

**The Corporation of
the Municipality of Neebing
Financial Statements**
For the year ended December 31, 2023

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The Corporation of the Municipality of Neebing Management's Statement of Responsibility for Financial Reporting

December 31, 2023

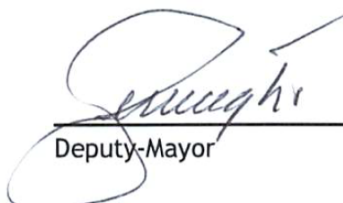
The accompanying financial statements of the Corporation of the Municipality of Neebing are the responsibility of management and have been approved by the Mayor and Council.

These financial statements have been prepared by management in accordance with Canadian public sector accounting standards and include certain amounts based on estimates and judgments. When alternative accounting methods exist management has chosen those it deems most appropriate in the circumstances, in order to ensure that the financial statements are presented fairly, in all material respects.

In fulfilling its responsibilities and recognizing the limits inherent in all systems, the administration has developed and maintains a system of internal control designed to provide reasonable assurance that the Corporation's assets are safeguarded from loss and that the accounting records are a reliable basis for the preparation of the financial statements.

The Mayor and Council are responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements.

The financial statements have been reported on by the Corporation of the Municipality of Neebing's external auditor, BDO Canada LLP in accordance with Canadian generally accepted auditing standards. The auditor's report outlines the scope of their audit and their opinion on the presentation of the information included in the financial statements. BDO Canada LLP have access to financial management and the Mayor and Council of the Corporation of the Municipality of Neebing and meet when required.



Deputy-Mayor



Clerk-Treasurer

Independent Auditor's Report

To the Members of Council, Inhabitants and Ratepayers of The Corporation of the Municipality of Neebing

Opinion

We have audited the financial statements of the Corporation of the Municipality of Neebing (the Municipality), which comprise the statement of financial position as at December 31, 2023 and the statements of operations and accumulated surplus, its change in net assets and the cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Municipality as at December 31, 2023 and the results of its operations, its change in net assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Municipality's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Municipality or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Independent Auditor's Report (cont'd)

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Municipality's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Municipality's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Municipality to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

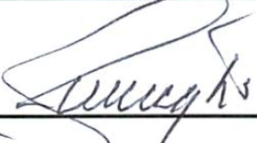
BDO Canada LLP


Chartered Professional Accountants, Licensed Public Accountants

Thunder Bay, Ontario
June 5, 2024

The Corporation of the Municipality of Neebing Statement of Financial Position

December 31	2023	2022
		Restated (Note 2)
Financial assets		
Cash (Note 3)	\$ 1,860,934	\$ 3,428,642
Portfolio investments (Note 4)	2,610,220	2,052,780
Taxes receivable	440,275	382,398
Accounts and grants receivable (Note 5)	777,130	391,989
	<u>5,688,559</u>	<u>6,255,809</u>
Liabilities		
Accounts payable and accrued liabilities	414,606	278,182
Taxation revenue paid in advance	84,372	72,622
Deferred revenue (Note 6)	92,791	624,843
Vested sick leave liability (Note 7)	84,259	78,428
Asset retirement obligations (Note 8)	1,733,100	1,654,194
	<u>2,409,128</u>	<u>2,708,269</u>
Net assets	<u>3,279,431</u>	<u>3,547,540</u>
Non-financial assets		
Tangible capital assets (Note 9)	10,962,744	9,412,355
Inventory - supplies	207,715	140,760
	<u>11,170,459</u>	<u>9,553,115</u>
Accumulated surplus (Note 10)	<u>\$ 14,449,890</u>	<u>\$ 13,100,655</u>


 Deputy-Mayor


 Clerk-Treasurer

The Corporation of the Municipality of Neebing Statement of Operations and Accumulated Surplus

For the year ended December 31	2023 Budget	2023 Actual	2022 Actual
	(Note 14)		Restated (Note 2)
Revenue			
Taxation			
Residential and farm	\$ 2,896,879	\$ 2,856,703	\$ 2,707,645
Commercial and industrial	25,019	24,672	23,883
Taxation from other governments	118,597	134,317	131,404
User charges			
Other fees and service charges	47,396	68,621	47,828
Government transfers (Note 11)			
Government of Canada	792,121	807,419	360,086
Province of Ontario	2,526,899	1,516,770	1,298,524
Other municipalities	5,907	100	7,956
Other			
Investment income	20,000	200,771	97,456
Penalties and late payment charges	40,000	37,138	47,111
Other revenues	40,500	51,723	46,603
	6,513,318	5,698,234	4,768,496
Expenses (Note 12)			
General government	829,162	868,142	848,488
Protection to persons and property	656,012	677,554	657,019
Transportation services	1,120,888	1,613,781	1,547,038
Environmental services	186,514	291,553	249,267
Health services	379,899	378,543	366,553
Social and family services	437,949	436,656	413,708
Recreation and cultural services	44,393	67,741	50,699
Planning and development	19,330	15,029	12,285
	3,674,147	4,348,999	4,145,057
Annual surplus before undernoted items	2,839,171	1,349,235	623,439
Loss on disposal of tangible capital assets	-	-	(84,606)
Gain on sale of land	31,000	-	112,998
Annual surplus	2,870,171	1,349,235	651,831
Accumulated surplus, beginning of year as previously stated	13,100,655	13,100,655	12,854,877
Accumulated surplus change, ARO adjustment (Note 2)	-	-	(406,053)
Restated Accumulated surplus, beginning of year	13,100,655	13,100,655	12,448,824
Accumulated surplus, end of year	\$ 15,970,826	\$ 14,449,890	\$ 13,100,655

The Corporation of the Municipality of Neebing Statement of Change in Net Assets

For the year ended December 31	2023 Budget	2023 Actual	2022 Actual
	(Note 14)		Restated (Note 2)
Annual surplus	\$ 2,870,171	\$ 1,349,235	\$ 651,831
Acquisition of tangible capital assets	(4,132,000)	(2,304,829)	(1,254,312)
Amortization of tangible capital assets	-	754,440	693,982
Loss on disposal of tangible capital assets	-	-	84,606
Gain on sale of land	(31,000)	-	(112,998)
Proceeds on sale of tangible capital assets	-	-	3,422
Proceeds on sale of land	-	-	113,000
Change in prepaid expenses	-	-	98,239
Change in inventory - supplies	-	(66,955)	19,004
Net change in net assets	(1,292,829)	(268,109)	296,774
Net assets, beginning of year as previously stated	3,547,540	3,547,540	3,788,042
PSAS adjustment for ARO (Note 2)	-	-	(537,276)
Restated net financial asset, beginning of year	3,547,540	3,547,540	3,250,766
Net assets, end of year	\$ 2,254,711	\$ 3,279,431	\$ 3,547,540

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

The Corporation of the Municipality of Neebing Statement of Cash Flows

For the year ended December 31	2023	2022
		Restated (Note 2)
Operating transactions		
Annual surplus	\$ 1,349,235	\$ 651,831
Items not involving cash		
Accretion	78,906	75,313
Amortization	754,440	693,982
Loss on disposal of tangible capital assets	-	84,606
Gain on sale of land	-	(112,998)
	<u>2,182,581</u>	<u>1,392,734</u>
Changes in non-cash operating balances		
Taxes receivable	(57,877)	(15,742)
Accounts and grants receivable	(385,141)	(240,426)
Accounts payable and accrued liabilities	136,424	33,263
Taxation revenue paid in advance	11,750	6,068
Deferred revenue	(532,052)	(258,216)
Vested sick leave liability	5,831	(508)
Inventory - supplies	(66,955)	19,004
Prepaid expenses	-	98,239
	<u>1,294,561</u>	<u>1,034,416</u>
Capital transactions		
Acquisition of tangible capital assets	(2,304,829)	(1,254,312)
Proceeds on sale of tangible capital assets	-	3,422
Proceeds on sale of land	-	113,000
	<u>(2,304,829)</u>	<u>(1,137,890)</u>
Investing transactions		
Purchase of portfolio investments	(557,440)	(2,052,780)
	<u>(1,567,708)</u>	<u>(2,156,254)</u>
Decrease in cash for the year	(1,567,708)	(2,156,254)
Cash, beginning of year	<u>3,428,642</u>	<u>5,584,896</u>
Cash, end of year	<u>\$ 1,860,934</u>	<u>\$ 3,428,642</u>

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

The Corporation of the Municipality of Neebing Notes to Financial Statements

December 31, 2023

1. Significant Accounting Policies

Management's Responsibility for the Financial Statements	The financial statements of the Municipality are the responsibility of management. They have been prepared in accordance with Canadian public sector accounting standards. The Corporation of the Municipality of Neebing (the "Municipality") is a municipality in the Province of Ontario and operates under the provisions of Provincial statutes, such as the Municipal Act and related legislation. The Municipality provides municipal services such as protection to persons and property, public works, planning, recreation and other general government services.
Reporting Entity	<p>The financial statements reflect the assets, liabilities, revenue and expenses of all municipal organizations, committees and Boards which are owned or controlled by the Municipality.</p> <p>The Municipality contributes to the following joint local boards, which are not proportionately consolidated in these statements:</p> <p style="margin-left: 40px;">Thunder Bay District Health Unit The District of Thunder Bay Social Services Administration Board Lakehead Rural Planning Board Lakehead Police Services Board</p>
Financial Instruments	<p>Cash and equity instruments quoted in an active market are measured at fair value. Equity investments that are not traded in an active market are recorded at cost. Accounts receivable, accounts payable and accrued liabilities are measured at cost or amortized cost. The carrying amount of each of these financial instruments is presented on the statement of financial position.</p> <p>When investment income and realized and unrealized gains and losses from changes in the fair value of financial instruments are externally restricted, the investment income and fair value changes are recognized as revenue in the period in which the resources are used for the purpose specified.</p> <p>For financial instruments measured using amortized cost, the effective interest rate method is used to determine interest revenue or expense.</p> <p>All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations.</p> <p>Transaction costs are added to the carrying value for financial instruments measured using cost or amortized cost. Transaction costs are expensed for financial instruments measured at fair value.</p>

The Corporation of the Municipality of Neebing Notes to Financial Statements

December 31, 2023

1. Significant Accounting Policies (cont'd)

Accounting for School Board Transactions	<p>The Municipality collects taxation revenue on behalf of the school boards.</p> <p>The taxation, other revenue, expenses, assets and liabilities with respect to the operations of the school boards are not reflected in the current fund balances of these financial statements. Education taxes collected by the Municipality and over-remitted or not remitted to the respective school boards as at December 31 are reported as a financial asset or liability on the statement of financial position.</p>																		
Tangible Capital Assets	<p>Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset commencing once the assets are available for productive use as follows:</p> <table border="0" style="margin-left: 40px;"> <tr> <td>Buildings</td> <td style="text-align: right;">-</td> <td style="text-align: right;">50 years</td> </tr> <tr> <td>Vehicles</td> <td style="text-align: right;">-</td> <td style="text-align: right;">10 to 15 years</td> </tr> <tr> <td>Other equipment</td> <td style="text-align: right;">-</td> <td style="text-align: right;">5 to 20 years</td> </tr> <tr> <td>Land improvements</td> <td style="text-align: right;">-</td> <td style="text-align: right;">20 years</td> </tr> <tr> <td>Roads</td> <td style="text-align: right;">-</td> <td style="text-align: right;">20 to 40 years</td> </tr> <tr> <td>Bridges and other structures</td> <td style="text-align: right;">-</td> <td style="text-align: right;">30 years</td> </tr> </table> <p>Assets under construction are not amortized until the asset is available for use.</p>	Buildings	-	50 years	Vehicles	-	10 to 15 years	Other equipment	-	5 to 20 years	Land improvements	-	20 years	Roads	-	20 to 40 years	Bridges and other structures	-	30 years
Buildings	-	50 years																	
Vehicles	-	10 to 15 years																	
Other equipment	-	5 to 20 years																	
Land improvements	-	20 years																	
Roads	-	20 to 40 years																	
Bridges and other structures	-	30 years																	
Trust Funds	<p>Any funds held in trust by the Municipality, and their related operations, are not included in these financial statements. The financial activity and position of the trust funds are reported separately.</p>																		
Inventory	<p>Inventory supplies are recorded at the lower of cost or replacement cost.</p>																		
Pension and Employee Benefits	<p>The Municipality is an employer member of the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer, defined benefit pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investments of the assets and administration of the benefits. The Municipality records pension expense when contributions are due.</p>																		

The Corporation of the Municipality of Neebing Notes to Financial Statements

December 31, 2023

1. Significant Accounting Policies (cont'd)

Deferred Revenue	Funds received for specific purposes which are externally restricted by legislation, regulation or agreement and are not available for general municipal purposes are accounted for as deferred revenue on the statement of financial position. The revenue is recognized in the statement of operations in the year in which it is used for the specified purpose.
Asset Retirement Obligations	A liability for an asset retirement obligation is recognized when there is a legal obligation to incur retirement costs in relation to a tangible capital asset; the past transaction or event giving rise to the liability has occurred; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made. The liability is recorded at an amount that is the best estimate of the expenditure required to retire a tangible capital asset at the financial statement date. This liability is subsequently reviewed at each financial reporting date and adjusted for the passage of time and for any revisions to the timing, amount required to settle the obligation or the discount rate. Upon the initial measurement of an asset retirement obligation, a corresponding asset retirement cost is added to the carrying value of the related tangible capital asset if it is still in productive use. This cost is amortized over the useful life of the tangible capital asset. If the related tangible capital asset is unrecognized or no longer in productive use, the asset retirement cost are expensed.
Revenue Recognition	<p>User charges and fees are recognized as revenue in the period in which the related services are performed. Amounts collected for which the related services have yet to be performed are recognized as a liability and recognized as revenue when the related services are performed.</p> <p>Interest is recognized as it is earned. Interest earned on deferred revenue is added to the fund balance and forms part of the deferred revenue balance. Investment income earned on reserve funds is added to the fund balance and forms part of the reserve fund balance.</p> <p>Funds received, other than government transfers and tax revenue, for specific purposes which are externally restricted by legislation, regulation or agreement and are not available for general purposes are accounted for as deferred revenue on the statement of financial position. The revenue is recognized in the statement of operations and accumulated surplus in the year in which it is used for the specified purpose.</p>
Government Transfers	Government transfers, which include legislative grants, are recognized in the financial statements in the period in which events giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amount can be made unless the transfer contains stipulations that create a liability. If the transfer contains stipulations that create a liability, the related revenue is recognized over the period that the liability is extinguished.

The Corporation of the Municipality of Neebing Notes to Financial Statements

December 31, 2023

1. Significant Accounting Policies (cont'd)

Taxation Revenue The amount of the total property tax levy is determined each year through Council's approval of the annual operating budget. Municipal tax rates are set annually by Council for each class or type of property, in accordance with legislation and Council approved policies, in order to raise the revenues required to meeting operating budget requirements. Education tax rates are established by the Province each year in order to fund the costs of education on a Province wide basis.

Property assessments, on which property taxes are based, are established by the Municipal Property Assessment Corporation. The current value assessment ("CVA") of a property represents an estimated market value of a property as of a fixed date. Assessed value for all properties within the municipality are provided to the Municipality in the form of the returned assessment roll in December of each year.

The amount of property taxes levied on an individual property is the product of the CVA of the property and the tax rate for the class, together with any adjustments that reflect Council approved mitigation or other tax policy measures.

Taxes are recorded at estimated amounts when they meet the definition of an asset, have been authorized and the taxable event occurs. For property taxes, the taxable event is the period for which the tax is levied. As taxes recorded are initially based on management's best estimate of the taxes that will be received, it is possible that changes in future conditions, such as reassessments due to audits, appeals and court decisions, could result in a change in the amount of tax revenue recognized. Taxes receivable are recognized net of an allowance for anticipated uncollectable amounts.

Intangibles Any items inherited by right of the Crown, such as Crown lands, forests, water and mineral resources, are not recognized in the financial statements as intangibles.

Use of Estimates The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future. Significant estimates in these financial statements include assumptions used in estimating provisions for doubtful taxes and accounts receivable, useful lives of tangible capital assets, vested sick leave liability, and asset retirement obligations.

The Corporation of the Municipality of Neebing Notes to Financial Statements

December 31, 2023

1. Significant Accounting Policies (cont'd)

Liability for Contaminated Site	A contaminated site is a site at which substances occur in concentrations that exceed the maximum acceptable amounts under an environmental standard. Sites that are currently in productive use are only considered a contaminated site if unexpected events result in contamination. A liability for remediation of contaminated sites is recognized when the Municipality is directly responsible or accepts responsibility; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made. The liability includes all costs directly attributable to remediation activities including post remediation operations, maintenance and monitoring.
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2. Change in Accounting Policy - Adoption of New Accounting Standards

The Municipality adopted the following standards concurrently beginning January 1, 2023 prospectively: Public Sector Accounting Handbook Standard 1201: Financial Statement Presentation, Public Sector Accounting Handbook Standard 2601: Foreign Currency Translation and Public Sector Accounting Handbook Standard 3041 Portfolio Investments and Public Sector Accounting Handbook Standard 3450 Financial Instruments. The Municipality was not impacted by the adoption of the new standards.

The Municipality adopted Public Sector Accounting Handbook Standard 3280: Asset Retirement Obligations on January 1, 2023, on a modified retrospective approach. The standard establishes the accounting and reporting requirements for legal obligations associated with the retirement of tangible capital assets controlled by a government or government organization. A liability for a retirement obligation can apply to tangible capital assets either in productive use or no longer in productive use.

In the past, the Municipality has reported its obligations related to the remediation of asbestos and the gravel pits in the period when the asset was retired directly as an expense. The landfill liability was previously measured under the guidance of *PS Section 3270, Solid Waste Landfill Closure and Post Closure Liability*, which required the estimated costs to be recognized and charged to expense incrementally as the landfill sites capacity was used. 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. Such obligation justifies recognition of a liability and can result from existing legislation, regulation, agreement, contract or that is based on a promise and an expectation of performance. The estimate of the liability includes costs directly attributable to asset retirement activities. When recording an asset retirement obligation, the estimated retirement costs are capitalized to the carry value of the associated assets and amortized over the asset's estimated useful life.

As a result of applying this accounting standard, an asset retirement obligation of \$1,733,100 (2022 - \$1,654,194) was recognized as a liability in the Statement of Financial Position. These obligations represent estimated retirement costs for the removal of asbestos present in two municipal buildings, the closure and post-closure cost associated with the Municipality's two landfills, and the rehabilitation of the Municipality's two gravel pits on municipal land.

The Corporation of the Municipality of Neebing Notes to Financial Statements

December 31, 2023

2. Change in Accounting Policy - Adoption of New Accounting Standards (cont'd)

The adoption was applied to the comparative period as follows:

	As previously reported	Adjusted	As restated
Statement of Financial Position			
Asset retirement obligation	\$ -	\$1,654,194	\$1,64,194
Landfill closure and post-closure liability	953,332	(953,332)	-
Tangible capital assets	9,286,857	125,498	9,412,355
Net assets	4,248,402	(700,862)	3,547,540
Accumulated surplus	13,676,019	(575,364)	13,100,655
Statement of Operations and Accumulated Surplus			
General government	847,404	1,084	848,488
Protection	656,644	375	657,019
Environmental services	81,415	167,852	249,267
Annual surplus before undernoted items	792,750	169,311	623,439
Annual surplus	821,142	(169,311)	651,831
Accumulated surplus, beginning	12,854,877	(406,053)	12,448,824
Accumulated surplus, end of year	13,676,019	(575,364)	13,100,655
Statement of Changes in Net Debt			
Annual surplus	821,142	(169,311)	651,831
Amortization of tangible capital assets	688,257	5,725	693,982
Net assets, beginning	3,788,042	(537,276)	3,250,766
Net assets, end of year	4,248,402	(700,862)	3,547,540

The Corporation of the Municipality of Neebing Notes to Financial Statements

December 31, 2023

3. Cash

	2023	2022
Operating accounts	\$ 909,667	\$ 1,557,830
High interest savings account	951,267	1,870,812
	\$ 1,860,934	\$ 3,428,642

The Municipality's high interest savings account earns interest at an effective interest rate of 5.465% (2022 - 2.215%).

The Municipality's credit facilities include an operating loan with authorized credit of \$200,000 which carries interest at prime less 0.5%. As at December 31, 2023, the Municipality utilized \$nil (2022 - \$nil) of this facility. The prime rate was 7.20% at December 31, 2023.

4. Portfolio Investments

	2023	2022
Canadian Bond Fund	\$ 442,361	\$ 117,600
Canadian Equity Fund	395,002	372,829
Corporate Bond Fund	146,369	117,803
Global Bond Fund	718,121	569,817
Global Equity Fund	908,367	874,731
	\$ 2,610,220	\$ 2,052,780

Portfolio investments are comprised of bond and equity funds through ONE Investment and are recorded at cost as they are not traded in an active market.

The Corporation of the Municipality of Neebing Notes to Financial Statements

December 31, 2023

5. Accounts and Grants Receivable

	<u>2023</u>	<u>2022</u>
Trade receivable	\$ 55,351	\$ 48,850
Government transfers		
Ministry of Infrastructure - Investing in Canada Infrastructure Program	417,109	-
Rural and Northern Infrastructure Fund	-	122,476
Northern Ontario Heritage Fund Corporation	62,966	-
Other	-	30,141
Public service bodies' rebate	241,704	190,522
	<u>\$ 777,130</u>	<u>\$ 391,989</u>

6. Deferred Revenue

	<u>2023</u>	<u>2022</u>
Canada Community Building Fund (previously Federal Gas Tax)	\$ -	\$ 549,473
COVID-19 Recovery Funding - 2020	-	-
COVID-19 Recovery Funding - 2021	-	34,013
COVID-19 Recovery Funding - 2022	24,362	41,357
Ontario Trillium Foundation	68,429	-
	<u>\$ 92,791</u>	<u>\$ 624,843</u>

The net change during the year in the deferred revenue is made up as follows:

	<u>2023</u>	<u>2022</u>
Balance, beginning of year	\$ 624,843	\$ 883,059
Interest earned	15,832	12,415
Transfers from revenue	1,191,476	814,949
Transfers to revenue	(1,739,360)	(1,085,580)
Balance, end of year	<u>\$ 92,791</u>	<u>\$ 624,843</u>

Canada Community Building Fund

The Ministry requires the Municipality to put unspent gas tax funding into a reserve fund. The funding and interest earned in the reserve must be spent on approved projects.

The Corporation of the Municipality of Neeping Notes to Financial Statements

December 31, 2023

7. Vested Sick Leave Liability

Under the sick leave benefits plan, unused sick leave can accumulate and certain employees may become entitled to a cash payment when they retire or leave the Municipality's employment.

The significant assumptions adopted and estimated for the calculation of the vested sick leave liability are as follows:

Discount rate	4.72%
Inflation rate	2.28%
Retirement age	65

The liability for these accumulated days, to the extent that they have vested and could be taken by an employee on retirement or his/her voluntary or involuntary termination amounted to approximately \$84,259 (2022 - \$78,428). The current period recovery is \$5,831. An amount of \$67,544 (2022 - \$65,190) has been provided for this past service liability as a reserve fund.

8. Asset Retirement Obligations

The Municipality applies new Section PS 3280 on January 1, 2023 using the modified retroactive method with restatement. Asset retirement obligations were recognized related to the remediation required for asbestos present in two municipal buildings, the closure and post-closure cost associated with the Municipality's two landfills, and the rehabilitation of the Municipality's two gravel pits on municipal land. As at year end, an obligation of \$1,733,100 (2022 - 1,654,194) has been accrued on the statement of financial position. This amount was determined based on total undiscounted expenditures of \$2,383,797 present valued at a discount rate of 4.77% as follows:

Buildings with asbestos	1 - 12 years
Landfill Closure costs	6 - 27 years
Landfill Post-Closure Costs	25 years
Gravel pits	40 - 100 years

Payment to settle the asset retirement obligations related to the building with asbestos will occur at the end of their life in full. Payment to settle the asset retirement obligations related to the landfills will occur at regular intervals throughout its remaining useful life and its post-closure monitoring period of 25 years.

The Corporation of the Municipality of Neebing Notes to Financial Statements

December 31, 2023

8. Asset Retirement Obligation (cont'd)

	2023	2022
Liabilities for ARO, beginning of year	\$ 1,654,194	\$ -
Restatement for change in accounting policy	-	1,578,881
Accretion expense	78,906	75,313
	\$ 1,733,100	\$ 1,654,194

Significant estimates and assumptions are made in determining the asset retirement costs as there are numerous factors that will affect the amount ultimately payable. Those uncertainties may result in future actual expenditures that are different than the amounts currently recorded. At each reporting date, as more information and experience is obtained as it relates to these asset retirement obligations. Adjustments of the timing, the undiscounted cash flows and the discount rates may change. Adjustments to these factors are accounted for as an adjustment to the asset retirement obligation and the related tangible capital asset in the current period on a prospective basis.

**The Corporation of the Municipality of Neebing
Notes to Financial Statements**

December 31, 2023

9. Tangible Capital Assets

	Land	Land	Buildings	Vehicles	Other	Roads	Bridges and Other Structures	2023 Total
	Improvements	Improvements			Equipment			
Cost, beginning of year	\$ 396,902	\$ 495,754	\$ 1,020,211	\$ 3,766,586	\$ 591,884	\$ 30,941,178	\$ 2,897,719	\$ 40,110,234
Additions	-	34,214	267,192	412,672	69,691	-	1,521,060	2,304,829
Disposals	-	-	-	-	-	-	(120,566)	(120,566)
Cost, end of year	396,902	529,968	1,287,403	4,179,258	661,575	30,941,178	4,298,213	42,294,497
Accumulated amortization, beginning of year	-	219,951	338,713	2,151,771	340,394	26,073,322	1,573,728	30,697,879
Amortization	-	15,551	25,597	213,050	35,454	386,735	78,053	754,440
Disposals	-	-	-	-	-	-	(120,566)	(120,566)
Accumulated amortization, end of year	-	235,502	364,310	2,364,821	375,848	26,460,057	1,531,215	31,331,753
Net carrying amount, end of year	\$ 396,902	\$ 294,466	\$ 923,093	\$ 1,814,437	\$ 285,727	\$ 4,481,121	\$ 2,766,998	\$ 10,962,744

During the prior year, The Municipality of Neebing started construction of two rinks and Council chambers audio visual improvements with an expected completion date of 2024. The net book value of the construction in progress is \$61,908 (2022 - \$10,899) within other equipment and \$94,031 (2022 - \$3,996) within buildings which are not being amortized. During the year, the Municipality of Neebing started construction of building renovations and new building plans with an expected completion date of 2024. The net book value of the construction in progress is \$177,157 within buildings which is not being amortized.

**The Corporation of the Municipality of Neebing
Notes to Financial Statements**

December 31, 2023

9. Tangible Capital Assets (cont'd)

	Land	Land Improvements	Buildings	Vehicles	Other Equipment	Roads	Bridges and Other Structures	2022 Total
								Restated (Note 2)
Cost, beginning of year	\$ 396,904	\$ 480,490	\$ 972,899	\$ 3,871,022	\$ 534,623	\$ 32,175,868	\$ 2,743,054	\$ 41,174,860
Additions	-	15,264	47,312	40,070	57,261	939,740	154,665	1,254,312
Disposals	(2)	-	-	(144,506)	-	(2,174,430)	-	(2,318,938)
Cost, end of year	396,902	495,754	1,020,211	3,766,586	591,884	30,941,178	2,897,719	40,110,234
Accumulated amortization, beginning of year	-	205,290	313,956	2,086,787	301,577	27,816,419	1,510,776	32,234,805
Amortization	-	14,661	24,757	192,479	38,817	360,316	62,952	693,982
Disposals	-	-	-	(127,495)	-	(2,103,413)	-	(2,230,908)
Accumulated amortization, end of year	-	219,951	338,713	2,151,771	340,394	26,073,322	1,573,728	30,697,879
Net carrying amount, end of year	\$ 396,902	\$ 275,803	\$ 681,498	\$ 1,614,815	\$ 251,490	\$ 4,867,856	\$ 1,323,991	\$ 9,412,355

The Corporation of the Municipality of Neebing Notes to Financial Statements

December 31, 2023

10. Accumulated Surplus

The Municipality segregates its accumulated surplus into the following categories:

	2023	2022
		Restated (Note 2)
Surpluses (deficits)		
General fund	\$ (227,857)	\$ (407,884)
Investment in tangible capital assets	10,962,744	9,412,355
Total surpluses	10,734,887	9,004,471
Reserve funds set aside for specific purposes by Council		
For fire department	661,255	570,645
For medical bursary	22,842	22,046
For forest fire fighting	255,762	246,847
For recreational purposes	572,616	653,549
For information technology	12,482	14,466
For election material	6,554	4,395
For OMB hearings and planning	81,971	79,114
For building department	4,226	4,079
For sick leave gratuity	67,544	65,190
For landfill	766,814	755,154
For roads department	198,845	182,262
For taxation rate stabilization	1,042,876	1,477,961
For cannabis implementation	21,216	20,476
Total reserve funds	3,715,003	4,096,184
Accumulated surplus	\$ 14,449,890	\$ 13,100,655

The investment in tangible capital assets represents amounts already spent and invested in infrastructure and other non-financial assets.

Reserve funds represent funds set aside by bylaw or council resolution for specific purposes.

The Corporation of the Municipality of Neebing Notes to Financial Statements

December 31, 2023

11. Government Transfers

	Budget 2023	2023	2022
Federal			
Canada Community Building Fund (previously Federal Gas Tax)	\$ 712,121	\$ 701,015	\$ 336,569
Federation of Canadian Municipalities Municipal Asset Management Program	-	26,404	23,517
Ministry of Infrastructure - Investing in Canada Infrastructure Program	80,000	80,000	-
	<u>792,121</u>	<u>807,419</u>	<u>360,086</u>
Provincial			
Ministry of Municipal Affairs and Housing - COVID-19 Safe Restart	80,490	51,008	40,120
Ministry of Municipal Affairs and Housing - Asset Management Process Modernization	-	3,561	30,393
Northern Ontario Heritage Fund Corporation	922,750	80,466	9,512
Northern Ontario Resource Development Support Fund	93,640	93,640	187,280
Ontario Community Infrastructure Fund	329,715	330,006	311,001
Ontario Municipal Partnership Fund	547,000	547,000	542,700
Ontario Trillium Foundation	150,000	35,371	-
Rural and Northern Infrastructure Fund	341,517	317,108	144,408
Other	61,787	58,610	33,110
	<u>2,526,899</u>	<u>1,516,770</u>	<u>1,298,524</u>
Other Municipalities			
Provincial Offences Act	5,907	100	7,956
	<u>\$ 3,324,927</u>	<u>\$ 2,324,289</u>	<u>\$ 1,666,566</u>

The Corporation of the Municipality of Neebing Notes to Financial Statements

December 31, 2023

12. Expenses By Object

	Budget 2023	2023	2022
			Restated (Note 2)
Salaries, wages and employee benefits	\$ 1,158,758	\$ 1,095,182	\$ 1,018,040
Materials and supplies	1,251,670	1,114,882	1,108,669
Contracted services	425,648	466,027	449,268
External transfers	838,071	839,562	799,785
Accretion	-	78,906	75,313
Amortization	-	754,440	693,982
	\$ 3,674,147	\$ 4,348,999	\$ 4,145,057

13. Pension and Employee Benefits

The Municipality makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of its full time staff. The Plan is a defined benefit plan, which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay.

OMERS provides pension services to almost half a million active and retired members and approximately 1,000 employers. Each year an independent actuary determines the funding status of OMERS Primary Pension Plan (the Plan) by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial valuation of the Plan was conducted at December 31, 2023. The results of the actuarial valuation disclosed total actuarial liabilities of \$136.2 billion (\$130.3 billion in 2022) in respect of benefits accrued for service with actuarial assets at that date of \$132.0 billion (\$123.6 billion in 2022) indicating a actuarial deficit of \$4.2 billion (\$6.7 billion in 2022). Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Municipality does not recognize any share of the OMERS pension surplus or deficit. Contributions made by the Municipality to OMERS for 2023 were \$46,732 (\$34,374 in 2022), which is included as an expense on the statement of operations and accumulated surplus. Employee contributions for 2023 were \$46,732 (\$34,374 in 2022).

14. Budget

The Financial Plan (Budget) By-Law adopted by Council on May 17, 2023 was not prepared on a basis consistent with that used to report actual results (Canadian public sector accounting standards). The budget was prepared on a modified accrual basis, while Canadian public sector accounting standards require a full accrual basis. The budget figures anticipated using surpluses accumulated in previous years to reduce current year expenditures in excess of current year revenues. In addition, the budget expensed all tangible capital expenditures rather than including amortization expense.

The Corporation of the Municipality of Neebing Notes to Financial Statements

December 31, 2023

14. Budget (cont'd)

As a result, the budget figures presented in the statements of operations and accumulated surplus and changes in net assets represent the Financial Plan adopted by Council on May 17, 2023, with adjustments as follows:

Financial Plan (Budget) Bylaw surplus for the year	\$ -
Add:	
Capital expenses	4,132,000
Budgeted transfers to accumulated surplus	123,500
Less:	
Budgeted transfers from accumulated surplus	(1,205,487)
Prior year surplus included in budget	(179,842)
	\$ 2,870,171
Budget surplus per statement of operations	\$ 2,870,171

15. Trust Fund

The Municipality of Neebing Cemetery Perpetual Care Trust Fund administered by the Municipality amounting to \$34,103 (2022 - \$30,905) has not been included in the statement of financial position nor have the operations been included in the statement of operations and accumulated surplus.

16. Commitments

The Municipality has entered into a police servicing contract with the Ontario Provincial Police ("OPP") which expires on December 31, 2024. The estimated cost for 2024 is \$278,201.

17. Financial Instrument Risks

The Municipality is exposed to a variety of financial risks including credit risk, liquidity risk, interest rate risk and market risk. This note describes the Municipality's objectives, policies and processes for managing those risks and the methods used to measure them. Further qualitative and quantitative information in respect of these risks is presented below and throughout these financial statements.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation, and arises principally from the Municipality's taxes receivable. This risk is minimized as the Municipality can put a property up for tax sale after it has been vested.

The majority of the Municipality's accounts and grants receivables are from government sources and the Municipality works to ensure they meet all eligibility criteria in order to qualify to receive funding, therefore the Municipality does not believe it is subject to any significant concentrations of credit risk related to accounts and grants receivable.

The Municipality is subject to credit risk on the excess deposits over the amount not covered by the Canadian Deposit Insurance Corporation (CDIC).

The Corporation of the Municipality of Neebing Notes to Financial Statements

December 31, 2023

17. Financial Instruments (cont'd)

Liquidity Risk

Liquidity risk is the risk that the Municipality will encounter difficulty in meeting obligations associated with financial liabilities. The Municipality is exposed to liquidity risk through its accounts payable and accrued liabilities. The Municipality regularly compares budgets to actual to monitor its ability to maintain sufficient liquidity to meet its liabilities when due.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Municipality is exposed to interest rate risk arising from the possibility that changes in interest rates will affect the Municipality's credit facility.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. This risk is minimized by holding a diverse portfolio. The Municipality does not hold investments that trade in an active market; therefore, monies held in the ONE investment are shown at cost on the Statement of Financial Position.

18. Segmented Information

The Corporation of the Municipality of Neebing provides a wide range of services to its citizens. Distinguishable functional segments have been separately disclosed in the segmented information. The nature of the segments and the activities they encompass are as follows:

a) General Government

General government is comprised of various administrative services including general administration and finance, the services of the Mayor and Council, the health and safety program, and the operation and maintenance of the Municipal Office. Municipal office staff provide a variety of services for citizens plus provide support for other departments and programs. Assessment services, provided by Municipal Property Assessment Corporation, are responsible for providing services to both citizens and the Municipality.

b) Protection to Persons and Property

Protection services include Neebing Emergency Services, police services, the Chief Building Official, and services provided by the Lakehead Region Conservation Authority. The volunteer fire department is responsible for being the first response to emergencies in the Municipality and is responsible for staffing, training, and the maintenance of the fire halls, fleet, and personal protective and fire fighting equipment. Police services are contracted through the Ontario Provincial Police and building inspections are currently contracted out to ensure compliance with building code and zoning requirements.

The Corporation of the Municipality of Neebing Notes to Financial Statements

December 31, 2023

18. Segmented Information (cont'd)

c) Transportation Services

Transportation services include roadway maintenance of the Municipal roadway systems, culverts, brushing and dust suppressant, and winter control that includes plowing and salt/sand application. Included in this segment is maintenance of all public works equipment and the garage.

d) Environmental Services

The Municipality provides waste disposal at two landfill sites and includes recycling and landfill site operations and waste minimization programs.

e) Health Services

Health services include public health services and ambulance services. Public health services cover the Municipality's contribution to the activities to the Thunder Bay District Health Unit. The Thunder Bay District Health Unit provides health information and prevention-related clinical services; advocates for healthy public policy; investigates reportable diseases; and upholds regulations that apply to public health. This reporting segment also covers the operation and maintenance of the Cloud Bay Cemetery.

f) Social and Family Services

Social and family services represent the Municipality's contribution to the activities of the District of Thunder Bay Social Services Administration Board ("TBDSSAB"). TBDSSAB is responsible for Ontario Works program delivery, child care services and social housing.

g) Recreational and Cultural Services

Recreation service covers the operation and maintenance of Blake Hall which is used for a variety of events held by both citizens and local government, as well as public library services.

h) Planning and Development

Planning and development manages rural development for business interest, environmental concerns, local community, and overall planning and community development including approval of all land development plans.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies.

**The Corporation of the Municipality of Neebing
Notes to Financial Statements**

18. Segmented Information (cont'd)

	General Government	Protection to Persons and Property	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation and Cultural Services	Planning and Development	2023 Total
Revenue									
Taxation	\$ 3,015,692	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	3,015,692
Government transfers - operating	622,349	-	767,158	25,838	7,000	-	67,958	17,500	1,507,803
Government transfers - capital	115,371	-	701,015	-	-	-	-	-	816,386
User fees and service charges	3,875	16,072	-	28,916	2,600	-	6,158	11,000	68,621
Investment income	200,771	-	-	-	-	-	-	-	200,771
Other municipalities	-	100	-	-	-	-	-	-	100
Other revenues	65,243	21,457	2,161	-	-	-	-	-	88,861
	<u>4,023,301</u>	<u>37,629</u>	<u>1,470,334</u>	<u>54,754</u>	<u>9,600</u>	<u>-</u>	<u>74,116</u>	<u>28,500</u>	<u>5,698,234</u>
Expenses									
Salaries, wages and employee benefits	429,306	107,484	476,888	75,430	400	-	5,674	-	1,095,182
Materials and supplies	365,024	169,280	499,602	22,188	1,310	-	42,449	15,029	1,114,882
Contracted services	56,193	285,384	19,246	105,204	-	-	-	-	466,027
External transfers	-	26,073	-	-	376,833	436,656	-	-	839,562
Accretion	1,058	360	-	77,488	-	-	-	-	78,906
Amortization	16,561	88,973	618,045	11,243	-	-	19,618	-	754,440
	<u>868,142</u>	<u>677,554</u>	<u>1,613,781</u>	<u>291,553</u>	<u>378,543</u>	<u>436,656</u>	<u>67,741</u>	<u>15,029</u>	<u>4,348,999</u>
Annual surplus (deficit) before undernoted item	3,155,159	(639,925)	(143,447)	(236,799)	(368,943)	(436,656)	6,375	13,471	1,349,235
Loss on disposal of assets	-	-	-	-	-	-	-	-	-
Gain on sale of land	-	-	-	-	-	-	-	-	-
Annual surplus (deficit)	<u>\$ 3,155,159</u>	<u>\$ (639,925)</u>	<u>\$ (143,447)</u>	<u>\$ (236,799)</u>	<u>\$ (368,943)</u>	<u>\$ (436,656)</u>	<u>\$ 6,375</u>	<u>\$ 13,471</u>	<u>\$ 1,349,235</u>

The Corporation of the Municipality of Neebing Notes to Financial Statements

18. Segmented Information (cont'd)

	General Government	Protection to Persons and Property	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation and Cultural Services	Planning and Development	2022 Total Restated (Note 2)
Revenue									
Taxation	\$ 2,862,932	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,862,932
Government transfers - operating	615,993	-	666,207	18,337	7,000	-	4,992	9,512	1,322,041
Government transfers - capital	-	-	336,569	-	-	-	-	-	336,569
User fees and service charges	3,918	21,041	-	13,759	460	-	650	8,000	47,828
Investment income	97,456	-	-	-	-	-	-	-	97,456
Other municipalities	-	7,956	-	-	-	-	-	-	7,956
Other revenues	58,303	29,401	6,010	-	-	-	-	-	93,714
	<u>3,638,602</u>	<u>58,398</u>	<u>1,008,786</u>	<u>32,096</u>	<u>7,460</u>	<u>-</u>	<u>5,642</u>	<u>17,512</u>	<u>4,768,496</u>
Expenses									
Salaries, wages and employee benefits	384,348	99,727	455,038	72,719	100	-	6,108	-	1,018,040
Materials and supplies	385,913	161,305	509,616	7,113	4,130	-	28,307	12,285	1,108,669
Contracted services	58,129	288,296	18,529	84,314	-	-	-	-	449,268
External transfers	-	23,754	-	-	362,323	413,708	-	-	799,785
Accretion	1,010	343	-	73,960	-	-	-	-	75,313
Amortization	19,088	83,594	563,855	11,161	-	-	16,284	-	693,982
	<u>848,488</u>	<u>657,019</u>	<u>1,547,038</u>	<u>249,267</u>	<u>366,553</u>	<u>413,708</u>	<u>50,699</u>	<u>12,285</u>	<u>4,145,057</u>
Annual surplus (deficit) before undernoted item	2,790,114	(598,621)	(538,252)	(217,171)	(359,093)	(413,708)	(45,057)	5,227	623,439
Loss on disposal of assets	-	-	(84,606)	-	-	-	-	-	(84,606)
Gain on sale of land	-	-	-	-	-	-	-	112,998	112,998
Annual surplus (deficit)	<u>\$ 2,790,114</u>	<u>\$ (598,621)</u>	<u>\$ (622,858)</u>	<u>\$ (217,171)</u>	<u>\$ (359,093)</u>	<u>\$ (413,708)</u>	<u>\$ (45,057)</u>	<u>\$ 118,225</u>	<u>\$ 651,831</u>