

**AGENDA**  
**A meeting of the Council of the Corporation**  
**of the Town of Northeastern Manitoulin and the Islands**  
**to be held on Thursday, May 23, 2024**  
**at 7:00 p.m.**

**1. Call to Order**

**2. Approval of Agenda**

**Disclosure of Pecuniary Interest & General Nature Thereof**

**Deputation – KPMG, Presentation of 2023 Financial Statements**

**3. Manager Reports**

- i. Fire Department Report – Duane Deschamps, Chief
- ii. Public Works – Wayne Williamson, Manager
- iii. Community Services – Reid Taylor, Manager
- iv. Building Department

**4. New Business**

- i. Signage request - BIA

**5. Adjournment**

Consolidated Financial Statements of

**THE CORPORATION OF THE TOWN  
OF NORTHEASTERN MANITOULIN  
AND THE ISLANDS**

And Independent Auditor's Report thereon

Year ended December 31, 2023

## **Management's Responsibility for the Consolidated Financial Statements**

The accompanying consolidated financial statements of the Corporation of the Town of Northeastern Manitoulin and the Islands (the "Town") are the responsibility of the Town'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 is 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 Town'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 consolidated financial statements. These systems are monitored and evaluated by Management.

Council meets with Management and the external auditors 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 KPMG LLP, independent external auditors appointed by the Town. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Town's consolidated financial statements.

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Mayor

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Chief Administrative Officer

## INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Residents and Ratepayers of The Corporation of the Town of Northeastern Manitoulin and the Islands

### ***Opinion***

We have audited the consolidated financial statements of The Corporation of the Town of Northeastern Manitoulin and the Islands (the Town), which comprise:

- the consolidated statement of financial position as at December 31, 2023
- the consolidated statement of operations and accumulated surplus for the year then ended
- the consolidated statement of changes in net financial debt for the year then ended
- the consolidated statement of cash flows for the year then ended
- and the notes to the consolidated 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 consolidated financial position of the Town as at December 31, 2023, and its consolidated results of operations, its consolidated changes in net financial debt 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 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 Town in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other 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 of the financial statements ("Note 2"), which explains that certain comparative information presented for the year ended December 31, 2022 has been restated.

Note 19 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. In our opinion, such adjustments are appropriate and are 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 Town's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Town or to cease operations or has no realistic alternative but to do so.

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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.

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 Town's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to the events or conditions that may cast significant doubt on the Town's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 Town'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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Chartered Professional Accountants, Licensed Public Accountants

Sudbury, Canada

(date)

# THE CORPORATION OF THE TOWN OF NORTHEASTERN MANITOULIN AND THE ISLANDS

Consolidated Financial Statements

Year ended December 31, 2023

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## Consolidated Financial Statements

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# THE CORPORATION OF THE TOWN OF NORTHEASTERN MANITOULIN AND THE ISLANDS

Consolidated Statement of Financial Position

December 31, 2023, with comparative information for 2022

	2023	2022 (Restated - Note 2)
<b>Financial assets</b>		
Cash	\$ 286,632	\$ 1,654,376
Taxes receivable (note 3)	214,470	165,203
User charges receivable	215,233	207,297
Grants receivable	48,292	502,413
Other accounts receivable	500,752	224,109
Land held for sale	12,344	12,344
Investments	4,909,946	3,500,000
	6,187,669	6,265,742
<b>Financial liabilities</b>		
Accounts payable and accrued liabilities	457,261	506,339
Deferred revenue	301,475	464,353
Deferred revenue - obligatory reserve funds (note 4)	712,231	694,007
Long-term debt (note 5)	902,420	1,125,185
Asset retirement obligation (note 6)	6,721,966	6,285,775
Employee future benefits payable (note 7)	199,209	196,761
	9,294,562	9,272,420
<b>Net financial assets</b>	(3,106,893)	(3,006,678)
<b>Non-financial assets</b>		
Tangible capital assets (note 8)	29,660,613	29,045,160
Inventory	96,099	93,936
Prepaid expenses	85,666	254,110
	29,842,378	29,393,206
Contingent liabilities (note 15)		
Commitments (note 16)		
<b>Accumulated surplus, as restated (note 9)</b>	\$ 26,735,485	\$ 26,386,528

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

On behalf of Council:

\_\_\_\_\_ Mayor

\_\_\_\_\_ Councilor



# THE CORPORATION OF THE TOWN OF NORTHEASTERN MANITOULIN AND THE ISLANDS

Consolidated Statement of Operations and Accumulated Surplus

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

	Actual 2023	Actual 2022 (Restated - Note 2)
Revenue:		
Taxation (note 10)	\$ 5,628,836	\$ 5,295,382
Government of Canada grants	471,758	534,894
Province of Ontario grants	2,669,359	2,412,678
Other grants	35,302	30,272
User charges and fees (note 11)	2,241,666	2,061,687
Investment income	270,685	105,848
Gain on sale of tangible capital assets	53,205	251,538
Other revenue (note 12)	342,585	357,193
<b>Total revenue</b>	<b>11,713,396</b>	<b>11,049,492</b>
Expenses: (note 18)		
General government	1,473,013	1,393,192
Protection to persons and property	1,082,081	1,064,515
Transportation services	2,863,645	2,671,383
Environmental services	2,221,257	1,906,003
Health services	889,118	853,286
Social and family services	535,083	528,787
Recreation and cultural services	2,062,748	1,903,530
Planning and development	237,494	209,454
<b>Total expenses</b>	<b>11,364,439</b>	<b>10,530,150</b>
<b>Annual surplus (deficit)</b>	<b>348,957</b>	<b>519,342</b>
Accumulated surplus, beginning of year	26,386,528	31,221,542
Adjustment on adoption of the asset retirement obligation standard (note 2)	-	(5,354,356)
	<b>26,386,528</b>	<b>25,867,186</b>
<b>Accumulated surplus, end of year</b>	<b>\$ 26,735,485</b>	<b>\$ 26,386,528</b>

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

# THE CORPORATION OF THE TOWN OF NORTHEASTERN MANITOULIN AND THE ISLANDS

## Consolidated Statement of Change in Net Financial Debt

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

	Actual 2023	Actual 2022  (Restated - Note 2)
Annual surplus	\$ 348,957	\$ 519,342
Acquisition of tangible capital assets	(2,774,043)	(1,608,815)
Amortization of tangible capital assets	2,158,590	2,005,945
Proceeds on disposal of tangible capital assets	53,205	294,289
Gain on disposal of tangible capital assets	(53,205)	(251,538)
Change in inventory	(2,163)	(30,592)
Change in prepaid expenses	168,444	(206,313)
Correction of accounting error	-	(27,630)
	(449,172)	175,346
Change in net financial debt	(100,215)	694,688
Net financial assets (debt), beginning of year	(3,006,678)	1,652,990
Adjustment on adoption of the asset retirement standard (note 2)	-	(5,354,356)
Net financial debt, beginning of year, as restated	(3,006,678)	(3,701,366)
Net financial debt, end of year	\$ (3,106,893)	\$ (3,006,678)

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

# THE CORPORATION OF THE TOWN OF NORTHEASTERN MANITOULIN AND THE ISLANDS

## Consolidated Statement of Cash Flows

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

	2023	2022
		(Restated - Note 2)
Cash provided by (used in):		
Operating activities:		
Annual surplus (deficit)	\$ 348,957	\$ 519,342
Items not involving cash:		
Amortization of tangible capital assets	2,158,590	2,005,945
Asset retirement obligation accretion expense	436,191	401,987
Employee future benefits payable	2,448	1,934
Correction of accounting errors	-	(27,630)
Gain on disposal of tangible capital assets	(53,205)	(251,538)
	2,892,981	2,650,040
Change in non-cash working capital balances:		
Taxes receivable	(49,267)	62,580
User charges receivable	(7,936)	9,800
Grants receivable	454,121	(371,908)
Other accounts receivable	(276,643)	125,668
Accounts payable and accrued liabilities	(49,078)	(990,397)
Deferred revenue	(162,878)	148,569
Deferred revenue - obligatory reserve funds	18,224	(127,307)
Land held for sale	-	-
Inventory	(2,163)	(30,592)
Prepaid expenses	168,444	(206,313)
Net change in cash from operating activities	2,985,805	1,270,140
Capital activities:		
Acquisition of tangible capital assets	(2,774,043)	(1,608,815)
Proceeds on disposal of tangible capital assets	53,205	294,289
Net change in cash from capital activities	(2,720,838)	(1,314,526)
Investing activities		
Purchase of investments	(1,409,946)	(3,500,000)
Net change in cash from investing activities	(1,409,946)	(3,500,000)
Financing activities:		
Repayment of long-term debt	(222,765)	(243,079)
Net change in cash from financing activities	(222,765)	(243,079)
Net change in cash	(1,367,744)	(3,787,465)
Cash, beginning of year	1,654,376	5,441,841
Cash, end of year	\$ 286,632	\$ 1,654,376

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

# THE CORPORATION OF THE TOWN OF NORTHEASTERN MANITOULIN AND THE ISLANDS

Notes to Consolidated Financial Statements

Year ended December 31, 2023

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The Corporation of the Town of Northeastern Manitoulin and the Islands (the "Town") is a municipality in the Province of Ontario. It conducts its operations guided by the provisions of provincial statutes, such as the Municipal Act 2001 and other related legislation.

## 1. Significant accounting policies:

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

### (a) Reporting Town:

#### (i) Local boards:

These consolidated financial statements reflect the assets, liabilities, revenues and expenditures of the Town and include the activities of all committees of Council and the local boards which are under the control of Council including:

Northeastern Manitoulin and the Islands Public Library

#### (ii) Joint local boards:

These consolidated financial statements reflect contributions to the following joint local boards, which are not under the direct control of council, as expenditures in the consolidated statement of operations:

Public Health Sudbury & Districts  
Manitoulin-Sudbury District Social Services Board  
Manitoulin Centennial Manor

The assets, liabilities, revenues and expenditures of these joint local boards have not been proportionately consolidated in these consolidated financial statements.

#### (iii) Proportionately consolidated entities:

These consolidated statements reflect proportionally the Town's share of the assets, liabilities, revenues and expenditures of the following joint local board:

Manitoulin East Municipal Airport Commission Inc.

#### iv) Accounting for school board transactions:

The taxation, other revenues, expenditures, assets and liabilities with respect to operations of school boards are not reflected in these consolidated financial statements.

#### v) Trust funds:

Trust funds and their related operations administered by the Town are not consolidated.

# THE CORPORATION OF THE TOWN OF NORTHEASTERN MANITOULIN AND THE ISLANDS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

## 1. Significant accounting policies (continued):

### (b) Basis of accounting:

#### (i) Accrual accounting:

The consolidated financial statements of the Town have been prepared on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they are available and measurable. Expenditures 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) Inventory:

Inventory held for consumption is recorded at the lower of cost and replacement cost. Inventory held for resale is recorded at the lower of cost and net realizable value. Cost is determined using the actual cost method.

#### (iii) Tangible capital assets:

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to the acquisition, design, construction, development, improvement or betterment of the tangible capital asset. The Town provides for amortization using the straight-line method designed to amortize the cost, less any residual value, of the tangible capital assets over their estimated useful lives. The annual amortization rates are as follows:

Asset	Useful Life - Years
Buildings	40
Roads and bridges	5 - 30
Automotive equipment	15 - 20
Furniture and equipment	5
Computer equipment	3
Computer software	3
Water and sewer	40
Landfill	40
Marina	10 - 25

Additions are amortized at full annual rate if purchased in first half of year and not amortized if purchased in last half of year. Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and also recorded as revenue.

#### iv) Deferred revenue:

Funding received under funding agreements which relate to a subsequent fiscal year is recorded as deferred revenue and are recognized as revenue in the year to which they related. Unexpended portions of grants received for specific purposes are reflected as deferred revenue and are recognized as revenue in the year they are expended.

# THE CORPORATION OF THE TOWN OF NORTHEASTERN MANITOULIN AND THE ISLANDS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

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## 1. Significant accounting policies (continued):

### (b) Basis of accounting (continued):

#### v) Pensions and employee benefits:

The Town accounts for its participation in the Ontario Municipal Employee Retirement Fund ("OMERS"), a multi-employer public sector pension fund, as a defined benefit plan. Sick leave benefits are accrued when they are vested and subject to pay out when an employee leaves.

#### vi) Revenue recognition:

Property tax billings are prepared by the Town based on assessment rolls issued by the Municipal Property Assessment Corporation. Tax rates are established annually by Council, incorporating amounts to be raised for local services and amounts the Town 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 assessments. Once a supplementary assessment roll is received, the Town determines the taxes applicable and renders supplementary tax billings. Supplementary taxation revenues are recorded at the time these bills are issued.

Assessments and related property taxes are subject to appeal by ratepayers. Tax adjustments as a result of appeals are recorded when the result of the appeal is known.

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

Government transfers are recognized in the period that the events giving rise to the transfer have occurred as long as: the transfer is authorized; the eligibility criteria, if any, have been met and the amount can be reasonably estimated. Government transfers received before these criteria have been met are recorded in the accounts as deferred revenue and are recognized as revenue in the period in which all of these criteria are met.

Revenue from user charges and other revenues are recognized in the period in which the goods or services are provided.

#### vii) Deferred revenue – obligatory reserve funds:

The Town receives certain contributions under the authority of the federal and provincial legislation. These contributions are restricted in their use and, until spent on qualifying projects or expenditures, are recorded as deferred revenue.



# THE CORPORATION OF THE TOWN OF NORTHEASTERN MANITOULIN AND THE ISLANDS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

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## 1. Significant accounting policies (continued):

### (b) Basis of accounting (continued):

#### viii) Use of estimates:

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the periods specified. 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 landfill liabilities.

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

#### (ix) Financial instruments:

The Town initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

The Town subsequently measures its financial assets and financial liabilities at amortized cost, except for investments in equity securities that are quoted in an active market or financial assets or liabilities designated to the fair value category, which are subsequently measured at fair value. Unrealized changes in fair value are recognized in the statement of operations in the period they occur.

Financial assets measured at amortized cost include cash, taxes receivable, user charges receivable, grants receivable and other account receivables.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and long-term debt.

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recognized in operations. When events occurring after the impairment confirm that a reversal is necessary, the reversal is recognized in operations, in the period it is identified and measurable, up to the amount of the previously recognized impairment.

# THE CORPORATION OF THE TOWN OF NORTHEASTERN MANITOULIN AND THE ISLANDS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

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## 1. Significant accounting policies (continued):

### (x) 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 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 required remediation activities in several of the buildings owned by the Town has also been recognized based on estimated future expenses on closure of the facility.

The asset retirement obligation for the Town's 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(b)(iii).

## 2. Change in accounting policies:

The Town 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 nonmonetary 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.



# THE CORPORATION OF THE TOWN OF NORTHEASTERN MANITOULIN AND THE ISLANDS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

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## 2. Change in accounting policies (continued):

*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.

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. 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).

### *PS 3280 Asset Retirement Obligations:*

On January 1, 2022, the Town 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 landfills and 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.

On January 1, 2022, the Town recognized an asset retirement obligation relating to its active and inactive landfill sites. The Town 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 Town. The liabilities were measured as of the date of acquisition of the sites, when the liability was assumed. As of the date of adoption of the standard, the relevant discount rate is 4.96% per annum.

On January 1, 2022, the Town recognized an additional asset retirement obligation relating to several buildings owned by the Town that contain asbestos and other designated materials, as well as where remediation requirements exist with respect to drinking water wells and septic systems. The buildings were originally acquired in between 1967 and 2020, and the liability was measured as of the date of acquisition of the buildings when the liability was assumed. The buildings have an expected useful life of 40 years, and the estimate has not been changed since purchase.

# THE CORPORATION OF THE TOWN OF NORTHEASTERN MANITOULIN AND THE ISLANDS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

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## 2. Change in accounting policies (continued):

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

### a) Landfill obligation:

- (i) A decrease of \$529,432 to Landfill Site Closure and Post-Closure Liability to remove the liability recognized to date under the old standard, and an accompanying increase of \$529,432 to opening Accumulated Surplus.
- (ii) An increase of \$4,904,153 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 \$4,904,153 to Accumulated Amortization, representing 20 years of increased amortization for the landfill sites had the liabilities originally been recognized.
- (i) An asset retirement obligation in the amount of \$4,904,153, representing the original obligation discounted to the present value amount using a rate of 4.96%.
- (ii) A decrease to Opening Accumulated Surplus of \$4,904,153, 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 Town reflected the following adjustment at December 31, 2022:

- (i) A decrease of \$484,935 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 \$484,935 to environmental expenses.
  - (ii) An increase to expenses of \$401,987, representing the annual accretion of the asset retirement obligation.
- ### b) Facilities obligation:
- (i) An increase of \$979,635 to the Buildings capital asset account, representing the original estimate of the obligation as of the date of purchase, and an accompanying increase of \$979,635 to accumulated amortization, representing 40 years of increased amortization had the liability originally been recognized.
  - (ii) An asset retirement obligation in the amount of \$979,635, representing an estimate of the current obligation.
  - (iii) An decrease to accumulated surplus of \$979,635, as a result of the recognition of the liability and accompanying increase in amortization expense.

# THE CORPORATION OF THE TOWN OF NORTHEASTERN MANITOULIN AND THE ISLANDS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

### 3. Taxes receivable:

The components of taxes receivable are as follows:

	2023	2022
Taxes receivable	\$ 195,835	\$ 154,548
Interest receivable on outstanding tax balances	18,635	10,655
	\$ 214,470	\$ 165,203

### 4. Deferred revenue – obligatory reserve funds:

A requirement of the Canadian public sector accounting standards is that obligatory reserves 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 balances in the obligatory reserve funds of the Town are summarized below:

	2023	2022
Deferred revenue, beginning of year	\$ 694,007	\$ 821,314
Contributions received during the year	382,723	383,840
Interest earned during the year		–
Amounts recognized as revenue during the year	(363,499)	(511,147)
Deferred revenue, end of year	\$ 712,231	\$ 694,007
Deferred revenue, obligatory reserve consists of the following:		
Federal gas tax revenue	\$ 393,157	\$ 436,653
Ontario Community Infrastructure Fund	319,074	257,354
Ontario COVID Relief Safe Restart funding		–
	\$ 712,231	\$ 694,007

# THE CORPORATION OF THE TOWN OF NORTHEASTERN MANITOULIN AND THE ISLANDS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

## 5. Long-term debt:

	2023	2022
TD Canada Trust demand term loan, repayable in monthly instalments of \$6,016 including interest at 2.694% per annum, unsecured, due January 2024	\$ 6,019	\$ 77,003
Ontario Infrastructure Project Corporation (OIPC) loan, repayable in semi-annual instalments of \$42,684 including interest at 4.69% per annum, unsecured, due April 2030	473,556	534,560
TD Bank term loan, repayable in monthly instalments of \$1,254 including interest at 1.490% per annum, unsecured, due December 2027	58,417	72,489
TD Bank term loan, repayable in monthly instalments of \$8,310 including interest at 1.960% per annum, unsecured, due May 2028	364,428	441,133
	\$ 902,420	\$1,125,185

Principal payments on the long-term debt over the next five years, assuming renewal of the debt at maturity under similar terms and conditions, are payable as follows:

2024	\$ 162,386	
2025	161,208	
2026	166,165	
2027	171,322	
2028	119,067	
Thereafter	122,272	

Total charges for the year on long-term debt are as follows:

	2023	2022
Principal payments	\$ 222,765	\$ 243,079
Interest	34,509	29,249
	\$ 257,274	\$ 272,328

# THE CORPORATION OF THE TOWN OF NORTHEASTERN MANITOULIN AND THE ISLANDS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

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## 6. Asset retirement obligation:

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

### a) Landfill obligation:

The Township owns and operates one active landfill site, with two inactive landfill sites currently under post-closure care and maintenance. 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 40 years post this date.

#### Little Current (active)

The landfill is expected to reach its capacity in 45 years, and the estimated remaining capacity is 67% of the site's total capacity.

#### Inactive sites

The Town has two inactive landfill sites for which it retains responsibility for all costs relating to closure and post-closure care.

### b) Asbestos obligation:

The Town owns and operates several buildings that are known to have asbestos and other designated substances, which represent a health hazard upon demolition of the building and there is a legal obligation to remove or remediate these substances. In addition, certain of the Town's buildings contain drinking water and septic systems that require remediation. Following the adoption of PS3280 – Asset retirement obligations, the Town recognized an obligation relating to the removal and post-removal care of the designated substances in these buildings, as well as the remediation of drinking water and septic systems, 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 conduct removal or remediation activities 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 TOWN OF NORTHEASTERN MANITOULIN AND THE ISLANDS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

**6. Asset retirement obligation (continued):**

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

Asset Retirement Obligation	Landfill	Facilities	Balance at December 31, 2023
Opening balance	\$ 5,306,140	\$ 979,635	\$ 6,285,775
Accretion expense	436,191	-	436,191
<b>Closing balance</b>	<b>\$ 5,742,331</b>	<b>\$ 979,635</b>	<b>\$ 6,721,966</b>

Asset Retirement Obligation	Landfill	Facilities	Balance at December 31, 2022
Opening balance	\$ -	\$ -	\$ -
Adjustment on adoption of the asset retirement obligation standard (note 2)	4,904,153	979,635	5,883,788
Opening balance as restated	4,904,153	979,635	5,883,788
Accretion expense	401,987	-	401,987
<b>Closing balance</b>	<b>\$ 5,306,140</b>	<b>\$ 979,635</b>	<b>\$ 6,285,775</b>

**7. Employee future benefits payable:**

Under the sick leave benefit plan, unused sick leave can accumulate to a maximum of 160 days, and employees may become entitled to a cash payment equal to 50% of accumulated days to a maximum of 55 days when they leave the Town's employment.

# THE CORPORATION OF THE TOWN OF NORTHEASTERN MANITOULIN AND THE ISLANDS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

## 8. Tangible capital assets:

Cost	Balance at December 31, 2022	Additions	Transfers and disposals	Balance at December 31, 2023
Construction in progress	\$ 337,219	\$ 106,319	\$ (337,251)	\$ 106,287
Land and land improvements	8,845,322	-	-	8,845,322
Buildings	16,638,629	962,652	106,815	17,708,096
Roads and bridges	13,667,540	596,209	6,071	14,269,820
Automotive equipment	4,337,823	584,108	-	4,921,931
Furniture and equipment	149,143	15,075	-	164,218
Computer equipment	312,318	24,472	-	336,790
Water and sewer	12,136,400	51,547	101,765	12,289,712
Other infrastructure	10,584,317	433,661	31,192	11,049,170
<b>Total</b>	<b>\$ 67,008,711</b>	<b>\$ 2,774,043</b>	<b>\$ (91,408)</b>	<b>\$ 69,691,346</b>

Accumulated Amortization	Balance at December 31, 2022	Disposals and write-downs	Amortization	Balance at December 31, 2023
Construction in progress	\$ -	\$ -	\$ -	\$ -
Land and land improvements	5,127,316	-	-	5,127,316
Buildings	10,390,336	-	404,985	10,795,321
Roads and bridges	8,209,008	-	710,486	8,919,494
Automotive equipment	2,731,292	-	285,914	3,017,206
Furniture and equipment	88,078	-	8,859	96,937
Computer equipment	283,089	-	16,144	299,233
Water and sewer	5,289,591	-	309,866	5,599,457
Other infrastructure	5,844,841	(91,408)	422,336	6,175,769
<b>Total</b>	<b>\$ 37,963,551</b>	<b>\$ (91,408)</b>	<b>\$ 2,158,590</b>	<b>\$ 40,030,733</b>

	Net book value, December 31, 2022	Net book value, December 31, 2023
Construction in progress	\$ 337,219	\$ 106,287
Land and land improvements	3,718,006	3,718,006
Buildings	6,248,293	6,912,775
Roads and bridges	5,458,532	5,350,326
Automotive equipment	1,606,531	1,904,725
Furniture and equipment	61,065	67,281
Computer equipment	29,229	37,557
Water and sewer	6,846,809	6,690,255
Other infrastructure	4,739,476	4,873,401
<b>Total</b>	<b>\$ 29,045,160</b>	<b>\$ 29,660,613</b>



# THE CORPORATION OF THE TOWN OF NORTHEASTERN MANITOULIN AND THE ISLANDS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

## 8. Tangible capital assets (continued):

Cost	Balance at December 31, 2021	Additions	Transfers and disposals	Balance at December 31, 2022
Construction in progress	\$ 123,107	\$ 214,112	\$ -	\$ 337,219
Land and land improvements	8,845,322	-	-	8,845,322
Buildings	16,409,258	319,945	(90,574)	16,638,629
Roads and bridges	13,353,546	313,994	-	13,667,540
Automotive equipment	4,106,275	231,548	-	4,337,823
Furniture and equipment	99,892	49,251	-	149,143
Computer equipment	292,141	20,177	-	312,318
Water and sewer	11,676,612	459,788	-	12,136,400
Other infrastructure	10,584,317	-	-	10,584,317
<b>Total</b>	<b>\$ 65,490,470</b>	<b>\$ 1,608,815</b>	<b>\$ (90,574)</b>	<b>\$ 67,008,711</b>

Accumulated Amortization	Balance at December 31, 2021	Disposals and write-downs	Amortization	Balance at December 31, 2022
Construction in progress	\$ -	\$ -	\$ -	-
Land and land improvements	5,112,460	-	14,856	5,127,316
Buildings	10,012,975	(47,823)	425,184	10,390,336
Roads and bridges	7,590,050	-	618,958	8,209,008
Automotive equipment	2,530,049	-	201,243	2,731,292
Furniture and equipment	83,384	-	4,694	88,078
Computer equipment	276,781	-	6,308	283,089
Water and sewer	4,951,011	-	338,580	5,289,591
Other infrastructure	5,448,719	-	396,122	5,844,841
<b>Total</b>	<b>\$ 36,005,429</b>	<b>\$ (47,823)</b>	<b>\$ 2,005,945</b>	<b>\$ 37,963,551</b>

	Net book value, December 31, 2021	Net book value, December 31, 2022
Construction in progress	\$ 123,107	\$ 337,219
Land and land improvements	3,732,862	3,718,006
Buildings	6,396,283	6,248,293
Roads and bridges	5,763,496	5,458,532
Automotive equipment	1,576,226	1,606,531
Furniture and equipment	16,508	61,065
Computer equipment	15,360	29,229
Water and sewer	6,725,601	6,846,809
Other infrastructure	5,135,598	4,739,476
<b>Total</b>	<b>\$ 29,485,041</b>	<b>\$ 29,045,160</b>



# THE CORPORATION OF THE TOWN OF NORTHEASTERN MANITOULIN AND THE ISLANDS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

## 9. Accumulated surplus:

Accumulated surplus consists of individual fund surplus and reserves and reserve funds as follows:

	2023	2022
Invested in tangible capital assets	\$ 29,660,613	\$ 29,045,160
General surplus	1,146,538	667,607
Amounts to be recovered in future periods	(902,420)	(1,125,185)
Unfunded amounts:		
Asset retirement obligation	(6,721,966)	(6,285,775)
Employee future benefits	(199,209)	(196,761)
	22,983,556	22,125,016
Reserves and reserve funds	3,751,929	4,261,512
	\$ 26,735,485	\$ 26,386,528

## 10. Taxation:

Taxation revenue is comprised of the following:

	2023	2022
Residential and farmland	\$ 5,604,562	\$ 5,300,672
Commercial and industrial	918,084	870,663
Other governments and agencies	162,524	155,809
Amounts levied on behalf of school boards	(1,056,334)	(1,031,762)
	\$ 5,628,836	\$ 5,295,382

## 11. User charges and fees:

User charges are comprised of the following:

	2023	2022
Sewer and water charges	\$ 1,191,586	\$ 1,100,685
Marina services	508,393	490,690
Recreation center	171,582	120,131
Other fees and charges	370,105	350,181
	\$ 2,241,666	\$ 2,061,687

# THE CORPORATION OF THE TOWN OF NORTHEASTERN MANITOULIN AND THE ISLANDS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

## 12. Other revenue:

Other revenue is comprised of the following:

	2023	2022
Building permit fees	\$ 142,764	\$ 142,232
Rents and leases	81,078	79,975
Penalties and interest	57,807	58,264
Other	60,936	76,722
	<b>\$ 342,585</b>	<b>\$ 357,193</b>

## 13. Pension plan:

Further to note 1(b)(v), the Town makes contributions to OMERS on behalf of the members of its staff. The plan is a multi-employer defined benefit plan which specifies the amount of retirement benefit to be received by the employees based on length of service and rates of pay. The amount contributed to OMERS for 2023 is \$154,964 (2022 - \$143,168) and is included as an expense in the consolidated statement of operations and accumulated surplus.

## 14. Contributions to joint local boards:

Further to note 1(a)(ii), the following contributions were made by the Town to these boards.

	2023	2022
Manitoulin-Sudbury District Services Board	\$ 1,126,097	\$ 1,096,006
Public Health Sudbury & Districts	122,532	117,660
Manitoulin Centennial Manor	137,103	134,415
	<b>\$ 1,385,732</b>	<b>\$ 1,348,081</b>

# THE CORPORATION OF THE TOWN OF NORTHEASTERN MANITOULIN AND THE ISLANDS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

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## 15. Contingent liabilities:

### a) Legal matters and litigation:

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

### b) Employment matters:

During the normal course of operation, the Town may be involved in certain employment-related matters and will record accruals based on management's estimate of potential settlement amounts where these amounts are reasonably determinable.

## 16. Commitments:

The Town has entered into an agreement with the Ontario Clean Water Agency to operate and maintain the Town's water treatment plant and distribution system at an annual cost of approximately \$240,000.

## 17. Trust funds:

Trust funds administered by the Town amounting to \$218,530 (2022 - \$211,272) 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. As the balances are held in trust by the Town for the benefit of others, they are not presented as part of the Town's financial position or operations.

## 18. Segmented information:

The Town is a diversified municipal government institution that provides a wide range of services to citizens. Services include water, roads, fire, police, waste management, recreation programs, economic development, land use planning and health and social services. For management reporting purposes, the Government's operations and activities are organized and reported by Fund. Funds were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations.

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

### General Government

General Government consists of: Office of the Mayor, council expenses, administrative services (including clerks, elections, communications, legal and information technology services), human resources and financial departments. Areas within the general government respond to the needs of external and internal clients by providing high quality, supportive and responsive services. This area supports the operating departments in implementing priorities of Council and provides strategic leadership on issues, relating to governance, strategic planning and service delivery.

# THE CORPORATION OF THE TOWN OF NORTHEASTERN MANITOULIN AND THE ISLANDS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

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## 18. Segmented information (continued):

### Protection Services

This section consists of fire, police, animal control, building services and emergency measures. Police services are provided by the Ontario Provincial Police and ensure the safety of the lives and property of citizens; preserve peace and order; prevent crimes from occurring, detect offenders and enforce the law. Fire Services is responsible to provide fire suppression service; fire prevention programs, training and education related to prevention, detection and extinguishment of fires. The Building Services Division processes permit applications and ensure compliance with the Ontario Building Code and with By-Laws enacted by Council.

### Transportation Services

This area is responsible for management of roadways including traffic and winter control.

### Environmental Services

In addition to the management of waterworks, sanitary and storm sewer systems, this area is responsible for waste collection, waste disposal and recycling facilities and programs. This section is responsible for providing clean, potable water meeting all regulatory requirements and responsible for repairing breaks and leaks in the water and sewer system. This section produces quality effluents meeting regulatory requirements and minimizing environment degradation.

### Health and Social Services

This section consists of assistance to aged persons, cemetery services as well as the Town's contribution to the Sudbury and District Health Unit, Manitoulin-Sudbury District Services Board and Manitoulin Centennial Manor.

### Recreation and Cultural Services

This section provides public services that contribute to neighborhood development and sustainability through the provision of recreation and leisure services and provides management of arenas leisure facilities and a marina. This section also contributes to the information needs of the Town's citizens through the provision of library and cultural services and by preserving local history and managing archived data.

### Planning and Development

The goal of this section is to offer coordinated development services in order to maximize economic development opportunities, and to ensure that the Town is planned and developed in accordance with the Ontario Planning Act, Provincial policies and good planning principles.

Certain allocation methodologies are employed in the preparation of segmented financial information. Taxation, certain government grants and other revenue are apportioned to services based on a percentage of operations.

**THE CORPORATION OF THE TOWN OF  
NORTHEASTERN MANITOULIN AND THE ISLANDS**

Note 18 - Segmented Information (continued)

Year ended December 31, 2023

	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation and Cultural Services	Planning and Development	2023	Total
<b>Revenue:</b>										
Grants	\$ 1,614,031	\$ (2,389)	\$ 919,244	\$ 63,251	\$ -	\$ -	\$ 582,282	\$ -	\$ -	\$ 3,176,419
Taxation revenue	5,628,836	-	-	-	-	-	-	-	-	5,628,836
User charges and fees	-	146,508	141,753	1,291,995	29,496	-	723,992	50,686	-	2,384,430
Other	470,330	1,185	-	-	-	-	52,196	-	-	523,711
	7,713,197	145,304	1,060,997	1,355,246	29,496	-	1,358,470	50,686	-	11,713,396
<b>Expenses:</b>										
Salaries, wages and benefits	882,787	179,679	904,161	115,900	-	-	617,216	49,173	-	2,748,916
Purchase of goods and materials	392,473	86,890	948,369	532,896	5,069	-	846,820	170,543	-	2,983,060
Contracts and services	132,759	761,538	17,252	580,138	27,622	-	40,241	17,778	-	1,577,328
Amortization	57,813	53,974	927,625	554,929	5,778	-	558,471	-	-	2,158,590
Asset retirement obligation accretion expense	-	-	-	436,191	-	-	-	-	-	436,191
Financial expenses	7,181	-	1,204	-	-	-	-	-	-	8,385
Long-term debt interest	-	-	-	1,203	-	-	-	-	-	1,203
Other transfers	-	-	65,034	-	850,649	535,083	-	-	-	1,450,766
	1,473,013	1,082,081	2,863,645	2,221,257	889,118	535,083	2,062,748	237,494	-	11,364,439
Net financial requirement before undemoted items	6,240,184	(936,777)	(1,802,648)	(866,011)	(859,622)	(535,083)	(704,278)	(186,808)	-	348,957
<b>Taxation</b>										
Ontario Municipal Partnership Fund	-	-	-	-	-	-	-	-	-	-
Annual surplus	6,240,184	(936,777)	(1,802,648)	(866,011)	(859,622)	(535,083)	(704,278)	(186,808)	\$	348,957

**THE CORPORATION OF THE TOWN OF  
NORTHEASTERN MANITOULIN AND THE ISLANDS**

Note 18 - Segmented Information (continued)

Year ended December 31, 2023

	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation and Cultural Services	Planning and Development	2022 Total
<b>Revenue:</b>									
Grants	\$ 1,698,851	\$ 518	\$ 458,155	\$ 53,889	\$ -	\$ -	\$ 766,431	\$ -	\$ 2,977,844
Taxation revenue	5,295,382	-	-	-	-	-	-	-	5,295,382
User charges and fees	-	5,324	127,254	1,199,360	14,864	-	690,904	23,981	2,081,687
Other	543,089	145,232	-	-	-	-	26,258	-	714,579
	7,537,322	151,074	585,409	1,253,249	14,864	-	1,483,593	23,981	11,049,492
<b>Expenses:</b>									
Salaries, wages and benefits	841,133	169,036	874,075	89,100	-	-	499,164	37,089	2,509,597
Purchase of goods and materials	392,785	111,142	981,695	467,299	4,230	-	823,878	168,496	2,849,525
Contracts and services	88,375	730,363	8,345	352,676	24,500	-	39,653	3,869	1,247,781
Amortization	61,343	53,974	807,268	554,079	-	-	540,835	-	2,017,499
Asset retirement obligation accretion expense	-	-	-	401,987	-	-	-	-	401,987
Financial expenses	9,556	-	-	-	-	-	-	-	9,556
Long-term debt interest	-	-	-	40,862	-	-	-	-	40,862
Other transfers	-	-	-	-	824,556	528,787	-	-	1,353,343
	1,393,192	1,064,515	2,671,383	1,906,003	853,286	528,787	1,903,530	209,454	10,530,150
<b>Net financial requirement before undernoted items</b>	<b>6,144,130</b>	<b>(913,441)</b>	<b>(2,085,974)</b>	<b>(652,754)</b>	<b>(838,422)</b>	<b>(528,787)</b>	<b>(419,937)</b>	<b>(185,473)</b>	<b>519,342</b>
<b>Taxation</b>									
Ontario Municipal Partnership Fund	-	-	-	-	-	-	-	-	-
<b>Annual surplus</b>	<b>6,144,130</b>	<b>(913,441)</b>	<b>(2,085,974)</b>	<b>(652,754)</b>	<b>(838,422)</b>	<b>(528,787)</b>	<b>(419,937)</b>	<b>(185,473)</b>	<b>\$ 519,342</b>

# THE CORPORATION OF THE TOWN OF NORTHEASTERN MANITOULIN AND THE ISLANDS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

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## 19. Public sector salary disclosure:

During 2023, one employee was paid a salary, as defined in the Public Sector Salary Disclosure Act, 1996, of \$100,000 or more by the Town.

## 20. Financial risk and concentration of risk:

### (a) Credit risk:

Credit risk arises from the potential that a counter party will fail to perform its obligations. The municipality is exposed to credit risk from customers and ratepayers. The Town has a significant number of customers and ratepayers which minimizes concentration of credit risk.

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

### (b) Liquidity risk:

Liquidity risk is the risk that the Town cannot repay its obligations when they become due to its creditors. The Town is exposed to this risk relating to its accounts payable and accrued liabilities.

The Town reduces its exposure to liquidity risk by monitoring cash activities and expected outflow through extensive budgeting and maintaining enough cash and credit facilities available to repay creditors as they become due. In the opinion of management, the liquidity risk exposure to the Town is low.

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

## 21. Comparative information:

Certain 2022 comparative figures have been reclassified to conform with the presentation adopted in 2023.

## 02 New Accounting Standards

- The Public Sector Accounting Board has introduced new accounting standards for the 2023 fiscal year:
    - PS1201 Financial Statement Presentation
    - PS2601 Foreign Currency Translation
    - PS3041 Portfolio Investments
    - PS3450 Financial Instruments
    - PS3280 Asset Retirement Obligations
- } No impact on the Town's financial statements
- The new accounting standard for asset retirement obligations (AROs) changes the Town's approach to accounting for tangible capital assets

Old Standards	New Standards
<ul style="list-style-type: none"> <li>• Assets that are in productive use do not require a provision for remediation</li> <li>• Landfill closure and post-closure costs were reported based on the percentage of landfill capacity utilized</li> </ul>	<ul style="list-style-type: none"> <li>• Exemption for productive use no longer applies, requiring AROs that were not previously recognized</li> <li>• Landfill AROs are recorded at the full amount (i.e. no pro-rating for capacity)</li> </ul>



## 02 New Accounting Standards

- The 2023 financial statements reflect asset retirement obligations for two categories of assets:
  - Asbestos abatement and other remediation for buildings \$979,635
  - Landfill sites (portion was previously recognized under the former standards) \$5,742,331
  
- The ARO has been recognized on a retrospective basis, resulting in a reduction in the Town's reported accumulated surplus at January 1, 2022
  
- For Council's information, we suggest the following perspectives with respect to AROs
  - The realization of these liabilities is expected to occur in the future as assets are retired from useful life
    - For landfill liabilities, closure is expected 40+ years in the future, with the costs to be paid over 40 years from closure
  - AROs are accounting related estimates and are not typically included in the municipal levy
  - The Town may wish to consider continuing the accumulation of reserve funds to pay for the eventual closure of its landfills and/or replacement of its facilities



## **Public Works Report**

**May 23, 2024**

### **Roads**

Patching is ongoing

Staff have completed sweeping the streets and sidewalks

All roads have been graded and M gravel installed

Culverts on Townline road have been changed

Gravel road lift on Townline road is being installed

We fixed a water main break on Water Street

### **Landfill**

All operations are going well

We are now open on Sundays

We are back to 2 bin pick ups a week for food generating business in Little Current

### **Equipment**

Ongoing maintenance is being performed daily

Repairs are being conducted as required

# Report to Community Services/Public Works – May 23, 2024

## Rec Centre

- Meetings/Events/Programs/Classes
- Off Season Maintenance Planning
- NASP Archery Competition & Program went very well.
  - Organizers hope to continue youth interest in the sport.

## This Month

- Circus Genoa – May 29<sup>th</sup>
- Drive Test – June 5 & 17
- Pickle Ball continues in the Curling Club
- Line Dancing Continues

## Marine, Parks & Outdoor Buildings

- Spider Bay is for the season May 17
- Town Docks Being Installed
  - Ready for late May
- Port of LC Service Dock open as of May 11
  - Continue to work on repairs and upgrades to fuel system and building.
- All Buildings open for the season.
  - Regular maintenance as required.
- Splash Pad open for the season on May 17
- Soccer Program Started May 6
  - Soccer Tournament – May 26
- Park Maintenance
- Swim Dock to be installed Early June

## Programs & Museum

- Information Centre is open 7 days a week for the season.
- Museum is now open Tuesday to Saturday
- NEMI painters moved to the museum on Thursdays.
- The 67th Annual Juried Art Exhibition
  - organized by NOAA.
  - Opens at the museum June 3<sup>rd</sup>.
- Workshops in June
  - Canada PAL
  - Pleasure Craft Operator's Card
  - Stained glass.



## *Building Control Report to May 20, 2024*

There have been 24 permits issued, one permit renewal and five requests for inspections this year.  
The permits are categorized as follows.

	Permits	Total
Residential – New	2	\$8,004.00
Residential – Additions & Renovations	6	\$9,940.00
Multi Residential – New	0	\$0.00
Seasonal Dwellings – New	4	\$15,002.00
Seasonal Dwellings – Additions & Renovations	2	\$3,672.00
Detached Garages	3	\$1,826.00
Accessory Buildings – New	1	\$300.00
Decks – New & Alterations (1 canceled)	4	\$300.00
Commercial/Industrial New	0	\$0.00
Commercial/Industrial – Additions & Renovations	1	\$4,850.00
Institutional – Renovations	1	\$3,000.00
Demolition/Moving	0	\$0.00
Permit Renewals	1	\$100.00
Inspection Request	5	\$500.00
<b>Total</b>	<b>30</b>	<b>\$47,494.00</b>

One new residential permit, one residential addition/reno permit, one detached garage permit, two new seasonal dwelling permits, two seasonal dwelling addition/reno permits and three deck permits have been issued since the last report. This period has a construction value of **\$1,717,000.00** and a building department revenue of **\$20,098.00**. The total value of construction value to date is **\$3,695,000.00** with a total building department revenue of **\$47,494.00**.

# **LITTLE CURRENT BUSINESS IMPROVEMENT AREA**

*Little Current ...Port of the North Channel*

*Dear Mayor and Council*

*Re: Empty Sign case at Spider Bay*

*The BIA would like to have the opportunity to have a sign placed in the empty sign case that is beside the shower house.*

*As you know this has been empty for a few years, we would have our sign company make a duplicate of our Welcome to Little Current sign that would fit this case.*

*We presently have three large signs up, which are welcoming visitors to downtown Little Current, one located on Hwy 17 West, one on Hwy 17 East and the one by the LCBO in Little Current.*

*This sign would enhance Spider Bay and let our seasonal boaters and transient boaters, of our great downtown waterfront. We would not require it to be lit up.*

*We are hoping if you agree to this, we can negotiate a fee, as we are paying, for all the other roadside signs with our small budget.*

*Looking forward to hearing from you.*

*I am available to discuss if needed.*

Thank you  


*Debby Turner  
President  
Little Current BIA*

5:59

LTE 

Photo 

Done

