The Corporation of the Town of Mattawa

Independent Auditor's Report and Financial Report

December 31, 2021

The Corporation of the Town of Mattawa

Financial Report

December 31, 2021

Corporation of the Town of Mattawa
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Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of The Corporation of the Town of Mattawa (the "Town") are the responsibility of the Town's management and have been prepared in accordance with Canadian Public Sector Accounting Standards established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada, as described in Note 1 to the consolidated financial statements.

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

The Town's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in accordance with Canadian Public Sector Accounting Standards established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management. Council meets with management and the external auditor to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

The consolidated financial statements have been audited by Baker Tilly SNT LLP, independent external auditor appointed by the Town. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Town's consolidated financial statements.

Francine Desormeau

CAO/Treasurer
May 24, 2022

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Independent Auditor's Report

To the Members of Council, Inhabitants and Ratepayers of
The Corporation of the Town of Mattawa

Opinion

We have audited the consolidated financial statements of The Corporation of the Town of Mattawa, which comprise the consolidated statement of financial position as at December 31, 2021, and the consolidated statements of operations and accumulated surplus, cash flows, and change in (net debt) net financial assets for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of The Corporation of the Town of Mattawa as at December 31, 2021, and its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Basis for Opinion

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- 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 Town's internal control.

Independent Auditor's Report (continued)

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

- 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 Town's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Town to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Baker Tilly SNT LLP

North Bay, Ontario
May 24, 2022

CHARTERED PROFESSIONAL ACCOUNTANTS,
LICENSED PUBLIC ACCOUNTANTS

The Corporation of the Town of Mattawa
Consolidated Statement of Financial Position
December 31, 2021

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	2021	2020
Financial Assets		
Cash (note 4)	**$ 1,208,164**	$ 372,940
Taxes receivable	**406,598**	550,720
Accounts receivable (note 5)	**1,932,761**	2,763,573
Asset held for sale (note 6)	**15,800**	-
	3,563,323	3,687,233
Liabilities		
Temporary borrowing (note 7)	**2,584,597**	-
Accounts payable and accrued liabilities (note 8)	**1,341,709**	1,140,098
Deferred revenues - other (note 9)	**79,735**	28,354
Deferred revenues - obligatory reserve funds (note 10)	**269,964**	254,572
Municipal debt (note 11)	**948,347**	1,117,350
Employee future benefits payable (note 12)	**95,726**	141,067
Landfill closure and post-closure (note 13)	**155,500**	138,500
	5,475,578	2,819,941
(Net Debt) Net Financial Assets	**(1,912,255)**	867,292
Non-Financial Assets		
Tangible capital assets (note 14)	**18,814,837**	15,768,488
Prepaid expenses	**36,411**	36,411
Inventories	**9,430**	21,069
	18,860,678	15,825,968
Accumulated Surplus (note 15)	**$ 16,948,423**	$ 16,693,260

Contingencies (note 16)

Commitments (note 17)

Approved by:

Francine Desormeau
CAO/Treasurer

Dean Backer, Mayor

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

The Corporation of the Town of Mattawa
Consolidated Statement of Operations and Accumulated Surplus
For The Year Ended December 31, 2021

	2021		2020
	Budget (Unaudited)	**Actual**	Actual
Revenues			
Net taxation	**$ 2,431,319**	**$ 2,418,203**	$ 2,403,022
User charges	**1,098,395**	**1,141,766**	1,051,479
Government grants and transfers - Provincial	**1,574,060**	**1,555,384**	2,479,806
Government grants and transfers - Federal	**45,794**	**5,794**	19,061
Government grants and transfers - Municipal	**148,664**	**187,312**	106,701
Other	**225,037**	**216,650**	214,533
Total revenues	**5,523,269**	**5,525,109**	6,274,602
Expenses			
General government	**1,074,206**	**1,037,813**	1,393,019
Protection services	**827,568**	**817,002**	830,431
Transportation services	**1,069,353**	**1,270,754**	1,117,254
Environmental services	**1,350,608**	**1,509,417**	1,333,426
Health services	**71,827**	**78,712**	84,400
Social and family services	**278,333**	**279,428**	275,839
Recreation and cultural services	**773,307**	**752,626**	727,246
Planning and development	**206,277**	**192,405**	155,818
Total expenses	**5,651,479**	**5,938,157**	5,917,433
Annual surplus (deficit) before other	**(128,210)**	**(413,048)**	357,169
Other			
Government grants and transfers related to capital - Provincial	**251,845**	**263,516**	1,663,199
Government grants and transfers related to capital - Federal	**392,960**	**404,695**	68,075
	644,805	**668,211**	1,731,274
Annual surplus	**516,595**	**255,163**	2,088,443
Accumulated surplus, beginning of year	**16,693,260**	**16,693,260**	14,604,817
Accumulated surplus, end of year	**$ 17,209,855**	**$ 16,948,423**	$ 16,693,260

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

The Corporation of the Town of Mattawa
Consolidated Statement of Cash Flows
For The Year Ended December 31, 2021

	2021	2020
Operating transactions		
Annual surplus	**$ 255,163**	$ 2,088,443
Cash provided by (applied to)		
Non-cash items:		
Amortization of tangible capital assets	**793,096**	756,564
Change in non-cash working capital balances		
Decrease (increase) in taxes receivable	**144,121**	(54,255)
Decrease (increase) in accounts receivable	**830,812**	(1,998,074)
Increase in accounts payable and accrued liabilities	**201,611**	818,610
Increase (decrease) in deferred revenues - other	**51,381**	(424,887)
Increase in deferred revenues - obligatory reserve funds	**15,392**	99,609
Decrease in inventories	**11,639**	62,840
Decrease in employee future benefits payable	**(45,341)**	(38,642)
Increase in landfill closure and post-closure	**17,000**	8,300
Cash provided by operating transactions	**2,274,874**	1,318,508
Capital transactions		
Acquisition of tangible capital assets	**(3,855,245)**	(2,586,363)
Cash applied to capital transactions	**(3,855,245)**	(2,586,363)
Financing transactions		
Increase in temporary borrowing	**2,584,597**	-
Municipal debt repaid	**(169,002)**	(226,780)
Cash provided by (applied to) financing transactions	**2,415,595**	(226,780)
Increase (decrease) in cash	**835,224**	(1,494,635)
Cash, beginning of year	**372,940**	1,867,575
Cash, end of year	**$ 1,208,164**	$ 372,940

The Corporation of the Town of Mattawa
Consolidated Statement of Change in (Net Debt) Net Financial Assets
For The Year Ended December 31, 2021

	2021 Budget (Unaudited)	2021 Actual	2020 Actual
Annual surplus	**$ 516,595**	**$ 255,163**	$ 2,088,443
Amortization of tangible capital assets	**793,096**	**793,096**	756,564
Acquisition of tangible capital assets	**(948,980)**	**(3,855,245)**	(2,586,363)
Asset held for sale		**15,800**	-
Change in inventories	**-**	**11,639**	62,840
Increase (decrease) in net financial assets	**360,711**	**(2,779,547)**	321,484
Net financial assets, beginning of year	**867,292**	**867,292**	545,808
(Net debt) net financial assets, end of year	**$ 1,228,003**	**$ (1,912,255)**	$ 867,292

1. Significant Accounting Policies

These consolidated financial statements of the Town are the representation of management prepared in accordance with accounting policies recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Since precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic consolidated financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgement.

(a) Basis of Consolidation

(i) These consolidated financial statements reflect the financial assets, liabilities, non-financial assets, accumulated surplus, revenues and expenses of the Town and include the activities of all committees of Council and of the John Dixon Public Library.

All inter-fund assets and liabilities and revenues and expenses have been eliminated.

(ii) Non-Consolidated Entities

The following joint local boards are not consolidated:

North Bay Parry Sound District Health Unit
District of Nipissing Social Services Administration Board
East Nipissing District Home for the Aged

(iii) Accounting for School Board Transactions

The Town is required to collect and remit education support levies in respect of residential and other properties on behalf of the area school boards. The Town has no jurisdiction or control over the school boards operations. Therefore, taxation, other revenues, expenses, assets and liabilities with respect to the operations of the school boards are not reflected in the accumulated surplus of these consolidated financial statements.

(b) Basis of Accounting

(i) Accrual Basis

The accrual basis of accounting recognizes revenues as they become available and measurable; expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

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

(b) Basis of Accounting (Continued)

(ii) Cash

The Town's policy is to disclose bank balances under cash, including bank overdrafts with balances that fluctuate frequently from being positive to overdrawn and term deposits with maturities of three months from the date of acquisition or less or those that can be readily convertible to cash.

(iii) Deferred Revenues

Deferred revenues represent user charges and fees that have been collected for which the related services have yet to be performed. Revenue is recognized in the period when the services are performed.

(iv) Employee Future Benefits

The Town makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS) which is a multi-employer contributory defined benefit program with contributions expensed as incurred. The costs of other retirement benefits are determined using the projected benefit method prorated on services and management's best estimate of retirement ages of employees and health benefits costs. The liabilities are discounted using current interest rates on long-term bonds.

(v) Landfill Closure and Post-Closure

The estimated costs to close and maintain solid waste landfill sites are based on estimated future expenses in current dollars, adjusted for estimated inflation, and are charged to operations as the landfill site's capacity is used.

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

(b) Basis of Accounting (Continued)

(vi) Segmented Information

The Town reports its segmented information on functional areas and programs in its consolidated financial statements similar to reporting reflected as part of the Ontario Financial Information Return. These functional areas represent segments for the Town:

General Government

General government is comprised of Council, administration, and Ontario Property Assessment.

Protection Services

Protection is comprised of police, fire and other protective services.

Transportation Services

Transportation services are responsible for road maintenance, culverts, bridges, winter control and streetlights.

Environmental Services

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

Health Services

Health services include public health services.

Social and Family Services

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

Recreation and Cultural Services

Recreation and cultural services include parks and recreation, recreation facilities, culture and libraries.

Planning and Development

Planning and development manages development for residential and business interests as well as services related to the Town's economic development programs.

1. Significant Accounting Policies (Continued)

(b) Basis of Accounting (Continued)

(vii) Non-Financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the annual surplus (deficit), provides the Consolidated Change in (Net Debt) Net Financial Assets for the year.

i) Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Land improvements	20 years
Buildings	25 to 50 years
Machinery and equipment	5 to 20 years
Vehicles	8 to 20 years
Roads and bridges	10 to 100 years
Water and sewer	50 years
Computer hardware and software	5 years

One half of the annual amortization is charged in the year of acquisition and in the year of disposal.

Assets under construction are not amortized until the asset is available for productive use.

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and also are recorded as revenue.

1. Significant Accounting Policies (Continued)

(b) Basis of Accounting (Continued)

ii) Inventories

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

iii) Prepaid Expenses

Prepaid expenses represent amounts paid in advance for a good or service not yet received. The expense is recognized once the goods have been received or the services have been performed.

(viii) Taxation and Other Revenues

Property tax billings are prepared by the Town based on assessment rolls issued by the Municipal Property Assessment Corporation ("MPAC") and in accordance with the provisions of the Municipal Act, 2001. Tax rates are established annually by Council, incorporating amounts to be raised for local services and amounts the Town is required to collect on behalf of the Province of Ontario in respect of education taxes.

A normal part of the assessment process is the issue of supplementary assessment rolls which provide updated information with respect to changes in property assessment. Once a supplementary assessment roll is received, the Town determines the taxes applicable and renders supplementary tax billings. Taxation revenues are recorded at the time tax billings are issued.

Assessment and the related property taxes are subject to appeal. Tax adjustments as a result of appeals are recorded when the result of the appeal process is known or based on management's best estimates.

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

Other income is recognized as revenue when earned. Fines and fees are recognized as revenue when collected.

1. Significant Accounting Policies (Continued)

(b) Basis of Accounting (Continued)

(ix) Government Grants and Transfers

Government grants and transfers are recognized in the financial statements in the period in which events giving rise to the transfer occurs, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made, except when and to the extent that stipulations associated with the transfer give rise to a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. The transfer revenue is recognized in the statement of operations as the stipulations giving rise to the liabilities are settled.

(x) Estimates

The preparation of consolidated financial statements in conformity with Canadian Public Sector Accounting Standards requires management to make estimates and assumptions. These estimates and assumptions are based on management’s best information and judgment and may differ significantly from actual results.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak and measures introduced at various levels of government to curtail the spread of the virus, such as travel restrictions, closures of non-essential municipal and private operations, imposition of quarantines and social distancing has adversely affected workforces, customers, economies and financial markets globally, potentially leading to an economic downturn. It has also disrupted the normal operations of many entities. This outbreak could adversely impact the results of the Town's operations. The extend of the impact of this outbreak and related containment measures on the Town's operations cannot be reliably estimated at this time.

2. Measurement Uncertainty

Certain items recognized in the consolidated financial statements are subject to measurement uncertainty. The recognized amounts of such items are based on the Town's best information and judgment.

- The amounts recorded for landfill closure and post-closure care depend on estimates of usage, remaining life and capacity. The provision for future closure and post-closure costs also depends on estimates of such costs.

2. Measurement Uncertainty (continued)

- The amounts recorded for amortization and opening costs of tangible capital assets are based on estimates of useful life, residual values and valuation rates.

By their nature, these estimates are subject to measurement uncertainty and the effect on the consolidated financial statements of changes in such estimates in future periods could be significant.

3. Future Accounting Pronouncements

These standards and amendments were not effective in the year ended December 31, 2021, and have therefore not been applied in preparing these consolidated financial statements. Management is currently assessing the impact of the following accounting standards updates on the future consolidated financial statements.

Section PS 3450 - Financial Instruments, establishes recognition, measurement, and disclosure requirements for derivative and non-derivative financial instruments for public sector entities. The standard requires fair value measurement of derivatives and portfolio investments that are equity instruments quoted in an active market. All other non-derivative financial instruments will be measured at cost or amortized cost. A government can elect to record other financial assets or liabilities on a fair value basis, if they manage and evaluate the asset and liability groups on that basis. Unrealized gains and losses are represented in the new statement of re-measurement gains and losses. New requirements clarify when financial liabilities can be de-recognized. Disclosure of the nature and extent of risks arising from holding financial instruments is also required. This section is effective for fiscal years beginning on or after April 1, 2022. Early adoption is permitted.

Section PS 1201 - Financial Statement Presentation, was issued in June 2011. This standard requires entities to present a new statement of re-measurement gains and losses separate from the statement of operations. This new statement includes unrealized gains and losses arising from re-measurement of financial instruments and items denominated in foreign currencies and any other comprehensive income that arises when a government includes the results of government business enterprises and partnerships. This section is effective for fiscal years beginning on or after April 1, 2022 and applies when PS 2601 and PS 3450 are adopted.

Section PS 2601 - Foreign Currency Translation, was issued in June 2011 and replaces the existing Section PS 2600. This standard has been revised to ensure consistency with the financial instruments standard. The standard requires that non-monetary items denominated in foreign currency that are included in the fair value category are adjusted to reflect the exchange rate at the financial statement date. Unrealized exchange gains and losses are presented in the new statement of re-measurement gains and losses. This section is effective for fiscal years beginning on or after April 1, 2022. Early adoption is permitted.

3. Future Accounting Pronouncements (Continued)

Section PS 3280 - Asset Retirement Obligations, was issued in August 2018. This standard establishes standards on how to account for and report a liability for asset retirement obligations. It defines which activities would be included in a liability for retirement of a tangible capital asset, establishes when to recognize and how to measure a liability for an asset retirement obligation and provides the related financial statement presentation and disclosure requirements. This section is effective for fiscal years beginning on or after April 1, 2022. Early adoption is permitted.

4. Cash

The Town has authorized credit facilities totaling $500,000, which is unsecured. As at December 31, 2021, the Town has utilized $0 (2020 - $0). The interest is calculated at the bank's prime lending rate. In addition, the Town has an authorized revolving term loan for equipment purchases totaling $250,000. As at December 31, 2021, the Town has utilized $0 (2020 - $0).

5. Accounts Receivable

	2021	2020
Federal Government	**$ 768,757**	$ 280,826
Province of Ontario	**716,461**	2,097,649
User charges	**156,671**	148,407
Other	**290,872**	236,691
	$ 1,932,761	$ 2,763,573

6. Asset Held For Sale

At of December 31, 2021, $15,800 related to land was recorded as asset held for sale.

7. Temporary Borrowing

The Town has undertaken construction of affordable housing for seniors, which is being financed by a financial institution. The credit facility is limited to $5,492,000, interest at prime plus 1.00%. Upon completion of construction the loan will be converted to municipal debt. At December 31, 2021 the outstanding balance of draws against the credit facility was $2,584,597.

8. Accounts Payable and Accrued Liabilities

	2021	2020
Federal Government	**$ 10,851**	$ -
Province of Ontario	**73,422**	78,595
School Boards	**57,026**	198,765
Other municipalities	**21,490**	678
Trade payables	**1,170,140**	851,977
Accrued interest	**8,780**	10,083
	$ 1,341,709	$ 1,140,098

9. Deferred Revenues - Other

Deferred revenue set-aside for specific purposes are comprised of the following:

	Balance as at December 31, 2020	Amounts received during the year	Recognized as revenues during the year	Balance as at December 31, 2021
Ontario Community Infrastructure Fund	28,354	98,802	65,421	61,735
Deposit on asset held for sale	-	18,000	-	18,000
Total Deferred Revenues - Other	$ 28,354	$ 116,802	$ 65,421	$ 79,735

10. Deferred Revenues - Obligatory Reserve Funds

A requirement of the Chartered Professional Accountants Canada Public Sector Accounting Handbook, is that obligatory reserve funds be reported as deferred revenue. This requirement is in place as legislation and external agreements restrict how these funds may be used and under certain circumstances these funds may possibly be refunded. The balance in the obligatory reserve funds of the Town are summarized below:

	Balance as at December 31, 2020	Amounts received during the year	Recognized as revenues during the year	Balance as at December 31, 2021
Federal gas tax	$ 249,452	$ 248,618	$ 228,106	$ 269,964
Safe restart	5,120	57,780	62,900	-
Total Deferred Revenues - Obligatory Reserve Funds	$ 254,572	$ 306,398	$ 291,006	$ 269,964

11. Municipal Debt

	2021	2020
Debenture, repayable in semi-annual instalments of $32,513, including interest at the fixed rate of 2.98%, maturing December 17, 2023	**$ 125,348**	$ 185,296
Term loan, repayable in monthly instalments of $809, including interest at the fixed rate of 0%, maturing July 27, 2024	**26,997**	35,734
Term loan, repayable in monthly instalments of $798, including interest at the fixed rate of 0%, maturing July 27, 2024	**26,644**	35,267
Debenture, repayable in semi-annual instalments of $50,742, including interest at the fixed rate of 3.24%, maturing July 3, 2027	**549,358**	631,053
Promissory note, non-interest bearing, repayable in annual instalments of $10,000, maturing December 19, 2043	**220,000**	230,000
	$ 948,347	$ 1,117,350

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

2022	$ 175,389
2023	179,999
2024	115,048
2025	102,903
2026	105,937
Thereafter	269,071
Total	$ 948,347

12. Employee Future Benefits Payable

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

	2021	2020
Accumulated sick leave entitlements	**$ 22,745**	$ 22,223
Vacation pay	**72,981**	118,844
	$ 95,726	$ 141,067

The Town has established reserves to mitigate the future impact of these obligations. The balance of the sick leave reserve is $32,539 (2020 - $32,539).

13. Landfill Closure and Post-Closure

Under environmental law, there is a requirement for closure and post-closure maintenance of solid waste landfill sites. This requirement is to be provided for over the estimated remaining life of the landfill site based on usage. The reported liability is based on estimates and assumptions with respect to events extending over an extended period using the best information available to management. Future events may result in significant changes to the estimated total expenses, capacity used or total capacity and the estimated liability, and would be recognized prospectively, as a change in estimate, when applicable.

The main components of the landfill closure plan are final capping and implementation of a drainage management plan. The post-closure maintenance requirements will involve cap maintenance, installation of monitoring wells, groundwater monitoring, inspections and annual reports. Post-closure care is estimated to continue for a period of approximately 10 years.

The estimated liability for this maintenance is the present value of future cash flows associated with closure and post-closure costs discounted using the Town's estimated rate of inflation of 1.04% (2020 - 1.01%). The change in liability is recorded based on the capacity of the landfill used to date. The liability is currently unfunded and is expected to be funded through budget allocations to a landfill reserve over the remaining life of the landfill. The recorded liability is $155,500 (2020 - $138,500) based on a total estimated liability in the future of $166,187 (2020 - $243,666), leaving an amount of $10,687 (2020 - $105,166) to be recognized over the remaining expected life of the landfill site.

The estimated remaining capacity of the site is approximately 6% (2020 - 49%) of its estimated capacity or 10,000 (2020 - 77,038) cubic meters, and its remaining life is approximately 2 years (2020 - 17 years).

13. Landfill Closure and Post-Closure (Continued)

A cost-sharing agreement is in place with two neighbouring municipalities, the Township of Mattawan and the Township of Papineau-Cameron. All operating expenditures, closure and post-closure expenditures are to be split based on the following breakdown: Mattawa 62.3%, Papineau-Cameron 32.6% and Mattawan 5.1%.

The Town has established an independent landfill reserve of $819,901 (2020 - 723,836) that could be used to mitigate the future impact of these obligations.

14. Tangible Capital Assets

	Cost				Accumulated Amortization				Net Book Value	
	Balance, beginning of year	Additions	Transfers / Disposals	Balance, end of year	Balance, beginning of year	Amortization	Disposals	Balance, end of year	December 31, 2021	December 31 2020
Land	$ 701,795	$ -	$ (15,800)	$ 685,995	$ -	$ -	$ -	$ -	**$ 685,995**	$ 701,795
Land improvements	2,827,271	407,349	27,860	3,262,480	1,868,476	107,590	-	1,976,066	**1,286,414**	958,795
Buildings	3,243,011	84,978	7,500	3,335,489	1,902,825	64,614	-	1,967,439	**1,368,050**	1,340,186
Machinery and equipment	3,473,358	39,852	16,319	3,529,529	2,596,239	113,257	(1,000)	2,708,496	**821,033**	877,119
Vehicles	1,333,750	-	-	1,333,750	599,561	92,983	-	692,544	**641,206**	734,189
Roads and bridges	8,177,432	-	1,961,487	10,138,919	6,495,762	232,709	-	6,728,471	**3,410,448**	1,681,670
Water and sewer	10,707,997	-	-	10,707,997	4,286,133	176,607	$ -	4,462,740	**6,245,257**	6,421,864
Computer hardware and software	169,523	8,859	-	178,382	147,714	5,336	-	153,050	**25,332**	21,809
Assets under construction	3,031,061	3,314,207	(2,014,166)	4,331,102	-	-	-	-	**4,331,102**	3,031,061
	$ 33,665,198	$ 3,855,245	$ (16,800)	$ 37,503,643	$ 17,896,710	$ 793,096	$ (1,000)	$ 18,688,806	**$ 18,814,837**	$ 15,768,488

15. Accumulated Surplus

	2021	2020
Surplus		
Invested in tangible capital assets	**$ 18,814,837**	$ 15,768,488
General (see note (a) below)	**(3,080,995)**	-
John Dixon Public Library	**(84)**	(84)
Unfunded Liabilities		
Municipal debt	**(948,348)**	(1,117,350)
Landfill closure and post-closure	**(155,500)**	(138,500)
Employee future benefits payable	**(95,726)**	(141,067)
Total surplus	**14,534,184**	14,371,487
Reserves		
Special purpose reserves		
Working funds	**-**	141,118
Fire protection	**38,639**	14,397
Recreation	**36,269**	84,069
Planning and development	**100,000**	100,000
Sick leave	**32,539**	32,539
Long term care	**220,000**	230,000
Long term care home exit	**376,601**	376,601
Water	**526,202**	373,335
Sewer	**-**	52,867
Landfill closure	**819,901**	723,836
Public works equipment	**87,709**	70,267
Industrial park	**150,000**	100,000
Parking study	**9,135**	9,135
Economic development	**7,508**	7,508
Cemetery	**9,736**	6,101
Total reserves	**2,414,239**	2,321,773
Accumulated Surplus	**$ 16,948,423**	$ 16,693,260

(a) General Surplus (Deficit):

The general surplus (deficit) of $(3,080,995) (2020 - $-) at the end of the year is comprised of the following:

	2021	2020
Annual surplus	**$ 255,163**	$ 2,088,443
Transfer from reserves	**(92,466)**	(1,522)
Net change in tangible capital assets	**(3,046,349)**	(1,829,799)
Decrease in unfunded liabilities	**(197,343)**	(257,122)
Closing balance	**$ (3,080,995)**	$ -

16. Contingencies

Legal Matters

The Town is involved in certain legal matters and litigations, the outcomes of which are not presently determinable. The loss, if any, from these contingencies will be accounted for in the periods in which the matters are resolved. Council is of the opinion that it is unlikely that any liability, to the extent not provided by insurance or otherwise, would be material in relation to the Town's consolidated financial position.

17. Commitments

The Town entered into contracts for the construction of affordable seniors housing units, reconstruction of a road and re-shingling of the museum roof for approximately $6,128,274. At December 31, 2021, there was approximately $3,160,254 remaining to be completed.

Under the terms of existing contracts for services expiring between December 31, 2023 and December 31, 2029, the Town is committed to make minimum payments as follows:

2022	$ 1,209,552
2023	1,218,555
2024	489,839
2025	495,359
2026	447,529
Thereafter	896,367
	$ 4,757,201

18. Operations of School Boards

Further to note 1(a)(iii), the taxation, other revenues and expenses of the school boards are comprised of the following:

	2021	2020
Taxation and user charges	**$ 250,322**	$ 268,432
Total amounts received or receivable	**250,322**	268,432
Requisitions	**250,322**	268,432
	$ -	$ -

19. Contributions to Unconsolidated Joint Local Boards

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

	2021	2020
North Bay Parry Sound District Health Unit	**$ 64,942**	$ 70,630
District of Nipissing Social Services Administration Board	**222,770**	220,284
East Nipissing District Home for the Aged	**47,458**	46,355
	$ 335,170	$ 337,269

20. Pension Agreements

The Town makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of all qualifying members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. The OMERS Administration Corporation Board of Directors, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of the benefits. OMERS provides pension services to approximately 541,000 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. On December 31, 2021, the estimated accrued pension obligation for all members of the Plan was $119,342 million (2020 - $111,820 million). The Plan had an actuarial value of net assets at that date of $116,211 million (2020 - $108,609 million) indicating an actuarial deficit of $3,131 million (2020 - $3,211 million). The Plan is a multi-employer plan, therefore any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Town does not recognize any share of the OMERS pension surplus or deficit.

The amount contributed by the Town to OMERS for 2021 was $98,430 (2020 - $103,588) for current services and is included as an expense on the Consolidated Statement of Operations and Accumulated Surplus.

On January 1, 2021 the yearly maximum pension earnings increased to $61,600 from $58,700 in 2020. The contributions are calculated at a rate of 9.0% (2020 - 9.0%) for amounts up to the yearly maximum pension earnings stated above and at a rate of 14.6% (2020 - 14.6%) for amounts above the yearly maximum pension earnings.

21. Subsequent Event

In February 2022, the Town passed a by-law authorizing the signing of a Guarantee and Postponement of Claims Agreement with Ontario Infrastructure and Lands Corporation for the redevelopment of Cassellholme (East Nipissing District Home for the Aged). Under the agreement the total construction cost of $57,695,599 will be financed by the creditor, Ontario Infrastructure and Lands Corporation. Should the debtor, The Board of Management for the District of Nipissing East fail to make payments on the debt, then the nine participating municipal guarantors will each be responsible for repayment of the debt up to their maximum guaranteed proportions per the Postponement of Claims Agreement. The Town's guaranteed proportion of this debt is $801,969 (1.39%).

22. Budget Figures

Budget figures have been provided for comparison purposes and have been derived from the budget approved by Council. The budget approved by Council is based on a model used to manage departmental spending within the guidelines of the model. Given the differences between the funding model and generally accepted accounting principles established by the Public Sector Accounting Board, the budget figures presented have been adjusted to conform with the basis of accounting that is used to prepare the consolidated financial statements. The budget figures are unaudited.

23. Comparative Figures

The presentation of certain accounts of the previous year has been changed to conform with the presentation adopted for the current year.

24. Segmented Information

	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation and Cultural Services	Planning and Development	2021 Total	2020 Total
Revenues										
Net taxation	$ 422,630	$ 332,709	$ 517,491	$ 614,681	$ 32,054	$ 113,792	$ 306,493	$ 78,353	$ 2,418,203	$ 2,403,022
User charges	8,059	800	-	1,069,782	-	-	59,479	3,646	1,141,766	1,051,479
Government grants and transfers - Provincial	399,207	186,007	281,536	355,053	18,864	61,907	182,776	70,034	1,555,384	2,479,806
Government grants and transfers - Federal	-	-	-	-	-	-	5,794	-	5,794	19,061
Government grants and transfers - Municipal	-	-	-	169,024	-	-	18,288	-	187,312	106,701
Other	70,238	52,276	67,454	14,934	3,635	-	1,897	6,216	216,650	214,533
Total Revenues	900,134	571,792	866,481	2,223,474	54,553	175,699	574,727	158,249	5,525,109	6,274,602
Expenses										
Salary, wages and employee benefits	647,351	189,644	593,743	102,912	-	-	410,112	110,375	2,054,137	1,831,774
Materials, contracted services, rents, and financial expenses	370,794	583,989	297,107	1,139,050	78,712	279,428	236,249	53,504	3,038,833	3,300,343
Long-term debt charge (interest)	-	-	-	18,486	-	-	5,079	28,526	52,091	28,752
Amortization	19,668	43,369	379,904	248,969	-	-	101,186	-	793,096	756,564
Total expenses	1,037,813	817,002	1,270,754	1,509,417	78,712	279,428	752,626	192,405	5,938,157	5,917,433
Annual surplus (deficit) before other	(137,679)	(245,210)	(404,273)	714,057	(24,159)	(103,729)	(177,899)	(34,156)	(413,048)	357,169
Other										
Government grants and transfers related to capital - Provincial	-	-	165,421	-	-	-	-	98,095	263,516	1,663,199
Government grants and transfers related to capital - Federal	-	-	228,107	-	-	-	-	176,588	404,695	68,075
Annual surplus (deficit)	$ (137,679)	$ (245,210)	$ (10,745)	$ 714,057	$ (24,159)	$ (103,729)	$ (177,899)	$ 240,527	$ 255,163	$ 2,088,443