

**The Corporation of the  
Municipality of Powassan**

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

**December 31, 2023**

**The Corporation of the  
Municipality of Powassan**

**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 Powassan (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.



Treasurer  
April 16, 2024

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## **Independent Auditor's Report**

### **To the Members of Council, Inhabitants and Ratepayers of The Corporation of the Municipality of Powassan**

#### **Opinion**

We have audited the consolidated financial statements of The Corporation of the Municipality of Powassan, 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 Powassan 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.

## Independent Auditor's Report (continued)

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

- 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.
- 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  
April 16, 2024

*Baker Tilly SNT LLP*  
CHARTERED PROFESSIONAL ACCOUNTANTS,  
LICENSED PUBLIC ACCOUNTANTS

**The Corporation of the Municipality of Powassan**  
**Consolidated Statement of Financial Position**  
**December 31, 2023**

	<u>2023</u>	<u>2022</u> (Restated note 5)
<b>Financial Assets</b>		
Cash and cash equivalents (note 6)	\$ 1,882,927	\$ 1,032,979
Taxes receivable	497,791	735,951
Accounts receivable (note 7)	440,548	423,161
Mortgage receivable	-	43,145
	<u>2,821,266</u>	<u>2,235,236</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities (note 9)	551,706	363,211
Deferred revenues - other (note 10)	60,043	140,965
Deferred revenues - obligatory reserve funds (note 11)	324,156	296,534
Municipal debt (note 12)	5,739,540	6,306,370
Employee future benefits payable (note 13)	138,910	144,666
Asset retirement obligations (note 14)	2,113,116	2,033,297
Contractual obligations (note 15)	112,077	149,436
	<u>9,039,548</u>	<u>9,434,479</u>
<b>Net Debt</b>	<u>(6,218,282)</u>	<u>(7,199,243)</u>
<b>Non-Financial Assets</b>		
Tangible capital assets (note 16)	20,770,724	21,454,124
Prepaid expenses	106,798	103,004
Inventories	128,080	103,207
	<u>21,005,602</u>	<u>21,660,335</u>
<b>Accumulated Surplus (note 17)</b>	<u>\$ 14,787,320</u>	<u>\$ 14,461,092</u>
Contingencies (note 18)		
Commitments (note 19)		

Approved by:




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

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

	<u>2023</u>		<u>2022</u>
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
	(Unaudited)		(Restated note 5)
<b>Revenues</b>			
Net taxation	\$ 4,062,776	\$ 4,116,623	\$ 3,816,137
User charges	1,319,720	1,568,665	1,369,447
Government grants and transfers - Provincial	1,172,241	1,234,584	1,220,542
Government grants and transfers - Federal	40,522	-	35,615
Other	140,364	140,134	192,957
<b>Total revenues</b>	<b><u>6,735,623</u></b>	<b><u>7,060,006</u></b>	<b><u>6,634,698</u></b>
<b>Expenses</b>			
General government	1,392,510	1,388,163	1,515,993
Protection services	1,151,144	1,163,707	1,158,999
Transportation services	2,129,312	2,011,417	2,084,508
Environmental services	857,083	914,830	922,856
Health services	238,204	239,447	229,244
Social and family services	274,592	274,592	264,683
Recreation and cultural services	1,066,733	1,092,940	1,001,364
Planning and development	119,200	114,439	114,463
<b>Total expenses</b>	<b><u>7,228,778</u></b>	<b><u>7,199,535</u></b>	<b><u>7,292,110</u></b>
<b>Annual deficit before other</b>	<b>(493,155)</b>	<b>(139,529)</b>	<b>(657,412)</b>
<b>Other</b>			
Government grants and transfers related to capital - Provincial	325,801	159,960	-
Government grants and transfers related to capital - Federal	898,888	305,797	300,869
	<b><u>1,224,689</u></b>	<b><u>465,757</u></b>	<b><u>300,869</u></b>
<b>Annual surplus (deficit)</b>	<b>731,534</b>	<b>326,228</b>	<b>(356,543)</b>
<b>Accumulated surplus, beginning of year, as previously stated</b>	<b>14,461,092</b>	<b>14,461,092</b>	14,583,114
Adjustments related to adoption of new accounting standards (note 5)	-	-	234,521
<b>Accumulated surplus, end of year</b>	<b><u>\$ 15,192,626</u></b>	<b><u>\$ 14,787,320</u></b>	<b><u>\$ 14,461,092</u></b>

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



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

	<u>2023</u>	<u>2022</u>
		(Restated note 5)
<b>Operating transactions</b>		
Annual surplus (deficit)	\$ 326,228	\$ (356,543)
<b>Cash and cash equivalents provided by (applied to)</b>		
Non-cash items:		
Amortization of tangible capital assets	1,170,495	1,199,537
(Gain) loss on disposal of tangible capital assets	102,482	(10,958)
Change in non-cash working capital balances		
Decrease in taxes receivable	238,160	97,685
Decrease (increase) in accounts receivable	(17,387)	813,578
Increase (decrease) in accounts payable and accrued liabilities	188,495	(332,819)
Increase (decrease) in deferred revenues - other	(80,922)	140,965
Increase (decrease) in deferred revenues - obligatory reserve funds	27,622	(2,007)
Decrease in employee future benefits payable	(5,756)	(53,175)
Increase in asset retirement obligations	79,819	107,647
Increase in prepaid expenses	(3,794)	(1,870)
Increase in inventories	<u>(24,873)</u>	<u>(16,084)</u>
Cash and cash equivalents provided by operating transactions	<u>2,000,569</u>	<u>1,585,956</u>
<b>Investing transactions</b>		
Change in short-term investments	-	742,351
Change in mortgage receivable	<u>43,145</u>	<u>4,175</u>
Cash and cash equivalents provided by investing transactions	<u>43,145</u>	<u>746,526</u>
<b>Capital transactions</b>		
Acquisition of tangible capital assets	(589,577)	(809,506)
Proceeds on disposal of tangible capital assets	-	27,225
Cash and cash equivalents applied to capital transactions	<u>(589,577)</u>	<u>(782,281)</u>
<b>Financing transactions</b>		
Temporary borrowing repaid	-	(500,000)
Municipal debt issued	-	418,980
Municipal debt repaid	(566,830)	(526,233)
Contractual obligations repaid	<u>(37,359)</u>	<u>(38,751)</u>
Cash and cash equivalents applied to financing transactions	<u>(604,189)</u>	<u>(646,004)</u>
<b>Increase in cash and cash equivalents</b>	<b>849,948</b>	<b>904,197</b>
<b>Cash and cash equivalents, beginning of year</b>	<u><b>1,032,979</b></u>	<u><b>128,782</b></u>
<b>Cash and cash equivalents, end of year</b>	<u><b>\$ 1,882,927</b></u>	<u><b>\$ 1,032,979</b></u>
<b>Cash and cash equivalents is comprised of the following:</b>		
Unrestricted cash	\$ 624,183	\$ (153,965)
Internally restricted cash	<u>1,258,744</u>	<u>1,186,944</u>
	<u><b>\$ 1,882,927</b></u>	<u><b>\$ 1,032,979</b></u>

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

	<u>2023</u> <b>Budget</b> <small>(Unaudited)</small>	<u>2023</u> <b>Actual</b>	<u>2022</u> <b>Actual</b> <small>(Restated note 5)</small>
<b>Annual surplus (deficit)</b>	<b>\$ 731,534</b>	<b>\$ 326,228</b>	<b>\$ (356,543)</b>
Amortization of tangible capital assets	<b>1,170,495</b>	<b>1,170,495</b>	1,199,537
Proceeds on disposal of tangible capital assets		-	27,225
(Gain) loss on disposal of tangible capital assets	-	<b>102,482</b>	(10,958)
Acquisition of tangible capital assets	<b>(1,537,760)</b>	<b>(589,577)</b>	(809,506)
Change in prepaid expenses	-	<b>(3,794)</b>	(1,870)
Change in inventories	-	<b>(24,873)</b>	(16,084)
<b>Decrease in net debt</b>	<b>364,269</b>	<b>980,961</b>	31,801
<b>Net debt, beginning of year, as previously stated</b>	<b>(7,199,243)</b>	<b>(7,199,243)</b>	(5,563,421)
Adjustments related to adoption of new accounting standards (note 5)	-	-	<u>(1,667,623)</u>
<b>Net debt, end of year</b>	<b><u><u>\$ (6,834,974)</u></u></b>	<b><u><u>\$ (6,218,282)</u></u></b>	<b><u><u>\$ (7,199,243)</u></u></b>

# **The Corporation of the Municipality of Powassan**

## **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**

###### Consolidated Entities

- (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.

###### Joint Local Boards

- (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 boards are proportionately consolidated:

Powassan and District Union Library (60%)

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

- (iii) Non-Consolidated Entities

The following joint local boards are not consolidated:

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

# **The Corporation of the Municipality of Powassan**

## **Notes to the Consolidated Financial Statements**

### **December 31, 2023**

#### **1. Significant Accounting Policies (Continued)**

##### **(a) Basis of Consolidation (Continued)**

###### **(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.

##### **(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 Corporation of the Municipality of Powassan**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2023**

**1. Significant Accounting Policies (Continued)**

(b) Basis of Accounting (Continued)

(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. 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.

**The Corporation of the Municipality of Powassan**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2023**

**1. Significant Accounting Policies (Continued)**

(b) Basis of Accounting (Continued)

(vii) Segmented Information (Continued)

*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 and streetlights.

*Environmental Services*

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

*Health Services*

Health services include public health services, land ambulance and cemetery services.

*Social and Family Services*

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

**The Corporation of the Municipality of Powassan**  
**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 years and landfill capacity
Buildings	10 to 50 years
Automotive equipment	5 to 15 years
Equipment	10 to 25 years
Computer hardware and software	3 to 10 years
Roads and bridges	10 to 50 years
Water and sewer	15 to 100 years

In the year of purchase or disposal the asset amortization is prorated by month. 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.

# The Corporation of the Municipality of Powassan

## Notes to the Consolidated Financial Statements

December 31, 2023

### 1. Significant Accounting Policies (Continued)

#### (b) Basis of Accounting (Continued)

##### (viii) Non-Financial Assets (Continued)

###### *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.

##### (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.



**The Corporation of the Municipality of Powassan**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2023**

**1. Significant Accounting Policies (Continued)**

(b) Basis of Accounting (Continued)

(x) Government Grants and Transfers

Government grants and transfers are recognized in the 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 consolidated statement of operations and accumulated surplus as the stipulations giving rise to the liabilities are settled.

(xi) 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.

(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.

# **The Corporation of the Municipality of Powassan**

## **Notes to the Consolidated Financial Statements**

### **December 31, 2023**

## **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.

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.

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.

# The Corporation of the Municipality of Powassan

## Notes to the Consolidated Financial Statements

### December 31, 2023

#### 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.

#### 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 landfill including closure and post-closure activities provided for over the estimated remaining life of the landfill site based on usage.

# The Corporation of the Municipality of Powassan

## Notes to the Consolidated Financial Statements

December 31, 2023

### 5. Adoption of New Accounting Standards (Continued)

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 \$2,033,297 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:

	<u>As previously stated</u>	<u>2022 Adjustments</u>	<u>Restated</u>
<b>Statement of Financial Position</b>			
Asset retirement obligations	\$ -	\$ 2,033,297	\$ 2,033,297
Landfill closure and post-closure	289,148	(289,148)	-
Tangible capital assets	19,570,284	1,883,840	21,454,124
Accumulated surplus	14,321,401	139,691	14,461,092
<b>Statement of Operations and Accumulated Surplus</b>			
General government	1,514,903	1,090	1,515,993
Environmental services	830,465	92,391	922,856
Recreation and cultural services	1,000,015	1,349	1,001,364
Adjustments related to adoption of new accounting standards	-	234,521	234,521
Accumulated surplus, end of year	14,321,401	139,691	14,461,092
<b>Statement of Cash Flows</b>			
Annual surplus (deficit)	(261,713)	(94,830)	(356,543)
Amortization of tangible capital assets	1,181,233	18,304	1,199,537
Increase in landfill closure and post- closure	31,121	(31,121)	-
Increase in asset retirement obligations	-	107,647	107,647

# The Corporation of the Municipality of Powassan

## Notes to the Consolidated Financial Statements

December 31, 2023

### 5. Adoption of New Accounting Standards (Continued)

	<u>As previously stated</u>	<u>2022 Adjustments</u>	<u>Restated</u>
<b>Statement of Change in Net Debt</b>			
Annual surplus (deficit)	(261,713)	(94,830)	(356,543)
Amortization of tangible capital assets	1,181,233	18,304	1,199,537
Adjustments related to adoption of new accounting standards	-	(1,667,623)	(1,667,623)
Net debt, end of year	(5,455,094)	(1,744,149)	(7,199,243)
<b>Note 16 - Tangible Capital Assets</b>			
Land improvements (net book value)	889,121	1,752,822	2,641,943
Buildings (net book value)	7,169,131	59,996	7,229,127
Water and sewer (net book value)	3,263,008	71,022	3,334,030
Tangible capital assets (net book value)	19,570,284	1,883,840	21,454,124
<b>Note 17 - Accumulated Surplus</b>			
Invested in tangible capital assets	19,570,284	1,883,840	21,454,124
Asset retirement obligations	-	(2,033,297)	(2,033,297)
Landfill closure and post-closure liability	(289,148)	289,148	-
Accumulated surplus	14,321,401	139,691	14,461,092
<b>Note 25 - Segmented Information</b>			
Materials, contracted services, rents and financial expenses	2,559,391	76,526	2,635,917
Amortization of tangible capital assets	1,181,233	18,304	1,199,537

### 6. Cash and Cash Equivalents

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 2,349,660	\$ 1,532,908
Outstanding cheques	(466,733)	(499,929)
	<u>\$ 1,882,927</u>	<u>\$ 1,032,979</u>

# The Corporation of the Municipality of Powassan

## Notes to the Consolidated Financial Statements

December 31, 2023

### 7. Accounts Receivable

	<u>2023</u>	<u>2022</u>
Federal government	\$ 78,633	\$ 54,034
Province of Ontario	2,129	13,806
User charges	135,220	124,683
Other	<u>224,566</u>	<u>230,638</u>
	<u>\$ 440,548</u>	<u>\$ 423,161</u>

### 8. Temporary Borrowing

The Municipality has authorized credit facilities totalling \$1,600,000, which is unsecured. As at December 31, 2023, the Municipality has utilized \$0 (2022 - \$0). The interest is calculated at the bank's prime lending rate.

### 9. Accounts Payable and Accrued Liabilities

	<u>2023</u>	<u>2022</u>
Federal government	\$ 7,141	\$ 7,509
Province of Ontario	1,635	594
Trade payables and accrued liabilities	494,822	304,164
Accrued interest	<u>48,108</u>	<u>50,944</u>
	<u>\$ 551,706</u>	<u>\$ 363,211</u>

### 10. Deferred Revenues - Other

Deferred revenues 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
Northern Ontario Resource Development Support Fund	\$ 96,794	\$ 101,175	\$ 151,215	\$ 46,754
Municipal Modernization Program	39,882	-	39,882	-
Other	<u>4,289</u>	<u>9,000</u>	<u>-</u>	<u>13,289</u>
<b>Total Deferred Revenues - Other</b>	<u>\$ 140,965</u>	<u>\$ 110,175</u>	<u>\$ 191,097</u>	<u>\$ 60,043</u>

# The Corporation of the Municipality of Powassan

## Notes to the Consolidated Financial Statements

December 31, 2023

### 11. 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 revenues. 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 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	\$ 213,796	\$ 234,220	\$ 305,797	\$ 142,219
Ontario Community Infrastructure Fund	<u>82,738</u>	<u>107,944</u>	<u>8,745</u>	<u>181,937</u>
<b>Total Deferred Revenues - Obligatory Reserve Funds</b>	<u><u>\$ 296,534</u></u>	<u><u>\$ 342,164</u></u>	<u><u>\$ 314,542</u></u>	<u><u>\$ 324,156</u></u>

### 12. Municipal Debt

	<u>2023</u>	<u>2022</u>
Term loan, repayable in monthly instalments of \$1,427, plus interest at the bank's prime lending rate plus 0.5%, maturing September 30, 2024	<b>\$ 305,278</b>	\$ 322,402
Term loan, repayable in monthly instalments of \$3,751, including interest at the fixed rate of 3.90%, maturing in October 16, 2024	<b>33,577</b>	76,362
Term loan, repayable in monthly instalments of \$6,191, including interest at the fixed rate of 6.20%, maturing August 31, 2025	<b>356,810</b>	406,914
Debenture loan, repayable in semi-annual instalments of \$86,958 including interest at the fixed rate of 3.88%, maturing October 15, 2025	<b>331,594</b>	488,075
Term loan, repayable in monthly instalments of \$1,647, plus interest at the bank's prime lending rate plus 1.00%, maturing May 22, 2026	<b>47,757</b>	67,519

**The Corporation of the Municipality of Powassan**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2023**

**12. Municipal Debt (Continued)**

Term loan, repayable in monthly instalments of \$2,500, plus interest at the bank's prime lending rate plus 1.00%, maturing July 7, 2026	<b>77,500</b>	107,500
Term loan, repayable in monthly instalments of \$5,952, plus interest at the bank's prime lending rate plus 0.50%, maturing September 30, 2026	<b>345,248</b>	416,672
Debenture loan, repayable in semi-annual instalments of \$58,400, including interest at the fixed rate of 2.21%, maturing August 16, 2036	<b>1,313,492</b>	1,399,830
Debenture loan, repayable in semi-annual instalments of \$89,409 including interest at the fixed rate of 3.61%, maturing September 4, 2048	<b>2,928,284</b>	2,999,457
Term loan, repayable in blended monthly instalments of \$1,122, plus interest at the fixed rate of 3.69%, matured August 14, 2023	-	8,487
Term loan, repayable in monthly instalments of \$1,460, plus interest at the bank's prime lending rate plus 1.00%, matured September 14, 2023	-	13,152
	<u><b>\$ 5,739,540</b></u>	<u><b>\$ 6,306,370</b></u>

The Municipality has an authorized revolving credit facility totalling \$500,000 to finance the purchase of long-term assets. As at December 31, 2023, the Municipality has utilized \$356,810 (2022 - \$428,553). The interest is calculated at the bank's prime lending rate plus 1.00% or a fixed rate for the balance of the term. Withdrawals are included in the above municipal debt.

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

2024	\$ 838,098
2025	760,416
2026	399,594
2027	176,396
2028	181,482
Thereafter	<u>3,383,554</u>
Total	<u><u>\$ 5,739,540</u></u>



# The Corporation of the Municipality of Powassan

## Notes to the Consolidated Financial Statements

December 31, 2023

### 13. Employee Future Benefits Payable

The Municipality provides certain employee benefits which will require funding in future periods, as follows:

	<u>2023</u>	<u>2022</u>
Accumulated sick leave entitlements	\$ 74,813	\$ 74,599
Vacation payable	<u>64,097</u>	<u>70,067</u>
	<u>\$ 138,910</u>	<u>\$ 144,666</u>

### 14. Asset Retirement Obligations

	<u>2023</u>	<u>2022</u>
<b>Balance, beginning of year</b>	<b>\$ 2,033,297</b>	<b>\$ -</b>
Opening balance adjustment	-	1,956,771
Accretion expense	<u>79,819</u>	<u>76,526</u>
<b>Balance, end of year</b>	<b><u>\$ 2,113,116</u></b>	<b><u>\$ 2,033,297</u></b>

The asset retirement obligation at year-end is as follows:

	<u>2023</u>	<u>2022</u>
Landfill	\$ 1,934,386	\$ 1,854,567
Asbestos removal	67,999	67,999
Septic system	32,481	32,481
Drinking water well and monitoring wells	<u>78,250</u>	<u>78,250</u>
Balance, end of year	<u>\$ 2,113,116</u>	<u>\$ 2,033,297</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 using selected specific layers of earthen materials based on an engineered cap design 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 Corporation of the Municipality of Powassan

## Notes to the Consolidated Financial Statements

December 31, 2023

### 14. Asset Retirement Obligations (Continued)

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 study for the landfill site was performed in a report dated November 30, 2017.

	<b>Estimated Remaining Capacity</b>	<b>Estimated Remaining Life</b>	<b>Post-Closure Care Activities</b>	<b>Inflation Rate</b>	<b>Discount Rate</b>
<b>2023</b>					
Powassan	93.0% (717,400 m <sup>3</sup> )	139 years	25 years	3.58%	4.30%
<b>2022</b>					
Powassan	94.0% (722,400 m <sup>3</sup> )	140 years	25 years	3.58%	4.30%

#### 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.

#### Septic systems, drinking water wells and monitoring wells

The Municipality owns 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.

### 15. Contractual Obligations

During 2006, the Municipality passed a resolution committing to pay \$37,359 per year for 20 years for the North Bay Regional Health Centre Hospital capital project. A formal agreement has been executed and payments commenced in 2007. The remaining balance of this commitment as at December 31, 2023 is \$112,077 (2022 - \$149,436).

**The Corporation of the Municipality of Powassan**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2023**

**16. Tangible Capital Assets**

	<u>Cost</u>			<u>Accumulated Amortization</u>			<u>Net Book Value</u>			
	<u>Balance, beginning of year</u> <small>(restated - note 5)</small>	<u>Additions</u>	<u>Transfers / Disposals</u>	<u>Balance, end of year</u> <small>(restated - note 5)</small>	<u>Amortization</u>	<u>Disposals</u>	<u>Balance, end of year</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u> <small>(restated - note 5)</small>	
Land	\$ 443,247	\$ -	\$ -	\$ 443,247	\$ -	\$ -	\$ -	\$ 443,247	\$ 443,247	
Land improvements	2,751,788	-	-	2,751,788	109,845	44,082	153,927	2,597,861	2,641,943	
Buildings	10,514,846	-	-	10,514,846	3,285,719	214,453	3,500,172	7,014,674	7,229,127	
Automotive equipment	2,134,738	-	-	2,134,738	1,418,529	87,712	1,506,241	628,497	716,209	
Equipment	2,277,311	78,965	(81,617)	2,274,659	1,344,678	117,887	(90,022)	1,372,543	932,633	
Computer hardware and software	99,257	-	-	99,257	77,376	9,896	87,272	11,985	21,881	
Roads and bridges	13,987,758	314,541	(183,408)	14,118,891	7,867,104	559,697	(72,521)	8,354,280	6,120,654	
Water and sewer	5,983,325	44,856	-	6,028,181	2,649,295	136,768	2,786,063	3,242,118	3,334,030	
Assets under construction	14,400	151,215	-	165,615	-	-	-	165,615	14,400	
	<u>\$ 38,206,670</u>	<u>\$ 589,577</u>	<u>\$ (265,025)</u>	<u>\$ 38,531,222</u>	<u>\$ 16,752,546</u>	<u>\$ 1,170,495</u>	<u>\$ (162,543)</u>	<u>\$ 17,760,498</u>	<u>\$ 20,770,724</u>	<u>\$ 21,454,124</u>

**The Corporation of the Municipality of Powassan**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2023**

**17. Accumulated Surplus**

	<u>2023</u>	<u>2022</u>
		(Restated note 5)
Surplus		
Invested in tangible capital assets	\$ 20,770,724	\$ 21,454,124
General (see note (a) below)	(8,319)	(326)
Unfunded Liabilities		
Municipal debt	(5,739,540)	(6,306,370)
Employee future benefits payable	(138,910)	(144,666)
Asset retirement obligations	(2,113,116)	(2,033,297)
Contractual obligations	<u>(112,077)</u>	<u>(149,436)</u>
Total surplus	<u>12,658,762</u>	<u>12,820,029</u>
Reserves		
Special purpose reserves		
Water and sewer systems	695,396	623,302
Office, recreation and other	237,105	9,664
Public works equipment and infrastructure	752,172	612,742
Garbage and landfill	130,822	99,701
Eides principal	50,000	50,000
Gravel pit closure	63,164	61,925
Water contingency	142,438	130,432
Library	<u>57,461</u>	<u>53,297</u>
Total reserves	<u>2,128,558</u>	<u>1,641,063</u>
Accumulated Surplus	<u>\$ 14,787,320</u>	<u>\$ 14,461,092</u>

(a) General Deficit:

The general deficit of \$(8,319) (2022 - \$(326)) at the end of the year is comprised of the following:

	<u>2023</u>	<u>2022</u>
Opening balance	\$ (326)	\$ (793,657)
Annual surplus (deficit)	329,027	(352,134)
Transfer from (to) reserves	(487,495)	1,069,629
Net change in tangible capital assets	683,400	(1,495,846)
Increase (decrease) in unfunded liabilities	(530,126)	1,576,091
Powassan and District Union Public Library surplus	<u>(2,799)</u>	<u>(4,409)</u>
Closing balance	<u>\$ (8,319)</u>	<u>\$ (326)</u>

**The Corporation of the Municipality of Powassan**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2023**

**18. Contingencies**

**Legal Matters**

The Municipality is involved in certain legal matters and litigations, 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.

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.

**19. Commitments**

The Municipality entered into a five-year contractual agreement from September 30, 2019 to September 30, 2024 for recycling collection. The minimum commitment for recycling collection is \$96,630 per year.

The Municipality entered into a ten-year contractual agreement with Ontario Clean Water Agency (OCWA) from January 1, 2018 to December 31, 2027 for management, operation and maintenance of the municipal water system. The minimum commitment for OCWA services is \$190,596 per year.

The Municipality entered into an agreement with the Ontario Provincial Police from January 1, 2020 to December 31, 2024 to provide police services. The minimum commitment for police services is \$487,200 per year.

The Municipality entered into a ten-year agreement with Powassan Town Square Inc. from March 1, 2018 to February 29, 2028 to rent space for the Powassan & Area Family Health Team. The minimum commitment for the space is \$53,100 per year.

The Municipality entered into a contract for the Memorial Park Drive Culvert for approximately \$266,600 plus applicable taxes. At December 31, 2023, there was approximately \$115,385 plus applicable taxes remaining to be completed.

# The Corporation of the Municipality of Powassan

## Notes to the Consolidated Financial Statements

December 31, 2023

### 20. 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 and user charges	<u>\$ 786,825</u>	<u>\$ 779,156</u>
Total amounts received or receivable	<u>786,825</u>	<u>779,156</u>
Requisitions	<u>786,825</u>	<u>779,156</u>
	<u>\$ -</u>	<u>\$ -</u>

### 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 qualifying 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 612,533 active and retired members and approximately 1,047 employers.

Each year an independent actuary determines the funding status of OMERS Primary Pension Plan ('the Plan') by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. 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 \$122,672 (2022 - \$139,319) 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.

**The Corporation of the Municipality of Powassan**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2023**

**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 is exposed to credit risk to the extent that taxes receivable and accounts receivable are not collected in a timely manner. The Municipality's financial assets consisting of cash and cash equivalents, taxes receivable and accounts receivable are subject to credit risk. 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.

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.

**The Corporation of the Municipality of Powassan**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2023**

**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 developed in accordance with the provincially mandated funding model for municipalities and is used to manage program spending within the guidelines of the funding model. Given differences between the funding model and generally accepted accounting principles for local governments 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	<b>1,537,760</b>	1,342,684
Municipal debt repaid	<b>566,723</b>	535,296
Contractual obligations repaid	<b>37,359</b>	38,751
Contributions to reserves	<b>6,483</b>	974,490
Less: Amortization of tangible capital assets	<b>(1,170,495)</b>	(1,181,232)
Municipal debt issued	-	(1,425,000)
Contributions from reserves	<b>(246,296)</b>	(473,823)
 Budget (deficit) surplus per statement of operations and accumulated surplus	 <b><u>\$ 731,534</u></b>	 <b><u>\$ (188,834)</u></b>

**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.



**The Corporation of the Municipality of Powassan**  
**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>
<b>Revenues</b>									
Net taxation	\$ 793,738	\$ 665,396	\$ 1,150,109	\$ 523,091	\$ 136,913	\$ 157,009	\$ 624,932	\$ 65,435	\$ 4,116,623
User charges	20,590	98,531	-	801,652	45,139	-	597,301	5,452	1,568,665
Government grants and transfers - Provincial	264,777	178,164	307,949	201,075	36,659	42,040	186,399	17,521	1,234,584
Government grants and transfers - Federal	-	-	-	-	-	-	-	-	-
Other	<u>192,333</u>	<u>4,370</u>	<u>(64,289)</u>	<u>2,679</u>	<u>701</u>	<u>804</u>	<u>3,201</u>	<u>335</u>	<u>140,134</u>
Total revenues	<u>1,271,438</u>	<u>946,461</u>	<u>1,393,769</u>	<u>1,528,497</u>	<u>219,412</u>	<u>199,853</u>	<u>1,411,833</u>	<u>88,743</u>	<u>7,060,006</u>
<b>Expenses</b>									
Salary, wages and employee benefits	727,052	312,763	664,137	43,900	-	-	353,511	-	2,101,363
Materials, contracted services, rents, and financial expenses	455,995	220,465	641,056	688,351	9,943	-	573,737	114,439	2,703,986
Interest on long term debt	138,856	56,830	23,945	20,698	-	-	2,666	-	242,995
Transfers to other governments and the public	-	481,429	-	-	224,675	274,592	-	-	980,696
Amortization of tangible capital assets	<u>66,260</u>	<u>92,220</u>	<u>682,279</u>	<u>161,881</u>	<u>4,829</u>	<u>-</u>	<u>163,026</u>	<u>-</u>	<u>1,170,495</u>
Total expenses	<u>1,388,163</u>	<u>1,163,707</u>	<u>2,011,417</u>	<u>914,830</u>	<u>239,447</u>	<u>274,592</u>	<u>1,092,940</u>	<u>114,439</u>	<u>7,199,535</u>
<b>Annual surplus (deficit) before other</b>	<b>(116,725)</b>	<b>(217,246)</b>	<b>(617,648)</b>	<b>613,667</b>	<b>(20,035)</b>	<b>(74,739)</b>	<b>318,893</b>	<b>(25,696)</b>	<b>(139,529)</b>
<b>Other</b>									
Government grants and transfers related to capital - Provincial	-	-	159,960	-	-	-	-	-	159,960
Government grants and transfers related to capital - Federal	<u>-</u>	<u>-</u>	<u>305,797</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>305,797</u>
<b>Annual surplus (deficit)</b>	<b><u><u>\$ (116,725)</u></u></b>	<b><u><u>\$ (217,246)</u></u></b>	<b><u><u>\$ (151,891)</u></u></b>	<b><u><u>\$ 613,667</u></u></b>	<b><u><u>\$ (20,035)</u></u></b>	<b><u><u>\$ (74,739)</u></u></b>	<b><u><u>\$ 318,893</u></u></b>	<b><u><u>\$ (25,696)</u></u></b>	<b><u><u>\$ 326,228</u></u></b>

**The Corporation of the Municipality of Powassan**  
**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> <small>(Restated - note 5)</small>
<b>Revenues</b>									
Net taxation	\$ 803,231	\$ 614,524	\$ 1,105,246	\$ 440,329	\$ 121,550	\$ 140,340	\$ 530,227	\$ 60,690	\$ 3,816,137
User charges	28,624	119,856	-	783,391	46,131	-	387,095	4,350	1,369,447
Government grants and transfers - Provincial	241,959	185,114	332,935	183,964	36,615	42,275	179,398	18,282	1,220,542
Government grants and transfers - Federal	29,699	-	-	-	-	-	5,916	-	35,615
Other	129,866	5,540	47,155	3,540	977	1,128	4,263	488	192,957
Total revenues	<u>1,233,379</u>	<u>925,034</u>	<u>1,485,336</u>	<u>1,411,224</u>	<u>205,273</u>	<u>183,743</u>	<u>1,106,899</u>	<u>83,810</u>	<u>6,634,698</u>
<b>Expenses</b>									
Salary, wages and employee benefits	790,235	309,434	763,353	68,799	-	-	323,120	-	2,254,941
Materials, contracted services, rents, and financial expenses	528,117	182,220	634,511	665,244	3,436	-	507,926	114,463	2,635,917
Interest on long term debt	127,395	54,956	7,007	25,912	-	-	4,939	-	220,209
Transfers to other governments and the public	-	495,844	-	-	220,979	264,683	-	-	981,506
Amortization of tangible capital assets	70,246	116,545	679,637	162,901	4,829	-	165,379	-	1,199,537
Total expenses	<u>1,515,993</u>	<u>1,158,999</u>	<u>2,084,508</u>	<u>922,856</u>	<u>229,244</u>	<u>264,683</u>	<u>1,001,364</u>	<u>114,463</u>	<u>7,292,110</u>
<b>Annual surplus (deficit) before other</b>	<b>(282,614)</b>	<b>(233,965)</b>	<b>(599,172)</b>	<b>488,368</b>	<b>(23,971)</b>	<b>(80,940)</b>	<b>105,535</b>	<b>(30,653)</b>	<b>(657,412)</b>
<b>Other</b>									
Government grants and transfers related to capital - Federal	-	-	300,869	-	-	-	-	-	300,869
<b>Annual surplus (deficit)</b>	<b><u>\$ (282,614)</u></b>	<b><u>\$ (233,965)</u></b>	<b><u>\$ (298,303)</u></b>	<b><u>\$ 488,368</u></b>	<b><u>\$ (23,971)</u></b>	<b><u>\$ (80,940)</u></b>	<b><u>\$ 105,535</u></b>	<b><u>\$ (30,653)</u></b>	<b><u>\$ (356,543)</u></b>