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**TOWN OF LONG HARBOUR -
MOUNT ARLINGTON HEIGHTS
Financial Statements
Year Ended December 31, 2024**

TOWN OF LONG HARBOUR - MOUNT ARLINGTON HEIGHTS

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Year Ended December 31, 2024

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements of Town of Long Harbour - Mount Arlington Heights have been prepared in accordance with Canadian public sector accounting standards (PSAS). When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. These statements include certain amounts based on management's estimates and judgments. Management has determined such amounts based on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects.

The integrity and reliability of Town of Long Harbour - Mount Arlington Heights's reporting systems are achieved through the use of formal policies and procedures, the careful selection of employees and an appropriate division of responsibilities. These systems are designed to provide reasonable assurance that the financial information is reliable and accurate.

The Municipality's council is responsible for ensuring that management fulfills its responsibility for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Council carries out this responsibility principally through its Finance Committee. The Finance Committee is appointed by the Council and meets periodically with management and the councillors' auditors to review significant accounting, reporting and internal control matters. Following its review of the financial statements and discussions with the auditors, the Finance Committee reports to the Municipality's council prior to its approval of the financial statements. The Committee also considers, for review by the Council and approval by the councillors, the engagement or re-appointment of the external auditors.

The financial statements have been audited on behalf of the councillors by Jordan Penney, CPA Professional Corporation, in accordance with Canadian public sector accounting standards (PSAS).

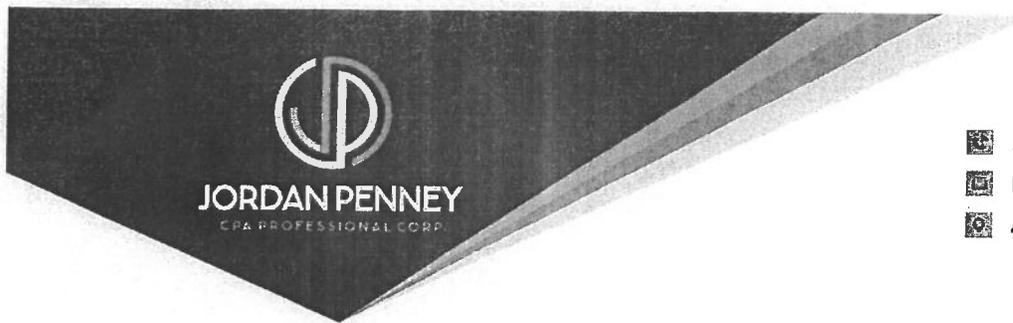


Mr. Walter Keating, Mayor



Ms. Juanita Gosse, Town
Clerk/Manager

Long Harbour, NL
June 2, 2025



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INDEPENDENT AUDITOR'S REPORT

To the Mayor and Councillors of Town of Long Harbour - Mount Arlington Heights

Qualified Opinion

I have audited the financial statements of Town of Long Harbour - Mount Arlington Heights (the Town), which comprise the statement of financial position as at December 31, 2024, and the statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of my report, the accompanying financial statements present fairly, in all material respects, the financial position of the Town as at December 31, 2024, and the results of its operations and cash flows for the year then ended in accordance with Canadian public sector accounting standards (PSAS).

Basis for Qualified Opinion

In common with many municipalities, the Town's fire department and recreation committee derives revenue from fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Town. Therefore, I was not able to determine whether any adjustments might be necessary to taxation and other revenue, excess of revenues over expenses, and cash flows from operations for the year ended December 31, 2024, current assets and net assets as at December 31, 2024.

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Town in accordance with ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

The financial statements for the year ended December 31, 2023 were audited by another auditor who expressed a qualified opinion on those financial statements on June 21, 2024 for the reasons described in the *Basis for Qualified Opinion* section.

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 PSAS, 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.

(continues)

Independent Auditor's Report to the Councillors of Town of Long Harbour - Mount Arlington Heights
(continued)

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.

Auditor's Responsibilities for the Audit of the Financial Statements

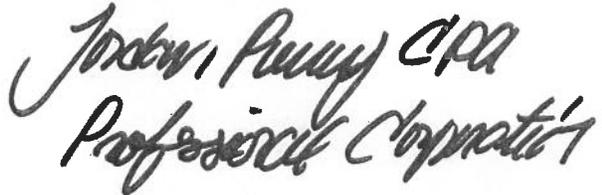
My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's 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.

I 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 I identify during my audit.

Clarenville, Newfoundland and Labrador
June 2, 2025


Chartered Professional Accountant
Jordan Penney, CPA Professional Corporation

TOWN OF LONG HARBOUR - MOUNT ARLINGTON HEIGHTS

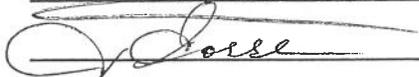
Statement of Financial Position

December 31, 2024

	2024	2023
FINANCIAL ASSETS		
Cash (Note 2)	\$ 276,975	\$ 415,055
Cash - restricted (Note 2)	18,381	8,356
Accounts receivable (Note 4)	87,634	108,876
	382,990	532,287
LIABILITIES		
Accounts payable and accrued liabilities (Note 5)	94,584	201,403
Deferred income (Note 6)	18,381	8,356
	112,965	209,759
NET FINANCIAL ASSETS	270,025	322,528
NON-FINANCIAL ASSETS		
Prepaid expenses	539	539
Tangible capital assets (Schedule 4)	7,443,197	7,032,283
	7,443,736	7,032,822
ACCUMULATED SURPLUS	\$ 7,713,760	\$ 7,355,350

ON BEHALF OF COUNCIL

 _____ Mayor

 _____ Town Clerk

The accompanying notes are an integral part of these financial statements

TOWN OF LONG HARBOUR - MOUNT ARLINGTON HEIGHTS
Statement of Operations and Accumulated Surplus
Year Ended December 31, 2024

	Budget (Schedule 5) 2024	2024	2023
REVENUES (Schedule 1)			
Taxation	\$ 902,063	\$ 887,523	\$ 914,763
Sale of goods and services	-	19,515	12,059
Grants	96,781	622,821	533,188
Investment income	24,700	27,221	22,494
Other	-	39,358	4,543
Transfers from reserves	496,344	-	-
	1,519,888	1,596,438	1,487,047
EXPENSES (Schedule 2)			
General government	532,011	750,872	572,977
Protective services	62,887	65,141	56,788
Transportation services	168,412	107,230	165,696
Environmental health services	317,157	216,802	247,717
Recreation and cultural services	344,421	93,870	144,054
Fiscal services	95,000	4,113	6,370
	1,519,888	1,238,028	1,193,602
ANNUAL SURPLUS	-	358,410	293,445
ACCUMULATED SURPLUS - BEGINNING OF YEAR	7,355,350	7,355,350	7,061,905
ACCUMULATED SURPLUS - END OF YEAR	\$ 7,355,350	\$ 7,713,760	\$ 7,355,350

The accompanying notes are an integral part of these financial statements

TOWN OF LONG HARBOUR - MOUNT ARLINGTON HEIGHTS**Statement of Changes in Net Financial Assets****Year Ended December 31, 2024**

	Budget 2024	2024	2023
ANNUAL SURPLUS	\$ -	\$ 358,410	\$ 293,445
Amortization of tangible capital assets	287,138	287,138	264,181
Purchase of tangible capital assets	-	(698,052)	(478,940)
	287,138	(410,914)	(214,759)
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	287,138	(52,504)	78,686
NET FINANCIAL ASSETS - BEGINNING OF YEAR	322,528	322,528	243,842
NET FINANCIAL ASSETS - END OF YEAR	\$ 609,666	\$ 270,025	\$ 322,528

The accompanying notes are an integral part of these financial statements

TOWN OF LONG HARBOUR - MOUNT ARLINGTON HEIGHTS**Statement of Cash Flows****Year Ended December 31, 2024**

	2024	2023
OPERATING ACTIVITIES		
Annual surplus	\$ 358,410	\$ 293,445
Item not affecting cash:		
Amortization of tangible capital assets	287,138	264,181
	645,548	557,626
Changes in non-cash working capital:		
Accounts receivable	21,242	(67,322)
Accounts payable and accrued liabilities	(106,818)	59,311
Deferred income	10,025	8,356
	(75,551)	345
Cash flow from operating activities	569,997	557,971
CAPITAL ACTIVITY		
Purchase of tangible capital assets	(698,052)	(478,940)
Cash flow used by capital activity	(698,052)	(478,940)
INCREASE (DECREASE) IN CASH FLOW	(128,055)	79,031
Cash - beginning of year	423,411	344,380
CASH - END OF YEAR	\$ 295,356	\$ 423,411
CASH CONSISTS OF:		
Cash	\$ 276,975	\$ 415,055
Cash - restricted	18,381	8,356
	\$ 295,356	\$ 423,411

The accompanying notes are an integral part of these financial statements

TOWN OF LONG HARBOUR - MOUNT ARLINGTON HEIGHTS

Notes to Financial Statements

Year Ended December 31, 2024

1. Nature of operations

The incorporated Town of Long Harbour - Mount Arlington Heights is a municipal government that was incorporated pursuant to the Province of Newfoundland and Labrador's Municipalities Act. The Municipality provides or funds municipal services such as fire, public works, parks and recreation, tourism and other general government operations.

2. Summary of significant accounting policies

Basis of presentation

The financial statements were prepared in accordance with Canadian public sector accounting standards (GAAP).

Basis of accounting

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

Cash and cash equivalents

Cash includes cash on hand and on deposit with chartered banks. Restricted cash includes cash for Canada Community Building Fund projects that have been received in advance of expenditures.

Non-financial assets

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

Revenue recognition policy

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

Government transfers, which include legislative grants, are recognized in the financial statements in the period which events give rise to the transfers occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amount can be made.

Rental revenue is recognized in the period when rental services are rendered.

Use of estimates

The preparation of 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 financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

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TOWN OF LONG HARBOUR - MOUNT ARLINGTON HEIGHTS

Notes to Financial Statements

Year Ended December 31, 2024

2. Summary of significant accounting policies (continued)

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 into use and one-half of the annual amortization is charged in the year of acquisition and in the year of disposal. The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over their estimated useful lives as follows:

Land	Indefinite	straight-line method
Land improvements	10 to 50 years	straight-line method
Buildings	25 to 40 years	straight-line method
Machinery and equipment	5 to 10 years	straight-line method
Computer equipment	4 to 5 years	straight-line method
Furniture and fixtures	5 years	straight-line method
Transportation - roads	20 to 30 years	straight-line method
Water system	15 to 100 years	straight-line method

Tangible capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

3. Sufficiency of insurance

The general insurance policy of the Town includes a fidelity bond coverage of \$50,000 on persons who are in a position of trust. Also, the policy includes appropriate insurance coverage on all tangible capital assets owned by the Town and general liability insurance. In my opinion, this coverage is considered to be adequate.

4. Accounts receivable

	2024	2023
Municipal taxes receivable	\$ 15,164	\$ 14,831
HST receivable	39,518	64,011
Other receivable	200	200
Due from Government of NL	37,905	34,809
	92,787	113,851
Less: Allowance for doubtful accounts	(5,153)	(4,975)
	\$ 87,634	\$ 108,876

TOWN OF LONG HARBOUR - MOUNT ARLINGTON HEIGHTS

Notes to Financial Statements

Year Ended December 31, 2024

5. Accounts payable and accrued liabilities

	2024	2023
Accounts payable	\$ 26,278	\$ 166,505
Accrued liabilities	34,020	22,461
Scotia visa payable	16,024	4,598
Employee deductions payable	11,795	3,689
Accrued employee leave	6,467	4,150
	\$ 94,584	\$ 201,403

6. Deferred income

Deferred income relates to Canada Community Building Funds received in advance for capital projects that were not completed at December 31, 2024.

7. Financial instruments

The Municipality, as part of its operations, carries a number of financial instruments. It is management's opinion the Municipality 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.

8. Budget

In accordance with the Province of Newfoundland and Labrador's Municipalities Act, every council must adopt a financial plan for each fiscal period in a form approved by the minister. The financial plan is prepared on a revenue and expenditure basis that does not meet the recommendations of PSAB. For comparative purposes, the Town has modified its financial plan to prepare a budget that is consistent with the scope and accounting principles used to report the actual results. The budget figures used in these financial statements have been approved by Council.

TOWN OF LONG HARBOUR - MOUNT ARLINGTON HEIGHTS**Schedule of Revenues (Schedule 1)****Year Ended December 31, 2024**

	2024	2023
Taxation		
Property tax	\$ 108,511	\$ 110,008
Water and sewer tax	37,818	38,250
Business tax	88,694	114,005
Tax agreement	652,500	652,500
	887,523	914,763
Sale of goods and services		
Sale of goods and services	2,630	2,277
Recreation	16,885	9,782
	19,515	12,059
Grants		
<i>Government of Canada</i>		
Student grants - federal	3,744	3,480
Age friendly grant	-	16,323
Federation of Canadian Municipalities	-	44,154
<i>Government of Newfoundland and Labrador</i>		
Municipal operating grant	54,551	48,693
Student project - provincial	4,306	1,334
Provincial gas tax	15,067	15,067
CEEP/ACOA grant	23,842	49,099
Capital Works Revenue	521,311	355,038
	622,821	533,188
Investment income		
Interest income	27,221	22,494
Other		
Cash sales	33,872	2,042
Miscellaneous	5,486	2,501
	39,358	4,543
Total revenues	\$ 1,596,438	\$ 1,487,047

The accompanying notes are an integral part of these financial statements

TOWN OF LONG HARBOUR - MOUNT ARLINGTON HEIGHTS**Schedule of Expenses (Schedule 2)**

Year Ended December 31, 2024

	2024	2023
General government		
Legislative	\$ 81,841	\$ 62,837
Common services	163,260	201,098
General administrative	495,453	307,483
Other general government	10,318	1,559
	750,872	572,977
Protective services		
Fire	65,141	56,788
Transportation services		
Road, street, sidewalk maintenance	101,958	161,829
Snow removal	5,272	3,867
	107,230	165,696
Environmental health services		
Water supply	62,461	107,479
Garbage removal	39,184	38,800
Other environmental	115,157	101,438
	216,802	247,717
Recreation and cultural services		
Community improvement and development	16,490	6,730
Recreation and cultural services	77,380	137,324
	93,870	144,054
Fiscal services		
Interest on temporary bank	3,934	4,422
Provision for uncollectible (recovery)	179	1,948
	4,113	6,370
Total expenses	\$ 1,238,028	\$ 1,193,602

The accompanying notes are an integral part of these financial statements

TOWN OF LONG HARBOUR - MOUNT ARLINGTON HEIGHTS**Statement of Operations by Revenue and Expense Type (Schedule 3)****Year Ended December 31, 2024**

	2024	2023
Operating Revenues		
Taxation	\$ 887,523	\$ 914,763
Sales of goods and services	19,515	12,059
Operating grants	598,977	423,612
Investment income	27,221	22,494
Other	39,358	4,543
	1,572,594	1,377,471
Operating Expenses		
Personnel services	408,684	385,091
Contract Services	278,445	296,998
Utilities	25,759	25,567
Maintenance materials and supplies	80,861	79,804
Other	157,142	141,958
	950,891	929,418
Annual operating surplus	621,703	448,053
Capital Revenues		
Capital grants	23,842	109,576
Capital Expense		
Amortization of tangible capital assets	287,138	264,181
Annual capital deficit	(263,296)	(154,605)
Annual Surplus	\$ 358,410	\$ 293,445

The accompanying notes are an integral part of these financial statements

TOWN OF LONG HARBOUR - MOUNT ARLINGTON HEIGHTS
Schedule of Tangible Capital Assets (Schedule 4)
Year Ended December 31, 2024

	General Capital Assets				Infrastructure		2024	2023
	Land and Land Improvements	Buildings and Leasehold Improvements	Vehicles and Equipment	Roads	Water and Sewer			
Cost								
Opening cost	\$ 607,212	\$ 3,468,720	\$ 738,124	\$ 961,443	\$ 6,043,757	\$ 11,819,257	\$ 11,340,317	
Additions during the year (net of disposals)	36,057	9,959	72,830	-	579,206	698,052	478,940	
Closing costs	643,269	3,478,679	810,954	961,443	6,622,963	12,517,309	11,819,257	
Accumulated Amortization								
Opening accum'd amortization	134,363	1,421,638	545,430	734,579	1,950,964	4,786,972	4,522,791	
Amortization (net of disposals)	29,607	16,366	94,463	31,545	115,157	287,138	264,181	
Closing accum'd amortization	163,970	1,438,004	639,893	766,124	2,066,121	5,074,110	4,786,972	
Net Book Value of TCA	\$ 479,299	\$ 2,040,675	\$ 171,061	\$ 195,319	\$ 4,556,842	\$ 7,443,197	\$ 7,032,283	

The accompanying notes are an integral part of these financial statements

TOWN OF LONG HARBOUR - MOUNT ARLINGTON HEIGHTS
Reconciliation of the Financial Plan to Budget (Schedule 5)
Year Ended December 31, 2024

	Financial Plan	Amortization (TCA)	Interest Expense	Transfers	PSAB Budget
Revenues					
Taxation	\$ 902,063	\$ -	\$ -	\$ -	\$ 902,063
Sale of goods and services					
Grants	96,781				96,781
Investments	24,700				24,700
Transfers from reserves	338,470			157,874	496,344
Total Revenues	1,362,014			157,874	1,519,888
Expenses					
General government services	506,750	25,261			532,011
Protective services	32,000	30,887			62,887
Transportation services	110,000	58,412			168,412
Environmental health services	202,000	115,157			317,157
Regional planning and development	287,000	57,421			344,421
Fiscal services					
Capital expenditures	129,264			(129,264)	95,000
Other	95,000				
Total Expenses	1,362,014	287,138		(129,264)	1,519,888
Surplus (deficit)	\$ -	\$ (287,138)	\$ -	\$ 287,138	\$ -

The accompanying notes are an integral part of these financial statements