

Financial Statements of

**CORPORATION OF THE
TOWN OF GREATER NAPANEE**

Year ended December 31, 2024

CORPORATION OF THE TOWN OF GREATER NAPANEE

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Management's Responsibility for the Financial Statements

The accompanying financial statements of Corporation of the Town of Greater Napanee (the "Corporation") are the responsibility of the Corporation's management and have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards. A summary of the significant accounting policies are described in Note 1 to the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Corporation's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements. These systems are monitored and evaluated by management.

The Council meets with management and the external auditors to review the financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the financial statements.

The financial statements have been audited by KPMG LLP, independent external auditors appointed by the Corporation. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Corporation's financial statements.



Matthew Grant, Chief Administrative Officer



Ellen Hamel, Treasurer/General Manager
Financial Services



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INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers of the Corporation of the Town of Greater Napanee

Opinion

We have audited the financial statements of Corporation of the Town of Greater Napanee (the Entity), which comprise:

- the statement of financial position as at end of December 31, 2024
- the statement of operations and accumulated surplus for the year then ended
- the statement of changes in net financial assets (debt) for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(hereinafter referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2024, and its results of operations, its changes in net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the “***Auditor’s Responsibilities for the Audit of the Financial Statements***” section of our auditor’s report.

We are independent of the Entity 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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 the 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 Entity's internal control.



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- 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 Entity'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 Entity 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.
- 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Kingston, Canada

March 6, 2026

CORPORATION OF THE TOWN OF GREATER NAPANEE

Statement of Financial Position

December 31, 2024, with comparative information for 2023

	2024	2023
Financial assets:		
Cash	\$ 15,454,172	\$ 12,999,343
Taxes receivable	2,962,104	2,703,650
Accounts receivable	4,112,823	3,891,560
User charges receivable	971,197	965,656
Inventory for resale	–	91,275
Long-term receivable	–	4,102
Investments (note 2)	3,551,744	3,390,162
	<u>27,052,040</u>	<u>24,045,748</u>
Financial liabilities:		
Accounts payable and accrued liabilities	4,957,654	5,150,568
Prepaid property taxes	320,761	289,338
Asset retirement obligations (note 6)	3,980,920	5,916,304
Employee future benefit obligations (note 5)	873,547	869,410
Deferred revenue (note 7)	13,966,977	11,405,113
Long-term debt (note 8)	2,196,346	2,463,034
	<u>26,296,205</u>	<u>26,093,767</u>
Net financial assets (debt)	755,835	(2,048,019)
Non-financial assets:		
Tangible capital assets (note 3)	136,834,553	136,025,063
Prepaid expenses	897,773	841,145
	<u>137,732,326</u>	<u>136,866,208</u>
Contingent liabilities (note 9)		
Commitments (note 10)		
Accumulated surplus (note 12)	<u>\$ 138,488,161</u>	<u>\$ 134,818,189</u>

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

CORPORATION OF THE TOWN OF GREATER NAPANEE

Statement of Operations and Accumulated Surplus

Year ended December 31, 2024, with comparative information for 2023

	2024 Budget (note 18)	2024 Actual	2023 Actual
Revenue (note 13):			
Taxation:			
Municipal	\$ 14,236,454	\$ 14,251,159	\$ 13,857,873
Other governments	193,266	194,625	150,386
User charges	10,703,800	11,060,978	10,226,733
Recovery of costs	94,225	545,469	752,071
Government transfers:			
Province of Ontario	2,212,700	2,453,316	2,057,114
Government of Canada	5,202	5,000	4,500
Other municipalities	1,082,787	1,138,320	1,004,400
Development charges	–	93,338	–
Investment income	385,500	561,515	758,508
Interest and penalties on taxes	410,000	437,259	381,271
Donations	1,750	11,867	4,867
Miscellaneous	22,500	109,260	50,549
	29,348,184	30,862,106	29,248,272
Expenses (note 13):			
General government	3,070,888	4,011,631	3,724,589
Protection to persons and property	7,468,777	8,280,066	7,780,565
Transportation services	4,601,008	7,905,324	7,766,191
Environmental services	5,952,914	6,880,559	7,198,031
Recreation and cultural services	3,033,505	3,582,344	4,175,221
Planning and development	713,950	744,424	1,070,101
Health services	317,450	676,018	362,225
	25,158,492	32,080,366	32,076,923
Annual surplus (deficit) from operations	4,189,692	(1,218,260)	(2,828,651)
Revenue related to capital:			
Municipal taxation	911,000	906,974	270,217
Taxation from other governments	–	3,597	1,089
Government transfers:			
Government of Canada	3,230,678	1,446,463	1,412,704
Government of Ontario	945,555	945,555	1,877,318
Development charges	524,050	446,723	–
Contributed tangible capital assets	–	362,528	–
Other income	35,500	158,300	256,470
Gain on sale of tangible capital assets	–	618,092	2,037,877
	5,646,783	4,888,232	5,855,675
Annual surplus	9,836,475	3,669,972	3,027,024
Accumulated surplus, beginning of year	134,818,189	134,818,189	131,791,165
Accumulated surplus, end of year	\$ 144,654,664	\$ 138,488,161	\$ 134,818,189

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

CORPORATION OF THE TOWN OF GREATER NAPANEE

Statement of Changes in Net Financial Assets (Debt)

Year ended December 31, 2024, with comparative information for 2023

	2024 Budget (note 18)	2024 Actual	2023 Actual
Annual surplus	\$ 9,836,475	\$ 3,669,972	\$ 3,027,024
Amortization of tangible capital assets	–	5,540,207	5,680,879
Acquisition of tangible capital assets	(9,641,471)	(8,351,995)	(10,475,550)
Contributed tangible capital assets	–	(362,528)	–
Acquisition (disposition) of tangible capital assets for asset retirement obligations	–	1,954,471	(5,064,267)
Gain on disposal of tangible capital assets	–	(618,092)	(2,037,877)
Proceeds on disposal of tangible capital assets	–	1,028,447	3,065,218
Acquisition of prepaid expenses	–	(56,628)	(94,047)
Change in net financial assets (debt)	195,004	2,803,854	(5,898,620)
Net financial assets (debt), beginning of year	(2,048,019)	(2,048,019)	3,850,601
Net financial assets (debt), end of year	\$ (1,853,015)	\$ 755,835	\$ (2,048,019)

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

CORPORATION OF THE TOWN OF GREATER NAPANEE

Statement of Cash Flows

Year ended December 31, 2024, with comparative information for 2023

	2024	2023
Operating activities:		
Annual surplus	\$ 3,669,972	\$ 3,027,024
Item not involving cash:		
Amortization of tangible capital assets	5,540,207	5,680,879
Gain on disposal of tangible capital assets	(618,092)	(2,037,877)
Change in employee future benefit obligations	4,137	440,875
Change in asset retirement obligations	(1,935,384)	5,185,146
Change in tangible capital assets for asset retirement obligations	1,954,471	(5,064,267)
Contributed tangible capital assets	(362,528)	-
Change in non-cash operating working capital:		
Taxes receivable	(258,454)	(337,115)
Accounts receivable	(221,263)	(2,977,235)
User charges receivable	(5,541)	(24,388)
Inventory for resale	91,275	(91,275)
Prepaid expenses	(56,628)	(94,047)
Accounts payable and accrued liabilities	(192,914)	630,208
Prepaid property taxes	31,423	47,513
Deferred revenue	2,561,864	2,325,868
	<u>10,202,545</u>	<u>6,711,309</u>
Capital activities:		
Acquisition of tangible capital assets	(8,351,995)	(10,475,550)
Proceeds on disposal of tangible capital assets	1,028,447	3,065,218
	<u>(7,323,548)</u>	<u>(7,410,332)</u>
Investing activities:		
Purchase of investments	(161,582)	-
Proceeds from disposal of investments	-	62,578
Repayment of long-term receivable	4,102	2,275
	<u>(157,480)</u>	<u>64,853</u>
Financing activities:		
Repayment of long-term debt	(266,688)	(612,645)
Increase (decrease) in cash	2,454,829	(1,246,815)
Cash, beginning of year	12,999,343	14,246,158
Cash, end of year	<u>\$ 15,454,172</u>	<u>\$ 12,999,343</u>

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

CORPORATION OF THE TOWN OF GREATER NAPANEE

Notes to Financial Statements

Year ended December 31, 2024

1. Significant accounting policies:

The financial statements of the Corporation of the Town of Greater Napanee (the "Corporation") are the representations of management and have been prepared in all material respects in accordance with Canadian Public Sector Accounting Standards. Significant aspects of the accounting policies by the Corporation are as follows:

(a) Reporting entity:

- (i) The financial statements reflect financial assets, liabilities, operating revenues and expenses, reserves, reserve funds and changes in investment in tangible capital assets of the Corporation.
- (ii) The taxation, other revenues, expenses, assets and liabilities with respect to the operations of the school boards and the Corporation of the County of Lennox and Addington are not reflected in the municipal fund balances of these financial statements.

(b) Basis of accounting:

- (i) 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 on receipt of goods and services and/or the creation of a legal obligation to pay.
- (ii) 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.
- (iii) Trust funds and their related operations administered by the Corporation are not included in these financial statements but are reported separately on the Trust Funds Statements of Financial Activities and Fund Balances.

(c) Land held for resale:

Land held for resale is recorded at the lower of cost and net realizable value. Cost includes amounts for improvements to prepare the land for sale or servicing.

(d) Inventories and prepaid expenses:

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

(e) 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.

CORPORATION OF THE TOWN OF GREATER NAPANEE

Notes to Financial Statements (continued)

Year ended December 31, 2024

1. Significant accounting policies (continued):

(f) Deferred revenue:

The Corporation defers recognition of user charges and fees which have been collected but for which the related services have yet to be performed. Government transfers of gas taxes, development charges collected under the Development Charges Act, 1997, and recreational land collected under the Planning Act are reported as deferred revenues in the Statement of Financial Position. These amounts will be recognized as revenues in the fiscal year the services are performed.

The Corporation receives restricted contributions under the authority of Federal and Provincial legislation and Corporation by-laws. These funds by their nature are restricted in their use and until applied to applicable costs are recorded as deferred revenue. Amounts applied to qualifying expenses are recorded as revenue in the fiscal period they are expended.

Deferred revenue represents certain user charges and fees which have been collected but for which the related services have yet to be performed. Deferred revenue also represents contributions that the Corporation has received pursuant to legislation, regulation or agreement that may only be used for certain programs or in the completion of specific work. These amounts are recognized as revenue in the fiscal year the services are performed or related expenses incurred.

(g) Reserve and reserve funds:

Certain amounts, as approved by Council, are set aside in reserve and reserve funds for future operating and capital expenditures. Transfers to, or from, reserves and reserve funds are recorded as an adjustment to the respective fund when approved.

(h) Revenue recognition:

Government transfers and funding for projects are recognized when the transfer is authorized, any eligible criteria has been met and the amount can be reasonably estimated. Corporation generated funds, generally consisting of user fees, licenses and permits, are recognized when the goods are sold or the services are provided, performance obligations fulfilled, and future economic benefits are measurable and expected to be obtained. Other restricted contributions received in advance of the related expenditure are deferred until the related expenditure is incurred.

CORPORATION OF THE TOWN OF GREATER NAPANEE

Notes to Financial Statements (continued)

Year ended December 31, 2024

1. Significant accounting policies (continued):

(i) Taxation and related revenues:

Property tax billings are prepared by the Corporation based on assessment rolls issued by the Municipal Property Assessment Corporation ("MPAC"). Tax rates are established by the Town Council, incorporating amounts to be raised for local services, amounts to be raised on behalf of the Corporation of the County of Lennox and Addington for regional services, and amounts the Corporation is required to collect on behalf of the Province of Ontario in respect of education taxes. Taxation revenues are recorded at the time tax billings are issued. Adjustments to taxation revenue can occur during the year related to the issuance of supplementary tax billings and/or assessment appeals. These adjustments are recorded when the amount of the adjustments can be quantified. The Corporation is entitled to collect interest and penalties on overdue taxes. These revenues are recorded in the period in which the interest and penalties are applied.

(j) Financial instruments:

Derivatives and portfolio investments in equity instruments are quoted in an active market at fair value. All other financial instruments will generally be measured at cost or amortized cost.

Management has not elected to record any investments at fair value as they are managed on an amortized cost basis.

Unrealized gains and losses arising from changes in fair value are presented in the Statement of Remeasurement Gains and Losses which records the remeasurement gains and losses for financial instruments measured at fair value. Unrealized gains and losses are realized upon settlement of the financial instrument when the financial instrument is sold or reaches maturity through the Statement of Operations and Accumulated Surplus. Changes in the fair value on restricted assets are recognized as a liability until the criterion attached to the restrictions has been met, upon which the gain or loss is recognized in the Statement of Operations and Accumulated Surplus.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

All financial assets are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in the Statement of Operations and Accumulated Surplus and any unrealized gain or loss is adjusted through the Statement of Remeasurement Gains and Losses.

Long-term debt is recorded at amortized cost.

CORPORATION OF THE TOWN OF GREATER NAPANEE

Notes to Financial Statements (continued)

Year ended December 31, 2024

1. Significant accounting policies (continued):

(j) Financial instruments (continued):

Establishing fair value:

The fair value of guarantees and letters of credit are based on fees currently charged for similar agreements or on the estimated cost to terminate them or otherwise settle the obligations with the counterparties at the reported borrowing date. In situations in which there is no market for these guarantees, and they were issued without explicit costs, it is not practicable to determine their fair value with sufficient reliability (if applicable).

Fair value hierarchy:

The following provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which fair value is observable:

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

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

(k) Foreign currency

Foreign currency transactions are recorded at the exchange rate at the time of the transaction.

Assets and liabilities denominated in foreign currencies are recorded at fair value using the exchange rate at the financial statement date. Unrealized foreign exchange gains and losses are recognized in the Statement of Remeasurement Gains and Losses. In the period of settlement, the realized foreign exchange gains and losses are recognized in the Statement of Operations and Accumulated Surplus and the unrealized balances are reversed from the Statement of Remeasurement Gains and Losses.

(l) Statement of Remeasurement Gains and Losses:

A Statement of Remeasurement Gains and Losses has not been provided as there are no significant unrealized gains or losses at December 31, 2024 or 2023.

CORPORATION OF THE TOWN OF GREATER NAPANEE

Notes to Financial Statements (continued)

Year ended December 31, 2024

1. Significant accounting policies (continued):

(m) Tangible capital assets:

Tangible capital assets are recorded at cost, which include 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 are amortized on a straight-line basis over their estimated useful lives as follows:

Asset	Estimated Useful Life
Buildings and land improvements	10-50 years
Other equipment	10-30 years
Vehicles	5-20 years
Underground and other networks	50 to 125 years
Plant and facilities	50 to 100 years
Roads	10-40 years
Bridges and structures	45 to 50 years

Assets under construction are not amortized until the asset is available for productive use.

The Corporation has a capitalization threshold so that individual tangible capital assets of lesser value are expensed, unless they are pooled because, collectively, they have significant value, or for operational reasons.

When tangible capital assets are disposed of, either by way of a sale, destruction or loss, or abandonment of the asset, the asset's net book value, historical cost less accumulated amortization, is written off. Any resulting gain or loss, equal to the proceeds on disposal less the asset's net book value, is reported on the Statement of Operations and Accumulated Surplus in the year of disposal. Transfers of assets to third parties are recorded as an expense equal to the net book value of the asset as of the date of transfer.

When conditions indicate that a tangible capital asset no longer contributes to the Corporation's ability to provide services or the value of the future economic benefits associated with the tangible capital asset are less than its net book value, and the decline is expected to be permanent, the cost and accumulated amortization of the asset are reduced to reflect the revised estimate of the value of the asset's remaining service potential. The resulting net adjustment is reported as an expense on the Statement of Operations and Accumulated Surplus.

(n) Contribution 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. Similarly, transfer of assets to third parties are recorded as an expense equal to the net book value of the assets as of the date of transfer.

CORPORATION OF THE TOWN OF GREATER NAPANEE

Notes to Financial Statements (continued)

Year ended December 31, 2024

1. Significant accounting policies (continued):

(o) Works of art:

Assets that have a historical or cultural significance, which include works of art, monuments and other cultural artifacts are not recognized as tangible capital assets because a reasonable estimate of future benefits associated with this property can not be made.

(p) Leases:

Leases are classified as capital or operations 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.

(q) Forgivable loan:

The Corporation has developed a doctor recruitment and retention program which provides a forgivable loan in the aggregate amount of \$100,000 per doctor. The doctors enter into a forgivable loan agreement in exchange for a minimum five-year commitment to practice family medicine within the Town of Greater Napanee. The Corporation does not expect to be repaid unless certain conditions are not met, accordingly, payments under the forgivable loan agreements have been included as an expenditure in the financial statements.

(r) Asset retirement obligations:

An asset retirement obligation ("ARO") is recognized when, as at the financial reporting date, all of the following criteria are met:

- There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- 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 liability for closure of operational sites and post-closure care relating to landfill sites has been recognized based on estimated future expenses. The liability is discounted using a present value calculation and adjusted annually for accretion expense. Assumptions used in subsequent calculations are revised annually.

The liability for the removal of asbestos in several of the buildings owned by the Corporation has been recognized based on estimated undiscounted future expenses. The recognition of the liability resulted in an accompanying increase to the respective tangible capital assets. The increase to the tangible capital assets is being amortized in accordance with the accounting policies outlined in note 1(m).

CORPORATION OF THE TOWN OF GREATER NAPANEE

Notes to Financial Statements (continued)

Year ended December 31, 2024

1. Significant accounting policies (continued):

(r) Asset retirement obligations (continued):

Actual remediation costs incurred are charged against the ARO to the extent of the liability recorded. Differences between the actual remediation costs incurred and the associated liabilities are recognized in the Statement of Operations and Accumulated Surplus at the time of remediation.

(s) Liability for contaminated sites:

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of contaminated sites is recognized when a site is not in productive use and all the following criteria are met:

- (i) an environmental standard exists;
- (ii) contamination exceeds the environmental standard;
- (iii) the Corporation:
 - (a) is directly responsible; or
 - (b) accepts responsibility
- (iv) it is expected that future economic benefit will be given up; and
- (v) a reasonable estimate of the amount can be made.

The liability is recognized as management's estimate of cost of post-remediation including operation, maintenance and monitoring that are an integral part of the remediation strategy for a contaminated site.

(t) Pension and employee benefits:

The Corporation accounts for its participation in the Ontario Municipal Employees Retirement System ("OMERS"), a multi-employer public sector pension fund, as a defined contribution plan. The OMERS plan specifies the retirement benefits to be received by employees based on length of service and pay rates.

Employee benefits include vacation entitlement, sick leave benefits and benefits under the Workplace Safety and Insurance Board Act. Vacation entitlements are accrued as entitlements are earned. Sick leave benefits are accrued in accordance with the Corporation's policy.

CORPORATION OF THE TOWN OF GREATER NAPANEE

Notes to Financial Statements (continued)

Year ended December 31, 2024

1. Significant accounting policies (continued):

(u) Use of estimates:

The preparation of financial statements 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 revenue and expenses during the period. Significant areas requiring the use of management's estimates include the actuarial assumptions used to develop the employee future benefit obligations, asset retirement obligations and the carrying value of tangible capital assets. Actual results could differ from these estimates.

2. Investments:

Investments consist of guaranteed investment certificates yielding interest between 4.35% to 5.15%, with maturities ranging from January 2025 to July 2025. Investments which matured subsequent to year-end have been reinvested in guaranteed investment certificates.

Included in accounts receivable is \$92,470 (2023 - \$138,429) of accrued interest on guaranteed investment certificates.

CORPORATION OF THE TOWN OF GREATER NAPANEE

Notes to Financial Statements (continued)

Year ended December 31, 2024

3. Tangible capital assets:

Cost	Balance, December 31, 2023	Asset retirement obligations	Additions	Disposals/ adjustments	Balance, December 31, 2024
General capital:					
Land	\$ 8,882,899	\$ –	\$ –	\$ (142,372)	\$ 8,740,527
Land improvements	1,916,750	–	–	–	1,916,750
Land improvements asset retirement	4,579,079	(1,972,229)	–	–	2,606,850
Buildings	20,867,903	–	187,482	(89,890)	20,965,495
Buildings asset retirement	485,188	17,758	–	–	502,946
Vehicles	11,025,556	–	855,201	(740,137)	11,140,620
Other equipment	9,123,389	–	705,582	(6,032)	9,822,939
Plant and facilities	16,453,907	–	6,428,946	(110,853)	22,772,000
General capital total	73,334,671	(1,954,471)	8,177,211	(1,089,284)	78,468,127
Infrastructure:					
Roads	92,629,921	–	2,106,146	(16,830)	94,719,237
Underground and other networks	55,906,647	–	467,649	(44,335)	56,329,961
Bridges and structures	6,707,453	–	166,298	–	6,873,751
Assets under construction	7,444,629	–	(2,202,781)	–	5,241,848
Infrastructure total	162,688,650	–	537,312	(61,165)	163,164,797
Grand total	\$ 236,023,321	\$ (1,954,471)	\$ 8,714,523	\$ (1,150,449)	\$241,632,924

CORPORATION OF THE TOWN OF GREATER NAPANEE

Notes to Financial Statements (continued)

Year ended December 31, 2024

3. Tangible capital assets (continued):

Accumulated amortization	Balance, December 31, 2023	Amortization	Disposals/ adjustments	Balance, December 31, 2024
General capital:				
Land	\$ –	\$ –	\$ –	\$ –
Land improvements	903,561	81,354	–	984,915
Land improvements asset retirement	245,125	97,237	–	342,362
Buildings	6,153,396	486,400	(9,519)	6,630,277
Building asset retirement	16,187	16,187	–	32,374
Vehicles	6,295,190	547,221	(676,393)	6,166,018
Other equipment	5,306,054	491,268	–	5,797,322
Plant and facilities	7,528,056	424,518	(21,801)	7,930,773
General capital total	26,447,569	2,144,185	(707,713)	27,884,041
Infrastructure:				
Roads	53,503,924	2,674,600	(16,826)	56,161,698
Underground and other networks	17,279,228	563,338	(15,555)	17,827,011
Bridges and structures	2,767,537	158,084	–	2,925,621
Infrastructure total	73,550,689	3,396,022	(32,381)	76,914,330
Grand total	\$ 99,998,258	\$ 5,540,207	\$ (740,094)	\$ 104,798,371

CORPORATION OF THE TOWN OF GREATER NAPANEE

Notes to Financial Statements (continued)

Year ended December 31, 2024

3. Tangible capital assets (continued):

	Net book value December 31, 2024	Net book value December 31, 2023
General capital:		
Land	\$ 8,740,527	\$ 8,882,899
Land improvements	931,835	1,013,189
Land improvements asset retirement	2,264,488	4,333,954
Buildings	14,335,218	14,714,507
Buildings asset retirement	470,572	469,001
Vehicles	4,974,602	4,730,366
Other equipment	4,025,617	3,817,335
Plant and facilities	14,841,227	8,925,851
General capital total	50,584,086	46,887,102
Infrastructure:		
Roads	38,557,539	39,125,997
Underground and other networks	38,502,950	38,627,419
Bridges and structures	3,948,130	3,939,916
Assets under construction	5,241,848	7,444,629
Infrastructure total	86,250,467	89,137,961
Grand total	\$ 136,834,553	\$ 136,025,063

Contributed tangible capital assets:

The value of contributed capital assets for 2024 is \$362,528 (2023 - \$Nil).

4. Bank indebtedness:

The Corporation has an operating line of credit of \$4,000,000 at an interest rate of prime less 0.5% of which \$Nil (2023 - \$Nil) was utilized at year end.

CORPORATION OF THE TOWN OF GREATER NAPANEE

Notes to Financial Statements (continued)

Year ended December 31, 2024

5. Employee future benefit obligations:

Employee future benefit obligations is comprised of:

Staff retiring allowance (note 5(a))

Non-pension retirement benefits (note 5(b))

(a) Staff retirement allowance:

Under Town of Greater Napanee Bylaw 2020-0041 "Conditions of employment, compensation and benefits", upon retirement a full-time employee with more than 1 year of service but less than 10 years shall receive two day's pay per year of service to the Corporation, while full time employees with 10 years of service or more shall receive three day's pay per year of service. All retirement packages are capped at a maximum of \$10,000.

(b) Non-pension retirement benefits

The Corporation provides non-pension retirement benefits for extended health care, dental and other benefits to specific groups of employees. Eligibility is based upon unreduced retirement until age 65. The Corporation's cost is 100% of the monthly premium for firefighters and 50% for all other employees.

An independent actuarial study of the employee non-pension benefits has been undertaken. The most recent valuation of the employee future benefit was effective January 1, 2023.

Actuarial gains and losses are amortized on a straight-line basis over the expected average remaining service life of the related employee groups, which is estimated to be 12.9 years (2023 - 12.9 years).

The accrued benefit obligation relating to the employee non-pension retirement benefits has been actuarially determined using the projected benefit method pro-rated on services. At December 31, 2024, based on actuarial valuation, the accrued benefit liability was \$495,334 (2023 - \$481,363).

The significant actuarial assumptions adopted in estimating the Corporation's accrued benefit obligation are as follows:

Discount rate	4.25% (2023 - 4.25%)
Trend rates	7.50% decreasing by 0.50% annually to 4.00%
Employee turnover	4.50% decreasing to 1.00% after 25 years of service, none after age 55
Retirement age	Earlier of age 62 or age plus service totals 90 with at least 30 years of service (age 60 or 85 with at least 20 years of service for Fire)

CORPORATION OF THE TOWN OF GREATER NAPANEE

Notes to Financial Statements (continued)

Year ended December 31, 2024

5. Employee future benefit obligations:

Employee future benefit obligations are comprised of:

	2024	2023
Staff retiring allowance	\$ 378,213	\$ 388,047
Non-pension retirement benefits	495,334	481,363
	\$ 873,547	\$ 869,410

The continuity of non-pension retirement benefits liability is as follows:

	2024	2023
Balance, beginning of year	\$ 481,363	\$ 472,394
Current service costs	28,244	24,054
Interest cost	20,631	21,215
Benefits paid	(35,500)	(36,300)
Amortization of gain	596	-
Balance, end of year	\$ 495,334	\$ 481,363

The accrued benefit liability at December 31, includes the following:

	2024	2023
Accrued benefit obligation	\$ 502,430	\$ 489,055
Unamortized actuarial loss	(7,096)	(7,692)
Balance, end of year	\$ 495,334	\$ 481,363

6. Asset retirement obligations:

The Corporation's asset retirement obligations consist of the following:

(a) Landfill obligation:

The Corporation owns and operates two solid waste landfill sites, one of which is operational, South Fredricksburg and one of which is closed, Roblin.

The Ontario Environmental Protection Act sets out the regulatory requirements to properly close and maintain all active and inactive landfill sites.

CORPORATION OF THE TOWN OF GREATER NAPANEE

Notes to Financial Statements (continued)

Year ended December 31, 2024

6. Asset retirement obligations (continued):

(a) Landfill obligation (continued):

The costs were based upon the presently known obligations that will exist at the estimated year of closure of the sites and for a minimum of 25 years post this date. As at December 31, 2024, the open landfill had an estimated remaining useful life of 45 years estimated based on current waste generation rates. Post-closure care is estimated to be required for a minimum 25 years from the date of site closure. The Corporation recognized an obligation relating to the removal and post-removal care of the landfill. These costs were discounted using a discount rate of 2.20% (2023 - 2.20%) per annum and an inflation rate of 4.53% (2023 - 4.53%) per annum.

The liability is currently unfunded, it is expected to be funded through budget allocations to a landfill reserve over the remaining life of the landfill.

(b) Asbestos obligation:

The Corporation owns and operates several buildings that are known to have asbestos, which represents a health hazard upon demolition of the building and there is a legal obligation to remove it. Post-closure care is estimated to extend for up to a year post the closure of the building, while demolition and construction continues. Estimated costs have not been discounted as the date of demolition is unknown.

The change in the estimated obligation during the year consists of the following:

	Landfill closure	Asbestos and other removal	2024 Total	2023 Total
Liabilities for asset retirement obligations, beginning of year	\$ 5,353,866	\$ 562,438	\$ 5,916,304	\$ 731,158
Remeasurement:				
Tangible capital asset	(1,972,229)	17,758	(1,954,471)	5,064,267
Tangible capital assets, fully-amortized	–	2,828	2,828	77,250
Accretion expense	16,259	–	16,259	43,629
Liabilities for asset retirement obligations, end of year	\$ 3,397,896	\$ 583,024	\$ 3,980,920	\$ 5,916,304

CORPORATION OF THE TOWN OF GREATER NAPANEE

Notes to Financial Statements (continued)

Year ended December 31, 2024

7. Deferred revenue:

The balance of deferred revenue consists of the following:

	2024		2024		2024	2023
	Opening balance	Received	Interest	Utilized	Closing balance	Closing balance
Obligatory reserve funds:						
Development charges	\$ 6,836,038	\$ 1,354,584	\$ 330,831	\$ (540,061)	\$ 7,981,392	\$ 6,836,038
Canada Community Building Fund	–	538,530	–	(538,530)	–	–
Ontario Community Investment Fund	–	945,555	–	(945,555)	–	–
Building surplus	286,113	414,846	–	–	700,959	286,113
Parkland	80,765	–	–	–	80,765	80,765
Water and wastewater utilities - impost fees	3,721,518	–	175,987	–	3,897,505	3,721,518
	10,924,434	3,253,515	506,818	(2,024,146)	12,660,621	10,924,434
Other:						
Developer contributions	27,000	–	–	(15,000)	12,000	27,000
Recreation	441,976	–	–	(64,812)	377,164	441,976
Building permit	–	911,489	–	–	911,489	–
Deferred deposits	11,703	–	–	(6,000)	5,703	11,703
	480,679	911,489	–	(85,812)	1,306,356	480,679
	\$ 11,405,113	\$ 4,165,004	\$ 506,818	\$ (2,109,958)	\$ 13,966,977	\$ 11,405,113

Development charges are restricted by legislation. These funds are recognized as revenue in the period they are used for the purpose specified.

Canada Community Building Fund is restricted by legislation. These funds are recognized as revenue in the period they are used for the purpose specified.

Water and wastewater impost fees are restricted by legislation. These funds are recognized as revenue in the period they are used for the purpose specified.

Parkland is restricted by legislation. These funds are for the acquisition of land to be used for park or other public recreational purposes, including the erection or repair of buildings and the acquisition of machinery for park or other public recreational purposes.

CORPORATION OF THE TOWN OF GREATER NAPANEE

Notes to Financial Statements (continued)

Year ended December 31, 2024

7. Deferred revenue (continued):

Developer contributions are restricted by agreement for the future construction of a regional storm water management facility and urbanization of Alkenbrack Street and remediation work on McPherson Drive.

Recreation and deferred deposits are funds received in advance and will be recognized as the related services are rendered.

8. Long-term debt:

Long-term debt consists of the following:

	2024	2023
Strathcona Paper Centre	\$ —	\$ 187,749
OMEIFA loan	2,196,346	2,275,285
	\$ 2,196,346	\$ 2,463,034

The Strathcona Paper Centre bank loan had an effective interest rate of 3.18%, payable in monthly blended payments of \$45,806, with the final payment of the loan in April 2024.

The OMEIFA loan bears interest at 2.74%, payable in semi-annual payments of \$70,372, with maturity date of June 15, 2045.

Principal repayments are estimated to be as follows:

Year	Amount
2025	\$ 81,116
2026	83,354
2027	85,653
2028	88,017
2029	90,445
2030 and thereafter	1,767,761
	\$ 2,196,346

CORPORATION OF THE TOWN OF GREATER NAPANEE

Notes to Financial Statements (continued)

Year ended December 31, 2024

9. Contingent liabilities:

In the course of its business, the Corporation becomes involved in various claims and legal proceedings. Litigation is subject to many uncertainties and the outcome of individual matters is not predictable. An estimate of the contingency cannot be made since the outcome of these matters is not predictable. The Corporation carries liability insurance. Any settlement in excess of amounts which have been recorded in the accounts and insurance coverage will be accounted for as a current transaction in the year of settlement.

Contingent environmental liabilities may arise out of existing operations. Such liabilities are different from environmental remediation and solid waste landfill closure and post-closure care liabilities because the liabilities are not determinable, the condition which may give rise to the expenditures are uncertain, and the future expectations of the applicable regulatory authorities are not known. Potential costs that may arise in connection with such liabilities are not included in the Corporation's provisions until the source and nature of the obligation become clear and is reasonably estimable.

10. Commitments:

- (a) The Corporation has an agreement with Waste Management of Canada Corporation for garbage collection and disposal services and recycling and processing services to December 31, 2029. Charges for the 2024 year garbage collection and disposal services were \$759,073 (2023 - \$749,009) and for recycling collection and processing were \$633,604 (2023 - \$599,263).
- (b) The Corporation had an agreement with the Ministry of Community Safety and Correctional Services for the provision of police services to June 30, 2020. The current status is the Corporation is under a non-contract option. Charges for 2024 for police services were \$4,113,264 (2023 - \$3,960,999).
- (c) As at December 31, 2024 the Corporation has capital project contractual commitments as follows:

Contractual commitments for 2024 projects:	
Vehicle	\$ 432,971
Contractual commitments for 2025 projects approved after 2023:	
Equipment additions	2,994,407
Construction of water pollution control plant	76,245,468
	<hr/>
	\$ 79,672,846

CORPORATION OF THE TOWN OF GREATER NAPANEE

Notes to Financial Statements (continued)

Year ended December 31, 2024

10. Commitments:

(c) (continued):

The water pollution control plant will be funded from Federal and Provincial grants, reserves and issuance of long-term debt.

(d) The Corporation has committed funding to the Kingston Community Health Center over a 24-month period. The commitment is as follows:

Year	Amount
2025	\$ 313,476
2026	78,369
	<hr/>
	\$ 391,845

11. Contractual rights:

The Corporation is involved in various contracts and agreements arising in the ordinary course of business. This results in contractual rights to economic resources, leading to both assets and revenue in the future.

(a) Lease revenue

The Corporation has entered into a number of fixed term lease agreements for the use of Corporation owned land and/or buildings that are anticipated to provide the Corporation with future revenues.

(b) Developer contributions

The Corporation has entered into property development agreements which require the developers to contribute various infrastructure assets to the Corporation, including roads and underground networks. The timing and extent of these future contributions vary depending on development activity and fair value of the assets at time of contribution which cannot be determined with certainty at this time.

CORPORATION OF THE TOWN OF GREATER NAPANEE

Notes to Financial Statements (continued)

Year ended December 31, 2024

12. Accumulated surplus:

Accumulated surplus consists of restricted and unrestricted amounts and equity in tangible capital assets as follows:

	2024	2023
Equity in tangible capital assets	\$ 136,834,553	\$ 136,025,063
Less: related debt	(2,196,346)	(2,463,034)
	134,638,207	133,562,029
Unrestricted surplus:		
Town of Greater Napanee	900,614	333,376
Unfinanced:		
Capital projects	(9,692,713)	(8,211,121)
Landfill closure and post-closure costs	(3,397,896)	(5,353,866)
Asset retirement obligation other	(583,024)	(562,438)
Employee costs	(873,547)	(869,410)
	(14,547,180)	(14,996,835)
Reserve and reserve funds (schedule 1)	17,496,520	15,919,619
	\$ 138,488,161	\$ 134,818,189

CORPORATION OF THE TOWN OF GREATER NAPANEE

Notes to Financial Statements (continued)

Year ended December 31, 2024

13. Segmented information:

The Corporation's services are provided by departments. Certain departments that have been separately disclosed in the segmented information, along with services they provide, are as follows:

(a) General Government:

General government is comprised of council, chief administrative office (CAO), community and corporate services department, and finance department. A municipal council is the ultimate authority, subject to provincial law, for all actions taken on behalf of the municipal corporation in that it exercises both executive and legislative roles. It fulfills its role by making policies in accordance with the wishes and concerns of the general public, subject to provincial laws, policies and directives. Council plays a managerial role by monitoring ongoing administrative performance and ensuring the best care of resources. The chief administrative officer is responsible to council for the general control and management of the affairs of the Corporation as prescribed by council. The CAO, as head of the corporation's civic administration, provides leadership and direction to the senior management team, coordinates the administrative functions of the Corporation and exercises general management and control of operations. The CAO's office ensures coordinated responsible services are delivered to residents and businesses in accordance with the approved policies and directions. The community and corporate services department consists of clerks & by-law enforcement department, economic development department, information technology department and recreation department. Clerks and by-law enforcement department is responsible for the following service areas: birth and death certificates, marriage licenses, lottery and taxi licensing, by-laws and minutes, by-law enforcement, requests for information, crossing guards and dog and kennel licensing.

The finance department is responsible for the administration of taxes, water and wastewater billing, accounts payable and receivable, financial statements and all other financial information and reporting for the Corporation.

CORPORATION OF THE TOWN OF GREATER NAPANEE

Notes to Financial Statements (continued)

Year ended December 31, 2024

13. Segmented information (continued):

(b) Protection to Persons and Property:

Protection to persons and property is comprised of police services, emergency services, and bylaw enforcement. Police services are provided by the Ontario provincial police whose mandate is the safety of lives and property of citizens, preserve peace and good order, prevent crimes from occurring, detect offenders and enforce the law. The emergency services goal is to ensure that we protect our residents and properties in our community through prompt emergency response in the event of fire, accident or disaster relief, and in our commitment to meeting the health, safety and accessibility needs of all people. By-law enforcement department of community and corporate services is committed to serve, protect and provide a desired quality of life for citizens and visitors through education to raise awareness of community standards and enforcement of by-Laws to ensure timely compliance with a professional, unbiased approach.

(c) Transportation Services:

As part of infrastructure services the public works department is responsible for the delivery of municipal public works services related to the planning, development and maintenance of roadway systems, storm water management, parking, fleet, and street lighting.

(d) Environmental Services:

The Corporation contracts with Waste Management Inc. for the collection and disposal of household and commercial solid waste. The Corporation contracts with Waste Management Inc. for the collection of household recycling. The Corporation owns and operates two landfill sites within the municipal limits. Twice a year the Corporation provides free pickup of leaf and yard waste. The Corporation occasionally provides free drop off of Hazardous Household waste. As part of infrastructure services the utilities department owns and operates its water and wastewater treatment plants and is responsible for water distribution and wastewater collection systems.

(e) Recreation and Cultural Services:

As part of community and corporate service the recreation department is a social service with its purpose to assist individual and community development, to enhance social functioning and to improve the quality of life. The recreation department provides accessible recreational programs including aquatics, minor ball and skating. Infrastructure services is responsible for the Corporation's facilities, including community halls, arenas, pools, parks, ball diamonds, soccer fields, tennis courts and boat launches.

CORPORATION OF THE TOWN OF GREATER NAPANEE

Notes to Financial Statements (continued)

Year ended December 31, 2024

13. Segmented information (continued):

(f) Planning and Development:

As part of infrastructure services the planning department is responsible for building and planning matters within the Town, including the issuance of building permits, land severance, and minor variance applications, applications for official plan amendments and zoning by-law amendments, site plan control and subdivision matters and property standards inspections. As part of community and corporate services, economic development services is geared to assisting the existing business community while also encouraging new business development and growth to ensure a strong and diversified economic base.

The Napanee Business Improvement Area, under the municipal government, is mandated to promote and encourage local businesses by attracting residents and visitors to the areas shops, other attractions and enterprises, by means of beautification, revitalization and special promotions.

(g) Health Services

Health Services comprises cemetery operations and maintenance and doctor recruitment programs.

CORPORATION OF THE TOWN OF GREATER NAPANEE

Notes to Financial Statements (continued)

Year ended December 31, 2024

13. Segmented information (continued):

2024	General Government	Protection to Persons and Property	Transportation Services	Environmental Services	Recreation and culture Services	Planning and Development	Health Services	2024 Total
Revenue								
User charges	\$ 52,217	\$ 631,487	\$ 81,819	\$ 8,499,860	\$ 1,638,501	\$ 56,500	\$ 100,594	\$ 11,060,978
Recovery of costs	25,595	47,119	318,346	54,133	9,785	90,491	-	545,469
Government transfers								
Province of Ontario	1,785,381	207,363	-	460,572	-	-	-	2,453,316
Government of Canada	-	-	-	-	5,000	-	-	5,000
Other municipalities	-	-	1,138,320	-	-	-	-	1,138,320
Development charges	-	74,253	-	-	-	19,085	-	93,338
Donations	6,000	-	-	-	5,567	-	300	11,867
Other	4,991	57,924	46,345	-	-	-	-	109,260
	1,874,184	1,018,146	1,584,830	9,014,565	1,658,853	166,076	100,894	15,417,548
Expenses								
Salaries and wages	1,821,715	2,529,173	2,143,771	2,107,542	1,568,978	534,373	205,739	10,911,291
Interest on long-term debt	-	-	61,806	-	3,965	-	-	65,771
Materials and supplies	1,078,055	600,875	2,106,530	1,810,049	1,218,338	60,795	73,447	6,948,089
Contracted services	63,856	4,484,621	399,912	1,604,766	344,089	149,256	371,518	7,418,018
Rents and financial expenses	85,663	19,118	7,601	102,828	(51,280)	-	2,046	165,976
External transfers	696,019	321,335	-	-	-	-	13,660	1,031,014
Amortization	266,323	324,944	3,185,704	1,255,374	498,254	-	9,608	5,540,207
	4,011,631	8,280,066	7,905,324	6,880,559	3,582,344	744,424	676,018	32,080,366
Surplus (deficit)	(2,137,447)	(7,261,920)	(6,320,494)	2,134,006	(1,923,491)	(578,348)	(575,124)	(16,662,818)
Funding through:								
Taxation								14,251,159
Taxation from other governments								194,625
Investment income								561,515
Interest and penalties								437,259
								15,444,558
Annual deficit from operations								\$ (1,218,260)

CORPORATION OF THE TOWN OF GREATER NAPANEE

Notes to Financial Statements (continued)

Year ended December 31, 2024

13. Segmented information (continued):

2023	General Government	Protection to Persons and Property	Transportation Services	Environmental Services	Recreation and culture Services	Planning and Development	Health Services	2023 Total
Revenue								
User charges	\$ 60,155	\$ 574,849	\$ 340,308	\$ 7,869,215	\$ 1,215,331	\$ 57,100	\$ 109,775	\$ 10,226,733
Recovery of costs	8,374	62,027	338,625	31,478	42,176	269,391	-	752,071
Government transfers								
Province of Ontario	1,653,402	85,276	716	313,042	-	4,678	-	2,057,114
Government of Canada	-	-	-	-	3,000	1,500	-	4,500
Other municipalities	-	-	1,004,400	-	-	-	-	1,004,400
Donations	-	-	-	-	2,167	2,500	200	4,867
Other	30,825	-	19,724	-	-	-	-	50,549
	1,752,756	722,152	1,703,773	8,213,735	1,262,674	335,169	109,975	14,100,234
Expenses								
Salaries and wages	2,063,989	2,307,649	2,065,324	2,158,349	1,530,250	573,047	181,914	10,880,522
Interest on long-term debt	-	-	63,925	-	13,843	-	-	77,768
Materials and supplies	1,132,370	585,766	2,178,083	1,958,935	1,720,050	162,744	52,498	7,790,446
Contracted services	147,877	4,231,226	263,103	1,526,756	324,176	328,131	104,297	6,925,566
Rents and financial expenses	107,175	18,841	111	172,625	92,855	-	388	391,995
External transfers	35,500	280,727	-	-	-	-	13,520	329,747
Amortization	237,678	356,356	3,195,645	1,381,366	494,047	6,179	9,608	5,680,879
	3,724,589	7,780,565	7,766,191	7,198,031	4,175,221	1,070,101	362,225	32,076,923
Surplus (deficit)	(1,971,833)	(7,058,413)	(6,062,418)	1,015,704	(2,912,547)	(734,932)	(252,250)	(17,976,689)
Funding through:								
Taxation								13,857,873
Taxation from other governments								150,386
Investment income								758,508
Interest and penalties								381,271
								15,148,038
Annual deficit from operations								\$ (2,828,651)

CORPORATION OF THE TOWN OF GREATER NAPANEE

Notes to Financial Statements (continued)

Year ended December 31, 2024

14. Operation of School Board and The County of Lennox and Addington:

Further to Note 1, the taxation, other revenues and expenditures of school boards and the Corporation of the County of Lennox and Addington are comprised of the following:

	2024		2023	
	School boards	County	School boards	County
Taxation	\$ 4,966,386	\$ 13,528,148	\$ 4,915,657	\$ 12,966,465
Requisitions	(4,966,386)	(13,528,148)	(4,915,657)	(12,966,465)
	\$ -	\$ -	\$ -	\$ -

15. Trust funds:

Trust funds administered by the Corporation amounting to \$769,881 (2023 - \$754,121) have not been included in the Statement of Financial Position, nor have their operations been included on the Statement of Operations and Accumulated Surplus.

16. Pension contributions:

The Corporation makes contributions to the Ontario Municipal Employees Retirement Fund ("OMERS"), which is a multi-employer plan, on behalf of members of its staff. As a result, the Corporation does not recognize any share of the OMERS pension surplus or deficit. The last available report was at December 31, 2024 and at that time, the plan reported a \$2.9 billion actuarial deficit (2023 - \$4.2 billion actuarial deficit). The plan is a contributory 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. Employers and employees contribute to the plan.

The amount contributed to OMERS for current service in 2024 was \$686,214 (2023 - \$687,225). The Corporation's contributions are included on the Statement of Operations and Accumulated Surplus classified under the appropriate functional expenditure headings.

CORPORATION OF THE TOWN OF GREATER NAPANEE

Notes to Financial Statements (continued)

Year ended December 31, 2024

17. Financial instruments and risk management:

(a) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Corporation is exposed to credit risk with respect to accounts receivables on the Statement of Financial Position.

The Corporation assesses, on a continuous basis, amounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. The maximum exposure to credit risk of the Corporation at December 31, 2024 is the carrying value of these assets. The carrying amount of amounts receivable is valued with consideration for an allowance for doubtful accounts. The amount of any related impairment loss is recognized in the Statement of Operations and Accumulated Surplus. Subsequent recoveries of impairment losses related to accounts receivable are credited to the Statement of Operations and Accumulated Surplus.

					2024	2023
	Current	Past due	Gross receivables	Allowances	Net receivables	Net receivables
Taxes receivable	\$ 1,903,219	\$ 1,639,226	\$ 3,542,445	\$ (580,341)	\$ 2,962,104	\$ 2,703,650
Accounts receivable	2,635,830	1,597,993	4,233,823	(121,000)	4,112,823	3,891,560
User charges receivable	971,197	–	971,197	–	971,197	965,656
Total	\$ 5,510,246	\$ 3,237,219	\$ 8,747,465	\$ (701,341)	\$ 8,046,124	\$ 7,560,866

(b) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates or interest rates, impact the Corporation's income or the value of its holdings of financial instruments. Market factors include three types of risk: currency risk, interest rate risk and equity risk.

The objective of market risk management is to control market risk exposures within acceptable parameters while optimizing return on investment.

There have been no significant changes to the market risk exposure from 2023.

(i) Currency risk:

Currency risk arises from the Corporation's operations in different currencies and converting non-Canadian earnings at different points in time at different foreign currency levels when adverse changes in foreign currency rates occur. The Corporation does not have any material transactions or financial instruments denominated in foreign currencies.

CORPORATION OF THE TOWN OF GREATER NAPANEE

Notes to Financial Statements (continued)

Year ended December 31, 2024

17. Financial instruments and risk management (continued):

(a) Market risk (continued):

(ii) Interest rate risk:

Interest rate risk is the potential for financial loss caused by fluctuations in fair value or future cash flows of financial instruments because of changes in market interest rates. Financial assets and financial liabilities with variable interest rates expose the Corporation to cash flow interest rate risk.

The Corporation's management monitors the interest rate fluctuations on a continuous basis and acts accordingly with regards to long-term debt as described in Note 8. Therefore, fluctuations in market interest rates would not impact future cash flows and operations relating to the long-term debt.

(iii) Equity risk:

Equity risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The Corporation is not exposed to this risk based on the current investment portfolio.

(c) Liquidity risk:

Liquidity risk is the risk that the Corporation will not be able to meet all of its cash outflow obligations as they come due. The Corporation mitigates this risk by monitoring cash activities and expected outflows through extensive budgeting and maintaining investments that may be converted to cash in the near-term if unexpected cash outflows arise. Accounts payable are all current and the terms of the long-term debt are disclosed in Note 8.

CORPORATION OF THE TOWN OF GREATER NAPANEE

Notes to Financial Statements (continued)

Year ended December 31, 2024

18. Budget figures:

The budget figures reported on the Statement of Operations and Accumulated Surplus are based on the 2024 municipal and other local board operating and capital budgets as approved by the Corporation's Council on March 12, 2024.

Approved budget figures also include council approved budget estimates for Public Sector Accounting Board ("PSAB") reporting requirements. 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 amounts. The chart below reconciles the approved Corporation's operating budgets and PSAB budget estimates to the total budget figures as reported on the Statement of Operations and Accumulated Surplus.

	2024 Budget	2024 Actual
Total operating revenue as reported on the Statement of Operations	\$ 29,348,184	\$ 30,862,106
Total capital revenue as reported on the Statement of Operations	5,646,783	4,888,232
Total expenses as reported on the Statement of Operations	(25,158,492)	(32,080,366)
Annual operating surplus	9,836,475	3,669,972
Budget not reported on financial statements:		
Operating net transfer to reserves	(3,149,199)	(7,154,641)
Principal debt repayments	(215,576)	(266,688)
Tangible capital assets additions	(9,641,471)	(8,351,995)
Tangible capital assets additions for asset retirement	-	1,954,471
Contributed tangible capital assets	-	(362,528)
Tangible capital assets net book value of disposals	-	410,355
Capital net transfer from reserve	3,680,968	5,577,740
Unfunded asset retirement obligations	-	(1,935,384)
Unfunded employee future benefits	-	4,137
Amortization of tangible capital assets	-	5,540,207
	\$ 511,197	\$ (914,354)
Comprised of:		
Change in municipal surplus	\$ -	\$ 567,238
Change in unfunded capital	511,197	(1,481,592)
	\$ 511,197	\$ (914,354)

CORPORATION OF THE TOWN OF GREATER NAPANEE

Notes to Financial Statements (continued)

Year ended December 31, 2024

19. Change in accounting policy – adoption of new accounting standards:

The Corporation adopted the following standards concurrently beginning January 1, 2024 prospectively: PS 3160 *Public Private Partnerships*, PS 3400 *Revenue* and PSG-8 *Purchased Intangibles*.

PS 3400 *Revenue* establishes standards on how to account for and report on revenue, specifically differentiating between transactions that include performance obligations (i.e. the payor expects a good or service from the public sector entity), referred to as exchange transactions, and transactions that do not have performance obligations, referred to as non-exchange transactions.

For exchange transactions, revenue is recognized when a performance obligation is satisfied. For non-exchange transactions, revenue is recognized when there is authority to retain an inflow of economic resources and a past event that gave rise to an asset has occurred.

PSG-8 *Purchased Intangibles* provides guidance on the accounting and reporting for purchased intangible assets that are acquired through arm's length exchange transactions between knowledgeable, willing parties that are under no compulsion to act.

PS 3160 *Public Private Partnerships* (P3s) provides specific guidance on the accounting and reporting for P3s between public and private sector entities where the public sector entity procures infrastructure using a private sector partner.

There was no impact to the financial statements as a result of adopting the new accounting standards.

CORPORATION OF THE TOWN OF GREATER NAPANEE

Schedule 1 – Schedule of Continuity of Reserve and Reserve Funds

Year ended December 31, 2024

	2024 Budget (note 18)	2024 Actual	2023 Actual
Net transfers from (to) other funds:			
Transfers from operations	\$ 3,149,199	\$ 7,154,641	\$ 1,454,523
Transfers to capital acquisitions	(3,680,968)	(5,577,740)	(1,804,116)
Total net transfers	(531,769)	1,576,901	(349,593)
Reserve and Reserve Fund Balances, beginning of year	15,919,619	15,919,619	16,269,212
Reserves and Reserve Fund balances, end of year	\$ 15,387,850	\$ 17,496,520	\$ 15,919,619
		2024	2023
Reserves:			
Acquisition of capital assets and debt reduction	\$ 26,396	\$ 97,745	
Arena user surcharge	1,248,358	1,047,229	
Assessment appeals	224,078	224,078	
Conservation Authority	33,842	33,842	
Election	57,193	27,193	
Accessibility reserve	71,000	66,000	
Physician recruitment	33,498	56,104	
Strategic Plan	52,357	52,357	
Working capital	2,372,690	1,616,669	
Stabilization	347,037	188,418	
Industrial lands and other land	617,908	300,177	
	5,084,357	3,709,812	
Reserve funds:			
Napanee Hydro Electric Commission proceeds	3,680,009	3,680,009	
Capital improvement fund	1,649,862	510,986	
Emergency operating	1,641,823	1,641,823	
Maintenance reserve fund	5,440,469	6,376,989	
	12,412,163	12,209,807	
		\$ 17,496,520	\$ 15,919,619