

**Corporation of the Municipality of
West Nipissing**

**Independent Auditor's Report and
Financial Report**

December 31, 2023

Corporation of the Municipality of West Nipissing

Financial Report

December 31, 2023

Management Report

Independent Auditor's Report

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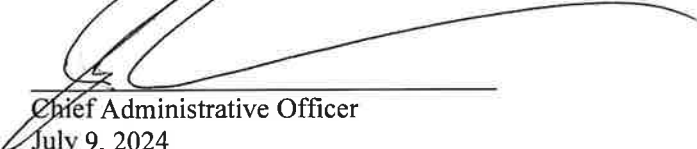
Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of the Corporation of the Municipality of West Nipissing (the "Municipality") are the responsibility of the Municipality's management and have been prepared in accordance with Canadian Public Sector Accounting Standards established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada, as described in Note 1 to the consolidated financial statements.


The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Municipality's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in accordance with Canadian Public Sector Accounting Standards established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management. Council meets with management and the external auditor to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

The consolidated financial statements have been audited by Baker Tilly SNT LLP, independent external auditor appointed by the Municipality. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Municipality's consolidated financial statements.



Chief Administrative Officer
July 9, 2024



Treasurer
July 9, 2024

Baker Tilly SNT LLP / s.r.l.

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Independent Auditor's Report

To the Members of Council, Inhabitants and Ratepayers of Corporation of the Municipality of West Nipissing

Opinion

We have audited the consolidated financial statements of the Corporation of the Municipality of West Nipissing, which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated statements of operations and accumulated surplus, cash flows and change in net debt for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Corporation of the Municipality of West Nipissing as at December 31, 2023, and its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Municipality in accordance with the ethical requirements that are relevant to our audit of the consolidated 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.

ACCOUNTING • TAX • ADVISORY

Baker Tilly SNT LLP is a member of Baker Tilly Canada Cooperative, which is a member of the global network of Baker Tilly International Limited. All members of Baker Tilly Canada Cooperative and Baker Tilly International Limited are separate and independent legal entities.

COMPTABILITÉ • FISCALITÉ • SERVICES-CONSEILS

Baker Tilly SNT s.r.l. est membre de la Coopérative Baker Tilly Canada, qui fait partie du réseau mondial Baker Tilly International Limited. Les membres de la Coopérative Baker Tilly Canada et de Baker Tilly International Limited sont tous des entités juridiques distinctes et indépendantes.

Independent Auditor's Report (Continued)

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Municipality'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 Municipality or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 these consolidated 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 consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Municipality's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Independent Auditor's Report (Continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

- 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 Municipality'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 consolidated 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 Municipality to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

North Bay, Ontario
July 9, 2024

Baker Tilly SNT LLP


CHARTERED PROFESSIONAL ACCOUNTANTS,
LICENSED PUBLIC ACCOUNTANTS

Corporation of the Municipality of West Nipissing
Consolidated Statement of Financial Position
December 31, 2023

	<u>2023</u>	<u>2022</u> (Restated note 5)
Financial Assets		
Cash and cash equivalents (note 6)	\$ 20,328,767	\$ 19,300,880
Taxes receivable	2,938,895	2,104,063
Accounts receivable (note 7)	4,961,029	3,344,533
Other current assets	<u>265,659</u>	<u>559,258</u>
	<u>28,494,350</u>	<u>25,308,734</u>
Liabilities		
Accounts payable and accrued liabilities (note 8)	8,759,532	8,195,750
Deferred revenues - other (note 9)	2,595,601	1,918,282
Deferred revenues - obligatory reserve funds (note 10)	973,121	638,675
Municipal debt (note 11)	28,334,349	32,013,801
Employee future benefits payable (note 12)	932,278	2,567,463
Asset retirement obligations (note 13)	<u>6,158,681</u>	<u>6,087,332</u>
	<u>47,753,562</u>	<u>51,421,303</u>
Net Debt	<u>(19,259,212)</u>	<u>(26,112,569)</u>
Non-Financial Assets		
Tangible capital assets (note 14)	152,603,515	152,473,938
Prepaid expenses	259,367	238,569
Inventories	<u>262,631</u>	<u>228,376</u>
	<u>153,125,513</u>	<u>152,940,883</u>
Accumulated Surplus (note 15)	<u>\$ 133,866,301</u>	<u>\$ 126,828,314</u>
Commitments (note 16)		
Contingencies (note 17)		

Approved by:





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

Corporation of the Municipality of West Nipissing
Consolidated Statement of Operations and Accumulated Surplus
For The Year Ended December 31, 2023

	2023		2022
	Budget	Actual	Actual
	(Unaudited)		(Restated note 5)
Revenues			
Net taxation	\$ 21,956,791	\$ 22,130,602	\$ 20,829,988
User charges	17,736,961	17,602,227	16,149,864
Government grants and transfers - Provincial	16,207,112	15,113,387	15,719,117
Government grants and transfers - Federal	63,507	32,202	56,054
Other	<u>2,420,046</u>	<u>4,391,790</u>	<u>3,076,376</u>
Total revenues	<u>58,384,417</u>	<u>59,270,208</u>	<u>55,831,399</u>
Expenses (note 25)			
General government	3,600,057	3,396,709	3,780,233
Protection services	6,755,585	6,522,370	7,636,792
Transportation services	7,799,514	8,774,255	8,484,816
Environmental services	13,874,657	11,982,342	14,199,195
Health services	521,874	499,835	457,150
Social and family services	17,416,545	17,284,610	16,405,625
Recreation and cultural services	5,979,692	5,923,754	5,900,197
Planning and development	<u>1,191,266</u>	<u>850,789</u>	<u>1,000,033</u>
Total expenses	<u>57,139,190</u>	<u>55,234,664</u>	<u>57,864,041</u>
Annual surplus (deficit) before other	1,245,227	4,035,544	(2,032,642)
Other			
Government grants and transfers related to capital - Provincial	1,874,700	1,990,530	1,106,972
Government grants and transfers related to capital - Federal	<u>1,571,200</u>	<u>1,011,913</u>	<u>1,833,601</u>
Annual surplus	4,691,127	7,037,987	907,931
Accumulated surplus, beginning of year, as previously stated	126,828,314	126,828,314	125,529,813
Adjustments related to adoption of new accounting standards (note 5)	<u>-</u>	<u>-</u>	<u>390,570</u>
Accumulated surplus, end of year	<u>\$ 131,519,441</u>	<u>\$ 133,866,301</u>	<u>\$ 126,828,314</u>

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

Corporation of the Municipality of West Nipissing
Consolidated Statement of Cash Flows
For The Year Ended December 31, 2023

	<u>2023</u>	<u>2022</u> (Restated note 5)
Operating transactions		
Annual surplus	\$ 7,037,987	\$ 907,931
Cash and cash equivalents provided by (applied to)		
Non-cash items:		
Amortization of tangible capital assets	8,178,414	8,217,435
Loss (gain) on disposal of tangible capital assets	(717,438)	34,543
Increase (decrease) in employee future benefits payable	(1,635,185)	580,524
Accretion expense	71,349	69,879
Decrease (increase) in taxes receivable	(834,832)	2,122
Decrease (increase) in accounts receivable	(1,616,496)	56,744
Decrease in other current assets	293,599	180,360
Increase in accounts payable and accrued liabilities	563,782	710,169
Increase in deferred revenues - other	677,319	875,904
Increase (decrease) in deferred revenues - obligatory reserve funds	334,446	(1,082,177)
Decrease (increase) in prepaid expenses	(20,798)	72,826
Increase in inventories	(34,255)	(18,585)
Cash and cash equivalents provided by operating transactions	<u>12,297,892</u>	<u>10,607,675</u>
Capital transactions		
Acquisition of tangible capital assets	(8,342,840)	(5,741,232)
Proceeds on disposal of tangible capital assets	752,287	-
Cash and cash equivalents applied to capital transactions	<u>(7,590,553)</u>	<u>(5,741,232)</u>
Financing transactions		
Municipal debt issued	-	1,000,000
Municipal debt repaid	(3,679,452)	(3,407,901)
Cash and cash equivalents applied to financing transactions	<u>(3,679,452)</u>	<u>(2,407,901)</u>
Increase in cash and cash equivalents	1,027,887	2,458,542
Cash and cash equivalents, beginning of year	<u>19,300,880</u>	<u>16,842,338</u>
Cash and cash equivalents, end of year	<u><u>\$ 20,328,767</u></u>	<u><u>\$ 19,300,880</u></u>

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

Corporation of the Municipality of West Nipissing
Consolidated Statement of Change in Net Debt
For The Year Ended December 31, 2023

	<u>2023</u>		<u>2022</u>
	<u>Budget</u> (Unaudited)	<u>Actual</u>	<u>Actual</u> (Restated note 5)
Annual surplus	\$ 4,691,127	\$ 7,037,987	\$ 907,931
Amortization of tangible capital assets	8,178,414	8,178,414	8,217,435
Loss (gain) on disposal of tangible capital assets	-	(717,438)	34,543
Acquisition of tangible capital assets	(9,753,199)	(8,342,840)	(5,741,232)
Proceeds from disposal of tangible capital assets	-	752,287	-
Change in prepaid expenses	-	(20,798)	72,826
Change in inventories	-	(34,255)	(18,585)
	<u>3,116,342</u>	<u>6,853,357</u>	<u>3,472,918</u>
Decrease in net debt			
Net debt, beginning of year, as previously stated	(26,112,569)	(26,112,569)	(25,571,512)
Adjustments related to adoption of new accounting standards (note 5)	-	-	(4,013,975)
Net debt, end of year	<u>\$ (22,996,227)</u>	<u>\$ (19,259,212)</u>	<u>\$ (26,112,569)</u>

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

Corporation of the Municipality of West Nipissing

Notes to the Consolidated Financial Statements

December 31, 2023

1. Significant Accounting Policies

These consolidated financial statements of the Municipality are the representation of management prepared in accordance with accounting policies recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Since precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic consolidated financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgement.

(a) Basis of Consolidation

- (i) These consolidated financial statements reflect the financial assets, liabilities, non-financial assets, accumulated surplus, revenues and expenses of the Municipality and include the activities of all committees of Council, the West Nipissing Public Library Board, West Nipissing Power Generation Ltd, West Nipissing Power Distribution Ltd and The West Nipissing Environmental Services.

All interfund assets and liabilities and revenues and expenses have been eliminated.

- (ii) Activities in joint local boards are accounted for using the proportionate consolidation method. Under this method, the Municipality's proportionate share of joint local board revenues, expenses, assets and liabilities are included in the accounts. The following joint local board is proportionately consolidated:

Home for the Aged of West Nipissing

The Municipality's proportionate share of Home for the Aged of West Nipissing was 77.11% for 2023 (77.05% for 2022).

- (iii) Non-Consolidated Entities

The following joint local boards are not consolidated:

District of Nipissing Social Services Administration Board
North Bay Parry Sound District Health Unit

- (iv) Accounting for School Board Transactions

The Municipality is required to collect and remit education support levies in respect of residential and other properties on behalf of the area school boards. The Municipality has no jurisdiction or control over the school boards operations. Therefore, taxation, other revenues, expenses, assets and liabilities with respect to the operations of the school boards are not reflected in the accumulated surplus of these consolidated financial statements.

- (v) Cemetery Care and Maintenance Fund

Cemetery Care and Maintenance Fund and their related operations administered by the Municipality are not consolidated, but are reported separately on the Cemetery Care and Maintenance Fund's Statement of Continuity and Statement of Financial Position.

Corporation of the Municipality of West Nipissing

Notes to the Consolidated Financial Statements

December 31, 2023

1. Significant Accounting Policies (Continued)

(b) Basis of Accounting

(i) Accrual Basis

The accrual basis of accounting recognizes revenues as they become available 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.

(ii) Cash and Cash Equivalents

The Municipality's policy is to disclose bank balances under cash and cash equivalents, including bank overdrafts with balances that fluctuate frequently from being positive to overdrawn and term deposits with maturities of three months from the date of acquisition or less or those that can be readily convertible to cash.

(iii) Deferred Revenues

Deferred revenues represent user charges and fees that have been collected for which the related services have yet to be performed. Revenue is recognized in the period when the services are performed.

(iv) Deferred Revenues - Obligatory Reserve Funds

The Municipality receives certain government grants, transfers and other revenues under the authority of legislation. These funds, by their nature, are restricted in their use and, until applied to specific expenses, are recorded as deferred revenues. Amounts applied to qualifying expenses are recorded as revenue in the fiscal period they are expended.

(v) Employee Future Benefits

The Municipality makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS) which is a multi-employer contributory defined benefit program with contributions expensed as incurred. The costs of other retirement benefits are determined using the projected benefit method prorated on services and management's best estimate of retirement ages of employees and health benefits costs. The liabilities are discounted using current interest rates on long-term bonds.

(vi) Asset Retirement Obligations

Asset retirement obligations represent the legal obligations associated with the retirement of a tangible capital asset that result from its acquisition, construction, development, or normal use.

The liability associated with an asset retirement obligation is measured with reference to the best estimate of the amount required to ultimately remediate the liability at the consolidated financial statement date to the extent that all recognition criteria are met.

Corporation of the Municipality of West Nipissing

Notes to the Consolidated Financial Statements

December 31, 2023

1. Significant Accounting Policies (Continued)

(b) Basis of Accounting (Continued)

(vi) Asset Retirement Obligations (Continued)

Asset retirement obligations are only recognized when there is a legal obligation for the Municipality to incur costs in relation to a specific tangible capital asset, when the past transaction or event causing the liability has already occurred, when economic benefits will need to be given up in order to remediate the liability and when a reasonable estimate of such amount can be made. The best estimate of the liability includes all costs directly attributable to the remediation of the asset retirement obligation, based on the most reliable information that is available as at the applicable reporting date. Where cash flows are expected over future periods, the liability is recognized using a present value technique.

When a liability for an asset retirement obligation is initially recognized, a corresponding adjustment to the related tangible capital asset is also recognized. Through the passage of time in subsequent reporting periods, the carrying value of the liability is adjusted to reflect accretion expenses incurred in the current period. This expense ensures that the time value of money is considered when recognizing outstanding liabilities at each reporting date. The capitalized asset retirement cost within tangible capital assets is also simultaneously depreciated on the same basis as the underlying asset to which it relates.

At remediation, the Municipality derecognizes the liability that was established. In some circumstances, gains or losses may be incurred upon settlement related to the ongoing measurement of the liability and corresponding estimates that were made and are recognized in the consolidated statement of operations and accumulated surplus.

(vii) Segmented Information

The Municipality reports its segmented information on functional areas and programs in its consolidated financial statements similar to reporting reflected as part of the Ontario Financial Information Return. These functional areas represent segments for the Municipality:

General Government

General government is comprised of Council, administration, and Ontario Property Assessment.

Protection Services

Protection is comprised of police, fire and other protective services.

Transportation Services

Transportation services are responsible for road maintenance, culverts, bridges, winter control, traffic, signs, signals and streetlights.

Corporation of the Municipality of West Nipissing
Notes to the Consolidated Financial Statements
December 31, 2023

1. Significant Accounting Policies (Continued)

(b) Basis of Accounting (Continued)

(vii) Segmented Information (Continued)

Environmental Services

Environmental services include water supply and distribution, wastewater treatment, waste and recycling services and power generation.

Health Services

Health services include public health services and cemetery services.

Social and Family Services

Social and family services include social assistance, long-term care, paramedic services, social housing and child care services.

Recreation and Cultural Services

Recreation and cultural services include parks and recreation, recreation facilities, culture and libraries.

Planning and Development

Planning and development manages development for residential and business interests as well as services related to the Municipality's economic development programs.

For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Certain allocation methodologies are employed in the preparation of segmented financial information. Taxation, payments-in-lieu of taxes and certain unconditional government transfers are apportioned based on each segment's expenses in proportion to total municipal expenses.

Corporation of the Municipality of West Nipissing

Notes to the Consolidated Financial Statements

December 31, 2023

1. Significant Accounting Policies (Continued)

(b) Basis of Accounting (Continued)

(viii) 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 annual surplus, provides the Consolidated Change in Net Debt for the year.

i) Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset and legally or contractually required retirement activities. The costs, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Land improvements	10 to 20 years and landfill capacity
Roads and bridges	20 to 60 years
Buildings	50 years
Machinery and equipment	5 to 25 years
Vehicles	3 to 15 years
Water and sewer system	30 to 100 years
Furniture and fixtures	5 to 20 years
Computer hardware and software	3 to 10 years

Amortization commences the first full month the tangible capital asset is commissioned and ready for service.

Assets under construction are not amortized until the asset is available for productive use.

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

ii) Inventories

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

iii) Prepaid expenses

Prepaid expenses represent amounts paid in advance for a good or service not yet received. The expense is recognized once the goods have been received or the services have been performed.

Corporation of the Municipality of West Nipissing

Notes to the Consolidated Financial Statements

December 31, 2023

1. Significant Accounting Policies (Continued)

(b) Basis of Accounting (Continued)

(ix) Taxation and Other Revenues

Property tax billings are prepared by the Municipality based on assessment rolls issued by the Municipal Property Assessment Corporation ("MPAC") and in accordance with the provisions of the Municipal Act, 2001. Tax rates are established annually by Council, incorporating amounts to be raised for local services and amounts the Municipality is required to collect on behalf of the Province of Ontario in respect of education taxes.

A normal part of the assessment process is the issue of supplementary assessment rolls which provide updated information with respect to changes in property assessment. Once a supplementary assessment roll is received, the Municipality determines the taxes applicable and renders supplementary tax billings. Taxation revenues are recorded at the time tax billings are issued.

Assessment and the related property taxes are subject to appeal. Tax adjustments as a result of appeals are recorded when the result of the appeal process is known or based on management's best estimates.

The Municipality is entitled to collect interest and penalties on overdue taxes. These revenues are recorded in the period the interest and penalties are levied.

User charges are recognized in the period in which the revenue relates.

Other income is recognized as revenue when earned. Fines and fees are recognized as revenue when collected.

(x) Government Grants and Transfers

Government grants and transfers are recognized in the consolidated financial statements in the period in which events giving rise to the transfer occurs, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made, except when and to the extent that stipulations associated with the transfer give rise to a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. The transfer revenue is recognized in the statement of operations and accumulated surplus as the stipulations giving rise to the liabilities are settled.

(xi) Use of Estimates

The preparation of consolidated financial statements in conformity with Canadian Public Sector Accounting Standards requires management to make estimates and assumptions. These estimates and assumptions are based on management's best information and judgment and may differ significantly from actual results.

Corporation of the Municipality of West Nipissing

Notes to the Consolidated Financial Statements

December 31, 2023

1. Significant Accounting Policies (Continued)

(b) Basis of Accounting (Continued)

(xii) Financial Instruments

Financial instruments are classified at either fair value or amortized cost.

Financial instruments classified at amortized cost include cash and cash equivalents, taxes receivable, accounts receivable, accounts payable and accrued liabilities and municipal debt. They are initially recorded at their fair value and subsequently carried at amortized cost using the effective interest rate method, less impairment. Transaction costs are added to the carrying value of the instrument.

2. Measurement Uncertainty

Certain items recognized in the consolidated financial statements are subject to measurement uncertainty. The recognized amounts of such items are based on the Municipality's best information and judgment.

- The amounts recorded for asset retirement obligations are based on the estimated amount required to ultimately remediate the liability and depend on estimates of usage, remaining life, inflation rates and discount rates.
- The amounts recorded for amortization and opening costs of tangible capital assets are based on estimates of useful life, residual values and valuation rates.
- The amounts for pension and other retirement benefits are based on estimates of retirement ages of employees and health benefit costs.

By their nature, these estimates are subject to measurement uncertainty and the effect on the consolidated financial statements of changes in such estimates in future periods could be significant.

3. Future Accounting Pronouncements

These standards and amendments were not effective in the year ended December 31, 2023, and have therefore not been applied in preparing these consolidated financial statements. Management is currently assessing the impact of the following accounting standards updates on the future consolidated financial statements.

Section PS 3400 *Revenue*, establishes standards on how to account for and report on revenue, specifically differentiating between transactions that include performance obligations (i.e. the payor expects a good or service from the public sector entity), referred to as exchange transactions, and transactions that do not have performance obligations, referred to as non-exchange transactions. This section applies to fiscal years beginning on or after April 1, 2023. Early adoption is permitted.

Corporation of the Municipality of West Nipissing

Notes to the Consolidated Financial Statements

December 31, 2023

3. Future Accounting Pronouncements (Continued)

Guideline PSG-8 *Purchased Intangibles*, provides guidance on the accounting and reporting for purchased intangible assets that are acquired through arm's length exchange transactions between knowledgeable, willing parties that are under no compulsion to act. This guideline applies to fiscal years beginning on or after April 1, 2023. Early adoption is permitted.

Section PS 3160 *Public Private Partnerships (P3s)*, provides specific guidance on the accounting and reporting for public private partnerships between public and private sector entities where the public sector entity procures infrastructure using a private sector partner. This section applies to fiscal years beginning on or after April 1, 2023. Early adoption is permitted.

4. Change in Accounting Policies

On January 1, 2023, the Municipality adopted the following standards on a prospective basis: PS 1201 *Financial Statement Presentation*, PS 2601 *Foreign Currency Translation*, PS 3041 *Portfolio Investments* and PS 3450 *Financial Instruments*. The adoption of these standards had no impact on the opening balances.

PS 1201 *Financial Statement Presentation* replaces PS 1200 *Financial Statement Presentation*. The 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.

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 at 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.

Corporation of the Municipality of West Nipissing

Notes to the Consolidated Financial Statements

December 31, 2023

5. Adoption of New Accounting Standards

On January 1, 2023, the Municipality adopted PS 3280 *Asset Retirement Obligations* (ARO) on a modified retroactive basis.

PS 3280 *Asset Retirement Obligations* (ARO) establishes the accounting and reporting requirements for legal obligations associated with the retirement of tangible capital assets controlled by a government or government organization. A liability for a retirement obligation can apply to tangible capital assets either in productive use or no longer in productive use.

In the past, the Municipality reported its obligations relating to the retirement of its landfills including closure and post-closure activities provided for over the estimated remaining life of the landfill sites based on usage.

The Municipality reported its obligations relating to the retirement of other tangible capital assets in the period in which the asset was retired directly as an expense.

The new standard requires the recognition of a liability for legal obligations that exist as a result of the acquisition, construction or development of a tangible capital asset, or that result from the normal use of the asset when the asset is recorded and replaces Section PS 3270 *Solid Waste Landfill Closure and Post-Closure Liability*.

As a result of the application of this accounting standard, an asset retirement obligation of \$6,087,332 has been recognized as a liability in the consolidated statement of financial position. These obligations represent the estimated costs of retiring assets owned by the Municipality.

The adoption of PS 3280 *Asset Retirement Obligations* (ARO) has been applied to the comparative period as follows:

	2022		
	As previously stated	Adjustments	Restated
Consolidated Statement of Financial Position			
Asset retirement obligations	\$ -	\$ 6,087,332	\$ 6,087,332
Landfill closure and post-closure	2,223,462	(2,223,462)	-
Tangible capital assets	149,097,415	3,376,523	152,473,938
Accumulated surplus	127,315,661	(487,347)	126,828,314

Corporation of the Municipality of West Nipissing

Notes to the Consolidated Financial Statements

December 31, 2023

5. Adoption of New Accounting Standards (Continued)

	2022		
	As previously stated	Adjustments	Restated
Consolidated Statement of Operations and Accumulated Surplus			
General government	\$ 3,777,644	\$ 2,589	\$ 3,780,233
Protection services	7,635,817	975	7,636,792
Environmental services	13,335,868	863,327	14,199,195
Recreation and cultural services	5,889,171	11,026	5,900,197
Adjustments related to adoption of new accounting standards	-	(390,570)	(390,570)
Accumulated surplus, end of year	127,315,661	(487,347)	126,828,314
Consolidated Statement of Cash Flows			
Annual surplus	1,785,848	(877,917)	907,931
Amortization of tangible capital assets	7,189,413	1,028,022	8,217,435
Accretion expense	-	69,879	69,879
Increase in landfill closure and post- closure	219,984	(219,984)	-
Consolidated Statement of Change in Net Debt			
Annual surplus	1,785,848	(877,917)	907,931
Amortization of tangible capital assets	7,189,413	1,028,022	8,217,435
Adjustments related to adoption of new accounting standards	-	4,013,975	4,013,975
Net debt, end of year	(22,248,699)	(3,863,870)	(26,112,569)
Note 14 - Tangible Capital Assets			
Land improvements (net book value)	1,546,809	3,276,230	4,823,039
Buildings (net book value)	37,893,023	63,769	37,956,792
Machinery and equipment (net book value)	18,762,150	20,734	18,782,884
Water and sewer system (net book value)	44,935,638	15,790	44,951,428
Tangible capital assets (net book value)	149,097,415	3,376,523	152,473,938
Note 15 - Accumulated Surplus			
Invested in tangible capital assets	149,097,415	3,376,523	152,473,938
Asset retirement obligations	-	(6,087,332)	(6,087,332)
Landfill closure and post-closure liability	(2,223,462)	2,223,462	-
Accumulated surplus	127,315,661	(487,347)	126,828,314
Note 25 - Segmented Information			
Materials, contracted services, rents and financial expenses	21,420,833	(150,105)	21,270,728
Amortization of tangible capital assets	7,189,413	1,028,022	8,217,435

Corporation of the Municipality of West Nipissing

Notes to the Consolidated Financial Statements

December 31, 2023

6. Cash and Cash Equivalents

The Municipality has an authorized line of credit of \$5,000,000, which is secured by a general security agreement. As at December 31, 2023, the Municipality has utilized \$- (2022 - \$-). The interest is calculated at the bank's prime lending rate plus 0.75%.

7. Accounts Receivable

	<u>2023</u>	<u>2022</u>
Federal government	\$ 1,293,515	\$ 623,218
Province of Ontario	976,274	253,374
User charges	1,050,880	891,319
Other	<u>1,640,360</u>	<u>1,576,622</u>
	<u>\$ 4,961,029</u>	<u>\$ 3,344,533</u>

8. Accounts Payable and Accrued Liabilities

	<u>2023</u>	<u>2022</u>
Federal government	\$ 168,358	\$ 245,303
Province of Ontario	3,274,488	2,166,946
School Boards	38,171	831,267
Trade payables	3,070,598	2,693,671
Other	1,711,592	1,751,209
Vacation payable	<u>496,325</u>	<u>507,354</u>
	<u>\$ 8,759,532</u>	<u>\$ 8,195,750</u>

9. Deferred Revenues - Other

Deferred revenue set aside for specific purposes, are comprised of the following:

	Balance as at December 31, 2022	Amounts received during the year	Recognized as revenues during the year	Balance as at December 31, 2023
Ontario Community Infrastructure Fund	\$ 635,332	\$ 1,330,847	\$ 803,774	\$ 1,162,405
Ontario Efficiency and Modernization Grant	430,296	-	56,950	373,346
Northern Ontario Resource Development Support Fund	587,283	353,169	338,286	602,166
Other	<u>265,371</u>	<u>208,621</u>	<u>16,308</u>	<u>457,684</u>
Total Deferred Revenues - Other	<u>\$ 1,918,282</u>	<u>\$ 1,892,637</u>	<u>\$ 1,215,318</u>	<u>\$ 2,595,601</u>

Corporation of the Municipality of West Nipissing

Notes to the Consolidated Financial Statements

December 31, 2023

10. Deferred Revenues - Obligatory Reserve Funds

A requirement of the Chartered Professional Accountants Canada Public Sector Accounting Handbook, is that obligatory reserve funds be reported as deferred revenue. This requirement is in place as legislation and external agreements restrict how these funds may be used and under certain circumstances these funds may possibly be refunded. The balance in the obligatory reserve funds of the Municipality are summarized below:

	Balance as at December 31, 2022	Amounts received during the year	Recognized as revenues during the year	Balance as at December 31, 2023
Canada Community - Building Fund	<u>\$ 638,675</u>	<u>\$ 979,625</u>	<u>\$ 645,179</u>	<u>\$ 973,121</u>

11. Municipal Debt

	<u>2023</u>	<u>2022</u>
Conditional loan, repayable with instalments in amounts equal to 6% of gross revenues from the Sturgeon River House Museum admission fees	\$ 204,818	\$ 204,818
Term loan, repayable in monthly instalments of \$12,682, including interest at the fixed rate of 4.70%, maturing March 11, 2024	707,216	823,160
Term loan, repayable in monthly instalments of \$7,472, including interest at the fixed rate of 3.45%, maturing February 6, 2025	637,161	703,583
Term loan, repayable in monthly instalments of \$39,815, including interest at fixed rate of 4.51%, maturing April 28, 2025, secured by a letter of guarantee	3,981,497	4,459,277
Term loan, repayable in monthly instalments of \$16,851, including interest at the fixed rate of 3.89%, maturing May 26, 2025	277,596	461,269
Debenture, repayable in semi-annual instalments of \$56,752, including interest at the fixed rate of 2.15%, maturing July 4, 2026	328,057	432,815
Term loan, repayable in monthly instalments of \$4,252, including interest at the fixed rate of 3.48%, maturing February 6, 2027	152,707	197,562
Term loan, repayable in monthly instalments of \$69,158, including interest at the fixed rate of 5.21%, maturing August 17, 2027	2,707,700	3,343,978

Corporation of the Municipality of West Nipissing
Notes to the Consolidated Financial Statements
December 31, 2023

11. Municipal Debt (Continued)

	<u>2023</u>	<u>2022</u>
Debenture, repayable in semi-annual instalments of \$53,846 including interest at the fixed rate of 3.01% maturing November 1, 2027	402,996	496,442
Term loan, repayable in monthly instalments of \$130,006, including interest at fixed rate of 4.13%, maturing December 3, 2029, secured by a letter of guarantee	9,360,450	10,920,525
Debenture, repayable in semi-annual instalments of \$195,098, including interest at the fixed rate of 3.15%, maturing March 15, 2033	4,263,959	4,513,919
Debenture, repayable in semi-annual instalments of \$36,704, including interest at the fixed rate of 3.55%, maturing April 4, 2033	587,581	638,763
Debenture, repayable in semi-annual instalments of \$131,916, including interest at the fixed rate of 3.52%, maturing March 15, 2052	<u>4,722,611</u>	<u>4,817,690</u>
	<u>\$ 28,334,349</u>	<u>\$ 32,013,801</u>

Principal instalments required to be paid over the next five years are as follows:

2024	\$ 4,341,394
2025	7,119,189
2026	3,029,480
2027	2,665,895
2028	2,026,544
Thereafter	<u>9,151,847</u>
Total	<u>\$ 28,334,349</u>

Corporation of the Municipality of West Nipissing

Notes to the Consolidated Financial Statements

December 31, 2023

12. Employee Future Benefits Payable

The Municipality provides certain employee benefits which will require funding in future periods. Under the sick-leave benefit plan, unused sick leave can accumulate and employees may become entitled to a cash payment when they leave the Municipality's employment.

The Municipality also provides pension and drug benefits to certain employees after retirement. The registered pension plan is a defined benefit pension plan. The pension and drug benefits are impacted by factors including interest rates, adjustments arising from plan amendments, changes in assumptions and experience gains and losses.

	<u>2023</u>	<u>2022</u>
Accumulated sick leave entitlements	\$ 501,546	\$ 512,678
Pension and other post-employment benefits	<u>430,732</u>	<u>2,054,785</u>
	<u>\$ 932,278</u>	<u>\$ 2,567,463</u>

The Municipality has established reserves to mitigate the future impact of these obligations. The balance of the sick leave reserve is \$173,838 (2022 - \$169,530).

The continuity for pension and other post-employment benefits is as follows:

	<u>Pension</u>	<u>Other Post Employment Benefits</u>	<u>2023 Total</u>	<u>2022 Total</u>
Accrued benefit obligation, beginning of year	\$ 6,097,228	\$ 279,169	\$ 6,376,397	\$ 6,545,767
Current service costs	92,359	-	92,359	124,330
Actuarial gains	(1,341,175)	-	(1,341,175)	(20,349)
Interest on accrued benefits	119,894	-	119,894	123,872
Benefit payments	<u>(416,074)</u>	<u>18,195</u>	<u>(397,879)</u>	<u>(397,223)</u>
Accrued benefit obligation, end of year	4,552,232	297,364	4,849,596	6,376,397
Fair value of plan assets	<u>4,418,864</u>	<u>-</u>	<u>4,418,864</u>	<u>4,321,612</u>
	<u>\$ 133,368</u>	<u>\$ 297,364</u>	<u>\$ 430,732</u>	<u>\$ 2,054,785</u>

Expenses (recoveries) for pension and other post-employment benefits in the amount of \$(1,363,377) (2022 - \$877,031) are recorded on the consolidated statement of operations and accumulated surplus.

Corporation of the Municipality of West Nipissing

Notes to the Consolidated Financial Statements

December 31, 2023

12. Employee Future Benefits Payable (Continued)

The following represents the more significant assumptions:

	<u>Pension</u>	<u>Other Post-Employment Benefits</u>
Expected inflation rate	N/A	3.58%
Wage and salary escalation	3.0%	N/A
Discount rate	2.0%	2.24%

13. Asset Retirement Obligations

	<u>2023</u>	<u>2022</u>
Balance, beginning of year	\$ 6,087,332	\$ -
Opening balance adjustment	-	6,017,453
Accretion expense	<u>71,349</u>	<u>69,879</u>
Balance, end of year	<u>\$ 6,158,681</u>	<u>\$ 6,087,332</u>

The asset retirement obligation is as follows:

	<u>2023</u>	<u>2022</u>
Landfill	\$ 5,443,513	\$ 5,372,164
Asbestos removal	660,367	660,367
Septic systems and drinking water wells	20,244	20,244
Fuel tanks	<u>34,557</u>	<u>34,557</u>
Balance, end of year	<u>\$ 6,158,681</u>	<u>\$ 6,087,332</u>

Landfill

Under environmental law, there is a requirement for closure and post-closure care of solid waste landfill sites. The main components of the landfill closure plan are final capping and implementation of a drainage management plan. The post-closure maintenance requirements will involve cap maintenance, installation of monitoring wells, groundwater monitoring, inspections and annual reports.

The reported liability is based on estimates and assumptions with respect to events extending over the estimated remaining useful life using the best information available to management. Future events may result in significant changes to the estimated total expense, capacity used or total capacity and the estimated liability, and would be recognized prospectively, as a change in estimate, when applicable. The most recent waste capacity studies for the landfill site were performed in reports dated between 2018 and 2023.

Corporation of the Municipality of West Nipissing

Notes to the Consolidated Financial Statements

December 31, 2023

13. Asset Retirement Obligations (Continued)

Landfill (Continued)

	Estimated Remaining Capacity	Estimated Remaining Life	Post-Closure Care Activities	Inflation Rate	Discount Rate
2023					
Clear Lake	68% (27,069 m ³)	29 years	25 years	3.58%	2.24%
Caldwell	11% (11,595 m ³)	5 years	25 years	3.58%	2.24%
Kipling	83% (16,560 m ³)	41 years	25 years	3.58%	2.24%
Badgerow	70% (14,047 m ³)	41 years	25 years	3.58%	2.24%
River Valley	59% (23,434 m ³)	41 years	25 years	3.58%	2.24%
Lavigne	39% (15,696 m ³)	12 years	25 years	3.58%	2.24%
Sturgeon Falls	-% (- m ³)	- years	25 years	3.58%	2.24%
2022					
Clear Lake	26% (10,597 m ³)	30 years	25 years	3.58%	2.24%
Caldwell	4% (4,200 m ³)	6 years	25 years	3.58%	2.24%
Kipling	83% (16,560 m ³)	42 years	25 years	3.58%	2.24%
Badgerow	70% (14,047 m ³)	42 years	25 years	3.58%	2.24%
River Valley	32% (6,416 m ³)	42 years	25 years	3.58%	2.24%
Lavigne	42% (16,962 m ³)	13 years	25 years	3.58%	2.24%
Sturgeon Falls	-% (- m ³)	- years	25 years	3.58%	2.24%

Asbestos removal

The Municipality owns buildings which contain asbestos, and therefore, the Municipality is legally required to perform abatement activities upon renovation or demolition of these assets. Abatement activities include handling and disposing of the asbestos in a prescribed manner when it is disturbed. The timing of post-closure care cannot yet be reasonably estimated, so no discounting has been applied to the liability.

Fuel tanks, septic systems, drinking water wells and monitoring wells

The Municipality owns fuel tanks, septic systems, drinking water wells and monitoring wells which represents an environmental hazard upon removal and decommissioning and there are legal obligations regarding how they must be removed. The timing of post-closure care cannot yet be reasonably estimated, so no discounting has been applied to the liability.

Corporation of the Municipality of West Nipissing
Notes to the Consolidated Financial Statements
December 31, 2023

14. Tangible Capital Assets

	Cost				Balance, end of year	Accumulated amortization			Balance, end of year	Net Book Value	
	Balance, beginning of year <small>(restated - note 5)</small>	Additions	Disposals	Transfers		Balance, beginning of year <small>(restated - note 5)</small>	Amortization	Disposals		2023	2022 <small>(restated - note 5)</small>
Land	\$ 9,038,883	\$ 105	\$ (11,250)	\$ -	\$ 9,027,738	\$ -	\$ -	\$ -	\$ -	\$ 9,027,738	\$ 9,038,883
Land improvements	12,578,358	50	-	-	12,578,408	7,755,319	1,456,367	-	9,211,686	3,366,722	4,823,039
Roads and bridges	86,406,782	837,849	-	-	87,244,631	58,402,017	1,770,950	-	60,172,967	27,071,664	28,004,765
Buildings	60,093,760	855,193	(24,996)	193,772	61,117,729	22,136,968	1,331,226	(14,416)	23,453,778	37,663,951	37,956,792
Machinery and equipment	33,673,916	1,436,361	(20,597)	-	35,089,680	14,891,032	1,823,024	(24,222)	16,689,834	18,399,846	18,782,884
Vehicles	15,653,329	282,458	(93,005)	-	15,842,782	10,277,612	636,901	(92,934)	10,821,579	5,021,203	5,375,717
Water and sewer system	75,322,057	60,448	(20,162)	-	75,362,343	30,370,629	947,829	-	31,318,458	44,043,885	44,951,428
Furniture and fixtures	2,330,550	60,647	(17,736)	-	2,373,461	1,310,652	110,985	(17,736)	1,403,901	969,560	1,019,898
Computer hardware and software	1,497,734	91,212	(181,739)	-	1,407,207	1,267,372	101,132	(185,328)	1,183,176	224,031	230,362
Assets under construction	2,290,170	4,718,517	-	(193,772)	6,814,915	-	-	-	-	6,814,915	2,290,170
	<u>\$ 298,885,539</u>	<u>\$ 8,342,840</u>	<u>\$ (369,485)</u>	<u>\$ -</u>	<u>\$ 306,858,894</u>	<u>\$ 146,411,601</u>	<u>\$ 8,178,414</u>	<u>\$ (334,636)</u>	<u>\$ 154,255,379</u>	<u>\$ 152,603,515</u>	<u>\$ 152,473,938</u>

Corporation of the Municipality of West Nipissing

Notes to the Consolidated Financial Statements

December 31, 2023

15. Accumulated Surplus

	<u>2023</u>	<u>2022</u>
		(Restated note 5)
Surplus		
Invested in tangible capital assets	\$ 152,603,515	\$ 152,473,938
General surplus	6,476,787	4,857,513
Home for the Aged of West Nipissing	1,332,396	1,183,087
The West Nipissing Environmental Services	378,196	147,993
West Nipissing Power Distribution Ltd.	10	10
West Nipissing Power Generation Ltd.	(2,698,006)	(2,900,222)
Unfunded		
Employee future benefits payable	(932,278)	(2,567,463)
Asset retirement obligations	(6,158,681)	(6,087,332)
Municipal debt	(28,334,349)	(32,013,801)
Total surplus	<u>122,667,590</u>	<u>115,093,723</u>
Reserves		
Special purpose reserves		
Acquisition of tangible capital assets	2,612,813	2,704,678
Environmental services	2,016,413	2,031,174
Health services	1,244,713	847,773
Library services	396,923	352,544
Protection services	523,233	484,369
Recreation services	174,644	546,000
Sick leave benefits	173,838	169,530
Working capital	4,056,134	4,598,523
Total reserves	<u>11,198,711</u>	<u>11,734,591</u>
Accumulated Surplus	<u>\$ 133,866,301</u>	<u>\$ 126,828,314</u>

16. Commitments

The Municipality entered into various contracts in the year including an outdoor arena, office renovations, and improvements to existing infrastructure for a total of approximately \$9,146,565. At December 31, 2023, there was approximately \$5,435,202 of work remaining to be completed and costs to be incurred on these contracts.

Corporation of the Municipality of West Nipissing

Notes to the Consolidated Financial Statements

December 31, 2023

16. Commitments (Continued)

The Municipality entered into a three-year agreement with the Ontario Provincial Police from January 1, 2023 to December 31, 2025 to provide police services. The minimum commitment for police services is \$3,403,850 per year.

The Municipality entered into a five-year agreement with the North Bay and District Humane Society from January 1, 2023 to December 31, 2027 to provide animal control services. The minimum commitment for animal control services is \$96,146 per year.

The Municipality entered into a seven-year agreement with Fowler Construction Company from October 1, 2022 to April 30, 2029 to provide winter maintenance services. The minimum commitment for winter maintenance services is \$147,563 per year.

17. Contingencies

Northern Ontario Heritage Fund Corporation

Under the terms of an agreement between the Municipality and the Northern Ontario Heritage Fund Corporation, the Municipality obtained a loan in the amount of \$811,950 and was committed to increase annual museum visits to 20,000 and annual museum revenues to at least \$230,000 by December 31, 2001. The Northern Ontario Heritage Fund Corporation was to determine whether the Municipality had made every reasonable effort to increase museum annual visits and revenues to the required levels. If such determination is positive, then the outstanding balance of the loan shall be forgiven. If such determination is negative, then the Municipality shall commence paying interest at the prime rate quoted by the Royal Bank of Canada plus 2%, and the loan shall be due upon demand. At December 31, 2023, the Northern Ontario Heritage Fund Corporation had not made its determination.

Legal Actions

The Municipality is involved in certain legal matters and litigations, the outcomes of which are not presently determinable. The loss, if any, from these legal matters and litigations will be accounted for in the periods in which they are resolved.

Council is of the opinion that it is unlikely that any liability, to the extent not provided by insurance or otherwise, would be material in relation to the Municipality's consolidated financial position.

Corporation of the Municipality of West Nipissing

Notes to the Consolidated Financial Statements

December 31, 2023

18. Operations of School Boards

Further to note 1(a)(iv), the taxation, other revenues and expenses of the school boards are comprised of the following:

	<u>2023</u>	<u>2022</u>
Taxation	<u>\$ 3,262,969</u>	<u>\$ 3,187,169</u>
Total amounts received or receivable	3,262,969	3,187,169
Requisitions	<u>3,262,969</u>	<u>3,187,169</u>
	<u>\$ -</u>	<u>\$ -</u>

19. Contributions to Unconsolidated Joint Local Boards

Further to note 1(a)(iii), the following contributions were made by the Municipality to these boards:

	<u>2023</u>	<u>2022</u>
District of Nipissing Social Services Administration Board	<u>\$ 3,467,087</u>	<u>\$ 3,333,779</u>
North Bay Parry Sound District Health Unit	<u>447,915</u>	<u>396,823</u>
	<u>\$ 3,915,002</u>	<u>\$ 3,730,602</u>

20. Cemetery Care and Maintenance Fund

Cemetery Care and Maintenance Fund administered by the Municipality amounting to \$181,116 (2022 - \$172,686) have not been included in the Consolidated Statement of Financial Position nor have their operations been included in the Consolidated Statement of Operations and Accumulated Surplus.

21. Pension Agreements

The Municipality makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of all permanent, full-time and qualifying part-time members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. The OMERS Administration Corporation Board of Directors, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of the benefits. OMERS provides pension services to approximately 612,000 active and retired members and approximately 1,000 employers.

Corporation of the Municipality of West Nipissing

Notes to the Consolidated Financial Statements

December 31, 2023

21. Pension Agreements (Continued)

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. On December 31, 2023, the estimated accrued pension obligation for all members of the Plan was \$134,574 million (2022 - \$128,789 million). The Plan had an actuarial value of net assets at that date of \$130,372 million (2022 - \$122,111 million) indicating an actuarial deficit of \$4,202 million (2022 - \$6,678 million). The Plan is a multi-employer plan, therefore any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Municipality does not recognize any share of the OMERS pension surplus or deficit.

The amount contributed by the Municipality to OMERS for 2023 was \$1,496,358 (2022 - \$1,411,779) for current services and is included as an expense on the Consolidated Statement of Operations and Accumulated Surplus.

On January 1, 2023, the yearly maximum pension earnings increased to \$66,600 from \$64,900 in 2022. The contributions are calculated at a rate of 9.0% (2022 - 9.0%) for amounts up to the yearly maximum pension earnings stated above and at a rate of 14.6% (2022 - 14.6%) for amounts above the yearly maximum pension earnings.

22. Financial Instruments

Risks arising from financial instruments and risk management

The Municipality is exposed to a variety of financial risks including credit risk, liquidity risk and market risk.

There have been no changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

Credit risk

Credit risk is the risk of losses resulting from a counterparty's failure to honour its contractual obligations. The Municipality's financial assets consisting of cash and cash equivalents, taxes receivable and accounts receivable are subject to credit risk. The Municipality is exposed to credit risk to the extent that accounts receivable are not collected in a timely manner. The carrying amounts of financial assets on the consolidated statement of financial position represent the maximum credit risk of the Municipality at the date of the consolidated statement of financial position. The Municipality does not believe it is subject to significant credit risk.

Liquidity risk

Liquidity risk is the risk that the Municipality will not be able to meet its financial obligations as they become due. The Municipality's financial liabilities include accounts payable and accrued liabilities and municipal debt. The Municipality maintains sufficient resources to meet its obligations. The Municipality does not believe it is subject to significant liquidity risk.

Corporation of the Municipality of West Nipissing
Notes to the Consolidated Financial Statements
December 31, 2023

22. Financial Instruments (Continued)

Market risk

Market risk is the risk of changes in the fair value of financial instruments resulting from fluctuations in the market. The Municipality is exposed to currency risk, interest risk and price risk to the extent that the fair value of a financial instrument will fluctuate as a result of market factors. The Municipality's financial instruments consisting of cash and cash equivalents, taxes receivable, accounts receivable, accounts payable and accrued liabilities and municipal debt are subject to market risk. The Municipality does not believe it is subject to significant market risk.

23. Budget Figures

Budget figures have been provided for comparison purposes and have been derived from the budget approved by Council. The budget approved by Council is based on a model used to manage departmental spending within the guidelines of the model. Given the differences between the model and generally accepted accounting principles established by the Public Sector Accounting Board, the budget figures presented have been adjusted to conform with the basis of accounting that is used to prepare the consolidated financial statements. The budget figures are unaudited.

	<u>2023</u>	<u>2022</u>
Budget By-law surplus for the year	\$ -	\$ -
Add: Acquisition of tangible capital assets	9,753,199	12,008,500
Municipal debt repaid	3,731,895	3,289,417
Less: Amortization of tangible capital assets	(8,178,414)	(7,189,413)
Contributions from reserves	<u>(615,553)</u>	<u>(4,179,630)</u>
 Budget surplus per consolidated statement of operations and accumulated surplus	 <u>\$ 4,691,127</u>	 <u>\$ 3,928,874</u>

24. Comparative Figures

The presentation of certain accounts of the previous year has been changed to conform with the presentation adopted for the current year.

Corporation of the Municipality of West Nipissing
Notes to the Consolidated Financial Statements
December 31, 2023

25. Segmented Information

	<u>General Government</u>	<u>Protection Services</u>	<u>Transportation Services</u>	<u>Environmental Services</u>	<u>Health Services</u>	<u>Social and Family Services</u>	<u>Recreation and Cultural Services</u>	<u>Planning and Development</u>	<u>2023 Total</u>
Revenues									
Net taxation	\$ 2,590,653	\$ 4,974,579	\$ 6,692,081	\$ -	\$ 381,222	\$ 2,652,126	\$ 4,191,048	\$ 648,893	\$ 22,130,602
User charges	14,037	71,159	140,490	13,605,136	37,158	3,093,444	521,879	118,924	17,602,227
Government grants and transfers - Provincial	762,448	1,464,056	1,969,529	-	112,196	9,327,730	1,286,454	190,974	15,113,387
Government grants and transfers - Federal	-	-	-	-	-	23,032	9,170	-	32,202
Other	<u>1,380,244</u>	<u>648,807</u>	<u>108,956</u>	<u>46,335</u>	<u>11,013</u>	<u>526,713</u>	<u>1,312,741</u>	<u>356,981</u>	<u>4,391,790</u>
Total revenues	<u>4,747,382</u>	<u>7,158,601</u>	<u>8,911,056</u>	<u>13,651,471</u>	<u>541,589</u>	<u>15,623,045</u>	<u>7,321,292</u>	<u>1,315,772</u>	<u>59,270,208</u>
Expenses									
Salaries, wages and employee benefits	1,899,993	1,638,882	2,237,399	2,335,745	7,823	10,249,088	2,717,165	623,676	21,709,771
Materials, contracted services, rents, and financial expenses	1,250,801	4,122,728	4,185,062	4,457,722	42,772	3,269,580	2,204,617	224,127	19,757,409
Transfers to other governments and the public	-	-	-	430,649	447,915	3,467,087	-	-	4,345,651
Amortization of tangible capital assets	237,170	451,771	2,351,794	3,898,423	1,325	298,855	936,090	2,986	8,178,414
Interest on municipal debt	8,745	308,989	-	859,803	-	-	65,882	-	1,243,419
Total expenses	<u>3,396,709</u>	<u>6,522,370</u>	<u>8,774,255</u>	<u>11,982,342</u>	<u>499,835</u>	<u>17,284,610</u>	<u>5,923,754</u>	<u>850,789</u>	<u>55,234,664</u>
Annual surplus (deficit) before other	1,350,673	636,231	136,801	1,669,129	41,754	(1,661,565)	1,397,538	464,983	4,035,544
Other									
Government grants and transfers related to capital - Provincial	-	-	1,269,838	184,297	-	-	536,395	-	1,990,530
Government grants and transfers related to capital - Federal	<u>-</u>	<u>-</u>	<u>645,179</u>	<u>221,156</u>	<u>-</u>	<u>-</u>	<u>145,578</u>	<u>-</u>	<u>1,011,913</u>
Annual surplus (deficit)	<u><u>\$ 1,350,673</u></u>	<u><u>\$ 636,231</u></u>	<u><u>\$ 2,051,818</u></u>	<u><u>\$ 2,074,582</u></u>	<u><u>\$ 41,754</u></u>	<u><u>\$ (1,661,565)</u></u>	<u><u>\$ 2,079,511</u></u>	<u><u>\$ 464,983</u></u>	<u><u>\$ 7,037,987</u></u>

Corporation of the Municipality of West Nipissing
Notes to the Consolidated Financial Statements
December 31, 2023

25. Segmented Information (Continued)

	<u>General Government</u>	<u>Protection Services</u>	<u>Transportation Services</u>	<u>Environmental Services</u>	<u>Health Services</u>	<u>Social and Family Services</u>	<u>Recreation and Cultural Services</u>	<u>Planning and Development</u>	<u>2022 Total</u>
									(Restated - note 5)
Revenues									
Net taxation	\$ 2,609,993	\$ 5,275,625	\$ 5,862,202	\$ 8,405	\$ 315,847	\$ 2,309,944	\$ 3,757,044	\$ 690,928	\$ 20,829,988
User charges	18,736	57,837	108,971	12,583,815	47,525	2,877,369	335,561	120,050	16,149,864
Government grants and transfers - Provincial	1,148,083	1,668,775	1,854,320	2,659	99,908	9,201,398	1,249,806	494,168	15,719,117
Government grants and transfers - Federal	-	-	2,100	-	-	25,814	28,140	-	56,054
Other	<u>473,644</u>	<u>416,604</u>	<u>87,566</u>	<u>31,670</u>	<u>7,900</u>	<u>296,652</u>	<u>1,433,880</u>	<u>328,460</u>	<u>3,076,376</u>
Total revenues	4,250,456	7,418,841	7,915,159	12,626,549	471,180	14,711,177	6,804,431	1,633,606	55,831,399
Expenses									
Salaries, wages and employee benefits	2,013,868	1,526,933	2,144,880	4,396,889	13,514	10,029,756	2,510,449	563,259	23,199,548
Materials, contracted services, rents, and financial expenses	1,540,005	5,451,400	4,079,664	4,613,982	45,212	2,761,036	2,355,155	424,274	21,270,728
Transfers to other governments and the public	-	-	-	176,961	396,823	3,333,779	-	-	3,907,563
Amortization of tangible capital assets	215,367	482,179	2,260,272	4,003,256	1,601	281,054	961,206	12,500	8,217,435
Interest on long-term debt	<u>10,993</u>	<u>176,280</u>	<u>-</u>	<u>1,008,107</u>	<u>-</u>	<u>-</u>	<u>73,387</u>	<u>-</u>	<u>1,268,767</u>
Total expenses	<u>3,780,233</u>	<u>7,636,792</u>	<u>8,484,816</u>	<u>14,199,195</u>	<u>457,150</u>	<u>16,405,625</u>	<u>5,900,197</u>	<u>1,000,033</u>	<u>57,864,041</u>
Annual surplus (deficit) before other	<u>470,223</u>	<u>(217,951)</u>	<u>(569,657)</u>	<u>(1,572,646)</u>	<u>14,030</u>	<u>(1,694,448)</u>	<u>904,234</u>	<u>633,573</u>	<u>(2,032,642)</u>
Other									
Government grants and transfers related to capital - Provincial	-	-	1,106,972	-	-	-	-	-	1,106,972
Government grants and transfers related to capital - Federal	<u>-</u>	<u>-</u>	<u>1,833,601</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,833,601</u>
Annual surplus (deficit)	<u><u>\$ 470,223</u></u>	<u><u>\$ (217,951)</u></u>	<u><u>\$ 2,370,916</u></u>	<u><u>\$ (1,572,646)</u></u>	<u><u>\$ 14,030</u></u>	<u><u>\$ (1,694,448)</u></u>	<u><u>\$ 904,234</u></u>	<u><u>\$ 633,573</u></u>	<u><u>\$ 907,931</u></u>

Independent Auditor's Report

To the Members of Council, Inhabitants and Ratepayers of Corporation of the Municipality of West Nipissing

Opinion

We have audited the financial statements of the Cemetery Care and Maintenance Fund of the Corporation of the Municipality of West Nipissing, which comprise the statement of financial position as at December 31, 2023, and the statement of continuity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Cemetery Care and Maintenance Fund of the Corporation of the Municipality of West Nipissing as at December 31, 2023, and the continuity of the Cemetery Care and Maintenance Fund for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Basis for Opinion

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

Independent Auditor's Report (Continued)

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 Municipality'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 Municipality or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Municipality'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 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, 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 Municipality's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Independent Auditor's Report (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

- 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 Municipality'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 Municipality 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.

North Bay, Ontario
July 9, 2024

Baker Tilly SNT LLP

CHARTERED PROFESSIONAL ACCOUNTANTS,
LICENSED PUBLIC ACCOUNTANTS

Corporation of the Municipality of West Nipissing
Cemetery Care and Maintenance Fund - Statement of Continuity
For The Year Ended December 31, 2023

	<u>2023</u>	<u>2022</u>
Balance, beginning of year	\$ 172,686	\$ 161,371
Sale of plots and marker installations	<u>8,430</u>	<u>11,315</u>
	181,116	172,686
Expenses	<u>-</u>	<u>-</u>
Balance, end of year	<u>\$ 181,116</u>	<u>\$ 172,686</u>

The accompanying note is an integral part of these financial statements.

Corporation of the Municipality of West Nipissing
Cemetery Care and Maintenance Fund - Statement of Financial Position
December 31, 2023

	<u>2023</u>	<u>2022</u>
Financial Assets		
Cash and term deposits	\$ 547,276	\$ 494,889
Liabilities		
Due to the Corporation of the Municipality of West Nipissing	<u>(366,160)</u>	<u>(322,203)</u>
Net Financial Assets	181,116	172,686
Non-Financial Assets	<u>-</u>	<u>-</u>
Accumulated Surplus	<u><u>\$ 181,116</u></u>	<u><u>\$ 172,686</u></u>

The accompanying note is an integral part of these financial statements.

Corporation of the Municipality of West Nipissing
Cemetery Care and Maintenance Fund - Note to the Financial Statements
December 31, 2023

1. Accounting Policies

Basis of Accounting

Capital receipts and income are reported on the cash basis of accounting.

Expenses are reported on the cash basis of accounting with the exception of administrative expenses and capital expenses which are reported on the accrual basis of accounting, which recognizes expenses as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.