, beginning of year	<b>62,664</b>	52,134
<b>Cash, end of year</b>	<b>40,877</b>	62,664

See additional information presented in Note 8.

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



**1. Change in accounting policies**

Section PS 3400, Revenue

Effective January 1, 2024, the Municipality adopted new standard of Section PS 3400 Revenue, which 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 new standard is applied prospectively, and prior periods have not been restated. There was no material impact on the financial statements from the prospective application.

**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.

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.

Financial instruments

The Municipality recognizes its financial instruments when the Municipality becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value.

At initial recognition, the Municipality may irrevocably elect to subsequently measure any financial instrument at fair value. The Municipality has not made such an election during the year.



**2. Accounting policies (continued)**

*Basis of accounting (continued)*

Financial instruments (continued)

The Municipality subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by published price quotations. Transactions to purchase or sell these items are recorded on the trade date. Net gains and losses arising from changes in fair value are recognized in the statement of remeasurement gains and losses. The Municipality has not presented a statement of remeasurement gains and losses as it does not have any items giving rise to remeasurement gains and losses. Investments in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost. With the exception of those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost using the effective interest rate method.

Transaction costs directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in expenses. Conversely, transaction costs are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

All financial assets except derivatives are tested annually for impairment. Any impairment, which is not considered temporary, is recorded in the statement of operations. Write-downs of financial assets measured at cost and/or amortized cost to reflect losses in value are not reversed for subsequent increases in value. Reversals of any net remeasurements of financial assets measured at fair value are reported in the statement of remeasurement gains and losses.

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 their 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

Land is 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.



**Township of East Hawkesbury**  
**Notes to the financial statements**  
December 31, 2024

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**2. Accounting policies (continued)**

*Basis of accounting (continued)*

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.

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 disclosures 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.

Asset retirement obligation liability

The Municipality recognizes the liability for an asset retirement obligation arising from the acquisition, development, construction or normal operation of a long-lived asset, in the year in which it is incurred and when a reasonable estimate of the amount of the obligation can be made. The liability is measured at the best estimate of the expenditure required to settle the present obligation.

The corresponding cost is capitalized as part of the related asset and is amortized over the asset's useful life.

In subsequent years, the liability is adjusted for changes resulting from the passage of time and revisions to either the timing or the amount of the original estimate of the undiscounted cash flows or the discount rate. The accretion of the liability as a result of the passage of time is charged to earnings while changes to the liability resulting from revisions to either the original estimate of the undiscounted cash flows or the discount rate are accounted for as an adjustment to the carrying amount of the related long-lived asset.

The Municipality continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.



**2. Accounting policies (continued)**

*Basis of accounting (continued)*

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 receivables, 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 Counties	School boards	Total
	\$	\$	\$
<b>2024</b>			
Taxation	<b>2,268,884</b>	<b>843,909</b>	<b>3,112,793</b>
Grants in lieu of taxes	<b>37,099</b>	<b>-</b>	<b>37,099</b>
	<b>2,305,983</b>	<b>843,909</b>	<b>3,149,892</b>
<b>2023</b>			
Taxation	2,144,018	836,030	2,980,048
Grants in lieu of taxes	35,582	-	35,582
	2,179,600	836,030	3,015,630

**4. Bank loan**

The Municipality has an authorized line of credit of \$2,500,000 (\$2,500,000 in 2023), bearing interest at bank's prime rate, renewable in 2025, of which \$2,500,000 (\$1,580,000 in 2023) remained unused at year-end.

**5. Employee future benefits**

The amount of the future employee benefits of \$16,553 (\$17,560 in 2023), 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.



**Township of East Hawkesbury**  
**Notes to the financial statements**  
December 31, 2024

**6. Deferred revenues**

	<b>2024</b>	2023
	\$	\$
Grant	<b>145,040</b>	6,692
Drain maintenance charges	-	277
Development charges	<b>7,089</b>	7,089
Parkland	<b>1,950</b>	13,600
Grants – Federal Gas Tax	<b>134,949</b>	373,620
	<b>289,028</b>	401,278

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

	2024	2023
	\$	\$
Amounts received	<b>251,756</b>	247,810
Amount reimbursed	-	(2,673)
Recognized revenues	<b>(364,006)</b>	(354,692)
	<b>(112,250)</b>	(109,555)
Deferred revenues, beginning of year	<b>401,278</b>	510,833
Deferred revenues, end of year	<b>289,028</b>	401,278

**7. Debts**

	<b>2024</b>	2023
	\$	\$
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 6.35%, maturing between 2026 and 2049	<b>1,907,298</b>	1,303,169
. 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>(154,357)</b>	(73,800)
	<b>1,752,941</b>	1,229,369

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

	General taxation	User charges	Total
	\$	\$	\$
2025	169,259	37,974	207,233
2026	268,944	32,766	301,710
2027	167,436	33,915	201,351
2028	139,212	32,048	171,260
2029	58,184	-	58,184
Thereafter	813,203	-	813,203
	<b>1,616,238</b>	<b>136,703</b>	<b>1,752,941</b>

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, 2024, was \$154,357 (\$73,800 in 2023) and is not recorded in the statement of financial position.



**Township of East Hawkesbury**  
**Notes to the financial statements**  
December 31, 2024

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**7. Debts (continued)**

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. Asset retirement obligation liability**

The Municipality recorded an estimate of asset retirement obligations of \$123,500 to remove and eliminate asbestos in buildings. The nature of the liability is linked to the materials containing asbestos in multiple installations in the Municipality, which will have to be properly eliminated when the buildings are sold or when the restoration work is undertaken. The assumptions used to estimate the responsibility include various types of materials containing asbestos in each of the buildings of the Municipality, as well as the labour standard that will be necessary to safely remove all the materials containing asbestos. Furthermore, assumptions were made regarding the remaining useful life of the buildings of the Municipality that contain materials with asbestos in order to estimate when the costs of rehabilitation would be incurred.

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

*Non-cash transactions*

During the year, TCA were acquired at an aggregate cost of \$1,078,143 (\$1,720,323 in 2023), of which \$55,395 (\$6,208 in 2023) was paid after year-end, non-cash of nil (\$123,500 in 2023) related to asset retirement obligations and \$1,022,748 (\$1,590,615 in 2023) was paid during the year.

**10. Pension plans**

The Municipality makes contributions to the Ontario Municipal Employees Retirement System ("OMERS"), a multi-employer plan, which, for 2024, was on behalf of 15 members (14 in 2023) 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 2024 was \$90,430 (\$86,259 in 2023) for current service and is included as an expense in the statement of operations.

**11. Contingencies**

*Legal actions*

Legal actions are still pending against the Municipality by third parties. It is not possible at this time to determine the amount, if any, of any awards that may be made against the Municipality. Any amount awarded in excess of any applicable insurance proceeds as a result of these actions will be charged to operations in the year incurred. The Municipality has outside coverage for public liability claims up to \$25,000,000.



**Township of East Hawkesbury**  
**Notes to the financial statements**  
December 31, 2024

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**12. Commitments**

*Ontario Clean Water Agency*

In accordance with a service agreement entered into by the Municipality in 2024 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 2028. The total disbursements over the next four years are estimated at \$263,000.

*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 2029. The total estimated disbursements over the next five years are \$1,100,000.

*Library*

The Municipality has signed an agreement in 2023 for the library's services for his resident. The agreement expires in 2027. The total estimated disbursements over the next three years are \$43,500.

**13. Financial instruments**

The Municipality as part of its operations carries a number of financial instruments. It is management's opinion that the Municipality is not exposed to significant interest, currency or credit risks arising from these financial instruments except as otherwise disclosed.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk.

The Municipality is exposed to price risk arising from variations in interest rates due to its bank loan and its debts, which bear interest at variable and fixed rates. Fixed interest rate instruments subject the Municipality to fair value risk since it varies inversely with variations in market interest rates. Variable rate instruments subject the Municipality to fluctuations in related future cash flows.

Liquidity risk

The Municipality's objective is to have sufficient liquidity to meet its liabilities when due. The Municipality monitors its cash balances and cash flows generated from operations to meet its requirements. As at December 31, 2024, the financial liabilities are the bank loan, the accounts payable and accrued liabilities and debts.

**14. Budget amounts**

The initial operating budget, approved by the Municipality for 2024, 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 purchase 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, 2024

#### Schedule 1

	Land and land improvements	Buildings and facilities	Waterworks and sewers	Vehicles	Roads and bridges	Machinery and equipment	Assets under constructions	2024	2023
Cost	\$	\$	\$	\$	\$	\$	\$	\$	\$
Beginning of year	1,832,423	2,885,472	6,264,234	2,703,804	15,998,053	1,525,144	908,156	<b>32,117,286</b>	30,684,093
Purchases	-	-	59,246	-	309,291	177,384	532,222	<b>1,078,143</b>	1,720,323
Sales	(795)	-	-	-	-	-	-	<b>(795)</b>	(287,130)
Transfer	-	1,438,884	-	-	-	-	(1,438,884)	-	-
End of year	1,831,628	4,324,356	6,323,480	2,703,804	16,307,344	1,702,528	1,494	<b>33,194,634</b>	32,117,286

#### Accumulated amortization

Beginning of year	338,220	1,108,747	1,588,925	1,029,179	9,551,055	834,265	-	<b>14,450,391</b>	13,752,060
Amortization	12,708	60,033	95,748	108,837	410,461	91,093	-	<b>778,880</b>	886,528
Accumulated amortization on sale	-	-	-	-	-	-	-	-	(188,197)
End of year	350,928	1,168,780	1,684,673	1,138,016	9,961,516	925,358	-	<b>15,229,271</b>	14,450,391
<b>Net book value</b>	<b>1,480,700</b>	<b>3,155,576</b>	<b>4,638,807</b>	<b>1,565,788</b>	<b>6,345,828</b>	<b>777,170</b>	<b>1,494</b>	<b>17,965,363</b>	<b>17,666,895</b>



## Township of East Hawkesbury

### Accumulated surplus

Year ended December 31, 2024

#### Schedule 2

	2024	2023
	\$	\$
<b>Reserves</b>		
Tangible capital assets		
Fire	<b>42,000</b>	32,000
Sanitary sewers	<b>64,731</b>	62,302
Recreation	<b>38,969</b>	21,389
Working capital	<b>345,097</b>	270,325
Recycling/garbage	<b>18,571</b>	18,571
	<b>509,368</b>	404,587
<b>Reserve funds</b>		
Tangible capital assets		
Sanitary sewers	<b>27,400</b>	47,049
Reserves and reserve funds (Schedule 3)	<b>536,768</b>	451,636
<b>Operating</b>		
. for increase of taxation		
- general	<b>(109,531)</b>	(122,275)
. for decrease (increase) of user charges		
- garbage collection and disposal	<b>8,768</b>	-
- sewers	<b>(5,697)</b>	(1,247)
	<b>(106,460)</b>	(123,522)
Invested in tangible capital assets	<b>16,212,422</b>	16,437,526
Overfinanced (unfinanced) tangible capital assets	<b>4,878</b>	(490,212)
Unfinanced asset retirement obligation	<b>(123,500)</b>	(123,500)
	<b>16,093,800</b>	15,823,814
	<b>16,524,108</b>	16,151,928

**Township of East Hawkesbury****Statement of operations for the reserves and reserve funds**

Year ended December 31, 2024

**Schedule 3**

	Budget 2024	Actual 2024	Actual 2023
	\$	\$	\$
<b>Investment income</b>	-	<b>25</b>	20
Net transfers from:			
Operating	(135,492)	<b>104,781</b>	45,377
Unfinanced tangible capital assets	-	<b>(19,674)</b>	(85,688)
Change in reserves and reserve funds	(135,492)	<b>85,132</b>	(40,291)
Reserves and reserve funds, beginning of year	451,636	<b>451,636</b>	491,927
<b>Reserves and reserve funds, end of year (Schedule 2)</b>	316,144	<b>536,768</b>	451,636



**Township of East Hawkesbury**  
**Statement of expenses by object**  
Year ended December 31, 2024

**Schedule 4**

	Budget 2024	Actual 2024	Actual 2023
	\$	\$	\$
<b>Expenses</b>			
Salaries, wages and benefits	1,448,762	<b>1,454,486</b>	1,452,114
Interest	57,038	<b>54,731</b>	46,318
Materials	1,042,420	<b>1,011,259</b>	989,400
Contracted services	1,235,163	<b>1,273,388</b>	1,221,251
Rents and financial expenses	20,798	<b>25,005</b>	41,489
External transfers	8,799	<b>8,450</b>	64,626
Amortization of tangible capital assets	-	<b>778,880</b>	886,528
<b>Total expenses by object</b>	3,812,980	<b>4,606,199</b>	4,701,726