

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

Management of the **CORPORATION OF THE TOWNSHIP OF LAURENTIAN VALLEY** (the Township) is responsible for the preparation, accuracy, objectivity and integrity of the accompanying consolidated financial statements and all other information contained within the Financial Report. Management believes that the consolidated financial statements present fairly the Township's financial position as at December 31, 2023 and the results of its operations for the year then ended.

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

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

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

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

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

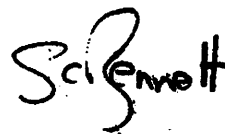
The external auditors have full access to the Township's Council with and without the presence of management. The Township's Council has approved the consolidated financial statements.

The consolidated financial statements have been audited by Welch LLP, Chartered Professional Accountants, independent external auditors appointed by the Township. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Township's consolidated financial statements.

Chief Administrative Officer



Mayor



June 4, 2024

INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers of the
CORPORATION OF THE TOWNSHIP OF LAURENTIAN VALLEY

Opinion

We have audited the consolidated financial statements of the Corporation of the Township of Laurentian Valley (the Township), which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated statements of operations and change in net financial debt and 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 consolidated financial position of the Township as at December 31, 2023 and the results of its consolidated operations, change in net financial debt and 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 Consolidated Financial Statements* section of our report. We are independent of the Township in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

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

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

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

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

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

Welch LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS

Pembroke, Ontario
June 4, 2024

Welch LLP

An Independent Member of BKR International

CORPORATION OF THE TOWNSHIP OF LAURENTIAN VALLEY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2023

	<u>2023</u>	<u>2022</u>
FINANCIAL ASSETS		
Cash	\$ 4,831,139	\$ 6,634,140
Investments (Note 3)	801,081	817,342
Taxes receivable (Note 4)	819,811	765,543
Accounts receivable	1,467,155	844,574
Inventories for resale	<u>10,921</u>	<u>7,022</u>
	<u>7,930,107</u>	<u>9,068,621</u>
LIABILITIES		
Accounts payable and accrued liabilities	1,712,946	1,924,538
Deferred revenue - general	19,500	5,899
Deferred revenue - obligatory (Note 5)	339,404	582,571
Asset retirement obligations (Note 6)	1,625,333	1,564,832
Long-term debt (Note 7)	<u>5,036,050</u>	<u>5,453,161</u>
	<u>8,733,233</u>	<u>9,531,001</u>
NET FINANCIAL DEBT	<u>(803,126)</u>	<u>(462,380)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 1)	30,360,523	29,163,631
Prepaid expenses	<u>104,727</u>	<u>24,185</u>
	<u>30,465,250</u>	<u>29,187,816</u>
ACCUMULATED SURPLUS (Note 10)	<u>\$ 29,662,124</u>	<u>\$ 28,725,436</u>

(See accompanying notes and schedules)

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CORPORATION OF THE TOWNSHIP OF LAURENTIAN VALLEY
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Budget</u> <u>2023</u>	<u>Actual</u> <u>2023</u>	<u>Actual</u> <u>2022</u>
REVENUE			
Property taxation	\$ 6,273,968	\$ 6,199,668	\$ 5,911,762
Payment in lieu of taxes	90,000	184,435	180,888
User and frontage charges	3,732,887	4,092,460	3,805,942
Provincial and other government transfers	2,363,735	1,701,560	1,790,030
Gas tax funding	778,509	731,098	347,883
Development charges	-	-	37,518
Investment income	108,942	361,156	186,514
Penalties and interest	140,000	149,347	142,480
Fees, service charges, donations and miscellaneous	261,250	334,213	286,152
(Loss) gain on disposal of tangible capital assets	-	(119,868)	7,682
	<u>13,749,291</u>	<u>13,634,069</u>	<u>12,696,851</u>
EXPENSES			
General government	1,519,615	1,536,808	1,449,908
Protection to persons and property	1,963,929	2,012,853	1,952,260
Transportation services	2,518,399	4,421,308	3,837,134
Environmental services	3,028,539	3,337,770	3,067,440
Recreation and cultural services	754,422	887,976	852,271
Planning and development	519,085	500,666	372,700
	<u>10,303,989</u>	<u>12,697,381</u>	<u>11,531,713</u>
EXCESS OF REVENUE OVER EXPENSES	3,445,302	936,688	1,165,138
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>28,725,436</u>	<u>28,725,436</u>	<u>27,560,298</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>\$ 32,170,738</u>	<u>\$ 29,662,124</u>	<u>\$ 28,725,436</u>

(See accompanying notes and schedules)

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CORPORATION OF THE TOWNSHIP OF LAURENTIAN VALLEY
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL DEBT
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Budget 2023</u>	<u>Actual 2023</u>	<u>Actual 2022</u>
EXCESS OF REVENUE OVER EXPENSES	\$ 3,445,302	\$ 936,688	\$ 1,165,138
Acquisition of tangible capital assets	(3,775,959)	(3,371,717)	(2,424,667)
Proceeds on disposal of tangible capital assets	62,540	48,786	16,048
Amortization of tangible capital assets	-	2,006,171	1,966,263
Loss (gain) on sale of tangible capital assets	-	119,868	(7,682)
Changes in level of prepaid expenses	-	(80,542)	6,572
	<u>(3,713,419)</u>	<u>(1,277,434)</u>	<u>(443,466)</u>
CHANGE IN NET FINANCIAL DEBT	(268,117)	(340,746)	721,672
NET FINANCIAL DEBT, BEGINNING OF YEAR	<u>(462,380)</u>	<u>(462,380)</u>	<u>(1,184,052)</u>
NET FINANCIAL DEBT, END OF YEAR	\$ <u>(730,497)</u>	\$ <u>(803,126)</u>	\$ <u>(462,380)</u>

(See accompanying notes and schedules)

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CORPORATION OF THE TOWNSHIP OF LAURENTIAN VALLEY
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2023

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 936,688	\$ 1,165,138
Non-cash items included in excess of revenue over expenses:		
Amortization of tangible capital assets	2,006,171	1,966,263
Loss (gain) on disposal of tangible capital assets	119,868	(7,682)
Accretion of asset retirement obligation	<u>60,501</u>	<u>70,527</u>
	3,123,228	3,194,246
Change in the level of:		
Taxes receivable	(54,268)	27,788
Accounts receivable	(622,581)	(200,173)
Inventories for resale	(3,899)	(1,670)
Prepaid expenses	(80,542)	6,572
Accounts payable and accrued liabilities	(211,592)	21,615
Deferred revenue - general	13,601	3,825
Deferred revenue - obligatory	<u>(243,167)</u>	<u>(192,382)</u>
	<u>1,920,780</u>	<u>2,859,821</u>
CASH FLOWS FROM (USED IN) CAPITAL ACTIVITIES		
Proceeds from disposal of tangible capital assets	48,786	16,048
Acquisition of tangible capital assets	<u>(3,371,717)</u>	<u>(2,424,667)</u>
	<u>(3,322,931)</u>	<u>(2,408,619)</u>
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Repayment of long-term debt	<u>(417,111)</u>	<u>(524,178)</u>
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		
Disposal (acquisition) of investments	<u>16,261</u>	<u>(33,730)</u>
NET CHANGE IN CASH	(1,803,001)	(106,706)
CASH, BEGINNING OF YEAR	<u>6,634,140</u>	<u>6,740,846</u>
CASH, END OF YEAR	<u>\$ 4,831,139</u>	<u>\$ 6,634,140</u>

(See accompanying notes and schedules)

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CORPORATION OF THE TOWNSHIP OF LAURENTIAN VALLEY
CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS
YEAR ENDED DECEMBER 31, 2023
SCHEDULE 1

	<u>Land</u>	<u>Land Improvements</u>	<u>Buildings</u>	<u>Linear Assets</u>	<u>Machinery and Equipment</u>	<u>Vehicles</u>	<u>2023</u>	<u>2022</u>
COST								
Balance, beginning of year	\$ 2,298,420	\$ 975,521	\$ 9,759,829	\$ 50,292,954	\$ 1,755,643	\$ 4,260,922	\$ 69,343,289	\$ 67,068,854
Acquisition of tangible capital assets	53,483	259,372	260,442	1,547,288	120,032	1,107,289	3,347,906	2,241,125
Disposal of tangible capital assets	-	-	-	(1,012,230)	-	(150,497)	(1,162,727)	(150,232)
Construction-in-progress	-	-	-	23,811	-	-	23,811	183,542
Balance, end of year	<u>2,351,903</u>	<u>1,234,893</u>	<u>10,020,271</u>	<u>50,851,823</u>	<u>1,875,675</u>	<u>5,217,714</u>	<u>71,552,279</u>	<u>69,343,289</u>
ACCUMULATED AMORTIZATION								
Balance, beginning of year	99,792	256,722	3,573,899	33,165,065	1,030,925	2,053,255	40,179,658	38,355,261
Annual amortization	99,149	36,421	208,809	1,310,504	71,288	280,000	2,006,171	1,966,263
Accumulated amortization on disposal of tangible capital assets	-	-	-	(906,662)	-	(87,411)	(994,073)	(141,866)
Balance, end of year	<u>198,941</u>	<u>293,143</u>	<u>3,782,708</u>	<u>33,568,907</u>	<u>1,102,213</u>	<u>2,245,844</u>	<u>41,191,756</u>	<u>40,179,658</u>
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>\$ 2,152,962</u>	<u>\$ 941,750</u>	<u>\$ 6,237,563</u>	<u>\$ 17,282,916</u>	<u>\$ 773,462</u>	<u>\$ 2,971,870</u>	<u>\$ 30,360,523</u>	<u>\$ 29,163,631</u>
2022 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>\$ 2,198,628</u>	<u>\$ 718,800</u>	<u>\$ 6,185,930</u>	<u>\$ 17,127,888</u>	<u>\$ 724,718</u>	<u>\$ 2,207,667</u>	<u>\$ 29,163,631</u>	

(See accompanying notes)

CORPORATION OF THE TOWNSHIP OF LAURENTIAN VALLEY

CONSOLIDATED SCHEDULE OF SEGMENTED DISCLOSURE

YEAR ENDED DECEMBER 31, 2023

SCHEDULE 2

	<u>General government</u>	<u>Protection to persons and property</u>	<u>Transportation services</u>	<u>Environmental services</u>	<u>Recreation and cultural services</u>	<u>Planning and development</u>	<u>Total</u>
REVENUE							
Property taxation	\$ 6,199,668	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,199,668
Payment in lieu of taxes	184,435	-	-	-	-	-	184,435
User and frontage charges	441,830	101,092	460,045	3,076,173	-	13,320	4,092,460
Provincial and other government transfers	831,245	-	690,778	159,414	14,568	5,555	1,701,560
Gas tax funding	-	-	731,098	-	-	-	731,098
Investment income	279,435	-	5,162	76,559	-	-	361,156
Penalties and interest	149,347	-	-	-	-	-	149,347
Fees, service charges, donations and miscellaneous	11,953	264,866	56,284	-	600	510	334,213
Loss on disposal of tangible capital assets	-	-	(102,678)	(17,190)	-	-	(119,868)
	<u>8,097,913</u>	<u>365,958</u>	<u>1,840,689</u>	<u>3,294,956</u>	<u>15,168</u>	<u>19,385</u>	<u>13,634,069</u>
EXPENSES							
Salaries, wages and benefits	940,175	405,292	995,584	766,192	22,807	362,325	3,492,375
Materials, supplies and contracted services	547,354	1,553,964	1,829,896	2,109,263	73,465	138,341	6,252,283
Transfers and donations	-	-	-	-	721,392	-	721,392
Interest expense	4,514	-	139,155	18,280	-	-	161,949
Taxation adjustments and vacancy rebates	2,710	-	-	-	-	-	2,710
Accretion of asset retirement obligation	-	-	-	60,501	-	-	60,501
	<u>1,494,753</u>	<u>1,959,256</u>	<u>2,964,635</u>	<u>2,954,236</u>	<u>817,664</u>	<u>500,666</u>	<u>10,691,210</u>
NET REVENUE (EXPENSES) BEFORE AMORTIZATION	6,603,160	(1,593,298)	(1,123,946)	340,720	(802,496)	(481,281)	2,942,859
Amortization of tangible capital assets	<u>42,055</u>	<u>53,597</u>	<u>1,456,673</u>	<u>383,534</u>	<u>70,312</u>	<u>-</u>	<u>2,006,171</u>
NET REVENUE (EXPENSES)	<u>\$ 6,561,105</u>	<u>\$ (1,646,895)</u>	<u>\$ (2,580,619)</u>	<u>\$ (42,814)</u>	<u>\$ (872,808)</u>	<u>\$ (481,281)</u>	<u>\$ 936,688</u>

(See accompanying notes)

CORPORATION OF THE TOWNSHIP OF LAURENTIAN VALLEY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

The Corporation of the Township of Laurentian Valley is an incorporated municipality in the Province of Ontario. The Township conducts its operations as described by the provisions of provincial statutes such as the Municipal Act, Municipal Affairs Act and related legislation.

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Township of Laurentian Valley are the representations of management, prepared in accordance with Canadian public sector accounting standards for local governments established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by the Township are as follows:

Reporting Entity

These consolidated financial statements reflect the assets, liabilities, revenues and expenses of the Township and include the activities of all committees of Council and the following boards which are under the control of Council:

Township of Laurentian Valley Water System

In addition, the municipality is a member of two joint local boards. These consolidated financial statements include, based on the Township's share of total municipal contributions, the Township's proportionate share of the assets, liabilities, revenues and expenses of the following joint local boards:

	<u>% Share</u>
Pembroke and Area Airport Commission	18.872
Ottawa Valley Waste Management Board	23.120

Inter-organizational transactions and balances have been eliminated in the preparation of these consolidated financial statements.

Basis of Accounting

The consolidated financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the legal obligation to pay.

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.

CORPORATION OF THE TOWNSHIP OF LAURENTIAN VALLEY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Use of Estimates

The preparation of consolidated 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 and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates and assumptions which include landfill closure and post-closure liability and the estimated useful life of tangible capital assets are based on management's information and judgment. Actual results could differ from those estimates.

Investments

Investments are valued at the lower of amortized cost and market value. Investment premiums and discounts are being amortized over the term of the respective investment. When there has been a loss in value that is other than a temporary decline, the respective investment is written down to recognize the loss.

Asset Retirement Obligations

PS3280, Asset Retirement Obligations defines which activities would be included in a liability for retirement of tangible capital assets, establishes when to recognize and how to measure a liability for asset retirements, and provides the related financial statement presentation and disclosure requirements. This new standard has effectively replaced PS3270, Solid Waste Landfill Closure and Post-Closure Liability. This standard is applicable for fiscal years beginning on or after April 1, 2022.

Asset Retirement

A liability for an asset retirement obligation is recognized at the best estimate of the amount required to retire a tangible capital asset at the financial statement date when there is a legal obligation for the Township to incur retirement costs, the past transaction or event giving rise to the liability has occurred, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount can be made. The best estimate of the liability includes all costs directly attributable to asset retirement activities, based on information available at year-end. The best estimate of an asset retirement obligation incorporates a present value technique, when the cash flows required to settle or otherwise extinguish an asset retirement obligation are expected to occur over extended future periods.

When a liability for an asset retirement obligation is initially recognized, a corresponding asset retirement cost is capitalized to the carrying amount of the related tangible capital asset. The asset retirement cost is amortized over the useful life of the related asset. Asset retirement obligations which are incurred incrementally with use of the asset are recognized in the period incurred with a corresponding asset retirement cost expensed in the period.

At each financial reporting date, the Township reviews the carrying amount of the liability. The Township recognizes period-to-period changes to the liability due to the passage of time as accretion expense. Changes to the liability arising from revisions to either the timing, the amount of the original estimate of undiscounted cash flows or the discount rate are recognized as an increase or decrease to the carrying amount of the related tangible capital asset. The Township 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.

CORPORATION OF THE TOWNSHIP OF LAURENTIAN VALLEY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (cont'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 consolidated financial statements as revenue in the period in which 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 determined.

Inventories for Resale

Inventories for resale are valued at the lower of cost and net realizable value with cost being determined substantially on a first in, first out basis.

Deferred Revenue - Obligatory

Deferred revenue - obligatory consists of user charges received with respect to services and expenses which have yet to be provided and/or incurred. Deferred revenue - obligatory will be recognized as income in the year the related services are provided or expenses incurred.

Revenue Recognition

Revenues from property taxation, payment in lieu of taxes and penalties and interest are recognized in the period in which they are levied and collection is reasonably assured. User charges are recognized as the service is provided and collection is reasonably assured. Frontage charges and government transfers are recognized when the related expense is incurred. Revenue from the sale of assets and concessions are recognized at the point of sale. Developer contributions are recognized when legal title of the tangible capital asset has been transferred to the Township. Investment income is recognized as it is earned. Fees, service charges, donations, and miscellaneous are recognized when collection is reasonably assured.

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 normal 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 (debt) for the year.

i) **Tangible Capital Assets**

Tangible capital assets 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 is amortized on a straight-line basis over the estimated useful life as follows:

	<u>Years</u>
Landfill (included in land)	15
Land improvements	15-75
Buildings	25-50
Machinery and equipment	5-45
Vehicles	5-20
Linear assets	10-75

Annual amortization is charged in the year of acquisition and the year of disposal. Assets under construction are not amortized until the asset is in service.

CORPORATION OF THE TOWNSHIP OF LAURENTIAN VALLEY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

ii) Contributions of Tangible Capital Assets

Tangible capital assets received as contributions are recorded at fair value at the date of receipt and also are recorded as revenue.

iii) Natural Resources

Natural resources that have not been purchased are not recognized as assets in the consolidated financial statements.

NOTE 2 CHANGES IN ACCOUNTING POLICY - ADOPTION OF NEW ACCOUNTING STANDARDS

PS 3450 Financial Instruments

PS 3450 Financial Instruments establishes accounting and reporting requirements for all types of financial instruments. Portfolio investments in equity instruments are required to be measured at their fair value as quoted in the active market. All other financial instruments will generally be measured at cost or amortized cost. The Township adopted PS 3450 Financial Instruments beginning January 1, 2023 prospectively.

Given that the Township's financial instruments were already measured at cost or amortized cost and the Township does not have any portfolio investments quoted in an active market, the adoption of this standard does not give rise to any numerical changes in the Township's financial statements. The disclosure requirements arising from this standard have been presented in Note 3.

PS 3280 Asset Retirement Obligations (ARO)

PS 3280 Asset Retirement Obligations (ARO) establishes the accounting and reporting requirements for legal obligations associated with the retirement of tangible capital assets controlled by a government or government organization. A liability for a retirement obligation can apply to tangible capital assets either in productive use or no longer in productive use. This standard was adopted on January 1, 2022 on a modified retroactive basis with prior period restatement.

In the past, the Township has reported its obligations related to its landfill site applying PS 3270 which has been replaced by PS 3280. The new standard requires the recognition of a liability for legal obligations that exist as a result of the acquisition, construction or development of a tangible capital asset, or that result from the normal use of the asset when the asset is recorded. Such obligation justifies recognition of a liability and can result from existing legislation, regulation, agreement, contract, or that is based on a promise and an expectation of performance. The estimate of the liability includes costs directly attributable to asset retirement activities. Costs include post-retirement operation, maintenance, and monitoring that are an integral part of the retirement of the landfill site. When recording an asset retirement obligation, the estimated retirement costs are capitalized to the carrying value of the landfill site and amortized over the site's estimated useful life.

The Township's ongoing efforts to assess new information obtained through regular maintenance of the landfill site may result in additional asset retirement obligations from better information or from changes to the estimated cost to fulfill the obligation. The measurement of asset retirement obligations is also impacted by activities that occur to settle all or part of the obligation, or any changes in the legal obligation. Revisions to the estimated cost of the obligation will result in changes to the carrying amount of the associated assets that are in productive use and amortized as part of the asset on an ongoing basis. When obligations have reliable cash flow projections, the liability may be estimated using the present value of future cash flows. Subsequently, accretion of the discounted liability due to the passage of time is recorded as an in-year expense.

CORPORATION OF THE TOWNSHIP OF LAURENTIAN VALLEY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

NOTE 2 CHANGES IN ACCOUNTING POLICY - ADOPTION OF NEW ACCOUNTING STANDARDS (cont'd)

PS 3280 Asset Retirement Obligations (ARO) (cont'd)

As a result of applying this accounting standard, an asset retirement obligation of \$1,625,333 (2022 - \$1,564,832) was recognized as a liability in the Consolidated Statement of Financial Position. These obligations represent estimated retirement costs of the landfill site. The Township has restated the prior period based on a simplified approach, using the ARO liabilities, ARO assets and the associated ARO accumulated amortization, amortization expense and accretion expense (for discounted ARO liabilities) for the period January 1, 2023 to December 31, 2023 as a proxy for January 1, 2022 to December 31, 2022 information. The adoption of PS 3280 ARO was applied to the comparative period as follows:

As at December 31, 2022

	<u>As Previously Reported</u>	<u>Adjustments</u>	<u>As Restated</u>
Consolidated Statement of Financial Position			
Tangible capital assets including ARO	\$ 27,769,120	\$ 1,394,511	\$ 29,163,631
Provision for landfill closure and post-closure care costs	\$ 523,575	\$ (523,575)	\$ -
Asset retirement obligation liability	\$ -	\$ 1,564,832	\$ 1,564,832
Accumulated surplus at end of year	\$ 28,372,182	\$ 353,254	\$ 28,725,436
Consolidated Statement of Operations			
Expenses - Environmental Services	\$ 3,054,823	\$ 12,617	\$ 3,067,440
Total expenses	\$ 11,519,096	\$ 12,617	\$ 11,531,713
Excess of revenue over expenses	\$ 1,177,755	\$ (12,617)	\$ 1,165,138

NOTE 3 INVESTMENTS

Investments held by the Ottawa Valley Waste Management Board consist of a variety of fixed income securities and an investment savings account. The fixed income securities have effective interest rates of 2.29% to 6.25% with maturity dates from June 3, 2024 to March 5, 2040. The Township's share of the fair market value of these investments at December 31, 2023 is \$799,913 (2022 - \$714,718).

Investments held by the Pembroke and Area Airport Commission comprise of money market funds, income funds and a high interest savings account. The Township's share of the fair market value of these investments at December 31, 2023 is \$41,225 (2022 - \$85,660).

NOTE 4 TAXES RECEIVABLE

	<u>2023</u>	<u>2022</u>
Current year taxes	\$ 501,464	\$ 426,751
Prior year taxes	135,989	185,017
Penalties	<u>182,358</u>	<u>153,775</u>
	<u>\$ 819,811</u>	<u>\$ 765,543</u>

CORPORATION OF THE TOWNSHIP OF LAURENTIAN VALLEY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

NOTE 5 DEFERRED REVENUE - OBLIGATORY

Deferred revenue - obligatory consists of the following:

	<u>2023</u>	<u>2022</u>
Development charges	\$ 185,303	\$ 71,896
Gas tax funding	110,198	501,918
Community infrastructure fund	<u>43,903</u>	<u>8,757</u>
	<u>\$ 339,404</u>	<u>\$ 582,571</u>

Continuity of deferred revenue - obligatory is as follows:

	<u>2023</u>	<u>2022</u>
Balance, beginning of year	\$ 582,571	\$ 774,953
Development charges received	107,399	79,170
Government funding received - gas tax funding	310,654	297,710
Community infrastructure funding received	408,281	355,027
Investment income	45,254	23,646
Development charges recognized as income	-	(37,518)
Government funding recognized - gas tax funding	(731,098)	(347,883)
Community infrastructure funding recognized as income	<u>(383,657)</u>	<u>(562,534)</u>
Balance, end of year	<u>\$ 339,404</u>	<u>\$ 582,571</u>

NOTE 6 ASSET RETIREMENT OBLIGATIONS

Landfill

Ottawa Valley Waste Management Board oversees the landfill site and is legally required to perform closure and post-closure activities upon retirement of this site. Closure and post-closure activities include the final clay cover, landscaping, as well as surface and ground water monitoring, leachate control, and visual inspection. A liability for the total obligation, which was incurred when the site started accepting waste, irrespective of volume of waste accepted has been accrued. The Board estimates that no obligation is incurred incrementally due to the volume of waste accepted, therefore, no further obligation is being accrued based on volume of waste accepted. The Township's share of undiscounted future cash flows expected are a closure cost in year 2036 of \$321,137 with annual post-closure activities starting in year 2037 of \$49,685 per year, increasing at an annual inflation rate of 3.9%, for 32 years to year 2068. The estimated total liability of \$1,625,333 (2022 - \$1,564,832) is based on the sum of discounted future cash flows for closure and post-closure activities using a discount rate of 4.54% and assuming annual inflation of 3.9%.

	<u>2023</u>	<u>2022</u>
Asset Retirement Obligation Liability		
Balance, beginning of year	\$ 1,564,832	\$ 1,494,305
Accretion expense	<u>60,501</u>	<u>70,527</u>
Estimated total liability	<u>\$ 1,625,333</u>	<u>\$ 1,564,832</u>

CORPORATION OF THE TOWNSHIP OF LAURENTIAN VALLEY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

NOTE 7 LONG-TERM DEBT

(a) The terms of the long-term debt and how the principal payments will be recovered are as follows:

	<u>2023</u>	<u>2022</u>
From general taxation, a debenture, due 2040, payable in semi annual installments of \$1,415 plus interest at 2.47% per annum.	\$ 46,708	\$ 49,794
From general taxation, a debenture, due 2026, payable in semi annual installments of \$18,992 with interest payable semi annually at 3.35% per annum.	113,954	151,938
From general taxation, a debenture, due 2037, payable in semi annual installments of \$120,885 including interest at 3.49% per annum.	2,659,631	2,804,769
From specific users, a debenture, due 2025, payable in semi annual installments of \$36,036 with interest payable semi annually at 4.42% per annum.	108,107	180,179
From general taxation, a debenture, due 2031, payable in semi-annual installments of \$43,232 including interest at 2.22%.	630,579	701,855
From general taxation, a debenture, due 2026, payable in monthly installments of \$8,521 including interest at 1.34%.	49,948	66,587
From general taxation and specific users, a debenture, due 2039, payable in semi annual instalments of \$54,925 including interest at 2.63% per annum.	<u>1,427,123</u>	<u>1,498,039</u>
	<u>\$ 5,036,050</u>	<u>\$ 5,453,161</u>

(b) The annual principal and interest payments required to service these liabilities are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.

(c) Payments on existing debt are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 425,223	\$ 151,450	\$ 576,673
2025	398,251	137,839	536,090
2026	371,555	126,353	497,908
2027	326,098	115,761	441,859
2028	335,788	106,001	441,789
Thereafter	<u>3,179,135</u>	<u>502,127</u>	<u>3,681,262</u>
	<u>\$ 5,036,050</u>	<u>\$ 1,139,531</u>	<u>\$ 6,175,581</u>

Interest on long-term debt amounted to \$161,949 (2022 - \$177,419). The Township's total cash payments in 2023 were \$579,060 (2022 - \$705,972).

CORPORATION OF THE TOWNSHIP OF LAURENTIAN VALLEY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

NOTE 8 CONTAMINATED SITES LIABILITIES

The Township has adopted PS3260 Liability for Contaminated Sites. The Township did not identify any financial liabilities in 2023 (2022 - \$ NIL) as a result of this standard.

NOTE 9 EQUITY IN TANGIBLE CAPITAL ASSETS

	<u>2023</u>	<u>2022</u>
Tangible capital assets - cost (Schedule 1)	\$ 71,552,279	\$ 69,343,289
- accumulated amortization (Schedule 1)	(41,191,756)	(40,179,658)
Long-term debt (Note 7)	<u>(5,036,050)</u>	<u>(5,453,161)</u>
	<u>\$ 25,324,473</u>	<u>\$ 23,710,470</u>

NOTE 10 ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	<u>2023</u>	<u>2022</u>
Unfinanced expenditures - General	\$ (521,284)	\$ (381,074)
Internally restricted reserves	6,484,268	6,960,872
Asset retirement obligation liability	(1,625,333)	(1,564,832)
Equity in tangible capital assets (Note 9)	<u>25,324,473</u>	<u>23,710,470</u>
	<u>\$ 29,662,124</u>	<u>\$ 28,725,436</u>

NOTE 11 EXPENSES BY OBJECT

The consolidated statement of operations reports expenses for the Township by function. The following is a summary of expenses by object.

	<u>Budget</u>	<u>2023</u>	<u>2022</u>
Salaries, wages and benefits	\$ 3,365,203	\$ 3,492,375	\$ 3,113,242
Material and supplies and contracted services	6,110,799	6,252,283	5,578,712
Interest expense	166,737	161,949	177,419
Taxation adjustments and vacancy rebates	-	2,710	2,710
Transfers and donations	661,250	721,392	622,840
Accretion of asset retirement obligation	-	60,501	70,527
Amortization of tangible capital assets	-	<u>2,006,171</u>	<u>1,966,263</u>
	<u>\$ 10,303,989</u>	<u>\$ 12,697,381</u>	<u>\$ 11,531,713</u>

CORPORATION OF THE TOWNSHIP OF LAURENTIAN VALLEY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

NOTE 12 OPERATIONS OF SCHOOL BOARDS AND THE COUNTY OF RENFREW

During 2023, requisitions were made by school boards and the 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 summarized below:

	<u>School Boards</u>	<u>County of Renfrew</u>
Property taxes	\$ 3,092,518	\$ 5,287,516
Taxation from other governments	<u>2,713</u>	<u>71,684</u>
Amount requisitioned	<u>\$ 3,095,231</u>	<u>\$ 5,359,200</u>

The taxation, other revenues, expenses, assets and liabilities with respect to the operations of the school boards and County of Renfrew are not reflected in these consolidated financial statements.

NOTE 13 COMMITMENTS

City of Pembroke

The municipality has entered into service agreements with the City of Pembroke for the supply of sewage and water treatment and the provision of recreation and library services.

Included in the Consolidated Statement of Operations are charges from the City as follows:

	<u>2023</u>	<u>2022</u>
Sewage	\$ 412,374	\$ 318,526
Water	\$ 468,847	\$ 337,606
Recreation	\$ 375,051	\$ 337,489
Library	\$ 152,526	\$ 149,820

Garbage collection

The municipality has entered into contracts for the collection of garbage. The contract expires in March, 2025. The contract cost for 2023 was \$533,964 (2022 - \$498,698).

Policing

The municipality has a contract with the Province of Ontario for policing services. The contract cost for 2023 was \$1,341,256 (2022 - \$1,360,217).

CORPORATION OF THE TOWNSHIP OF LAURENTIAN VALLEY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

NOTE 14 JOINT LOCAL BOARDS

The Township is a member of two joint local boards as follows:

Pembroke and Area Airport Commission

The Pembroke and Area Airport Commission was established in 1968 under the Municipal Act and on June 25, 1992 was continued as a body corporation by special legislation of the Province of Ontario. The Commission's primary function is the management of the Pembroke and Area Airport.

The Township's proportionate share of contributions to the Commission is 18.872% (2022 - 18.969%). The only transaction the Township had with the Commission during the year was the annual municipal levy of \$ 19,466 (2022 - \$121,255).

Summary financial information for the year ended December 31, 2023 and the Township's proportionate share are as follows:

	<u>Total</u>	<u>Township's Share</u>
Net financial assets	\$ 837,886	\$ 158,126
Non-financial assets	<u>4,242,583</u>	<u>815,134</u>
Accumulated surplus	<u>\$ 5,080,469</u>	<u>\$ 973,260</u>
Revenue	\$ 2,092,610	\$ 394,428
Expenses	<u>1,796,590</u>	<u>339,053</u>
Excess of revenue over expenses	<u>\$ 296,020</u>	<u>\$ 55,375</u>

CORPORATION OF THE TOWNSHIP OF LAURENTIAN VALLEY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

NOTE 14 JOINT LOCAL BOARDS (cont'd)

Ottawa Valley Waste Management Board

The Ottawa Valley Waste Management Board is a joint local board which was formed to direct the operation of the Ottawa Valley Waste Recovery Centre.

The Township's proportionate share of contributions to the Board is 23.12% (2022 - 23.27%). The Township had the following transactions with the Board:

	<u>2023</u>	<u>2022</u>
Tipping fees	\$ <u>286,577</u>	\$ <u>291,399</u>

The Township made the following debt payments on behalf of the Board:

Long-term debt principal	\$ -	\$ 111,800
Long-term debt interest	<u>-</u>	<u>4,042</u>
	<u>\$ -</u>	<u>\$ 115,842</u>

Further, the Township received royalties of \$154,051 (2022 - \$147,628) from the Board.

All of the above transactions are in the normal course of operations and measured at their exchange amount.

Summary financial information for the year ended December 31, 2023 and the Township's proportionate share are as follows:

	<u>Total</u>	<u>Township's Share</u>
Net financial assets	\$ 1,323,662	\$ 306,030
Non-financial assets	<u>18,657,811</u>	<u>4,285,611</u>
Accumulated surplus	<u>\$ 19,981,473</u>	<u>\$ 4,591,641</u>
Revenue	\$ 6,451,355	\$ 1,478,551
Expenses	<u>6,704,310</u>	<u>1,539,950</u>
Excess of expenses over revenue	<u>\$ (252,955)</u>	<u>\$ (61,399)</u>

CORPORATION OF THE TOWNSHIP OF LAURENTIAN VALLEY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

NOTE 15 FINANCIAL INSTRUMENTS

The Township's financial instruments consist of cash, investments, taxes receivable, accounts receivable, accounts payable and accrued liabilities and long-term debt.

Risk

It is management's opinion that the Township is not exposed to significant interest, market, liquidity, currency or credit risks arising from its financial instruments. The Township is subject to credit risk with respect to taxes and accounts receivable. Credit risk arises from the possibility that taxpayers and entities to which the Township provides services may experience financial difficulty and be unable to fulfil their obligations. It is management's opinion that the large number and diversity of taxpayers and users minimizes credit risk.

Fair Market Value

Except for the following, the fair value of the Township's financial instruments approximates their carrying value due to their short term nature. The fair market value of the investments is disclosed in Note 3 to the consolidated financial statements. It is not practicable to determine the fair market value of the long-term debt. The terms and conditions of the long-term debt are disclosed in Note 7 to the consolidated financial statements.

NOTE 16 BUDGET FIGURES

Budget figures reported on the Consolidated Statement of Operations and the Consolidated Statement of Change in Net Financial Debt are based on 2023 operating and capital budgets as approved by Council on February 21, 2023 (By-law 2023-02-010).

NOTE 17 PENSION AGREEMENT

The Township makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of permanent members of its staff. The plan is a defined benefit plan which specifies the amount of retirement benefit to be received by the employees based on the length of service and rates of pay. OMERS is financed by employer and employee contributions and by investment earnings of the OMERS Fund.

Contributions for current service are recorded as expenditures in the year in which they became due.

The Township is required to make current service contributions to OMERS of 9% of pensionable earnings up to the years maximum pensionable earnings under the Canada Pension Plan and 14.6% on pensionable earnings above the amount. Employees are required to make current service contributions of the same amount.

Total current service contributions by the Township to OMERS in 2023 were \$174,809 (2022 - \$142,893). These contributions were matched with identical employee contributions for both years.

At December 31, 2023, OMERS disclosed an actuarial deficit of \$7.571 billion.

CORPORATION OF THE TOWNSHIP OF LAURENTIAN VALLEY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

NOTE 18 SEGMENTED DISCLOSURES

The Township of Laurentian Valley provides a range of services to its ratepayers. For each segment as reported in Schedule 2, revenue and expenses represent amounts that are directly attributable to the segment. Amounts not directly attributable to a segment are reported in general government. The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 1.

The activities that are included in each functional line of services are as follows:

- General government consists of the Mayor and Council, the Chief Administrative Officer and administrative services which include the Treasurer and Deputy Clerk.
- Protection to persons and property consists of Fire, Police, By-law Enforcement, Animal Control and Building Departments.
- Transportation services include engineering, storm sewer, road and sidewalk construction and maintenance, street lighting and winter control as well as the Township's share of the Pembroke and Area Airport Commission.
- Environmental services consist of waterworks and sanitary operations, wastewater treatment, solid waste disposal and recycling and the Township's share of the Ottawa Valley Waste Management Board.
- Recreation and cultural services is comprised primarily of parks services, operation of recreational facilities and transfers to the City of Pembroke for library and recreational services.
- Planning and development consists of planning and zoning and economic development.

NOTE 19 COMPARATIVE FIGURES

Comparative figures have been reclassified to reflect the presentation adopted for the current year.