



# Town of Northeast Manitoulin and the Islands

## Year-end Audit Report

Presentation to Town Council

—  
April 8<sup>th</sup>, 2025

# 01 Audit Highlights

- Our audit procedures were executed in accordance with Canadian Auditing Standards and are based on a materiality of \$351,000
  - Calculated as 3.0% of prior year's expenses
  - Results in a posting threshold of \$17,500
- We are prepared to issue an unqualified audit opinion on the Town's financial statements pending:
  - Council approval of the financial statements
  - Receipt of the management representation letter
- There are no significant matters identified during the course of the audit for communication to Council
  - No identified weaknesses in internal controls
  - No indicators of non-compliance with legislation or regulation
  - No difficulties with management
  - No limitations on our audit scope
  - No uncorrected differences above our posting threshold



# Town of Northeastern Manitoulin and the Islands | Year-End Audit Report

## 03 Financial Statement Overview

### THE CORPORATION OF THE TOWN OF NORTHEASTERN MANITOULIN AND THE ISLANDS

Consolidated Statement of Financial Position

December 31, 2024, with comparative information for 2023

	2024	2023
<b>Financial assets</b>		
Cash	\$ 376,039	\$ 286,632
Taxes receivable (note 3)	218,350	214,470
User charges receivable	240,210	215,233
Grants receivable	24,510	198,052
Other accounts receivable	189,889	350,992
Land held for sale	12,344	12,344
Investments (note 4)	5,414,210	4,909,946
	6,475,552	6,187,669
<b>Financial liabilities</b>		
Accounts payable and accrued liabilities	425,537	457,261
Deferred revenue	239,985	301,475
Deferred revenue - obligatory reserve funds (note 5)	387,213	712,231
Long-term debt (note 6)	740,034	902,420
Asset retirement obligation (note 7)	6,966,504	6,721,966
Employee future benefits payable (note 8)	199,209	199,209
	8,958,482	9,294,562
Net financial debt	(2,482,930)	(3,106,893)
<b>Non-financial assets</b>		
Tangible capital assets (note 9)	29,569,232	29,660,613
Inventory	113,552	96,099
Prepaid expenses	46,554	85,666
	29,729,338	29,842,378
Contingent liabilities (note 16)		
Commitments (note 17)		
Accumulated surplus (note 10)	\$ 27,246,408	\$ 26,735,485

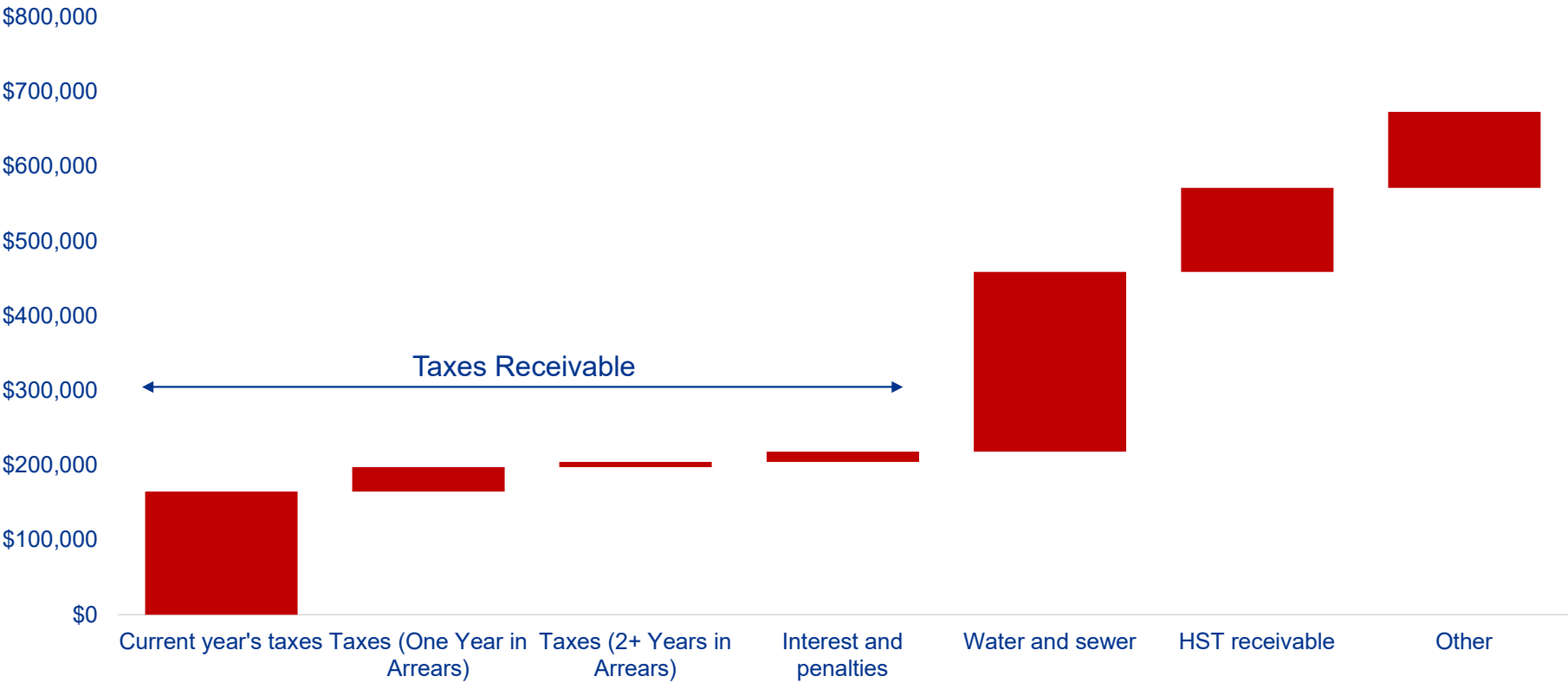
- Total cash increased by \$90K, reflecting:
  - Cash adjusted operating surplus +\$2.95 million
  - Purchase of investments -\$0.50 million
  - Principal debt repayments -\$0.16 million
  - Capital additions, net of proceeds -\$2.19 million
- Taxes and accounts receivable decreased from \$949K in 2023 to \$673K in 2024 (-\$276K), reflecting:
  - Lower HST receivable at year-end (-\$160K)
  - Airport grant receivable in 2023 not present in 2024 (-\$150K)
- Investments are comprised of GICs with interest rates ranging from 3.59% to 3.99%, with maturing dates from January 2025 to August 2025



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# 03 Financial Statement Overview

Taxes and Accounts Receivable



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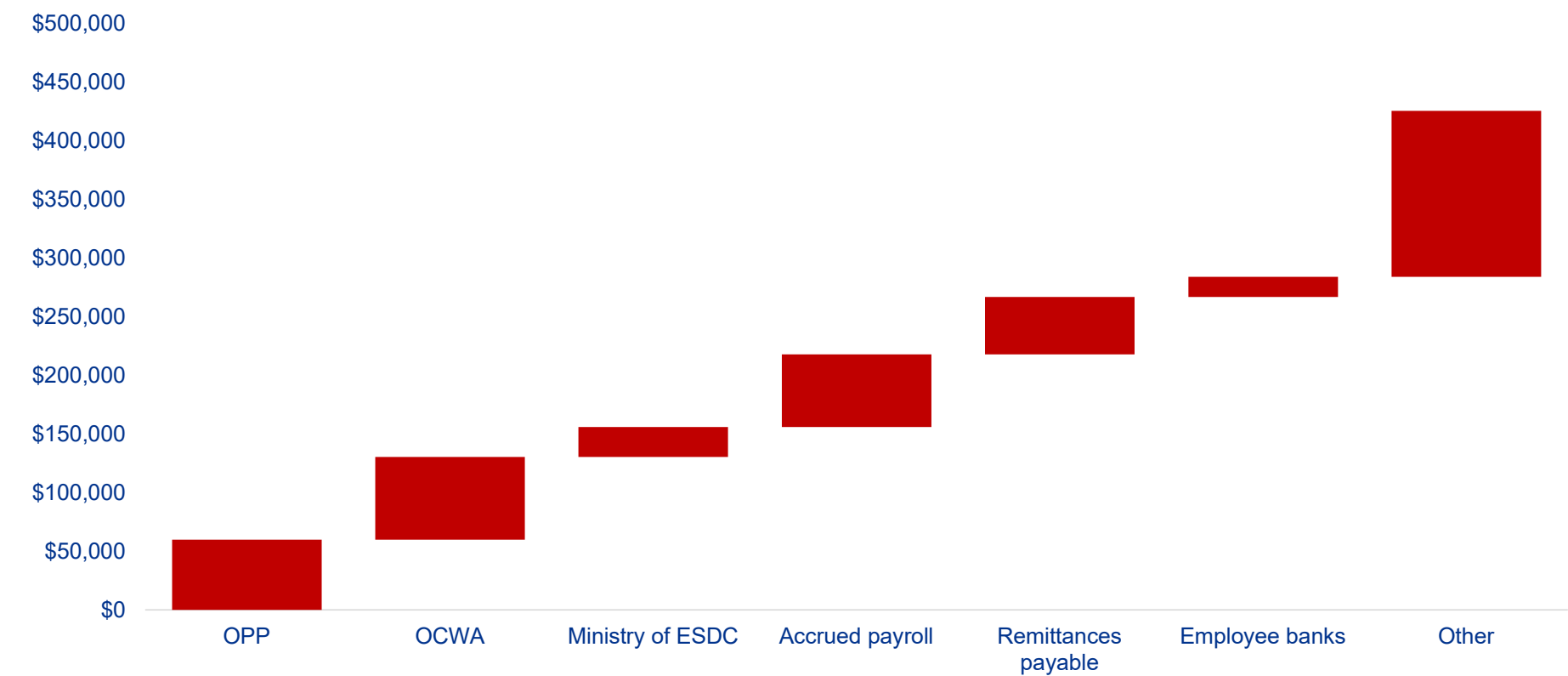
- Accounts payable and accrued liabilities decreased by \$32K, reflecting timing of year-end payroll accruals and trade payables
- Deferred revenue (including obligatory reserve funds) decreased by \$374K primarily due to utilization of Federal Gas Tax and OCIF funding during the current year
- Long-term debt decreased by \$162K, reflecting principal repayments during the current year
  - No new debt issued in 2024
  - One TD term loan was repaid in full during 2024
  - Interest rates on long-term debt range from 1.96% to 4.69%
- Asset retirement obligations relate to:
  - Abatement of asbestos and other materials \$1,014K
  - Landfill closure and post-closure costs \$5,952K



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# 03 Financial Statement Overview

## Accounts Payable



## 03 Financial Statement Overview

(in thousands)	Balance Beginning of Year	Funding Received	Revenue Recognized	Balance End of Year
Federal ESDC (museum washrooms)	\$82	–	(\$38)	\$44
Private donation (waterfront park)	\$50	–	–	\$50
FCM (asset management planning)	–	\$36	–	\$36
Federal Gas Tax	\$393	\$185	(\$351)	\$227
OCIF	\$319	\$154	(\$313)	\$160
NORDS	–	\$132	(\$121)	\$11
Other	\$169			\$99
<b>Total</b>	<b>\$1,013</b>			<b>\$627</b>

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## 03 Financial Statement Overview

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Accumulated surplus (note 10)	\$ 27,246,408	\$ 26,735,485

- Capital assets decreased by \$91K, reflecting \$2,198K in asset additions offset by \$2,289K in amortization expense

- Major capital asset additions include:

Road improvements (various)	\$893K
Western Star snowplow	\$384K
Property acquisition	\$214K
Sidewalk improvements	\$134K
Streetlight upgrades	\$83K
Sewage pumping station pump replacement	\$65K
Wood chipper	\$55K



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# Town of Northeastern Manitoulin and the Islands | Year-End Audit Report

## 03 Financial Statement Overview

### THE CORPORATION OF THE TOWN OF NORTHEASTERN MANITOULIN AND THE ISLANDS

Consolidated Statement of Operations and Accumulated Surplus

Year ended December 31, 2024, with comparative information for 2023

	Actual 2024	Actual 2023
Revenue:		
Taxation (note 11)	\$ 6,057,928	\$ 5,628,836
Government of Canada grants	538,255	471,758
Province of Ontario grants	2,156,706	2,669,359
Other grants	108,942	35,302
User charges and fees (note 12)	2,844,629	2,241,666
Investment income	277,575	270,685
Gain on sale of tangible capital assets	-	53,205
Other revenue (note 13)	408,031	342,585
Total revenue	12,392,066	11,713,396
Expenses: (note 19)		
General government	1,457,807	1,473,013
Protection to persons and property	1,098,566	1,082,081
Transportation services	2,898,627	2,863,645
Environmental services	2,082,372	2,221,257
Health services	935,003	889,118
Social and family services	557,894	535,083
Recreation and cultural services	2,680,994	2,062,748
Planning and development	169,880	237,494
Total expenses	11,881,143	11,364,439
Annual surplus	510,923	348,957
Accumulated surplus, beginning of year	26,735,485	26,386,528
Accumulated surplus, end of year	\$ 27,246,408	\$ 26,735,485

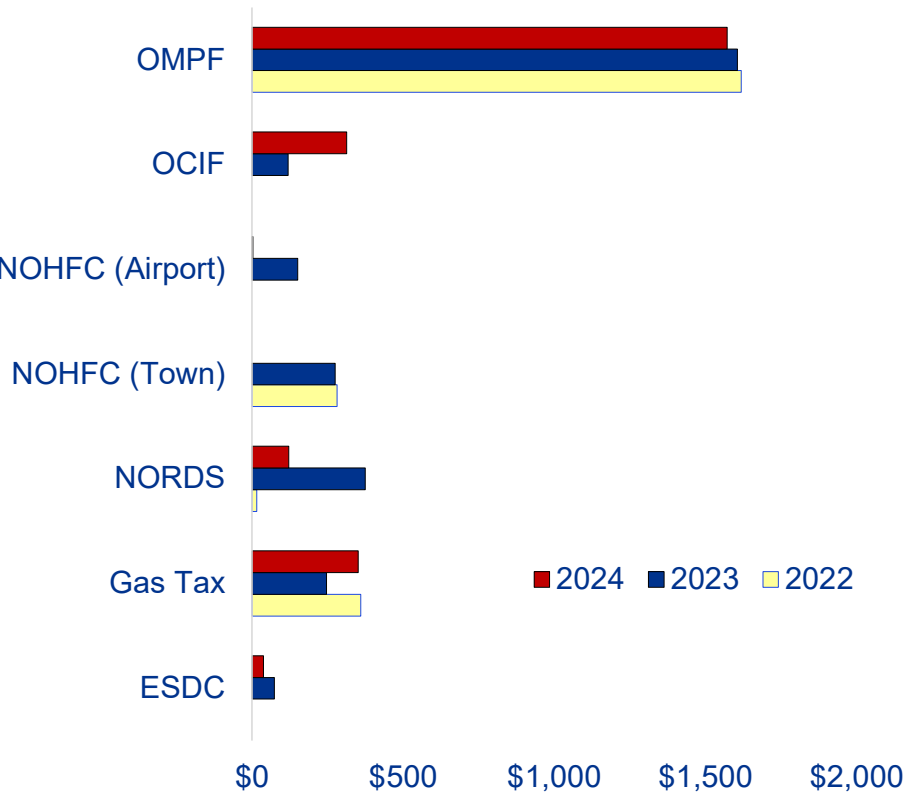
- Total revenues increased by \$679K (+5.8%), reflecting:
  - Increased taxation revenue +\$429K
  - Increased user fees +\$603K
  - Lower grant revenue -\$373K
- Total expenses increased by \$517K (+4.5%)
- Overall, the Town reported an annual surplus of \$510K for accounting purposes, recognizing that significant differences exist between the Town's financial statements and budget



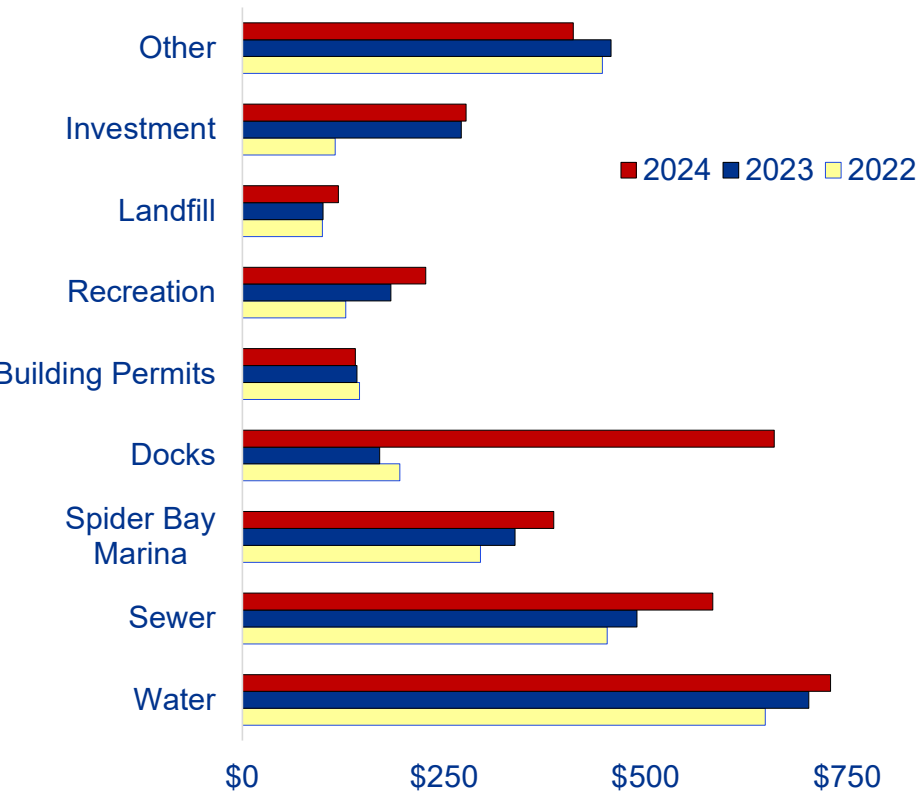
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# 03 Financial Statement Overview

Grant Revenue (in thousands)

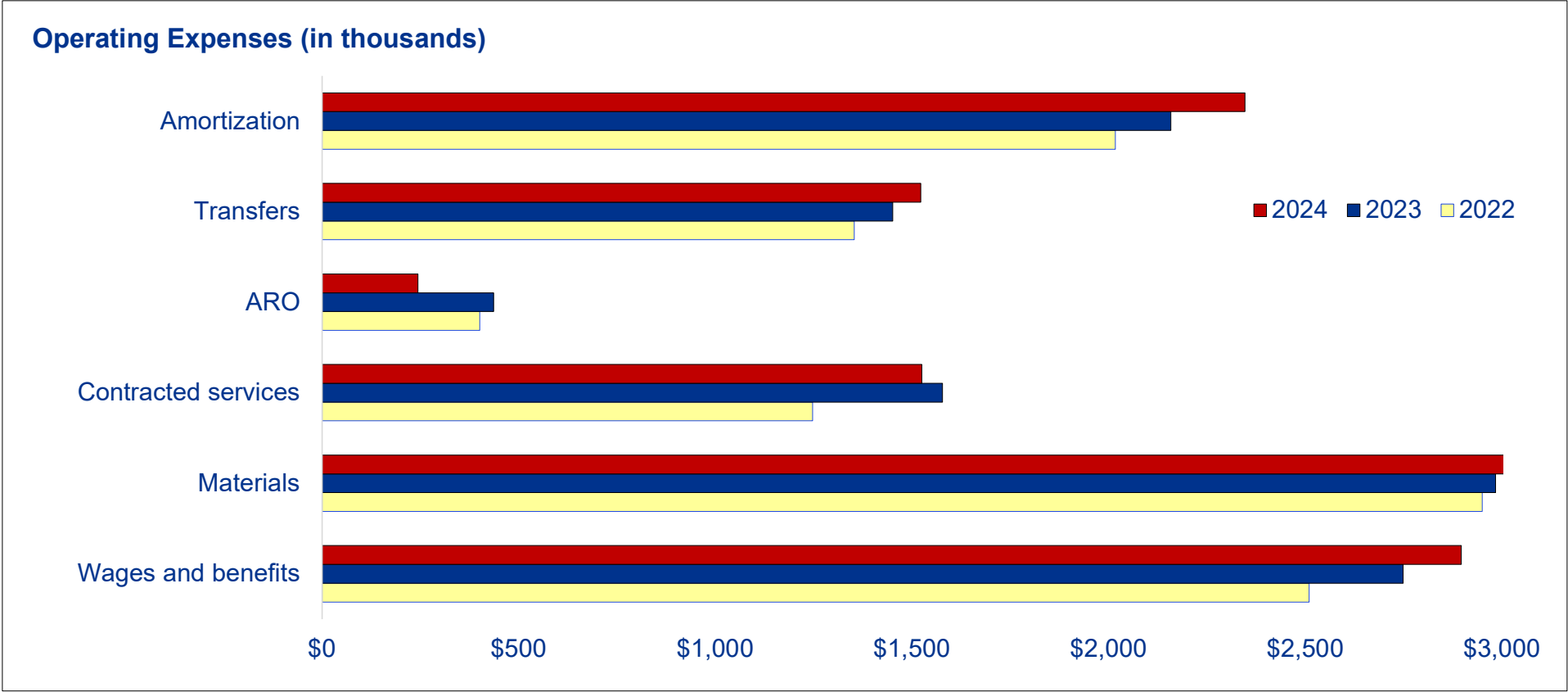


User Fees and Other Revenue (in thousands)



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# 03 Financial Statement Overview



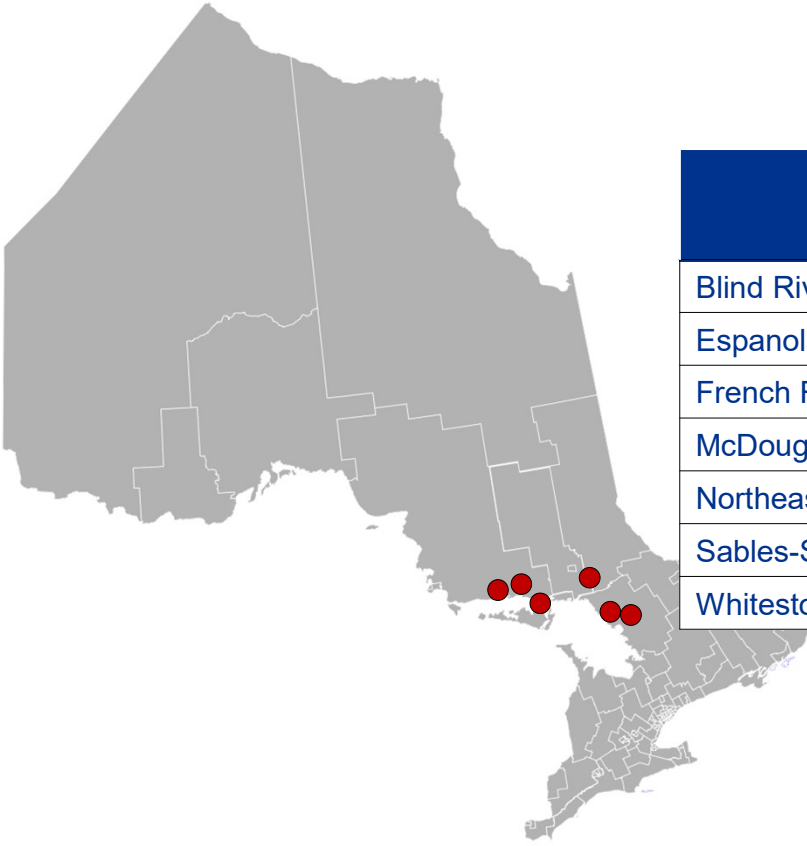
## 03 Financial Statement Reconciliation

	Town	Airport	Library	Total
Total reported surplus (deficit) per Statement of Operations	\$546,521	(\$30,563)	(\$5,035)	\$510,923
Add (less): Non-cash items included in Statement of Operations:				
• Amortization expense	\$2,222,102	\$48,220	\$19,512	\$2,289,834
• Change in asset retirement obligation costs	\$242,543	\$1,995	—	\$244,538
Less: Cash items not included in Statement of Operations:				
• Capital expenditures	(\$2,163,222)	(\$11,902)	(\$23,355)	(\$2,198,479)
• Principal repayment of long-term debt	(\$162,386)	—	—	(\$162,386)
Cash adjusted surplus (deficit) before reserve transfers	\$685,558	\$7,750	(\$8,878)	\$684,430

- Investment income was \$120K higher than budget
- User fee revenues were higher than budgeted, particularly for the waterfront docks (+\$74K) and recreation facilities and programming (+\$64K)
- Actual costs for public works materials, most notably winter control materials and supplies, are less budget



# 04 Financial Indicators (2023 Fiscal Year)



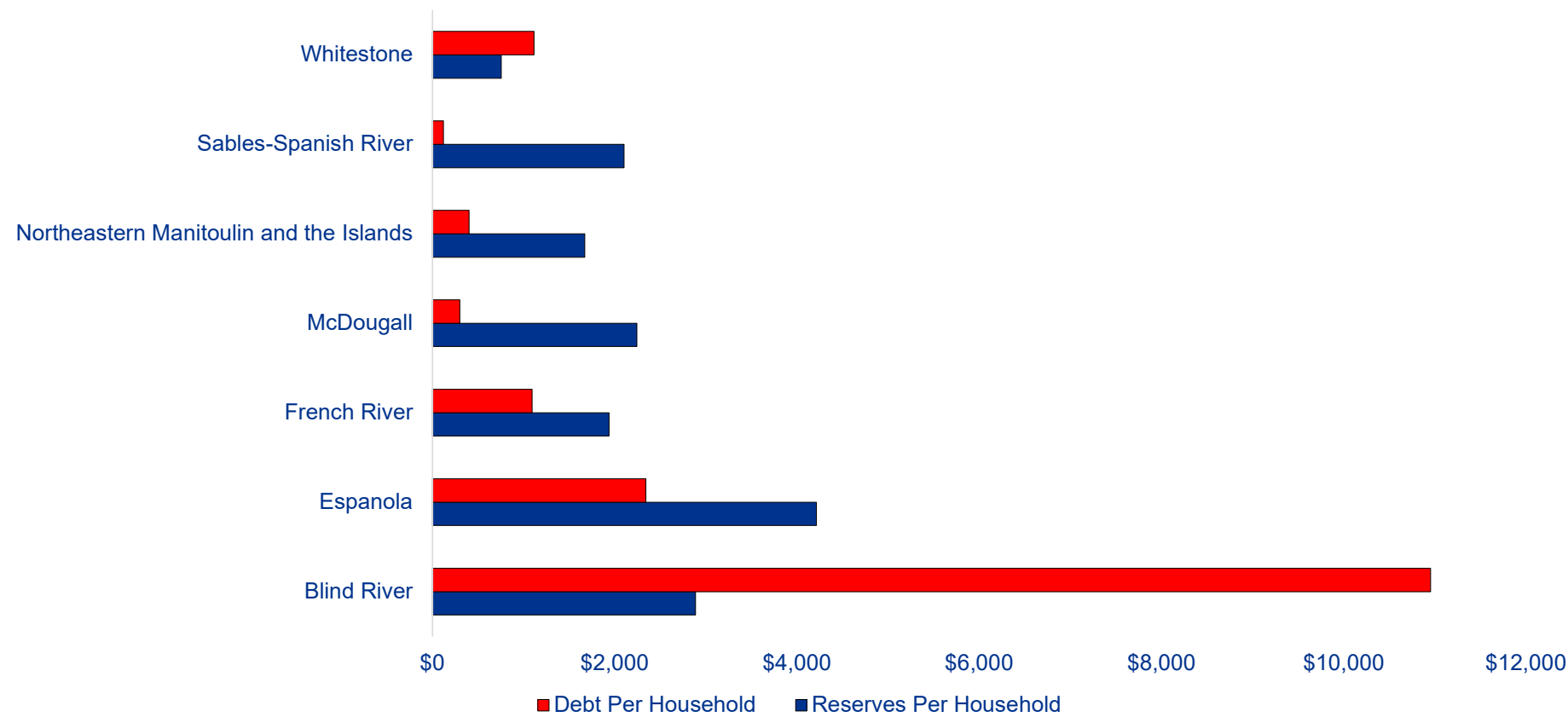
Municipality	Households	Population	Household Income
Blind River	2,400	3,422	\$82,100
Espanola	2,304	5,185	\$90,300
French River	2,626	2,828	\$82,100
McDougall	2,658	2,744	\$113,200
Northeastern Manitoulin and the Islands	2,246	2,640	\$97,200
Sables-Spanish River	1,907	3,237	\$85,900
Whitestone	1,959	1,075	\$77,200

## 04 Financial Indicators (2023 Fiscal Year)

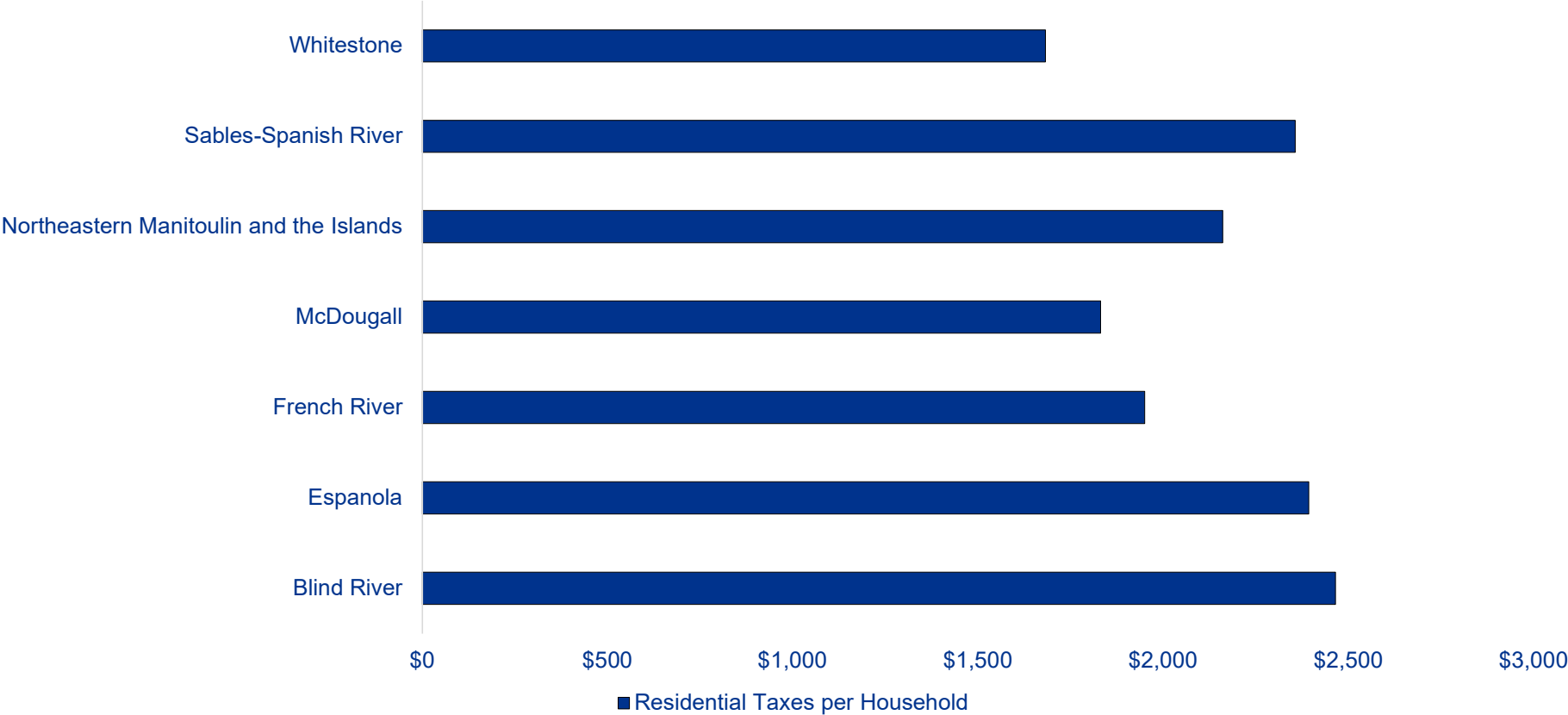
Financial Indicators	NEMI Indicator	Comparator Municipalities		
		Low	High	Average
Total reserves and reserve funds per household	\$1,671	\$755	\$4,213	\$2,259
Total long-term debt per household	\$401	\$121	\$10,952	\$2,258
Residential taxes per household	\$2,160	\$1,682	\$2,465	\$2,119
Residential taxes as a percentage of household income	2.22%	1.62%	3.00%	2.40%
Compound annual growth rate in residential tax levy (2018 to 2023)	+4.27%	+1.59%	+5.40%	+3.98%
Net book value of capital assets as a percentage of historical cost	45%	35%	61%	48%

Annual rate of increase in the consumer price index (2018 to 2023)	+3.12%
Annual rate of increase in the non-residential building price index – Canada (2018 to 2023)	+7.03%
Annual rate of increase in the non-residential building index – Toronto (2018 to 2023)	+8.86%

# 04 Financial Indicators (2023 Fiscal Year)

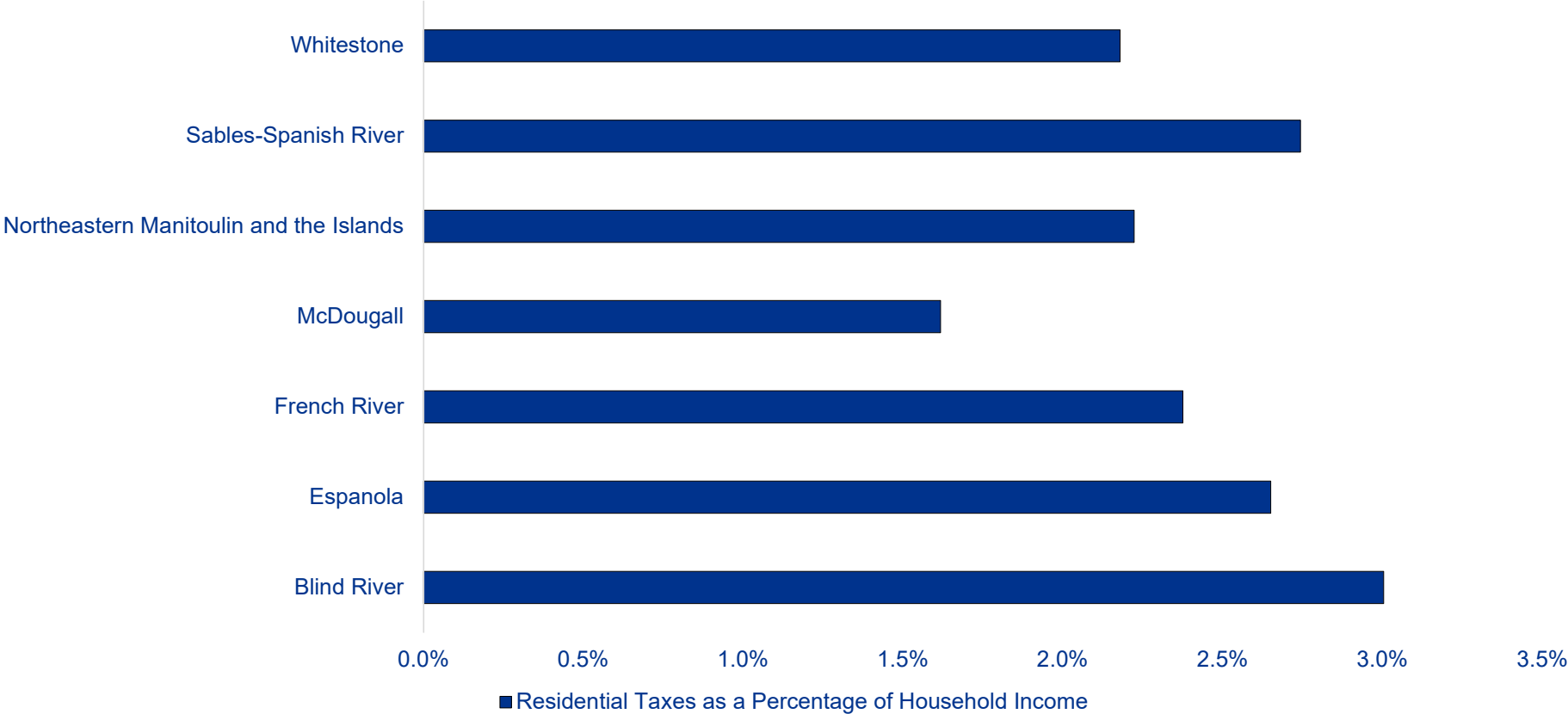


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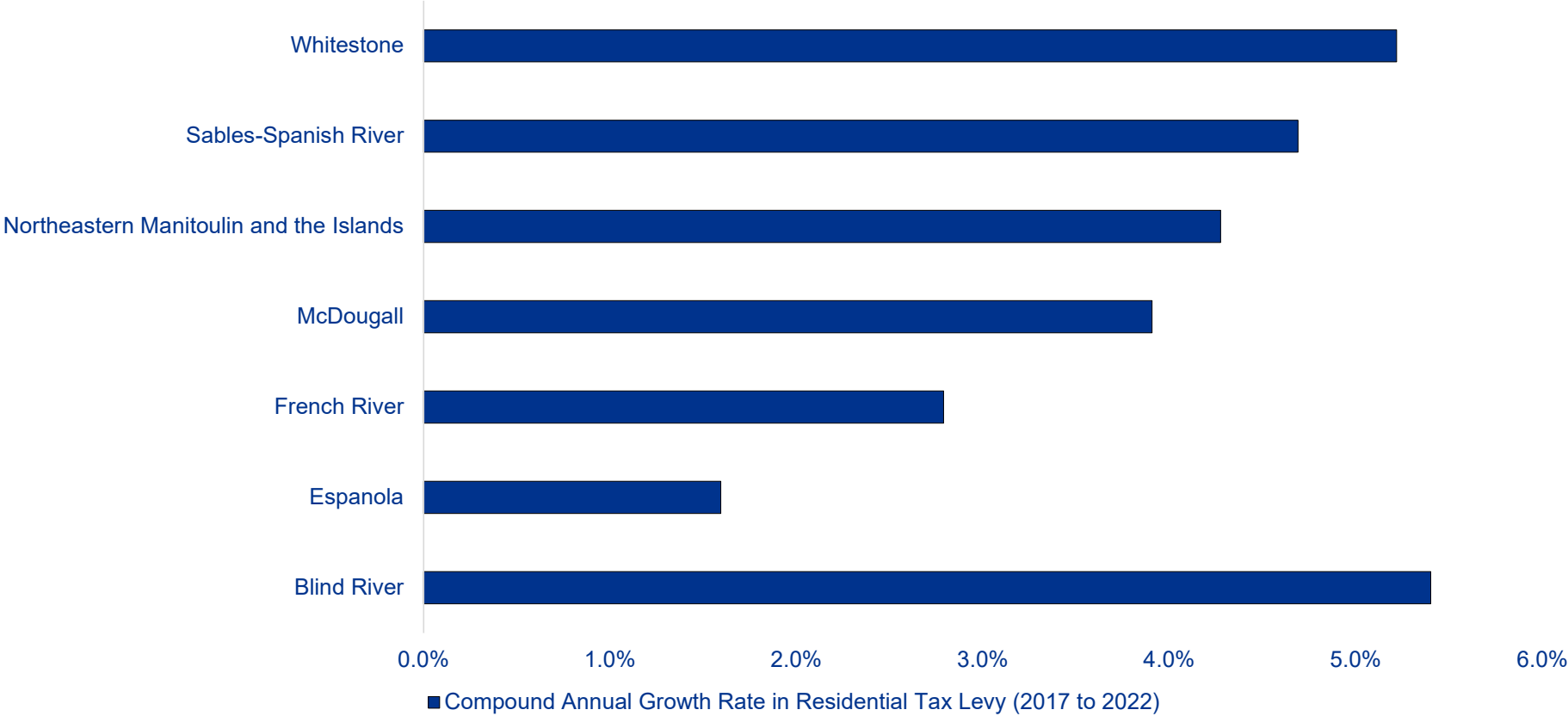




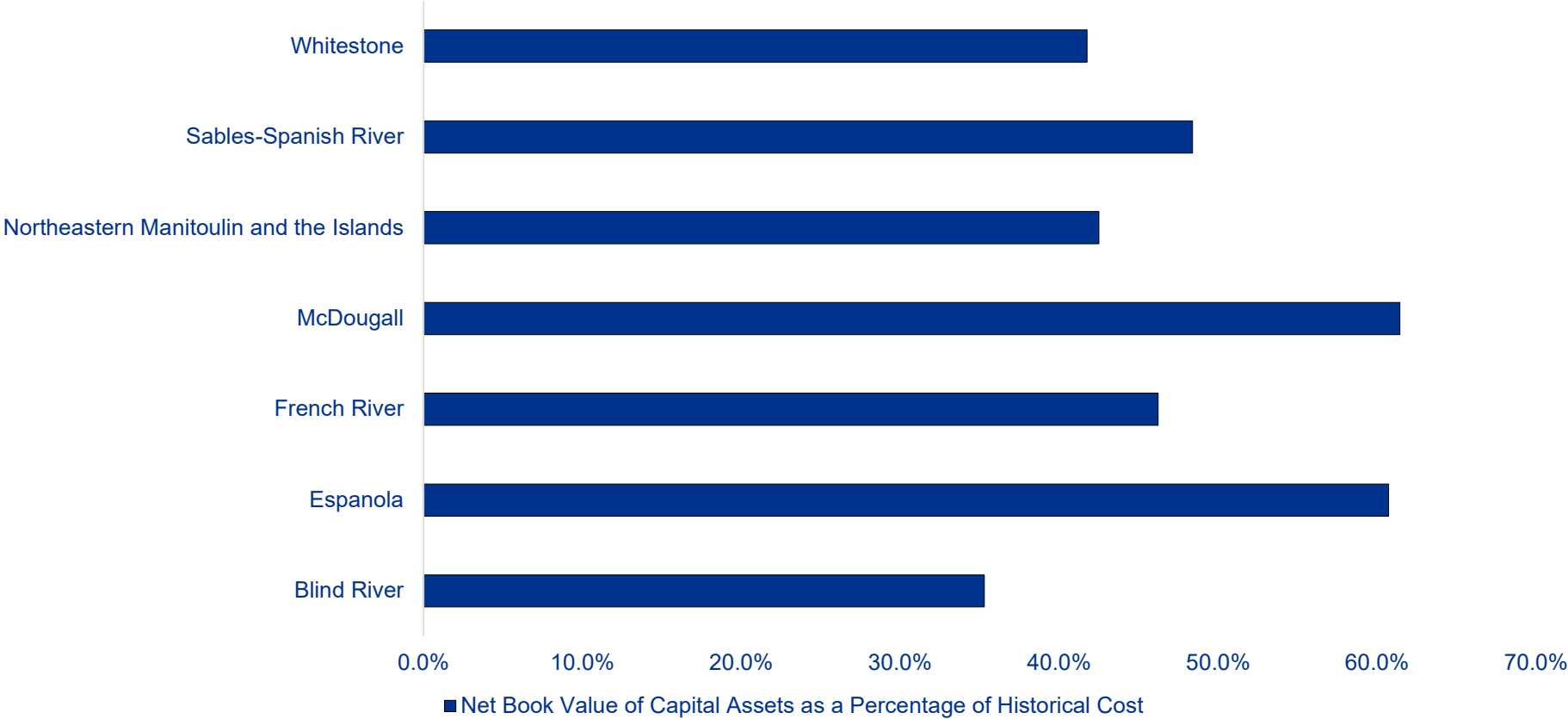
# 04 Financial Indicators (2022 Fiscal Year)



# 04 Financial Indicators (2023 Fiscal Year)



# 04 Financial Indicators (2023 Fiscal Year)





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