

**CORPORATION OF THE TOWNSHIP
OF ADELAIDE METCALFE**

Financial Statements

December 31, 2024

CORPORATION OF THE TOWNSHIP OF ADELAIDE METCALFE

Financial Statements

For The Year Ended December 31, 2024

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements are the responsibility of the management of Corporation of the Township of Adelaide Metcalfe and have been prepared in accordance with Canadian Public Sector Accounting Standards.

These financial statements include:

- Independent Auditors' report
- Statement of Financial Position
- Statement of Operations and Accumulated Surplus
- Statement of Change in Net Financial Assets
- Statement of Cash Flows
- Notes to the Financial Statements
- Schedule of Segment Disclosure

The Chief Administrative Officer and the Treasurer are responsible for ensuring that management fulfills its responsibility for financial reporting and is ultimately responsible for reviewing the financial statements before they are submitted to Council for approval.

The integrity and reliability of Corporation of the Township of Adelaide Metcalfe reporting systems are achieved through the use of formal policies and procedures, the careful selection of employees and an appropriate division of responsibilities. These systems are designed to provide reasonable assurance that the financial information is reliable and accurate.

The financial statements have been audited on behalf of the Members of Council, Inhabitants and Ratepayers of Corporation of the Township of Adelaide Metcalfe by Graham Scott Enns LLP in accordance with Canadian generally accepted auditing standards.



Mr. Morgan Calvert
Chief Administrative Officer



Mr. Johnny Pereira
Treasurer

Strathroy, Ontario
May 20, 2025



GRAHAM SCOTT ENNS LLP
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INDEPENDENT AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers of **The Corporation of the Township of Adelaide Metcalfe**:

Opinion

We have audited the financial statements of **The Corporation of the Township of Adelaide Metcalfe**, which comprise the statement of financial position as at December 31, 2024, and the statement of operations and accumulated surplus, statement of change in net financial assets and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the Municipality's 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 and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' 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.

Auditors' Responsibilities for the Audit of the Financial Statements

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



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INDEPENDENT AUDITORS' REPORT (CONTINUED)

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

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.

St. Thomas, Ontario

May 20, 2025

Graham Scott Enns LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Licensed Public Accountants

CORPORATION OF THE TOWNSHIP OF ADELAIDE METCALFE

Statement of Financial Position As At December 31, 2024

	2024	2023
	<u>\$</u>	<u>\$</u>
FINANCIAL ASSETS		
Cash	8,283,141	7,490,883
Investments (Note 3)	4,828,464	4,574,906
Taxes receivable (Note 4)	854,353	587,955
Accounts receivable (Note 5)	<u>1,515,230</u>	<u>1,759,053</u>
Total financial assets	<u>15,481,188</u>	<u>14,412,797</u>
FINANCIAL LIABILITIES		
Accounts payable and accrued liabilities	2,967,472	889,469
Deferred revenue (Note 6)	87,598	318,804
Net long-term liabilities (Note 9)	213,069	240,790
Asset retirement obligation - landfill (Note 12)	<u>802,679</u>	<u>786,162</u>
Total financial liabilities	<u>4,070,818</u>	<u>2,235,225</u>
NET FINANCIAL ASSETS	<u>11,410,370</u>	<u>12,177,572</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 13)	22,156,050	19,532,746
Inventories	26,624	58,846
Prepaid expenses	<u>30,888</u>	<u>26,977</u>
Total non-financial assets	<u>22,213,562</u>	<u>19,618,569</u>
ACCUMULATED SURPLUS (NOTE 14)	<u>33,623,932</u>	<u>31,796,141</u>

The accompanying notes are an integral part of these financial statements.

CORPORATION OF THE TOWNSHIP OF ADELAIDE METCALFE

Statement of Operations and Accumulated Surplus For The Year Ended December 31, 2024

	(Note 19) Budget 2024 <u>\$</u>	Actual 2024 <u>\$</u>	Actual 2023 <u>\$</u>
REVENUES			
Property taxation	4,738,631	4,674,799	4,464,351
Taxation from other governments	94,406	95,912	94,404
User charges	526,355	596,765	666,804
Local improvement levies	149,104	178,747	159,581
Government Transfers:			
Federal	98,951	100,000	307,373
Provincial	452,812	312,053	543,691
Other municipalities	7,000	48,822	(1,844)
Investment income	545,742	722,919	650,532
Penalties and interest on taxes	62,369	87,984	58,938
Other	228,434	775,193	40,231
Gain (loss) on disposal of capital assets	-	36,028	-
Total revenues	<u>6,903,804</u>	<u>7,629,222</u>	<u>6,984,061</u>
EXPENSES			
General government	1,009,199	1,123,188	1,071,850
Fire and police protection	814,826	886,940	932,251
Other protective services	196,403	174,165	218,831
Transportation services	2,552,258	2,522,029	2,312,905
Waterworks and sewer	527,240	300,358	444,628
Garbage collection and disposal	422,505	419,320	152,016
Health services	8,623	6,075	611
Recreation and cultural services	242,826	96,026	137,237
Planning and zoning	300,872	147,164	59,866
Agriculture	104,296	126,166	(185,592)
Total expenses (Note 17)	<u>6,179,048</u>	<u>5,801,431</u>	<u>5,144,603</u>
ANNUAL SURPLUS	724,756	1,827,791	1,839,458
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>31,796,141</u>	<u>31,796,141</u>	<u>29,956,683</u>
ACCUMULATED SURPLUS, END OF YEAR (NOTE 14)	<u><u>32,520,897</u></u>	<u><u>33,623,932</u></u>	<u><u>31,796,141</u></u>

The accompanying notes are an integral part of these financial statements.

CORPORATION OF THE TOWNSHIP OF ADELAIDE METCALFE

**Statement of Change in Net Financial Assets
For The Year Ended December 31, 2024**

	Budget 2024 (Note 19) \$	Actual 2024 \$	Actual 2023 \$
ANNUAL SURPLUS	724,756	1,827,791	1,839,458
Acquisition of tangible capital assets	(3,842,427)	(3,842,427)	(777,521)
Amortization of tangible capital assets	1,202,637	1,202,637	1,208,942
Proceeds on disposal of tangible capital assets	-	52,514	-
Change in inventories and prepaid expenses	-	28,311	(24,814)
(Gain) loss on disposal of tangible capital assets	-	(36,028)	-
Adoption of asset retirement obligation (Note 12)	-	-	<u>(769,995)</u>
CHANGE IN NET FINANCIAL ASSETS	(1,915,034)	(767,202)	1,476,070
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>12,177,572</u>	<u>12,177,572</u>	<u>10,701,502</u>
NET FINANCIAL ASSETS, END OF YEAR	<u><u>10,262,538</u></u>	<u><u>11,410,370</u></u>	<u><u>12,177,572</u></u>

The accompanying notes are an integral part of these financial statements.

CORPORATION OF THE TOWNSHIP OF ADELAIDE METCALFE

Statement of Cash Flows For The Year Ended December 31, 2024

	2024	2023
	<u>\$</u>	<u>\$</u>
OPERATING ACTIVITIES		
Annual surplus	1,827,791	1,839,458
Add (deduct) items not involving cash:		
Amortization of tangible capital assets	1,202,637	1,208,942
Accretion of asset retirement obligation	16,517	16,166
Change in landfill closure and post-closure liability	-	(292,827)
(Gain) loss on disposal of tangible capital assets	<u>(36,028)</u>	<u>-</u>
	3,010,917	2,771,739
Change in non-cash assets and liabilities related to operations (Note 17 [b])	<u>1,852,533</u>	<u>(212,183)</u>
	<u>4,863,450</u>	<u>2,559,556</u>
INVESTING ACTIVITIES		
Purchase of investments	<u>(253,558)</u>	<u>(446,238)</u>
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(3,842,427)	(777,521)
Proceeds on disposal of tangible capital assets	<u>52,514</u>	<u>-</u>
	<u>(3,789,913)</u>	<u>(777,521)</u>
FINANCING ACTIVITIES		
Advances (repayments) of long-term liabilities, net	<u>(27,721)</u>	<u>(26,532)</u>
NET CHANGE CASH DURING THE YEAR	792,258	1,309,265
CASH, BEGINNING OF YEAR	<u>7,490,883</u>	<u>6,181,618</u>
CASH, END OF YEAR	<u>8,283,141</u>	<u>7,490,883</u>

The accompanying notes are an integral part of these financial statements.

CORPORATION OF THE TOWNSHIP OF ADELAIDE METCALFE

Notes to the Financial Statements For The Year Ended December 31, 2024

The Corporation of the Township of Adelaide Metcalfe (the "Municipality") is a municipality in the Province of Ontario. It conducts its operations guided by the provisions of provincial statutes such as the Municipal Act, Municipal Affairs Act and related legislation.

1. CHANGE IN ACCOUNTING POLICIES

On January 1, 2024 Municipality adopted accounting policies to conform to new standards issued under Canadian public sector accounting standards. The Municipality adopted the following standards which had the following impact:

- PS 3400 - Revenue - These standard will impact the timing of the revenue reported by the Municipality. There is no impact on the Municipality's financial reporting as a result of the adoption of this standard.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Municipality are prepared by management in accordance with Canadian public sector accounting standards. Significant aspects of the accounting policies adopted by the Municipality are as follows:

Reporting Entity

The financial statements reflect the assets, liabilities, revenues, expenses of the reporting entity. The reporting entity is comprised of all organizations, committees and local boards accountable for the administration of their financial affairs and resources to the Municipality and which are owned or controlled by the Municipality.

Consolidated Entity

There are no organizations or local boards that are consolidated in these financial statements.

Proportionate Consolidation

There are no organizations or local boards that are proportionately consolidated in these financial statements.

CORPORATION OF THE TOWNSHIP OF ADELAIDE METCALFE

Notes to the Financial Statements For The Year Ended December 31, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting

The 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 creation of a legal obligation to pay.

Investments

Investments consisting of government and corporate bonds, money market funds and guaranteed investment certificates are carried at fair value. Interest income is recognized when received or receivable. When required by funding government of related Act, investment income earned on deferred revenue is added to the investment and forms part of the deferred revenue balance.

Trust Funds

Trust funds and their related operations administered by the Municipality are not included in these consolidated financial statements. Trust funds administered are reported in Note 10.

Accounting for County and School Board Transactions

Although the Municipality collects taxation on behalf of the County of Middlesex and the School Boards, the taxation, other revenues, expenses, assets and liabilities with respect to the operations of the County of Middlesex and the school boards are not reflected in these financial statements.

Non-Financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the Change in Net Financial Assets 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, excluding land are amortized on a straight-line basis over their estimated useful lives as follows:

CORPORATION OF THE TOWNSHIP OF ADELAIDE METCALFE

Notes to the Financial Statements For The Year Ended December 31, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

i) Tangible capital assets (continued)

Land improvements	20 years
Buildings	50 years
Machinery and equipment	5 - 20 years
Vehicles	10 - 20 years
Transportation infrastructure	20 - 75 years
Water system infrastructure	75 years
Wastewater infrastructure	75 years

Amortization begins the first month of the year following the year the asset is placed in service and to the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

ii) Contributions of tangible capital assets

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

iii) Inventories of supplies

Inventories of supplies held for consumption are recorded at the lower of cost and replacement cost.

iv) Works of art and cultural and historic assets

Works of art and cultural and historic assets are not recorded as assets in these financial statements.

Deferred Revenue

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used in the conduct of certain programs, in the completion of specific work. In addition, certain user charges and fees which have been collected but for which the related services have yet to be performed are deferred. Revenue is recognized in the period that the related expense are incurred and services are preformed.

Debenture Receivable

Debentures to rate payers are carried at cost. Interest income is recognized when received or receivable, and recorded in the statement of operations.

Financial Instruments

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

CORPORATION OF THE TOWNSHIP OF ADELAIDE METCALFE

Notes to the Financial Statements For The Year Ended December 31, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

The Municipality's financial instruments are measured as follows:

- i. Cash at fair value;
- ii. Investments at fair value (if any);
- iii. Accounts receivable at amortized cost;
- iv. Accounts payable and accrued liabilities at amortized cost;
- v. Long-term liabilities at amortized cost;

The fair value is determined as follows:

- i. Level 1 - Fair value measurements are those derived from quoted prices (in active markets);
- ii. Level 2 - Fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the assets, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- iii. Level 3 - Fair value measurements are those derived from valuation techniques that include inputs for the asset that are not based on observable data (unobservable inputs).

For financial instruments measured using amortized cost the transaction costs and any other fees are expensed as incurred.

Unrealized gains and losses from changes in the fair value of financial instruments are recognized in the statement of remeasurement gains and losses.

All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations.

Government Transfers

Government transfers are recognized in the financial statements as revenues in the financial period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met including performance and return requirements, and reasonable estimates of the amounts can be determined. Any amount received but restricted is recorded as deferred revenue and recognized as revenue in the period in which the resources are used for the purpose specified.

In addition, the Municipality periodically receives senior government capital funding in the form of infrastructure grants and receives ongoing funding from both senior levels of government as a result of an allocation of the Canada Community Building Fund.

CORPORATION OF THE TOWNSHIP OF ADELAIDE METCALFE

Notes to the Financial Statements For The Year Ended December 31, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Employee Benefit Plans

The Municipality provides a pension plan for its employees through the Ontario Municipal Employees Retirement System (OMERS). OMERS is a multi-employer pension plan which operates as the Ontario Municipal Employees Retirement Fund. The fund is a contributory defined benefit pension plan. As this is a multi-employer plan, no liability is recorded on the Municipality's books. The employer's contribution to a multi-employer, defined benefit plan are expensed as the obligations arise.

Tax Revenues

In 2024 the Municipality received \$4,674,799 (2023 - \$4,464,351) in property tax revenues for municipal purposes. The authority to levy and collect property taxes is established under the Municipal Act 2001, the Assessment Act, the Education Act, and other legislation.

The amount of the total annual property tax levy is determined each year through Council's approval of the annual budget. Municipal tax rates are set annually by Council for each class or type of property, in accordance with legislation and Council-approved policies, in order to raise the revenue required to meet budget requirements. Education tax rates are established by the Province each year in order to fund costs of education on a Province-wide basis. The Municipality collects the levied taxes on behalf of the County.

Taxation revenues are recorded at the time billings are issued. Additional property tax revenue can be added throughout the year, related to new properties that become occupied, or that become subject to property tax, after the return of the annual assessment roll used for billing purposes. The Municipality may receive supplementary assessment rolls over the course of the year from MPAC that identify new or omitted assessments. Property taxes for these supplementary/omitted amounts are then billed according to the approved tax rate for the property class.

Taxation revenues in any year may also be reduced as a result of reductions in assessment value rising from assessment and/or tax appeals. Each year, an amount is identified to cover the estimated amount of revenue loss attributable to assessment appeals, tax appeals or other deficiencies in tax revenue (e.g. uncollectible amounts, write-offs, etc.).

CORPORATION OF THE TOWNSHIP OF ADELAIDE METCALFE

Notes to the Financial Statements For The Year Ended December 31, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the period. Significant estimates include assumptions used in estimating provisions for accrued liabilities, landfill closure liability costs, allowances for vacancies, rebates and uncollectible property taxes.

In addition, the Municipality's implementation of the Public Sector Accounting Handbook PS3150 has required management to make estimates of historical costs and useful lives of tangible capital assets.

Actual results could differ from management's best estimates as additional information becomes available in the future.

Asset Retirement Obligations - Landfill

Landfill closure and post-closure care requirements have been defined in accordance with industry standards and include covering and landscaping of the landfill, pumping of ground water and leachates from the site, and ongoing environmental monitoring, site inspection and maintenance. The Municipality has tangible capital assets that require decommissioning and/or future monitoring costs that require recognition of a future liability as a result. These retirement obligations are set up using discounted cash flows and are amortized over the remaining life of the land fill. In addition the future liability is adjusted yearly with an accretion expense to balance the present value of the future liabilities cashflows.

CORPORATION OF THE TOWNSHIP OF ADELAIDE METCALFE

Notes to the Financial Statements For The Year Ended December 31, 2024

3. INVESTMENTS

	2024	2023
	<u>\$</u>	<u>\$</u>
Guaranteed investment certificates	4,779,839	4,516,534
Other	<u>48,625</u>	<u>58,372</u>
	<u><u>4,828,464</u></u>	<u><u>4,574,906</u></u>

The investments consist of guaranteed investment certificates and cash which are recorded at fair market value. The certificates mature between June 2025 and December 2028 and yield interest rates from 5.45% to 5.88%. The Municipality earned \$560,304 (2023 - \$448,135) in income on the above investments.

Investments are classified as Level 2

4. TAXES RECEIVABLE

	2024	2023
	<u>\$</u>	<u>\$</u>
Current taxes receivable	394,404	388,774
Arrears taxes receivable	337,032	121,406
Penalties and interest	<u>122,917</u>	<u>77,775</u>
	<u><u>854,353</u></u>	<u><u>587,955</u></u>

5. ACCOUNTS RECEIVABLE

	2024	2023
	<u>\$</u>	<u>\$</u>
Benefitting land owners	541,266	649,918
Trade and other	381,156	534,086
HST receivable	220,287	180,379
Other municipalities and school boards	166,790	58,284
Debentures receivable, due 2024, interest at 2.25%	-	11,841
Debentures receivable, due 2026, interest at 2.00%	167,779	302,312
Debentures receivable, due 2027, interest at 4.67%	17,050	22,233
Debentures receivable, due 2029, interest at 4.95%	<u>20,902</u>	<u>-</u>
	<u><u>1,515,230</u></u>	<u><u>1,759,053</u></u>

CORPORATION OF THE TOWNSHIP OF ADELAIDE METCALFE

Notes to the Financial Statements For The Year Ended December 31, 2024

6. DEFERRED REVENUE (INCLUDING OBLIGATORY RESERVE FUNDS)

A requirement of the public sector accounting principles of the Chartered Professional Accountants of Canada is that obligatory reserve funds be reported as deferred revenue. This requirement is in place as provincial legislation restricts how these funds may be used and under certain circumstances these funds may possibly be refunded. The balances in deferred revenue including obligatory reserve funds (consisting of Recreation Land - Planning Act, Federal Gas Tax, Subdivider Contributions and Development charges) of the Municipality are summarized below:

	2024	2023
	<u>\$</u>	<u>\$</u>
Recreation land	13,506	12,818
Canada Community Building Fund	6,350	9,701
Ontario Community Infrastructure Fund	206,716	204,457
Other	217,542	40,403
Development charges	<u>(356,516)</u>	<u>51,425</u>
	<u>87,598</u>	<u>318,804</u>

The Municipality has borrowed money from future development charges to fund certain qualifying capital assets in advance of receiving the development charges as allowed under the the Development Charges Act, 1997, and these amounts are paid back, including the prescribed rate of interest.

7. BANK INDEBTEDNESS

The Municipality has available a \$1,200,000 line of credit with Libro Financial Group. This line of credit bears interest at the bank's prime rate (6.45%). At year end, the Municipality had been advanced \$nil (2023 - \$nil) on this facility.

8. CONTINGENT LIABILITIES

As at December 31, 2024 certain legal actions are pending against the Municipality. The final outcome of the outstanding claims cannot be determined at this time. However, management believes that ultimate disposition of these matters will not materially exceed the amounts recorded in these financial statements.

Estimated costs to settle claims are based on available information and projections of estimated future expenses developed based on the Municipality's historical experience. Claims are reported as an operating expense in the year of the loss, where the costs are deemed to be likely and can be reasonable determined. No claim provisions are reported as a liability in the statement of financial position.

CORPORATION OF THE TOWNSHIP OF ADELAIDE METCALFE

Notes to the Financial Statements For The Year Ended December 31, 2024

9. NET LONG-TERM LIABILITIES

- a) The balance of net long-term liabilities reported on the Statement of Financial Position consists of the following:

	2024	2023
	\$	\$
Total long-term liabilities incurred by the Municipality and outstanding at the end of the year	357,354	270,596
Tile drainage loans assumed by the individual	<u>(144,285)</u>	<u>(29,806)</u>
Total long-term liabilities at the end of the year	<u>213,069</u>	<u>240,790</u>

- b) Principal repayments are summarized as follows:

	2025	2026	2027	2028	2029	Beyond	Total
	\$	\$	\$	\$	\$	\$	\$
Recoverable from:							
User charges	<u>26,533</u>	<u>27,721</u>	<u>28,963</u>	<u>30,260</u>	<u>33,032</u>	<u>66,560</u>	<u>213,069</u>

- c) All long-term liabilities issued on or before December 31, 1992 have received approval of the Ontario Municipal Board. Long-term liabilities issued after January 31, 1993 have been approved by by-law. 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.
- d) Interest rates are 4.33%. Interest expense on long-term liabilities in 2024 amounted to \$17,645 (2023 - \$11,552).
- e) The Municipality is contingently liable for municipality debt with respect to tile drainage loans. The total amount outstanding as at December 31, 2024 is \$144,285 (2023 - \$29,806) and is not recorded on the Statement of Financial Position.

10. TRUST FUNDS

Trust funds administered by the Municipality amounting to \$57,000 (2023 - \$56,791) have not been included in the Statement of Financial Position nor have their operations been included in the Statement of Operations and Accumulated Surplus.

11. COMPARATIVE FIGURES

Certain comparative figures presented in the financial statements have been reclassified to conform to the presentation adopted in the current year.

CORPORATION OF THE TOWNSHIP OF ADELAIDE METCALFE

Notes to the Financial Statements For The Year Ended December 31, 2024

12. ASSET RETIREMENT OBLIGATIONS - LANDFILL CLOSURE

This liability is the estimated cost to date, based on a volumetric basis, of the expenses relating to those activities required when the site or phase stops accepting waste.

The sanitary closure costs include final cover and vegetation, completing facilities for drainage control features, leachate monitoring, water quality monitoring, and monitoring and recovery of gas. Post-closure care activities include all activities related to monitoring the site once it can no longer accept waste, including acquisition of any additional land for buffer zones, treatment and monitoring of leachate, monitoring ground water and surface water, gas monitoring and recovery, and ongoing maintenance of various control systems, drainage systems and final cover.

The estimated liability for the care of the landfill sites is the present value of future cash flows associated with the closure and post-closure costs.

The Municipality currently has two landfill sites "Adelaide" and "Metcalf". The key assumptions for each of the landfill sites is as follows:

	<u>Adelaide site</u>	<u>Metcalf site</u>
Date landfill is expected to reach capacity	2028	2020
Estimated remaining capacity at December 31, 2024 (cubic metres)	1335	0
Inflation rate	3.27%	2.0%
Discount rate	2.17%	3.0%
Estimated time required for post closure care years	25 years	-
Estimate closure costs	\$69,578	\$25,000
Estimated post-closure costs	\$691,583	\$-

The estimated liability of \$802,679 (2023 - \$786,162) represents the sum of the discounted future cash flows for closure and post-closure care activities discounted at the Municipality's current long term borrowing rate of 2.17%. The liability is expected to be funded through budget allocations to a landfill reserve over the remaining life of the landfill. At year end this reserve was \$448,274 (2023 - \$400,981). The Metcalfe site has been closed and it now being monitored as per the post closure agreement.

	<u>Adelaide</u> <u>\$</u>	<u>Metcalf</u> <u>\$</u>	<u>2024</u> <u>\$</u>
Opening balance of asset retirement obligations	761,162	25,000	786,162
Additions	-	-	-
Accretion expense	<u>16,517</u>	<u>-</u>	<u>16,517</u>
Closing balance of asset retirement obligations	<u>777,679</u>	<u>25,000</u>	<u>802,679</u>

CORPORATION OF THE TOWNSHIP OF ADELAIDE METCALFE

Notes to the Financial Statements For The Year Ended December 31, 2024

13. TANGIBLE CAPITAL ASSETS

December 31, 2024
Cost

	Opening	Additions	Disposals	Ending
<u>Infrastructure</u>				
Land	317,500	-	-	317,500
Landfill - ARO	769,995	-	-	769,995
Buildings	261,360	-	-	261,360
Machinery and Equipment	2,732,672	931,751	(488,644)	3,175,779
Linear - Roadways	22,383,024	2,679,061	-	25,062,085
Linear - Water Services	1,210,000	-	-	1,210,000
Linear - Waste Water	3,929,000	-	-	3,929,000
Infrastructure Total	31,603,551	3,610,812	(488,644)	34,725,719
<u>General</u>				
Land	55,503	-	-	55,503
Land Improvements	578,139	-	-	578,139
Building	1,405,569	9,715	(11,085)	1,404,199
Machinery and Equipment	628,692	26,189	-	654,881
Vehicle	1,271,581	-	-	1,271,581
General Total	3,939,484	35,904	(11,085)	3,964,303
Work In Progress	47,746	243,246	(47,535)	243,457
Total Cost	35,590,781	3,889,962	(547,264)	38,933,479

Accumulated Amortization

	Opening	Amortization	Disposal	Ending
<u>Infrastructure</u>				
Landfill - ARO	173,999	148,999	-	322,998
Buildings	208,532	4,115	-	212,647
Machinery and Equipment	1,972,180	100,577	(480,802)	1,591,955
Linear - Roadways	11,139,362	745,059	-	11,884,421
Linear - Water Services	274,261	17,653	-	291,914
Linear - Waste Water	740,837	59,307	-	800,144
Infrastructure Total	14,509,171	1,075,710	(480,802)	15,104,079
<u>General</u>				
Land Improvements	141,251	34,903	-	176,154
Building	309,782	27,653	(2,441)	334,994
Machinery and Equipment	467,488	22,137	-	489,625
Vehicle	630,343	42,234	-	672,577
General Total	1,548,864	126,927	(2,441)	1,673,350
Total Accumulated Amortization	16,058,035	1,202,637	(483,243)	16,777,429

Net Book Value

	Opening	Ending
Infrastructure	17,094,380	19,621,640
General	2,390,620	2,290,953
Work In Progress	47,746	243,457
Total Net Book Value	19,532,746	22,156,050

CORPORATION OF THE TOWNSHIP OF ADELAIDE METCALFE

Notes to the Financial Statements For The Year Ended December 31, 2024

13. TANGIBLE CAPITAL ASSETS (CONTINUED)

December 31, 2023

Cost	Opening	Additions	Disposals	Ending
<u>Infrastructure</u>				
Land	317,500	-	-	317,500
Landfill - ARO	769,995	-	-	769,995
Buildings	261,360	-	-	261,360
Machinery and Equipment	2,732,672	-	-	2,732,672
Linear - Roadways	21,887,215	495,809	-	22,383,024
Linear - Water Services	1,210,000	-	-	1,210,000
Linear - Waste Water	3,929,000	-	-	3,929,000
Infrastructure Total	31,107,742	495,809	-	31,603,551
<u>General</u>				
Land	55,503	-	-	55,503
Land Improvements	83,940	494,199	-	578,139
Building	1,376,426	29,143	-	1,405,569
Machinery and Equipment	661,918	41,993	(75,219)	628,692
Vehicle	1,241,741	29,840	-	1,271,581
General Total	3,419,528	595,175	(75,219)	3,939,484
Work In Progress	285,990	200,477	(438,721)	47,746
Total Cost	34,813,260	1,291,461	(513,940)	35,590,781
Accumulated Amortization	Opening	Amortization	Disposal	Ending
<u>Infrastructure</u>				
Landfill - ARO	-	173,999	-	173,999
Buildings	204,417	4,115	-	208,532
Machinery and Equipment	1,811,465	160,715	-	1,972,180
Linear - Roadways	10,396,867	742,495	-	11,139,362
Linear - Water Services	258,128	16,133	-	274,261
Linear - Waste Water	725,444	15,393	-	740,837
Infrastructure Total	13,396,321	1,112,850	-	14,509,171
<u>General</u>				
Land Improvements	62,028	4,004	75,219	141,251
Building	282,796	26,986	-	309,782
Machinery and Equipment	523,039	19,668	(75,219)	467,488
Vehicle	584,909	45,434	-	630,343
General Total	1,452,772	96,092	-	1,548,864
Total Accumulated Amortization	14,849,093	1,208,942	-	16,058,035
Net Book Value	Opening			Ending
Infrastructure	17,711,421			17,094,380
General	1,966,756			2,390,620
Work In Progress	285,990			47,746
Total Net Book Value	19,964,167			19,532,746

CORPORATION OF THE TOWNSHIP OF ADELAIDE METCALFE

Notes to the Financial Statements For The Year Ended December 31, 2024

14. ACCUMULATED SURPLUS

The accumulated surplus consists of individual fund surplus/(deficit) and reserves/reserve funds as follows:

	2024 \$	2023 \$
SURPLUS		
General revenue fund	2,924,876	3,032,860
Invested in tangible capital assets	22,156,050	19,532,746
Reserves set aside for a specific purpose	609,060	989,793
Reserve funds set aside for a specific purpose	<u>8,949,694</u>	<u>9,267,694</u>
	34,639,680	32,823,093
AMOUNTS TO BE RECOVERED		
Unfunded asset retirement obligation - landfill	(802,679)	(786,162)
Net long-term liabilities	<u>(213,069)</u>	<u>(240,790)</u>
ACCUMULATED SURPLUS	<u><u>33,623,932</u></u>	<u><u>31,796,141</u></u>

Included in Reserve Fund set aside for a specific purpose there was \$448,274 relating to the asset retirement obligations - landfill

15. PENSION AGREEMENTS

The Municipality makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf 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. Each year, an independent actuary determines the funding status of OMERS Primary Pension Plan (the Plan) by comparing the actuarial value of invested assets to the estimated present value of all pension benefits the members have earned to date. The most recent actuarial valuation of the Plan was conducted December 31, 2024, and the results of this valuation disclosed actuarial liabilities of \$142.5 billion in respect of benefits accrued for service with actuarial assets at that date of \$139.6 billion leaving an actuarial deficit of \$2.9 billion.

Since any surpluses or deficits are a joint responsibility of all Ontario municipalities and their employees, the Municipality does not recognize any share of the OMERS Pension surplus or deficit in these financial statements.

The total amount contributed for pension purposes for 2024 was \$111,978 (2023 - \$100,370) and is included as an expense on the Statement of Operations and Accumulated Surplus.

CORPORATION OF THE TOWNSHIP OF ADELAIDE METCALFE

Notes to the Financial Statements For The Year Ended December 31, 2024

16. OPERATIONS OF SCHOOL BOARDS AND THE COUNTY OF MIDDLESEX

During 2024, requisitions were made by the School Boards and the County of Middlesex requiring the Municipality to collect property taxes and payments-in-lieu of property taxes on their behalf. The amounts collected and remitted are summarized below:

	School Boards 2024 \$	County 2024 \$	School Boards 2023 \$	County 2023 \$
Taxation	1,748,184	2,802,628	1,708,998	2,697,221
Share of payments in lieu of taxes	<u>467</u>	<u>25,214</u>	<u>467</u>	<u>24,497</u>
Amounts requisitioned	<u>1,748,651</u>	<u>2,827,842</u>	<u>1,709,465</u>	<u>2,721,718</u>

17. SUPPLEMENTARY INFORMATION:

	2024 \$	2023 \$
[a] Classification of expenses by object:		
Salaries, wages and employee benefits	1,597,665	1,555,081
Long-term debt interest	17,645	11,552
Materials	1,721,951	913,656
Contracted services	1,180,503	1,377,050
Accretion	16,517	16,166
Amortization	1,202,638	1,208,943
Transfer to others	<u>64,512</u>	<u>62,155</u>
Total expenses by object	<u>5,801,431</u>	<u>5,144,603</u>

[b] Change in non-cash assets and liabilities related to operations:

Taxes receivable	(266,398)	(242,790)
Accounts receivable	243,823	113,597
Inventories and prepaid expenses	28,311	(24,814)
Accounts payable and accrued liabilities	2,078,003	83,837
Deferred revenue	<u>(231,206)</u>	<u>(142,013)</u>
	<u>1,852,533</u>	<u>(212,183)</u>

CORPORATION OF THE TOWNSHIP OF ADELAIDE METCALFE

Notes to the Financial Statements For The Year Ended December 31, 2024

18. FINANCIAL INSTRUMENTS

Risks and Concentrations

The Municipality is exposed to various risks through its financial instruments. The following analysis provides a measure of the Municipality's risk exposure and concentrations at the balance sheet date.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Municipality is mainly exposed to interest risk.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Municipality is exposed to interest rate risk on its fixed rate long-term debt. As the interest rates are fixed the Municipality doesn't believe that interest rate risk is a significant risk.

It is management's opinion that the Municipality is not exposed to significant currency risk and other price risk.

Liquidity Risk

Liquidity risk is the risk that a Municipality will encounter difficulty in meeting obligations associated with financial liabilities. The Municipality is exposed to this risk mainly in respect of its accounts payable, accrued liabilities and long-term debt. The Municipality doesn't believe that liquidity risk is a significant risk.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Municipality's main credit risks relate to its accounts receivable and taxes receivable. The Municipality manages this risk by monitoring active receivable balances and forces tax sale on properties considered unrecoverable.

At year end, the Municipality had approximately \$295,114 (2023 - \$328,987) in accounts receivable over 90 days of which the Municipality has deemed no allowance is necessary. The balances of taxes and utility receivables (water and sewer) are normally collectible from the property owner and the Municipality is able to force tax sale on properties to recover. In some instances the property owner may challenge property values which will in impact future recovery of taxes and potential repayments to the property owners. The Municipality actively monitors these assessment challenges and provides provisions when reasonable estimates can be made. At year end the Municipality has provided an allowance of \$45,100 (2023 - \$40,574) for these assessment challenges and \$nil (2023 - \$nil) in potential uncollectible tax assessments and drains.

CORPORATION OF THE TOWNSHIP OF ADELAIDE METCALFE

Notes to the Financial Statements For The Year Ended December 31, 2024

19. BUDGET FIGURES

The budget approved by Council on December 18, 2023 is reflected on the statement of operations. The budgets established for capital investment in tangible capital assets are on a project-oriented basis, the costs of which may be carried out over one or more years and, therefore, may not be comparable with current year's actual expenditure amounts. As well, the Municipality does not budget activity within Reserve Funds, with the exception being those transactions, which affect either operations or capital investments. Budget figures have been reclassified for the purposes of these financial statements to comply with PSAB reporting requirements.

	Approved Budget \$	Adjustments \$	PSAB Budget \$
REVENUES			
Property taxation	4,738,631	-	4,738,631
Taxation from other governments	94,406	-	94,406
User charges	526,355	-	526,355
Local improvement levies	149,104	-	149,104
Government transfers			
Federal	98,951	-	98,951
Provincial	452,812	-	452,812
Other municipalities	7,000	-	7,000
Investment income	545,742	-	545,742
Penalties and interest on taxes	62,369	-	62,369
Other	228,434	-	228,434
Capital reserve transfers	<u>4,324,853</u>	<u>(4,324,853)</u>	<u>-</u>
Total revenues	<u>11,228,657</u>	<u>(4,324,853)</u>	<u>6,903,804</u>
EXPENSES			
General government	3,138,427	(2,129,228)	1,009,199
Fire and police protection	1,393,137	(578,311)	814,826
Other protective services	196,403	-	196,403
Transportation services	5,049,027	(2,496,769)	2,552,258
Waterworks and sewers	575,386	(48,146)	527,240
Garbage collection and disposal	296,659	125,846	422,505
Health services	8,623	-	8,623
Recreation and cultural services	209,671	33,155	242,826
Planning and zoning	263,100	37,772	300,872
Agriculture	<u>98,224</u>	<u>6,072</u>	<u>104,296</u>
Total expenses	<u>11,228,657</u>	<u>(5,049,609)</u>	<u>6,179,048</u>
BUDGETED ANNUAL SURPLUS (DEFICIT)	<u>-</u>	<u>724,756</u>	<u>724,756</u>

CORPORATION OF THE TOWNSHIP OF ADELAIDE METCALFE

Notes to the Financial Statements For The Year Ended December 31, 2024

20. SEGMENTED DISCLOSURE

The Municipality is a lower-tier municipal government that provides a wide range of services to its citizens. For management reporting purposes the Municipality's operations and activities are organized and reported by departments, and the departments have been separately disclosed in the Schedule of Segment Disclosure. A description of each major department and the activities each provide are as follows:

General government

General government is comprised of municipal council, corporate management and program support.

Protection services

Protection services include fire, police, conservation authority, building inspection and animal control.

Transportation services

Transportation services include the maintenance of roads and bridges throughout the Municipality in accordance with minimum maintenance standards.

Environmental services

Environmental services include the provision of safe drinking water, the collection and treatment of wastewater, and waste collection, disposal and recycling.

Health services

Health services are comprised of public health services and cemeteries.

Recreation services

Recreation services include the development and upkeep of community parks and recreation facilities.

Planning and development

Planning and development services include land use planning and amendments according to the Official Plan, plans of subdivision, economic development and tourism, municipal drainage, and tree cutting and reforestation.

For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Taxation revenue is allocated to segments based on budgeted amounts. The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in Note 1.

CORPORATION OF THE TOWNSHIP OF ADELAIDE METCALFE

**Schedule of Segment Disclosure
For The Year Ended December 31, 2024**

	General Government \$	Protection Services \$	Transportation Services \$	Environmental Services \$	Health Services \$	Recreation Services \$	Planning and Development Services \$	Total \$
REVENUES								
Taxation and local improvements	1,383,381	700,651	2,225,551	384,387	3,801	2,420	249,267	4,949,458
User charges	15,942	158,060	39,541	337,869	-	2,781	42,572	596,765
Government transfers	375,735	5,735	15,243	-	-	-	64,162	460,875
Other	739,745	43,623	-	-	-	-	802,728	1,586,096
Gain (loss) on sale of capital	-	(8,645)	44,673	-	-	-	-	36,028
	<u>2,514,803</u>	<u>899,424</u>	<u>2,325,008</u>	<u>722,256</u>	<u>3,801</u>	<u>5,201</u>	<u>1,158,729</u>	<u>7,629,222</u>
EXPENSES								
Salaries, wages and employees benefits	789,968	210,650	579,423	17,624	-	-	-	1,597,665
Long-term debt interest	-	-	-	17,645	-	-	-	17,645
Materials and supplies	158,336	149,583	1,109,457	68,538	-	23,120	166,891	1,675,925
Contracted services, rents and financial	157,953	562,859	(5,426)	370,728	6,075	27,901	60,413	1,180,503
External transfers	-	64,512	-	-	-	-	-	64,512
Amortization	16,931	73,501	838,575	228,626	-	45,005	-	1,202,638
Bad debt (recovery)	-	-	-	-	-	-	46,026	46,026
Accretion	-	-	-	16,517	-	-	-	16,517
	<u>1,123,188</u>	<u>1,061,105</u>	<u>2,522,029</u>	<u>719,678</u>	<u>6,075</u>	<u>96,026</u>	<u>273,330</u>	<u>5,801,431</u>
ANNUAL SURPLUS (DEFICIT)	<u><u>1,391,615</u></u>	<u><u>(161,681)</u></u>	<u><u>(197,021)</u></u>	<u><u>2,578</u></u>	<u><u>(2,274)</u></u>	<u><u>(90,825)</u></u>	<u><u>885,399</u></u>	<u><u>1,827,791</u></u>

CORPORATION OF THE TOWNSHIP OF ADELAIDE METCALFE

**Schedule of Segment Disclosure
For The Year Ended December 31, 2023**

	General Government \$	Protection Services \$	Transportation Services \$	Environmental Services \$	Health Services \$	Recreation Services \$	Planning and Development Services \$	Total \$
REVENUES								
Taxation and local improvements	1,596,551	587,804	1,777,352	545,416	5,901	130,169	75,143	4,718,336
User charges	12,745	185,938	1,960	349,142	-	360	116,659	666,804
Government transfers	77,997	3,238	10,559	-	-	-	757,426	849,220
Other	<u>248,510</u>	<u>2,945</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>498,246</u>	<u>749,701</u>
	<u>1,935,803</u>	<u>779,925</u>	<u>1,789,871</u>	<u>894,558</u>	<u>5,901</u>	<u>130,529</u>	<u>1,447,474</u>	<u>6,984,061</u>
EXPENSES								
Salaries, wages and employees benefits	763,067	203,576	564,198	24,240	-	-	-	1,555,081
Long-term debt interest	-	-	-	11,552	-	-	-	11,552
Materials and supplies	156,409	166,593	909,996	(130,338)	-	27,563	43,433	1,173,656
Contracted services, rents and financial	135,443	629,123	3,101	421,398	611	96,533	90,841	1,377,050
External transfers	-	62,155	-	-	-	-	-	62,155
Amortization	16,931	89,635	835,609	253,626	-	13,142	-	1,208,943
Bad debt (recovery)	-	-	-	-	-	-	(260,000)	(260,000)
Accretion	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,166</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,166</u>
	<u>1,071,850</u>	<u>1,151,082</u>	<u>2,312,904</u>	<u>596,644</u>	<u>611</u>	<u>137,238</u>	<u>(125,726)</u>	<u>5,144,603</u>
ANNUAL SURPLUS (DEFICIT)	<u>863,953</u>	<u>(371,157)</u>	<u>(523,033)</u>	<u>297,914</u>	<u>5,290</u>	<u>(6,709)</u>	<u>1,573,200</u>	<u>1,839,458</u>