

The Corporation of the Township of Bonfield
Financial Statements
For the year ended December 31, 2023

The Corporation of the Township of Bonfield
Financial Statements
For the year ended December 31, 2023

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Independent Auditor's Report

**To the Members of Council, Inhabitants and Ratepayers of the
The Corporation of the Township of Bonfield**

Qualified Opinion

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

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Township as at December 31, 2023, and its financial performance and 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 been able to complete its assessment of the tangible capital assets for potential 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 Section 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 sector 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 opinion.

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

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



In preparing the financial statements, management is responsible for assessing the 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.
- 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

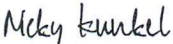
North Bay, Ontario
August 16, 2024

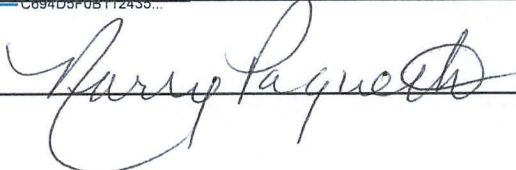
The Corporation of the Township of Bonfield Statement of Financial Position

December 31	2023	2022
Financial assets		
Cash and cash equivalents (Notes 2 and 8)	\$ 1,744,189	\$ 1,692,056
Investments (Note 3)	560,460	536,661
Taxes receivable (Note 4)	358,318	283,088
Accounts receivable (Note 5)	162,754	755,530
	<u>2,825,721</u>	<u>3,267,335</u>
Liabilities		
Accounts payable and accrued liabilities (Note 9)	227,034	533,495
Deferred revenue (Note 12)	559,411	989,441
Long-term debt (Note 10)	2,066,568	1,720,256
Landfill closure and post-closure costs accrual (Note 11)	264,423	329,426
	<u>3,117,436</u>	<u>3,572,618</u>
Net financial debt	<u>(291,715)</u>	<u>(305,283)</u>
Non-financial assets		
Tangible capital assets (Note 6)	9,793,881	8,795,440
Prepaid expenses	12,079	8,356
Inventories (Note 7)	195,201	143,945
	<u>10,001,161</u>	<u>8,947,741</u>
Accumulated surplus (Note 15)	<u>\$ 9,709,446</u>	<u>\$ 8,642,458</u>

Commitments (Note 14)

On behalf of Council:

DocuSigned by:

 _____, CAO Clerk-Treasurer
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 _____, Mayor

The Corporation of the Township of Bonfield Statement of Operations

For the year ended December 31	2023 Budget (Note 17)	2023 Actual	2022 Actual
Revenues			
Taxation (Note 16)	\$ 3,552,448	\$ 3,567,216	\$ 3,207,030
Government transfer payments and grants	876,002	1,622,901	2,104,131
User fees	94,700	97,226	227,769
Other	169,998	276,704	190,356
	<u>4,693,148</u>	<u>5,564,047</u>	<u>5,729,286</u>
Expenses (Note 18)			
Transportation services	1,431,526	1,623,532	1,507,940
Council and general government	971,275	1,018,666	923,974
Health, social and family services	905,442	895,358	873,467
Protection to persons and property	775,930	640,590	668,052
Recreation and culture	146,013	225,350	203,329
Environmental services	91,696	61,761	244,141
Planning and development	30,400	31,395	68,330
Economic development	500	407	407
	<u>4,352,782</u>	<u>4,497,059</u>	<u>4,489,640</u>
Annual surplus for the year	340,366	1,066,988	1,239,646
Accumulated surplus, beginning of year	<u>8,642,458</u>	<u>8,642,458</u>	<u>7,402,812</u>
Accumulated surplus, end of year	<u>\$ 8,982,824</u>	<u>\$ 9,709,446</u>	<u>\$ 8,642,458</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

The Corporation of the Township of Bonfield

Statement of Changes in Net Debt

For the year ended December 31	2023 Budget	2023 Actual	2022 Actual
Annual surplus for the year	\$ 340,366	\$ 1,066,988	\$ 1,239,646
Acquisition of tangible capital assets	(144,600)	(1,435,077)	(1,426,107)
Amortization of tangible capital assets	-	436,636	333,444
	195,766	68,547	146,983
Acquisition of prepaid expenses	-	(12,079)	(8,356)
Use of prepaid expenses	-	8,356	5,195
Acquisition of inventories	-	(195,201)	(143,945)
Use of inventories	-	143,945	134,716
Change in net debt	195,766	13,568	134,593
Net debt, beginning of year	(305,283)	(305,283)	(439,876)
Net debt, end of year	\$ (109,517)	\$ (291,715)	\$ (305,283)

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

The Corporation of the Township of Bonfield

Statement of Cash Flows

For the year ended December 31	2023	2022
Cash provided by (used in)		
Operating transactions		
Annual surplus	\$ 1,066,988	\$ 1,239,646
Items not involving cash		
Amortization of tangible capital assets	436,636	333,444
Landfill closure and post-closure accrual	(65,003)	127,926
	<u>1,438,621</u>	<u>1,701,016</u>
Change in non-cash working capital balances		
Taxes receivable	(75,230)	(43,223)
Accounts receivable	592,776	(694,545)
Accounts payable and accrued liabilities	(306,461)	41,935
Deferred revenue	(430,030)	244,417
Prepaid expenses	(3,723)	(3,161)
Inventories	(51,256)	(9,229)
	<u>1,164,697</u>	<u>1,237,210</u>
Capital transactions		
Purchase of tangible capital assets	(1,435,077)	(1,426,107)
Increase in temporary investments	(23,799)	(9,007)
	<u>(1,458,876)</u>	<u>(1,435,114)</u>
Financing transactions		
Net advances (repayment) of long-term debt	346,312	(136,788)
Increase (decrease) in cash and cash equivalents during the year	<u>52,133</u>	<u>(334,692)</u>
Cash and cash equivalents, beginning of year	<u>1,692,056</u>	<u>2,026,748</u>
Cash and cash equivalents, end of year	<u>\$ 1,744,189</u>	<u>\$ 1,692,056</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

The Corporation of the Township of Bonfield Summary of Significant Accounting Policies

December 31, 2023

Management Responsibility	The financial statements of The Corporation of the Township of Bonfield (the "Township") are the representations of management. They have been prepared in accordance with Canadian public accounting standards ("PSAB"). The Township provides municipal services such as general government, fire, building, protection to persons, transportation, environmental, health, social, family, recreation, culture, planning and development services.												
Cash and Cash Equivalents	Management considers all highly liquid investments with maturity of three months or less at acquisition to be cash equivalents.												
Inventories	Inventory of supplies are stated at the lower of cost and replacement costs. Cost is determined on the first in, first out basis.												
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 tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and the 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 asset is available for productive use as follows:</p> <table><tr><td>Land improvements</td><td>20 to 25 years</td></tr><tr><td>Buildings</td><td>50 to 60 years</td></tr><tr><td>Roads and bridges</td><td>4 to 50 years</td></tr><tr><td>Vehicles</td><td>5 to 20 years</td></tr><tr><td>Machinery and equipment</td><td>5 to 20 years</td></tr><tr><td>Work in process</td><td>no amortization</td></tr></table>	Land improvements	20 to 25 years	Buildings	50 to 60 years	Roads and bridges	4 to 50 years	Vehicles	5 to 20 years	Machinery and equipment	5 to 20 years	Work in process	no amortization
Land improvements	20 to 25 years												
Buildings	50 to 60 years												
Roads and bridges	4 to 50 years												
Vehicles	5 to 20 years												
Machinery and equipment	5 to 20 years												
Work in process	no amortization												
Landfill Closure and Post-closure Costs	The estimated costs to close and maintain the Township's solid waste landfill sites are based on estimated future expenses in current dollars, discounted, adjusted for estimation inflation, and are charged to expense as the landfill site's capacity is used.												

The Corporation of the Township of Bonfield

Summary of Significant Accounting Policies

December 31, 2023

Retirement Benefits and Other Employee Benefit Plans

Liabilities for vacations and sick leave credits earned but not taken are accrued as earned.

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 investment of the assets and administration of the benefits. The Township has adopted defined contribution plan accounting principles for this Plan because insufficient information is available to apply defined benefit plan accounting principles. The Township records as pension expense the current service cost, amortization of past service costs and interest costs related to the future employer contributions to the Plan for past employee service.

Collection of Taxes on Behalf of School Boards

The Township collects taxation revenue on behalf of the school boards. The taxation, other revenues, expenses, assets and liabilities with respect to the operations of the school boards are not reflected in these financial statements.

Revenue Recognition

a. Taxation

Taxes are recognized at estimated amounts when they meet the definition of an asset, have been authorized and the taxable event occurs. For property taxes, the taxable event is the period for which the tax is levied. Taxes receivable are recognized net of valuation allowance for anticipated tax adjustments. The Township is entitled to collect interest and penalties on overdue taxes. These revenues are recorded in the period the interest and penalties are levied.

b. User fees and other

User fees and other revenue are recognized on an accrual basis.

The Corporation of the Township of Bonfield Summary of Significant Accounting Policies

December 31, 2023

Revenue Recognition (continued)

c. Government transfers and grants

Conditional grant revenue is recognized to the extent the conditions imposed on it have been fulfilled. Unconditional grant revenue is recognized when monies are receivable.

Grants for the acquisition of tangible capital assets are recognized in the period in which eligible expenditures are made.

Government transfer payments, which include legislative grants, are recognized in the financial statements in the period in which the events giving rise to the transfer occurs, providing the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amount can be determined.

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 items subject to such estimates and assumptions include allowances for doubtful accounts, other accrued liabilities and/or obligations and landfill closure and post-closure liabilities.

In particular, management's estimate for the landfill closure and post-closure liability is subject to measurement uncertainty. The estimate is based on assumptions and calculations estimated by an engineering firm, modified as necessary for the passage of time and actual use of the landfill site. Actual results could differ significantly from those estimates because of the uncertainty related to future costs estimates and future use of the landfill site.

The Corporation of the Township of Bonfield Summary of Significant Accounting Policies

December 31, 2023

Revenue Recognition (continued)

Financial Instruments

Cash and portfolio instruments quoted in an active market are measured at fair value. Accounts receivable, accounts payable and accrued liabilities, and long-term debt are measured at cost or amortized cost. The carrying amount of each of these financial instruments is presented on the statement of financial position.

Unrealized gains and losses from changes in the fair value of financial instruments are recognized in the statement of remeasurement gains and losses. Upon settlement, the cumulative gain or loss is reclassified from the statement of remeasurement gains and losses and recognized in the statement of operations. Interest and dividends attributable to financial instruments are reported in the statement of operations.

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 Bonfield

Notes to Financial Statements

December 31, 2023

1. Financial Instruments

Classification

The carrying value of each class of the Township's financial instruments is provided in the following table.

	2023		
	Fair Value	Cost/ Amortized Cost	Total
Cash and cash equivalents	\$ 1,744,189	\$ -	\$1,744,189
Taxes and accounts receivable	-	511,086	511,086
Accounts payable and accrued liabilities	-	217,048	217,048
Long-term debt	-	2,066,568	2,066,568
	\$ 1,744,189	\$ 2,794,702	\$ 4,538,891

	2022		
	Fair Value	Cost/ Amortized Cost	Total
Cash and cash equivalents	\$ 1,692,056	\$ -	\$ 1,692,056
Taxes and accounts receivable	-	1,038,619	1,038,619
Accounts payable and accrued liabilities	-	533,495	533,495
Long-term debt	-	1,720,256	1,720,256
	\$ 1,692,056	\$ 3,292,370	\$ 4,984,426

The Corporation of the Township of Bonfield

Notes to Financial Statements

December 31, 2023

1. Financial Instruments (continued)

Financial Instrument Fair Value Measurement

The following table provides an analysis of financial instruments that are measured at fair value, using a fair value hierarchy of levels 1 to 3. The levels reflect the significance of the inputs used in making the fair value measurements, as described below:

- **Level 1** - Quoted prices (unadjusted) in active markets for identical assets or liabilities
- **Level 2** - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- **Level 3** - Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

	2023			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 1,744,189	\$ -	\$ -	\$ 1,744,189

	2022			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 1,692,056	\$ -	\$ -	\$ 1,692,056

There were no transfers between Level 1 and Level 2 for the year ended December 31, 2023. There were also no transfers in or out of Level 3.

Financial Instrument Risk Management

The Township is exposed to credit risk, liquidity risk, interest rate risk and other price risk from its financial instruments. 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 Bonfield

Notes to Financial Statements

December 31, 2023

1. Financial Instruments (continued)

Credit Risk

Credit risk is the risk of financial loss to the Township if a debtor fails to make payments of interest and principal when due. Other than the impairment of receivables disclosed in Note 5, it is management's opinion that the Township is not exposed to significant credit risk.

	0-30 days	31-90 days	91-365 days	1 to 2 years
Cash and cash equivalents	\$ 1,744,189	\$ -	\$ -	\$ -
Investments	427,871	-	132,589	-
Taxes receivable	10,648	-	193,799	153,871
Accounts receivable	146,537	-	436	5,795
Total	\$ 2,329,245	\$ -	\$ 326,824	\$ 159,666

Market Risk

Market risk is the risk that the fair value of 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 equity risk.

Currency Risk

Current risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign currency rates. The Township is not exposed to currency risk.

Equity Risk

Equity risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The Township is not exposed to this risk.

Liquidity Risk

Liquidity risk is the risk that the Township will encounter difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the Township will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value, which is less than what they are worth; or may be unable to settle or recover a financial asset. The Township is exposed to this risk mainly in respect of accounts payable and accrued liabilities and long-term debt. The Township's approach to managing liquidity is to ensure as far as possible, that it will always have sufficient cash flows to fund its operations and to meet its liabilities when due, under both normal and stressed conditions. There have not been any changes to these risks from the prior year. Unless otherwise noted, the expected cash outflows are within one year. The following table sets out the contractual maturities (representing undiscounted contractual cash-flows) of financial liabilities:

The Corporation of the Township of Bonfield

Notes to Financial Statements

December 31, 2023

1. Financial Instruments (continued)

	2023			
	Within 6 months	6 months to 1 year	1 to 5 years	over 5 years
Accounts payable & accrued liabilities	\$ 227,034	\$ -	\$ -	\$ -
Long-term debt	90,800	90,800	1,884,968	-
Total financial liabilities	\$ 317,834	\$ 90,800	\$ 1,884,968	\$ -

	2022			
	Within 6 months	6 months to 1 year	1 to 5 years	over 5 years
Accounts payable	\$ 533,495	\$ -	\$ -	\$ -
Long-term debt	54,561	54,561	1,611,134	-
Total financial liabilities	\$ 588,056	\$ 54,561	\$ 1,611,134	\$ -

Interest Rate Risk

Interest rate risk is the potential for financial loss caused by fluctuations in fair value or future cash flows of financial instruments because of changes in market interest rates. The Township is exposed to this risk through its long term debt.

The Township holds long-term debt with variable interest rates which involve risks of default on interest and principal and price changes due to, without limitation, such factors as interest rate changes and general economic conditions.

The Township structures its finances so as to stagger the maturities of debt, thereby minimizing exposure to interest rate fluctuations.

2. Cash and Cash Equivalents

	2023	2022
Cash in bank	\$ 1,744,189	\$ 1,692,056

The Corporation of the Township of Bonfield

Notes to Financial Statements

December 31, 2023

3. Investments

Investments consist of nine (2022 - nine) guaranteed investment certificates at a few Canadian chartered banks in the total amount of \$452,434 (2022 - \$484,953) bearing interest at 5.4%, 5.42%, 5.4%, 5.4%, 5.4%, 5.42%, 5.42%, 5.42% and 5.0% (2022 - 4.2%, 4.35%, 4.35%, 4.35%, 4.35%, 4.2%, 4.2%, 4.2%, and 4.31%) per annum maturing in January, February and May 2024, (2022 - February, March and September 2023), plus accrued interest. Investments also consist of mutual funds in the amount of \$108,026 (2022 - \$51,708).

4. Taxes Receivable

	2023	2022
Current	\$ 193,799	\$ 147,546
Arrears	115,320	80,748
Interest	49,199	54,794
	<u>\$ 358,318</u>	<u>\$ 283,088</u>

Property tax billings are prepared by the Township based on assessment rolls issued by the Municipal Property Assessment Corporation (MPAC). Tax rates are established annually by Council, incorporating amounts to be raised for local services, the requisition made by the various local boards in respect of Regional services and amounts the Township 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 issuance of supplementary assessment rolls which provide updated information with respect to changes in property assessment. Once a supplementary assessment roll is received, the Township determines the taxes applicable and renders supplementary tax billings.

5. Accounts Receivable

	2023	2022
Harmonized sales tax receivable	\$ 130,613	\$ 187,379
Government grants	-	488,503
Trade receivables	29,640	76,707
Other receivables	2,501	2,941
	<u>\$ 162,754</u>	<u>\$ 755,530</u>

The Corporation of the Township of Bonfield
Notes to Financial Statements

December 31, 2023

6. Tangible Capital Assets

							2023
	Land	Land Improvements	Buildings	Roads and Bridges	Vehicles	Machinery and Equipment	Total
Cost, beginning of year	\$ 329,115	\$ 1,260,786	\$ 2,752,460	\$ 15,918,438	\$ 1,318,862	\$ 1,201,532	\$22,781,193
Additions	-	-	-	776,420	582,572	76,085	1,435,077
Disposals	-	-	-	-	(109,767)	(225,910)	(335,677)
Cost, end of year	329,115	1,260,786	2,752,460	16,694,858	1,791,667	1,051,707	23,880,593
Accumulated amortization, beginning of year	-	85,524	1,117,941	11,237,459	752,442	792,387	13,985,753
Amortization	-	47,439	55,049	209,220	77,149	47,779	436,636
Disposals	-	-	-	-	(109,767)	(225,910)	(335,677)
Accumulated amortization, end of year	-	132,963	1,172,990	11,446,679	719,824	614,256	14,086,712
Net carrying amount, end of year	\$ 329,115	\$ 1,127,823	\$ 1,579,470	\$ 5,248,179	\$ 1,071,843	\$ 437,451	\$ 9,793,881

The Corporation of the Township of Bonfield
Notes to Financial Statements

December 31, 2023

6. Tangible Capital Assets (continued)

	<u>2022</u>						
	Land	Land Improvements	Buildings	Roads and Bridges	Vehicles	Machinery and Equipment	Total
Cost, beginning of year	\$ 329,115	\$ 145,188	\$ 2,693,167	\$ 15,859,579	\$ 1,284,509	\$ 1,082,019	\$ 21,393,577
Additions	-	1,115,598	59,293	58,859	61,892	130,465	1,426,107
Disposals	-	-	-	-	(27,539)	(10,952)	(38,491)
Cost, end of year	<u>329,115</u>	<u>1,260,786</u>	<u>2,752,460</u>	<u>15,918,438</u>	<u>1,318,862</u>	<u>1,201,532</u>	<u>22,781,193</u>
Accumulated amortization, beginning of year	-	71,523	1,046,186	11,101,157	711,710	760,224	13,690,800
Amortization	-	14,001	71,755	136,302	68,271	43,115	333,444
Disposals	-	-	-	-	(27,539)	(10,952)	(38,491)
Accumulated amortization, end of year	<u>-</u>	<u>85,524</u>	<u>1,117,941</u>	<u>11,237,459</u>	<u>752,442</u>	<u>792,387</u>	<u>13,985,753</u>
Net carrying amount, end of year	<u>\$ 329,115</u>	<u>\$ 1,175,262</u>	<u>\$ 1,634,519</u>	<u>\$ 4,680,979</u>	<u>\$ 566,420</u>	<u>\$ 409,145</u>	<u>\$ 8,795,440</u>

The Corporation of the Township of Bonfield

Notes to Financial Statements

December 31, 2023

7. Inventories

	<u>2023</u>	<u>2022</u>
Fuel inventory	\$ 14,035	\$ 11,035
Sand and salt inventory	32,112	30,801
Culverts	28,867	34,873
Fencing	18,781	18,781
Gravel	101,406	48,455
	<u>\$ 195,201</u>	<u>\$ 143,945</u>

8. Operating Line of Credit

The Township has a line of credit with a maximum credit limit of \$1,000,000. The line of credit is due on demand and bears interest at the bank's prime rate plus 0.25%, calculated and payable monthly. The line of credit is unsecured and is used for temporary borrowing until the taxes are collected and other revenues are received. The amount utilized on this line at year end was \$Nil (2022 - \$Nil).

9. Accounts Payable and Accrued Liabilities

	<u>2023</u>	<u>2022</u>
Trade payables	\$ 122,126	\$ 438,676
Due to school boards	7,075	-
Accrued payroll liabilities	97,833	94,819
	<u>\$ 227,034</u>	<u>\$ 533,495</u>

The Corporation of the Township of Bonfield Notes to Financial Statements

December 31, 2023

10. Long-term Debt

Net long-term debt reported on the statement of financial position is comprised of the following:

	<u>2023</u>	<u>2022</u>
Bank loan - 5.44%, due March, 2023 payable \$5,149 monthly blended principal and interest, secured by a specific asset.	\$ 448,480	\$ -
Bank loan - 4.45%, due July, 2023, payable \$3,997 monthly blended principal and interest, secured by a specific asset.	-	16,824
Bank loan - 3.57%, due December, 2027, payable \$5,271 monthly blended principal and interest, unsecured.	1,025,631	1,044,475
Bank loan - 4.0%, due December, 2026, payable \$1,733 monthly blended principal and interest, secured by a specific asset.	139,615	155,019
Bank loan - 3.95%, due October, 2024, payable \$1,064 monthly blended principal and interest, secured by a specific asset.	65,643	75,615
Bank loan - 2.36%, due December 2029, payable \$12,993 semi-annual blended principal and interest, secured by a specific asset.	144,592	166,773
Bank loan - 2.50%, due December, 2034, payable \$12,682 semi-annual blended principal and interest, secured by a specific asset.	242,607	261,550
	<u>2,066,568</u>	<u>1,720,256</u>
Less amounts due within one year	<u>181,601</u>	<u>109,122</u>
	<u>\$ 1,884,967</u>	<u>\$ 1,611,134</u>

Principal repayments for the next five years and thereafter are as follows:

2024	\$ 181,601
2025	120,793
2026	216,497
2027	1,053,444
2028	93,948
Thereafter	<u>400,285</u>
	<u>\$ 2,066,568</u>

The Corporation of the Township of Bonfield Notes to Financial Statements

December 31, 2023

10. Long-term Debt (continued)

Interest expense paid relating to the long-term debt above is \$98,977 (2022 - \$59,530) and has been included in general government, protection to persons and property, transportation services and parks expense on the statement of operations.

11. Landfill Closure and Post-Closure Accrual

Solid waste closure and post-closure care requirements have been defined in accordance with industry standards and include final covering and landscaping of the landfill, removal of ground water and leachates, and ongoing environmental monitoring, site inspection and maintenance. The present value of the Township's estimated future liability for this expense is recognized as the landfill site's capacity is used. The liability and annual expense is calculated based on the ratio of utilization to total capacity of the landfill site and the discounted estimated cash flows associated with closure and post-closure activities. The reported liability as at year end was \$264,423 (2022 - \$329,426) and reflects a discount rate of 6.05% (2022 - 5.27%).

The liability is based on estimates and assumptions related to events extending over the remaining life of the landfill. The estimate is based on assumptions and calculations estimated by an engineering firm. The landfill is expected to reach its capacity in 53 years and the estimated remaining capacity is 78,164 (2022 - 78,834) cubic metres which is 62.75% (2022 - 62.43%) of the site's total capacity. The total undiscounted estimated future expenditures for closure and post-closure care are \$421,403 (2022 - \$527,681) leaving an amount to be recognized of \$156,980 (2022 - \$198,255). The estimated length of time needed for post-closure care is 25 years.

Municipal reserves for the landfill site total \$199,393 (2022 - \$181,393).

The Corporation of the Township of Bonfield Notes to Financial Statements

December 31, 2023

12. Deferred Revenue

	<u>2023</u>	<u>2022</u>
Opening balance	\$ 989,441	\$ 745,024
Add:		
Federal gas tax contributions	131,714	126,226
Northern Ontario Resource Development Support	89,498	180,637
Ontario Community Infrastructure Fund (OCIF)	100,320	118,023
Interest earned	43,984	5,756
Allowance deposits	3,096	16,214
Less:		
Utilization of funds - Federal gas tax	(505,472)	(112,388)
Utilization of funds - OCIF	(21,375)	(65,106)
Utilization of allowance deposits	(848)	(24,945)
Utilization of Northern Ontario Resource Development Support	<u>(270,947)</u>	<u>-</u>
Ending balance	<u>\$ 559,411</u>	<u>\$ 989,441</u>

Gas tax revenue is provided by the Government of Canada. The use of the funding is established by the funding agreement signed between the Township and the Association of Municipalities of Ontario. Gas tax funding may be used towards designated projects as specified in the funding agreements.

Ontario Trillium revenue is provided by the Government of Ontario. The use of funding is established by the funding agreement signed between the Township and the Ontario Trillium Foundation. Ontario Trillium funding may be used toward designated projects as specified in the funding agreements.

The Corporation of the Township of Bonfield Notes to Financial Statements

December 31, 2023

13. Pension Agreement

The Township makes contributions to the Ontario Municipal Employees Retirement Fund ("OMERS"), which is a multi-employer pension plan, on behalf of full-time members of 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 Board of Trustees, 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 over half a million active, deferred and retired members and 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 \$136,185 million (2022 - \$123,628 million) in respect of benefits accrued for service with actuarial assets at that date of \$131,983 million (2022 - \$130,306 million) indicating a going concern actuarial deficit of \$4,202 million (2022 - \$6,678 million). 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 \$68,163 (2022 - \$60,987).

14. Commitments

On November 13, 2018, The Corporation of the Township of Bonfield entered into an agreement with the Minister of Community Safety and Correctional Services for the provision of police services under Section 10(6) of the Police Services Act, R.S.O. 1990, C.P.15 for the period January 1, 2023 to December 31, 2024. Under the terms of this contract, the Ontario Provincial Police ("OPP") will provide adequate and effective policing services to the Township each year. Payment of services is made monthly in the amount of \$26,451 (2022 - \$26,990) on the last day of each month which commenced January 31, 2022. The costs may be adjusted annually, based upon the salary schedules in effect for the year.

The Corporation of the Township of Bonfield

Notes to Financial Statements

December 31, 2023

15. Accumulated Surplus

The Township segregates its accumulated surplus in the following categories:

	2023	2022
Investment in tangible capital assets	\$ 9,793,881	\$ 8,795,440
General surplus	610,572	142,007
Amounts to be recovered (i)	(2,330,991)	(2,049,682)
Reserves and reserve funds (ii)	1,635,984	1,754,693
	<u>\$ 9,709,446</u>	<u>\$ 8,642,458</u>

(i) Amounts to be recovered

	2023	2022
Long-term debt	\$ (2,066,568)	\$ (1,720,256)
Landfill closure and post-closure accrual	(264,423)	(329,426)
	<u>\$ (2,330,991)</u>	<u>\$ (2,049,682)</u>

(ii) Reserves and reserve funds

	2023	2022
Asset management plan strategic priorities reserve	\$ 456,037	\$ 456,037
Capital emergencies reserve	336,000	336,000
Efficiencies reserve fund	232,499	370,808
Landfill site tipping fees reserve funds	199,393	181,393
Tax rate stabilization reserve	98,743	173,743
Operating budget accounts stabilization reserve	98,000	98,000
Cassellholme reserve	90,000	30,000
Fire department capital equipment reserve funds	49,733	32,133
Skateboard reserve	26,071	21,071
5% in Lieu of Parkland reserve funds	23,350	29,350
Operating budget contingencies reserve	15,815	15,815
Library family literacy reserve	8,168	8,168
Mount Pleasant cemetery reserve	1,675	1,675
Veterans memorial reserve	500	500
	<u>\$ 1,635,984</u>	<u>\$ 1,754,693</u>

The Corporation of the Township of Bonfield

Notes to Financial Statements

December 31, 2023

16. Taxation

	<u>2023</u>	<u>2022</u>
Taxation raised for municipal purposes	\$ 3,554,686	\$ 3,190,216
Payments in lieu of taxation	<u>12,530</u>	<u>16,814</u>
	<u>\$ 3,567,216</u>	<u>\$ 3,207,030</u>

Taxes of \$644,111 (2022 - \$639,211), raised on behalf of and submitted to the school boards, have not been included in the above totals.

17. Budget

The Budget By-law adopted by Council on July 22, 2022 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 now require a full accrual basis. The budget figures anticipated use surpluses accumulated in previous years to reduce current year expenditures in excess of current year revenues to \$Nil. In addition, the budget expensed all tangible capital expenditures rather than including amortization expense. As a result, the budget figures presented in the statements of operations and change in net financial assets represent the Financial Plan adopted by Council on July 22, 2022 with adjustments as follows:

	<u>2023</u>
Budget by-law surplus for the year	\$ -
Add:	
Capital expenditures	144,600
Long-term debt repayment	208,166
Transfers to reserve funds	62,600
Less:	
Transfers from reserve funds	<u>(75,000)</u>
Budget surplus per statement of operations	<u>\$ 340,366</u>

The Corporation of the Township of Bonfield

Notes to Financial Statements

December 31, 2023

18. Expenses by Object

	<u>2023</u>	<u>2022</u>
Salaries, wages and employee benefits	\$ 1,385,657	\$ 1,304,281
Materials	1,056,403	1,441,393
Contracted services	1,519,386	1,350,991
Interest expense	98,977	59,531
Amortization expense	436,636	333,444
	<u>\$ 4,497,059</u>	<u>\$ 4,489,640</u>

19. Library Statement of Operations

Included in the Statement of Operations are library operations as follows:

	<u>2023</u>	<u>2022</u>
Revenue	\$ 5,759	\$ 5,763
Expenses		
Salaries, wages and employee benefits	64,537	65,951
Office supplies & expenses	11,876	10,021
Maintenance and repairs	450	-
Amortization expense	12,971	12,794
	<u>89,834</u>	<u>88,766</u>
Annual deficit	\$ (84,075)	\$ (83,003)

The Corporation of the Township of Bonfield Notes to Financial Statements

December 31, 2023

20. Segmented Information Disclosures

The Township is a diversified municipal government institution that provides a wide range of services to its citizens such as police and fire. Distinguishable functional segments have been separately disclosed in the segmented information. The nature of the segments and the activities they encompass are as follows:

Council

This relates to the revenues and expenditures that are directly attributable to municipal Council functions.

General Government

This relates to the revenues and expenditures of the Township itself and cannot be directly attributed to specific segments.

Protection to Persons and Property

Protection is comprised of police services, emergency management, animal control and livestock evaluators. The police services work to ensure the safety and protection of the citizens and their property.

Building Department

This department provides a number of services including maintenance and enforcement of building and construction codes.

Fire Department

The fire department is responsible to provide fire suppression service, fire prevention programs, training and education. The members of the fire department consist of volunteers.

Transportation Services

Transportation is responsible for maintaining the Township's roadway systems.

The Corporation of the Township of Bonfield Notes to Financial Statements

December 31, 2023

20. Segmented Information Disclosures (continued)

Environmental Services

Environmental services consists of providing recycling and waste disposal facilities to citizens.

Health, Social and Family Services

Health services are comprised of public health services which works to improve the overall health of the population by providing services to individuals and communities. Health services also include the Bonfield Medical Centre, which operating expenses are paid by the Ministry of Health and Long-Term Care. Social and family services provides services that are meant to help the less fortunate in society. Social housing is provided to help shelter families and elderly in need. Child care funding is provided to subsidize day cares and to provide early learning programs. The ambulance service transports the injured to the hospital and provides emergency medical care to those in distress.

Recreation and Culture

Recreation and culture represents cultural activity support within the municipality. This includes maintenance and upkeep of parks, running recreation programs, and providing library services.

Planning and Economic Development

The planning department provides a number of services including municipal planning and review of all property development plans through its application process. The economic development department provides services to generate opportunities in the community and to strengthen the economic base of the municipality.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies. In measuring and reporting segment revenue from transactions with other segments, inter segment transfers are measured on the basis of the percentage of budgeted expenditures.

The Corporation of the Township of Bonfield
Notes to Financial Statements

December 31, 2023

20. Segmented Information Disclosures (continued)

	Council	General Government	Protection to Persons and Property	Building Department	Fire Department	Transportation Services	Environmental Services	Health, Social and Family Services	Recreation and Culture	Planning and Economic Development	Unallocated Amounts	2023 Total
Revenues												
Net taxation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	3,567,216	\$ 3,567,216
User fees	-	3,029	3	55,768	25	2,769	25,547	-	-	10,085	-	97,226
Transfer payments and grants	-	697,888	-	-	-	525,472	-	119,233	9,359	-	270,949	1,622,901
Other	-	1,584	-	-	22,666	71,405	33,488	2,740	22,637	300	121,884	276,704
	-	702,501	3	55,768	22,691	599,646	59,035	121,973	31,996	10,385	3,960,049	5,564,047
Expenses												
Salaries and benefits	78,170	411,347	12,058	31,139	65,996	589,158	45,702	86,301	65,137	649	-	1,385,657
Materials	17,240	267,662	27,001	5,660	84,512	560,732	(39,785)	50,678	60,842	21,861	-	1,056,403
Contracted services	-	232,514	365,469	8,329	5,814	90,327	54,513	755,791	468	6,161	-	1,519,386
Interest	-	-	-	-	2,143	92,571	-	-	4,263	-	-	98,977
Amortization	-	11,734	-	-	32,467	290,745	1,331	2,591	94,639	3,129	-	436,636
	95,410	923,257	404,528	45,128	190,932	1,623,533	61,761	895,361	225,349	31,800	-	4,497,059
Annual (deficit) surplus	\$ (95,410)	\$ (220,756)	\$ (404,525)	\$ 10,640	\$ (168,241)	\$ (1,023,887)	\$ (2,726)	\$ (773,388)	\$ (193,353)	\$ (21,415)	\$ 3,960,049	\$ 1,066,988

The Corporation of the Township of Bonfield

Notes to Financial Statements

December 31, 2023

20. Segmented Information Disclosures (continued)

	Council	General Government	Protection to Persons and Property	Building Department	Fire Department	Transportation Services	Environmental Services	Health, Social and Family Services	Recreation and Culture	Planning and Economic Development	Unallocated Amounts	2022 Total
Revenues												
Net taxation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,207,031	\$ 3,207,031
User fees	-	2,551	-	61,628	25	920	149,415	-	-	13,231	-	227,770
Transfer payments and grants	-	668,413	-	-	-	181,694	-	116,283	1,110,165	27,576	-	2,104,131
Other	-	6,591	-	-	34,890	14,213	24,434	3,146	18,752	2,449	85,879	190,354
	-	677,555	-	61,628	34,915	196,827	173,849	119,429	1,128,917	43,256	3,292,910	5,729,286
Expenses												
Salaries and benefits	77,171	372,312	8,572	30,098	65,084	557,852	45,356	81,335	66,301	200	-	1,304,281
Materials	11,697	371,297	18,119	12,894	110,691	601,260	150,458	45,593	53,848	65,536	-	1,441,393
Contracted services	-	82,351	367,678	1,586	5,917	104,417	47,067	740,928	83	964	-	1,350,991
Interest	-	-	-	-	3,193	51,851	-	-	4,487	-	-	59,531
Amortization	-	9,143	-	-	44,221	192,560	1,260	5,611	78,612	2,037	-	333,444
	88,868	835,103	394,369	44,578	229,106	1,507,940	244,141	873,467	203,331	68,737	-	4,489,640
Annual (deficit) surplus	\$ (88,868)	\$ (157,548)	\$ (394,369)	\$ 17,050	\$ (194,191)	\$ (1,311,113)	\$ (70,292)	\$ (754,038)	\$ 925,586	\$ (25,481)	\$ 3,292,910	\$ 1,239,646