

Consolidated Financial Statements of

**CORPORATION OF THE
TOWN OF GANANOQUE**

Year ended December 31, 2024

CORPORATION OF THE TOWN OF GANANOQUE

Consolidated Financial Statements

Year ended December 31, 2024

Page

Management’s Responsibility for the Consolidated Financial Statements

Independent Auditor’s Report

Consolidated Financial Statements:

Consolidated Statement of Financial Position	1
Consolidated Statement of Operations and Accumulated Municipal Equity	2
Consolidated Statement of Changes in Net Financial Assets	3
Consolidated Statement of Cash Flows	4
Notes to Consolidated Financial Statements	5 - 26
Schedule 1: Continuity of Reserves and Reserve Funds.....	27

Management's Responsibility for the Consolidated Financial Statements

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

The Town'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 consolidated financial statements. These systems are monitored and evaluated by management.

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

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

Melanie Kirkby
Chief Administrative Officer

John Morrison, BA, CPA, CGA
Director of Finance/Treasurer



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INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers of the Corporation of the Town of Gananoque

Opinion

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

- the consolidated statement of financial position as at December 31, 2024
- the consolidated statement of operations and accumulated municipal equity for the year then ended
- the consolidated statement of changes in net financial assets for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated 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 consolidated results of operations, its consolidated changes in net financial assets and its consolidated 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.



Page 3

- 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group entity to express an opinion on the financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit and performance of the group audit. We remain solely responsible for our audit opinion.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font and is underlined with a single horizontal stroke.

Chartered Professional Accountants, Licensed Public Accountants

Kingston, Canada

October 21, 2025

CORPORATION OF THE TOWN OF GANANOQUE

Consolidated Statement of Financial Position

December 31, 2024, with comparative information for 2023

	2024	2023
Financial assets:		
Cash	\$ 24,235,816	\$ 18,458,720
Taxes receivable	832,791	730,276
User charges receivable	1,681,048	1,585,214
Accounts receivable	2,159,338	1,735,798
Investments (note 3)	1,056,200	4,000,000
	29,965,193	26,510,008
Financial liabilities:		
Accounts payable and accrued liabilities	3,960,155	2,406,088
Other current liabilities	955,003	1,028,559
Employee future benefit obligation (note 5)	1,300,694	1,258,754
Asset retirement obligations (note 6)	1,683,848	3,114,354
Deferred revenue (note 7)	264,666	1,571,796
Long-term liabilities (note 8)	5,087,163	5,450,120
	13,251,529	14,829,671
Net financial assets	16,713,664	11,680,337
Non-financial assets:		
Tangible capital assets (note 15)	80,763,071	74,979,991
Inventories	79,147	44,714
Prepaid expenses	400,133	302,570
Total non-financial assets	81,242,351	75,327,275
Contingent liabilities (notes 12 and 13)		
Commitments (note 14)		
Subsequent event (note 20)		
Accumulated municipal equity (note 9)	\$ 97,956,015	\$ 87,007,612

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

CORPORATION OF THE TOWN OF GANANOQUE

Consolidated Statement of Operations and Accumulated Municipal Equity

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

	2024 Budget (note 18)	2024 Actual	2023 Actual
Revenue:			
Taxation	\$ 10,849,707	\$ 10,878,069	\$ 10,032,444
User charges	8,373,241	9,110,344	7,949,782
Government transfers	4,182,368	6,087,188	3,150,403
Casino revenues	1,107,200	961,005	1,083,586
Investment income	595,530	1,301,230	1,192,383
Municipal accommodation tax	415,000	348,362	433,712
Other municipalities	180,855	171,644	178,365
Licences and permits	153,370	250,564	188,988
Penalties and interest on taxes	102,400	128,541	110,953
Contribution from developers	—	462,440	620,940
Loss on disposal of tangible capital assets	—	—	(357,122)
Other:			
Rental and other income	306,610	287,272	242,179
Donations	63,040	116,318	42,461
Sales	8,000	8,545	89,113
Fines	35,000	33,619	30,440
	26,372,321	30,145,141	24,988,627
Expenses (note 17):			
General government	1,866,222	1,845,298	1,747,708
Protection to persons and property	5,815,428	6,081,247	5,576,351
Transportation services	3,015,051	3,099,410	2,928,464
Environmental services	3,800,049	3,950,511	3,860,955
Health services	762,844	737,481	678,238
Social and family services	537,066	590,191	484,045
Recreation and cultural services	3,123,020	3,482,702	2,864,847
Planning and development	1,145,303	821,058	980,815
Asset retirement obligations	—	(1,453,100)	2,250,000
Post-retirement benefits actuarial valuation	65,740	41,940	83,238
	20,130,723	19,196,738	21,454,661
Annual surplus	6,241,598	10,948,403	3,533,966
Accumulated municipal equity, beginning of year	87,007,612	87,007,612	83,473,646
Accumulated municipal equity, end of year	\$ 93,249,210	\$ 97,956,015	\$ 87,007,612

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

CORPORATION OF THE TOWN OF GANANOQUE

Consolidated Statement of Changes in Net Financial Assets

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

	2024 Budget (note 18)	2024 Actual	2023 Actual
Annual surplus	\$ 6,241,598	\$ 10,948,403	\$ 3,533,966
Amortization of tangible capital assets	3,380,501	3,380,501	3,283,423
Acquisition of tangible capital assets	(18,811,480)	(8,678,548)	(6,457,008)
Contributed tangible capital assets	—	(462,440)	(620,940)
Increase in tangible capital assets for asset retirement obligations	—	(22,593)	(864,354)
Loss on disposal of tangible capital assets	—	—	357,122
Decrease in inventories	—	(34,433)	16,902
Acquisition of prepaid expenses	—	(97,563)	(70,246)
Change in net financial assets	(15,430,979)	(5,915,076)	(4,355,101)
Increase (decrease) in net financial assets	(9,189,381)	5,033,327	(821,135)
Net financial assets, beginning of year	11,680,337	11,680,337	12,501,472
Net financial assets, end of year	\$ 2,490,956	\$ 16,713,664	\$ 11,680,337

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

CORPORATION OF THE TOWN OF GANANOQUE

Consolidated Statement of Cash Flows

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

	2024	2023
Operating activities:		
Annual surplus	\$ 10,948,403	\$ 3,533,966
Item not involving cash:		
Amortization of tangible capital assets	3,380,501	3,283,423
Employee future benefit obligation	41,940	83,238
Change in asset retirement obligations	(1,430,506)	3,114,354
Change in tangible capital assets for asset retirement	(22,593)	(864,354)
Loss on disposal of investments	—	357,122
Changes in non-cash operating working capital:		
Taxes receivable	(102,515)	(188,163)
User charges receivable	(95,834)	(101,850)
Accounts receivable	(423,540)	(529,883)
Accounts payable and accrued liabilities	1,554,067	151,567
Other current liabilities	(73,556)	(364,658)
Deferred revenues	(1,307,130)	1,162,653
Inventories	(34,433)	16,902
Prepaid expenses	(97,563)	(70,246)
Net change in cash from operations	12,337,241	9,584,071
Capital activities:		
Acquisition of tangible capital assets	(9,140,988)	(7,077,948)
Investing activities:		
Decrease (increase) in investments	2,943,800	(4,000,000)
Financing activities:		
Debt principal repayments	(362,957)	(418,399)
Increase (decrease) in cash	5,777,096	(1,912,276)
Cash, beginning of year	18,458,720	20,370,996
Cash, end of year	\$ 24,235,816	\$ 18,458,720

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

CORPORATION OF THE TOWN OF GANANOQUE

Notes to Consolidated Financial Statements

Year ended December 31, 2024

The Corporation of the Town of Gananoque (the "Town") was incorporated in 1890. The Town operates as a single tier government in the United Counties of Leeds and Grenville, 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 consolidated financial statements of the Corporation of the Town of Gananoque 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 Town are as follows:

(a) Reporting entity:

The consolidated financial statements reflect financial assets, liabilities, operating revenues and expenses, reserves, reserve funds and changes in investment in tangible capital assets of the Town. The reporting entity is comprised of all organizations, committees and local boards accountable for the administration of their financial affairs and resources to the Town and which are owned or controlled by the Town. Interdepartmental and inter-organizational transactions and balances between these organizations are eliminated. These consolidated financial statements include:

- Public Library Board
- Business Improvement Area Committee

The taxation, other revenues, expenses, assets and liabilities with respect to the operations of the school boards are not reflected in the municipal fund balances of these consolidated financial statements. Over levies (under levies) are reported on the Consolidated Statement of Financial Position.

(b) Basis of accounting:

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

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year, and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the annual surplus, provides the change in net financial assets for the year.

CORPORATION OF THE TOWN OF GANANOQUE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

1. Significant accounting policies (continued):

(c) Taxation and related revenues:

Property tax billings are prepared by the Town 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, and amounts the Town 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 Town 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) Financial instruments:

The Town records derivatives and portfolio investments in equity instruments that 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 not managed and evaluated on a fair value basis.

Unrealized gains and losses arising from changes in fair value are presented in the Consolidated 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 Consolidated Statement of Operations and Accumulated Municipal Equity. 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 Consolidated 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 Consolidated Statement of Operations and Accumulated Municipal Equity and any unrealized gain or loss is adjusted through the Consolidated Statement of Remeasurement Gains and Losses.

Long-term debt is recorded at amortized cost.

CORPORATION OF THE TOWN OF GANANOQUE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

1. Significant accounting policies (continued):

(d) 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.

(e) 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 Consolidated Statement of Remeasurement Gains and Losses. In the period of settlement, the realized foreign exchange gains and losses are recognized in the Consolidated Statement of Operations and Accumulated Municipal Equity and the unrealized balances are reversed from the Consolidated Statement of Remeasurement Gains and Losses.

(f) Consolidated Statement of Remeasurement Gains and Losses:

A Consolidated 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 GANANOQUE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

1. Significant accounting policies (continued):

(g) 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 of the tangible capital assets are amortized on a straight line basis over their estimated useful lives as follows:

Asset	Useful Life - Years
Land improvements	30
Buildings	40
Buildings – water treatment	40
Boat docks	
Furniture and equipment	5 - 15
Vehicles	5 - 15
Roads	60
Bridges	60
Sidewalks	20
Traffic lights	15
Street lights	15
Sanitary sewer	60
Storm sewer	60
Water lines	60

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

The Town has a capitalization threshold of \$10,000 for vehicles and equipment and \$50,000 for linear assets and buildings so that individual capital assets of lesser value are expensed.

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.

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 Consolidated Statement of Operations and Accumulated Municipal Equity 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.

CORPORATION OF THE TOWN OF GANANOQUE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

1. Significant accounting policies (continued):

(g) Tangible capital assets (continued):

When conditions indicate that a tangible capital asset no longer contributes to the Town'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 Consolidated Statement of Operations and Accumulated Municipal Equity.

(h) 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.

(i) Inventories and prepaid expenses:

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

(j) Employee future benefit obligations:

The Town 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 Town's policy.

(k) Pension and employee benefits :

The Town accrues its obligation for employee benefit plans which will require funding in future period. The cost of post-retirement benefits earned by employees is actuarially determined using the projected benefit method pro-rated on services and management's best estimate of salary escalation, retirement ages of employees and expected health care costs.

Actuarial gains (losses) which can arise from changes in the actuarial assumptions used to determine the accrued benefit obligation will be amortized over the average remaining service period of active employees.

CORPORATION OF THE TOWN OF GANANOQUE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

1. Significant accounting policies (continued):

(l) Revenue recognition:

Government transfers and funding for projects are recognized in the consolidated financial statements as revenue when the transfer is authorized, any eligible criteria has been met and the amount can be reasonably estimated, except when and to the extent that stipulations by the transferor give rise to an obligation that meets the definition of a liability. Town 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.

(m) Deferred revenue:

The Town receives contributions 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 Town also receives restricted contributions under the authority of the federal and provincial legislation and Town by-laws. Government transfers of the Canada Community Building Fund (formerly Federal Gas Tax), development charges collected under the Development Charges Act, 1997, and parkland collected under the Planning Act are restricted in their use, and until applied to applicable costs, are reported as deferred revenues in the Consolidated Statement of Financial Position. These amounts are recognized as revenue in the fiscal year the services are performed, or related expenses incurred.

(n) 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 the removal of asbestos in several of the buildings owned by the Town has been recognized based on estimated undiscounted future expenses. Assumptions used in the calculations are revised yearly.

CORPORATION OF THE TOWN OF GANANOQUE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

1. Significant accounting policies (continued):

(n) 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 Consolidated Statement of Operations and Accumulated Municipal Equity at the time of remediation.

The recognition of the ARO liability resulted in an accompanying increase to the respective tangible capital assets. Building tangible capital assets affected by the asbestos liability are being amortized with the building following the amortization accounting policies outlined in Note 1(g).

(o) 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 Town:
 - 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.

(p) Use of estimates:

The preparation of consolidated 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 consolidated 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 obligation, asset retirement obligations and the carrying value of tangible capital assets. Actual results could differ from these estimates.

CORPORATION OF THE TOWN OF GANANOQUE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

2. Operations of the school boards:

The Town collected and made property tax transfers including payments in lieu of property taxes, to the School Boards as follows:

	2024	2023
Property taxes	\$ 1,579,559	\$ 1,558,793

3. Long-term investments:

Long term investments are comprised of the following:

	Level	2024	2023
Guaranteed investment certificate with interest rate of 5.62%, maturing June 2025	1	\$ 1,056,200	\$ 4,000,000

Subsequent to the year-end, the guaranteed investment certificate was reinvested at 2.85%, maturing June 2026.

4. Bank indebtedness:

The Town's financial agreement with its bank provides for an operating credit facility of up to \$1,500,000 to finance expenses, pending receipt of property taxes and other income. Interest on funds drawn is charged at the Bank of Montreal's prime rate. As at December 31, 2024, there was \$Nil (2023 - \$Nil) drawn on the facility.

5. Employee future benefit obligations:

The Town 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 Town's cost is 100% of the monthly premium for non union, police and fire employees and 50% for CUPE members.

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.

CORPORATION OF THE TOWN OF GANANOQUE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

5. Employee future benefit obligations (continued):

Effective January 1, 2021, post retirement extended health coverage and dental coverage was extended to age 70 for police members (previously 65) retiring after January 1, 2021 and a health care spending account will be provided up to \$2,200 per calendar year from age of 70 to 75 for police members.

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 10.6 years (2023 - 10.6 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 update, the accrued benefit liability was \$1,300,694 (2023 - \$1,258,754).

The significant actuarial assumptions adopted in estimating the Town'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 (50 for Police and Fire)
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 Police and Fire)

The continuity of post employment benefit liability is as follows:

	2024	2023
Balance, beginning of year	\$ 1,258,754	\$ 1,175,516
Current service costs	65,740	81,590
Interest cost	41,344	23,890
Benefits paid	(36,800)	(26,000)
Amortized actuarial loss (gain)	(28,344)	3,758
Balance, end of year	\$ 1,300,694	\$ 1,258,754

CORPORATION OF THE TOWN OF GANANOQUE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

5. Employee future benefit obligations (continued):

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

	2024	2023
Accrued benefit obligation	\$ 1,028,603	\$ 958,319
Unamortized actuarial gain (loss)	272,091	300,435
Balance, end of year	\$ 1,300,694	\$ 1,258,754

	Gross	Funded	2024 Unfunded
Health benefits	\$ 1,300,694	\$ —	\$ 1,300,694

	Gross	Funded	2023 Unfunded
Health benefits	\$ 1,258,754	\$ —	\$ 1,258,754

6. Asset retirement obligations:

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

(a) Asbestos obligation:

The Town 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. Following the adoption of PS 3280 *Asset Retirement Obligations*, the Town assessed an obligation relating to the removal and post-removal care of the asbestos in these buildings. 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.

CORPORATION OF THE TOWN OF GANANOQUE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

6. Asset retirement obligations (continued):

(a) Asbestos obligation (continued):

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

Asbestos and other removal	2024	2023
Opening liability, January 1	\$ 3,114,354	\$ —
Adjustment on adoption of PS 3280 <i>Asset Retirement Obligations</i> :		
Tangible capital asset additions	22,594	864,354
Expensed obligation related to bridges	—	2,250,000
Change in measurement rate:		
Estimated	(2,250,000)	—
Actual costs incurred in 2025	796,900	—
Closing liability, December 31, 2024	\$ 1,683,848	\$ 3,114,354

7. Deferred revenue:

A requirement of public sector accounting standards of the Chartered Professional Accountants of Canada is that obligatory reserve funds be reported as deferred revenue. This requirement is in place as Provincial legislation restricts how these funds may be used and under certain circumstances these funds may possibly be refunded.

The transactions for the year are summarized below:

	Parkland	Canada Community Building Fund	OCIF	Building permits	Development charges	Total
January 1, 2024	\$ 45,821	\$ 650,247	\$ 745,183	\$ —	\$ 130,545	\$ 1,571,796
Contributions from developers	—	—	—	—	49,404	49,404
Building permit surplus	—	—	—	32,463	—	32,463
Interest	—	—	—	—	6,433	6,433
Transfer to capital acquisitions	—	(650,247)	(745,183)	—	—	(1,395,430)
December 31, 2024	\$ 45,821	\$ —	\$ —	\$ 32,463	\$ 186,382	\$ 264,666

CORPORATION OF THE TOWN OF GANANOQUE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

8. Long-term liabilities:

- (a) The balance of long-term liabilities reported on the Consolidated Statement of Financial Position is comprised of the following:

	2024	2023
Ontario Infrastructure Projects Corporation with maturity dates between 2025 and 2047 and interest rates between 2.640% and 5.606%.	\$ 5,087,163	\$ 5,450,120

- (b) Principal payments fall due as follows:

	Water and sewer rates	General revenues	Total
2025	\$ 73,682	\$ 290,466	\$ 364,148
2026	76,140	264,659	340,799
2027	78,679	237,500	316,179
2028	81,304	209,200	290,504
2029	84,018	216,439	300,457
2030 to 2034	464,080	1,199,910	1,663,990
2035 and thereafter	487,715	1,323,371	1,811,086
	\$ 1,345,618	\$ 3,741,545	\$ 5,087,163

- (c) Interest expense on long-term liabilities in 2024 amounted to \$170,137 (2023 - \$192,661).
- (d) These payments are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.

CORPORATION OF THE TOWN OF GANANOQUE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

9. Accumulated municipal equity:

	2024	2023
Investment in tangible capital assets:		
Tangible capital assets	\$ 80,763,071	\$ 74,979,991
Long-term debt	(5,087,163)	(5,450,120)
	75,675,908	69,529,871
Unrestricted surplus:		
Invested inventory	79,147	44,714
Unfunded future employee benefits	(1,300,694)	(1,258,754)
Unfunded asset retirement obligations	(1,683,848)	(3,114,354)
Reserves (Schedule 1)	25,185,502	21,806,135
Accumulated municipal equity	\$ 97,956,015	\$ 87,007,612

10. Pension contributions:

The Town 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 Town does not recognize any share of the OMERS pension surplus or deficit in these consolidated financial statements.

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 amount contributed to OMERS was \$568,142 (2023 - \$561,300) for current services and is included as an expense on the Consolidated Statement of Operations and Accumulated Municipal Equity classified under the appropriate functional expenditure.

11. Provincial Offences Administration (POA):

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

CORPORATION OF THE TOWN OF GANANOQUE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

11. Provincial Offences Administration (POA) (continued):

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 Licence Act, Municipal By-Laws 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 Town's share of net revenues arising from operation of the POA office have been included with these consolidated financial statements. The revenue of the court office consists of fines levied under Parts I and III (including delay penalties) for POA charges filed in 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 Town shares net POA revenues based on weighted assessment, population, households and the number of tickets collected.

12. 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 as at December 31, 2024, management believes that the Town 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 consolidated financial statements.

13. Contaminated sites:

The Town has identified a potential liability for two contaminated sites. One site was previously used as a landfill and the other attached to an industrial property with environmental issues. The Town has completed environmental assessments on the industrial site. An estimate of the liability for the contaminated sites could not be reasonably estimated. Both sites are currently vacant. A liability for the contaminated sites will be recognized in the consolidated financial statements, if required, when a future use of the site is known.

14. Commitments:

The Town has entered into a contractual obligation with Waste Collections of Canada for the collection and disposal of solid waste and recycled materials. Fees are based on tonnage and are adjusted for a fuel surcharge and annually for inflation. The contract expires December 2025 and provides an additional two year extension. Fees paid under the contract for 2024 were \$326,964 (2023 - \$299,914).

CORPORATION OF THE TOWN OF GANANOQUE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

15. Tangible capital assets:

Cost	Balance at December 31, 2023	Asset retirement obligations	Transfers and additions	Disposals and adjustments	Balance at December 31, 2024
Land	\$ 5,351,631	\$ —	\$ —	\$ —	\$ 5,351,631
Land improvements	3,132,149	—	50,438	—	3,182,587
Buildings	15,036,751	22,593	242,832	—	15,302,176
Buildings - water treatment	9,050,693	—	80,674	—	9,131,367
Boat docks	8,678,869	—	15,393	—	8,694,262
Furniture and equipment	6,499,386	—	1,680,723	(59,171)	8,120,938
Vehicles	3,421,985	—	115,968	—	3,537,953
Linear:					
Roads	33,497,849	—	1,715,292	—	35,213,141
Bridges	4,897,735	—	—	—	4,897,735
Sidewalks	4,136,155	—	337,240	—	4,473,395
Traffic lights	771,337	—	—	—	771,337
Streetlights	1,528,809	—	240,390	—	1,769,199
Sanitary sewer	21,274,949	—	971,834	—	22,246,783
Storm sewer	4,702,396	—	649,279	—	5,351,675
Water	16,663,225	—	735,771	—	17,398,996
Construction in progress	2,992,929	—	2,305,154	—	5,298,083
Total	\$ 141,636,848	\$ 22,593	\$ 9,140,988	\$ (59,171)	\$150,741,258

Accumulated amortization	Balance at December 31, 2023	Amortization	Disposals and adjustments	Balance at December 31, 2024
Land	\$ —	\$ —	\$ —	\$ —
Land improvements	806,189	91,068	—	897,257
Buildings	5,733,224	409,789	—	6,143,013
Buildings - water treatment	5,987,690	265,776	—	6,253,466
Boat docks	4,779,994	187,865	—	4,967,859
Furniture and equipment	2,349,536	462,955	(59,171)	2,753,320
Vehicles	2,131,529	154,715	—	2,286,244
Linear:				
Roads	15,684,380	681,144	—	16,365,524
Bridges	1,668,190	89,448	—	1,757,638
Sidewalks	2,759,102	99,729	—	2,858,831
Traffic lights	721,842	7,877	—	729,719
Streetlights	1,183,266	52,016	—	1,235,282
Sanitary sewer	9,346,689	495,592	—	9,842,281
Storm sewer	3,174,675	63,992	—	3,238,667
Water	10,330,551	318,535	—	10,649,086
Construction in progress	—	—	—	—
Total	\$ 66,656,857	\$ 3,380,501	\$ (59,171)	\$ 69,978,187

CORPORATION OF THE TOWN OF GANANOQUE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

15. Tangible capital assets (continued):

	2024	2023
	Net book value	Net book value
Land	\$ 5,351,631	\$ 5,351,631
Land improvements	2,285,330	2,325,960
Buildings	9,159,163	9,303,527
Buildings - water treatment	2,877,901	3,063,003
Boat docks	3,726,403	3,898,875
Furniture and equipment	5,367,618	4,149,850
Vehicles	1,251,709	1,290,456
Linear:		
Roads	18,847,617	17,813,469
Bridges	3,140,097	3,229,545
Sidewalks	1,614,564	1,377,053
Traffic lights	41,618	49,495
Streetlights	533,917	345,543
Sanitary sewer	12,404,502	11,928,260
Storm sewer	2,113,008	1,527,721
Water	6,749,910	6,332,674
Construction in progress	5,298,083	2,992,929
Total	\$ 80,763,071	\$ 74,979,991

16. 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 Town is exposed to credit risk with respect to accounts receivables on the Consolidated Statement of Financial Position.

The Town 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 Town 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 Consolidated Statement of Operations and Accumulated Municipal Equity. Subsequent recoveries of impairment losses related to accounts receivable are credited to the Consolidated Statement of Operations and Accumulated Municipal Equity.

CORPORATION OF THE TOWN OF GANANOQUE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

16. Financial instruments and risk management (continued):

(a) Credit risk (continued):

	Current	Past due	Gross receivables	Allowances	Net receivables
Taxes receivable	\$ 556,662	\$ 492,929	\$ 1,049,591	\$ (216,800)	\$ 832,791
Accounts receivable	2,159,338	–	2,159,338	–	2,159,338
User charges receivable	1,681,048	–	1,681,048	–	1,681,048
Total	\$ 4,397,048	\$ 492,929	\$ 4,889,977	\$ (216,800)	\$ 4,673,177

(b) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates or interest rates, impact the Town'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 Town'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 Town does not have any material transactions or financial instruments denominated in foreign currencies.

(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, GIC investments and financial liabilities with variable interest rates expose the Town to cash flow interest rate risk.

The Town'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 Town is not exposed to this risk based on the current investment portfolio.

CORPORATION OF THE TOWN OF GANANOQUE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

16. Financial instruments and risk management (continued):

(c) Liquidity risk:

Liquidity risk is the risk that the Town will not be able to meet all of its cash outflow obligations as they come due. The Town 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.

17. Segmented information:

The Town 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 Consolidated Statement of Operations and Accumulated Municipal Equity.

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

For each reported segment, expenses 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 consolidated financial statements as disclosed in Note 1.

CORPORATION OF THE TOWN OF GANANOQUE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

17. Segmented information (continued):

2024	General Government	Protection Persons and Property	Transportation Services	Environmental Services	Water and Sewer Services	Health Services	Social and Family Services	Recreation and Cultural Services	Planning and Development	Asset Retirement Obligations	Post Retirement Benefits	2024 Total
Revenue:												
Taxation	\$ 10,878,069	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,878,069
User fees and service charges	57,509	1,094,683	147,254	301,385	5,976,504	9,633	-	1,405,737	117,639	-	-	9,110,344
Government transfers	1,177,500	2,257,579	2,113,973	-	396,466	-	17,729	80,709	43,232	-	-	6,087,188
Casino revenues	961,005	-	-	-	-	-	-	-	-	-	-	961,005
Investment income	651,777	-	68,576	-	568,665	-	-	12,212	-	-	-	1,301,230
Municipal Accommodation Tax	348,362	-	-	-	-	-	-	-	-	-	-	348,362
Other municipalities	-	-	-	-	-	-	-	158,500	13,144	-	-	171,644
Licenses and permits	17,383	217,294	-	-	-	-	-	-	15,887	-	-	250,564
Penalties and interest on taxes	128,541	-	-	-	-	-	-	-	-	-	-	128,541
Contribution from developers	-	-	462,440	-	-	-	-	-	-	-	-	462,440
Loss on writedown of tangible capital assets	-	-	-	-	-	-	-	-	-	-	-	-
Other:												
Rental and other income	76,527	58,984	-	-	-	-	-	146,874	4,887	-	-	287,272
Donations	12,740	-	-	-	-	-	-	63,578	40,000	-	-	116,318
Sales	-	-	-	-	-	-	-	-	8,545	-	-	8,545
Fines	-	33,619	-	-	-	-	-	-	-	-	-	33,619
	14,309,413	3,662,159	2,792,243	301,385	6,941,635	9,633	17,729	1,867,610	243,334	-	-	30,145,141
Expenses:												
Salaries, wages and employee benefits	929,094	4,509,605	829,693	117,771	1,140,969	40,010	-	1,276,263	406,828	-	41,940	9,292,173
Amortization of tangible capital assets	126,541	249,255	1,106,065	-	1,254,699	-	14,206	629,735	-	-	-	3,380,501
Materials	432,502	963,163	537,126	39,605	668,986	490	-	892,050	355,500	-	-	3,889,422
Contracted services	290,775	259,144	574,979	406,336	258,814	57,533	-	320,258	214,270	(1,453,100)	-	929,009
External transfers	-	52,265	-	-	-	582,585	573,859	158,957	-	-	-	1,367,666
Rents and financial expenses	8,767	12,072	4,261	-	58,832	56,863	-	22,780	4,255	-	-	167,830
Interest on long-term liabilities	57,619	-	41,729	-	45,799	-	2,126	22,864	-	-	-	170,137
Internal transfers	-	40,070	-	-	(40,070)	-	-	-	-	-	-	-
	1,845,298	6,085,574	3,093,853	563,712	3,388,029	737,481	590,191	3,322,907	980,853	(1,453,100)	41,940	19,196,738
Annual surplus (deficit)	\$ 12,464,115	\$ (2,423,415)	\$ (301,610)	\$ (262,327)	\$ 3,553,606	\$ (727,848)	\$ (572,462)	\$ (1,455,297)	\$ (737,519)	\$ 1,453,100	\$ (41,940)	\$ 10,948,403

CORPORATION OF THE TOWN OF GANANOQUE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

17. Segmented information (continued):

	General Government	Protection Persons and Property	Transportation Services	Environmental Services	Water and Sewer Services	Health Services	Social and Family Services	Recreation and Cultural Services	Planning and Development	Asset Retirement Obligations	Post Retirement Benefits	2023 Total
2023												
Revenue:												
Taxation	\$ 10,032,444	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,032,444
User fees and service charges	70,482	765,803	146,121	300,986	5,236,950	-	-	1,323,208	106,232	-	-	7,949,782
Government transfers	1,249,300	1,181,318	83,493	122,920	132,523	-	15,147	284,258	81,444	-	-	3,150,403
Casino revenues	1,083,586	-	-	-	-	-	-	-	-	-	-	1,083,586
Investment income	690,169	-	23,872	-	475,444	-	1,818	1,080	-	-	-	1,192,383
Municipal Accommodation Tax	-	-	-	-	-	-	-	-	433,712	-	-	433,712
Other municipalities	-	-	-	-	-	-	-	163,500	14,865	-	-	178,365
Licenses and permits	22,039	155,541	-	-	-	-	-	-	11,408	-	-	188,988
Penalties and interest on taxes	110,953	-	-	-	-	-	-	-	-	-	-	110,953
Contribution from developers	-	-	228,727	-	-	-	-	-	392,213	-	-	620,940
Loss on writedown of tangible capital assets	(86,942)	(34,985)	(176,274)	-	-	-	-	(58,921)	-	-	-	(357,122)
Other:												
Rental and other income	74,488	23,115	-	-	-	-	-	138,381	6,195	-	-	242,179
Donations	-	-	-	-	-	-	-	37,461	5,000	-	-	42,461
Sales	60,418	-	12,025	-	-	-	-	8,325	8,345	-	-	89,113
Fines	-	30,440	-	-	-	-	-	-	-	-	-	30,440
	13,306,937	2,121,232	317,964	423,906	5,844,917	-	16,965	1,897,292	1,059,414	-	-	24,988,627
Expenses:												
Salaries, wages and employee benefits	840,797	4,289,769	760,304	130,238	1,140,675	34,471	-	1,108,652	410,557	-	83,238	8,798,701
Amortization of tangible capital assets	124,732	217,360	1,117,561	-	1,260,477	-	14,206	549,087	-	-	-	3,283,423
Materials	416,943	709,764	559,141	39,226	717,435	8,327	-	732,969	343,422	-	-	3,527,227
Contracted services	271,709	258,586	440,533	401,514	156,997	-	-	284,672	211,010	2,250,000	-	4,275,021
External transfers	-	49,860	-	-	-	583,619	464,626	132,474	-	-	-	1,230,579
Rents and financial expenses	44,495	13,562	3,309	-	1,232	51,821	-	28,804	3,826	-	-	147,049
Interest on long-term liabilities	61,032	-	47,616	-	50,611	-	5,213	28,189	-	-	-	192,661
Internal transfers	(12,000)	37,450	-	-	(37,450)	-	-	-	12,000	-	-	-
	1,747,708	5,576,351	2,928,464	570,978	3,289,977	678,238	484,045	2,864,847	980,815	2,250,000	83,238	21,454,661
Annual surplus (deficit)	\$ 11,559,229	\$ (3,455,119)	\$ (2,610,500)	\$ (147,072)	\$ 2,554,940	\$ (678,238)	\$ (467,080)	\$ (967,555)	\$ 78,599	\$ (2,250,000)	\$ (83,238)	\$ 3,533,966

CORPORATION OF THE TOWN OF GANANOQUE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

18. Budget figures:

The 2023 approved budget was prepared on a cash based approach with a reconciliation to a budget based on Public Sector Accounting Standards. The cash based approach includes capital expenses, repayment of long-term debt and transfers to and from reserves which are removed in the year end Consolidated Statement of Operations and Accumulated Municipal Equity. The revenues attributable to these items continue to be included in the Consolidated 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 consolidated financial statements.

	2024 Budget	2024 Actual
Total revenues	\$ 26,372,321	\$ 30,145,141
Total expenses	20,130,723	19,196,738
Annual surplus	6,241,598	10,948,403
Amortization	3,380,501	3,380,501
Adjusted annual surplus	9,622,099	14,328,904
Capital expenses	(18,811,480)	(8,678,548)
Increase in tangible capital assets for asset retirement obligations	—	(22,593)
Contributed tangible capital assets	—	(462,440)
Acquisition of inventory	—	(34,433)
Unfunded employee future benefits	65,740	41,940
Unfunded asset retirement obligations	—	(1,430,506)
Principal repayments	(362,238)	(362,957)
Increase (decrease) in operating surplus	\$ (9,485,879)	\$ 3,379,367
Allocated as follows:		
Net transfers to (from) reserves	\$ (9,485,879)	\$ 3,379,367

CORPORATION OF THE TOWN OF GANANOQUE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2024

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

The Town 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.

20. Subsequent event:

Subsequent to December 31, 2024, the Town assumed a debenture in the amount of \$1,300,000 to fund the replacement of the Marina Floating Docks and shoreline rehabilitation. The debenture carries a 10-year term at an interest rate of 3.81%, compounded quarterly. The first payment is due on January 1, 2026.

CORPORATION OF THE TOWN OF GANANOQUE

Schedule 1: Continuity of Reserves and Reserve Funds

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

	2024 Budget (note 18)	2024 Actual	2023 Actual
Net transfers from (to) other funds			
Transfers from operations	\$ 7,476,686	\$ 8,872,388	\$ 8,145,083
Transfers to capital acquisitions	(16,962,565)	(5,493,021)	(6,116,779)
Reserves and reserve fund balances, change in year	(9,485,879)	3,379,367	2,028,304
Reserves and reserve fund balances, beginning of year	21,806,135	21,806,135	19,777,831
Reserves and reserve fund balances, end of year	\$ 12,320,256	\$ 25,185,502	\$ 21,806,135

Composition of Reserves and Reserve Funds

	2024	2023
Reserves set aside for specific purposes by Council:		
Reserves set aside for specific purposes by Council		
Working capital	\$ 647,809	\$ 647,809
Contingencies	323,819	275,767
Elections	19,176	14,176
Economic development	258,662	293,495
Winter control	242,400	242,400
Business improvement area	28,928	23,812
Library	69,190	62,257
Other	1,474,297	914,638
	3,064,281	2,474,354
For capital purposes:		
Infrastructure	7,475,337	6,978,835
Recreation facilities	320,230	788,276
Waterworks and sewer	14,191,360	11,539,440
Parking	134,294	25,230
	22,121,221	19,331,781
Total reserves and reserve funds	\$ 25,185,502	\$ 21,806,135