

# Township of Nipissing Year-End Audit Report

Presentation to Township Council

—  
March 3<sup>rd</sup>, 2026



# 01 Audit Highlights

- Our audit procedures were executed in accordance with Canadian Auditing Standards and are based on a materiality of \$140,000
  - Calculated as 3.0% of prior year's revenues
  - Results in a posting threshold of \$7,000
- We are prepared to issue an unqualified audit opinion on the Township's financial statements pending:
  - Council approval of the financial statements
  - Receipt of the management representation letter

# 02 Financial Statement Overview

## THE CORPORATION OF THE TOWNSHIP OF NIPISSING

Statement of Financial Position

December 31, 2025, with comparative information for 2024

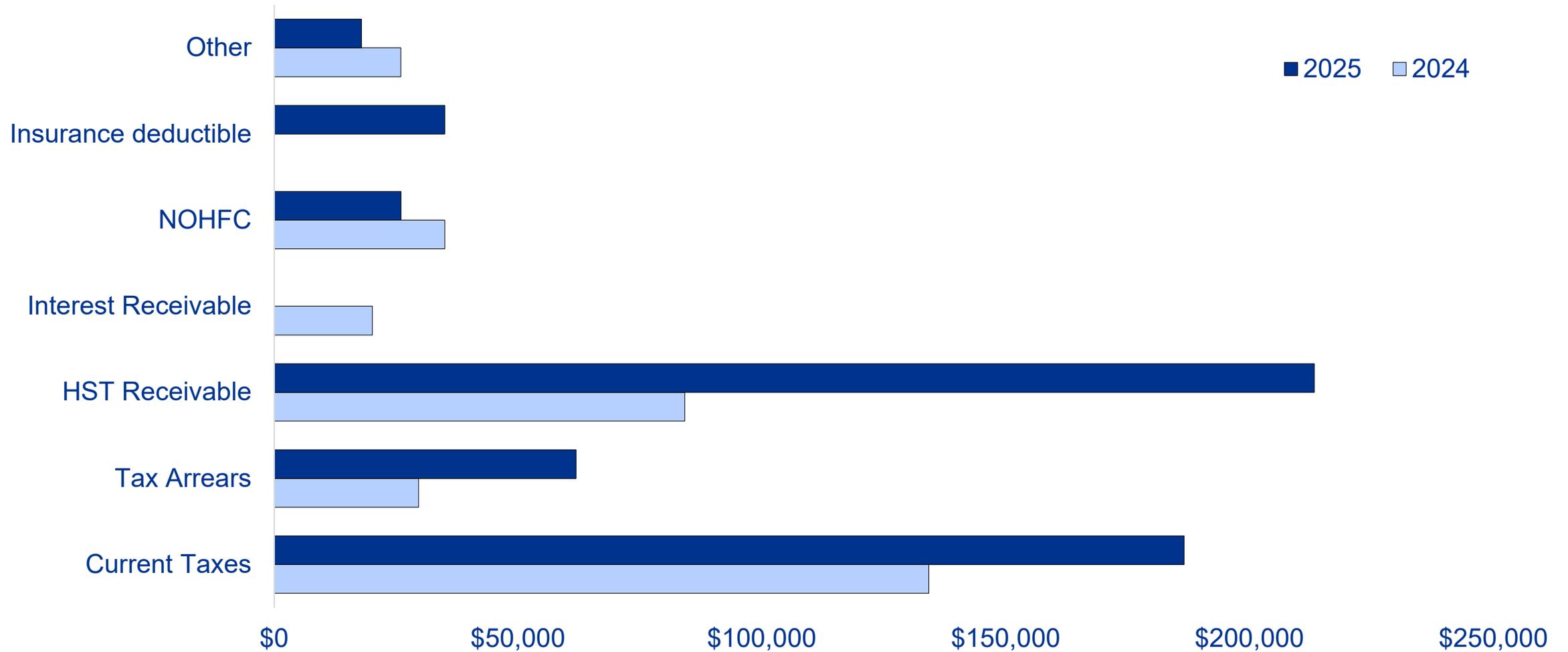
	2025	2024
<b>Financial assets</b>		
Cash	\$ 4,044,348	\$ 2,315,728
Short-term investments (note 3)	-	2,505,450
Taxes receivable	249,733	165,100
Accounts receivable (note 4)	292,174	164,026
	<u>4,586,255</u>	<u>5,150,304</u>
<b>Financial liabilities</b>		
Accounts payable and accrued liabilities	319,048	355,214
Deferred revenue (note 5)	78,380	249,627
Deferred revenue - obligatory reserve funds (note 6)	198,766	225,629
Municipal debt (note 7)	447,884	730,111
Asset retirement obligation (note 8)	5,266,997	3,952,809
	<u>6,311,075</u>	<u>5,513,390</u>
Net debt	(1,724,820)	(363,086)
<b>Non-financial assets</b>		
Tangible capital assets (note 9)	19,111,929	18,518,366
Prepaid expenses	63,825	63,865
Inventories	210,744	165,232
	<u>19,386,498</u>	<u>18,747,463</u>
Commitments (note 18)		
Accumulated surplus (note 10)	\$ 17,661,678	\$ 18,384,377

- Total cash and investments decreased from \$4.82 million to \$4.04 million (-\$780K), reflecting:
  - Cash adjusted operating surplus +\$1.38 million
  - Principal debt repayments -\$0.28 million
  - Capital additions, net of proceeds -\$1.39 million
  - Working capital changes -\$0.49 million
- Taxes and other accounts receivable increased by \$213K, due primarily to:
  - Increase in taxes receivable +\$45K
  - Higher HST receivable +\$129K



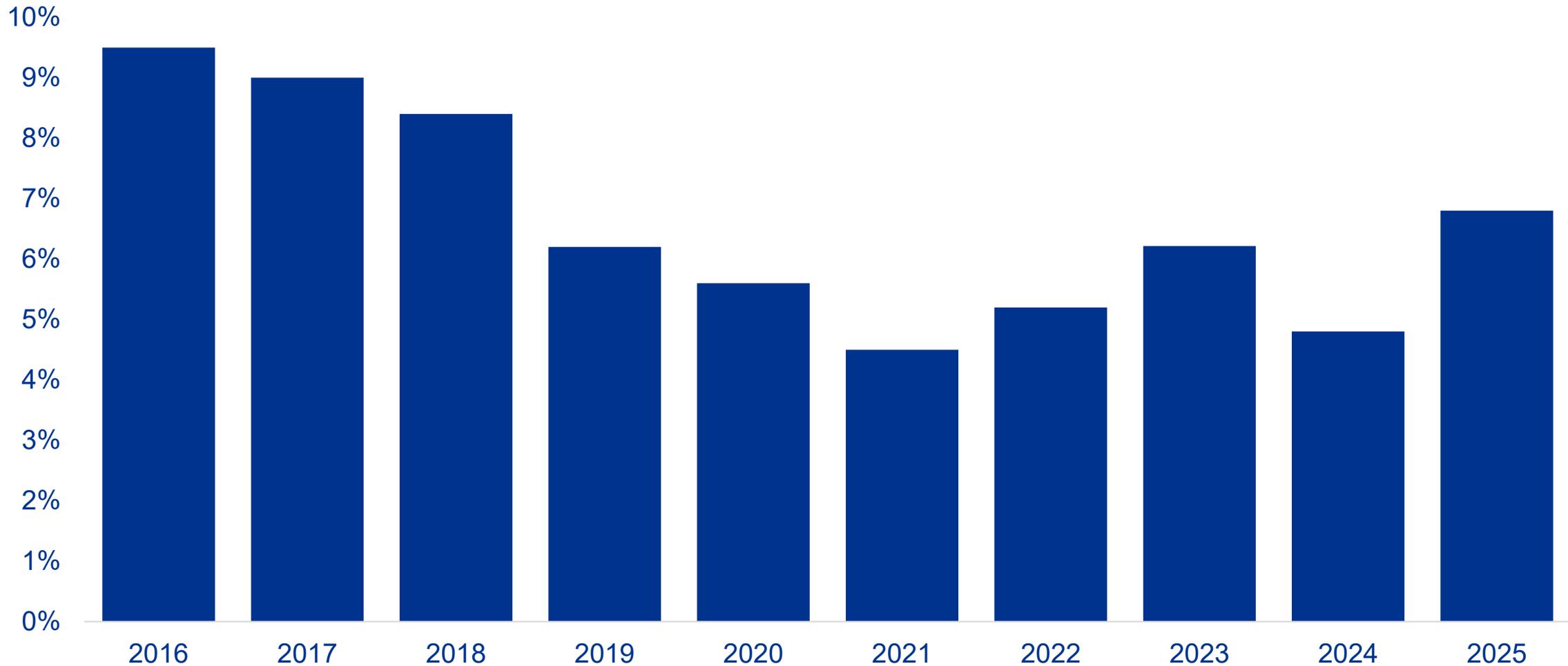
# 02 Financial Statement Overview

## Taxes and Accounts Receivable



# 02 Financial Statement Overview

## Taxes Receivable as a Percentage of Tax Levy



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- Accounts payable and accrued liabilities decreased by \$36K, reflecting a lower accrual for OPP costs offset by higher payroll-related accruals
- Deferred revenues (including obligatory reserve funds) decreased by \$200K due to use of prior year's grants for capital expenditures in 2025
- Municipal debt decreased by \$282K, reflecting principal repayments in the current year
  - Interest on long-term debt amounted to \$32K
- Asset retirement obligations increased by \$1.31 million due to changes in inflation and discount rates used in calculation
  - Landfills \$4.96 million
  - Facilities \$0.30 million



# 02 Financial Statement Overview

Accounts payable and accrued liabilities	2022	2023	2024	2025
Advanced property tax payments	\$88,992	\$85,213	\$85,676	\$89,614
Deposits	\$49,653	\$35,109	\$40,005	\$29,764
OPP accrual	\$26,609	\$25,988	\$77,414	\$27,346
Accrued vacation, wages and overtime	\$71,999	\$73,436	\$95,176	\$137,536
WSIB accrual	–	\$2,222	\$12,897	\$3,408
Audit accrual	\$14,000	\$16,000	\$25,000	\$15,000
Other amounts	\$4,887	\$11,458	\$19,046	\$16,373
<b>Total</b>	<b>\$256,140</b>	<b>\$249,426</b>	<b>\$355,214</b>	<b>\$319,041</b>

Deferred revenue	Gas Tax	Parkland	OCIF	NORDS
Balance, beginning of year	\$71,084	\$154,545	\$151,947	\$97,680
Funding received	\$115,870	–	\$129,155	\$84,977
Interest	\$2,196	\$4,150	\$13,378	\$12,702
Amounts recognized as revenue	(\$134,079)	–	(\$216,100)	(\$195,359)
<b>Balance, end of year</b>	<b>\$55,071</b>	<b>\$143,695</b>	<b>\$78,380</b>	<b>\$ –</b>



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- Tangible capital assets increased by \$593K, reflecting \$1.41 million in capital additions offset by \$822K in amortization expense

- Major capital additions include:

- Culvert replacement \$814K
- Road resurfacing \$215K
- Backhoe \$214K
- Sweeper \$30K



# 02 Financial Statement Overview

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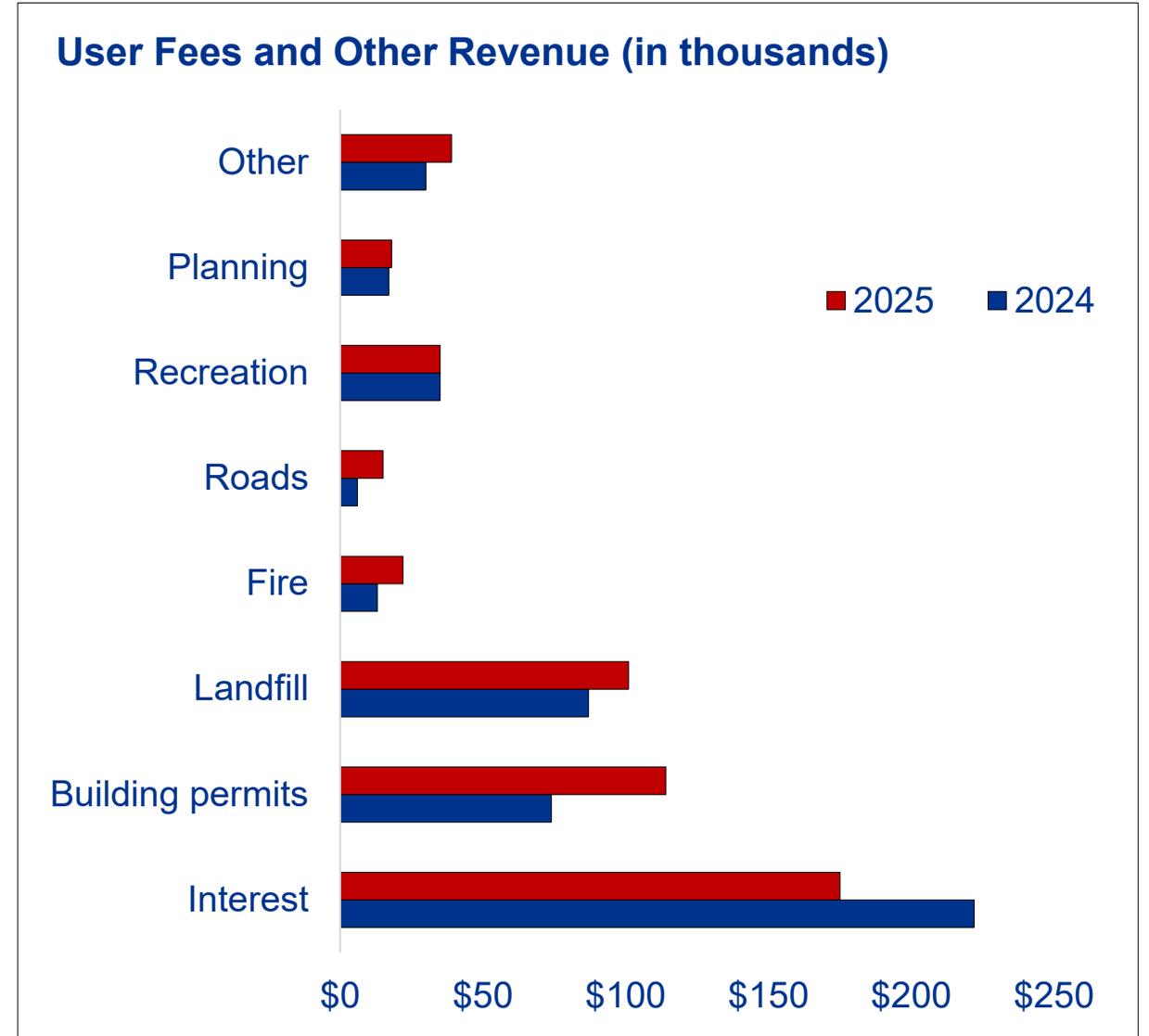
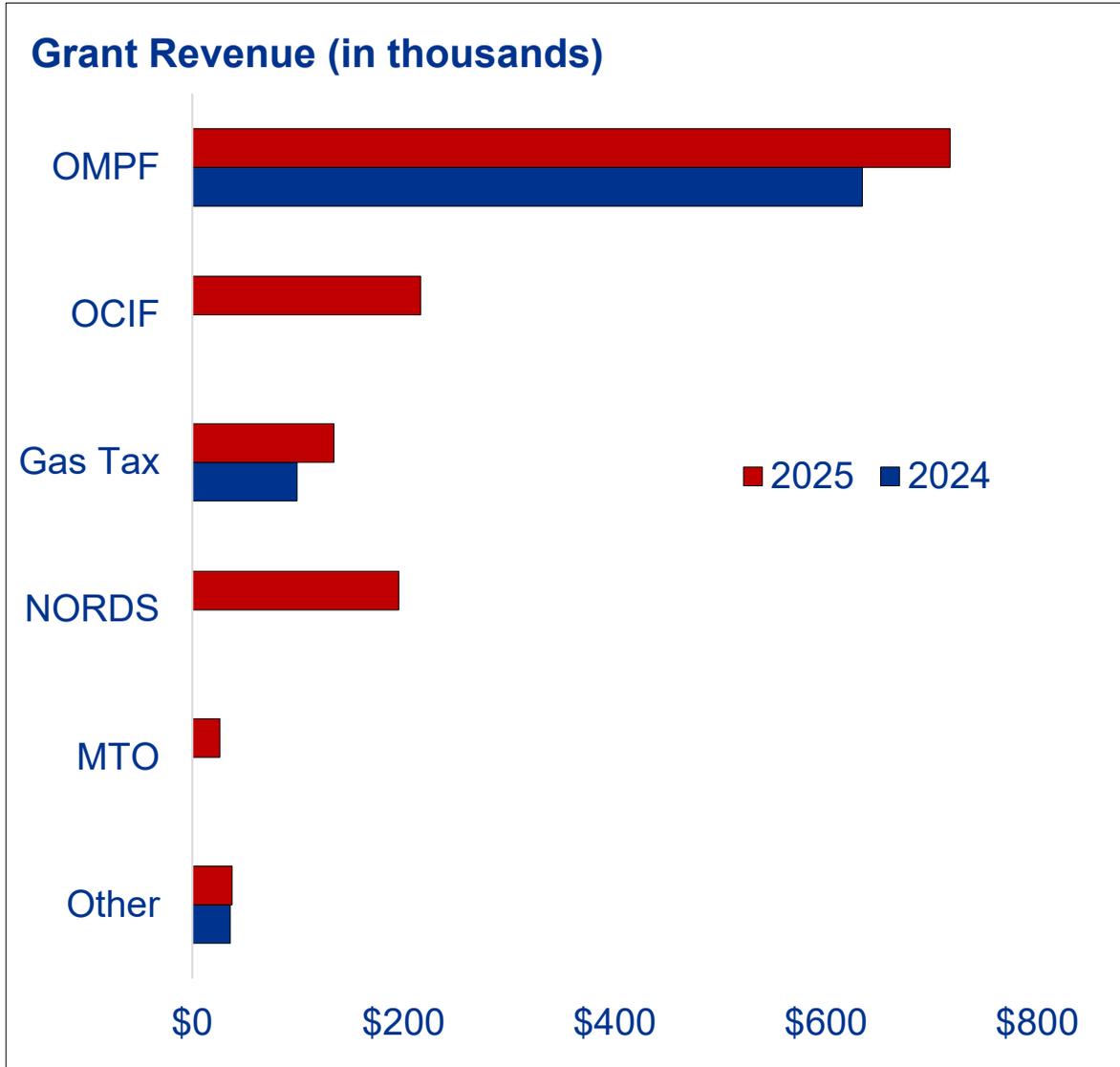
Statement of Operations and Accumulated Surplus

Year ended December 31, 2025, with comparative information for 2024

	2025 Budget (note 15)	2025 Total	2024 Total
<b>Revenues:</b>			
Municipal taxation	\$ 3,613,011	\$ 3,677,660	\$ 3,437,281
Government transfers and grants (note 12)	1,073,095	1,177,726	670,247
Transfer from obligatory reserve funds	115,870	149,079	99,131
Other	350,006	322,595	324,050
User fees	160,850	196,666	159,997
	<u>5,312,832</u>	<u>5,523,726</u>	<u>4,690,706</u>
<b>Expenses:</b>			
General government	814,719	857,366	800,967
Protection to persons and property	945,904	926,013	901,961
Transportation services	1,827,249	1,916,461	1,877,196
Environmental services	401,648	397,381	382,523
Health, social and family services	603,824	581,200	564,203
Recreational and cultural services	242,555	276,099	187,610
Planning and development	7,500	5,717	686
	<u>4,843,399</u>	<u>4,960,237</u>	<u>4,715,146</u>
Annual surplus (deficit) before the undernoted	469,433	563,489	(24,440)
Asset retirement obligation - accretion expense	-	(1,314,188)	(273,170)
Gain on disposal of tangible capital assets	-	28,000	3,103
Annual surplus (deficit)	469,433	(722,699)	(294,507)
Accumulated surplus, beginning of year	18,384,377	18,384,377	18,678,884
Accumulated surplus, end of year	<u>\$ 18,853,810</u>	<u>\$ 17,661,678</u>	<u>\$ 18,384,377</u>

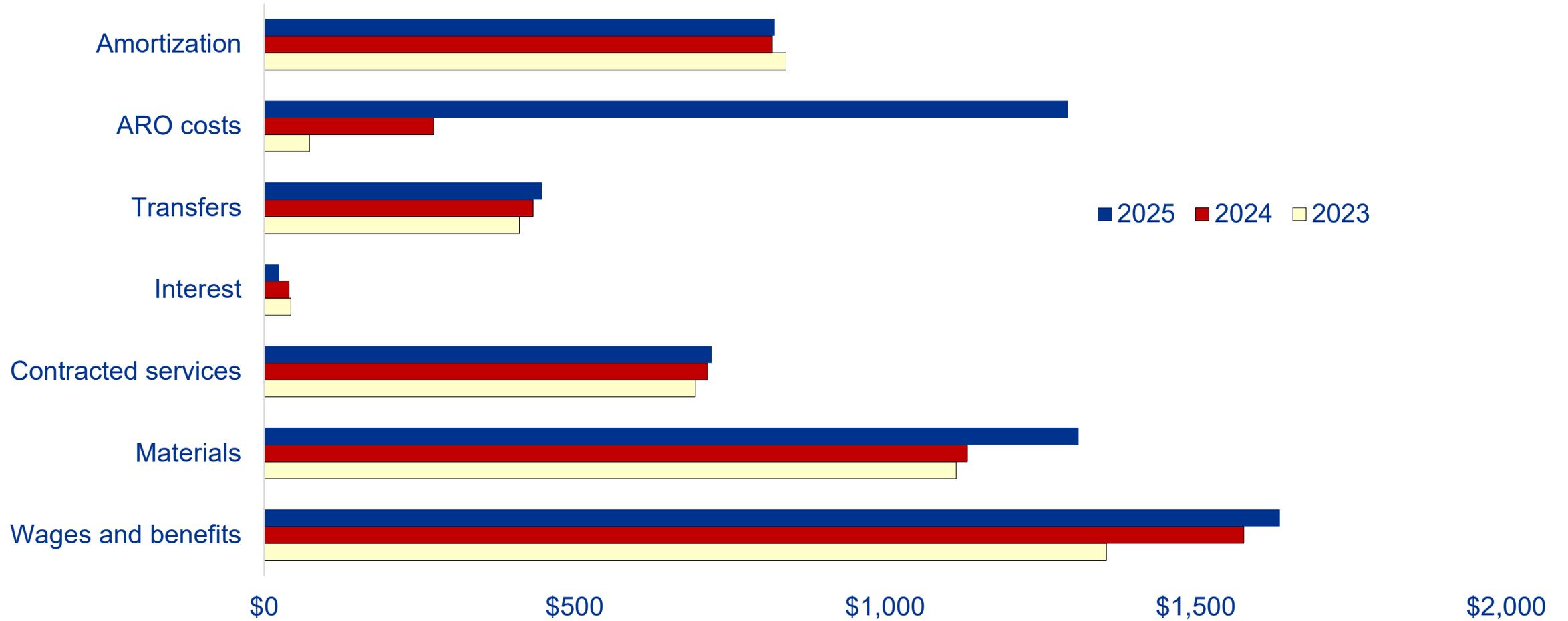
- Total revenues increased by \$833K (+17.8%), primarily due to increased taxation revenue and capital grants
- Total expenses (excluding ARO expense) increased by \$245K (+5.2%), reflecting higher wages (+\$221K) and ARO costs (+\$200K) in 2024
- Overall, the Township reported a surplus before ARO expense of \$563K. The total deficit after ARO expense is \$722K which differs significantly from the Township's performance on a budgeted basis

# 02 Financial Statement Overview



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## Operating Expenses (in thousands)



# 02 Financial Statement Overview

(in thousands)	2025	2024	2023	2022
Total reported surplus (deficit) per Statement of Operations	(\$722)	(\$295)	\$440	\$655
Add (less): Non-cash items included in Statement of Operations:				
• Amortization expense	\$822	\$818	\$766	\$694
• Gain on sale of capital assets	(\$28)	(\$3)	(\$45)	—
• Change in asset retirement obligation costs	\$1,314	\$273	\$74	\$72
Less: Cash items not included in Statement of Operations:				
• Capital expenditures	(\$1,415)	(\$344)	(\$1,454)	(\$976)
• Proceeds on long-term debt	—	\$80	\$457	\$332
• Proceeds on sale of capital assets	\$28	\$5	\$58	—
• Principal repayment of long-term debt	(\$282)	(\$264)	(\$222)	(\$115)
• Net reserve transfers	\$679	(\$719)	\$132	(\$397)
• Prior year's surplus carried forward to the current year	—	\$206	—	—
<b>Adjusted surplus (deficit)</b>	<b>\$396</b>	<b>(\$243)</b>	<b>\$206</b>	<b>\$265</b>



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