

Consolidated Financial Statements of

**THE CORPORATION OF THE  
TOWNSHIP OF SEGUIN**

Year ended December 31, 2023

# THE CORPORATION OF THE TOWNSHIP OF SEGUIN

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Year ended December 31, 2023

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## **Management's Responsibility for the Consolidated Financial Statements**

The accompanying consolidated financial statements of The Corporation of the Township of Seguin (the "Township") are the responsibility of the Township's management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles for local governments established by the Public Section Accounting Board of The Chartered Professional Accountants of Canada. A summary of the significant accounting policies are 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 Township's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by Management.

The Council meets with Management and the external auditors 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 KPMG LLP, independent external auditors appointed by the Township. The accompanying Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Township's consolidated financial statements.

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Jason Inwood  
Chief Administrative Officer

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Michele C. Fraser  
Chief Financial Officer and Treasurer



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## **INDEPENDENT AUDITOR'S REPORT**

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

We have audited the accompanying consolidated financial statements of The Corporation of the Township of Seguin (the Entity), which comprise:

- the consolidated statement of financial position as at December 31, 2023
- the consolidated statement of operations for the year then ended
- the consolidated statement of changes in net assets for the year then ended
- the consolidated statement of cash flows for the year then ended
- and the notes to the consolidated financial statements, including a summary of significant accounting policies.

(Hereinafter referred to as the “consolidated financial statements”).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2023 and its consolidated results of operation 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 responsibility under those standards are further described in the “***Auditor’s Responsibilities for the Audit of the Financial Statements***” section of our auditor’s report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other 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.



### ***Emphasis of Matter – Comparative Information***

We draw attention to Note 2 to the financial statements (“Note 2”), which explains that certain comparative information presented for the year ended December 31, 2022 has been restated as a result of the modified retroactive adoption of the asset retirement obligation standard. Note 2 explains the reason for the restatement and also explains the adjustments that were applied to restate certain comparative information.

Our opinion is not modified in respect of this matter.

### ***Other Matter – Comparative Information***

As part of our audit of the financial statements for the year ended December 31, 2023, we also audited the adjustments that were applied to restate certain comparative information presented for the year ended December 31, 2022 as a result of a change in accounting policy. In our opinion, such adjustments are appropriate and have been properly applied.

### ***Responsibility of Management and Those Charged with Governance for the Financial Statements***

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

In preparing the financial statements, management is responsible for assessing the Entity’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 Entity or to cease operations or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity’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 the financial statements.



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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 risk 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, internal 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 purposes of expressing an opinion on the effectiveness of the Entity'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 the events or conditions that may cast significant doubt on the Entity'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 Entity's 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.



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

*KPMG LLP*

Chartered Professional Accountants, Licensed Public Accountants

Sudbury, Canada

August 12, 2024

# THE CORPORATION OF THE TOWNSHIP OF SEGUIN

## Consolidated Statement of Financial Position

December 31, 2023, with comparative information for 2022

	2023	2022
		(Restated - Note 2)
<b>Financial assets</b>		
Cash	\$ 6,005,835	\$ 8,596,819
Taxes receivable	564,992	538,454
Accounts receivable	5,198,097	2,669,753
Harmonized sales tax rebate	1,311,136	528,069
	<u>13,080,060</u>	<u>12,333,095</u>
<b>Financial liabilities</b>		
Accounts payable and accrued liabilities	1,997,750	2,470,712
Other current liabilities	807,061	218,619
Deferred revenue - obligatory reserve funds (note 5)	1,371,012	1,626,611
Deferred revenue	708,005	624,150
Asset retirement obligation (note 9)	599,749	576,670
	<u>5,483,577</u>	<u>5,516,762</u>
Net financial assets	7,596,483	6,816,333
<b>Non-financial assets</b>		
Tangible capital assets (note 11)	41,312,473	40,019,291
Inventories of supplies	30,248	37,088
Prepaid expenses	332,891	327,427
	<u>41,675,612</u>	<u>40,383,806</u>
Accumulated surplus (note 10)	\$ 49,272,095	\$ 47,200,139

The accompanying notes are an integral part of this consolidated financial statement.



# THE CORPORATION OF THE TOWNSHIP OF SEGUIN

## Consolidated Statement of Operations

Year ended December 31, 2023, with comparative information for 2022

	2023 Budget	2023	2022 (Restated - Note 2)
<b>Revenues:</b>			
Property taxation	\$ 14,356,326	\$ 14,413,435	\$ 13,253,121
Taxation from other governments	33,930	33,681	31,215
User charges	1,089,120	1,506,441	1,414,091
Provincial grants	3,303,933	3,077,913	2,710,858
Park and lot levies earned	200,000	288,147	228,188
Federal gas tax earned	1,024,053	437,872	57,406
Excess building permit fees earned	95,000	91,435	58,072
Investment income	187,700	486,829	225,997
Donations	53,700	2,059,336	65,768
Penalties and interest	200,000	214,479	201,475
Gain (loss) on sale of tangible capital assets	-	8,453	(31,362)
Fines (POA)	20,000	18,961	24,118
Sale of land	80,000	80,000	3,500
<b>Total revenue</b>	<b>20,643,762</b>	<b>22,716,982</b>	<b>18,242,447</b>
<b>Expenses:</b>			
General government	2,876,408	2,772,868	2,324,177
Protection to persons and property	3,277,954	3,295,471	3,004,393
Transportation services	5,986,721	6,014,003	5,080,915
Environmental services	1,523,070	1,781,415	1,262,180
Health services	1,423,044	1,445,272	1,358,009
Social and family services	2,014,562	2,014,561	1,964,134
Recreational and cultural services	2,649,021	2,594,460	2,348,575
Planning and development	878,703	726,976	955,916
<b>Total expenses</b>	<b>20,629,483</b>	<b>20,645,026</b>	<b>18,298,299</b>
<b>Annual surplus (deficit)</b>	<b>14,279</b>	<b>2,071,956</b>	<b>(55,852)</b>
Accumulated surplus, beginning of the year	47,200,139	47,200,139	47,682,097
Adjustment on adoption of the asset retirement obligation standard (note 2)	-	-	(426,106)
Accumulated surplus, beginning of year, as restated	47,200,139	47,200,139	47,255,991
<b>Accumulated surplus, end of year (note 10)</b>	<b>\$ 47,214,418</b>	<b>\$ 49,272,095</b>	<b>\$ 47,200,139</b>

The accompanying notes are an integral part of this consolidated financial statement.

# THE CORPORATION OF THE TOWNSHIP OF SEGUIN

## Consolidated Statement of Change in Net Financial Assets

Year ended December 31, 2023, with comparative information for 2022

	2022 Budget	2023	2022 (Restated - Note 2)
Annual surplus (deficit)	\$ 14,279	\$ 2,071,956	\$ (55,852)
Acquisition of tangible capital assets	-5,428,102	(3,565,925)	(1,373,590)
Amortization of tangible capital assets	2,200,400	2,233,136	2,117,745
Loss (gain) of sale of tangible capital assets	-	(8,453)	31,362
Proceeds on sale of tangible capital assets	-	48,060	19,000
	(3,213,423)	778,774	738,665
Acquisition of prepaid expenses	-330,000	(332,891)	(327,427)
Use of prepaid expenses	327,427	327,427	261,113
Acquisition of inventories	-30,000	(30,248)	(37,088)
Consumption of inventories	37,000	37,088	23,675
Change in net financial assets	(3,208,996)	780,150	658,938
Net financial assets, beginning of the year	6,816,333	6,816,333	6,583,501
Adjustment on adoption of the asset retirement obligation standard (note 2)	-	-	(426,106)
Net financial assets, beginning of year, as restated	6,816,333	6,816,333	6,157,395
Net financial assets, end of the year	\$ 3,607,337	\$ 7,596,483	\$ 6,816,333

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

# THE CORPORATION OF THE TOWNSHIP OF SEGUIN

## Consolidated Statement of Cash Flows

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
		(Restated - Note 2)
Cash provided by (used in):		
Operating activities:		
Annual surplus (deficit)	\$ 2,071,956	\$ (55,852)
Items not involving cash:		
Amortization	2,233,136	2,117,745
Loss (gain) on sale of tangible capital assets	(8,453)	31,362
Change in asset retirement obligation	23,079	32,563
	4,319,718	2,125,818
Change in non-cash assets and liabilities:		
Taxes receivable	(26,538)	70,204
Accounts receivable	(2,528,344)	(2,600,365)
Goods and services tax rebate	(783,067)	(310,837)
Accounts payable and accrued liabilities	(472,962)	733,501
Other current liabilities	588,442	72,396
Deferred revenue - Obligatory Reserve Funds	(255,599)	192,389
Deferred revenue	83,855	(743,452)
Inventories of supplies	6,840	(13,413)
Prepaid expenses	(5,464)	(66,314)
Net change in cash from operating activities	926,881	(540,073)
Capital activities:		
Proceeds on sale of tangible capital assets	48,060	19,000
Cash used to acquire tangible capital assets	(3,565,925)	(1,373,590)
Net change in cash from capital activities	(3,517,865)	(1,354,590)
Net change in cash	(2,590,984)	(1,894,663)
Cash and cash equivalents, beginning of year	8,596,819	10,491,482
Cash and cash equivalents, end of year	\$ 6,005,835	\$ 8,596,819

The accompanying notes are an integral part of this consolidated financial statement.

# THE CORPORATION OF THE TOWNSHIP OF SEGUIN

Notes to Consolidated Financial Statements

Year ended December 31, 2023

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## 1. Significant accounting policies:

The consolidated financial statements of the Corporation of the Township of Seguin (the "Township") are prepared by management in accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board and the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the Township are as follows:

(a) Reporting entity:

(i) General:

These consolidated financial statements reflect the assets, liabilities, revenues and expenditures and fund balances of the reporting entity and include the activities of all committees of Council and the following boards and municipal enterprises which are under the control of Council:

Seguin Public Library Board

All interfund assets, liabilities, revenues and expenditures have been eliminated.

(ii) Non-consolidated entities:

The following joint local boards are not consolidated:

District of Parry Sound Social Services Administration Board  
Muskoka Parry Sound Health Unit  
Belvedere Heights Home for the Aged  
Parry Sound Area Municipal Airport Commission  
911 Emergency Services

(iii) Proportionately consolidated entities:

These consolidated statements reflect proportionally the Township's share of the assets, of the following:

West Parry Sound Recreation and Cultural Centre

(iv) Accounting for school board transactions:

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

(v) Trust funds:

Trust funds and their related operations administered by the Municipality are not consolidated, but are reported separately. These funds amounted to \$205,296 (2022 - \$196,346).

# THE CORPORATION OF THE TOWNSHIP OF SEGUIN

Notes to Consolidated Financial Statements

Year ended December 31, 2023

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## 1. Significant accounting policies (continued):

### (b) Basis of accounting:

#### (i) Accrual basis of accounting:

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

#### (ii) Tangible capital assets:

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

Asset	Useful Life - Years
Buildings	40
Furniture, fixtures and equipment	5 - 20
Vehicles and machinery	10 - 25
Land improvements	25 - 40
Bridges and culverts	30 - 45
Linear assets, excluding bridges and culverts	40 - 50

Landfill sites are amortized using the units of production method based upon capacity used during the year.

Amortization in the year of acquisition and in the year of disposal is charged at 50% of the annual amortization. Assets under construction are not amortized until the asset is available for productive use.

#### (iii) Contributions of tangible capital assets:

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

#### (iv) Natural resources:

Natural resources that have not been purchased are not recognized as assets in the financial statements.

#### (v) Works of art and cultural and historic assets:

Works of arts and cultural and historic assets are not recorded as assets in the financial statements.

# THE CORPORATION OF THE TOWNSHIP OF SEGUIN

Notes to Consolidated Financial Statements

Year ended December 31, 2023

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## 1. Significant accounting policies (continued):

### (b) Basis of accounting (continued):

#### (vi) Pensions and employee benefits:

The Township accounts for its participation in the Ontario Municipal Employee Retirement System ("OMERS") a multi-employer public sector pension fund, as a defined contribution plan. Vacation entitlements are accrued for as entitlements are earned.

#### (vii) Asset retirement obligation:

An asset retirement obligation is recognized when, as at the financial reporting date, all of the following criteria are met:

- There is a legal obligation to insure retirement costs in relation to a tangible capital asset:
- The past transaction or event giving rise to the liability has occurred;
- It is expected that future economic benefits will be given up: and
- A reasonable estimate of the amount can be made.

The liability for closure of operational sites and post-closure care related to landfill sites has been recognized based on estimated future expenses. Additional liabilities for the removal of asbestos in several of the buildings owned by the Township and the remediation of aggregate sites have also been recognized based on estimated future expenses on closure of the sites.

The liability is discounted using a present value calculation and adjusted yearly for accretion expense. The recognition of a liability resulted in an accompanying increase to the respective tangible capital assets. The increase to the tangible capital assets is being amortized in accordance with the depreciation accounting policies outline in note 1(b)(ii).

#### (viii) Use of estimates:

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Significant items subject to such estimates and assumptions include valuation allowances for accounts receivable, loans receivable and solid waste landfill closure and post-closure liabilities. Actual results could differ from those estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the year in which they become known.

# THE CORPORATION OF THE TOWNSHIP OF SEGUIN

Notes to Consolidated Financial Statements

Year ended December 31, 2023

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## 1. Significant accounting policies (continued):

### (b) Basis of accounting (continued):

#### (ix) Financial instruments:

All financial instruments are initially recorded on the statement of financial position at fair value.

All investments held in equity instruments that trade in an active market are recorded at fair value. Management has elected to record investments at fair value as they are managed and evaluated on a fair value basis. Freestanding derivative instruments that are not equity instruments that are quoted in an active market are subsequently measured at fair value.

Unrealized changes in fair value are recognized in the statement of remeasurement gains and losses until they are realized, when they are transferred to the statement of operations.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred.

Where a decline in fair value is determined to be other than temporary, the amount of the loss is removed from accumulated remeasurement gains and losses and recognized in the statement of operation. On sale, the amount held in accumulated remeasurement gains and losses associated with that instrument is removed from accumulated remeasurement gains and recognized in the statement of operations. Financial instruments are classified into fair value hierarchy Levels 1, 2 or 3 for the purposes of describing the basis of the inputs used to determine the fair market value of those amounts recorded a fair value, as described below:

Level 1 Fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 Fair value measurements are those derived from market-based inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly

Level 3 Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data

# THE CORPORATION OF THE TOWNSHIP OF SEGUIN

Notes to Consolidated Financial Statements

Year ended December 31, 2023

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## 2. Change in accounting policies

The Township adopted the following standards concurrently beginning January 1, 2022 prospectively: PS 1201 *Financial Statement Presentation*, PS 2601 *Foreign Currency Translation*, PS 3041 *Portfolio Investments* and PS 3450 *Financial Instruments*.

PS 1201 *Financial Statement Presentation* replaces PS 1200 *Financial Statement Presentation*. This standard establishes general reporting principles and standards for the disclosure of information in government financial statements. The standard introduces the Statement of Remeasurement Gains and Losses separate from the Statement of Operations. Requirements in PS 2601 *Foreign Currency Translation*, PS 3450 *Financial Instruments*, and PS 3041 *Portfolio Investments*, which are required to be adopted at the same time, can give rise to the presentation of gains and losses as remeasurement gains and losses.

PS 2601 *Foreign Currency Translation* replaces PS 2600 *Foreign Currency Translation*. The standard requires monetary assets and liabilities denominated in a foreign currency and non-monetary items denominated in a foreign currency that are reported as fair value, to be adjusted to reflect the exchange rates in effect at the financial statement date. Unrealized gains and losses arising from foreign currency changes are presented in the new Statement of Remeasurement Gains and Losses. PS 3041 *Portfolio Investments* replaces PS 3040 *Portfolio Investments*. The standard provides revised guidance on accounting for, and presentation and disclosure of, portfolio investments to conform to PS 3450 *Financial Instruments*. The distinction between temporary and portfolio investments has been removed in the new standard, and upon adoption, PS 3030 *Temporary Investments* no longer applies.

PS 3450 *Financial Instruments* establishes accounting and reporting requirements for all types of financial instruments including derivatives. The standard requires fair value measurement of derivatives and portfolio investments in equity instruments that are quoted in an active market. All other financial instruments will generally be measured at cost or amortized cost. Unrealized gains and losses arising from changes in fair value are presented in the Statement of Remeasurement Gains and Losses. A statement of remeasurement gains and losses has not been included as there are no matters to report therein.

### Establishing fair value

The fair value of guarantees and letters of credit are based on fees currently charged for similar agreements or on the estimated cost to terminate them or otherwise settle the obligations with the counterparties at the reported borrowing date.



# THE CORPORATION OF THE TOWNSHIP OF SEGUIN

## Notes to Consolidated Financial Statements

Year ended December 31, 2023

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### 2. Change in accounting policies (continued):

#### Fair value hierarchy

The following provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which fair value is observable:

- Level 1 Fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 Fair value measurements are those derived from 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); and
- Level 3 Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value. There was no impact from the adoption of this standard.

#### *PS 3280 Asset Retirement Obligations:*

On January 1, 2022, the Township adopted Public Accounting Standard *PS 3280 Asset Retirement Obligations*. The new accounting standard addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets, such as asbestos removal in retired buildings by public sector entities. The new accounting standard has resulted in a withdrawal of the existing Section *PS 3270 Solid Waste Landfill Closure and Post-Closure Liability*. The standard was adopted on the modified retrospective basis at the date of adoption. Under the modified retrospective method, the discount rate and assumptions used on initial recognition are those as of the date of adoption of the standard.

On January 1, 2022, the Township recognized an asset retirement obligation related to its landfill site. The Township removed the landfill liability that had been recognized to date and recognized an asset retirement obligation upon adoption of PS 3280 on January 1, 2022, using the modified retrospective method. The liability represents the required closure and post-closure care for the landfill site. The liabilities were measured as of the date of the acquisition of the site, when the liability was assumed. As of the date of adoption of the standard, the relevant discount rate is 4.96%.

On January 1, 2022, the Township recognized an additional asset retirement obligation relating to several buildings owned by the Township that contain asbestos. The buildings were originally purchased between 1924 and 1994, and the liability was measured as of the date of purchase of the buildings when the liability was assumed. The buildings had an expected useful life of 40 years, and the estimate has not been changed since purchase.

On January 1, 2022, the Township recognized an additional asset retirement obligation relating to four aggregate pits that are either owned or leased by the Township. Under the Aggregates Resources Act and associated regulations, the Township has an obligation to remediate the aggregate pits at the end of their useful lives.

# THE CORPORATION OF THE TOWNSHIP OF SEGUIN

Notes to Consolidated Financial Statements

Year ended December 31, 2023

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## 2. Change in accounting policies (continued):

### *PS 3280 Asset Retirement Obligations (continued):*

In accordance with the provisions of this new standard, the Township reflected the following adjustments at January 1, 2022:

#### a) Landfill obligation:

- (i) A decrease of \$118,001 to solid waste landfill closure and post-closure liabilities to remove the liability recognized to date under PS 3270, and an accompanying increase of \$118,001 to opening accumulated surplus.
- (ii) An asset retirement obligation in the amount of \$359,128, representing the original obligation discounted to the present value amount using a rate of 4.96%.
- (iii) A decrease to opening operating surplus of \$359,128, as a result of the recognition of the liability and accompanying increase in depreciation expense and accretion expense for the years since purchase of the landfill site.

Furthermore, the Township reflected the an increase to expenses of \$17,813 for the year ended December 31, 2022, representing the annual inflation increase of the asset retirement obligation.

#### b) Facilities:

- (i) An increase of \$104,979 to the buildings capital asset account, representing the original estimate of the obligation as of the date of purchase, and an accompanying increase of \$104,979 to accumulated amortization, representing 40 years of increased amortization had the liability originally been recognized.
- (ii) An asset retirement obligation in the amount of \$104,979, representing the estimate of the current obligation.
- (ii) A decrease to opening operating surplus of \$104,979, as a result of the recognition of the liability and accompanying increase in depreciation expense for the years since purchase of the facilities.

Furthermore, the Township reflected an increase to expenses of \$14,750, representing the annual inflation increase of the asset retirement obligation at December 31, 2022.

#### c) Aggregate pits:

- (i) An asset retirement obligation in the amount of \$80,000, representing the estimate of the current obligation.
- (ii) A decrease to opening operating surplus of \$80,000, as a result of the recognition of the liability and accompanying increase in depreciation expense for the years since the acquisition of the aggregate pits.

On a combined basis, the implementation of the new standard has resulted in a decrease in opening accumulated surplus of \$426,106 and a net increase in financial liabilities of \$426,106 effective January 1, 2022.

# THE CORPORATION OF THE TOWNSHIP OF SEGUIN

Notes to Consolidated Financial Statements

Year ended December 31, 2023

### 3. Accounting standards issued but not yet adopted:

Section PS 3400 *Revenue* is effective for fiscal years beginning on or after April 1, 2023, early adoption is permitted. This section establishes standards on how to account for and report on revenue. Specifically, it differentiates between revenue arising from transactions that include performance obligations and transactions that do not have performance obligations. The Township has not yet adopted this standard or determined the effect on the consolidated financial statements.

### 4. Operations of school boards:

During the year, requisitions were made by the school boards requiring the Township to collect property taxes and payments in lieu of property taxes on their behalf. The amounts collected and remitted are summarized below:

	2023	2022
Property taxes	\$ 5,965,984	\$ 5,964,231
Payments in lieu of taxation	78,414	5,009
<b>Amounts levied by Township</b>	<b>\$ 6,044,398</b>	<b>\$ 5,969,240</b>
<b>Amounts requisitioned plus supplementary taxes</b>	<b>\$ 6,044,398</b>	<b>\$ 5,696,240</b>

### 5. Deferred revenue - obligatory reserve funds:

The continuity of transactions within the obligatory reserve funds are as described below:

	December 31, 2022			Amounts taken to revenue	December 31, 2023	
	opening balance	Contributions received	Interest earned		ending balance	
Parks and Recreation reserves	\$ 191,932	12,866	9,264	(44,475)	169,587	
Building permits	557,238	-	1,274	(91,435)	467,077	
Safe Restart Funding	121,025	-	-	-	121,025	
Federal gas tax reserves	756,416	284,875	9,904	(437,872)	613,323	
	<b>\$ 1,626,611</b>	<b>297,741</b>	<b>20,442</b>	<b>(573,782)</b>	<b>1,371,012</b>	

# THE CORPORATION OF THE TOWNSHIP OF SEGUIN

Notes to Consolidated Financial Statements

Year ended December 31, 2023

## 6. Pension agreements:

The Township makes contributions to the Ontario Municipal Employees Retirement System ("OMERS"), which is a multi-employee plan, on behalf of all permanent, full-time 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. As of December 31, 2023 the OMERS plan, with approximately 613,000 members, has a funding deficit of \$7.6 billion (2022 – deficit \$6.1 billion).

The contribution required on account of current service for 2023 of \$387,857 (2022 - \$359,523) is included in the current fund expenditures.

## 7. Contributions to unconsolidated joint boards:

The following contributions were made by the Township to these joint boards:

	2023	2022
District of Parry Sound Social Services Administration Board	\$ 1,593,989	\$ 1,544,932
North Bay Parry Sound District Health Unit	129,070	121,389
Belvedere Heights Home for the Aged	420,573	419,202
Parry Sound Area Municipal Airport Commission	42,040	41,620
911 Emergency Services	3,867	3,665
	<u>\$ 2,189,539</u>	<u>\$ 2,130,808</u>

## 8. Public sector salary disclosure:

During 2023, nine employees were paid a salary of \$100,000 or more by the Township, as defined in the Public Sector Salary Disclosure Act, 1996.

## 9. Asset retirement obligation:

The Township's asset retirement obligations consist of several obligations as follows:

### (a) Landfill obligation:

The Township owns and operates the Christie landfill site. The liability for the closure of operational sites and post-closure care has been recognized under PS 3280 *Asset Retirement Obligations*. The costs were based upon the presently known obligations that will exist at the estimated year of closure of the sites and for 15 years post this date. Post-closure care is estimated to be required for 15 years from the date of site closure. These costs were discounted to December 31, 2023 using a discount rate of 4.96% per annum.

### (b) Asbestos obligation:

The Township owns and operates several buildings that are known to have asbestos, which represents a health hazard upon demolition of the building and there is a legal obligation to remove it. Following the adoption of PS 3280 *Asset Retirement Obligations*, the Township recognized an obligation relating to the removal and post-removal care of the asbestos in these building as estimated at January 1, 2022.

# THE CORPORATION OF THE TOWNSHIP OF SEGUIN

Notes to Consolidated Financial Statements

Year ended December 31, 2023

## 9. Asset retirement obligation (continued):

(c) Aggregate pits obligation:

The Township owns or leases aggregate pits and under the Aggregates Resources Act, the Township is required to remediate the pits at the end of their useful lives. Following the adoption of PS 3280 *Asset Retirement Obligations*, the Township recognized an obligation relating to the remediation of these aggregate pits as estimated at January 1, 2022.

The transition and recognition of asset retirement obligations involved an accompanying increase to the buildings and landfill tangible capital assets and the restatement of prior year balances (see note 2).

Changes to the asset retirement obligation in the year are as follows:

	Landfill	Facilities	Aggregate Pits	2023
Balance, beginning of year	\$ 376,941	\$ 119,729	\$ 80,000	\$ 576,670
Adjustment for inflation	18,697	4,382	–	23,079
<b>Balance, end of year</b>	<b>\$ 395,638</b>	<b>\$ 124,111</b>	<b>\$ 80,000</b>	<b>\$ 599,749</b>

  

	Landfill	Facilities	Aggregate Pits	2022
Balance, beginning of year	\$ –	\$ –	\$ –	\$ –
Adjustment on adoption of asset retirement obligation standard	359,128	104,979	80,000	544,107
Balance, beginning of year, as restated	359,128	104,979	80,000	544,107
Adjustment for inflation	17,813	14,750	–	32,563
<b>Balance, end of year</b>	<b>\$ 376,941</b>	<b>\$ 119,729</b>	<b>\$ 80,000</b>	<b>\$ 576,670</b>

# THE CORPORATION OF THE TOWNSHIP OF SEGUIN

Notes to Consolidated Financial Statements

Year ended December 31, 2023

## 10. Accumulated surplus:

Accumulated surplus consists of individual fund surplus and reserves and reserve funds as follows:

	2023	2022
<b>Surplus:</b>		
Invested in tangible capital assets	\$ 41,312,473	\$ 40,019,291
Amounts to be recovered in future periods	(599,749)	(576,670)
Other	147,326	236,579
<b>Total surplus</b>	<b>40,860,050</b>	<b>39,679,200</b>
<b>Reserves set aside by Council:</b>		
Working capital	1,524,907	1,524,907
Election	42,470	34,912
Severe Weather	146,616	146,616
Official Plan review	59,526	39,526
Salary Grid Movement	75,903	135,043
Firefighter compensation	142,152	142,152
Pool and Wellness Centre	302,612	302,612
<b>Acquisition of capital assets:</b>		
Seguin Museum	3,551	3,677
Cemetery	59,723	59,723
Other	800,696	875,465
Library	71,699	72,501
<b>Total reserves</b>	<b>3,229,855</b>	<b>3,337,134</b>
<b>Reserve funds set aside for specific purpose by Council:</b>		
Capital projects	4,410,270	2,933,704
Fire department	454,114	199,114
Equipment	317,806	1,050,987
<b>Total reserve funds</b>	<b>5,182,190</b>	<b>4,183,805</b>
	<b>\$ 49,272,095</b>	<b>\$ 47,200,139</b>

# THE CORPORATION OF THE TOWNSHIP OF SEGUIN

Notes to Consolidated Financial Statements

Year ended December 31, 2023

## 11. Tangible capital assets:

Cost	Balance			Balance at December 31, 2023
	December 31, 2022	Additions	Disposals	
Land	\$ 772,336	\$ -	\$ -	\$ 772,336
Buildings	10,758,221	577,700	-	11,335,921
Furniture, fixtures and equipment	4,856,533	559,471	(202,746)	5,213,258
Land improvements	5,114,736	-	-	5,114,736
Vehicles and machinery	8,696,064	1,541,787	(411,230)	9,826,621
Linear assets	55,005,739	886,967	-	55,892,706
Assets under construction	593,168	-	-	593,168
<b>Total</b>	<b>\$ 85,796,797</b>	<b>\$ 3,565,925</b>	<b>\$ (613,976)</b>	<b>\$ 88,748,746</b>

Accumulated amortization	Balance			Balance at December 31, 2023
	December 31, 2022	Disposals	Amortization expense	
Land	\$ -	\$ -	\$ -	\$ -
Buildings	4,920,631	-	243,412	5,164,043
Furniture, fixtures and equipment	3,779,187	(202,746)	353,767	3,930,208
Land improvements	1,998,694	-	134,625	2,133,319
Vehicles and machinery	4,405,992	(371,623)	467,824	4,502,193
Linear assets	30,673,002	-	1,033,508	31,706,510
Assets under construction	-	-	-	-
<b>Total</b>	<b>\$ 45,777,506</b>	<b>\$ (574,369)</b>	<b>\$ 2,233,136</b>	<b>\$ 47,436,273</b>

	Net book value December 31, 2022	Net book value December 31, 2023
Land	\$ 772,336	\$ 772,336
Buildings	5,837,590	6,171,878
Furniture, fixtures and equipment	1,077,346	1,283,050
Land improvements	3,116,042	2,981,417
Vehicles and machinery	4,290,072	5,324,428
Linear Assets	24,332,737	24,186,196
Assets under construction	593,168	593,168
<b>Total</b>	<b>\$ 40,019,291</b>	<b>\$ 41,312,473</b>

# THE CORPORATION OF THE TOWNSHIP OF SEGUIN

## Notes to Consolidated Financial Statements

Year ended December 31, 2023

### 11. Tangible capital assets (continued):

Cost	Balance			Balance at December 31, 2022
	December 31, 2021	Additions	Disposals	
Land	\$ 772,336	\$ -	\$ -	\$ 772,336
Buildings	10,758,221	-	-	10,758,221
Furniture, fixtures and equipment	4,458,472	398,061	-	4,856,533
Land improvements	5,053,697	61,039	-	5,114,736
Vehicles and machinery	8,578,371	214,183	(96,490)	8,696,064
Linear Assets	54,898,600	107,139	-	55,005,739
Assets under construction	-	593,168	-	593,168
<b>Total</b>	<b>\$ 84,519,697</b>	<b>\$ 1,373,590</b>	<b>\$ (96,490)</b>	<b>\$ 85,796,797</b>

Accumulated amortization	Balance			Balance at December 31, 2022
	December 31, 2021	Disposals	Amortization expense	
Land	\$ -	\$ -	\$ -	\$ -
Buildings	4,683,877	-	236,754	4,920,631
Furniture, fixtures and equipment	3,475,589	-	303,598	3,779,187
Land improvements	1,864,831	-	133,863	1,998,694
Vehicles and machinery	4,030,921	(46,128)	421,199	4,405,992
Linear Assets	29,650,671	-	1,022,331	30,673,002
Assets under construction	-	-	-	-
<b>Total</b>	<b>\$ 43,705,889</b>	<b>\$ (46,128)</b>	<b>\$ 2,117,745</b>	<b>\$ 45,777,506</b>

	Net book value	
	December 31, 2021	December 31, 2022
Land	\$ 772,336	\$ 772,336
Buildings	6,074,344	5,837,590
Furniture, fixtures and equipment	982,883	1,077,346
Land improvements	3,188,866	3,116,042
Vehicles and machinery	4,547,450	4,290,072
Linear Assets	25,247,929	24,332,737
Assets under construction	-	593,168
<b>Total</b>	<b>\$ 40,813,808</b>	<b>\$ 40,019,291</b>



# THE CORPORATION OF THE TOWNSHIP OF SEGUIN

Notes to Consolidated Financial Statements

Year ended December 31, 2023

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## 11. Tangible capital assets (continued):

a) Assets under construction:

Assets under construction having a value of \$593,168 (2022 - \$593,168) have not been amortized. Amortization of these assets will commence when the asset is put into service.

b) Contributed tangible capital assets:

Contributed capital assets have been recognized at fair market value at the date of contribution. The value of contributed assets received during the year is \$Nil (2022 - \$Nil).

c) Write-down of tangible capital assets:

The write-down of tangible capital assets during the year was \$Nil (2022 - \$Nil).

## 12. Commitments:

Through its normal course of operations, the Township enters into long-term contracts for the purchase of goods and services and for the construction of capital projects for which completion is expected to occur beyond the current fiscal year. The future value of certain long-term contracts is unknown. Annually, the Township includes estimated payments required for the upcoming year as part of its budget to ensure that sufficient funding is available for these contracts.

## 13. Segmented information:

The Township is a municipal government institution that provides a range of services to its citizens, including police, fire, transportation, recreational and environmental. For management reporting purposes the Township's operations and activities are organized and reported by department. Funds were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations.

Township services are provided by departments and their activities are reported in these funds. Certain departments that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

(a) General Government: includes corporate services and governance of the Township. General Government is responsible for human resource management. Support to Council for policy development, by-law development in compliance with the Municipal Act, tax billing and collection responsibilities, financial management reporting, monitoring and overall budget status is provided as well as frontline reception and customer service.

(b) Protection to persons and property: includes policing, fire protection, protective inspection and control and emergency measures. The mandate of the police services contract is to ensure the safety of the lives and property of citizens; preserve peace and good order; prevent crimes from occurring; detect offenders; and enforce the law. Fire protection includes detection, extinguishing and suppression services; emergency medical first response; and prevention education and training programs. Inspection and control includes building inspection, by-law enforcement and dog control services.

# THE CORPORATION OF THE TOWNSHIP OF SEGUIN

Notes to Consolidated Financial Statements

Year ended December 31, 2023

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## 13. Segmented information (continued):

- (c) **Transportation Services:** This department provides the winter and summer maintenance, the repair and the construction of the municipal roads system including bridges and culverts.
- (d) **Environmental Services:** Includes the management and maintenance of the landfill site, transfer stations and waste collection system that serves the municipality.
- (e) **Health Services:** The Township provides ambulance services through the Town of Parry Sound and the West Parry Sound Health Centre.
- (f) **Social and Family Services:** The services are provided indirectly by the Township through the District Social Services Board and include family and children's services, as well as senior citizen services provided through Belvedere Heights Home for the Aged.
- (g) **Recreation and cultural services:** Provide recreation and leisure programs and facilities, including community halls, libraries, parks, recreation fields and arena. It also provides building maintenance services to all municipal facilities.
- (h) **Planning and Development:** Manages rural development for business interests, environmental concerns, heritage matters, local neighbourhoods and community development. It facilitates economic development by providing services for the approval of all land development plans, the application and enforcement of the zoning by-law and official plan, and the provision of geographic information services.

For each segment separately reported in the schedule below, the segment revenue and expenditures represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information. These municipal services are funded primarily by taxation such as property tax revenue. Taxation and payments-in-lieu of taxes are apportioned to these services based on the net surplus. Certain government transfers, transfer from other funds, and other revenue have been apportioned based on a percentage of budgeted expenses.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 1.

# THE CORPORATION OF THE TOWNSHIP OF SEGUIN

Schedule to Note 11 - Segmented Information

Year ended December 31, 2023, with comparative information for 2022

	General Government Services	Protection Services	Transportation Services	Environmental Services	Health Services	Social & Family Services	Recreation & Cultural Services	Planning and Development	Total 2023
<b>Revenue:</b>									
Property taxation	\$ 1,935,893	2,300,751	4,198,708	1,243,704	1,009,024	1,406,477	1,811,336	507,542	\$ 14,413,435
Taxation from other governments	33,681	-	-	-	-	-	-	-	33,681
User charges	32,700	904,623	2,998	139,890	35,554	-	244,407	121,972	1,482,144
Province of Ontario grants	267,334	346,210	1,027,994	352,793	139,340	194,225	704,126	70,088	3,102,110
Park and lot levies earned	-	-	-	-	-	-	288,147	-	288,147
Federal Gas Tax earned	-	-	437,872	-	-	-	-	-	437,872
Investment income	486,829	-	-	-	-	-	-	-	486,829
Donations and other	-	-	-	-	-	-	2,059,436	-	2,059,436
Penalties and interest on taxes	214,479	-	-	-	-	-	-	-	214,479
Prior year's Excess Building Permit Fees earned	-	91,435	-	-	-	-	-	-	91,435
Gain(Loss) on Sale of equipment	-	10,300	(1,847)	-	-	-	-	-	8,453
Fines (POA)	-	18,961	-	-	-	-	-	-	18,961
Sale of land	80,000	-	-	-	-	-	-	-	80,000
	<u>3,050,916</u>	<u>3,672,280</u>	<u>5,665,725</u>	<u>1,736,387</u>	<u>1,183,918</u>	<u>1,600,702</u>	<u>5,107,452</u>	<u>699,602</u>	<u>22,716,982</u>
<b>Expenditures:</b>									
Salaries, wages and benefits	1,675,421	1,353,649	1,358,022	308,640	48,376	-	1,185,254	525,147	6,454,509
Materials, services, rents and financial items	959,267	1,717,142	3,314,371	1,310,381	1,248,888	-	893,626	177,615	9,621,290
Transfer to other governments and the public	-	3,867	40,000	-	129,070	2,014,561	101,300	24,214	2,313,012
Increase in asset retirement obligation	-	-	-	23,079	-	-	-	-	23,079
Amortization of Tangible Capital Assets	138,180	220,813	1,301,610	139,315	18,938	-	414,280	-	2,233,136
	<u>2,772,868</u>	<u>3,295,471</u>	<u>6,014,003</u>	<u>1,781,415</u>	<u>1,445,272</u>	<u>2,014,561</u>	<u>2,594,460</u>	<u>726,976</u>	<u>20,645,026</u>
<b>Excess (deficiency) of revenue over expenses</b>	<b>\$ 278,048</b>	<b>376,809</b>	<b>(348,278)</b>	<b>(45,028)</b>	<b>(261,354)</b>	<b>(413,859)</b>	<b>2,512,992</b>	<b>(27,374)</b>	<b>\$ 2,071,956</b>

# THE CORPORATION OF THE TOWNSHIP OF SEGUIN

Schedule to Note 11 - Segmented Information

Year ended December 31, 2023, with comparative information for 2022

	General Government Services	Protection Services	Transportation Services	Environmental Services	Health Services	Social & Family Services	Recreation & Cultural Services	Planning and Development	Total 2022
<b>Revenues:</b>									
Property taxation	\$ 1,686,360	2,179,906	3,686,574	892,177	985,334	1,425,122	1,704,062	693,587	\$ 13,253,122
Taxation from other governments	31,215	-	-	-	-	-	-	-	31,215
User charges	46,918	816,532	81,458	115,172	25,124	-	206,017	122,869	1,414,090
Province of Ontario grants	248,653	366,710	1,071,614	291,838	145,288	210,135	274,350	102,270	2,710,858
Park and lot levies earned	-	-	-	-	-	-	228,188	-	228,188
Federal gas tax earned	-	-	57,406	-	-	-	-	-	57,406
Investment income	225,997	-	-	-	-	-	-	-	225,997
Donations and other	-	-	-	-	-	-	65,768	-	65,768
Penalties and interest on taxes	201,475	-	-	-	-	-	-	-	201,475
Prior year's excess building permit fees earned	-	58,072	-	-	-	-	-	-	58,072
Gain (loss) on sale of equipment	-	-	-	-	-	-	(31,362)	-	(31,362)
Fines (POA)	-	24,118	-	-	-	-	-	-	24,118
Sale of land	3,500	-	-	-	-	-	-	-	3,500
	<u>2,444,118</u>	<u>3,445,338</u>	<u>4,897,052</u>	<u>1,299,187</u>	<u>1,155,746</u>	<u>1,635,257</u>	<u>2,447,023</u>	<u>918,726</u>	<u>18,242,447</u>
<b>Expenditures:</b>									
Salaries, wages and benefits	1,407,821	1,101,751	1,317,564	311,200	33,840	-	1,048,336	444,877	5,665,389
Materials, services, rents and financial items	809,994	1,697,285	2,457,030	796,914	1,179,059	-	819,217	489,209	8,248,708
Transfer to other governments and the public	-	3,665	40,000	-	121,389	1,964,134	82,875	21,830	2,233,893
Increase in asset retirement obligation	-	-	-	32,563	-	-	-	-	32,563
Amortization of tangible capital assets	106,362	201,692	1,266,321	121,503	23,721	-	398,147	-	2,117,746
	<u>2,324,177</u>	<u>3,004,393</u>	<u>5,080,915</u>	<u>1,262,180</u>	<u>1,358,009</u>	<u>1,964,134</u>	<u>2,348,575</u>	<u>955,916</u>	<u>18,298,299</u>
<b>Excess (deficiency) of revenue over expenses</b>	<b>\$ 119,941</b>	<b>440,945</b>	<b>(183,863)</b>	<b>37,007</b>	<b>(202,263)</b>	<b>(328,877)</b>	<b>98,448</b>	<b>(37,190)</b>	<b>\$ (55,852)</b>