

TOWN OF CORMACK
CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024

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STATEMENT OF RESPONSIBILITY

The accompanying consolidated financial statements are the responsibility of the management of the Town of Cormack and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles established by the Public Sector Accounting Board of The Canadian Professional Accountants of Canada.

In carrying out its responsibilities, management maintains appropriate systems of internal and administrative controls designed to provide reasonable assurance that transactions are executed in accordance with proper authorization, that assets are properly accounted for and safeguarded, and that financial information produced is relevant and reliable.

The Council of the Municipality and management have reviewed a draft of the consolidated financial statements to discuss any significant financial reporting or internal control matters prior to their approval of the finalized financial statements.

Allen & Skinner CPA Professional Corporation, as the Municipality's appointed external auditor, have audited the consolidated financial statements. The Auditors' Report is addressed to the Mayor and members of Council and appears on the following page. Their opinion is based upon an examination conducted in accordance with Canadian generally accepted auditing standards, performing such tests and other procedures as they consider necessary to obtain reasonable assurance that the financial statements are free of material misstatement and present fairly the financial position and results of the Municipality in accordance with Canadian generally accepted accounting principles.

Mayor

Town Clerk

Allen & Skinner CPA Professional Corporation
Chartered Professional Accountants

Telephone: (709) 634-6431
Facsimile: (709) 634-2769

**4 Herald Avenue, Suite 104
P. O. Box 352, Str. Main
Corner Brook, NL
A2H 6C3**

INDEPENDENT AUDITORS' REPORT

The Mayor and Councillors
Town of Cormack
Cormack, NL

We have audited the consolidated financial statements of the Town of Cormack, which comprise the consolidated statement of financial position as at December 31, 2024, and the consolidated statements of revenue and expenditures, surplus, changes in net financial assets and cash flow for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Town as at December 31, 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Public Sector Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Town 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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 Town'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 Town or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Town's financial reporting process.

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INDEPENDENT AUDITORS' REPORT (Cont'd)

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objective is 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, international 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 Town's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Town's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Town to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

..... Cont'd

INDEPENDENT AUDITORS' REPORT (Cont'd)

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards.

CORNER BROOK,
NEWFOUNDLAND LABRADOR

13 February 2026

Allen & Skinner CPA
Allen & Skinner CPA
Professional Corporation

TOWN OF CORMACK
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
December 31, 2024

	<u>2024</u>	<u>2023</u>
<u>FINANCIAL ASSETS</u>		
Cash (Note 3)	\$ 532,843	460,223
Accounts receivable (Note 4)	<u>215,919</u>	<u>426,911</u>
	<u>748,762</u>	<u>887,134</u>
<u>LIABILITIES</u>		
Demand loan	7,604	--
Accounts payable and accrued liabilities (Note 5)	368,643	664,596
Long-term debt (Note 6)	492,557	487,678
Deferred credits (Note 7)	<u>906,444</u>	<u>705,301</u>
	<u>1,775,248</u>	<u>1,857,575</u>
<u>NET FINANCIAL ASSETS (NET DEBT)</u>	(1,026,486)	(970,441)
<u>NON-FINANCIAL ASSETS</u>		
Tangible capital assets (Schedule I)	<u>1,336,489</u>	<u>1,492,843</u>
<u>ACCUMULATED SURPLUS</u>	<u>\$ 310,003</u>	<u>522,402</u>
<u>SUBSEQUENT EVENT (Note 8)</u>		

ON BEHALF OF THE COUNCIL:

_____ Mayor

_____ Town Clerk

The accompanying notes are an integral part of this financial statement.

TOWN OF CORMACK
 CONSOLIDATED STATEMENT OF SURPLUS
 Year ended December 31, 2024

	<u>Budget</u>	<u>2024</u>	<u>2023</u>
<u>REVENUE</u>	\$ 845,774	899,592	1,019,227
<u>EXPENDITURES</u>	<u>1,001,227</u>	<u>946,438</u>	<u>968,525</u>
<u>ANNUAL SURPLUS (DEFICIT)</u>	<u>\$ (155,453)</u>	(46,846)	50,702
<u>SURPLUS</u> , beginning of year		<u>493,869</u>	<u>443,167</u>
		447,023	493,869
<u>ADD (DEDUCT):</u> Surplus adjustment		(168,910)	--
<u>ADD:</u> Equity - Committees		<u>31,890</u>	<u>28,533</u>
<u>SURPLUS</u> , end of year		<u>\$ 310,003</u>	<u>522,402</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF CORMACK
 CONSOLIDATED STATEMENT OF REVENUE AND EXPENDITURE - REVENUE
 Year ended December 31, 2024

REVENUE

	<u>Budget</u> (Schedule II)	<u>2024</u>	<u>2023</u>
<u>TAXATION</u>			
Property tax	\$ 446,068	432,827	435,413
Poll tax	4,420	3,400	7,137
Business tax	145,691	129,616	125,963
Utility tax	<u>30,000</u>	<u>34,948</u>	<u>32,918</u>
	<u>626,179</u>	<u>600,791</u>	<u>601,431</u>
<u>GOVERNMENT CONTRIBUTIONS</u>			
Province of Newfoundland Labrador:			
Municipal assistance grants	68,372	87,070	77,721
Provincial gas tax	17,433	17,433	17,433
Canada Community Building Fund			
- federal	--	13,244	110,913
Other	<u>--</u>	<u>33,822</u>	<u>40,014</u>
	<u>85,805</u>	<u>160,286</u>	<u>246,081</u>
<u>OTHER</u>			
Land sale	--	(10,500)	33,000
Garbage	64,500	62,412	64,266
Rentals	6,500	5,393	8,311
Snowclearing	61,140	72,170	59,340
Miscellaneous	<u>1,650</u>	<u>9,040</u>	<u>6,798</u>
	<u>133,790</u>	<u>138,515</u>	<u>171,715</u>
	<u>\$ 845,774</u>	<u>899,592</u>	<u>1,019,227</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF CORMACK
CONSOLIDATED STATEMENT OF REVENUE AND EXPENDITURE - EXPENDITURE
Year ended December 31, 2024

EXPENDITURE

	<u>Budget</u> (Schedule II)	<u>2024</u>	<u>2023</u>
<u>GENERAL GOVERNMENT</u>			
General administration	\$ 113,420	164,698	121,157
Insurance	30,000	38,050	38,217
Assessment services	<u>17,700</u>	<u>17,654</u>	<u>17,680</u>
	<u>161,120</u>	<u>220,402</u>	<u>177,054</u>
<u>PROTECTIVE SERVICES</u>			
Fire protection	46,863	25,134	30,331
Other	<u>5,550</u>	<u>3,938</u>	<u>4,274</u>
	<u>52,413</u>	<u>29,072</u>	<u>34,605</u>
<u>TRANSPORTATION SERVICES</u>			
Road maintenance	208,630	186,322	204,649
Street lighting	<u>30,000</u>	<u>25,344</u>	<u>20,950</u>
	<u>238,630</u>	<u>211,666</u>	<u>225,599</u>
<u>ENVIRONMENTAL HEALTH SERVICES</u>			
Garbage collection	<u>79,000</u>	<u>79,775</u>	<u>73,531</u>
<u>RECREATION AND COMMUNITY SERVICES</u>			
Supplies and services	<u>61,845</u>	<u>110,027</u>	<u>127,731</u>
<u>FISCAL SERVICES</u>			
Amortization	225,385	225,385	216,222
Provision for uncollectible taxes, fees and charges	40,000	16,644	--
Discounts and exemptions	108,000	16,915	80,281
Other debt charges	<u>34,834</u>	<u>36,552</u>	<u>33,502</u>
	<u>408,219</u>	<u>295,496</u>	<u>330,005</u>
	<u>\$1,001,227</u>	<u>946,438</u>	<u>968,525</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF CORMACK
 CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
 Year ended December 31, 2024

	<u>2024</u>	<u>2023</u>
Annual surplus (deficit)	\$ (46,846)	50,702
Acquisition of tangible capital assets	(126,962)	(248,269)
Change in committee funds	3,357	(9,093)
Amortization of tangible capital assets	283,316	274,153
Adjustment to surplus	<u>(168,910)</u>	<u>--</u>
<u>CHANGE IN NET FINANCIAL ASSETS</u>	(56,045)	67,493
<u>NET FINANCIAL ASSETS (DEBT), beginning of year</u>	<u>(970,441)</u>	<u>(1,037,934)</u>
<u>NET FINANCIAL ASSETS (DEBT), end of year</u>	<u><u>\$(1,026,486)</u></u>	<u><u>(970,441)</u></u>

The accompanying notes are an integral part of this financial statement.

TOWN OF CORMACK
CONSOLIDATED STATEMENT OF CASH FLOW
Year ended December 31, 2024

	<u>2024</u>	<u>2023</u>
<u>OPERATING TRANSACTIONS:</u>		
Annual surplus (deficit)	\$(204,872)	50,702
Change in non-cash items:		
Accounts receivable	42,082	(192,310)
Accounts payable and accrued liabilities	30,983	600,110
Amortization	283,316	274,153
Deferred credits	201,143	(39,368)
Committee account	3,357	(9,093)
Surplus adjustment	(168,910)	--
	<u>187,099</u>	<u>684,194</u>
<u>CAPITAL TRANSACTIONS:</u>		
Acquisition of tangible capital assets	(126,962)	(248,269)
<u>FINANCING TRANSACTIONS:</u>		
Proceeds of long-term borrowings	74,041	--
Repayment of long-term debt	(69,162)	(56,067)
	<u>4,879</u>	<u>(56,067)</u>
<u>INCREASE IN CASH</u>	65,016	379,858
<u>CASH, beginning of year</u>	<u>460,223</u>	<u>80,365</u>
<u>CASH, end of year</u>	<u>\$ 525,239</u>	<u>460,223</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF CORMACK
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024

1. BUSINESS OF THE TOWN

The Town of Cormack is a municipal government incorporated pursuant to the Province of Newfoundland Labrador's Municipalities Act. The Town provides and funds municipal services including fire, public works, recreation, library, tourism and other general government operations.

2. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles as recommended by the Public Sector Accounting Board of the Canadian Professional Accountants of Canada and reflect the following significant accounting policies:

(a) Basis of Consolidation

The consolidated financial statements include the assets, liabilities, revenue and expenses of the reporting entity including, where material, local boards and committees. These statements account for the assets of the Recreation Committee and the Fire Department, based upon amounts provided by the various committees and have not been audited.

(b) Cash

Cash includes cash balances, bank balances and short-term investments.

(c) Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to the acquisition, construction, development or betterment of the asset. Assets under construction are not amortized until the asset is put in use. The cost of the tangible capital assets are amortized on a straight-line basis over their estimated useful life as follows:

General

Land	Indefinite
Land improvements	10 to 50 years
Buildings	25 to 40 years
Leasehold improvements	Term of lease
Vehicles	5 years
Machinery and equipment	5 years
Maintenance and road construction equipment	10 years
Computer hardware and software	4 years
Furniture and fixtures	5 years

Infrastructure assets

Transportation

Land	Indefinite
Road surface	5 to 20 years
Road grade	30 years
Bridges	30 to 50 years
Traffic lights and equipment	10 to 15 years
Marina structures	25 years

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TOWN OF CORMACK
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024

2. SIGNIFICANT ACCOUNTING POLICIES

Tangible capital assets (Cont'd)

Infrastructure assets

Water and sewer

Land	Indefinite
Land improvements	50 years
Buildings	25 to 40 years
Underground networks	15 to 100 years
Machinery and equipment	15 years
Dams and other surface water structures	25 to 50 years

(d) Revenue Recognition

Revenues are recognized as earned and when collection is reasonably assured. Tax rates are approved annually by Council.

(e) Use of Estimates

The preparation of consolidated financial statements in conformity with Canadian generally accepted accounting principles for the public sector requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

(f) Fidelity bond coverage of \$50,000 is carried on employees who are in a position of trust; the amount is considered adequate.

(g) The municipality is a non-profit entity not subject to income taxes.

(h) The manner in which the accounts have been kept and the safeguards against fraud are considered satisfactory.

3. CASH

	<u>2024</u>	<u>2023</u>
Municipal funds	\$500,897	437,242
Committee funds	<u>31,946</u>	<u>22,981</u>
	<u>\$532,843</u>	<u>460,223</u>

TOWN OF CORMACK
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024

4. ACCOUNTS RECEIVABLE

	<u>2024</u>	<u>2023</u>
Taxes and rates	\$237,429	497,661
Other	<u>103,297</u>	<u>52,172</u>
	340,726	549,833
Less: Allowance for doubtful accounts	<u>124,807</u>	<u>124,807</u>
	<u>\$215,919</u>	<u>425,026</u>

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2024</u>	<u>2023</u>
Accounts payable - trade	\$689,337	657,942
Government liabilities	<u>6,242</u>	<u>6,654</u>
	<u>\$695,579</u>	<u>664,596</u>

6. LONG-TERM DEBT

	<u>2024</u>	<u>2023</u>
<u>Bank of Montreal</u>		
3.8% loan at prime plus 1.75%, repayable in blended monthly installments of \$2,512, maturing in 2029	\$128,892	153,434
4.83% bank loan for equipment financing, repayable in blended monthly installments of \$4,102, maturing in 2027	300,411	334,244
6.25% bank loan for vehicle financing, repayable in blended monthly installments of \$1,440, maturing in 2029	<u>63,254</u>	<u>--</u>
	<u>\$492,557</u>	<u>487,678</u>

Principal repayments required in each of the next five years are as follows:

2025	\$ 75,291
2026	78,925
2027	82,606
2028	86,826
2029	90,507

TOWN OF CORMACK
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024

7. DEFERRED CREDITS

	<u>2024</u>	<u>2023</u>
Deferred funding	\$ 12,637	18,563
Fire truck fund	265,000	--
Capital project grant	<u>628,807</u>	<u>686,738</u>
	<u>\$906,444</u>	<u>705,301</u>

Deferred credits consists of grants received for capital projects. The amount received is amortized into income on the same basis as the related asset.

8. SUBSEQUENT EVENT

Subsequent to year-end, it was discovered that a bank account held by the Town had been fraudulently accessed; as of year-end \$9,800 had been stolen, with additional amounts taken in the following year. It was determined that none of the staff or Council members were involved in the theft. This matter is currently under investigation through the insurance provider and bank institution.

9. FINANCIAL INSTRUMENTS

The Town, as part of its operations, carries a number of financial instruments. It is management's opinion the Town is not exposed to significant interest, currency, or credit risk arising from these financial instruments, except as otherwise disclosed. Unless otherwise noted, the fair value of these financial instruments approximates their carrying values.

TOWN OF CORMACK
SCHEDULE OF TANGIBLE CAPITAL ASSETS
December 31, 2024

	Cost		Accumulated Amortization		Net Book Value December 31, 2024
	December 31, 2023	December 31, 2024	December 31, 2023	December 31, 2024	
Land and improvements	\$ 22,184	22,184	--	--	22,184
Computer equipment	6,022	6,022	6,022	6,022	--
Buildings and improvements	2,322,422	2,375,416	1,783,804	1,878,467	496,949
Vehicles	10,093	84,061	10,093	17,490	66,571
Equipment	341,159	341,159	236,587	288,823	52,336
Heavy equipment	1,021,455	1,021,455	696,287	750,481	270,974
Transportation					
Infrastructure	1,657,969	1,657,969	1,155,668	1,230,494	427,475
	<u>\$5,381,304</u>	<u>5,508,266</u>	<u>3,888,461</u>	<u>4,171,777</u>	<u>1,336,489</u>

	Cost		Accumulated Amortization		Net Book Value December 31, 2023
	December 31, 2022	December 31, 2023	December 31, 2022	December 31, 2023	
Land and improvements	\$ 22,184	22,184	--	--	22,184
Computer equipment	6,022	6,022	6,022	6,022	--
Buildings and improvements	2,185,607	2,322,422	1,690,907	1,783,804	538,618
Vehicles	10,093	10,093	10,093	10,093	--
Equipment	341,159	341,159	184,351	236,587	104,572
Heavy equipment	1,021,455	1,021,455	642,093	696,287	325,168
Transportation					
Infrastructure	1,546,515	1,657,969	1,080,842	1,155,668	502,301
	<u>\$5,133,035</u>	<u>5,381,304</u>	<u>3,614,308</u>	<u>3,888,461</u>	<u>1,492,843</u>

TOWN OF CORMACK
RECONCILIATION OF THE FINANCIAL PLAN TO THE BUDGET
Year ended December 31, 2024

	<u>2024</u>	<u>2023</u>
Revenue per Municipal Budget	\$ 845,774	820,618
Revisions	<u> --</u>	<u> --</u>
Revenue per PSAB Budget	<u>\$ 845,774</u>	<u>820,618</u>
Expenditures per Municipal Budget	\$ 845,005	810,448
Revisions:		
Net amortization of tangible capital assets	225,385	216,222
Debt charges - principal	<u>(69,163)</u>	<u>(56,067)</u>
Expenditures per PSAB Budget	<u>\$1,001,227</u>	<u>970,603</u>