

Financial Statements of

**CORPORATION OF THE  
TOWNSHIP OF MONTAGUE**

Year ended December 31, 2024

# CORPORATION OF THE TOWNSHIP OF MONTAGUE

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### **Management's Responsibility for the Financial Statements**

The accompanying financial statements of the Corporation of the Township of Montague (the "Township") are the responsibility of the Township'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 is contained 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 Township'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.

Management 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 Township. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Township's financial statements.

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Allison Vereyken, Clerk Administrator



**KPMG LLP**

22 Wilson Street West  
Perth, ON K7H 2M9  
Canada  
Telephone 613 267 6580  
Fax 613 267 7563

**INDEPENDENT AUDITOR'S REPORT**

To the Members of Council, Inhabitants and Ratepayers of the Township of Montague

***Opinion***

We have audited the financial statements of the Corporation of the Township of Montague (the Entity), which comprise:

- the statement of financial position as at December 31, 2024
- the statement of operations and accumulated municipal equity for the year then ended
- the statement of changes in net financial assets 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 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*

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Chartered Professional Accountants, Licensed Public Accountants

Perth, Canada

April 15, 2025

# CORPORATION OF THE TOWNSHIP OF MONTAGUE

## Statement of Financial Position

December 31, 2024, with comparative information for 2023

	2024	2023
Financial assets:		
Cash	\$ 5,623,166	\$ 6,826,953
Taxes receivable	669,506	501,458
Accounts receivable	350,879	213,287
Inventory held for resale	24,000	24,000
	<u>6,667,551</u>	<u>7,565,698</u>
Financial liabilities:		
Accounts payable and accrued liabilities	253,055	297,910
Other current liabilities	71,103	74,705
Prepaid taxes	119,494	115,250
Deferred revenue - obligatory reserve funds (note 5)	526,313	664,172
Asset retirement obligation (note 6)	204,233	211,271
	<u>1,174,198</u>	<u>1,363,308</u>
Net financial assets	5,493,353	6,202,390
Non-financial assets:		
Tangible capital assets (note 12)	9,300,250	7,655,849
Inventory	36,926	40,669
Prepaid expenses	2,958	10,342
	<u>9,340,134</u>	<u>7,706,860</u>
Commitments (note 10)		
Contingent liabilities (note 11)		
Accumulated municipal equity (note 7)	<u>\$ 14,833,487</u>	<u>\$ 13,909,250</u>

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

# CORPORATION OF THE TOWNSHIP OF MONTAGUE

## Statement of Operations and Accumulated Municipal Equity

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

	Budget 2024	Actual 2024	Actual 2023
	(note 14)		
Revenue:			
Property taxation	\$ 4,035,030	\$ 4,059,421	\$ 3,848,146
User charges	414,340	537,437	413,894
Government grants	696,500	829,022	861,623
Licenses and permits	45,200	67,798	35,709
Contributions from developers	70,000	148,084	33,431
Investment income	90,000	341,395	329,109
Penalties and interest on taxes	65,000	86,409	73,728
Provincial offenses	8,000	3,230	1,341
Other	7,600	30,593	19,253
Gain on disposal of tangible capital assets	–	7,081	30,835
	5,431,670	6,110,470	5,647,069
Expenses (note 13):			
General government	764,190	816,064	773,347
Protection to persons and property	917,340	967,376	944,071
Transportation services	1,739,450	2,259,125	2,244,757
Environmental services	587,690	526,736	628,220
Social and health services	–	11,650	12,440
Recreation and cultural services	176,900	272,077	245,861
Planning and development	325,600	333,205	214,721
	4,511,170	5,186,233	5,063,417
Annual surplus	920,500	924,237	583,652
Accumulated municipal equity, beginning of year	13,909,250	13,909,250	13,325,598
Accumulated municipal equity, end of year	\$ 14,829,750	\$ 14,833,487	\$ 13,909,250

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

# CORPORATION OF THE TOWNSHIP OF MONTAGUE

## Statement of Change in Net Financial Assets

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

	Budget 2024	Actual 2024	Actual 2023
	(note 14)		
Annual surplus	\$ 920,500	\$ 924,237	\$ 583,652
Acquisition of tangible capital assets	(1,953,200)	(2,531,750)	(1,319,896)
Disposal of tangible capital assets	—	14,249	—
Amortization of tangible capital assets	—	873,100	869,631
Gain on disposal of tangible capital assets	—	(7,081)	(30,835)
Proceeds on disposal of tangible capital assets	—	7,081	30,835
Change in inventory	—	3,743	17,025
Change in prepaid expenses	—	7,384	(6,557)
Increase (decrease) in net financial assets	(1,032,700)	(709,037)	143,855
Net financial assets, beginning of year	6,202,390	6,202,390	6,058,535
Net financial assets, end of year	\$ 5,169,690	\$ 5,493,353	\$ 6,202,390

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

# CORPORATION OF THE TOWNSHIP OF MONTAGUE

## Statement of Cash Flows

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

	2024	2023
Operating activities:		
Annual surplus	\$ 924,237	\$ 583,652
Item not involving cash:		
Amortization of tangible capital assets	873,100	869,631
Gain on disposal of tangible capital assets	(7,081)	(30,835)
Asset retirement obligation	(7,038)	211,271
Change in non-cash operating working capital:		
Taxes receivable	(168,048)	(79,228)
Accounts receivable	(137,592)	207,055
Inventory	3,743	17,025
Accounts payable and accrued liabilities	(44,855)	(1,234,571)
Other current liabilities	(3,602)	(14,444)
Prepaid taxes	4,244	2,006
Prepaid expenses	7,384	(6,557)
Deferred revenue - obligatory reserve funds	(137,859)	107,582
Net change in cash from operations	1,306,633	632,587
Capital activities:		
Acquisition of tangible capital assets	(2,531,750)	(1,319,896)
Disposal of tangible capital assets	14,249	—
Proceeds on disposal of tangible capital assets	7,081	30,835
	(2,510,420)	(1,289,061)
Decrease in cash	(1,203,787)	(656,474)
Cash, beginning of year	6,826,953	7,483,427
Cash, end of year	\$ 5,623,166	\$ 6,826,953

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

# CORPORATION OF THE TOWNSHIP OF MONTAGUE

## Notes to Financial Statements

Year ended December 31, 2024

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The Corporation of the Township of Montague (the “Township”) was incorporated January 1, 1850 and assumed its responsibilities under the authority of the Provincial Legislation. The Township operates as a lower tier government in the Corporation of the County of Lanark (the “County”), in the Province of Ontario, Canada and provides municipal services such as police, fire, public works, planning, parks and recreation, library and other general government operations.

### 1. Significant accounting policies:

The financial statements of the Corporation of the Township of Montague (the “Township”) are the representation of management prepared in accordance with Canadian public sector accounting standards. Significant aspects of the accounting policies adopted by the Township are as follows:

#### (a) Reporting Entity:

The financial statements of the Township 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 adopted by the Township are as follows:

- (i) The financial statements reflect financial assets, liabilities, operating revenue and expenses, reserves, reserve funds and changes in investment in tangible capital assets of the Township.
- (ii) The taxation, other revenue, expenses, assets and liabilities with respect to the operations of the school boards 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.

# CORPORATION OF THE TOWNSHIP OF MONTAGUE

Notes to Financial Statements (continued)

Year ended December 31, 2024

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## 1. Significant accounting policies (continued):

### (c) Taxation and related revenues:

Property tax billings are prepared by the Township based on assessment rolls issued by the Municipal Property Assessment Corporation ('MPAC'). Tax rates are established by the Township Council, incorporating amounts to be raised for local services, amounts to be raised on behalf of County of Lanark for regional services, and amounts the Township 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 Township 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.

### (d) Tangible capital assets:

Tangible capital assets are recorded at cost which includes 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	Useful Life - Years
Buildings	20 to 60
Machinery and equipment	5 to 30
Vehicles	3 to 25
Linear assets:	
Roads	5 to 20
Bridges and culverts	50 to 75
Airport	20
Sidewalks	20
Underground networks:	
Water and sewer	60

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Assets under construction are not amortized until the asset is available for productive use, at which time they are capitalized.

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt, and that fair value is also recorded as revenue. Similarly, transfers of assets to third parties are recorded as an expense equal to the net book value of other asset as of the date of transfer.

# CORPORATION OF THE TOWNSHIP OF MONTAGUE

Notes to Financial Statements (continued)

Year ended December 31, 2024

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## 1. Significant accounting policies (continued):

### (d) Tangible capital assets (continued):

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 Municipal Equity in the year of disposal.

When conditions indicate that a tangible capital asset no longer contributes to the Township'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 Municipal Equity.

### (e) Inventories and prepaid expenses:

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

### (f) Pension and employee benefits:

The Township 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 and sick leave benefits. Vacation entitlements are accrued as entitlements are earned. Sick leave benefits are accrued in accordance with the Township's policy.

### (g) Government transfers:

Government transfers are recognized as revenue in the financial statements when the transfer is authorized, any eligibility criteria have been met and reasonable estimates of the amounts can be made except when and to the extent that stipulations by the transferor give rise to an obligation that meets the definition of a liability. Government transfers that meet the definition of a liability are recognized as revenue as the liability is extinguished.

# CORPORATION OF THE TOWNSHIP OF MONTAGUE

Notes to Financial Statements (continued)

Year ended December 31, 2024

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## 1. Significant accounting policies (continued):

### (h) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Derivative instruments and equity instruments that are quoted in an active market are reported at fair value. All other financial instruments will generally be measured at cost or amortized cost unless management has elected to carry the instruments at fair value.

Management has not elected to record all investments at fair value as they are managed and evaluated on a fair value basis.

Unrealized gains and losses arising from changes in fair value are presented in the Statement of Remeasurement Gains and Losses until they are realized, when they are transferred to the Statement of Operations and Accumulated Municipal Equity.

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 any unrealized gain is adjusted through the Statement of Remeasurement Gains and Losses.

Long-term debt is recorded at amortized cost.

### 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 Municipal Equity and the unrealized balances are reversed from the Statement of Remeasurement gains and losses.

### (i) 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 December 31, 2023.

# CORPORATION OF THE TOWNSHIP OF MONTAGUE

Notes to Financial Statements (continued)

Year ended December 31, 2024

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## 1. Significant accounting policies (continued):

### (j) Revenue recognition:

Government transfers and funding for projects are recognized as revenue when the transfer is authorized, any eligible criteria has been met and the amount can be reasonably estimated. Township 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.

### (k) Deferred revenue:

The Township receives pursuant to legislation, regulations or agreement that may only be used for certain programs or in the completion of specific work. In addition, certain user charges and fees are collected for which the related services have yet to be performed. These amounts are recognized as revenue in the fiscal year the related expenses are incurred or services performed.

The Township receives restricted contributions under the authority of provincial legislation and Township by-laws. These funds by their nature are restricted in their use, and until applied to applicable expenses, are recorded as deferred revenue. Amounts applied to qualifying costs are recorded as revenue in the fiscal period that 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 Township 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.

### (l) Asset retirement:

An asset retirement obligation 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.

# CORPORATION OF THE TOWNSHIP OF MONTAGUE

Notes to Financial Statements (continued)

Year ended December 31, 2024

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## 1. Significant accounting policies (continued):

### (l) Asset retirement (continued):

Liabilities are recognized for statutory, contractual, or legal obligations associated with the retirement of tangible capital assets when those obligations arise from the acquisition, construction or development and normal use of an asset. Asset retirement obligation liabilities for the closure and post-closure care of landfill sites, facilities containing asbestos and decommissioning of wells are initially recognized at the best estimate of future expenses.

The liability for the removal of asbestos in several of the buildings owned by the Township has also been recognized based on estimated future expenses and post-closure care expense. The recognition of a 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(d).

### (m) Liability for contaminated sites:

The 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 Township:
  - is directly responsible; or
  - 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.

### (n) 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. Actual results could differ from these estimates.

# CORPORATION OF THE TOWNSHIP OF MONTAGUE

Notes to Financial Statements (continued)

Year ended December 31, 2024

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## 1. Significant accounting policies (continued):

(n) Use of estimates (continued):

The implementation of PS 3280 Asset Retirement Obligations has resulted in the requirement for management to make estimates regarding the useful lives of affected tangible capital assets and the expected retirement costs.

Actual results could differ from these estimates.

## 2. Change in accounting policies - adoption of new accounting standards:

The Township adopted the following accounting standards applicable for the fiscal year beginning January 1, 2024:

- i. 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, refer 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.
- ii. PS 3160 Public Private Partnerships (P3s) provides specific guidance on the accounting and reporting for public private partnerships between public and private sector entities where the public sector entity procures infrastructure using a private sector partner.
- iii. 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.

There was no impact on the financial statements of the Township as a result of the adoption of these standards.

## 3. Operations of school boards:

During the year, the Township collected and made property tax transfers including payments in lieu of property taxes, to the County and to the School Boards as follows:

	School Boards		County	
	2024	2023	2024	2023
Property taxes	\$ 774,520	\$ 766,911	\$ 1,812,887	\$ 1,761,981
Taxation from other governments	28,082	34,082	49,558	49,612
Amounts requisitioned and paid	\$ 802,602	\$ 800,993	\$ 1,862,445	\$ 1,811,593

# CORPORATION OF THE TOWNSHIP OF MONTAGUE

Notes to Financial Statements (continued)

Year ended December 31, 2024

#### 4. Bank indebtedness:

The Township's financial agreement with its bank provides for an operating credit facility of up to \$500,000 to finance expenses, pending receipt of property taxes and other income. Interest on funds drawn is charged at the bank's prime rate. As at December 31, 2024, there was \$Nil (2023 - \$Nil) drawn on the facility.

#### 5. Deferred revenue - obligatory reserve funds:

A requirement of the CPA Canada Public Sector Accounting Handbook is that obligatory reserve funds be reported as a liability in the Statement of Financial Position. This requirement is in place as provincial and municipal legislation restricts how these funds may be used and under certain circumstances the funds may possibly be refunded. The balances in the obligatory reserve funds of the Township are:

	Development		Canada			2024	2023
	Charges	Parkland	Community Building Fund	OCIF	Other	Total	Total
January 1, 2024	\$ 177,888	\$ 108,973	\$ 358,416	\$ 4,736	\$ 14,159	\$ 664,172	\$ 556,590
Government grants	–	–	124,915	100,000	–	224,915	133,389
Other revenue	–	–	–	–	7,694	7,694	–
Interest earned	9,600	2,894	15,394	3,460	–	31,348	33,963
Contributions	118,125	2,500	–	–	–	120,625	84,149
Transfer for:							
Capital purposes	(70,000)	(78,084)	(308,747)	(65,610)	–	(522,441)	(138,919)
Operating purposes	–	–	–	–	–	–	(5,000)
December 31, 2024	\$ 235,613	\$ 36,283	\$ 189,978	\$ 42,586	\$ 21,853	\$ 526,313	\$ 664,172

# CORPORATION OF THE TOWNSHIP OF MONTAGUE

Notes to Financial Statements (continued)

Year ended December 31, 2024

## 6. Asset retirement obligation:

The Township recorded ARO as of the January 1, 2023 implementation date on a prospective basis.

The Township discounts significant obligations where there is a high degree of confidence on the amount and timing of cash flows and the obligation will not be settled for at least five years from the reporting date. The discount and inflation rate is reflective of the risks specific to the asset retirement liability

As at December 31, 2024, all liabilities for asset retirement obligations are reported at current costs in nominal dollars without discounting.

A reconciliation of the beginning and ending aggregate carrying amount of the ARO liability is below:

	2024	2023
Liabilities for asset retirement obligations, beginning of year	\$ 211,271	\$ -
Opening adjustments for PSAB adjustments	-	211,271
Liabilities incurred during the year	-	-
Inflation adjustment	7,211	-
Liabilities settled during the year	(14,249)	-
Liabilities for asset retirement obligations, end of year	\$ 204,233	\$ 211,271

## 7. Accumulated municipal equity:

	2024	2023
Investment in tangible capital assets:		
Tangible capital assets	\$ 9,300,250	\$ 7,655,849
Unfunded asset retirement obligation	(204,233)	(211,271)
Surplus	529,130	492,930
Reserves (Schedule 1)	5,208,340	5,971,742
Accumulated municipal equity	\$ 14,833,487	\$ 13,909,250

# CORPORATION OF THE TOWNSHIP OF MONTAGUE

Notes to Financial Statements (continued)

Year ended December 31, 2024

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## 8. Pension contributions:

The Township makes contributions to the Ontario Municipal Employees Retirement System ("OMERS"), which is a multi-employer plan, on behalf of all permanent members 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. Employers and employees contribute to the plan. Since any surpluses or deficits are a joint responsibility of all Ontario municipalities and their employees, the Township does not recognize any share of the OMERS pension surplus or deficit in these financial statements. The last available report was as at December 31, 2024, at that time, the plan reported a \$2.9 billion actuarial deficit (2023 - \$4.2 billion actuarial deficit).

The amount contributed to OMERS for current service in 2024 was \$70,278 (2023 - \$85,718) and is included as an expense on the Statement of Operations and Accumulated Municipal Equity.

## 9. Provincial Offences Administration (POA):

The Corporation of the Town of Perth ("Town of Perth") has assumed the administration of the Provincial Offences office for all County of Lanark resident municipalities. The transfer of administration from the Ministry of the Attorney General to the Town of Perth was a result of the Provincial Offences Act ("POA") 1997, which provides the framework for the transfer of responsibility and administration of POA courts.

The POA is a procedural law for administering and prosecuting provincial offences, including those committed under the Highway Traffic Act, Compulsory Automobile Insurance Act, Trespass to Property Act, Liquor License Act, Municipal Bylaws and minor federal offences. The POA governs all aspects of legal process from serving notice to a defendant, to conducting trials, including sentencing and appeals.

The Township's share of net revenues arising from operation of the POA office has been consolidated with these financial statements. The revenue of the court office consists of fines levied under Parts I and 111 (including delay penalties) for POA charges filed in the Town of Perth court.

If fines are paid at other court offices, the receipt is recorded in the Integrated Courts Operation Network System ("ICON") operated by the Province of Ontario. Revenue is recognized when receipt of funds is recorded by the provincial ICON system regardless of the location where payment is made.

The Township shares net POA revenues based on weighted assessment.

# CORPORATION OF THE TOWNSHIP OF MONTAGUE

Notes to Financial Statements (continued)

Year ended December 31, 2024

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## 10. Commitments:

- (a) The Township has negotiated a contract with Glenview Iron & Metal Ltd. for the collection and disposal of garbage. The contract ends May 2025. Annual charges under the contract are determined based on the number of households, waste volumes handled and is adjusted annually for inflation. Payments made under the contract for 2024 were \$249,824 (2023 - \$243,318).
- (b) The Township has entered into contractual arrangements for ongoing capital projects. The remaining commitment on key capital projects at December 31, 2024 is \$4,758,636.

## 11. Contingent liabilities:

The nature of municipal activities is such that there may be litigation pending or in prospect at any time. With respect to claims at December 31, 2024, management believes that the Township has valid defences and appropriate insurance coverages in place. In the event any claims are successful, the amount of any potential liability is not determinable; therefore, no amount has been accrued in the financial statements.

# CORPORATION OF THE TOWNSHIP OF MONTAGUE

Notes to Financial Statements (continued)

Year ended December 31, 2024

## 12. Tangible capital assets:

Cost	Balance at December 31, 2023	Additions	Disposals	Balance at December 31, 2024
Land	\$ 83,494	\$ –	\$ –	\$ 83,494
Buildings	1,307,632	85,295	(74,185)	1,318,742
Machinery and equipment	473,786	109,367	–	583,153
Vehicles	3,199,269	392,281	–	3,591,550
Linear assets	14,990,078	374,357	–	15,364,435
Underground networks	1,844,259	–	–	1,844,259
Work in progress	107,989	1,570,450	–	1,678,439
<b>Total</b>	<b>\$ 22,006,507</b>	<b>\$ 2,531,750</b>	<b>\$ (74,185)</b>	<b>\$ 24,464,072</b>

Accumulated amortization	Balance at December 31, 2023	Amortization	Disposals	Balance at December 31, 2024
Buildings	\$ 583,552	\$ 71,753	\$ (59,936)	\$ 595,369
Machinery and equipment	328,187	20,607	–	348,794
Vehicles	1,349,512	194,500	–	1,544,012
Linear assets	11,075,064	555,502	–	11,630,566
Underground networks	1,014,343	30,738	–	1,045,081
<b>Total</b>	<b>\$ 14,350,658</b>	<b>\$ 873,100</b>	<b>\$ (59,936)</b>	<b>\$ 15,163,822</b>

	Net book value December 31, 2023	Net book value December 31, 2024
Land	\$ 83,494	\$ 83,494
Buildings	724,080	723,373
Machinery and equipment	145,599	234,359
Vehicles	1,849,757	2,047,538
Linear assets	3,915,014	3,733,869
Underground networks	829,916	799,178
Work-in-progress	107,989	1,678,439
<b>Total</b>	<b>\$ 7,655,849</b>	<b>\$ 9,300,250</b>

# CORPORATION OF THE TOWNSHIP OF MONTAGUE

Notes to Financial Statements (continued)

Year ended December 31, 2024

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## **13. Segmented information:**

The Township is a diversified municipal government that provides a wide range of services to its citizens. The services are provided by departments and their activities are reported in the statement of financial activities.

Departments have been separately disclosed in the segmented information, along with the service they provide, and are set out in the schedule below.

For each reported segment, expenditures represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information.

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 MONTAGUE

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	Health services	Recreation and culture services	Planning and development	Total
Revenue:								
Contributions from developers	\$ -	-	\$ 65,000	\$ -	\$ -	\$ 83,084	\$ -	\$ 148,084
Government conditional grants	362,884	24,381	409,363	(4,208)	-	36,602	-	829,022
Licenses and permits	150	-	-	\$ -	-	\$ -	\$ 67,648	67,798
User charges	65,584	14,866	149,673	270,431	-	-	36,883	537,437
Provincial offenses	-	3,230	-	-	-	-	-	3,230
Other	330	-	-	589	-	29,674	-	30,593
Gain on disposal of tangible capital asset	-	-	7,081	-	-	-	-	7,081
	428,948	42,477	631,117	266,812		149,360	104,531	1,623,245
Expenses:								
Salaries and wages	542,358	193,307	513,028	49,385	-	-	176,063	1,474,141
Materials and services	262,084	705,947	1,022,847	441,162	-	116,881	157,142	2,706,063
External transfers	-	26,692	-	-	11,650	94,587	-	132,929
Amortization	11,622	41,430	723,250	36,189	-	60,609	-	873,100
	816,064	967,376	2,259,125	526,736	11,650	272,077	333,205	5,186,233
Excess of expenses over revenue	(387,116)	(924,899)	(1,628,008)	(259,924)	(11,650)	(122,717)	(228,674)	(3,562,988)
Funding through:								
Taxation								4,059,421
Penalties and interest								86,409
Investment income								341,395
Annual surplus for the year								\$ 924,237

# CORPORATION OF THE TOWNSHIP OF MONTAGUE

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	Health services	Recreation and culture services	Planning and development	Total
Revenue:								
Contributions from developers	\$ -	-	\$ 28,431	\$ -	\$ -	\$ 5,000	\$ -	\$ 33,431
Government conditional grants	322,822	12,673	263,767	73,317	-	189,044	-	861,623
Licenses and permits	183	-	-	-	-	\$ 35,526	-	35,709
User charges	5,032	13,536	102,264	263,514	-	-	29,548	413,894
Provincial offenses	-	1,341	-	-	-	-	-	1,341
Other	1,268	-	-	352	17,633	-	-	19,253
Gail on sale of an asset	-	-	30,835	-	-	-	-	30,835
	329,305	27,550	425,297	337,183	17,633	229,570	29,548	1,396,086
Expenses:								
Salaries and wages	443,089	166,916	476,550	50,275	-	-	145,595	1,282,425
Materials and services	310,418	682,156	1,096,944	541,757	-	86,359	69,126	2,786,760
External transfers	-	25,689	-	-	12,440	86,472	-	124,601
Amortization	19,840	69,310	671,263	36,188	-	73,030	-	869,631
	773,347	944,071	2,244,757	628,220	12,440	245,861	214,721	5,063,417
Excess of expenses over revenue	(444,042)	(916,521)	(1,819,460)	(291,037)	5,193	(16,291)	(185,173)	(3,667,331)
Funding through:								
Taxation								3,848,146
Penalties and interest								73,728
Investment income								329,109
Annual surplus for the year								\$ 583,652

# CORPORATION OF THE TOWNSHIP OF MONTAGUE

Notes to Financial Statements (continued)

Year ended December 31, 2024

## 14. Budget figures:

The 2024 budget amounts that were approved were not prepared on a basis consistent with that used to report actual results (Public Sector Accounting Board Standards). The budget included capital items such as infrastructure replacements and estimated costs for constructed assets, as program expenses, but the actual expenses have been removed in the Statement of Operations and Accumulated Municipal Equity. The revenues attributable to these items continue to be included in the Statement of Operations and Accumulated Municipal Equity, resulting in a significant variance.

The following analysis is provided to assist readers in their understanding of differences between the approved budget and the audited financial statements:

	Budget 2024	Actual 2024
Total revenues	\$ 5,431,670	\$ 6,110,470
Total expenses	(4,511,170)	(5,186,233)
Net earnings	920,500	924,237
Amortization	–	873,100
Funds available	920,500	1,797,337
Capital expenses	(1,953,200)	(2,531,750)
Gain on disposal of tangible capital assets	–	(7,081)
Increase (decrease) in operating surplus	\$ (1,032,700)	\$ (741,494)
Allocated as follows:		
Current surplus (deficiency)	\$ –	\$ 29,119
Asset retirement obligation	–	(7,211)
Net transfers from reserves (Schedule 1)	(1,032,700)	(763,402)
	\$ (1,032,700)	\$ (741,494)

# CORPORATION OF THE TOWNSHIP OF MONTAGUE

Notes to Financial Statements (continued)

Year ended December 31, 2024

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## 15. Financial risks:

(a) Credit risk

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Township is exposed to credit risk with respect to the receivables.

The Township assesses, on a continuous basis, receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. The maximum exposure to credit risk of the Township as at December 31, 2024 is the carrying value of these assets. The carrying amount of accounts 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 Municipal Equity. Subsequent recoveries of impairment losses related to receivable are credited to the Statement of Operations and Accumulated Municipal Equity. The balance of the allowance for doubtful accounts is \$15,000 (2023 - \$15,000).

(b) Liquidity risk:

Liquidity risk is the risk that the Township will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Township manages its liquidity risk by monitoring its operating requirements. The Township prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. Accounts payable and accrued liabilities are generally due within 30 days of receipt of an invoice.

(c) Interest rate risk:

Interest rate risk is the risk that the fair value of future cash flows or a financial instrument will fluctuate because of changes in the market interest rates. Financial assets and liabilities with variable interest rates expose the Township to cash flow interest rate risk. Financial assets and liabilities with fixed interest rates expose the Township to fair value risk.

There have been no changes to the risk exposures from 2023.

# CORPORATION OF THE TOWNSHIP OF MONTAGUE

## Schedule 1: Continuity of Reserves

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

	Budget 2024	Actual 2024	Actual 2023
	(note 14)		
Net transfers from (to) other funds			
Transfers from operations	\$ (13,000)	\$ 509,446	\$ 931,411
Transfers to capital acquisitions	(1,019,700)	(1,272,848)	(623,043)
Total net transfers	(1,032,700)	(763,402)	308,368
Reserves balances, beginning of year	5,971,742	5,971,742	5,663,374
Reserves balances, end of year	\$ 4,939,042	\$ 5,208,340	\$ 5,971,742

### Composition of Reserves

	2024	2023
Reserves set aside for specific purposes by Council		
Working capital	\$ 602,831	\$ 602,831
Contingency	463,066	491,859
Elections	18,930	13,930
Police-purposes	110,473	88,073
Fire-area	33,148	19,149
Municipal drains	35,746	35,746
Winter control	90,000	40,000
Water and sewer	312,325	260,113
	1,666,519	1,551,701
For capital purposes:		
Acquisition of capital assets	821,621	1,736,602
Airport	58,512	58,512
Fire-purposes	420,597	578,521
Roadways	1,939,455	1,775,814
Recreation	301,636	270,592
	3,541,821	4,420,041
Total reserves	\$ 5,208,340	\$ 5,971,742