

Financial Statements of

**THE CORPORATION OF THE
TOWNSHIP OF NIPISSING**

Year ended December 31, 2023

THE CORPORATION OF THE TOWNSHIP OF NIPISSING

Financial Statements

Year ended December 31, 2023

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Management's Responsibility for the Financial Statements

The accompanying financial statements of The Corporation of the Township of Nipissing (the "Township") are the responsibility of the Township's management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of The Chartered Professional Accountants of Canada. A summary of the significant accounting policies are described in Note 1 to the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

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

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

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

Municipal Administrator-Clerk-Treasurer



KPMG LLP

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INDEPENDENT AUDITOR'S REPORT

To the Members of Council, residents, and ratepayers of the Corporation of the Township of Nipissing

Opinion

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

- the statement of financial position as at December 31, 2023
- the statement of operations and accumulated surplus for the year then ended
- the statement of changes in net financial debt for the year then ended
- the statement of cash flows for the year then ended
- and the notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements")

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2023, and its results of operations and accumulated surplus, its changes in net financial debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibility 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.



Emphasis of Matter – Comparative Information

We draw attention to Note 2 to the financial statements (“Note 2”), which explains that certain comparative information presented for the year ended December 31, 2022 has been restated as a result of the modified retroactive adoption of the asset retirement obligation standard. Note 2 explains the reason for the restatement and also explains the adjustments that were applied to restate certain comparative information.

Our opinion is not modified in respect of this matter.

Other Matter – Comparative Information

As part of our audit of the financial statements for the year ended December 31, 2023, we also audited the adjustments that were applied to restate certain comparative information presented for the year ended December 31, 2022 as a result of a change in accounting policy. In our opinion, such adjustments are appropriate and have been properly applied.

Responsibility 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.



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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 risk 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, internal 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 purposes of expressing an opinion on the effectiveness of the Entity'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 the 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's 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.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P'.

Chartered Professional Accountants, Licensed Public Accountants

Sudbury, Canada

April 3, 2024

THE CORPORATION OF THE TOWNSHIP OF NIPISSING

Statement of Financial Position

December 31, 2023, with comparative information for 2022

	2023	2022
		(Restated - noted 2)
Financial assets		
Cash	\$ 1,631,827	\$ 2,121,156
Short-term investments (note 4)	2,510,288	2,010,156
Taxes receivable	197,535	154,334
Accounts receivable (note 5)	200,952	181,508
	<u>4,540,602</u>	<u>4,467,154</u>
Financial liabilities		
Accounts payable and accrued liabilities	249,426	256,140
Deferred revenue (note 6)	202,935	229,076
Municipal debt (note 7)	914,428	679,656
Asset retirement obligation (note 8)	3,679,639	3,605,867
	<u>5,046,428</u>	<u>4,770,739</u>
Net financial debt	(505,826)	(303,585)
Non-financial assets		
Tangible capital assets (note 9)	18,994,313	18,319,924
Prepaid expenses	60,314	53,196
Inventories	130,083	169,555
	<u>19,184,710</u>	<u>18,542,675</u>
Commitments (note 18)		
Accumulated surplus (note 10)	\$ 18,678,884	\$ 18,239,090

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

THE CORPORATION OF THE TOWNSHIP OF NIPISSING

Statement of Operations and Accumulated Surplus

Year ended December 31, 2023, with comparative information for 2022

	Budget 2023 (note 15)	Actual 2023	Actual 2022 (Restated - noted 2)
Revenues:			
Municipal taxation	\$ 3,164,249	\$ 3,178,436	\$ 2,970,218
Government transfers and grants (note 12)	1,026,141	990,134	1,091,775
Transfer from obligatory gas tax reserve fund	112,983	173,206	124,795
Other	204,122	358,154	285,152
User fees	168,984	153,904	151,747
	<u>4,676,479</u>	<u>4,853,834</u>	<u>4,623,687</u>
Expenses:			
General government	622,540	723,076	630,786
Protection to persons and property	824,524	871,359	859,442
Transportation services	1,346,465	1,724,611	1,365,339
Environmental services	482,184	425,083	408,270
Health, social and family services	529,513	528,893	511,249
Recreational and cultural services	208,344	169,303	187,096
Planning and development	15,000	16,347	6,028
	<u>4,028,570</u>	<u>4,458,672</u>	<u>3,968,210</u>
Annual surplus before the undernoted	647,909	395,162	655,477
Gain on disposal of tangible capital assets	-	44,632	-
Annual surplus	647,909	439,794	655,477
Accumulated surplus, beginning of year	18,239,090	18,239,090	19,785,351
Adjustment on adoption of the asset retirement obligation standard (note 2)	-	-	(2,201,738)
Accumulated surplus, beginning of year, as restated	-	18,239,090	17,583,613
Accumulated surplus, end of year	\$ 647,909	\$ 18,678,884	\$ 18,239,090

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

THE CORPORATION OF THE TOWNSHIP OF NIPISSING

Statement of Changes in Net Financial Debt

Year ended December 31, 2023, with comparative information for 2022

	Actual 2023	Actual 2022 (Restated - noted 2)
Annual surplus	\$ 439,794	\$ 655,477
Acquisition of tangible capital assets	(1,453,610)	(976,177)
Amortization of tangible capital assets	766,353	693,897
Gain on sale of tangible capital assets	(44,632)	-
Proceeds on sale of tangible capital assets	57,500	-
	(234,595)	373,197
Acquisition of prepaid expenses and inventory of supplies	(190,397)	(222,751)
Consumption of prepaid expenses and inventory of supplies	222,751	145,168
	32,354	(77,583)
Change in net financial assets (debt)	(202,241)	295,614
Net financial assets (debt), beginning of year	(303,585)	1,602,539
Adjustment on adoption of the asset retirement obligation standard (note 2)	-	(2,201,738)
Net financial debt, beginning of the year, as restated	(303,585)	(599,199)
Net financial debt, end of year	\$ (505,826)	\$ (303,585)

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

THE CORPORATION OF THE TOWNSHIP OF NIPISSING

Statement of Cash Flows

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
		(Restated - noted 2)
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 439,794	\$ 655,477
Items not involving cash:		
Amortization of tangible capital assets	766,353	693,897
Accretion expense	73,772	72,258
Gain on sale of tangible capital assets	(44,632)	-
	<u>1,235,287</u>	<u>1,421,632</u>
Change in non-cash assets and liabilities:		
Increase in taxes receivable	(43,201)	(26,695)
Increase in accounts receivable	(19,444)	(65,494)
Increase (decrease) in accounts payable and accrued liabilities	(6,714)	5,519
Increase in prepaid expenses	(7,118)	(6,526)
Decrease (increase) in inventories	39,472	(71,057)
Decrease in deferred revenue	(26,141)	(11,550)
Net change in cash from operating activities	<u>1,172,141</u>	<u>1,245,829</u>
Financing activities:		
Proceeds on issuance of municipal debt	456,909	331,788
Principal repayments on municipal debt	(222,137)	(114,906)
Net change in financing activities	<u>234,772</u>	<u>216,882</u>
Capital activities:		
Proceeds on sale of tangible capital assets	57,500	-
Acquisition of tangible capital assets	(1,453,610)	(976,177)
Net change in cash from capital activities	<u>(1,396,110)</u>	<u>(976,177)</u>
Investing activities:		
Increase in short-term investments	(500,132)	(2,005,004)
Net change in cash from investing activities	<u>(500,132)</u>	<u>(2,005,004)</u>
Net change in cash	<u>(489,329)</u>	<u>(1,518,470)</u>
Cash, beginning of year	2,121,156	3,639,626
Cash, end of year	<u>\$ 1,631,827</u>	<u>\$ 2,121,156</u>

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

THE CORPORATION OF THE TOWNSHIP OF NIPISSING

Notes to Financial Statements

Year ended December 31, 2023

The Corporation of the Township of Nipissing (the "Township") is a Township in the Province of Ontario, Canada. It conducts its operations guided by the provisions of provincial statutes such as the Municipal Act and other related legislation.

1. Significant accounting policies:

The financial statements of the Township are prepared by management, in accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by the Township are as follows:

(a) Reporting entity:

- (i) These financial statements reflect contributions to the following joint local boards, which are not under the direct control of council, as an expense in the statement of operations and accumulated surplus:

- The District of Parry Sound Social Services Administration Board
- North Bay Parry Sound District Health Unit
- Eastholme, Home for the Aged

- (ii) Accounting for School Board Transactions:

Although the Township collects taxation on behalf of the School Boards, the assets, liabilities, revenues and expenses relating to the operations of the school boards are not reflected in these financial statements (note 11).

- (iii) Trust Funds:

Trust funds and their related operations administered by the Township are not included in these financial statements (note 13).

(b) Basis of accounting:

- (i) Accrual basis of accounting:

Revenues and expenses are reported on the accrual basis of accounting. Revenues are recognized as they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay. Amounts applied to specific operating and capital projects are recorded as revenue in the fiscal period in which the funds are expended on these projects.

THE CORPORATION OF THE TOWNSHIP OF NIPISSING

Notes to Financial Statements (continued)

Year ended December 31, 2023

1. Significant accounting policies (continued):

(b) Basis of accounting (continued):

(ii) Investments:

Investments consist of authorized investments pursuant to provisions of the Municipal Act and are comprised of short-term instruments of various financial institutions. Investments with original maturity dates between three months and one year are classified as investments in the statement of financial position and are carried at fair market value.

Investment income earned on the short-term instruments, reserves and reserve funds (other than obligatory funds) are reported as revenue in the period earned. Investment income earned on obligatory reserve funds is added to the fund balance and forms part of the respective deferred revenue balances.

(iii) Reserves:

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

(iv) Revenue recognition:

The Township prepares tax billings based on assessment rolls issued by the Municipal Property Assessment Corporation in accordance with rates established and approved annually by Council and the Province of Ontario. Taxation revenue is recognized in the period in which the taxes are levied.

Government transfers are recognized in the period in which the events giving rise to the transfer occurred, provided that the transfer is authorized and the amount can be reasonably estimated. Government grants are recognized when approved to the extent the related expenditures have been incurred and collection can be reasonably assured.

User fees and other revenues are recognized when the services are performed or goods are delivered, collection of the relevant receivable is probable, persuasive evidence of an arrangement exists and fees are fixed or determinable. Amounts received for future services are deferred until the service is provided.

(v) Use of estimates:

The preparation of the financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Significant items subject to such estimates and assumptions include the valuation allowances for taxes and accounts receivable, the carrying value of tangible capital assets and provisions for accrued liabilities and asset retirement obligations.

In addition, the Township's implementation of *PS 3280 Asset Retirement Obligations* has resulted in the requirement for management to make estimates regarding the useful lives of affected tangible capital assets and the expected retirement costs, as well as the timing and duration of these retirement costs.

Actual results could differ from these estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the year in which they become known.

THE CORPORATION OF THE TOWNSHIP OF NIPISSING

Notes to Financial Statements (continued)

Year ended December 31, 2023

1. Significant accounting policies (continued):

b) Basis of accounting (continued):

(vi) Pension plan:

The Township provides a pension plan for all its full-time employees through the Ontario Municipal Employees Retirement System (OMERS). OMERS is a multi-employer pension plan which operates as the Ontario Municipal Employees Retirement Fund (the Fund), and provides pension for employees of Ontario municipalities, local boards and public utilities. The Fund is a contributory defined pension plan, which is financed by equal contributions from participating employers and employees, and by the investment earnings of the Fund. To the extent that the Fund finds itself in an under-funded position, additional contribution rates may be assessed to participating employers and members.

OMERS is a defined benefit plan. However, as OMERS does not segregate its pension asset and liability information by individual employers, there is insufficient information available to enable the Township to directly account for the plan. Consequently, the plan has been accounted for as a defined contribution plan. Obligations for contributions to defined contribution pension plans are recognized as an employee benefits expense when they are due.

(c) 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.

(d) Obligatory reserve funds - deferred revenue:

The Township receives contributions pursuant to legislation, regulations or agreements that may only be used for certain programs or in the completion of specific work. These amounts are recognized as revenue in the fiscal year the related expenses are incurred or services performed.

(e) Tangible capital assets:

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, design, construction, development, improvement or betterment of the tangible capital asset. The cost, less residual value, of the tangible capital assets, excluding land and landfill sites, is amortized on a straight-line basis over their estimated useful lives as follows:

Asset	Useful Life - Years
Roads and bridges	17 to 100 years
Buildings	40 years
Equipment	5 to 20 years
Vehicles	10 to 25 years

THE CORPORATION OF THE TOWNSHIP OF NIPISSING

Notes to Financial Statements (continued)

Year ended December 31, 2023

1. Significant accounting policies (continued):

(e) Tangible capital assets (continued):

Amortization is charged using the half year rule in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

(i) Contributions of tangible capital assets:

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and also are recorded as revenue.

(ii) Works of art and culture and historic assets:

Works of art and cultural and historic assets are not recorded as assets in these financial statements.

(f) Financial instruments:

All financial instruments are initially recorded on the statement of financial position at fair value.

All investments held in equity instruments that trade in an active market are recorded at fair value. Management has elected to record investments at fair value as they are managed and evaluated on a fair value basis. Freestanding derivative instruments that are not equity instruments that are quoted in an active market are subsequently measured at fair value.

Unrealized changes in fair value are recognized in the statement of remeasurement gains and losses until they are realized, when they are transferred to the statement of operations.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred.

Where a decline in fair value is determined to be other than temporary, the amount of the loss is removed from accumulated remeasurement gains and losses and recognized in the statement of operation. On sale, the amount held in accumulated remeasurement gains and losses associated with that instrument is removed from accumulated remeasurement gains and recognized in the statement of operations. Financial instruments are classified into fair value hierarchy Levels 1, 2 or 3 for the purposes of describing the basis of the inputs used to determine the fair market value of those amounts recorded a fair value, as described below:

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 market-based inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly

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

(g) Asset retirement obligation:

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

(i) There is a legal obligation to incur retirement costs in relation to a tangible capital asset;

(ii) The past transaction or event giving rise to the liability has occurred;

(iii) It is expected that the future economic benefits will be given up; and

(iv) A reasonable estimate of the amount can be made.

THE CORPORATION OF THE TOWNSHIP OF NIPISSING

Notes to Financial Statements (continued)

Year ended December 31, 2023

1. Significant accounting policies (continued):

(g) Asset retirement obligation (continued):

The liability for closure of operational sites and post-closure care relating to landfill sites has been recognized based on estimated future expenses. An additional liability for the removal of asbestos in several of the buildings owned by the Township has also been recognized based on estimated future expenses on closure of the site and post-closure care.

The liability is discounted using a present value calculation and adjusted yearly for accretion expense. The recognition of a liability resulted in an accompanying increase to the respective tangible capital assets. The increase to the tangible capital assets is being amortized in accordance with the depreciation accounting policies outlined in note 1(e).

2. Change in accounting policies:

The Township adopted the following standards concurrently beginning January 1, 2022 prospectively: *PS 1201 Financial Statement Presentation*, *PS 2601 Foreign Currency Translation*, *PS 3041 Portfolio Investments* and *PS 3450 Financial Instruments*.

PS 1201 Financial Statement Presentation replaces *PS 1200 Financial Statement Presentation*. This standard establishes general reporting principles and standards for the disclosure of information in government financial statements. The standard introduces the Statement of Remeasurement Gains and Losses separate from the Statement of Operations. Requirements in *PS 2601 Foreign Currency Translation*, *PS 3450 Financial Instruments*, and *PS 3041 Portfolio Investments*, which are required to be adopted at the same time, can give rise to the presentation of gains and losses as remeasurement gains and losses.

PS 2601 Foreign Currency Translation replaces *PS 2600 Foreign Currency Translation*. The standard requires monetary assets and liabilities denominated in a foreign currency and non-monetary items denominated in a foreign currency that are reported as fair value, to be adjusted to reflect the exchange rates in effect at the financial statement date. Unrealized gains and losses arising from foreign currency changes are presented in the new Statement of Remeasurement Gains and Losses. *PS 3041 Portfolio Investments* replaces *PS 3040 Portfolio Investments*. The standard provides revised guidance on accounting for, and presentation and disclosure of, portfolio investments to conform to *PS 3450 Financial Instruments*. The distinction between temporary and portfolio investments has been removed in the new standard, and upon adoption, *PS 3030 Temporary Investments* no longer applies.

PS 3450 Financial Instruments establishes accounting and reporting requirements for all types of financial instruments including derivatives. The standard requires fair value measurement of derivatives and portfolio investments in equity instruments that are quoted in an active market. All other financial instruments will generally be measured at cost or amortized cost. Unrealized gains and losses arising from changes in fair value are presented in the Statement of Remeasurement Gains and Losses. A statement of remeasurement gains and losses has not been included as there are no matters to report therein.

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.

THE CORPORATION OF THE TOWNSHIP OF NIPISSING

Notes to Financial Statements (continued)

Year ended December 31, 2023

2. Change in accounting policies (continued):

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. There was no impact from the adoption of this standard.

PS 3280 Asset Retirement Obligations:

On January 1, 2022, the Township adopted Public Accounting Standard *PS 3280 Asset Retirement Obligations*. The new accounting standard addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets, such as asbestos removal in retired buildings by public sector entities. The new accounting standard has resulted in a withdrawal of the existing Section *PS 3270 Solid Waste Landfill Closure and Post-Closure Liability*. The standard was adopted on the modified retrospective basis at the date of adoption. Under the modified retrospective method, the discount rate and assumptions used on initial recognition are those as of the date of adoption of the standard.

The Township removed the landfill liability that had been recognized to date and recognized an asset retirement obligation upon adoption of *PS 3280* on January 1, 2022, using the modified retrospective method. The liability represents the required closure and post-closure care for the landfill sites owned by the Township. The Bear Creek landfill site was purchased in 1965 and the Wolfe Lake landfill site was purchased in 1985. The liabilities were measured as of the date of purchase of the sites, when the liability was assumed. As of the date of adoption of the standard, the relevant discount rate is -2.33% per annum.

On January 1, 2022, the Township recognized an additional asset retirement obligation relating to several buildings owned by the Township that contain asbestos. The buildings were originally purchased between 1972 and 1990, and the liability was measured as of the date of purchase of the buildings when the liability was assumed. The buildings had an expected useful life of 40 years, and the estimate has not been changed since purchase.

THE CORPORATION OF THE TOWNSHIP OF NIPISSING

Notes to Financial Statements (continued)

Year ended December 31, 2023

2. Change in accounting policies (continued):

In accordance with the provisions of this new standard, the Township reflected the following adjustments at January 1, 2022:

a) Landfill obligation:

- (i) A decrease of \$1,331,871 to Landfill Closure Liabilities to remove the liability recognized to date under the old standard, and an accompanying increase of \$1,331,871 to opening Accumulated Surplus.
- (ii) An increase of \$3,423,609 to the Landfill capital asset account, representing the original estimate of the obligation as of the commencement of the use of the landfills, and an accompanying increase of \$3,423,609 to Accumulated Amortization, representing 20 years of increased amortization for the Bear Creek landfill site and 20 years of increased amortization for the Wolfe Lake landfill site had the liabilities originally been recognized.
- (iii) An asset retirement obligation in the amount of \$3,423,609, representing the original obligation discounted to the present value amount using a rate of -2.33%.
- (iv) A decrease to Opening Accumulated Surplus of \$3,423,609, as a result of the recognition of the liability and accompanying increase in depreciation expense and accretion expense for the years since purchase of the landfill sites.

Furthermore, the Township reflected the following adjustment at December 31, 2022:

- (i) A decrease of \$566,451 to Landfill Closure Liabilities to remove the adjustment to the liability recognized at December 31, 2022 under the old standard, and an accompanying decrease of \$566,451 to environmental expenses.
- (ii) An increase to expenses of \$72,258, representing the annual accretion of the asset retirement obligation.

THE CORPORATION OF THE TOWNSHIP OF NIPISSING

Notes to Financial Statements (continued)

Year ended December 31, 2023

2. Change in accounting policies (continued):

PS 3280 Asset Retirement Obligations (continued):

b) Asbestos obligation:

- (i) An increase of \$110,000 to the buildings capital asset account, representing the original estimate of the obligation as of the date of purchase, and an accompanying increase of \$110,000 to accumulated amortization, representing 40 years of increased amortization had the liability originally been recognized.
- (ii) An asset retirement obligation in the amount of \$110,000, representing an estimate of the current obligation.
- (iii) An decrease to accumulated surplus of \$110,000, as a result of the recognition of the liability and accompanying increase in amortization expense.

3. Contributions to unconsolidated joint boards:

Further to note 1(a)(i), the following contributions were made by the Township to these Boards:

	2023	2022
North Bay Parry Sound District Health Unit	\$ 55,515	\$ 56,651
District of Parry Sound Social Services Administration Board	175,156	168,831
Eastholme, Home for the Aged	137,477	133,352
	<u>\$ 368,148</u>	<u>\$ 358,834</u>

4. Short-term investments:

The Township, in accordance with its Investment Policy, has invested as follows in guaranteed investment certificates. Interest is recognized in the Township's financial statements as it accrues.

	2023	2022
GIC – 4.65% due February 22, 2024	\$ 5,208	\$ 5,156
GIC – 4.45% due April 5, 2024	5,080	5,000
GIC – 6.19% due April 22, 2024	2,500,000	2,000,000
	<u>\$ 2,510,288</u>	<u>\$ 2,010,156</u>

5. Accounts receivable:

Accounts receivable consist of the following:

	2023	2022
GST/HST recoverable	\$ 117,691	\$ 140,736
Other	83,261	40,772
	<u>\$ 200,952</u>	<u>\$ 181,508</u>

THE CORPORATION OF THE TOWNSHIP OF NIPISSING

Notes to Financial Statements (continued)

Year ended December 31, 2023

6. Deferred revenue:

The balance in the obligatory reserve funds of the Township is summarized below:

	2023	2022
Parkland	\$ 147,746	\$ 120,680
Canada Community-Building Fund	55,189	108,396
	<u>\$ 202,935</u>	<u>\$ 229,076</u>

The continuity of deferred revenue is as follows:

	2023	2022
Balance, beginning of year	\$ 229,076	\$ 240,626
Add amounts received:		
Canada Community-Building Fund	112,983	108,276
Parkland fees	20,756	–
Canada Community-Building Fund adjustment	1,789	21,136
Investment income	11,537	4,970
	<u>147,065</u>	<u>134,382</u>
Less transfer to operations:		
Canada Community-Building Fund revenue earned	(173,206)	(145,932)
Balance, end of year	<u>\$ 202,935</u>	<u>\$ 229,076</u>

Included within cash are restricted amounts of \$202,935 (2022 - \$229,071) with respect to the above obligatory reserve funds.

THE CORPORATION OF THE TOWNSHIP OF NIPISSING

Notes to Financial Statements (continued)

Year ended December 31, 2023

7. Municipal debt:

Long-term liabilities reported on the statement of financial position are made up of the following:

	2023	2022
Loan payable, interest at 2.68%, repayable in monthly installments of blended monthly payments of principal and interest, secured by a specified asset, due May 2025.	\$ 12,147	\$ 20,476
Loan payable, interest at 2.67%, repayable in monthly installments of \$1,265 principal and interest, secured by a specified asset, due August 2025.	24,034	38,367
Loan payable, interest at 2.67%, repayable in monthly installments of \$5,244 principal and interest, secured by a specified asset, due September 2025.	128,986	187,433
Loan payable, interest at 3.50%, repayable in monthly installments of \$2,547 principal and interest, secured by a specified asset, due November 2026.	84,111	111,264
Loan payable, interest at 5.76%, repayable in monthly installments of \$6,377 principal and interest, secured by a specified asset, due October 2027.	262,147	322,116
Loan payable, interest at 5.68%, repayable in monthly installments of \$5,887 principal and interest, secured by a specified asset, due April 2028.	270,557	-
Loan payable, interest at 6.29%, repayable in monthly installments of \$2,920 principal and interest, secured by a specified asset, due April 2028.	132,446	-
	\$ 914,428	\$ 679,656

Principal due on municipal debt are as follows:

2024	\$ 259,609
2025	267,849
2026	192,932
2027	161,372
2027	32,666
	\$ 914,428

THE CORPORATION OF THE TOWNSHIP OF NIPISSING

Notes to Financial Statements (continued)

Year ended December 31, 2023

8. Asset retirement obligation:

The Township's asset retirement obligation consists of several obligations as follows:

a) Landfill obligation:

The Township owns and operates two landfill sites. The liability for the closure of operational sites and post-closure care has been recognized under *PS 3280 Asset Retirement Obligation*. The costs were based upon the presently known obligations that will exist at the estimated year of closure of the sites and for 25 years post this date.

Wolfe Lake

The landfill is expected to reach its capacity in 14.5 years, and the estimated remaining capacity is 39,005 cubic meters, which is 71% of the site's total capacity.

Bear Creek

The landfill is expected to reach its capacity in 5.5 years, and the estimated remaining capacity is 11,208 cubic meters, which is 28% of the site's total capacity.

Post-closure care for the landfill sites is estimated to be required for 25 years from the date of site closure. These costs were discounted to December 31, 2023 using a discount rate of - 2.33% per annum.

b) Asbestos obligation:

The Township 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 or remediate it. Following the adoption of PS3280 – Asset retirement obligations, the Township recognized an obligation relating to the removal and post-removal care of the asbestos in these building as estimated at January 1, 2022. The obligation is determined based on the estimated undiscounted cash flows that will be required in the future to remove or remediate the asbestos containing material in accordance with current legislation.

The transition and recognition of asset retirement obligations involved an accompanying increase to the landfill and building capital assets and the restatement of prior year numbers (see note 2).

THE CORPORATION OF THE TOWNSHIP OF NIPISSING

Notes to Financial Statements (continued)

Year ended December 31, 2023

8. Asset retirement obligation (continued):

Changes to the asset retirement obligation in the year are as follows:

Asset Retirement Obligation	Landfill closure	Asbestos removal	Balance at December 31, 2023
Opening balance	\$ 3,495,867	\$ 110,000	\$ 3,605,867
Accretion expense	73,772	–	73,772
Closing balance	\$ 3,569,639	\$ 110,000	\$ 3,679,639

Asset Retirement Obligation	Landfill closure	Asbestos removal	Balance at December 31, 2022
Opening balance	\$ –	\$ –	\$ –
Adjustment on adoption of the asset retirement obligation standard (note 2)	3,423,609	110,000	3,533,609
Opening balance as restated	3,423,609	110,000	3,533,609
Accretion expense	72,258	–	72,258
Closing balance	\$ 3,495,867	\$ 110,000	\$ 3,605,867

THE CORPORATION OF THE TOWNSHIP OF NIPISSING

Notes to Financial Statements

Year ended December 31, 2023

9. Tangible capital assets:

Cost	Balance at December 31, 2022	Additions	Disposals	Balance at December 31, 2023
Land	\$ 342,322	\$ -	\$ -	\$ 342,322
Roads and bridges	26,844,645	816,441	-	27,661,086
Buildings	1,279,751	68,061	-	1,347,812
Vehicles	1,780,851	306,909	(355,393)	1,732,367
Equipment	2,073,094	262,199	-	2,335,293
Total	\$ 32,320,663	\$ 1,453,610	\$ (355,393)	\$ 33,418,880

Accumulated Amortization	Balance at December 31, 2022	Disposals	Amortization	Balance at December 31, 2023
Land	\$ -	\$ -	\$ -	\$ -
Roads and bridges	11,677,884	-	513,061	12,190,945
Buildings	710,031	-	27,502	737,533
Vehicles	807,702	(342,525)	89,737	554,914
Equipment	805,122	-	136,053	941,175
Total	\$ 14,000,739	\$ (342,525)	\$ 766,353	\$ 14,424,567

	Net book value, December 31, 2022	Net book value, December 31, 2023
Land	\$ 342,322	\$ 342,322
Roads and bridges	15,166,761	15,470,141
Buildings	569,720	610,279
Vehicles	973,149	1,177,453
Equipment	1,267,972	1,394,118
Total	\$ 18,319,924	\$ 18,994,313

THE CORPORATION OF THE TOWNSHIP OF NIPISSING

Notes to Financial Statements

Year ended December 31, 2023

9. Tangible capital assets (continued):

Cost	Balance at December 31, 2021	Additions	Disposals	Balance at December 31, 2022
Land	\$ 342,322	\$ -	\$ -	\$ 342,322
Roads and bridges	26,485,298	359,347	-	26,844,645
Buildings	1,279,751	-	-	1,279,751
Vehicles	1,780,851	-	-	1,780,851
Equipment	1,456,264	616,830	-	2,073,094
Total	\$ 31,344,486	\$ 976,177	\$ -	\$ 32,320,663

Accumulated Amortization	Balance at December 31, 2021	Disposals	Amortization	Balance at December 31, 2022
Land	\$ -	\$ -	\$ -	\$ -
Roads and bridges	11,204,429	-	473,455	11,677,884
Buildings	683,380	-	26,651	710,031
Vehicles	720,659	-	87,043	807,702
Equipment	698,374	-	106,748	805,122
Total	\$ 13,306,842	\$ -	\$ 693,897	\$ 14,000,739

	Net book value, December 31, 2021	Net book value, December 31, 2022
Land	\$ 342,322	\$ 342,322
Roads and bridges	15,280,869	15,166,761
Buildings	596,371	569,720
Vehicles	1,060,192	973,149
Equipment	757,890	1,267,972
Total	\$ 18,037,644	\$ 18,319,924

THE CORPORATION OF THE TOWNSHIP OF NIPISSING

Notes to Financial Statements (continued)

Year ended December 31, 2023

10. Accumulated surplus:

The Township's accumulated surplus consists of individual fund surplus and reserve funds as follows:

	2023	2022
		(Restated - note 2)
Investment in tangible capital assets	\$ 18,079,885	\$ 17,640,268
Amounts to be recovered in future years, net of current reserve fund balance	(3,022,590)	(2,932,082)
Current fund	665,996	459,136
Reserve funds:		
Working capital	1,331,079	1,360,767
Capital	1,624,514	1,711,001
	2,955,593	3,071,768
	\$ 18,678,884	\$ 18,239,090

11. Operations of school boards:

Further to note 1 (a) (ii), the property taxes collected on behalf of the school boards are \$639,015 (2022 - \$630,935).

12. Government transfers and grants:

The Township's government transfers and grants consist of funding sources as follows:

	2023	2022
Ontario Municipal Partnership Fund	\$ 662,700	\$ 629,400
Ontario Community Infrastructure Fund	178,761	202,196
Northern Ontario Resource Development Support	94,873	195,359
Investing in Canada Infrastructure Program	46,800	-
Northern Ontario Heritage Fund Corporation	7,000	-
Federal Economic Development Agency for Northern Ontario	-	62,720
Other	-	2,100
	\$ 990,134	\$ 1,091,775

13. Trust funds:

Trust Funds administered by the Township amounting to \$143,118 (2022 - \$136,648) have not been included on the statement of financial position nor have their operations been included in the statement of operations and accumulated surplus.

THE CORPORATION OF THE TOWNSHIP OF NIPISSING

Notes to Financial Statements (continued)

Year ended December 31, 2023

14. Pension agreement:

OMERS provides pension services to more than 500,000 active and retired members and approximately 1,000 employers. Each year an independent actuary determines the funding status of OMERS Primary Pension Plan (the "Plan") by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial valuation of the Plan was conducted at December 31, 2023. The results of this valuation disclosed total going concern actuarial liabilities of \$136,185 million (2022 - \$130,306 million) in respect of benefits accrued for service with total going concern actuarial assets at that date of \$131,983 million (2022 - \$123,628 million) indicating a going concern actuarial deficit of \$4,202 million (2022 - \$6,678 million). Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees and the Board's share is not determinable. As a result, the Board does not recognize any share of the OMERS pension surplus or deficit.

The amount contributed to OMERS for 2023 was \$84,817 (2022 - \$70,004) for current service. Employer's contributions for current services are included as an expense in the statement of operations.

15. Budget figures:

The budget adopted by Council was not prepared on a basis consistent with that used to report actual results according to Public Sector Accounting Standards. As a result, the budget figures presented in the statement of operations and accumulated surplus and change in the net financial assets represent the financial plan adopted by Council with adjustment as follows:

	2023
Annual surplus per budget approved by Council	\$ -
Less:	
Proceeds on issuance of long-term debt	(456,900)
Prior year surplus	(254,344)
	(711,244)
Add:	
Transfers to and from reserve funds	(807,899)
Debt principal repayments	276,767
Capital additions	1,890,285
	1,359,153
Surplus per revised budget	\$ 647,909

16. Credit facility:

The Township has a revolving line of credit available to them through the Royal Bank of Canada. In accordance with the terms of their credit agreement, the Township may borrow an amount not to exceed 50% of estimated revenues between January and September 30th, and an amount not to exceed 25% of estimated revenues between October 1st and December 31st. The credit facility bears interest at the Royal Bank of Canada prime rate.

As of December 31, 2023, no funds were drawn against this credit facility (2022 - \$Nil).

THE CORPORATION OF THE TOWNSHIP OF NIPISSING

Notes to Financial Statements (continued)

Year ended December 31, 2023

17. Public sector salary disclosure:

During 2023, two employees were paid a salary, as defined in the Public Sector Salary Disclosure Act, 1996, of \$100,000 or more by the Township.

18. Commitments:

In 2006, the Township passed a resolution which allows for a total contribution of \$200,000 over a 20 year period to the new North Bay Regional Health Centre Project. At December 31, 2023, the Township has paid \$170,000 (2022 - \$160,000) towards its total contribution.

19. Segmented information:

The Township of Nipissing is a diversified municipal government institution that provides a wide range of services to its residents. Township services are reported by function and their activities are separately disclosed in the segmented information.

For each reported segment, revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Certain allocations methodologies are employed in the preparation of segmented financial information.

The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in note 1.

Municipal services are provided by departments and their activities are reported in these funds. Certain departments that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

General Government

Includes corporate services and governance of the Township. General Government is responsible for human resource management, support to Council for policy development, by-law development in compliance with the Municipal Act, tax billing and collection responsibilities, financial management reporting, monitoring and overall budget status is provided as well as frontline reception and customer service.

Protection Services

Protection includes police and fire services, animal control, and the building department. The police services work to ensure the safety and protection of citizens and their property. The volunteer fire department is responsible for the provision of fire suppression services, fire prevention programs, training and education. The building department provides a number of services including maintenance and enforcement of building and construction codes.

Transportation Services

Areas of responsibility include the maintenance of the Township's roadway systems.

Environmental Services

Environmental services consist of the provision of recycling and waste disposal services to citizens.

THE CORPORATION OF THE TOWNSHIP OF NIPISSING

Notes to Financial Statements (continued)

Year ended December 31, 2023

19. Segmented information (continued):

Health, Social and Family Services

The Township provides ambulance service through Parry Sound District Emergency Medical Services (EMS), a range of public health services through the North Bay Parry Sound District Health Unit and family and social services through the District of Parry Sound Social Services Administration Board.

Recreation and Cultural Services

Recreation and cultural services is responsible for providing, facilitating the development of, and maintaining high quality parks, recreational facilities, and cultural services.

Planning and Development

Planning and development is responsible for municipal planning, and the review of all property development plans through its application process.

THE CORPORATION OF THE TOWNSHIP OF NIPISSING

Schedule to Note 19 - Segmented Information

Year ended December 31, 2023

	General Government Services	Protection Services	Transportation Services	Environmental Services	Health, Social and Family Services	Recreation and Cultural Services	Planning and Development	Unallocated amounts	Total 2023
Revenues:									
Municipal taxation	\$ -	-	-	-	-	-	-	3,178,436	\$ 3,178,436
Government transfers and grants	-	46,800	273,634	-	-	-	-	669,700	990,134
Transfer from obligatory gas tax reserve	-	-	173,206	-	-	-	-	-	173,206
Other	277,400	59,862	-	-	6,605	14,287	-	-	358,154
User fees	3,712	3,600	21,626	77,002	9,995	32,207	5,762	-	153,904
	281,112	110,262	468,466	77,002	16,600	46,494	5,762	3,848,136	4,853,834
Expenses:									
Salaries, wages and benefits	401,902	241,638	486,391	165,640	11,423	49,254	-	-	1,356,248
Materials	173,797	192,193	585,669	60,164	7,407	78,726	16,347	-	1,114,303
Contracted services	89,615	360,510	-	111,646	131,916	-	-	-	693,687
Interest	-	2,057	34,949	5,805	-	-	-	-	42,811
External transfers	-	-	-	-	378,147	33,351	-	-	411,498
Amortization of tangible capital assets	57,762	74,961	617,602	8,056	-	7,972	-	-	766,353
Accretion expense	-	-	-	73,772	-	-	-	-	73,772
	723,076	871,359	1,724,611	425,083	528,893	169,303	16,347	-	4,458,672
Annual surplus (deficit) before the undernoted	(441,964)	(761,097)	(1,256,145)	(348,081)	(512,293)	(122,809)	(10,585)	3,848,136	395,162
Gain on disposal of tangible capital assets	-	44,632	-	-	-	-	-	-	44,632
Annual surplus (deficit)	\$ (441,964)	(716,465)	(1,256,145)	(348,081)	(512,293)	(122,809)	(10,585)	3,848,136	\$ 439,794

THE CORPORATION OF THE TOWNSHIP OF NIPISSING

Schedule to Note 19 - Segmented Information

Year ended December 31, 2023

	General Government Services	Protection Services	Transportation Services	Environmental Services	Health, Social and Family Services	Recreation and Cultural Services	Planning and Development	Unallocated amounts	Total 2022
Revenues:									
Municipal taxation	\$ -	-	-	-	-	-	-	2,970,218	\$ 2,970,218
Government transfers and grants	-	-	397,555	-	-	64,820	-	629,400	1,091,775
Transfer from obligatory gas tax reserve	-	-	124,795	-	-	-	-	-	124,795
Other	115,956	154,561	-	-	2,495	12,140	-	-	285,152
User fees	8,303	728	23,059	71,372	10,880	25,155	12,250	-	151,747
	124,259	155,289	545,409	71,372	13,375	102,115	12,250	3,599,618	4,623,687
Expenses:									
Salaries, wages and benefits	386,761	228,880	385,449	163,202	9,860	66,656	-	-	1,240,808
Materials	126,350	185,340	391,773	69,649	7,640	79,928	6,028	-	866,708
Contracted services	78,832	369,555	-	103,161	124,916	-	-	-	676,464
Interest	-	3,053	13,168	-	-	-	-	-	16,221
External transfers	-	-	-	-	368,833	33,021	-	-	401,854
Amortization of tangible capital assets	38,843	72,614	574,949	-	-	7,491	-	-	693,897
Accretion expense	-	-	-	72,258	-	-	-	-	72,258
	630,786	859,442	1,365,339	408,270	511,249	187,096	6,028	-	3,968,210
Annual surplus (deficit)	\$ (506,527)	(704,153)	(819,930)	(336,898)	(497,874)	(84,981)	6,222	3,599,618	\$ 655,477