

**The Corporation of
the Township of O'Connor
Financial Statements**
For the year ended December 31, 2023

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The Corporation of the Township of O'Connor Management's Statement of Responsibility for Financial Reporting

December 31, 2023


The accompanying financial statements of the Corporation of the Township of O'Connor are the responsibility of management and have been approved by the Mayor and Council.

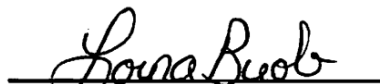
These financial statements have been prepared by management in accordance with Canadian public sector accounting standards and include certain amounts based on estimates and judgments. When alternative accounting methods exist management has chosen those it deems most appropriate in the circumstances, 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 Township of O'Connor'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 Township of O'Connor and meet when required.



Mayor

Clerk Treasurer

Independent Auditor's Report

To the Members of Council, Inhabitants and Ratepayers of The Corporation of the Township of O'Connor

Qualified Opinion

We have audited the financial statements of the Corporation of the Township of O'Connor (the Township), which comprise the statement of financial position as at December 31, 2023, and the statements of operations and accumulated surplus, change in net assets, 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 discussed in the Basis for Qualified Opinion paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of the Township as at December 31, 2023, and its results of 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 Qualified Opinion

Effective January 1, 2023, the Township was required to adopt PS 3280 Asset Retirement Obligations which requires the recognition of legal obligations associated with the retirement of tangible capital assets by public sector entities. Under the modified retroactive application method, the asset retirement obligation on transition is to be recorded using assumptions as of January 1, 2023. The corresponding asset retirement cost is added to the carrying value of the related tangible capital assets adjusted for amortization since the time the legal obligation was incurred. The net adjustment is charged to accumulated surplus. Comparative figures are to be restated to reflect this change in accounting policy. Management has not completed its assessment of the tangible capital assets for potential asset retirement obligations. As a result, it is not possible to quantify the impact of this departure from Canadian public sector accounting standards on expenses and annual surplus for the years ended December 31, 2023 and 2022, tangible capital assets and the asset retirement obligation as at December 31, 2023 and 2022, and accumulated surplus as at January 1 and December 31 for both the 2023 and 2022 years.

As a result of PS 3280 not being adopted, the Township accounts for its landfill closure and post-closure liability in accordance with the withdrawn PS 3270 Solid Waste Landfill Closure and Post-Closure Liability. As a result, it is not possible to quantify the impact of this departure from Canadian public accounting standards on expenses and annual surplus for the years ended December 31, 2023 and 2022, landfill closure and post-closure liability as at December 31, 2023 and 2022, and accumulated surplus as at January 1 and December 31 for both the 2023 and 2022 years.

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 Township 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 qualified opinion.

Independent Auditor's Report (cont'd)

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 Township'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 Township or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township'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 Township'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 Township to cease to continue as a going concern.

Independent Auditor's Report (cont'd)

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

- 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

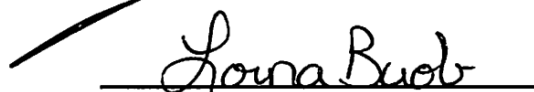
Chartered Professional Accountants, Licensed Public Accountants

Thunder Bay, Ontario
May 27, 2024

The Corporation of the Township of O'Connor Statement of Financial Position

December 31	2023	2022
Financial assets		
Cash and cash equivalents (Note 3)	\$ 338,344	\$ 190,036
Taxes receivable	63,938	53,366
Accounts and grants receivable	127,711	242,100
Inventory for resale	2,890	3,050
	<u>532,883</u>	<u>488,552</u>
Liabilities		
Accounts payable and accrued liabilities	121,186	200,539
Taxation revenue paid in advance	9,279	9,053
Deferred revenue (Note 4)	261,782	282,466
Long-term debt (Note 5)	421,526	273,125
Landfill closure and post-closure liability (Note 6)	119,824	131,043
	<u>933,597</u>	<u>896,226</u>
Net debt	<u>(400,714)</u>	<u>(407,674)</u>
Non-financial assets		
Tangible capital assets (Note 7)	3,448,238	3,359,780
Prepaid expenses	49,889	29,066
	<u>3,498,127</u>	<u>3,388,846</u>
Accumulated surplus (Note 8)	<u>\$ 3,097,413</u>	<u>\$ 2,981,172</u>


Mayor


Clerk Treasurer

The Corporation of the Township of O'Connor Statement of Operations and Accumulated Surplus

For the year ended December 31	2023 Budget	2023 Actual	2022 Actual
	(Note 12)		
Revenue			
Taxation			
Residential and farm	\$ 944,804	\$ 937,574	\$ 828,241
Commercial and industrial	10,420	10,344	9,225
Taxation from other governments	2,021	2,016	1,802
User charges			
Other fees and service charges	38,905	39,112	47,843
Government transfers (Note 9)			
Government of Canada	61,929	46,717	129,774
Province of Ontario	346,463	398,439	445,544
Other municipalities	1,455	4,313	1,924
Other			
Investment income and other revenues	72,464	32,747	31,631
	1,478,461	1,471,262	1,495,984
Expenses (Note 10)			
General government	456,295	423,679	452,236
Protection to persons and property	174,416	173,849	171,653
Transportation services	584,664	534,444	566,326
Environmental services	55,120	38,340	40,005
Health services	95,195	93,941	88,937
Social and family services	95,132	94,576	88,759
Recreation and cultural services	1,220	1,220	1,220
Planning and development	250	250	250
	1,462,292	1,360,299	1,409,386
Annual surplus before undernoted item	16,169	110,963	86,598
Gain (loss) on disposal of tangible capital assets	-	5,278	(4,144)
Annual surplus	16,169	116,241	82,454
Accumulated surplus, beginning of year	2,981,172	2,981,172	2,898,718
Accumulated surplus, end of year	\$ 2,997,341	\$ 3,097,413	\$ 2,981,172

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

**The Corporation of the Township of O'Connor
Statement of Change in Net Assets**

For the year ended December 31	2023 Budget	2023 Actual	2022 Actual
	(Note 12)		
Annual surplus	\$ 16,169	\$ 116,241	\$ 82,454
Acquisition of tangible capital assets	(324,086)	(316,229)	(840,530)
Amortization of tangible capital assets	208,049	208,049	215,757
Loss (gain) on disposal of tangible capital assets	-	(5,278)	4,144
Proceeds on sale of tangible capital assets	-	25,000	-
Change in prepaid expenses	-	(20,823)	4,119
Net change in net assets (debt)	(99,868)	6,960	(534,056)
Net assets (debt), beginning of year	(407,674)	(407,674)	126,382
Net debt, end of year	\$ (507,542)	\$ (400,714)	\$ (407,674)

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

The Corporation of the Township of O'Connor Statement of Cash Flows

For the year ended December 31	2023	2022
Operating transactions		
Annual surplus	\$ 116,241	\$ 82,454
Items not involving cash		
Amortization	208,049	215,757
Loss (gain) on disposal of tangible capital assets	(5,278)	4,144
Landfill closure and post-closure liability	(11,219)	(7,712)
	<u>307,793</u>	<u>294,643</u>
Changes in non-cash operating balances		
Taxes receivable	(10,572)	3,780
Accounts and grants receivable	114,389	(189,826)
Inventory for resale	160	107
Accounts payable and accrued liabilities	(79,353)	90,612
Taxation revenue paid in advance	226	4,398
Deferred revenue	(20,684)	128,577
Prepaid expenses	(20,823)	4,119
	<u>291,136</u>	<u>336,410</u>
Capital transactions		
Acquisition of tangible capital assets	(316,229)	(840,530)
Proceeds on sale of tangible capital assets	25,000	-
	<u>(291,229)</u>	<u>(840,530)</u>
Financing transactions		
Advances of long-term debt	430,000	285,000
Repayment of long-term debt	(281,599)	(11,875)
	<u>148,401</u>	<u>273,125</u>
Increase (decrease) in cash and cash equivalents for the year	148,308	(230,995)
Cash and cash equivalents, beginning of year	190,036	421,031
Cash and cash equivalents, end of year	\$ 338,344	\$ 190,036

The Corporation of the Township of O'Connor Notes to Financial Statements

December 31, 2023

1. Significant Accounting Policies

Management's Responsibility for the Financial Statements The financial statements of the Township are the responsibility of management. They have been prepared in accordance with Canadian generally accepted accounting principles established by the Public Sector Accounting Board of CPA Canada. The Corporation of the Township of O'Connor (the "Township") 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 Township provides municipal services such as protection to persons and property, transportation, planning, recreation and other general government services.

Reporting Entity The financial statements reflect the assets, liabilities, revenue and expenses of all municipal organizations, committees and Boards which are owned or controlled by the Township.

The Township contributes to the following joint local boards, which are not proportionately consolidated in these statements:

Lakehead Police Services Board
Lakehead Rural Planning Board
Thunder Bay District Health Unit
The District of Thunder Bay Social Services Administration Board

Financial Instruments Cash is measured at fair value. 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.

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.

For financial instruments measured using amortized cost, the effective interest rate method is used to determine interest revenue or expense.

All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations.

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.

The Corporation of the Township of O'Connor Notes to Financial Statements

December 31, 2023

1. Significant Accounting Policies (cont'd)

Cash and Cash Equivalents	Cash and cash equivalents consist of cash on hand, balances in banks and high interest savings accounts.																					
Non-financial Assets	Non-financial assets are used to provide the Township's services in future periods. These assets do not normally provide resources to discharge the liabilities of the Township unless they are sold. The Township's non-financial assets include tangible capital assets and prepaid expenses.																					
Inventory for Resale	Inventories held for resale are recorded at the lower of cost and net realizable value.																					
Accounting for School Board Transactions	The Township collects taxation revenue on behalf of the school boards. 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 Township 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.																					
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: 20px;"> <tr> <td>Land improvements</td> <td style="text-align: right;">-</td> <td style="text-align: right;">20 to 65 years</td> </tr> <tr> <td>Buildings</td> <td style="text-align: right;">-</td> <td style="text-align: right;">20 to 80 years</td> </tr> <tr> <td>Vehicles</td> <td style="text-align: right;">-</td> <td style="text-align: right;">3 to 20 years</td> </tr> <tr> <td>Computers</td> <td style="text-align: right;">-</td> <td style="text-align: right;">5 years</td> </tr> <tr> <td>Machinery and equipment</td> <td style="text-align: right;">-</td> <td style="text-align: right;">8 to 30 years</td> </tr> <tr> <td>Roads</td> <td style="text-align: right;">-</td> <td style="text-align: right;">10 to 60 years</td> </tr> <tr> <td>Bridges and culverts</td> <td style="text-align: right;">-</td> <td style="text-align: right;">10 to 75 years</td> </tr> </table> <p>Assets under construction are not amortized until the asset is available for use.</p>	Land improvements	-	20 to 65 years	Buildings	-	20 to 80 years	Vehicles	-	3 to 20 years	Computers	-	5 years	Machinery and equipment	-	8 to 30 years	Roads	-	10 to 60 years	Bridges and culverts	-	10 to 75 years
Land improvements	-	20 to 65 years																				
Buildings	-	20 to 80 years																				
Vehicles	-	3 to 20 years																				
Computers	-	5 years																				
Machinery and equipment	-	8 to 30 years																				
Roads	-	10 to 60 years																				
Bridges and culverts	-	10 to 75 years																				

Certain assets have been assigned a nominal value because of the difficulty of determining a tenable valuation. The most significant of such assets are the Township's road allowances.

The Corporation of the Township of O'Connor Notes to Financial Statements

December 31, 2023

1. Significant Accounting Policies (cont'd)

Trust Funds	Any funds held in trust by the Township, and their related operations, are not included in these financial statements. The financial activity and position of the trust funds are reported separately.
Pension and Employee Benefits	The Township 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 Township records pension expense when contributions are due.
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.
Landfill Closure and Post-Closure Liability	The obligation to close and maintain solid waste landfill sites is based on the estimated future expenses in current dollars, adjusted for estimated inflation and is charged to expense as the landfill site's capacity is used.
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.</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 Township of O'Connor 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 Township in the form of the returned assessment roll in December of each year.

The amount of property tax 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.

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, and landfill closure and post closure liabilities.

Liability for Contaminated Sites 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 Township 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. The liability is recorded net of any expected recoveries.

The Corporation of the Township of O'Connor Notes to Financial Statements

December 31, 2023

2. Adoption of New Accounting Standards

The Township adopted the following standards concurrently beginning January 1, 2022 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 Township was not impacted by the adoption of the new standards.

3. Cash and Cash Equivalents

	2023	2022
Operating bank account (indebtedness)	\$ (19,011)	\$ 7,442
High interest savings account	357,255	182,494
Petty cash	100	100
	\$ 338,344	\$ 190,036

The Township's high interest savings account earns interest at a rate of 5.465% at year-end (2022 - 4.215%).

The Township's credit facilities include a revolving demand line of credit with authorized credit of \$100,000 which carries interest at prime plus 1.25%. As at December 31, 2023, the Township utilized \$13,125 (2022 - \$nil) of this facility. The prime rate was 7.20% at December 31, 2023 and the interest rate on the credit facility is 8.45% at year-end. The credit facility is secured by a general security agreement.

4. Deferred Revenue

	2023	2022
Canada Community Building Fund	\$ 56,779	\$ 13,209
Community Foundations of Canada	-	27,070
Northern Ontario Resource Development Support	166,918	123,667
Ontario Community Infrastructure Fund	13,225	92,532
Ontario Air Ambulance - Helipad maintenance	24,860	25,988
	\$ 261,782	\$ 282,466

**The Corporation of the Township of O'Connor
Notes to Financial Statements**

December 31, 2023

4. Deferred Revenue (cont'd)

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	\$ 282,466	\$ 153,889
Transfers from revenue	241,659	298,789
Transfers to revenue	<u>(262,343)</u>	<u>(170,212)</u>
Balance, end of year	<u>\$ 261,782</u>	<u>\$ 282,466</u>

5. Long-Term Debt

	<u>2023</u>	<u>2022</u>
Infrastructure Ontario		
Debenture payable in quarterly installments of \$8,322 including interest at 4.57%, maturing July 4, 2033	\$ 260,717	\$ -
Debenture payable in monthly installments of \$1,265 including interest at 4.62%, maturing July 4, 2038	160,809	-
Term loan	-	273,125
	<u>\$ 421,526</u>	<u>\$ 273,125</u>

Principal repayments relating to the long-term debt over the next five years and thereafter are as follows:

Year	Amount
2024	\$ 29,656
2025	31,040
2026	32,489
2027	34,005
2028	35,593
Thereafter	<u>258,743</u>
	<u>\$ 421,526</u>

The Corporation of the Township of O'Connor Notes to Financial Statements

December 31, 2023

6. Landfill Closure and Post-Closure Liability

The statement of financial position reflects liabilities for anticipated future costs related to the closing and monitoring of the existing landfill site. This liability is recognized over the operating life of the waste disposal site, in proportion to the site's utilized capacity.

The Township has provided an amount of \$62,719 in the disposal site reserve to fund this liability and future landfill expansion (Note 8).

Total estimated expenditures for closure and post-closure costs as at December 31, 2023	\$231,076
Landfill closure and post-closure liabilities as at December 31, 2023	\$119,824
Total expenditures remaining to be recognized	\$111,252
Remaining capacity of the site (cubic metres)	19,258
Remaining landfill site life (years)	24
Number of years required for post-closure care	25

**The Corporation of the Township of O'Connor
Notes to Financial Statements**

December 31, 2023

7. Tangible Capital Assets

	General					Infrastructure						2023 Total	2022 Total
	Land and Land Improvements	Buildings	Vehicles	Computers	Machinery and Equipment	Land and Land Improvements	Buildings	Vehicles	Roads	Machinery and Equipment	Bridges and Culverts		
Cost, beginning of year	\$ 167,892	\$ 679,872	\$ 147,389	\$ 45,608	\$ 231,960	\$ 4,245	\$ 365,914	\$ 671,880	\$ 1,254,416	\$ 426,318	\$ 2,795,356	\$ 6,790,850	\$ 6,001,391
Additions	-	47,827	-	-	-	-	22,684	-	241,727	-	3,991	316,229	840,530
Disposals	-	-	-	-	-	-	-	(109,702)	(87,041)	-	(1,211)	(197,954)	(51,071)
Cost, end of year	167,892	727,699	147,389	45,608	231,960	4,245	388,598	562,178	1,409,102	426,318	2,798,136	6,909,125	6,790,850
Accumulated amortization, beginning of year	82,100	238,117	107,051	26,243	146,895	2,359	25,640	322,487	722,095	265,350	1,492,733	3,431,070	3,262,240
Amortization	2,215	13,469	5,430	5,563	10,254	9	3,128	28,721	41,158	25,319	72,783	208,049	215,757
Disposals	-	-	-	-	-	-	-	(109,702)	(68,436)	-	(94)	(178,232)	(46,927)
Accumulated amortization, end of year	84,315	251,586	112,481	31,806	157,149	2,368	28,768	241,506	694,817	290,669	1,565,422	3,460,887	3,431,070
Net carrying amount, end of year	\$ 83,577	\$ 476,113	\$ 34,908	\$ 13,802	\$ 74,811	\$ 1,877	\$ 359,830	\$ 320,672	\$ 714,285	\$ 135,649	\$ 1,232,714	\$ 3,448,238	\$ 3,359,780

The Corporation of the Township of O'Connor Notes to Financial Statements

December 31, 2023

8. Accumulated Surplus

The Township segregates its accumulated surplus into the following categories:

	2023	2022
Surpluses (deficits)		
General fund	\$ (137,005)	\$ (245,180)
Investment in tangible capital assets	3,448,238	3,359,780
Unfunded debt	(421,526)	(273,125)
	2,889,707	2,841,475
Reserves set aside for specific purposes by Council		
For disposal site	62,719	54,618
For fire training and equipment	16,441	11,941
For levy stabilization	38,300	20,562
For municipal building	6,023	23
For office equipment	21,258	11,258
For roads equipment	22,488	6,653
For working capital	40,477	34,642
	207,706	139,697
Total reserves	207,706	139,697
Accumulated surplus	\$ 3,097,413	\$ 2,981,172

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

Reserves represent funds set aside by By-law or Council resolution for specific purposes.

The Corporation of the Township of O'Connor Notes to Financial Statements

December 31, 2023

9. Government Transfers

	Budget 2023	2023	2022
Federal			
AMO - Canada Community-Building Fund	\$ 43,883	\$ 1,601	\$ 49,774
Community Foundations of Canada	18,046	45,116	-
Ministry of Infrastructure			
- Investing In Canada Infrastructure	-	-	80,000
	61,929	46,717	129,774
Provincial			
Ministry of Infrastructure			
- Investing In Canada Infrastructure	-	-	20,000
- Ontario Communities Infrastructure Fund	100,000	186,652	83,769
Ministry of Northern Development, Mines, Natural Resources and Forestry			
- NORDS	58,360	24,346	-
Ministry of Municipal Affairs and Housing			
- Safe Restart	-	-	32,778
- Municipal Disaster Recovery Assistance	-	-	33,164
Ontario Municipal Partnership Fund	161,500	161,500	158,000
Ontario Trillium Foundation	2,843	2,843	85,357
Other	23,760	23,098	32,476
	346,463	398,439	445,544
Other Municipalities			
Provincial Offences Act	1,455	4,313	1,924
	\$ 409,847	\$ 449,469	\$ 577,242

The Corporation of the Township of O'Connor Notes to Financial Statements

December 31, 2023

10. Expenses By Object

	Budget 2023	2023	2022
Salaries, wages and employee benefits	\$ 577,999	\$ 551,320	\$ 539,167
Materials and supplies	354,009	278,214	349,981
Contracted services	38,515	38,132	38,425
Financial	19,355	19,187	8,167
External transfers	264,365	265,397	257,889
Amortization	208,049	208,049	215,757
	\$ 1,462,292	\$ 1,360,299	\$ 1,409,386

11. Pension and Employee Benefits

The Township 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 over half a million active, deferred, 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 this 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 billion (\$123.6 billion in 2022) indicating an 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 Township does not recognize any share of the OMERS pension surplus or deficit. Contributions made by the Township to OMERS for 2023 were \$32,739 (\$28,710 in 2022), which is included as an expense on the statement of operations and accumulated surplus.

12. Budget

The Financial Plan (Budget) By-Law adopted by Council on July 10, 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 expenses in excess of current year revenues. In addition, the budget expensed all tangible capital expenses rather than including amortization expense.

The Corporation of the Township of O'Connor Notes to Financial Statements

December 31, 2023

12. 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 July 10, 2023, with adjustments as follows:

Financial Plan (Budget) Bylaw surplus for the year	\$	-
Add:		
Capital expenses		324,086
Budgeted transfers to reserves		87,572
Prior year deficit included in budget		111,816
Debt repayment		281,599
Less:		
Budgeted transfers from reserves		(31,063)
Amortization		(208,049)
Debt proceeds		(430,000)
Transfers from deferred revenue		(119,792)
		(119,792)
Budget surplus per statement of operations	\$	16,169

13. Trust Funds

The trust funds administered by the Township amounting to \$81,163 (2022 - \$38,955) have not been included in the statement of financial position nor have the operations been included in the statement of operations and accumulated surplus. At December 31, the trust fund balances are as follows:

	2023	2022
Township of O'Connor Cemetery Perpetual Care Trust Fund	\$ 63,318	\$ 30,359
O'Connor Free Methodist Church Perpetual Care Trust Fund	17,845	8,596
	\$ 81,163	\$ 38,955

14. Comparative Figures

Certain comparative figures have been reclassified to conform with current year financial statement presentation.

15. Financial Instrument Risk Management

The Township is exposed to a variety of financial risks including credit risk, liquidity risk, and market risk. This note describes the Township'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.

The Corporation of the Township of O'Connor Notes to Financial Statements

December 31, 2023

15. Financial Instrument Risk Management (cont'd)

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. The Township is exposed to credit risk through its cash, accounts and grants receivable and taxes receivable. The Township is subject to credit risk on the excess deposits over the amount not covered by the Canadian Deposit Insurance Corporation (CDIC). Credit risk arises on receivables over the collectibility of these balances.

The Township manages its credit risk by holding cash at federally regulated chartered banks with cash accounts insured up to \$100,000. Accounts and grants receivable largely consists of amounts due for Public Service Bodies' (PSB) rebates for HST paid on purchases and government funding where all eligibility criteria has been met. Amounts due from the Provincial and Federal governments are not considered high risk. The risk surrounding taxes receivable is minimized as the Township can put a property up for tax sale after it has been vested.

The Township's maximum exposure to credit risk at the financial statement date is the carrying value of its cash and receivables as presented on the statement of financial position.

There have not been any changes from the prior year in the Township's exposure to credit risk or the policies, procedures and methods it uses to manage and measure the risk.

Liquidity Risk

Liquidity risk is the risk that the Township will encounter difficulty in meeting obligations associated with financial liabilities. The Township is exposed to liquidity risk through its accounts payable and accrued liabilities and long-term debt.

The Township manages its liquidity risk by monitoring cash activities and expected outflows through budgeting.

There have not been any changes from the prior year in the Township's exposure to liquidity risk or the policies, procedures and methods it uses to manage and measure the risk.

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. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Township is mainly exposed to interest rate risk. The Township does not feel it is exposed to currency or other price risk.

The Township's risk management strategies are described below.

(i) 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 Corporation of the Township of O'Connor Notes to Financial Statements

December 31, 2023

15. Financial Instrument Risk Management (cont'd)

The Township is exposed to interest rate risk on its revolving demand line of credit which has a variable interest rate that fluctuates as the bank's prime lending rate increases or decreases.

The Township manages its interest rate risk by minimizing its use of the revolving demand line of credit as much as possible and obtaining fixed rate loans when needed to finance larger purchases.

There have not been any changes from the prior year in the Township's exposure to interest rate risk or the policies, procedures and methods it uses to manage and measure the risk.

16. Segmented Information

The Corporation of the Township of O'Connor 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 Township office. Township 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 Township.

b) Protection to Persons and Property

Protection services include fire, police, 911 and building inspection. The volunteer fire department is responsible for being the first response to emergencies in the Township 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. Building inspections are completed to ensure compliance with building code and zoning requirements.

c) Transportation Services

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

The Corporation of the Township of O'Connor Notes to Financial Statements

December 31, 2023

16. Segmented Information (cont'd)

d) Environmental Services

The Township provides waste disposal at a landfill site and includes recycling and landfill site operations and waste minimization programs. Services provided by Lakehead Region Conservation Authority are also included. Recognition of the landfill closure and post-closure liability is included in this segment.

e) Health Services

Health services include public health services and ambulance services. Public health services cover the Township'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 O'Connor Cemetery.

f) Social and Family Services

Social and family services represent the Township'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 and cultural services include recreation facilities and public library services. The Township provides for the development and maintenance of various recreational facilities. The public library services are contracted with the Oliver-Paipoonge Public Library Board and provides community access to local and global information resources that support lifelong learning, research and leisure activities.

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 Township's contributions to the activities of the Lakehead Rural Planning Board are included in planning activities. The Township also has a Committee of Adjustment which deals with minor variances within the Township.

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

**The Corporation of the Township of O'Connor
Notes to Financial Statements**

December 31, 2023

16. 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	\$ 949,934	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	949,934
Government transfers - operating	178,750	4,313	-	-	4,628	-	1,220	-	188,911
Government transfers - capital	45,116	-	215,442	-	-	-	-	-	260,558
User fees and service charges	2,452	7,839	10,127	16,844	1,850	-	-	-	39,112
Investment income	(1,690)	-	-	-	-	-	-	-	(1,690)
Other revenues	22,767	505	10,465	-	-	-	-	700	34,437
	<u>1,197,329</u>	<u>12,657</u>	<u>236,034</u>	<u>16,844</u>	<u>6,478</u>	<u>-</u>	<u>1,220</u>	<u>700</u>	<u>1,471,262</u>
Expenses									
Salaries, wages and employee benefits	276,176	32,396	214,807	21,289	6,652	-	-	-	551,320
Materials and supplies	92,802	44,462	145,474	(4,524)	-	-	-	-	278,214
Contracted services	12,407	5,242	3,875	15,388	-	-	1,220	-	38,132
Financial	19,187	-	-	-	-	-	-	-	19,187
External transfers	-	77,858	-	5,424	87,289	94,576	-	250	265,397
Amortization	23,107	13,891	170,288	763	-	-	-	-	208,049
	<u>423,679</u>	<u>173,849</u>	<u>534,444</u>	<u>38,340</u>	<u>93,941</u>	<u>94,576</u>	<u>1,220</u>	<u>250</u>	<u>1,360,299</u>
Annual surplus (deficit) before undernoted item	773,650	(161,192)	(298,410)	(21,496)	(87,463)	(94,576)	-	450	110,963
Gain (loss) on disposal of tangible capital assets	-	25,000	(19,722)	-	-	-	-	-	5,278
Annual surplus (deficit)	<u>\$ 773,650</u>	<u>\$ (136,192)</u>	<u>\$ (318,132)</u>	<u>\$ (21,496)</u>	<u>\$ (87,463)</u>	<u>\$ (94,576)</u>	<u>\$ -</u>	<u>\$ 450</u>	<u>\$ 116,241</u>

**The Corporation of the Township of O'Connor
Notes to Financial Statements**

December 31, 2023

16. 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
Revenue									
Taxation	\$ 839,268	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 839,268
Government transfers - operating	317,985	2,083	-	-	3,891	-	1,220	-	325,179
Government transfers - capital	-	-	252,063	-	-	-	-	-	252,063
User fees and service charges	2,055	6,390	23,217	14,631	1,550	-	-	-	47,843
Investment income	3,549	-	-	-	-	-	-	-	3,549
Other revenues	19,753	850	7,054	-	-	-	-	425	28,082
	<u>1,182,610</u>	<u>9,323</u>	<u>282,334</u>	<u>14,631</u>	<u>5,441</u>	<u>-</u>	<u>1,220</u>	<u>425</u>	<u>1,495,984</u>
Expenses									
Salaries, wages and employee benefits	286,920	27,513	199,521	19,270	5,943	-	-	-	539,167
Materials and supplies	122,432	43,995	181,429	2,125	-	-	-	-	349,981
Contracted services	13,236	4,962	6,385	12,622	-	-	1,220	-	38,425
Financial	8,167	-	-	-	-	-	-	-	8,167
External transfers	-	80,972	-	4,914	82,994	88,759	-	250	257,889
Amortization	21,481	14,211	178,991	1,074	-	-	-	-	215,757
	<u>452,236</u>	<u>171,653</u>	<u>566,326</u>	<u>40,005</u>	<u>88,937</u>	<u>88,759</u>	<u>1,220</u>	<u>250</u>	<u>1,409,386</u>
Annual surplus (deficit) before undernoted item	730,374	(162,330)	(283,992)	(25,374)	(83,496)	(88,759)	-	175	86,598
Loss on disposal of tangible capital assets	-	-	(4,144)	-	-	-	-	-	(4,144)
Annual surplus (deficit)	<u>\$ 730,374</u>	<u>\$ (162,330)</u>	<u>\$ (288,136)</u>	<u>\$ (25,374)</u>	<u>\$ (83,496)</u>	<u>\$ (88,759)</u>	<u>\$ -</u>	<u>\$ 175</u>	<u>\$ 82,454</u>