

**Ontario Northland Transportation Commission**  
**Consolidated Financial Statements**  
For the year ended March 31, 2023

# Ontario Northland Transportation Commission

## Consolidated Financial Statements

For the year ended March 31, 2023

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## Management's Responsibility

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The Ontario Northland Transportation Commission's management is responsible for the integrity and fair presentation of the consolidated financial statements and other information included in the annual report. The consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards. The preparation of consolidated financial statements necessarily involves the use of management's judgment and best estimates, particularly when transactions affecting the current accounting period cannot be determined with certainty until future periods. All financial information in the annual report is consistent with the consolidated financial statements.

The Commission maintains systems of internal accounting controls designed to provide reasonable assurance that the financial information is accurate and reliable and that the Commission's assets and liabilities are adequately accounted for and assets safeguarded.

The Commission is responsible for ensuring that management fulfils its responsibilities for internal control and financial reporting. The Commission meets with management and external auditors to satisfy itself that each group has met its responsibilities. These consolidated financial statements have been reviewed and approved by the Commission.

These consolidated financial statements have been audited by the Auditor General of Ontario, whose responsibility is to express an opinion on whether they are fairly presented in accordance with Canadian public sector accounting standards. The Independent Auditor's Report which follows, outlines the scope of the Auditor's examination and opinion.



Chad Evans  
Chief Executive Officer



Natalie Park  
Director of Finance

North Bay, Ontario  
July 14, 2023



## INDEPENDENT AUDITOR'S REPORT

*To the Ontario Northland Transportation Commission*

### Opinion

I have audited the consolidated financial statements of the Ontario Northland Transportation Commission (Commission), which comprise the consolidated statement of financial position as at March 31, 2023, and the consolidated statements of operations and changes in net deficit and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Commission as at March 31, 2023 and the consolidated results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### Basis for Opinion

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

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Commission'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 the Commission either intends to cease operations, or has no realistic alternative but to do so.

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my 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 Commission'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 Commission's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Commission to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I 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 I identify during my audit.



Toronto, Ontario  
July 14, 2023

Bonnie Lysyk, MBA, FCPA, FCA, LPA  
Auditor General

**Ontario Northland Transportation Commission**  
**Consolidated Statement of Financial Position**  
(dollars in thousands)

**March 31** **2023** 2022  
(restated)

**Assets**

**Current**

Cash and cash equivalents	\$ 20,388	\$ 11,923
Accounts receivable (Net of allowance - \$78; 2022 - \$95)	40,973	53,650
Inventory	25,089	16,130
Prepaid expenses	2,175	1,695
	88,625	83,398
<b>Restricted cash</b> (Notes 3 and 7)	<b>2,000</b>	2,000
<b>Capital assets</b> (Note 4)	<b>620,422</b>	549,807
	\$ 711,047	\$ 635,205

**Liabilities and Net Deficit**

**Current**

Payables and accrued liabilities	\$ 32,002	\$ 29,860
Current portion of long-term debt (Note 9)	111	107
Deferred revenue	38,798	42,756
	70,911	72,723
<b>Deferred contributions</b> (Note 7)	<b>2,000</b>	2,000
<b>Deferred capital contributions</b> (Note 8)	<b>549,436</b>	474,122
<b>Long-term debt</b> (Note 9)	<b>926</b>	1,037
<b>Accrued non-pension benefit obligation</b> (Note 5)	<b>85,935</b>	89,647
<b>Asset Retirement Obligation</b> (Note 10)	<b>2,881</b>	3,189
<b>Liability for contaminated sites</b> (Note 11)	<b>4,071</b>	6,675
	716,160	649,393
<b>Net deficit</b>		
Unrestricted	(5,113)	(14,188)
	\$ 711,047	\$ 635,205

**Contingencies** (Note 14)

**Commitments** (Note 15)

**Approved on behalf of the Commission:**



Chair  
Alan Spacek



Vice-Chair  
RJ Falconi

**Ontario Northland Transportation Commission**  
**Consolidated Statement of Operations and Changes in Net Deficit**  
(dollars in thousands)

<b>For the year ended March 31</b>	<b>2023</b>	<b>2022</b> (restated)
<b>Revenues</b>		
Sales and other (Note 13)	\$ 94,583	\$ 71,673
Government contributions (Note 12)	53,743	44,848
	<u>148,326</u>	<u>116,521</u>
<b>Expenses (Note 13)</b>		
Labour and fringe benefits (Note 5)	70,723	62,766
Materials and parts	32,973	22,146
Services	10,729	10,520
Supplies and equipment	5,346	5,202
Other (Note 17)	10,187	9,715
Technology development costs (Note 4 and 8)	5,268	3,734
Interest on long-term debt (Note 9)	54	59
Gain on sale of capital assets	(1,020)	(722)
Accretion expense (Note 6)	223	96
Employee future benefits (Note 5)	863	10,398
	<u>135,346</u>	<u>123,914</u>
<b>Excess (deficiency) of revenue over expenses for the year before amortization</b>	<b>12,980</b>	<b>(7,393)</b>
Amortization of deferred capital contributions (Note 8)	18,531	17,227
Amortization of asset retirement obligations	(31)	(59)
Amortization of capital assets	(22,405)	(21,273)
	<u>(3,905)</u>	<u>(4,105)</u>
<b>Excess (deficiency) of revenue over expenses for the year</b>	<b>\$ 9,075</b>	<b>\$ (11,498)</b>
<b>Unrestricted net deficit, beginning of year</b>	<b>\$ (14,188)</b>	<b>\$ (860)</b>
Adoption of new public sector accounting standard (Note 21)	-	(1,830)
<b>Unrestricted net deficit, beginning of year as restated</b>	<b>(14,188)</b>	<b>(2,690)</b>
<b>Excess (deficiency) of revenue over expenses for the year</b>	<b>9,075</b>	<b>(11,498)</b>
<b>Unrestricted net deficit, end of year</b>	<b>\$ (5,113)</b>	<b>\$ (14,188)</b>

**Ontario Northland Transportation Commission**  
**Consolidated Statement of Cash Flows**  
(dollars in thousands)

Year ended March 31	2023	2022 (restated)
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Excess (deficiency) of revenue over expenses for the year	\$ 9,075	\$ (11,498)
Items not affecting cash		
Amortization of capital assets	22,405	21,273
Amortization of asset retirement obligation	31	59
Amortization of deferred capital contributions	(18,531)	(17,227)
Accretion expense	223	96
Liability for contaminated sites	(2,604)	-
Loss (gain) on disposal of capital assets	(1,020)	(722)
Employee future benefit expense (Note 5)	863	10,398
	<u>10,442</u>	<u>2,379</u>
Changes in non-cash working capital balances		
Accounts receivable	12,677	(39,291)
Inventory	(8,959)	3,951
Prepaid expenses	(480)	(421)
Payable and accrued liabilities	2,142	(3,238)
Deferred revenue	(3,958)	35,499
	<u>11,864</u>	<u>(1,121)</u>
<b>Capital activities</b>		
Purchase of capital assets	(94,095)	(58,545)
Proceeds from sale of capital assets	1,283	965
	<u>(92,812)</u>	<u>(57,580)</u>
<b>Financing activities</b>		
Principal repayment of long-term debt	(107)	(101)
Deferred capital contributions	94,095	58,545
Non-pension benefits paid	(4,575)	(5,220)
	<u>89,413</u>	<u>53,224</u>
<b>Increase (decrease) in cash and cash equivalents during the year</b>	<b>8,465</b>	<b>(5,477)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>13,923</b>	<b>19,400</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 22,388</b>	<b>\$ 13,923</b>
<b>Represented by</b>		
Cash and cash equivalents	\$ 20,388	\$ 11,923
Restricted cash (Note 3)	2,000	2,000
	<u>\$ 22,388</u>	<u>\$ 13,923</u>



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# Ontario Northland Transportation Commission

## Notes to Consolidated Financial Statements

(dollars in thousands)

Year ended March 31, 2023

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### 1. Nature of Organization

The Ontario Northland Transportation Commission (the "Commission") is a Crown agency, reporting to the Minister of Transportation. The Commission delivers a variety of services, including rail freight, passenger rail, motor coach, and remanufacturing and repair in Northern Ontario.

The Commission generates revenues from the provision of transportation services. The Commission also receives an annual operational subsidy as well as capital subsidy from the Province of Ontario. The ability of the Commission to continue to offer its services and fulfill its mandate is dependent on the ongoing subsidies it receives from the Province.

The consolidated financial statements include the activities of the wholly owned subsidiary, Nipissing Central Railway Company, that leases all of its assets to the Commission.

As a not-for-profit Crown agency of the Province, the Commission is exempt from income taxes. This exemption extends to its wholly owned subsidiary, and accordingly no tax provision is recorded in these financial statements.

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### 2. Significant Accounting Policies

These consolidated financial statements are prepared in accordance with the Chartered Professional Accountants of Canada Public Sector Accounting Handbook, which sets out generally accepted accounting principles for government not for-profit organizations in Canada. The Organization has elected to use the standards for not-for-profit organizations that include PS 4200 to PS 4270. The consolidated financial statements include the following significant accounting policies:

#### ***Basis of Consolidation***

The consolidated financial statements include the assets, liabilities and activities of Nipissing Central Railway Company, the wholly owned subsidiary. Transactions and balances between the entities have been eliminated in arriving at the consolidated financial statements.

#### ***Cash and Cash Equivalents***

Cash includes cash on hand, balances with banks, and externally restricted cash.

#### ***Receivables***

Receivables are measured at amortized cost and shown net of allowance for doubtful accounts.

#### ***Prepaid Expenses***

Insurance, municipal taxes and annual technology costs are included as prepaid expenses and stated at cost and are charged to expense over the periods expected to benefit from it.

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# Ontario Northland Transportation Commission

## Notes to Consolidated Financial Statements

(dollars in thousands)

Year ended March 31, 2023

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### 2. Significant Accounting Policies (continued)

#### *Inventory*

Materials and supplies are valued at the lower of cost and net realizable value by using the weighted-average costing methodology. The Commission uses the same cost formulas for all inventories having a similar nature and use to the Commission. The Commission periodically reviews the value of items in inventory and records write-downs or write-offs based on its assessment of slow moving or obsolete inventory. When net realizable value is less than carrying cost, inventory is written down accordingly. When circumstances which previously caused inventories to be written down no longer exist, that previous impairment is reversed.

#### *Capital Assets*

Capital assets are stated at acquisition cost less accumulated amortization. Amortization is provided using the straight-line method over the estimated useful lives of the assets.

The estimated useful lives for principal categories of capital assets are as follows:

Land	No amortization
Track and roadway	20 to 100 years
Buildings	20 to 50 years
Equipment	3 to 40 years
Coaches	10 years

No amortization is provided on assets under construction until they are placed in use.

#### *Impairment of Capital Assets*

Capital assets subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the capital asset may not contribute to the Commission's ability to deliver services. Recoverability is measured by a comparison of the carrying amount to the estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of the asset exceeds its estimated future cash flows, both the asset and any related deferred capital contributions are written down by the amount by which the carrying amount of the asset exceeds the fair value of the asset. When quoted market prices are not available, the Commission uses the expected future cash flows discounted at a rate commensurate with the risks associated with the recovery of the asset as an estimate of fair value.

#### *Revenue Recognition*

Revenue from all sources is recognized when all of the following conditions are met:

- a) services are provided or products delivered to customers
- b) there is clear evidence that an arrangement exists, and
- c) collection is reasonably assured.

Revenue from passengers is recognized when the transportation service is provided.

Contract revenues are recorded on a percentage of completion basis as the contract activity is being performed. The Commission measures the degree of completion based on predetermined project milestones. When contract progress billings exceed earned revenue, a liability called deferred revenue is recognized on the Consolidated Statement of Operations and Changes in Net Deficit for this excess.

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# Ontario Northland Transportation Commission

## Notes to Consolidated Financial Statements

(dollars in thousands)

Year ended March 31, 2023

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### 2. Significant Accounting Policies (continued)

#### *Revenue Recognition* (continued)

The Commission accounts for provincial contributions under the deferral method of accounting as follows:

- Unrestricted contributions are recognized as revenue when received or receivable if the amounts can be reasonably estimated and collection is reasonably assured.
- Externally restricted contributions related to operating expenditures are recognized as revenue when the related expenditures are incurred.
- The Province reimburses the Commission for the cost of certain capital assets purchased for use in operations. The Commission records the contributions as deferred capital contributions. Deferred capital contributions are amortized to revenue on a straight-line basis at rates corresponding to those of the related capital assets.

#### *Employee Future Benefits*

*Pension Plans* – Commission employees are members of the Public Service Pension Plan (PSPP) and the Public Service Supplementary Benefits Account (PSSBA). The Commission accounts for its participation in the PSPP and PSSBA, which are multi-employer defined benefit pension plans, as defined contribution plans.

The Province of Ontario, who is the sole sponsor of the PSPP and PSSBA, determines the Commission's annual payments to the Plans and is responsible for ensuring that the pension funds are financially viable. Any surplus or unfunded liabilities arising from statutory actuarial funding valuations are not assets or obligations of the Commission. Therefore, the Commission's contributions are accounted for as if the plans were defined contribution plans with contributions being expensed in the period they come due.

*Non-Pension Benefit Plans* - The Commission offers non-pension post retirement benefits such as group life, health care and long-term disability to employees through defined benefit plans. The costs associated with these future benefits are actuarially determined using the accrued benefit method prorated on service and best estimate assumptions. In addition, as a Schedule 2 employer under the Workplace Safety and Insurance Board (WSIB), the Commission recognizes workers compensation benefits on an accrual basis using actuarially determined costs.

Expenses consist of current service costs, interest and adjustments arising from plan amendments, changes in assumptions and net actuarial gains or losses. These expenses are recorded in the year in which employees render services to the Commission.

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# Ontario Northland Transportation Commission

## Notes to Consolidated Financial Statements

(dollars in thousands)

Year ended March 31, 2023

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### 2. Significant Accounting Policies (continued)

#### ***Foreign Currency Translation***

Monetary assets and liabilities denominated in foreign currencies are translated at the prevailing rates of exchange at the Consolidated Statement of Financial Position date. Revenues and expenses are translated at the rates of exchange in effect at the transaction date. Realized and unrealized gains and losses are included in the determination of excess of revenue over expenses.

Effective April 1, 2021, the Commission made an irrevocable election to recognize any unrealized exchange gains and losses arising from all financial assets or liabilities directly in the Consolidated Statement of Operations and Changes in Net Deficit.

#### ***Accounting Estimates***

The preparation of the consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses during the reporting period.

Significant areas requiring the use of management estimates relate to the useful lives of capital assets, valuation allowances for accounts receivable and inventory, liability for contaminated sites, asset retirement obligations and obligations for non-pension post-employment benefits. By their nature, these estimates are subject to measurement uncertainty.

#### ***Financial Instruments***

The Commission classifies its financial instruments as either fair value or amortized cost. The accounting policy for each category is as follows:

##### ***Fair value***

This category includes cash and cash equivalents which is initially recognized at cost and subsequently carried at fair value.

Transaction costs related to financial instruments in the fair value category are expensed as incurred.

##### ***Amortized cost***

This category includes accounts receivable, accounts payable and accrued liabilities and long-term debt. They are initially recognized at cost and subsequently carried at amortized cost using the effective interest rate method, less any impairment losses on financial assets, except for contributions, which are initially recognized at fair value.

Transaction costs related to financial instruments in the amortized cost category are added to the carrying value of the instrument.

Writedowns on financial assets in the amortized cost category are recognized when the amount of a loss is known with sufficient precision, and there is no realistic prospect of recovery. Financial assets are then written down to net recoverable value with the writedown being recognized in the Consolidated Statement of Operations and Changes in Net Deficit.

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**Ontario Northland Transportation Commission**  
**Notes to Consolidated Financial Statements**  
(dollars in thousands)

Year ended March 31, 2023

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**2. Significant Accounting Policies** (continued)

***Adoption of new Accounting Sector Accounting Standard - Asset Retirement Obligation***

A liability for an asset retirement obligation is recognized when there is a legal obligation to incur 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 is recorded at an amount that is the best estimate of the expenditure required to retire a tangible capital asset at the financial statement date. This liability is subsequently reviewed at each financial reporting date and adjusted for the passage of time and for any revisions to the timing, amount required to settle the obligation or the discount rate. Upon the initial measurement of an asset retirement obligation, a corresponding asset retirement cost is added to the carrying value of the related tangible capital asset if it is still in productive use. This cost is amortized over the useful life of the tangible capital asset. If the related tangible capital asset is unrecognized or no longer in productive use, the asset retirement costs are expensed.

***Liabilities for Contaminated Sites***

A contaminated site is a site at which substances occur in concentrations that exceed the maximum acceptable amounts under an environmental standard. Sites that are currently in productive use are only considered a contaminated site if an unexpected event results in contamination. A liability for remediation of contaminated sites is recognized when the Commission is directly responsible or accepts responsibility; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made. The liability includes all costs directly attributable to remediation activities including post remediation operations, maintenance and monitoring.

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**3. Restricted Cash**

	<u>2023</u>	<u>2022</u>
Externally restricted – Deferred Contributions (Note 7)	<u>\$ 2,000</u>	<u>\$ 2,000</u>

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**Ontario Northland Transportation Commission**  
**Notes to Consolidated Financial Statements**  
(dollars in thousands)

Year ended March 31, 2023

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**4. Capital Assets**

	<b>2023</b>			2022 (restated)
	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>Net Book Value</b>	Net Book Value
<b>Rail Services</b>				
Land	\$ 1,897	\$ 157	\$ 1,740	\$ 1,740
Roadway	636,529	201,073	435,456	405,940
Buildings	89,143	35,305	53,838	39,611
Equipment	149,625	79,934	69,691	68,701
Under construction	39,230	-	39,230	15,113
<b>Motor Coach Services</b>				
Land	160	-	160	160
Buildings	6,400	1,343	5,057	2,148
Coaches	26,492	11,627	14,865	14,396
Equipment	644	440	204	243
Under construction	181	-	181	1,755
	<b>\$ 950,301</b>	<b>\$ 329,879</b>	<b>\$ 620,422</b>	<b>\$ 549,807</b>

During the year the Commission reviewed its accounting policy relating to accounting for software as a service. Based on that review the 2022 comparative figures for the assets under construction were reduced by \$3,734 and technology development costs expense were increased by \$3,734. This also resulted in a change to the recognition of government contributions towards these expenses and as such the 2022 comparative figures for deferred capital contributions were decreased by \$3,734 and government contribution revenues increased by \$3,734. The net impact on the annual excess (deficiency) of revenues over expenses for the year was \$NIL.

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# Ontario Northland Transportation Commission

## Notes to Consolidated Financial Statements

(dollars in thousands)

**Year ended March 31, 2023**

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### **5. Employee Future Benefits**

#### *Pension Plan*

The PSPP and PSSBA are contributory defined benefit plans. PSPP members receive benefits based on length of service and the average annualized earnings during the five consecutive years that provide the highest earnings prior to retirement, termination or death. The PSPP is funded by contributions from participating employers and members, and by the investment earnings from the Public Service Pension Fund. Contributions from members and employers are remitted to the Ontario Pension Board (OPB). The portion of these contributions that exceeds Income Tax Act (Canada) limits is transferred to the PSSBA.

The Commission's full time employees participate in the PSPP which is a defined benefit pension plans for employees of the Province and many provincial agencies. The Commission's annual payments are \$4,929 (2022 - \$4,357) and have been included in labour and fringe benefit expenses.

#### *Non-Pension Benefits Plans*

The Commission provides three non-pension benefit plans to its employees where all benefit obligations and expenses are determined by independent actuaries, in accordance with accepted actuarial practices and Canadian public sector accounting standards, using management's best estimates. The discount rates used to determine the accrued benefit obligations were determined based on the Ontario provincial bond yields matched against the duration of the benefits.

The Commission conducted an actuarial valuation of the post-employment benefits, such as group life and health care be conducted every three years. The last valuation was completed for the year ended March 31, 2020 using data from April 1, 2020. Updated valuations have used extrapolations from the April 1, 2020 data, extrapolated to March 31, 2023.

The Commission conducted an actuarial valuation of the post-employment benefits, Long Term Disability and continuation of benefits, completed annually with results as of March 31, 2023.

The Commission conducted an actuarial valuation of the workers compensation benefits done triennially, which is administered by the Workplace Safety & Insurance Board (WSIB). The results provided are an extrapolation of the full valuation completed March 31, 2022, extrapolated to March 31, 2023.

Information about the Commission's non-pension benefit plans is presented in the following tables.

**Ontario Northland Transportation Commission**  
**Notes to Consolidated Financial Statements**  
(dollars in thousands)

Year ended March 31, 2023

**5. Employee Future Benefits (continued):**

**Reconciliation of accrued benefit obligation to accrued benefit asset (liability)**

	<u>2023</u>	<u>2022</u>
<b>Accrued benefit obligation</b> , end of year	\$ (63,707)	\$ (70,808)
Unamortized net actuarial (gain) loss	<u>(22,228)</u>	<u>(18,839)</u>
<b>Accrued benefit liability</b> , end of year	<u>\$ (85,935)</u>	<u>\$ (89,647)</u>
<b>Accrued benefit liability</b> , beginning of year	\$ (89,647)	\$ (84,469)
Benefit expense	(863)	(10,398)
Benefits paid	<u>4,575</u>	<u>5,220</u>
<b>Accrued benefit liability</b> , end of year	<u>\$ (85,935)</u>	<u>\$ (89,647)</u>

**Components of Net Periodic Non-Pension Benefit Expense**

	<u>2023</u>	<u>2022</u> (restated)
Current service cost	\$ 2,485	\$ 3,055
Interest on accrued benefit obligation	2,233	2,044
Amortization and immediate recognition of net actuarial (gains) losses	<u>(3,855)</u>	<u>5,299</u>
	<u>\$ 863</u>	<u>\$ 10,398</u>

**Weighted Average Assumptions**

	<u>2023</u>	<u>2022</u>
Discount rate – post-retirement benefits	4.00%	3.30%
Discount rate – post-employment benefits	3.75%	2.54%
Discount rate - WSIB	3.90%	3.15%
Rate of compensation increase	2.00%	2.00%
Medical cost increases	5.37%	5.37%
Dental cost increases	3.00%	3.00%
Vision care cost increases	0.00%	0.00%



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## Ontario Northland Transportation Commission

### Notes to Consolidated Financial Statements

(dollars in thousands)

Year ended March 31, 2023

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#### 6. Credit Facilities

In August 2021, the Commission secured an operating line of credit with the Ministry of Transportation and Ontario Financing Authority (OFA) in the amount of \$5 million, of which zero was being utilized as of March 31, 2023. The line of credit bears interest at the Province of Ontario's cost of borrowing for a 30-day term plus 3.3 basis points.

#### 7. Deferred Contributions

Deferred contributions are restricted funds received from the Province to be used only on future expenditures. As of March 31, 2023 the balance represents funds from the Ministry of Transportation (MTO) to be used as a self-insurance reserve based on approval by MTO in the event of a future derailment.

	2023	2022
<b>Self-insurance reserve</b>	<b>\$ 2,000</b>	<b>\$ 2,000</b>

#### 8. Deferred Capital Contributions

Deferred capital contributions represent the unamortized capital contributions received from the Government to fund the acquisition of capital assets. The amortization of deferred capital contributions is recorded as revenue in the Consolidated Statement of Operations and Changes in Net Deficit using rates similar to those used to amortize the related assets acquired.

The changes in the unamortized deferred capital contributions balance are as follows:

	2023	2022 (restated)
<b>Balance</b> , beginning of year	<b>\$ 474,122</b>	<b>\$ 432,841</b>
Contributions from the Province (Note 12)	<b>93,450</b>	58,180
Contributions from Transportation Canada (Note 12)	<b>645</b>	365
Amortization to revenue	<b>(18,531)</b>	(17,227)
Retirements, transfers and adjustments	<b>(250)</b>	(37)
<b>Balance</b> , end of year	<b>\$ 549,436</b>	<b>\$ 474,122</b>

During the year the Commission reviewed its accounting policy relating to accounting for software as a service. Based on that review the 2022 comparative figures for assets under construction were reduced by \$3,734 and technology development costs expense were increased by \$3,734. This also resulted in a change to the recognition of government contributions towards these expenses and as such the 2022 comparative figures for deferred capital contributions were decreased by \$3,734 and government contribution revenues increased by \$3,734. The net impact on the annual excess (deficiency) of revenues over expenses for the year was \$NIL.

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**Ontario Northland Transportation Commission**  
**Notes to Consolidated Financial Statements**  
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**Year ended March 31, 2023**

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**9. Long-term Debt**

	<b>2023</b>	2022
Loan from Ontario Financing Authority, bearing interest at 4.90% per annum, repayable in blended monthly payments of \$13 for 25 years beginning February 1, 2006.	<b>\$ 1,037</b>	\$ 1,144
<b>Less current portion</b>	<b>1,037</b> <b>111</b>	1,144 107
<b>Long-term debt</b>	<b>\$ 926</b>	\$ 1,037

Interest on long-term debt was \$54 (2022 - \$59).

Principal payments required in the next five years and thereafter are as follows:

2023-2024	\$	111
2024-2025		117
2025-2026		123
2026-2027		129
2027-2028		135
Thereafter		422
	\$	1,037

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**10. Asset Retirement Obligation**

The Commission's financial statements include an asset retirement obligation for owned and leased buildings, fuel tanks, and a waste disposal site. The related asset retirement costs are being amortized on a straight line basis. The liability has been estimated using a net present value technique with a discount rate of 3.6% (2022 - 3.3%). The estimated total undiscounted future expenditures are \$3,813 (2022 - \$3,859), which are to be incurred over a period of 10 years.

	<b>2023</b>	2022
<b>Asset retirement obligation</b> , beginning of the year	<b>\$ 3,189</b>	\$ 3,093
Increase due to accretion expense	<b>223</b>	96
Revisions to timing, amount and discount rate	<b>(531)</b>	-
<b>Asset retirement obligation</b> , end of year	<b>\$ 2,881</b>	\$ 3,189

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## Ontario Northland Transportation Commission

### Notes to Consolidated Financial Statements

(dollars in thousands)

Year ended March 31, 2023

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#### 11. Contaminated sites

The liability for contaminated sites is comprised of costs expected to be incurred on a former transloading property and former telecommunications sites, identified in the prior years. The estimated costs have been determined by management with the assistance of consulting engineering firms and historical experience with remediation activities. The liability includes all costs anticipated to be incurred on these properties and there are no anticipated recoveries expected.

The Commission reduced the liability for the former telecommunications sites during the year based on a Risk Management Plan that was completed. The liability has been decreased as contamination zones have shown to be relatively stable, all structures have been decommissioned and removed from sites, sites are re-vegetating well and a strategy of natural attenuation with continued medium term monitoring has been put in place. The liability has been estimated using a net present value technique with a discount rate of 3.6% for 2023. No discounting has been calculated on the former transloading property due to uncertainty on when future economic benefits will be given up. At this time, until further testing is complete, timeframe and responsibilities are confirmed, no reasonable estimate of remediation can be made.

The Commission owns several legacy properties and right of ways in Cobalt where potential contamination exist however it is known that one site does contain contamination that exceeds the acceptable threshold. At this time, the Ontario Ministry of Northern Development (MND) is finalizing an engagement with a professional engineering firm to complete Phase 1 Environmental Site Assessments (ESA). The Phase 1 ESA will identify Areas of Potential Environmental Contamination (APECs) and propose recommendations for Phase 2 ESA work to confirm/delineate contamination areas, as required. At this time, until Phase 2 work is complete, timeframe and responsibilities are confirmed, no reasonable estimate of remediation can be made therefore no liability has been accrued.

	2023	2022
Former transloading property	\$ 3,500	\$ 3,500
Former telecommunications sites	571	3,175
<b>Contaminated sites liability</b>	<b>\$ 4,071</b>	<b>\$ 6,675</b>

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## Ontario Northland Transportation Commission

### Notes to Consolidated Financial Statements

(dollars in thousands)

Year ended March 31, 2023

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#### 12. Government Contributions

Under the terms of a Memorandum of Understanding with the Minister of Transportation, the Commission receives both operational and capital funding from the Province of Ontario.

Details of Government contributions received during the year are as follows:

	<b>2023</b>	2022 (restated)
<b>Ministry of Transportation:</b>		
Commission operational funding	\$ 53,743	\$ 44,817
Capital contributions	<u>93,450</u>	<u>58,180</u>
<b>Total Ministry of Transportation contributions</b>	<b>\$ 147,193</b>	<b>\$ 102,997</b>
<b>Ministry of Northern Development - Northern Ontario</b>		
Heritage Fund Corporation - operating	\$ -	\$ 31
<b>National Transportation Agency of Canada</b>		
Capital - Rail operations	<u>645</u>	<u>365</u>
<b>Total government contributions</b>	<b>\$ 147,838</b>	<b>\$ 103,393</b>
<b>In summary:</b>		
Commission operational funding	\$ 53,743	\$ 44,848
Capital contributions (Note 8)	<u>94,095</u>	<u>58,545</u>
<b>Total government contributions</b>	<b>\$ 147,838</b>	<b>\$ 103,393</b>

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# Ontario Northland Transportation Commission

## Notes to Consolidated Financial Statements

(dollars in thousands)

**Year ended March 31, 2023**

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### **13. Segmented Information Disclosures**

The Commission is a diversified Crown agency of the Province of Ontario that provides a wide range of services to its customers in Northern Ontario such as rail freight and passenger services, motor coach services, and remanufacturing and repair services. Distinguishable functional segments have been separately disclosed in the segmented information. The nature of the segments and the activities they encompass are as follows:

#### **Rail Services**

Rail services relates to providing logistics and transportation solutions and the shipment of large quantities of products to and from Northern Ontario.

#### **Polar Bear Services**

Polar Bear Services relates to providing passenger transportation and shipping solutions between Cochrane and Moosonee.

#### **Motor Coach Services**

Motor coach services provides shipping solutions and passenger transportation to connect communities throughout Northern Ontario and into Manitoba.

#### **Remanufacturing and Repair Services**

The Remanufacturing and Repair team is responsible for the repair and rehabilitation of railway rolling stock from customers spanning North America.

#### **Administration**

This relates to the expenses for the operations of the Commission itself and cannot be directly attributed to specific segments. It also includes some rental of properties to external customers in order to reduce overall costs.

**Ontario Northland Transportation Commission**  
**Notes to Consolidated Financial Statements**  
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**13. Segmented Information Disclosures (continued)**

	Rail Services	Polar Bear Services	Motor Coach Services	Remanufacturing and Repair	Administration note i)	Provincial Government Operating Contributions	2023 Total
Revenues	53,732	8,666	15,666	15,274	1,245	-	<b>94,583</b>
Government contributions	-	-	-	-	-	53,743	<b>53,743</b>
	53,732	8,666	15,666	15,274	1,245	53,743	<b>148,326</b>
Expenses							
Labour and fringe benefits	26,024	14,167	10,280	9,149	11,103	-	<b>70,723</b>
Materials and parts	17,378	4,359	4,766	6,284	186	-	<b>32,973</b>
Services	3,230	2,135	3,029	363	1,972	-	<b>10,729</b>
Supplies and equipment	2,674	1,445	821	96	310	-	<b>5,346</b>
Other	4,035	1,095	2,691	1,379	3,852	-	<b>13,052</b>
	53,341	23,201	21,587	17,271	17,423	-	<b>132,823</b>
Excess (deficiency) revenues over expenses before items below:	391	(14,535)	(5,921)	(1,997)	(16,178)	53,743	<b>15,503</b>
Derailments (note ii)	273	-	-	-	-	-	<b>273</b>
Inventory recovery (note ii)	(11)	-	-	-	-	-	<b>(11)</b>
Information technology development costs	-	-	-	-	5,268	-	<b>5,268</b>
Contaminated sites adjustment (note ii)	(2,604)	-	-	-	-	-	<b>(2,604)</b>
Interest on long-term debt	-	-	54	-	-	-	<b>54</b>
Gain on sale of capital assets	(494)	-	(522)	-	(4)	-	<b>(1,020)</b>
Foreign exchange gain (note ii)	(523)	-	-	-	-	-	<b>(523)</b>
Asset retirement obligation accretion	223	-	-	-	-	-	<b>223</b>
Employee future benefits	124	67	46	31	595	-	<b>863</b>
Excess (deficiency) before amortization	3,403	(14,602)	(5,499)	(2,028)	(22,037)	53,743	<b>12,980</b>
Amortization of deferred capital contributions	6,156	9,120	2,417	-	838	-	<b>18,531</b>
Amortization of asset retirement obligation	(31)	-	-	-	-	-	<b>(31)</b>
Amortization of capital assets	(9,397)	(9,587)	(2,472)	-	(949)	-	<b>(22,405)</b>
Excess (deficiency) of revenues over expenses	131	(15,069)	(5,554)	(2,028)	(22,148)	53,743	<b>9,075</b>

Note i) Administration employee future benefits includes \$548 in long-term disability expenses for the entire organization.

Note ii) Expenses have been grouped with Other expenses on Consolidated Statement of Operations and Net Deficit (Note 17)

**Ontario Northland Transportation Commission**  
**Notes to Consolidated Financial Statements**  
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Year ended March 31, 2023

**13. Segmented Information Disclosures** (continued)

	Rail Services	Polar Bear Services	Motor Coach Services	Remanufacturing and Repair	Administration note i)	Provincial Government Operating Contributions	2022 Total (restated)
Revenues	44,502	5,867	9,427	11,698	179	-	71,673
Government Contributions	-	-	-	-	-	44,848	44,848
	44,502	5,867	9,427	11,698	179	44,848	116,521
Expenses							
Labour and fringe benefits	26,798	13,395	9,751	5,241	7,581	-	62,766
Materials and parts	11,162	3,340	3,638	3,732	274	-	22,146
Services	3,702	1,557	3,151	320	1,790	-	10,520
Supplies and equipment	2,567	1,373	885	114	263	-	5,202
Other	3,697	1,108	1,817	7	2,846	-	9,475
	47,926	20,773	19,242	9,414	12,754	-	110,109
Excess (deficiency) revenues over expenses before items below:	(3,424)	(14,906)	(9,815)	2,284	(12,575)	44,848	6,412
Derailments (note ii)	760	-	-	-	-	-	760
Inventory write-offs (note ii)	-	-	-	-	-	-	2,374
Technology development costs	-	-	-	-	3,734	-	3,734
Payables forgiveness (note ii)	-	2,374	-	-	-	-	(2,597)
Interest on long-term debt	-	(2,597)	59	-	-	-	59
Gain on sale of capital assets	(722)	-	-	-	-	-	(722)
Foreign exchange gain (note ii)	(297)	-	-	-	-	-	(297)
Asset retirement obligation accretion	96	-	-	-	-	-	96
Employee future benefits	3,836	2,048	1,435	973	2,106	-	10,398
Excess (deficiency) before amortization	(7,097)	(16,731)	(11,309)	1,311	(18,415)	44,848	(7,393)
Amortization of deferred capital contributions	5,117	9,104	2,131	-	875	-	17,227
Amortization of asset retirement obligation	(59)	-	-	-	-	-	(59)
Amortization of capital assets	(8,356)	(9,743)	(2,187)	-	(987)	-	(21,273)
Excess (deficiency) of revenues over expenses	(10,395)	(17,370)	(11,365)	1,311	(18,527)	44,848	(11,498)

Note i) Administration employee future benefits includes \$649 in long-term disability expenses for the entire organization.

Note ii) Expenses have been grouped with Other expenses on Consolidated Statement of Operations and Net Deficit (Note 17)

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# Ontario Northland Transportation Commission

## Notes to Consolidated Financial Statements

(dollars in thousands)

Year ended March 31, 2023

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### 14. Contingencies

In the normal course of its operations, various statements of claim have been issued against the Commission claiming damages for personal injury, property damages, environmental actions and employment-related issues. Damages, that have not already been accrued, cannot be estimated at this time and in any event the Commission is of the opinion that these claims are unfounded or covered by insurance after application of a \$2,000 deductible. Should any loss result, it would be charged to the Consolidated Statement of Operations and Changes in Net Deficit when the amount is ascertained.

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### 15. Commitments

The Commission is also obligated to certain job guarantee agreements with a significant number of its unionized employees. To the extent of any actual claims under these agreements, the Commission would maintain provisions for such items. Due to the nature of these agreements, the exposure for future payments may be material. However, such exposure would be based on certain actions of the Commission that have not occurred and as such no provision has been made as at the year-end date.

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### 16. Economic Dependence

- i. Customers:  
The Rail Services Division derives 77% (2022 – 76%) of its revenue from four major customers.
- ii. Province:  
The Commission generates revenues from rail and motor coach services as well as remanufacturing and repair services. In addition, the Commission receives operating and capital grants from the Provincial government. The ability to continue to offer and grow its services and meet its obligations are dependent on the ongoing grants it receives from the Province of Ontario.



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# Ontario Northland Transportation Commission

## Notes to Consolidated Financial Statements

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### 17. Other Expenses

- i. Regular operating expenses of \$13,052 (2022 - \$ 9,475) include items such as insurance, property taxes, software fees, rail freight car rental, travel and training.
  - ii. During the year the Commission incurred \$273 (2022 - \$760) related to derailments that occurred along its rail line. These costs include labour, benefits, materials and third party costs. The costs were incurred to clean up, do environmental testing, and perform track repairs.
  - iii. During the year the Commission recovered \$11 (2022 – expense \$2,374) for obsolete, slow moving and revalued inventory.
  - iv. During the year, the Commission reviewed its estimate for the liability for contaminated sites and adjusted the liability by \$2,604.
  - v. Foreign exchange gain of \$523 (2022 – gain of \$297) was experienced in the year.
  - vi. In 2022, the Ministry of Transportation forgave an amount payable to the Commission in the amount of \$2,597.
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### 18. Related Party Disclosures

The Commission receives government funding from the Province to support its investment in capital infrastructure to be used in the delivery of current and future transportation services and an annual operating subsidy to further support delivery of transportation services.

All related party transactions were measured at the exchange amount, which is the amount of consideration established and agreed by the related parties.

During the normal course of operations, the Commission provides passenger car refurbishment services to Metrolinx, an Agency of the Province. The Consolidated Statement of Financial Position includes an accounts receivable balance of \$1,022 (2022 - \$33,989) and a deferred revenue balance of \$38,550 (2022 - \$42,561) and on the Consolidated Statement of Operations and Changes in Net Deficit includes revenue of \$10,412 (2022- \$7,611), all related to the Metrolinx contract.

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# Ontario Northland Transportation Commission

## Notes to Consolidated Financial Statements

(dollars in thousands)

Year ended March 31, 2023

### 19. Financial Instrument Classification

The following table provides cost and fair value information of financial instruments by category. The maximum exposure to credit risk would be the carrying value as shown below.

	2023		
	Fair Value	Amortized Cost	Total
Cash and cash equivalents	\$ 20,388	\$ -	\$ 20,388
Restricted cash	2,000	-	2,000
Accounts receivable	-	40,973	40,973
Payable and accrued liabilities	-	32,002	32,002
Long-term debt	-	1,037	1,037
	\$ 22,388	\$ 74,012	\$ 96,400
	2022		
	Fair Value	Amortized Cost	Total
Cash and cash equivalents	\$ 11,923	\$ -	\$ 11,923
Restricted cash	2,000	-	2,000
Accounts receivable	-	53,650	53,650
Payable and accrued liabilities	-	29,860	29,860
Long-term debt	-	1,144	1,144
	\$ 13,923	\$ 84,654	\$ 96,577

The following table 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 the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities using the last bid price;
- 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).

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## Ontario Northland Transportation Commission Notes to Consolidated Financial Statements

(dollars in thousands)

Year ended March 31, 2023

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### 19. Financial Instrument Classification (continued)

	2023			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 20,388	\$ -	\$ -	\$ 20,388
Restricted cash	2,000	-	-	2,000
	\$ 22,388	-	-	\$ 22,388
	2022			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 11,923	\$ -	\$ -	\$ 11,923
Restricted cash	2,000	-	-	2,000
	\$ 13,923	-	-	\$ 13,923

There were no transfers between Level 1, 2 and 3 for the years ended March 31, 2023 and 2022.

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### 20. Financial Instrument Risk Management

#### *Credit risk*

Credit risk is the risk of financial loss to the Commission if a debtor fails to make payments of interest and principal when due. The Commission is exposed to this risk relating to its cash and accounts receivable. The Commission holds its cash accounts with federally regulated chartered banks who are insured by the Canadian Deposit Insurance Corporation. In the event of default, the Commission's cash accounts are insured up to \$400,000 (2022 - \$400,000).

Accounts receivable are due from customers and government, which includes The Province of Ontario and any Agency of Province. Credit risk is mitigated by financial approval processes before a customer is granted credit. The Commission measures its exposure to credit risk based on how long the amounts have been outstanding. An impairment allowance is set up based on the Commission's historical experience regarding collections. The amounts outstanding at year end were as follows:

**Ontario Northland Transportation Commission**  
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**20. Financial Instrument Risk Management** (continued)

	March 31, 2023		Past Due		
	Total	Current	1-30 days	31-60 days	over 61 days
Government receivables	\$ 24,569	\$ 24,117	\$ -	\$ -	\$ 451
Customer receivables	16,483	10,626	2,740	1,014	2,103
<b>Gross receivables</b>	<b>41,052</b>	<b>34,743</b>	<b>2,740</b>	<b>1,014</b>	<b>2,554</b>
Less: impairment allowances	(78)	-	-	-	(78)
<b>Net receivables</b>	<b>\$ 40,973</b>	<b>\$ 34,743</b>	<b>\$ 2,740</b>	<b>\$ 1,014</b>	<b>\$ 2,476</b>

	March 31, 2022		Past Due		
	Total	Current	1-30 days	31-60 days	over 61 days
Government receivables	\$ 44,727	\$ 44,726	\$ 1	\$ -	\$ -
Customer receivables	9,018	7,198	874	369	576
<b>Gross receivables</b>	<b>53,745</b>	<b>51,924</b>	<b>875</b>	<b>369</b>	<b>576</b>
Less: impairment allowances	(95)	-	-	-	(95)
<b>Net receivables</b>	<b>\$ 53,650</b>	<b>\$ 51,924</b>	<b>\$ 875</b>	<b>\$ 369</b>	<b>\$ 481</b>

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

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# Ontario Northland Transportation Commission

## Notes to Consolidated Financial Statements

(dollars in thousands)

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### 20. Financial Instrument Risk Management (continued)

#### *Market risk*

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of market factors. Market factors include three types of risk: currency risk, interest rate risk and equity risk.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

#### *Currency risk*

Currency risk relates to the Commission operating in different currencies and converting non-Canadian earnings at different points in time when adverse changes in foreign currency rates occur. The Commission maintains a USD bank account to receive USD from customers and to pay USD to suppliers and other carriers. There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

#### *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 Commission is exposed to this risk through its interest bearing long-term debt.

The Commission's long-term debt as described in Note 9 would not be impacted as the inherent rate of the debt has been fixed.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

#### *Equity risk*

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

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

#### *Liquidity risk*

Liquidity risk is the risk that the Commission will not be able to meet all cash outflow obligations as they come due. The Commission mitigates this risk by monitoring cash activities and expected outflows through extensive budgeting and regular reports to the Province of Ontario.

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Year ended March 31, 2023

### 20. Financial Instrument Risk Management (continued)

The following table sets out the contractual maturities (representing undiscounted contractual cash-flows of financial liabilities):

	<b>2023</b>			
	<b>Within 6 months</b>	<b>6 months to 1 year</b>	<b>1-5 years</b>	<b>&gt; 5 years</b>
Payable and accrued liabilities	\$ 32,002	\$ -	\$ -	\$ -
Long-term debt	55	56	646	280
<b>Total</b>	<b>\$ 32,057</b>	<b>\$ 56</b>	<b>\$ 646</b>	<b>\$ 280</b>
	<b>2022</b>			
	<b>Within 6 months</b>	<b>6 months to 1 year</b>	<b>1-5 years</b>	<b>&gt; 5 years</b>
Payable and accrued liabilities	\$ 29,860	\$ -	\$ -	\$ -
Long-term debt	52	54	616	422
<b>Total</b>	<b>\$ 29,912</b>	<b>\$ 54</b>	<b>\$ 616</b>	<b>\$ 422</b>

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

### 21. Adoption of New Public Sector Accounting Standard – Asset Retirement Obligation

Effective April 1, 2022 the Commission adopted a new Public Sector Accounting Handbook Standard, Asset Retirement Obligation. As a result of the adoption, the presentation of the financial statements changed from the prior year. The standard requires an obligation to be recognized as of the financial statement date when all the following are satisfied: there is a legal obligation to incur retirement costs in relation to a tangible 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. This change in accounting policy has been applied on a modified retroactive application with restatement. The impact of adoption of this standard on the March 31, 2022 comparative figures is as follows:

	<b>2022</b>
Increase in capital assets - cost	\$ 2,831
Increase in capital assets – accumulated amortization	1,627
Increase in asset retirement obligation	3,189
Increase in accretion expense	96
Increase in amortization expense	59
Decrease in opening unrestricted net assets	1,830

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**Ontario Northland Transportation Commission**  
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(dollars in thousands)

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**22. Comparative Figures**

Prior year's figures have been reclassified where necessary to conform to the current year's financial statement presentation.