



Financial statements of the Township of East Hawkesbury

December 31, 2023

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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, 2023, 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, 2023, 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.

Hawkesbury ON
April 8, 2024

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Licensed Public Accountants

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Township of East Hawkesbury
Statement of operations
 Year ended December 31, 2023

	Budget 2023	Actual 2023	Actual 2022
	\$	\$	\$
Revenue			
Taxation – all classes	5,479,047	5,518,669	5,271,708
Less amounts received for:			
United Counties (Note 4)	(2,161,139)	(2,179,600)	(2,068,660)
School boards (Note 4)	(826,575)	(836,030)	(821,912)
Net taxation for municipal purposes	2,491,333	2,503,039	2,381,136
User fees	670,942	782,991	816,870
Transfer payments			
Government of Canada	376,055	404,833	670,042
Province of Ontario	325,317	641,412	799,331
Other municipalities	317,904	424,508	748,760
Gain on sale of tangible capital assets	-	316,879	-
Investment income	-	1,102	1,123
Licences and permits	6,850	7,277	8,666
Penalties and interest	105,000	110,730	110,360
Donations	-	21,044	-
Fines	16,000	6,522	16,482
Rental income	10,500	16,326	21,384
	4,319,901	5,236,663	5,574,154
Expenses (Schedule 4)			
General government	744,257	837,562	721,852
Protection to person and property	971,228	1,026,542	963,079
Transportation services	1,155,652	1,678,027	1,718,204
Environmental services	609,485	779,558	1,010,546
Recreation and cultural services	158,625	259,457	221,429
Planning and development	136,135	120,580	237,109
	3,775,382	4,701,726	4,872,219
Annual surplus	544,519	534,937	701,935
Accumulated surplus, beginning of year	15,616,991	15,616,991	14,915,056
Accumulated surplus, end of year (Schedule 2)	16,161,510	16,151,928	15,616,991

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, 2023

	2023	2022
	\$	\$
Assets		
Financial assets		
Cash	62,664	52,134
Accounts receivable	874,159	1,360,490
Taxes receivable	823,673	672,177
	1,760,496	2,084,801
Liabilities		
Bank loan (Note 5)	920,000	930,000
Accounts payable and accrued liabilities	647,192	711,736
Employee future benefits (Note 6)	17,560	16,630
Deferred revenues (Note 7)	401,278	510,833
Debts (Note 8)	1,229,369	1,285,630
Asset retirement obligation liability (Note 9)	123,500	-
	3,338,899	3,454,829
Net debt	(1,578,403)	(1,370,028)
Contingencies and commitments (Notes 12 and 13)		
Non-financial assets		
Tangible capital assets (Schedule 1)	17,666,895	16,932,033
Inventories	58,288	50,306
Prepaid expenses	5,148	4,680
	17,730,331	16,987,019
Accumulated surplus (Schedule 2)	16,151,928	15,616,991

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, 2023

	Budget 2023	Actual 2023	Actual 2022
	\$	\$	\$
Annual surplus	544,519	534,937	701,935
Gain on sale of tangible capital assets	-	(316,879)	-
Amortization of tangible capital assets	-	886,528	757,632
Purchase of tangible capital assets	(804,000)	(1,720,323)	(2,104,422)
Proceeds from sale of tangible capital assets	-	415,812	-
(Increase) decrease of inventories	-	(7,982)	59,520
(Increase) decrease of prepaid expenses	-	(468)	104,954
Increase in net debt	(259,481)	(208,375)	(480,381)
Net debt, beginning of year	(1,370,028)	(1,370,028)	(889,647)
Net debt, end of year	(1,629,509)	(1,578,403)	(1,370,028)

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, 2023

	2023	2022
	\$	\$
Operating activities		
Annual surplus	534,937	701,935
Changes in non-cash assets and liabilities		
Decrease (increase) in accounts receivable	486,331	(829,866)
(Increase) decrease in taxes receivable	(151,496)	87,716
(Decrease) increase in accounts payable and accrued liabilities	(61,336)	160,858
Increase (decrease) in employee future benefits	930	(3,515)
(Decrease) increase in deferred revenues	(109,555)	325,754
(Increase) decrease in inventories	(7,982)	59,520
(Increase) decrease in prepaid expenses	(468)	104,954
	691,361	607,356
Non-cash operating items		
Gain on sale of tangible capital assets	(316,879)	-
Amortization of tangible capital assets	886,528	757,632
	569,649	757,632
Net increase in cash from operating activities	1,261,010	1,364,988
Capital activities		
Purchase of tangible capital assets	(1,600,031)	(2,106,557)
Proceeds from sale of tangible capital assets	415,812	-
Net decrease in cash from capital activities	(1,184,219)	(2,106,557)
Financing activities		
(Decrease) increase in bank loan	(10,000)	820,000
Proceeds from long-term debt	111,253	156,076
Debts principal repayment	(167,514)	(208,263)
Net (decrease) increase in cash from financing activities	(66,261)	767,813
Net increase in cash	10,530	26,244
Cash, beginning of year	52,134	25,890
Cash, end of year	62,664	52,134

See additional information presented in Note 10.

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



Township of East Hawkesbury
Notes to the financial statements
December 31, 2023

1. Change in accounting policies

Section PS 1201, Financial statement presentation

Effective January 1, 2023, the Municipality adopted Section PS 1201 Financial Statement Presentation, which replaces PS 1200 Financial Statement Presentation. PS 1201 is generally equivalent to PS 1200 except that the Municipality is now required to present a Statement of Remeasurement Gains and Losses showing separately: unrealized gains and losses attributable to financial instruments in the fair value category; exchange gains and losses associated with monetary assets and liabilities denominated in a foreign currency that have not been settled; amounts reclassified to the statement of operations upon derecognition or settlement; and, other comprehensive income from government business enterprises and partnerships. Upon adoption of this Section, the Municipality reports on its financial condition by presenting its accumulated surplus or deficit and net debt which includes accumulated remeasurement gains and losses.

Section PS 3280, Asset retirement obligations

Effective January 1, 2023, the Municipality adopted the Public Sector Accounting Board's (PSAB) new standard for the recognition, measurement and disclosure of a liability for asset retirement obligations under PS 3280 Asset Retirement Obligations. The new standard establishes when to recognize and how to measure a liability for an asset retirement obligation, and provides the related financial statement presentation and disclosure requirements. Pursuant to these recommendations, the change was applied prospectively, and prior periods have not been restated.

Under the new standard, a liability for an asset retirement obligation is recognized at the best estimate of the amount required to retire a tangible capital asset when certain criteria are met, as described in Note 3.

Asset retirement obligations in the amount of \$123,500, included in asset retirement obligation liability, are derived from the Municipality's obligations to remove and eliminate asbestos. Since the Municipality adopted the standard prospectively, there were no changes to previous years numbers.

Section PS 3450, Financial instruments

Effective January 1, 2023, the Municipality adopted the Public Sector Accounting Board's (PSAB) new recommendations for the recognition, measurement, presentation and disclosure of financial assets, financial liabilities and derivatives under Section PS 3450 Financial Instruments. The new Section is applied prospectively, and prior periods have not been restated. There was no material impact on the financial statements from the prospective application of the new accounting recommendations.

2. Future accounting policies

Effective date: January 1, 2024

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.



Township of East Hawkesbury
Notes to the financial statements
December 31, 2023

3. 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.



Township of East Hawkesbury
Notes to the financial statements
December 31, 2023

3. 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.

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.



Township of East Hawkesbury
Notes to the financial statements
December 31, 2023

3. Accounting policies (continued)

Basis of accounting (continued)

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.

Reserves and reserve funds

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



Township of East Hawkesbury
Notes to the financial statements
 December 31, 2023

3. Accounting policies (continued)

Basis of accounting (continued)

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.

4. 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
	\$	\$	\$
2023			
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
2022			
Taxation	2,034,435	821,912	2,856,347
Grants in lieu of taxes	34,225	-	34,225
	2,068,660	821,912	2,890,572

5. Bank loan

The Municipality has an authorized line of credit of \$2,500,000 (\$2,500,000 in 2022), bearing interest at bank's prime rate, renewable in 2024, of which \$1,580,000 (\$1,570,000 in 2022) remained unused at year-end.

6. Employee future benefits

The amount of the future employee benefits of \$17,560 (\$16,630 in 2022), 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, 2023

7. Deferred revenues

	2023	2022
	\$	\$
Grant	6,692	228,916
Drain maintenance charges	277	277
Development charges	7,089	7,089
Parkland	13,600	11,500
Grants – Federal Gas Tax	373,620	263,051
	401,278	510,833

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

Amounts received	247,810	335,085
Amount reimbursed	(2,673)	-
Recognized revenues	(354,692)	(9,331)
	(109,555)	325,754
Deferred revenues, beginning of year	510,833	185,079
Deferred revenues, end of year	401,278	510,833

8. Debts

	2023	2022
	\$	\$
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 2024 and 2040	1,303,169	1,379,130
. 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	(73,800)	(93,500)
	1,229,369	1,285,630

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

	General taxation	User charges	Total
	\$	\$	\$
2024	128,639	38,916	167,555
2025	135,221	37,974	173,195
2026	213,976	32,766	246,742
2027	123,419	33,915	157,334
2028	92,452	32,047	124,499
Thereafter	360,044	-	360,044
	1,053,751	175,618	1,229,369

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, 2023, was \$73,800 (\$93,500 in 2022) and is not recorded in the statement of financial position.



Township of East Hawkesbury
Notes to the financial statements
December 31, 2023

8. 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.

9. 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.

10. Additional information relating to the statement of cash flow

Non-cash transactions

During the year, TCA were acquired at an aggregate cost of \$1,720,323 (\$2,104,422 in 2022), of which \$6,208 (\$9,416 in 2022) was paid after year-end, non-cash of \$123,500 (nil in 2022) related to asset retirement obligations and \$1,590,615 (\$2,095,006 in 2022) was paid during the year.

11. Pension plans

The Municipality makes contributions to the Ontario Municipal Employees Retirement System ("OMERS"), a multi-employer plan, which, for 2023, was on behalf of 14 members (17 in 2022) 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 2023 was \$86,259 (\$81,950 in 2022) for current service and is included as an expense in the statement of operations.

12. 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 \$20,000,000.



Township of East Hawkesbury
Notes to the financial statements
December 31, 2023

13. 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 five years are estimated at \$320,000.

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 four years are \$960,000.

Capital project

The Municipality has signed a contract for a capital project. Future payments aggregate to \$407,300.

Library

The Municipality has signed an agreement in 2023 for the library's services for his resident. The agreement expires in 2027. Future payments aggregate to \$57,100.

14. 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, 2023, the financial liabilities are the bank loan, the accounts payable and accrued liabilities and debts.

15. Budget amounts

The initial operating budget, approved by the Municipality for 2023, 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, 2023

Schedule 1

	Land and land improvements	Buildings and facilities	Waterworks and sewers	Vehicles	Roads and bridges	Machinery and equipment	Assets under constructions	2023	2022
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cost									
Beginning of year	1,798,275	2,728,811	4,648,792	2,585,747	15,968,034	1,278,888	1,675,546	30,684,093	28,605,608
Purchases	34,148	188,728	68,549	367,717	30,019	246,256	784,906	1,720,323	2,104,422
Sales	-	(37,470)	-	(249,660)	-	-	-	(287,130)	(25,937)
Transfer	-	5,403	1,546,893	-	-	-	(1,552,296)	-	-
End of year	1,832,423	2,885,472	6,264,234	2,703,804	15,998,053	1,525,144	908,156	32,117,286	30,684,093
Accumulated amortization									
Beginning of year	326,224	948,875	1,483,116	1,098,848	9,136,199	758,798	-	13,752,060	13,020,365
Amortization	11,996	175,842	105,809	102,558	414,856	75,467	-	886,528	757,632
Accumulated amortization on sale	-	(15,970)	-	(172,227)	-	-	-	(188,197)	(25,937)
End of year	338,220	1,108,747	1,588,925	1,029,179	9,551,055	834,265	-	14,450,391	13,752,060
Net book value	1,494,203	1,776,725	4,675,309	1,674,625	6,446,998	690,879	908,156	17,666,895	16,932,033



Township of East Hawkesbury
Accumulated surplus
 Year ended December 31, 2023

Schedule 2

	2023	2022
	\$	\$
Reserves		
Tangible capital assets		
Fire	32,000	32,000
Roadways	-	75,000
Sanitary sewers	62,302	35,496
Recreation	21,389	32,077
Working capital	270,325	270,325
Recycling/garbage	18,571	-
	404,587	444,898
Reserve funds		
Tangible capital assets		
Sanitary sewers	47,049	47,029
Reserves and reserve funds (Schedule 3)	451,636	491,927
Operating		
. for increase of taxation		
- general	(122,275)	(158,232)
. for (increase) decrease of user charges		
- garbage collection and disposal and recycling	-	(12,971)
- sewers	(1,247)	10,027
	(123,522)	(161,176)
Invested in tangible capital assets	16,437,526	15,646,403
Unfinanced tangible capital assets	(490,212)	(360,163)
Unfinanced asset retirement obligation	(123,500)	-
	15,823,814	15,286,240
	16,151,928	15,616,991



Township of East Hawkesbury
Statement of operations for the reserves and reserve funds
 Year ended December 31, 2023

Schedule 3

	Budget 2023	Actual 2023	Actual 2022
	\$	\$	\$
Investment income	-	20	18
Net transfers from:			
Operating	(69,521)	45,377	37,598
Unfinanced tangible capital assets	(36,935)	(85,688)	(30,812)
Change in reserves and reserve funds	(106,456)	(40,291)	6,804
Reserves and reserve funds, beginning of year	491,927	491,927	485,123
Reserves and reserve funds, end of year (Schedule 2)	385,471	451,636	491,927



Township of East Hawkesbury
Statement of expenses by object
Year ended December 31, 2023

Schedule 4

	Budget 2023	Actual 2023	Actual 2022
	\$	\$	\$
Expenses			
Salaries, wages and benefits	1,467,651	1,452,114	1,506,117
Interest	62,820	46,318	45,325
Materials	923,760	989,400	1,197,218
Contracted services	1,208,561	1,221,251	1,270,496
Rents and financial expenses	30,300	41,489	13,954
External transfers	82,290	64,626	81,477
Amortization of tangible capital assets	-	886,528	757,632
Total expenses by object	3,775,382	4,701,726	4,872,219