

CONSOLIDATED FINANCIAL REPORT

**THE CORPORATION OF THE
CITY OF TEMISKAMING SHORES**

DISTRICT OF TIMISKAMING

DECEMBER 31, 2023

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THE CORPORATION OF THE CITY OF TEMISKAMING SHORES

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MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

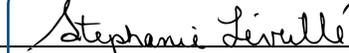
The City of Temiskaming Shores' management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is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

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

The financial statements have been audited by Kemp Elliott & Blair LLP, independent external auditors appointed by the City of Temiskaming Shores. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the City of Temiskaming Shores' financial statements.

DocuSigned by:

Mayor
1288EE0EE2C4C5...
Jeff Laferriere

DocuSigned by:

Treasurer
13927942B...
Stephanie Leveille

INDEPENDENT AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers
of the Corporation of the City of Temiskaming Shores:

Opinion

We have audited the consolidated financial statements of the Corporation of the City of Temiskaming Shores, which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated statements of operations, change in net financial assets (net debt) and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Corporation of the City of Temiskaming Shores as at December 31, 2023, and the results of its operations, change in net financial assets (net debt) and 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 *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Corporation of the City of Temiskaming Shores in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

Those charged with governance are responsible for overseeing the Corporation of the City of Temiskaming Shores' financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation of the City of Temiskaming Shores' 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 Corporation of the City of Temiskaming Shores' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Corporation of the City of Temiskaming Shores to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Kemp Elliott & Blair LLP

New Liskeard, Ontario
October 15, 2024

Kemp Elliott & Blair LLP
Chartered Professional Accountants
Licensed Public Accountants

THE CORPORATION OF THE CITY OF TEMISKAMING SHORES

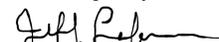
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

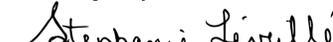
AS AT DECEMBER 31, 2023

	2023	2022
FINANCIAL ASSETS		
Cash	\$ 3,236,123	\$ 6,317,174
Taxes receivable	1,606,844	1,793,464
Accounts receivable	1,958,772	3,744,389
Inventories for resale	2,042,118	2,778,523
	<u>8,843,857</u>	<u>14,633,550</u>
LIABILITIES		
Accounts payable and accrued liabilities	3,764,982	5,041,014
Deferred revenue – other – note 8	805,849	525,454
Deferred revenue – obligatory reserve funds – note 9	-	-
Asset retirement obligations – note 10	8,556,820	8,323,755
Municipal debt – note 11	10,760,306	11,835,291
	<u>23,887,957</u>	<u>25,725,514</u>
Contingencies and commitments – note 13		
NET DEBT	(15,044,100)	(11,091,964)
NON-FINANCIAL ASSETS		
Tangible capital assets – note 16	93,879,872	90,344,479
Inventories of supplies	114,002	101,702
Prepaid expenses	835,335	970,808
	<u>94,829,209</u>	<u>91,416,989</u>
ACCUMULATED SURPLUS – note 12	\$ 79,785,109	\$ 80,325,025

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

On behalf of Council:

DocuSigned by:

 Mayor 288EE0EE2C4C5...

DocuSigned by:

 Treasurer C13927942B...

THE CORPORATION OF THE CITY OF TEMISKAMING SHORES

CONSOLIDATED STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2023

	(Note 14) Budget 2023	Actual 2023	Actual 2022
REVENUES			
Municipal taxation	\$ 14,239,128	\$ 14,203,986	\$ 13,788,325
Water, sewer and waste diversion fees	5,502,931	5,566,813	5,429,932
Taxation from other governments	358,625	360,168	358,625
Provincial grants – operating	4,435,076	4,176,584	4,231,097
Provincial grants – capital	688,631	830,981	1,967,351
Federal grants – operating	1,170,500	1,030,800	1,811,008
Federal grants – capital	188,000	100,684	1,324,110
Federal gas tax	656,587	656,856	630,546
Charges to other municipalities	368,305	329,649	251,513
User charges	2,695,245	2,673,266	2,539,699
Investment income	117,225	338,644	320,245
Penalties and interest on taxes	175,000	253,240	234,133
Provincial Offences Act revenues	826,365	969,207	689,226
Other	494,700	568,657	519,215
Sale of land	(10,000)	(149,330)	576
Loss on disposal of tangible capital assets	-	11,213	(65,380)
Total revenues	<u>31,906,318</u>	<u>31,921,418</u>	<u>34,030,221</u>
EXPENDITURES			
General government	3,135,295	3,122,168	3,338,221
Protection to persons and property	4,283,472	4,657,707	4,048,630
Transportation services	6,633,828	7,889,167	6,969,728
Environmental services	6,708,820	7,660,523	7,302,463
Health services	2,025,886	2,077,100	2,019,592
Social and family services	1,114,511	1,121,205	1,135,936
Recreation and cultural services	3,670,847	3,992,484	3,798,403
Planning and development	2,564,181	1,940,980	1,822,613
Total expenditures	<u>30,136,840</u>	<u>32,461,334</u>	<u>30,435,586</u>
ANNUAL SURPLUS (DEFICIT)	1,769,478	(539,916)	3,594,635
Accumulated surplus, beginning of year	80,325,025	80,325,025	81,911,782
Adjustments related to adoption of new accounting standards – note 2	-	-	(5,181,392)
ACCUMULATED SURPLUS, END OF YEAR – note 12	<u>\$ 82,094,503</u>	<u>\$ 79,785,109</u>	<u>\$ 80,325,025</u>

The accompanying notes form an integral part of these financial statements

THE CORPORATION OF THE CITY OF TEMISKAMING SHORES
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS (NET DEBT)
FOR THE YEAR ENDED DECEMBER 31, 2023

	(Note 14) Budget 2023	Actual 2023	Actual 2022
ANNUAL SURPLUS (DEFICIT)	\$ 1,769,478	\$ (539,916)	\$ 3,594,635
Acquisition of tangible capital assets	(9,549,492)	(8,138,465)	(13,345,870)
Amortization of tangible capital assets	2,764,026	4,552,890	4,280,715
Loss on disposal of tangible capital assets	-	(11,213)	65,380
Proceeds on sale of tangible capital assets	-	61,395	137,924
	<u>(6,785,466)</u>	<u>(3,535,393)</u>	<u>(8,861,851)</u>
Consumption (acquisition) of supplies inventories	-	(12,300)	-
Consumption (acquisition) of prepaid expenses	-	135,473	(569,178)
	<u>-</u>	<u>123,173</u>	<u>(569,178)</u>
Decrease in net financial assets (net debt)	(5,015,988)	(3,952,136)	(5,836,394)
Net financial assets (net debt), beginning of year	(11,091,964)	(11,091,964)	1,278,727
Adjustments related to adoption of new accounting standards – note 2	-	-	(6,534,297)
NET FINANCIAL ASSETS (NET DEBT), END OF YEAR	<u>\$ (16,107,952)</u>	<u>\$ (15,044,100)</u>	<u>\$ (11,091,964)</u>

The accompanying notes form an integral part of these financial statements

THE CORPORATION OF THE CITY OF TEMISKAMING SHORES

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2023

	2023	2022
Operating activities		
Annual surplus (deficit)	\$ (539,916)	\$ 3,594,635
Charges not affecting cash –		
Amortization	4,552,890	4,280,715
(Gain) loss on disposal of tangible capital assets	(11,213)	65,380
	<u>4,001,761</u>	<u>7,940,730</u>
Net change in non-cash working capital items –		
Taxes receivable	186,620	(526,835)
Accounts receivable	1,785,617	(754,075)
Inventories for resale	736,405	-
Inventories of supplies	(12,300)	-
Prepaid expenses	135,473	(569,178)
Accounts payable and accrued liabilities	(1,276,032)	622,899
Deferred revenue – other	280,395	(43,652)
Deferred revenue – obligatory reserve funds	-	-
Asset retirement obligations	233,065	226,716
	<u>2,069,243</u>	<u>(1,044,125)</u>
Cash provided by operating activities	<u>6,071,004</u>	<u>6,896,605</u>
Capital activities		
Acquisition of tangible capital assets	(8,138,465)	(13,345,870)
Proceeds on sale of tangible capital assets	61,395	137,924
Cash used for capital activities	<u>(8,077,070)</u>	<u>(13,207,946)</u>
Financing activities		
New debt issued	635,757	596,342
Debt repayments	(1,710,742)	(1,663,216)
Cash used for financing activities	<u>(1,074,985)</u>	<u>(1,066,874)</u>
Decrease in cash	<u>(3,081,051)</u>	<u>(7,378,215)</u>
Cash, beginning of year	<u>6,317,174</u>	<u>13,695,389</u>
Cash, end of year	<u>\$ 3,236,123</u>	<u>\$ 6,317,174</u>
Represented by		
Cash	<u>\$ 3,236,123</u>	<u>\$ 6,317,174</u>
Supplemental cash flow information		
Interest paid	\$ 312,817	\$ 332,481

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

THE CORPORATION OF THE CITY OF TEMISKAMING SHORES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

The Corporation of the City of Temiskaming Shores is a City in the Province of Ontario, Canada. It conducts its operations guided by the provisions of provincial statutes such as the Municipal Act 2001, Provincial Offences Act and other related legislation.

1. **Accounting Policies**

The consolidated financial statements of the Corporation of the City of Temiskaming Shores are the representation of management and council prepared in accordance with generally accepted accounting principles for local government as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada as prescribed for Ontario municipalities by the Ministry of Municipal Affairs and Housing.

(a) (i) **Basis of Consolidation**

These consolidated statements reflect the financial assets, liabilities, revenues and expenditures, reserves, reserve funds and changes in investment in tangible capital assets and includes the activities of all committees of Council and the following boards, municipal enterprises and utilities which are under the control of Council:

Public Library Board	Cemetery Committee
Business Improvement Area	Police Services Board
Provincial Offences Act Office – Temiskaming Shores	
Temiskaming Shores Development Corporation	

All interfund assets and liabilities and sources of financing and expenditures have been eliminated.

(ii) **Other Entities**

Non-consolidated

The following local boards, joint local boards, municipal enterprises and utilities are not consolidated:

District of Timiskaming Social Services Administration Board

Timiskaming Health Unit

Although these are joint local boards they run autonomously to provide those services mandated by the province. The City has no control over these programs or their financing. These joint local boards are not proportionately consolidated. The yearly requisitions of these boards are expensed by the City in its statements (note 3).

Consolidated

Tri Town Transit System

This joint local board is a cooperative effort by two municipalities to jointly provide public transit services. The City recognizes the full cost of the operations as an expenditure, all transit fares as revenue and the other municipality's contribution as a revenue.

(iii) **Accounting for School Board Transactions**

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

THE CORPORATION OF THE CITY OF TEMISKAMING SHORES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

1. Accounting Policies – continued

(iv) Trust Funds

Trust funds and their related operations administered by the City are not consolidated, but are reported separately on the Trust Funds Statement of Continuity and Statement of Financial Position.

(b) (i) Revenue recognition

Government transfers (provincial and federal grants)

Government transfers are transfers from senior levels of government that are not the result of an exchange transaction and are not expected to be repaid in the future. Government transfers without eligibility criteria or stipulations are recognized as revenue when the transfer is authorized. A transfer with eligibility criteria is recognized as revenue when the transfer is authorized and all eligibility criteria have been met. A transfer with or without eligibility criteria but with stipulation is recognized as revenue in the period the transfer is authorized and all eligibility criteria have been met, except where and to the extent that the transfer gives rise to an obligation that meets the definition of a liability. Government transfers that meet the definition of a liability are recognized as revenue as the liability is extinguished.

Taxation and related revenues

Property tax billings are prepared by the City based on assessment rolls issued by the Municipal Property Assessment Corporation (“MPAC”) with the authority established under the Municipal Act, 2001, the Assessment Act, the Education Act, and other legislation. Tax rates are established annually by Council, incorporating amounts to be raised for local services and amounts the City 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 City determines the taxes applicable and renders supplementary tax billings. Taxation revenues are recorded when they meet the definition of an asset, the tax is authorized and the taxable event has occurred. Assessments and the related property taxes are subject to appeal. Tax adjustments as a result of appeals are recorded when the results of the appeal process are known.

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

Fees, service charges and other revenue

Fees, service charges and other revenue are recognized when earned.

(ii) Cash and cash equivalents

Cash consists of balances held at financial institutions and all cash equivalents consist of highly liquid financial instruments.

(iii) Inventories

Inventories held for resale, consisting of surplus land, is recorded at the lower of cost and net realizable value. Cost includes amounts for improvements to prepare the land for sale or servicing.

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

THE CORPORATION OF THE CITY OF TEMISKAMING SHORES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

1. Accounting Policies – continued

(iv) 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. The cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Land improvements	20 to 30 years
Buildings	20 to 50 years
Machinery and equipment	10 to 30 years
Vehicles	5 to 15 years
Roads and sidewalks	15 to 30 years
Bridges and culverts	30 to 40 years
Water and sewer systems	30 to 50 years

Amortization is charged beginning in the month of acquisition and no amortization is charged in the year of disposal. Assets under construction are not amortized until the asset is in productive use.

The City has no capitalization threshold for land, a capitalization threshold of \$50,000 for appropriate pooled assets and \$5,000 for all other assets. Individual assets of lesser value may be capitalized if they are pooled, or because, collectively, they have significant value, or for operational purposes.

(v) Leases

Leases are classified as operating or capital leases. Leases that transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases and are recorded as a tangible capital asset and a liability. All other leases are accounted for as operating leases and the related payments are charged to expenses as incurred.

(vi) Employee benefit plans

The contributions to a multi-employer, defined benefit pension plan are expensed when contributions are due. The contributions for post-employment benefits are expensed when contributions are due.

(vii) Deferred revenue – other

The City receives certain amounts pursuant to funding agreements that may only be used in the conduct of certain programs or in the delivery of specific services and transactions. These amounts are recorded as deferred revenue and are recognized as revenue in the fiscal year the eligibility criteria has been met except when stipulations are present and to the extent that the transfer gives rise to an obligation that meets the definition of a liability.

(viii) Deferred revenue – obligatory reserve funds

The City receives Gas Tax funding under the authority of Federal and Provincial legislation. These funds, by their nature, are restricted in their use and until applied to specific expenses, are recorded as deferred revenue. Amounts applied to qualifying expenses are recorded as revenue in the fiscal period they are expended.

THE CORPORATION OF THE CITY OF TEMISKAMING SHORES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

1. Accounting Policies - continued

(vi) Asset retirement obligations

Asset retirement obligations represent the legal obligation 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 City 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 City 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.

(x) Financial instruments

The City recognizes its financial instruments when the municipality becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value, including financial assets and liabilities originated and issued in a related party transaction with management. Financial assets and liabilities originated and issued in all other related party transactions are initially measured at their carrying or exchange amount in accordance with Section PS 3420 Inter-entity Transactions.

At initial recognition, the municipality may irrevocably elect to subsequently measure any financial instrument at fair value. The City has not made such an election during the year.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in the excess of revenues over expenses for the current period. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

THE CORPORATION OF THE CITY OF TEMISKAMING SHORES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

1. Accounting Policies – continued

(xi) Use of estimates

Management has made estimates and assumptions that affect the amounts reported in preparing these financial statements. Significant areas requiring the use of management estimates relate to the determination of allowance for uncollectable taxes, tangible capital assets historical cost, estimated useful life and related amortization and landfill post-closure costs.

2. Adoption of new accounting standards

On January 1, 2023, the City 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 City 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 City reported its obligation related to 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 has been recognized as a liability, an asset retirement cost has been added to the cost of tangible capital assets and the landfill closure and post-closure liability has been removed in the consolidated statement of financial position. The asset retirement obligations represent the estimated costs of retiring assets owned by the City.

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

	<u>2022</u>		
	As previously reported	Increase (decrease)	As restated
Statement of Financial Position			
Asset retirement obligations	\$ -	\$ 8,323,755	\$ 8,323,755
Landfill closure and post-closure liability	1,536,453	(1,536,453)	-
Tangible capital assets	89,041,755	1,302,724	90,344,479
Accumulated surplus	85,809,603	(5,484,578)	80,325,025

THE CORPORATION OF THE CITY OF TEMISKAMING SHORES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

2. Adoption of new accounting standards - continued

	As previously reported	Increase (decrease)	As restated
Statement of Operations			
Protection services	\$ 4,046,947	\$ 1,683	\$ 4,048,630
Transportation services	6,943,726	26,002	6,969,728
Environmental services	7,120,133	182,330	7,302,463
Health services	2,003,636	15,956	2,019,592
Recreation and cultural services	3,721,188	77,215	3,798,403
Annual surplus (deficit)	3,897,821	(303,186)	3,594,635
Adjustments related to adoption of new accounting standards	-	(5,181,392)	(5,181,392)
Accumulated surplus, end of year	85,809,603	(5,484,578)	80,325,025
Statement of Change in Net Financial Assets (Net Debt)			
Annual surplus (deficit)	3,897,821	(303,186)	3,594,635
Amortization of tangible capital assets	4,230,534	50,181	4,280,715
Adjustments related to adoption of new accounting standards	-	(6,534,297)	(6,534,297)
Net financial assets (net debt), end of year	(4,304,662)	(6,787,302)	(11,091,964)
Statement of Cash Flows			
Annual surplus (deficit)	3,897,821	(303,186)	3,594,635
Amortization of tangible capital assets	4,230,534	50,181	4,280,715
Change in landfill closure and post-closure	(26,289)	26,289	-
Change in asset retirement obligations	-	226,716	226,716

3. Financial instruments

The City, as part of its operations, carries a number of financial instruments. It is management's opinion that the City is not exposed to significant interest, currency, liquidity, market, price or credit risks arising from these financial instruments except as otherwise disclosed.

Credit risk

Credit risk is the risk of financial loss because of a counter party to a financial instrument fails to discharge its contractual obligations. The City manages its credit risk by establishing an allowance for doubtful accounts based on factors surrounding the credit risk of specific accounts, historical trends and other information. The City has a significant number of customers and ratepayers which minimizes concentration of credit risk. Further, the City has available to it a tax registration process to recover unpaid municipal taxes by way of forced transfer of properties with multi-year arrears.

Interest risk

Interest risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the City manages exposure through its normal operating and financing activities. The City is exposed to interest rate risk primarily through its fixed rate loans and debentures.

THE CORPORATION OF THE CITY OF TEMISKAMING SHORES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

3. Financial instruments - continued

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivery of cash or another financial asset. The City is exposed to this risk mainly in respect of its receipt of funds from its customers and ratepayers, and other related sources, and accounts payable. The City manages the liquidity risk resulting from its accounts payable by maintaining cash and investing in other liquid assets.

4. Operations of School Boards

Further to note 1(a) (iii), net municipal taxation and taxation from governments levied in 2023 on behalf of and payable to school boards totalled \$2,689,942 (2022 \$2,602,794).

5. Contributions to Joint Boards

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

	2023	2022
Unconsolidated		
District of Timiskaming Social Services Administration Board	\$ 2,388,796	\$ 2,377,966
Timiskaming Health Unit	520,572	486,664
	<u>2,909,368</u>	<u>2,864,630</u>
Consolidated		
Tri Town Transit System	<u>601,562</u>	<u>377,578</u>
	<u>\$ 3,510,930</u>	<u>\$ 3,242,208</u>

6. Trust Funds

Trust funds administered by the City amounting to \$576,362 (2022 \$544,489) have not been included in the Consolidated Statement of Financial Position nor have their operations been included in the Consolidated Statement of Operations.

7. Short-term debt

The City has an operating line loan agreement with its financial institution. There is a \$4,000,000 Operating line credit limit with interest at Prime minus 0.25%; a \$2,000,000 Revolving term line/lease at Prime and a Visa Business Card authorized up to \$750,000. The operating line is utilized from time to time to cover temporary cash shortfalls that may occur during the year.

As at December 31, 2023, the outstanding balance of the operating line was \$nil (2022 \$nil).

THE CORPORATION OF THE CITY OF TEMISKAMING SHORES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

8. Deferred revenue – other

Deferred revenue, set aside for specific purposes by legislation, regulation or agreement as at December 31st is comprised of:

	December 31 2022	Funds Received	Revenue Earned	December 31 2023
Ontario Community Infrastructure Fund – Formula-based Component	\$ 35,673	\$ 856,860	\$ 421,631	\$ 470,902
Employment and Social Development Canada	81,575	-	-	81,575
Northern Ontario Resource Development Support Fund	226,918	225,326	386,515	65,729
FedNor – New Liskeard Arena project	95,152	-	85,461	9,691
PDAC pre-registrations	72,060	161,980	72,060	161,980
Other	14,076	5,972	4,076	15,972
	<u>\$ 525,454</u>	<u>\$ 1,250,138</u>	<u>\$ 969,743</u>	<u>\$ 805,849</u>

Ontario Community Infrastructure Funds – Formula-based Component includes \$853,147 of funding plus \$3,713 interest.
Northern Ontario Resource Development Support Fund includes \$222,066 of funding plus \$3,260 interest.

9. Deferred revenue – obligatory reserve funds

Deferred revenue – obligatory reserve funds consist of the following:

	December 31 2022	Funds Received	Revenue Earned	December 31 2023
Federal Gas Tax	\$ -	\$ 656,856	\$ 656,856	\$ -
Provincial Gas Tax	-	144,275	144,275	-
	<u>\$ -</u>	<u>\$ 801,131</u>	<u>\$ 801,131</u>	<u>\$ -</u>

Federal Gas Tax funds includes \$656,586 received from AMO plus \$270 interest.

10. Asset retirement obligations

	2023	2022
Balance, beginning of period	\$ 8,323,755	\$ -
Opening balance adjustment	-	8,097,039
Accretion expense	233,065	226,716
	<u>\$ 8,556,820</u>	<u>\$ 8,323,755</u>

THE CORPORATION OF THE CITY OF TEMISKAMING SHORES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

10. **Asset retirement obligations - continued**

The asset retirement obligation at year end is as follows:

	2023	2022
Landfill	\$ 3,806,077	\$ 3,702,409
Hazardous material removal	4,308,539	4,191,186
Gravel pit	236,913	230,460
Water well and pumphouse	205,291	199,700
	<u>\$ 8,556,820</u>	<u>\$ 8,323,755</u>

Landfill

Under environmental law, there is a requirement for closure and post-closure care of solid waste landfill sites, regardless of site use. 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 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 City has two landfill sites, one of which is closed and requires continued post-closure monitoring activities. The total capacity of the active site is 247,000 cubic metres, is expected to reach capacity in 2048, and currently has an estimated remaining capacity of 244,530 cubic metres. Post-closure care is estimated to be required for 25 years from the date of site closure.

Hazardous material removal

The City owns buildings which contain hazardous materials, and therefore, the City is legally required to perform abatement activities upon renovation or demolition of these assets. Abatement activities include handling and disposing of the hazardous materials in a prescribed manner when it is disturbed. Assumptions were made regarding the remaining useful life of the building that contains hazardous materials in order to estimate when the costs of rehabilitation would be incurred.

Gravel pit

The City owns a gravel pit for which the City has a legal obligation under the Aggregate Resources Act to perform rehabilitation activities upon the gravel pit site when it is no longer in productive use. Assumptions were made regarding the remaining useful life of the gravel pit in order to estimate when the costs of rehabilitation would be incurred.

Water well and pumphouse

The City owns water wells and pumphouses which represent an environmental hazard upon removal and decommissioning and there are legal obligations regarding how they must be removed. Assumptions were used to quantify unit time for the summation of service costs.

THE CORPORATION OF THE CITY OF TEMISKAMING SHORES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

11. Municipal debt

The balance of the municipal debt reported on the Statement of Financial Position is made up of the following:

	2023	2022
<u>Loans and debentures</u>		
Canada Mortgage and Housing Corporation (CMHC) debenture, repayable in annual payments of \$107,411.34 including interest at 3.97%, maturing December 2024.	\$ 103,310	\$ 202,675
Canada Mortgage and Housing Corporation (CMHC) debenture, repayable in annual payments of \$87,381.73 including interest at 3.59%, maturing December 2025.	165,784	244,392
Canada Mortgage and Housing Corporation (CMHC) debenture, repayable in annual payments of \$28,748.50 including interest at 3.42%, maturing September 2025.	54,676	80,666
Ontario Infrastructure and Lands Corporation (OILC) debenture, repayable in monthly payments of \$8,791.67 principal plus interest at 2.46%, maturing December 2026.	316,500	422,000
Ontario Infrastructure and Lands Corporation (OILC) debenture, repayable in quarterly payments of \$13,545.15 principal plus interest at 2.95%, maturing October 2027.	216,722	270,903
Ontario Infrastructure and Lands Corporation (OILC) debenture, repayable in semi-annual payments of \$38,565.31 principal plus interest at 2.44%, maturing April 2025.	115,696	192,826
Ontario Infrastructure and Lands Corporation (OILC) debenture, repayable in quarterly payments of \$54,551.85 principal plus interest at 3.43%, maturing November 2037.	3,054,904	3,273,111
Ontario Infrastructure and Lands Corporation (OILC) debenture, repayable in quarterly payments of \$10,484.92 principal plus interest at 2.97%, maturing November 2027.	167,759	209,699
Ontario Infrastructure and Lands Corporation (OILC) debenture, repayable in quarterly payments of \$12,477.99 principal plus interest at 2.64%, matured in February 2023.	-	12,478
Ontario Infrastructure and Lands Corporation (OILC) debenture, repayable in semi-annual payments of \$27,450.00 principal plus interest at 3.04%, maturing April 2028.	247,050	301,950

THE CORPORATION OF THE CITY OF TEMISKAMING SHORES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

11. Municipal debt - continued

	2023	2022
<u>Loans and debentures - continued</u>		
Ontario Infrastructure and Lands Corporation (OILC) debenture, repayable in semi-annual payments of \$15,198.50 principal plus interest at 2.92%, matured in September 2023.	\$ -	\$ 30,397
Ontario Infrastructure and Lands Corporation (OILC) debenture, repayable in semi-annual payments of \$29,163.51 principal plus interest at 3.03%, maturing August 2028.	291,635	349,962
Ontario Infrastructure and Lands Corporation (OILC) debenture, repayable in quarterly payments of \$41,013.75 principal plus interest at 3.02%, matured in November 2023.	-	164,055
Ontario Infrastructure and Lands Corporation (OILC) debenture, repayable in quarterly payments of \$10,550.00 principal plus interest at 2.98%, maturing February 2029.	221,550	263,750
Ontario Infrastructure and Lands Corporation (OILC) debenture, repayable in quarterly payments of \$12,313.03 principal plus interest at 2.17%, maturing September 2029.	283,199	332,452
Ontario Infrastructure and Lands Corporation (OILC) debenture, repayable in quarterly payments of \$21,187.50 principal plus interest at 2.02%, maturing December 2040.	1,440,750	1,525,500
Ontario Infrastructure and Lands Corporation (OILC) debenture, repayable in quarterly payments of \$92,800.67 principal plus interest at 2.00%, maturing May 2031.	2,784,020	3,155,223
Ontario Infrastructure and Lands Corporation (OILC) debenture, repayable in quarterly payments of \$5,747.51 principal plus interest at 2.16%, maturing November 2031.	183,920	206,910
Ontario Infrastructure and Lands Corporation (OILC) debenture, repayable in quarterly payments of \$29,817.12 principal plus interest at 4.62%, maturing November 2027.	477,074	596,342
Ontario Infrastructure and Lands Corporation (OILC) debenture, repayable in quarterly payments of \$31,787.84 principal plus interest at 4.72%, maturing December 2028.	635,757	-
Total loans and debentures and total municipal debt	<u>\$ 10,760,306</u>	<u>\$ 11,835,291</u>

THE CORPORATION OF THE CITY OF TEMISKAMING SHORES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

11. (b) Municipal debt - continued

Principal repayments due in the next five years are as follows:

	From General Municipal Revenues <u>Loans</u>
2024	\$ 1,638,619
2025	1,500,586
2026	1,349,869
2027	1,244,369
2028	1,001,531
Thereafter	<u>4,025,332</u>
	<u>\$ 10,760,306</u>

The long-term liabilities were approved by by-law. The annual principal and interest payments required to service these liabilities are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs.

In 2023, interest expense of \$312,817 (2022 \$332,481) has been reflected in the Consolidated Statement of Operations.

THE CORPORATION OF THE CITY OF TEMISKAMING SHORES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

12. **Accumulated surplus**

The accumulated surplus is made up of the following:

	2023	2022
Reserves, surpluses and deficits		
Working capital reserve – general	\$ 6,089,094	\$ 7,145,741
Working capital reserve – environmental	309,855	2,060,156
Working capital reserve – business improvement area	53,978	63,568
Election expenses reserve	7,500	-
Fire equipment reserve	3	25,914
SWDF reserve	89,955	89,955
Doctor recruitment reserve	64,647	20,598
Medical centre reserve	29,471	4,628
Bucke park reserve	-	52,170
Accessibility reserve	8,021	30,000
Fleet replacement reserve	164,279	336,345
Transit reserve	70,474	141,534
PDAC reserve	116,630	119,392
Economic development reserve	725,559	134,234
Community development reserve	153,707	141,215
Solid waste landfill reserve fund	135,991	248,319
Amounts to be recovered – asset retirement obligations	(8,556,820)	(8,323,755)
Amounts to be recovered – long-term debt	(10,760,306)	(11,835,291)
General municipal surplus	200	200
Unfinanced capital outlay	(3,746,338)	(1,546,887)
	<u>(15,044,100)</u>	<u>(11,091,964)</u>
Non-financial assets		
Tangible capital assets	93,879,872	90,344,479
Inventories of supplies	114,002	101,702
Prepaid expenses	835,335	970,808
	<u>94,829,209</u>	<u>91,416,989</u>
	<u>\$ 79,785,109</u>	<u>\$ 80,325,025</u>

Reserves represent an appropriation of surplus for a specific purpose, determined by council, are non-statutory and subject to change by council at any time.

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 excess of revenues over expenditures, provides the Change in Net Financial Assets (Net Debt) for the year.

THE CORPORATION OF THE CITY OF TEMISKAMING SHORES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

13. Contingent liabilities and commitments

Non-Consolidated Entities

The City is contingently liable for the deficits and long-term debt of the non-consolidated entities.

Ontario Municipal Employees Retirement Fund

All permanent, full-time employees of the City are eligible to be members of the Ontario Municipal Employees Retirement System ("OMERS"), a multi-employer pension plan. The plan provides defined pension benefits to employees based on their length of service and rates of pay. The City's contributions equal the employee contributions to the plan. During the year ended December 31, 2023, the City contributed \$420,662 (2022 \$395,605) to the plan. As this is a multi-employer pension plan, the contributions by the City are recognized as an expenditure. No pension liability for this type of plan is recognized in the City's financial statements. As of December 31, 2023 OMERS had a funding deficit of \$4.2 billion (2022 \$6.7 billion) and Net Assets Available for Benefits of \$128.8 billion (2022 \$124.4 billion).

Post-Employment Benefits

City employees retiring do not receive any retirement allowance that either vests or accrues over the period of employment. Sick benefits, other than amounts that were carried over on amalgamation, do not accrue and are not vested. The City recognizes the expenses for sick time when the event obliges the City to pay. No other post-employment benefits are payable by the City.

Loan Guarantee

The City has guaranteed a loan of \$2,305,959 with TD Bank for Temiskaming Shores Seniors Housing Corporation (TSSHC). As of December 31, 2023, the outstanding balance on the loan was \$2,173,423 (2022 \$2,224,366).

Legal contingencies

The City is subject to various litigation and claims arising in the normal course of its operations. The final outcome of the outstanding claims cannot be determined at this time. However, management believes that the ultimate disposition of these matters will not materially exceed the amounts recorded in the accounts and would be covered by their insurance, less any deductible. Any amendments to amounts accrued will be recorded once new information becomes available.

14. Budgeting

The City budgets to determine an appropriate tax rate based on all revenues, including proceeds on long-term debt, and all expenditures, including debt principal payments and the acquisition of tangible capital assets, but does not include amortization. The City reconciles this tax levy budget to the budget in accordance with Public Sector Accounting Standards.

	<u>2023</u>
Tax levy budget deficit for the year – as below	\$ (3,353,244)
Add: Capital expenditures	9,549,492
Debt repayments	1,807,093
Less: Amortization	(2,764,026)
New debt issued	<u>(3,469,837)</u>
Budget surplus per Consolidated Statement of Operations	<u>\$ 1,769,478</u>

THE CORPORATION OF THE CITY OF TEMISKAMING SHORES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

14. Budgeting – continued

REVENUES	Budget 2023	Actual 2023	Actual 2022
Operating			
Municipal taxation	\$ 14,239,128	\$ 14,203,986	\$ 13,788,325
Water, sewer and waste diversion fees	5,502,931	5,566,813	5,429,932
Taxation from other governments	358,625	360,168	358,625
Provincial grants	4,435,076	4,176,584	4,231,097
Federal grants	1,170,500	1,030,800	1,811,008
Charges to other municipalities	368,305	329,649	251,513
User charges	2,695,245	2,673,266	2,539,699
Investment income	117,225	338,644	320,245
Penalties and interest on taxes	175,000	253,240	234,133
Provincial Offences Act revenues	826,365	969,207	689,226
Other	449,700	506,305	462,159
Sale of land	(10,000)	(149,330)	576
Proceeds on disposal of tangible capital assets	-	61,395	137,924
	<u>30,328,100</u>	<u>30,320,727</u>	<u>30,254,462</u>
Capital			
Provincial grants	688,631	830,981	1,967,351
Federal grants	188,000	100,684	1,324,110
Federal gas tax	656,587	656,856	630,546
Other	45,000	62,352	57,056
	<u>1,578,218</u>	<u>1,650,873</u>	<u>3,979,063</u>
New debt issued	<u>3,469,837</u>	<u>635,757</u>	<u>596,342</u>
Total revenues	<u>35,376,155</u>	<u>32,607,357</u>	<u>34,829,867</u>
EXPENDITURES			
Operating			
General government	3,042,754	2,842,925	3,155,891
Protection to persons and property	4,166,761	4,448,306	3,870,248
Transportation services	5,435,595	5,871,720	5,138,350
Environmental services	5,793,663	6,182,185	5,903,738
Health services	2,020,683	2,065,773	2,011,641
Social and family services	1,114,511	1,121,205	1,135,936
Recreation and cultural services	3,234,666	3,312,177	3,131,744
Planning and development	2,564,181	1,940,980	2,426,682
	<u>27,372,814</u>	<u>27,785,271</u>	<u>26,774,230</u>
Capital expenditures	9,549,492	8,138,465	13,345,870
Long-term debt repayments	1,807,093	1,710,742	1,663,216
Total expenditures	<u>38,729,399</u>	<u>37,634,478</u>	<u>41,783,316</u>
Deficit, tax levy budget base	\$ (3,353,244)	\$ (5,027,121)	\$ (6,953,449)
Financed by			
Transfer from reserves	\$ 3,353,244	\$ 2,594,605	\$ 4,331,714
Deficit	1,662,744	1,357,531	1,554,861
Net debt repayments (proceeds)	<u>(1,662,744)</u>	<u>1,074,985</u>	<u>1,066,874</u>
	<u>\$ 3,353,244</u>	<u>\$ 5,027,121</u>	<u>\$ 6,953,449</u>

THE CORPORATION OF THE CITY OF TEMISKAMING SHORES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

15. **Segmented information**

The Corporation of the City of Temiskaming Shores is a diversified municipal government institution that provides a wide range of services to its citizens, including General Government Services, Protection Services, Transportation Services, Environmental Services, Health Services, Social and Family Services, Recreational and Cultural Services and Planning and Development Services. Service areas were created for the purpose of recording specific activities to attain certain objectives in accordance with regulations, restrictions or limitations.

Municipal services are provided by departments and their activities are reported in these service areas. Departments disclosed in the segmented information, along with the services they provide, are as follows:

General Government Services

The Departments within General Government Services are responsible for adopting bylaws; adopting administrative policy; levying taxes; acquiring, disposing and managing Municipal assets; ensuring effective financial management; monitoring performance and ensuring that high quality Municipal Service standards are met.

Protection Services

Police services, including the enforcement of laws, prevention of crime, and maintenance of peace, order, and security are provided to the City by agreement with the Ontario Provincial Police. Fire protection services are provided by way of a volunteer Fire Department, which provides fire suppression, fire prevention and education programs to residents. The City also enforces By-laws and offers dog control and property standards enforcement.

Transportation Services

The Public Works department is responsible for the delivery of municipal public works services related to planning, design, construction, cleaning, repair, snow removal and signage of roadway systems, as well as maintaining all Municipal vehicles and equipment.

Environmental Services

The environmental services include water and sewer services as well as waste disposal and waste diversion services. Water and Sewer services include the operation and distribution of water and networking sewer mains, storm sewers and pump stations.

The waste disposal and waste diversion services group are responsible for the delivery of municipal services including waste collection and disposal and waste diversion.

Health Services

The City funds a range of public health services through the Health Unit and provides ambulance services through the District of Timiskaming Social Services Administration Board. The City also provides cemetery services.

Social and Family Services

The services are provided indirectly by the City through the District Social Services Administration Board and includes general assistance, childcare and social housing services.

Recreation and Cultural Services

The Department is responsible for providing, facilitating the development of, and maintaining high quality parks, recreational facilities, and cultural services, including library services.

Planning and Development

The Planning and Development Department is responsible for preparing land use plans, bylaws and policies for sustainable development of the City and for reviewing and approving new development, as well as maintaining drainage systems.

THE CORPORATION OF THE CITY OF TEMISKAMING SHORES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

15. **Segmented information – continued**

	General Government Services	Protection Services	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation and Cultural Services	Planning and Development	Total 2023	Total 2022
REVENUES										
Municipal taxation	\$ 14,203,986	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,203,986	\$ 13,788,325
Water, sewer and waste diversion fees	-	-	-	5,566,813	-	-	-	-	5,566,813	5,429,932
Taxation from other governments	360,168	-	-	-	-	-	-	-	360,168	358,625
Provincial grants – operating	3,328,800	292,729	167,987	358,069	-	-	27,372	1,627	4,176,584	4,231,097
Provincial grants – capital	-	-	552,102	278,879	-	-	-	-	830,981	1,967,351
Federal grants – operating	15,540	-	-	-	-	-	-	1,015,260	1,030,800	1,811,008
Federal grants – capital	-	-	15,223	-	-	-	85,461	-	100,684	1,324,110
Federal gas tax	-	-	656,856	-	-	-	-	-	656,856	630,546
Charges to other municipalities	14,289	111,646	93,902	73,142	-	-	31,170	5,500	329,649	251,513
User charges	74,092	316,193	380,285	484,569	106,784	-	1,206,713	104,630	2,673,266	2,539,699
Investment income	315,701	7,577	-	-	15,366	-	-	-	338,644	320,245
Penalties and interest on taxes	253,240	-	-	-	-	-	-	-	253,240	234,133
Provincial Offences Act revenues	-	969,207	-	-	-	-	-	-	969,207	689,226
Other	-	41,232	17,545	1,208	555	-	212,371	295,746	568,657	519,215
Sale of land	-	-	-	-	-	-	-	(149,330)	(149,330)	576
Gain (loss) on disposal of tangible capital assets	-	10,016	34,430	5,769	-	-	(39,002)	-	11,213	(65,380)
Total revenues	18,565,816	1,748,600	1,918,330	6,768,449	122,705	-	1,524,085	1,273,433	31,921,418	34,030,221
EXPENDITURES										
Wages and benefits	1,586,797	717,671	1,689,494	672,527	126,436	6,694	1,915,977	217,177	6,932,773	6,826,219
Long-term interest	-	27,698	110,003	142,834	-	-	32,282	-	312,817	332,481
Materials	927,800	205,576	2,783,119	2,534,955	73,547	-	1,195,771	1,569,756	9,290,524	8,566,382
Contracted services	437,139	3,158,297	1,108,436	2,716,598	57,669	-	65,285	154,047	7,697,471	7,147,370
Rents and financial expenses	26,662	25,359	168,368	115,271	13,264	-	102,862	-	451,786	295,053
External transfers	-	313,705	-	-	1,794,857	1,114,511	-	-	3,223,073	2,987,366
Amortization	143,770	209,401	2,029,747	1,478,338	11,327	-	680,307	-	4,552,890	4,280,715
Total expenditures	3,122,168	4,657,707	7,889,167	7,660,523	2,077,100	1,121,205	3,992,484	1,940,980	32,461,334	30,435,586
Annual surplus (deficit)	\$ 15,443,648	\$ (2,909,107)	\$ (5,970,837)	\$ (892,074)	\$ (1,954,395)	\$ (1,121,205)	\$ (2,468,399)	\$ (667,547)	\$ (539,916)	\$ 3,594,635

THE CORPORATION OF THE CITY OF TEMISKAMING SHORES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

16. Schedule of tangible capital assets

	Opening Cost Dec 31, 2022	Additions	Disposals	Ending Cost Dec 31, 2023	Opening Accumulated Amortization Dec 31, 2022	Current Amortization	Disposals	Ending Accumulated Amortization Dec 31, 2023	Net Dec 31, 2023
General									
Land	\$ 1,253,817	\$ -	\$ -	\$ 1,253,817	\$ -	\$ -	\$ -	\$ -	\$ 1,253,817
Land improvements	10,222,606	3,967,978	-	14,190,584	6,029,859	370,090	-	6,399,949	7,790,635
Buildings	24,184,520	3,837,622	61,700	27,960,442	9,637,314	517,955	11,518	10,143,751	17,816,691
Machinery and equipment	5,944,975	1,002,176	141,129	6,806,022	3,384,413	356,318	141,129	3,599,602	3,206,420
Vehicles	8,757,490	24,580	218,396	8,563,674	4,986,555	689,919	218,396	5,458,078	3,105,596
Construction in progress	6,696,473	-	6,637,704	58,769	-	-	-	-	58,769
Infrastructure									
Roads and sidewalks	32,345,045	1,809,970	104,799	34,050,216	20,475,916	1,157,135	104,799	21,528,252	12,521,964
Bridges and culverts	9,128,154	147,154	-	9,275,308	6,866,707	100,993	-	6,967,700	2,307,608
Water and sewer systems	66,352,142	853,743	-	67,205,885	24,750,025	1,360,480	-	26,110,505	41,095,380
Construction in progress	1,590,046	4,038,793	905,847	4,722,992	-	-	-	-	4,722,992
Total	\$ 166,475,268	\$ 15,682,016	\$ 8,069,575	\$ 174,087,709	\$ 76,130,789	\$ 4,552,890	\$ 475,842	\$ 80,207,837	\$ 93,879,872

THE CORPORATION OF THE CITY OF TEMISKAMING SHORES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

16. **Schedule of tangible capital assets – continued**

	Opening Cost Dec 31, 2021	Additions	Disposals	Ending Cost Dec 31, 2022	Opening Accumulated Amortization Dec 31, 2021	Current Amortization	Disposals	Ending Accumulated Amortization Dec 31, 2022	Net Dec 31, 2022
General									
Land	\$ 1,253,818	\$ -	\$ 1	\$ 1,253,817	\$ -	\$ -	\$ -	\$ -	\$ 1,253,817
Land improvements	9,978,279	244,327	-	10,222,606	5,677,918	351,941	-	6,029,859	4,192,747
Buildings	23,169,001	1,162,351	146,832	24,184,520	9,208,621	458,623	29,930	9,637,314	14,547,206
Machinery and equipment	5,632,844	642,249	330,118	5,944,975	3,304,554	323,577	243,718	3,384,413	2,560,562
Vehicles	7,861,412	1,098,788	202,710	8,757,490	4,490,524	698,740	202,709	4,986,555	3,770,935
Construction in progress	1,882,979	4,903,372	89,878	6,696,473	-	-	-	-	6,696,473
Infrastructure									
Roads and sidewalks	29,410,307	3,775,368	840,630	32,345,045	20,339,012	977,534	840,630	20,475,916	11,869,129
Bridges and culverts	9,128,154	-	-	9,128,154	6,740,959	125,748	-	6,866,707	2,261,447
Water and sewer systems	66,104,791	247,351	-	66,352,142	23,405,473	1,344,552	-	24,750,025	41,602,117
Construction in progress	228,104	1,370,892	8,950	1,590,046	-	-	-	-	1,590,046
Total	\$ 154,649,689	\$ 13,444,698	\$ 1,619,119	\$ 166,475,268	\$ 73,167,061	\$ 4,280,715	\$ 1,316,987	\$ 76,130,789	\$ 90,344,479

Compilation Engagement Report

To the Members of Council, Inhabitants
and Ratepayers of the Corporation
of the CITY OF TEMISKAMING SHORES:

On the basis of information provided by management, we have compiled the Statement of Financial Position of the Trust Funds of the Corporation of the City of Temiskaming Shores as at December 31, 2023 and the Statement of Continuity for the year then ended and note 1, which describes the basis of accounting applied in the preparation of the compiled financial information ("financial information").

Management is responsible for the accompanying financial information, including the accuracy and completeness of the underlying information used to compile it and the selection of the basis of accounting.

We performed this engagement in accordance with Canadian Standard on Related Services (CSRS) 4200, Compilation Engagements, which requires us to comply with relevant ethical requirements. Our responsibility is to assist management in the preparation of the financial information.

We did not perform an audit engagement or a review engagement, nor were we required to perform procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an audit opinion or a review conclusion, or provide any form of assurance on the financial information.

Readers are cautioned that the financial information may not be appropriate for their purposes.

Kemp Elliott & Blair LLP

New Liskeard, Ontario
October 15, 2024

Kemp Elliott & Blair LLP
Chartered Professional Accountants
Licensed Public Accountants

(Unaudited – See Notice to Reader)

THE CORPORATION OF THE CITY OF TEMISKAMING SHORES**TRUST FUNDS****STATEMENT OF FINANCIAL POSITION****AS AT DECEMBER 31, 2023**

	Cemetery Care and Maintenance	Library May Ball	2023 Total	2022 Total
FINANCIAL ASSETS				
Cash	\$ -	\$ 5,196	\$ 5,196	\$ 15,452
Investments - note 2	325,234	245,747	570,981	216,656
Due from City	185	-	185	312,381
	<u>\$ 325,419</u>	<u>\$ 250,943</u>	<u>\$ 576,362</u>	<u>\$ 544,489</u>
LIABILITIES AND FUND EQUITY				
Trust balance	\$ 325,419	\$ 250,943	\$ 576,362	\$ 544,489

STATEMENT OF CONTINUITY**FOR THE YEAR ENDED DECEMBER 31, 2022**

Trust balance, beginning of year	\$ 312,381	\$ 232,108	\$ 544,489	\$ 529,827
Revenues				
Sale of plots	13,038	-	13,038	5,571
Donations	-	330	330	1,033
Interest earned	-	36,505	36,505	25,322
	<u>13,038</u>	<u>36,835</u>	<u>49,873</u>	<u>31,926</u>
Expenditures				
Transfer to own funds	-	18,000	18,000	17,264
Trust balance, end of year	<u>\$ 325,419</u>	<u>\$ 250,943</u>	<u>\$ 576,362</u>	<u>\$ 544,489</u>

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

(Unaudited – See Notice to Reader)

THE CORPORATION OF THE CITY OF TEMISKAMING SHORES

TRUST FUNDS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

1. **Basis of accounting**
The accompanying compiled financial information has been prepared on the historical cost basis, reflecting cash transactions with the addition of:
(i) amounts owing to or from the City.
2. **Investments**
The total investments of \$570,981 (2022 \$216,656) reported on the trust statement of financial position at cost, have a market value of \$570,981 (2022 \$216,656).
3. Interest earned by the Cemetery Care and Maintenance fund is transferred directly to the City and is not reflected on these statements.

INDEPENDENT AUDITORS' REPORT

To the Members of Council, Inhabitants
and Ratepayers of the Corporation
of the City of Temiskaming Shores:

Opinion

We have audited the financial statements of Temiskaming Shores Public Library Board, which comprise the statement of financial position as at December 31, 2023, and the statements of operations, change in net debt and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Temiskaming Shores Public Library Board as at December 31, 2023, and the results of its operations, change in net debt and 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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of Temiskaming Shores Public Library Board in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities 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 Temiskaming Shores Public Library Board'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 Temiskaming Shores Public Library Board or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Temiskaming Shores Public Library Board's financial reporting process.

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Temiskaming Shores Public Library Board'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 Temiskaming Shores Public Library Board's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause Temiskaming Shores Public Library Board to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Kemp Elliott & Blair LLP

New Liskeard, Ontario
October 15, 2024

Kemp Elliott & Blair LLP
Chartered Professional Accountants
Licensed Public Accountants

THE CORPORATION OF THE CITY OF TEMISKAMING SHORES

TEMISKAMING SHORES PUBLIC LIBRARY BOARD

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2023

	<u>2023</u>	<u>2022</u>
FINANCIAL ASSETS		
Petty cash	\$ 200	\$ 200
LIABILITIES		
Municipal debt – note 2	<u>1,440,750</u>	<u>1,525,500</u>
NET DEBT	(1,440,550)	(1,525,300)
NON-FINANCIAL ASSETS		
Tangible capital assets – note 3	<u>1,606,798</u>	<u>1,645,876</u>
ACCUMULATED SURPLUS – note 3	<u>\$ 166,248</u>	<u>\$ 120,576</u>

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

THE CORPORATION OF THE CITY OF TEMISKAMING SHORES

TEMISKAMING SHORES PUBLIC LIBRARY BOARD

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2023

	Budget 2023	Actual 2023	Actual 2022
REVENUES			
Provincial grants	\$ 27,956	\$ 27,372	\$ 31,436
Own municipal grant	527,813	539,176	468,519
Other municipal grants	9,520	9,520	9,180
Fees and fines	11,000	13,849	13,571
Other	21,000	21,000	19,622
Gain (loss) on disposal of tangible capital assets	-	-	(61,907)
Total revenues	597,289	610,917	480,421
EXPENDITURES			
Salaries and benefits	406,839	376,395	365,616
Interest on long-term debt	30,171	30,171	31,883
Collection development and maintenance	42,200	39,689	39,053
Utilities	21,000	20,473	24,762
Repairs and maintenance	1,250	795	1,675
Office and supplies	15,250	20,903	13,741
Telephone	10,800	11,100	10,069
Miscellaneous	26,701	22,259	22,169
Training and travel	4,000	4,382	3,605
Amortization	39,078	39,078	39,078
Total expenditures	597,289	565,245	551,651
ANNUAL SURPLUS (DEFICIT)	-	45,672	(71,230)
Accumulated surplus, beginning of year	120,576	120,576	191,806
ACCUMULATED SURPLUS, END OF YEAR – note 3	\$ 120,576	\$ 166,248	\$ 120,576

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

THE CORPORATION OF THE CITY OF TEMISKAMING SHORES

TEMISKAMING SHORES PUBLIC LIBRARY BOARD

STATEMENT OF CHANGE IN NET DEBT

FOR THE YEAR ENDED DECEMBER 31, 2023

	Budget 2023	Actual 2023	Actual 2022
ANNUAL SURPLUS (DEFICIT)	\$ -	\$ 45,672	\$ (71,230)
Amortization of tangible capital assets	39,078	39,078	39,078
Gain (loss) on disposal of tangible capital assets	-	-	61,907
Proceeds on sale of tangible capital assets	-	-	54,995
Increase in net debt	39,078	84,750	84,750
Net debt, beginning of year	(1,525,300)	(1,525,300)	(1,610,050)
NET DEBT, END OF YEAR	\$ (1,486,222)	\$ (1,440,550)	\$ (1,525,300)

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

THE CORPORATION OF THE CITY OF TEMISKAMING SHORES

TEMISKAMING SHORES PUBLIC LIBRARY BOARD

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2023

	2023	2022
Operating activities		
Annual surplus (deficit)	\$ 45,672	\$ (71,230)
Charges not affecting cash –		
Amortization	39,078	39,078
(Gain) loss on disposal of tangible capital assets	-	61,907
	<u>84,750</u>	<u>29,755</u>
Cash provided by operating activities	<u>84,750</u>	<u>29,755</u>
Capital activities		
Proceeds on sale of tangible capital assets	-	54,995
Cash provided by capital activities	<u>-</u>	<u>54,995</u>
Financing activities		
Debt repayments	<u>(84,750)</u>	<u>(84,750)</u>
Cash used for financing activities	<u>(84,750)</u>	<u>(84,750)</u>
Increase in cash	-	-
Cash, beginning of year	<u>200</u>	<u>200</u>
Cash, end of year	<u>\$ 200</u>	<u>\$ 200</u>
Represented by		
Petty cash	<u>\$ 200</u>	<u>\$ 200</u>

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

THE CORPORATION OF THE CITY OF TEMISKAMING SHORES

TEMISKAMING SHORES PUBLIC LIBRARY BOARD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

1. Significant accounting policies

(a) Revenue recognition

Revenues are recognized as they become 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.

(b) 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. The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over their estimated useful lives as follows:

Buildings	50 years
Equipment	10 years

Amortization is charged on a monthly basis beginning in the month of acquisition. Assets under construction are not amortized until the asset is in productive use.

2. Municipal debt

The balance of the municipal debt reported on the Statement of Financial Position is made up of the following:

	<u>2023</u>	<u>2022</u>
<u>Loans and debentures</u>		
Ontario Infrastructure and Lands Corporation (OILC) debenture, repayable in quarterly payments of \$21,187.50 principal plus interest at 2.02%, maturing December 2040.	\$ 1,440,750	\$ 1,525,500

Principal repayments due in the next five years are as follows:

2023	\$ 84,750
2024	84,750
2025	84,750
2026	84,750
2027	84,750
Thereafter	<u>1,017,000</u>
	<u>\$ 1,440,750</u>

In 2023, interest expense of \$30,171 (2022 \$31,883) has been reflected in the Statement of Operations.

THE CORPORATION OF THE CITY OF TEMISKAMING SHORES

TEMISKAMING SHORES PUBLIC LIBRARY BOARD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

3. **Accumulated surplus**

The accumulated surplus is made up of the following:

	<u>2023</u>	<u>2022</u>
Operational surplus	\$ 200	\$ 200
Amounts to be reserved	<u>(1,440,750)</u>	<u>(1,525,500)</u>
	<u>(1,440,550)</u>	<u>(1,525,300)</u>
Non-financial assets		
Tangible capital assets	<u>1,606,798</u>	<u>1,645,876</u>
	<u>\$ 166,248</u>	<u>\$ 120,576</u>

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 excess of revenues over expenses, provides the Change in Net Financial Assets for the year.

THE CORPORATION OF THE CITY OF TEMISKAMING SHORES

TEMISKAMING SHORES PUBLIC LIBRARY BOARD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

3. Schedule of tangible capital assets

	Opening Cost Dec 31, 2022	Additions	Disposals/ Adjustments	Ending Cost Dec 31, 2023	Opening Accumulated Amortization Dec 31, 2022	Current Amortization	Disposals/ Adjustments	Ending Accumulated Amortization Dec 31, 2023	Net Dec 31, 2023
Land	\$ 29,300	\$ -	\$ -	\$ 29,300	\$ -	\$ -	\$ -	\$ -	\$ 29,300
Buildings	1,909,501	-	-	1,909,501	299,658	38,190	-	337,848	1,571,653
Machinery and equipment	8,879	-	-	8,879	2,146	888	-	3,034	5,845
Total	\$ 1,947,680	\$ -	\$ -	\$ 1,947,680	\$ 301,804	\$ 39,078	\$ -	\$ 340,882	\$ 1,606,798

	Opening Cost Dec 31, 2021	Additions	Adjustments	Ending Cost Dec 31, 2022	Opening Accumulated Amortization Dec 31, 2021	Current Amortization	Adjustments	Ending Accumulated Amortization Dec 31, 2022	Net Dec 31, 2022
Land	\$ 29,300	\$ -	\$ -	\$ 29,300	\$ -	\$ -	\$ -	\$ -	\$ 29,300
Buildings	2,056,334	-	146,833	1,909,501	291,399	38,190	29,931	299,658	1,609,843
Machinery and equipment	8,879	-	-	8,879	1,258	888	-	2,146	6,733
Total	\$ 2,094,513	\$ -	\$ 146,833	\$ 1,947,680	\$ 292,657	\$ 39,078	\$ 29,931	\$ 301,804	\$ 1,645,876

INDEPENDENT AUDITORS' REPORT

To the Members of Council, Inhabitants
and Ratepayers of the Corporation
of the City of Temiskaming Shores:

Opinion

We have audited the financial statements of the Corporation of the City Temiskaming Shores Business Improvement Area, which comprise the statement of financial position as at December 31, 2023, and the statement of operations for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation of the City Temiskaming Shores Business Improvement Area as at December 31, 2023, and the results of its operations 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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Corporation of the City Temiskaming Shores Business Improvement Area in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities 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 Corporation of the City Temiskaming Shores Business Improvement Area'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 Corporation of the City Temiskaming Shores Business Improvement Area or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation of the City Temiskaming Shores Business Improvement Area's financial reporting process.

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation of the City Temiskaming Shores Business Improvement Area'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 Corporation of the City Temiskaming Shores Business Improvement Area's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Corporation of the City Temiskaming Shores Business Improvement Area to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Kemp Elliott & Blair LLP

New Liskeard, Ontario
October 15, 2024

Kemp Elliott & Blair LLP
Chartered Professional Accountants
Licensed Public Accountants

THE CORPORATION OF THE CITY OF TEMISKAMING SHORES

BUSINESS IMPROVEMENT AREA

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2023

	2023	2022
FINANCIAL ASSETS		
Due from own municipality	\$ 53,978	\$ 63,568
NET FINANCIAL ASSETS AND ACCUMULATED SURPLUS	\$ 53,978	\$ 63,568

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2022

	Budget 2023	Actual 2023	Actual 2022
REVENUES			
Taxation	\$ 34,900	\$ 35,503	\$ 35,083
EXPENDITURES			
Salaries, wages and employee benefits	14,413	11,522	10,497
Materials, supplies and services	30,500	24,576	8,312
Advertising and promotion	10,000	8,995	5,300
Total expenditures	54,913	45,093	24,109
ANNUAL SURPLUS (DEFICIT)	(20,013)	(9,590)	10,974
Accumulated surplus, beginning of year	63,568	63,568	52,594
ACCUMULATED SURPLUS, END OF YEAR	\$ 43,555	\$ 53,978	\$ 63,568

NOTES TO THE FINANCIAL STATEMENTS

1. **Revenue recognition**

Revenues are recognized as they become 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.

2. **Cash flows and change in net financial assets**

Required cash flow information is readily available from the Statement of Operations. The Business Improvement Area has no tangible capital assets, so the Statement of Change in net financial assets has not been included since the Annual Surplus reported on the Statement of Operations reflects the change in Net Financial Assets for the year.

INDEPENDENT AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers
of the Corporation of the City of Temiskaming Shores:

Qualified Opinion

We have audited the financial statements of the Provincial Offences Act Office - City of Temiskaming Shores, which comprise the statement of financial position as at December 31, 2023, and the consolidated statements of operations and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Provincial Offences Act Office - City of Temiskaming Shores as at December 31, 2023, and its operations and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

The financial records of the City of Temiskaming Shores Court Service Area are maintained and generated by the ICON system, maintained by the Province of Ontario. The scope of our audit did not include a review over the controls of this system nor was a service auditor's report made available to us.

Included in the revenue for the year ended December 31, 2023 are revenues of \$32,690 received on behalf of the City of Temiskaming Shores Court Service Area by other courts located throughout the Province of Ontario. The scope of our audit did not include a review of the systems or controls over cash collections and deposits at these other court locations.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Provincial Offences Act Office - City of Temiskaming Shores in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities 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 Provincial Offences Act Office - City of Temiskaming Shores' 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 Provincial Offences Act Office - City of Temiskaming Shores or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Provincial Offences Act Office - City of Temiskaming Shores' financial reporting process.

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Provincial Offences Act Office - City of Temiskaming Shores' 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 Provincial Offences Act Office - City of Temiskaming Shores' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Provincial Offences Act Office - City of Temiskaming Shores to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Kemp Elliott & Blair LLP

New Liskeard, Ontario
October 7, 2024

Kemp Elliott & Blair LLP
Chartered Professional Accountants
Licensed Public Accountants

PROVINCIAL OFFENCES ACT OFFICE – CITY OF TEMISKAMING SHORES

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2023

	<u>2023</u>	<u>2022</u>
FINANCIAL ASSETS		
Cash	\$ 189,975	\$ 46,625
Accounts receivable	17,535	27,295
Municipal allocations receivable	<u>-</u>	<u>8,298</u>
	<u>\$ 207,510</u>	<u>\$ 82,218</u>
LIABILITIES		
Victim surcharge payable - Province of Ontario	\$ 22,403	\$ 3,540
Accounts payable - other provincial offences act offices	10,528	7,597
- other payables and accrued liabilities	51,967	67,005
Municipal allocations payable	116,640	-
Deferred revenue	<u>5,972</u>	<u>4,076</u>
	<u>\$ 207,510</u>	<u>\$ 82,218</u>

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

PROVINCIAL OFFENCES ACT OFFICE – CITY OF TEMISKAMING SHORES

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2023

REVENUES	Budget 2023	Actual 2023	Actual 2022
Fines, costs and fees			
Home court			
Highway traffic	\$ 430,251	\$ 463,641	\$ 404,608
Liquor license	5,110	1,180	2,868
Provincial offences	209,381	262,731	129,738
Municipal by-law fines	4,884	5,563	4,365
Dedicated fines	21,512	42,064	25,851
Victim fine surcharge	118,644	161,339	93,166
Other provincial offences act offices	36,584	32,690	28,630
	826,366	969,208	689,226
Investment and other income	1,695	7,577	2,539
Transfer from municipalities	-	-	8,298
Total revenues	828,061	976,785	700,063
EXPENDITURES			
Salaries, wages and employee benefits	172,224	170,476	147,270
Materials			
Materials and supplies	10,000	5,897	7,668
Travel and conference	5,000	2,023	1,281
	15,000	7,920	8,949
Services			
Professional fees	190,000	223,480	184,260
Telephone and computer services	5,600	7,103	5,997
Collection fees	20,000	11,097	22,059
Provincial government cost recovery	87,572	75,337	80,900
	303,172	317,017	293,216
Rent and financial expenses			
Rent and administrative fees	163,340	114,342	103,060
Bank charges	8,000	12,330	10,612
	171,340	126,672	113,672
External transfers			
Fines collected on behalf of others			
Dedicated fines	30,876	42,189	25,780
Victim fine surcharge	107,611	161,324	93,166
Municipal by-law fines	5,000	6,508	3,936
Other provincial offences act offices	13,883	28,039	14,074
Transfer to municipalities	8,955	116,640	-
	166,325	354,700	136,956
Total expenditures	828,061	976,785	700,063
Annual surplus	\$ -	\$ -	\$ -

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

PROVINCIAL OFFENCES ACT OFFICE – CITY OF TEMISKAMING SHORES

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>2023</u>	<u>2022</u>
Operating activities		
Net change in non-cash working capital items -		
Accounts receivable	\$ 18,058	\$ (7,641)
Accounts payable and accrued liabilities	123,396	(76,089)
Deferred revenue	<u>1,896</u>	<u>1,223</u>
Cash provided by (used for) operating activities and net change for the year	143,350	(82,507)
Cash, beginning of year	<u>46,625</u>	<u>129,132</u>
Cash, end of year	\$ 189,975	\$ 46,625
Represented by		
Cash	<u>\$ 189,975</u>	<u>\$ 46,625</u>

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

NOTES TO THE FINANCIAL STATEMENTS

1. The City of Temiskaming Shores serves as the lead municipality in administering the Provincial Offences Act Office – City of Temiskaming Shores. In 2022, the Provincial Offences Act Office – City of Temiskaming Shores took part in a Part III offences pilot project. There was a backlog of inherited files as part of this project which resulted in additional unexpected costs for that year, with very little recoveries. While recoveries were good in 2023, for 2024 to date there were insufficient recoveries to offset prosecution costs.
2. The activities of the Provincial Offences Act Office – City of Temiskaming Shores are reported on the accrual basis of accounting.
3. A Statement of Change in Net Financial Assets has not been included since the annual surplus reported on the Statement of Operations reflects the change in Net Financial Assets for the year.