

**Corporation of the Township of Hornepayne
Consolidated Financial Statements
For the year ended December 31, 2023**

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Consolidated Financial Statements
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**Corporation of the Township of Hornepayne
Management's Responsibility for Financial Reporting**

December 31, 2023

The accompanying consolidated financial statements of the Corporation of the Township of Hornepayne and all the information in this annual report are the responsibility of management and have been approved by the CAO/Clerk and Treasurer on behalf of Council.

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Consolidated financial statements are not precise since they include certain amounts based on estimates and judgements. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the consolidated financial statements are presented fairly, in all material respects.

The municipality maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the municipality's assets are appropriately accounted for and adequately safeguarded.

The municipal Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements.

The consolidated financial statements have been audited by BDO Canada LLP in accordance with Canadian generally accepted auditing standards on behalf of the ratepayers and inhabitants of the municipality. The accompanying Independent Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the municipality's consolidated financial statements.



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Independent Auditor's Report

To the Members of Council, Inhabitants and Ratepayers of the Corporation of the Township of Hornepayne

Qualified Opinion

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

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Township as at December 31, 2023, and its consolidated results of operations, its consolidated changes in net financial assets (debt) and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

Effective April 1, 2022, the Township was required to adopt PS 3280 Asset Retirement Obligations which requires the recognition of legal obligations associated with the retirement of tangible capital assets by public sector entities. Under the modified retroactive application method, the asset retirement obligation on transition is to be recorded using assumptions as of April 1, 2022. The corresponding asset retirement cost is added to the carrying value of the related tangible capital assets adjusted for amortization since the time the legal obligation was incurred. The net adjustment is charged to accumulated surplus. Comparative figures are to be restated to reflect this change in accounting policy. Management has not completed its assessment of the tangible capital assets for potential asset retirement obligations. As a result, it is not possible to quantify the impact of this departure from Canadian public sector accounting standards on expenses and annual surplus for the years ended December 31, 2023 and 2022, tangible capital assets and the asset retirement obligation as at December 31, 2023 and 2022, and accumulated surplus as at January 1 and December 31 for both the 2023 and 2022 years.

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

Responsibilities of Management and Those Charged with Governance for the Consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Independent Auditor's Report (continued)

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Municipality'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 Municipality's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Municipality 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.

Independent Auditor's Report (continued)

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

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

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants
Sault Ste. Marie, Ontario
September 18, 2024

Corporation of the Township of Hornepayne
Consolidated Statement of Financial Position

December 31	2023	2022
Financial assets		
Cash and cash equivalents	\$ 1,903,685	\$ 1,389,064
Taxes receivable	416,142	508,752
Accounts receivable	1,278,046	4,528,466
Portfolio investments (Note 11)	150,000	150,000
Inventories for resale	28,102	23,515
	3,775,975	6,599,797
Liabilities		
Bank indebtedness (Note 5)	-	2,629,606
Accounts payable and accrued liabilities	205,762	140,319
Employee benefits plan liability (Note 6)	14,575	26,000
Deferred revenue (Note 7)	1,431,994	859,204
Net long term debt (Note 8)	1,426,324	1,544,376
Solid waste closure and post-closure liabilities (Note 9)	718,575	602,353
	3,797,230	5,801,858
Net financial assets (debt)	(21,255)	797,939
Non-financial assets		
Inventories for resale	107,143	107,143
Tangible capital assets (Note 12)	17,718,386	18,276,015
Prepaid expenses and inventories of supplies	48,863	85,220
	17,874,392	18,468,378
Accumulated surplus (Note 13)	\$ 17,853,137	\$ 19,266,317

The accompanying notes are an integral part of these financial statements

Corporation of the Township of Hornepayne
Consolidated Statement of Operations

For the year ended December 31	2023	2023	2022
Revenue			
Taxation (Note 3)	\$ 2,224,151	\$ 2,224,151	\$ 2,120,999
Government grants - Federal	307,960	377,629	3,006,045
Government grants - Provincial	557,248	646,279	2,065,277
User fees and service charges	1,423,222	1,421,568	1,425,745
Licenses, permits and rents	317,920	487,614	661,649
Penalties and interest on taxes	77,435	93,955	116,363
Fines and interest penalties	9,184	12,619	11,646
Investment income	-	18,960	6,498
Gain (loss) on disposal of tangible capital assets and land inventory	-	-	(128,541)
	<u>4,917,120</u>	<u>5,282,775</u>	<u>9,285,681</u>
Expenses			
General government	1,132,090	1,419,355	1,083,423
Protection services	302,880	350,460	362,291
Transportation services	1,066,840	1,416,425	997,296
Environmental services	1,234,325	2,133,481	2,219,962
Health services	203,515	46,919	46,553
Social, family services and housing	-	596,040	458,819
Recreation and cultural services	803,845	585,399	572,363
Planning and development	173,625	147,876	175,385
	<u>4,917,120</u>	<u>6,695,955</u>	<u>5,916,092</u>
Annual surplus (deficit)	-	(1,413,180)	3,369,589
Accumulated surplus, beginning of year	<u>19,266,317</u>	<u>19,266,317</u>	<u>15,896,728</u>
Accumulated surplus, end of year	<u>\$ 19,266,317</u>	<u>\$ 17,853,137</u>	<u>\$ 19,266,317</u>

Corporation of the Township of Hornepayne
Consolidated Statement of Change in Net Financial Assets (Debt)

For the year ended December 31	2023	2023	2022
Annual surplus (deficit)	\$ -	\$ (1,413,180)	\$ 3,369,589
Acquisition of tangible capital assets	-	(476,167)	(4,457,386)
Amortization of tangible capital assets	1,033,796	1,033,796	905,167
Proceeds from sale of capital assets	-	-	39,285
	1,033,796	(855,551)	(143,345)
Prepaid expenses and inventory of supplies	-	36,357	(27,762)
Inventories for resale	-	-	128,540
Net change in net financial assets (debt)	1,033,796	(819,194)	(42,567)
Net financial assets , beginning of year	797,939	797,939	840,506
Net financial assets (debt) , end of year	\$ 1,831,735	\$ (21,255)	\$ 797,939

The accompanying notes are an integral part of these financial statements

Corporation of the Township of Hornepayne
Consolidated Statement of Cash Flows

For the year ended December 31	2023	2022
Operating transactions		
Annual surplus (deficit)	\$ (1,413,180)	\$ 3,369,589
Item not involving cash		
Amortization	1,033,796	905,167
Changes in non-cash operating balances		
Taxes receivable	92,610	(18,851)
Accounts receivable	3,250,420	(4,152,311)
Inventories for resale	(4,587)	142,724
Prepaid expenses and inventories of supplies	36,357	(27,762)
Accounts payable and accrued liabilities	65,443	(257,557)
Employee benefits plan liability	(11,425)	8,500
Deferred revenue	572,790	41,573
Solid waste closure and post closure liabilities	116,222	113,804
	<u>3,738,446</u>	<u>124,876</u>
Capital transactions		
Acquisition of tangible capital assets	(476,167)	(4,457,386)
Proceeds on sale of tangible capital assets	-	39,285
	<u>(476,167)</u>	<u>(4,418,101)</u>
Financing transactions		
Increase (decrease) in bank indebtedness	(2,629,606)	2,629,606
Repayment of long term debt	(118,052)	(114,987)
	<u>(2,747,658)</u>	<u>2,514,619</u>
Net change in cash and cash equivalents	514,621	(1,778,606)
Cash and cash equivalents, beginning of year	<u>1,389,064</u>	<u>3,167,670</u>
Cash and cash equivalents, end of year	<u>\$ 1,903,685</u>	<u>\$ 1,389,064</u>

Corporation of the Township of Hornepayne

Notes to Consolidated Financial Statements

December 31, 2023

1. Significant of significant accounting policies

The consolidated financial statements of the municipality have been prepared in accordance with Canadian public sector accounting standards, as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Professional Accountants.

Basis of consolidation These consolidated statements reflect the assets, liabilities, sources of financing and expenses of all municipal organizations, committees and boards, including the Public Library Board, Hornepayne Recreation Committee and the Hornepayne Housing Corporation, which are owned or controlled by the Municipality.

Cash and cash equivalents Management considers all highly liquid investments with maturity of three months or less at acquisition to be cash equivalents.

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

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

When investment income and realized and unrealized gains and losses from changes in the fair value of financial instruments are externally restricted, the investment income and fair value changes are recognized as revenue in the period in which the resources are used for the purpose specified.

For financial instruments measured using amortized cost, the effective interest rate method is used to determine interest revenue or expense.

All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations.

Transaction costs are added to the carrying value for financial instruments measured using cost or amortized cost. Transaction costs are expensed for financial instruments measured at fair value. Portfolio investments are recorded at cost. A write down is recorded where there has been a loss in value that is other than a temporary decline.

Trust funds Funds held in trust by the Municipality and their related operations are not included in these consolidated financial statements. The financial activity and financial position of the trust funds are reported separately.

Corporation of the Township of Hornepayne

Notes to Consolidated Financial Statements

December 31, 2023

1. Significant accounting policies (continued)

Tangible capital assets Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, interest, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset commencing once the asset is available for productive use as follows:

Land improvements	10 years
Buildings	20 to 40 years
Roads infrastructure	15 to 25 years
Machinery and equipment	5 to 20 years
Water treatment and distribution infrastructure	15 to 50 years
Wastewater collection and disposal infrastructure	10 to 50 years
Vehicles	5 to 15 years
Furniture and equipment	5 to 10 years

Leased assets Leases entered into that transfer substantially all the benefits and risks associated with ownership are recorded as the acquisition of a tangible capital asset and the incurrence of an obligation. The asset is amortized in a manner consistent with tangible capital assets owned by the Municipality, and the obligation, including interest thereon, is liquidated over the term of the lease. All other leases are accounted for as operating leases, and the rental costs are expensed as incurred.

Collection of taxes on behalf of other taxation authorities The Municipality collects taxation revenue on behalf of other entities. Such levies, other revenues, expenses, assets and liabilities with respect to the operations of entities are not reflected in these financial statements.

Retirement benefits and other employee benefit plans The municipality provides pension benefits to specified employees through the Ontario Municipal Employees Retirement Fund (OMERS), a multi-employer plan. The municipality's contributions due during the period are expensed as incurred. The municipality provides other post-employment benefits. These costs accumulate over the period of service provided by employees and are determined using management's best estimates.

Solid waste landfills The estimated costs to close and maintain solid waste landfill sites are based on estimated future expenses in current dollars, discounted, adjusted for estimated inflation, and are charged to expense as the landfill site's capacity is used. Future events may result in significant changes to the estimated total expenses, capacity used, or total capacity and the estimated liability and would be recognized prospectively, as a change in estimate, when applicable.

Corporation of the Township of Hornepayne
Notes to Consolidated Financial Statements

December 31, 2023

1. Significant accounting policies (continued)

Deferred revenue	Funds received for specific purposes which are externally restricted by legislation, regulation or agreement and are not available for general municipal purposes are accounted for as deferred revenue on the consolidated statement of financial position. The revenue is recognized in the consolidated statement of operations in the year in which it is used for the specified purpose.
Government transfers	Government transfers are recognized as revenue in the financial statements when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.
Revenue recognition	<p>Taxes are recorded at estimated amounts when they meet the definition of an asset, have been authorized and the taxable event occurs. For property taxes, the taxable event is the period for which the tax is levied. Taxes receivable are recognized net of an allowance for anticipated uncollectable amounts.</p> <p>Charges for sewer and water usage are recorded as user fees. User fees are recognized as revenue in the year they are levied. Connection fee revenues are recognized when the connection has been established.</p> <p>Conditional grant revenue is recognized to the extent the conditions imposed on it have been fulfilled. Unconditional grant revenue is recognized when monies are receivable.</p> <p>Grants for the acquisition of tangible capital assets are recognized in the period in which eligible expenditures are made. Sales of service and other revenue is recognized on an accrual basis.</p>
Use of estimates	The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

Corporation of the Township of Hornepayne
Notes to Consolidated Financial Statements

December 31, 2023

2. Change in Accounting Policy

On January 1, 2023, the Township adopted PS 3450 Financial instruments which establishes standards for recognizing and measuring financial assets, financial liabilities and non-financial derivatives. This standard is required to be adopted prospectively. There were no unrealized gains and losses on investments for the year ended December 31, 2023, and therefore the new statement, the statement of measurement gains and losses, was not presented.

3. Net taxes available for municipal purposes

	<u>2023</u>	<u>2022</u>
Residential and farm taxation	\$ 1,882,611	\$ 1,810,589
Commercial and industrial taxation	320,595	275,185
Supplementary taxation	7,641	15,689
Amounts added to tax bill for collection	24,324	24,324
Taxation from other governments	82,593	82,593
	<u>2,317,764</u>	<u>2,208,380</u>
Deduct: amounts received or receivable for school boards	93,613	87,381
	<u>\$ 2,224,151</u>	<u>\$ 2,120,999</u>

4. Trust funds

Trust funds administered by the Municipality amounting to \$71,206 (2022 - \$67,187) have not been included in the "Consolidated Statement of Financial Position" nor have their operations been included in the "Consolidated Statement of Operations".

5. Bank Indebtedness

The Municipality has an operating line facility with a credit limit of \$1,000,000 (entire balance available at December 31, 2023). IN 2022, an additional line of credit was obtained to assist with the financing of the airport construction. This line of credit was paid in full and closed in 2023.

6. Pension plan and future employee benefits

OMERS provides pension services to more than 482,000 active and retired members and approximately 1,000 employers. Each year, an independent actuary determines the funding status of OMERS Primary Pension Plan (the Plan) by comparing the actuarial value of the invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial valuation of the Plan was conducted at December 31, 2023. The results of this valuation disclosed total actuarial liabilities of \$136,185 million in respect of benefits accrued for service with actuarial assets at that date of \$131,983 million indicating an actuarial deficit of \$4,202 million. Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Township does not recognize any share of the OMERS surplus or deficit.

Corporation of the Township of Hornepayne
Notes to Consolidated Financial Statements

December 31, 2023

6. Pension plan and future employee benefits (continued)

The amount contributed to OMERS for 2023 was \$98,159 (2022 - \$85,378) for current service and is included as an expense on the statement of operations.

The Municipality's employees may accumulate unused sick days and may become entitled to a cash payment when they leave the Municipality's employment. The Municipality accrues the cost of these employee future benefits over the periods in which the employees can earn the benefits. The cost of these employee future benefits is determined using management's best estimate.

The estimated liability represents the discounted payout at retirement of the retirement allowance and accumulated sick leave using a discount rate of 3.64% the Municipality's long term borrowing rate. The balance at December 31, 2023 is \$14,575 (2022 - \$26,000).

7. **Deferred revenue**

	Opening balance	Contributions received	Spent funds	Ending balance
Federal gas tax	\$ 26,262	\$ 65,975	\$ 25,738	\$ 66,499
Ontario Trillium Foundation Funding	-	135,000	-	135,000
Land Deposits	-	24,268	-	24,268
Safe Restart Agreement	6,940	-	6,940	-
OCIF FC Funding Hornepayne Housing Corp	552,492	356,452	37,610	871,334
	121,232	-	991	120,241
NORDS 2022 Funding	139,971	76,487	1,806	214,652
Food Cyclor Program	1,000	-	1,000	-
Library Grant	11,307	-	11,307	-
	\$ 859,204	\$ 658,182	\$ 85,392	\$ 1,431,994

The Municipality has entered into an agreement with the Association of Municipalities of Ontario for the transfer of Federal Gas Tax Revenues. Prior to spending the funding, the Municipality is required to obtain written approval for a planned project from the Association. The Municipality applied to spend Federal Gas Tax Revenue during the year. The amount spent has been reflected in deferred revenue at year end.

Corporation of the Township of Hornepayne
Notes to Consolidated Financial Statements

December 31, 2023

8. Net long term debt

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

	2023	2022
Ontario Infrastructure and Lands Corporation debenture, repayable \$32,457 semi-annually including interest at 3.64%, due August 2042	\$ 884,789	\$ 916,626
Ontario Infrastructure and Lands Corporation debenture, repayable \$22,897 semi-annually including interest at 2.35%, due August 2026	110,558	153,057
Ontario Infrastructure and Lands Corporation debenture, repayable \$12,220 semi-annually including interest at 3.14%, due February 2028	109,976	134,415
GMC truck loan outstanding, \$678 monthly at 0%, due November 2026	23,745	31,877
NCU Mortgage, repayable in payments of \$1,940 monthly including interest at 4%, due November 2026	297,256	308,401
	\$ 1,426,324	\$ 1,544,376

Principal payments due over the next five years and thereafter is as follows:

2024	\$	120,637
2025		123,349
2026		102,573
2027		74,295
2028		63,959
Thereafter		941,511
	\$	1,426,324

The municipality's outstanding debt repayment amounts are within the limits established by regulations under section 147 of the Municipal Act. The interest paid relating to the above long term debt was \$35,020 (2022 - \$82,151).

Corporation of the Township of Hornepayne
Notes to Consolidated Financial Statements

December 31, 2023

9. Solid waste closure and post-closure liabilities

Solid waste closure and post-closure care requirements have been defined in accordance with industry standards and include final covering and landscaping of the landfill, removal of ground water and leachates, and ongoing environmental monitoring, site inspection and maintenance. The present value of the Municipality's estimated future liability for this expense is recognized as the landfill site's capacity is used. The liability and annual expense is calculated based on the ratio of utilization to total capacity of the landfill site and the discounted estimated cash flows associated with closure and post-closure activities. The reported liability as at year end was \$718,575 (2022 - \$602,353) and reflects a discount rate of 3.64% (2022 – 6.45%).

The liability is based on estimates and assumptions related to events extending over the remaining life of the landfill. The landfill is expected to reach its capacity in 2 years and the estimated remaining capacity is 4,000 cubic metres which is 5% (2022 – 10%) of the site's total capacity. The total undiscounted estimated future expenses for closure and post-closure care are \$1,098,385 (2022 - \$1,098,385) leaving an amount to be recognized of \$496,032 (2022 - \$496,032). The estimated length of time needed for post-closure care is 30 years.

10. Public sector salary disclosure act

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

11. Portfolio investments

The Municipality has invested in the Hornepayne Hotel Investment Corporation. The Municipality received 149,990 Class A Preference Shares and 10 Class B Voting Common Shares for \$150,000.

Corporation of the Township of Hornepayne
Notes to Consolidated Financial Statements

December 31, 2023

12. Tangible capital assets

	2023								
	Land	Land Improve- ments	Buildings	Machinery and Equipment	Vehicles	Furnishings and Fixtures	Infra- structure	Construction in Progress	Total
Cost, beginning of year	\$ 82,366	\$ 315,577	\$ 6,687,418	\$ 5,684,868	\$ 1,573,480	\$ 623,292	\$ 29,431,682	\$ -	\$ 44,398,683
Additions	-	-	-	2,590	-	-	473,577	-	476,167
Disposals	-	-	-	-	-	-	-	-	-
Cost, end of year	82,366	315,577	6,687,418	5,687,458	1,573,480	623,292	29,905,259	-	44,874,850
Accumulated amortization, beginning of year	-	183,501	2,991,405	4,022,436	1,242,499	504,742	17,178,085	-	26,122,668
Amortization	-	24,673	24,501	247,405	48,193	56,174	632,850	-	1,033,796
Disposals	-	-	-	-	-	-	-	-	-
Accumulated amortization, end of year	-	208,174	3,015,906	4,269,841	1,290,692	560,916	17,810,935	-	27,156,464
Net carrying amount, end of year	\$ 82,366	\$ 107,403	\$ 3,671,512	\$ 1,417,617	\$ 282,788	\$ 62,376	\$ 12,094,324	\$ -	\$ 17,718,386

The Municipality holds various works of art and historical treasures. These items are not recognized as tangible capital assets in the financial statements because a reasonable estimate of the future benefits associated with such property cannot be made.

Corporation of the Township of Hornepayne
Notes to Consolidated Financial Statements

December 31, 2023

12. Tangible capital assets (continued for comparative figures)

	<u>2022</u>								
	Land	Land Improve- ments	Buildings	Machinery and Equipment	Vehicles	Furnishings and Fixtures	Infra- structure	Construction in Progress	Total
Cost, beginning of year	\$ 82,366	\$ 219,342	\$ 6,677,348	\$ 5,665,620	\$ 1,573,480	\$ 566,859	\$ 25,195,566	\$ -	\$ 39,980,581
Additions	-	96,235	10,070	19,248	-	56,433	4,236,116	-	4,418,102
Cost, end of year	82,366	315,577	6,687,418	5,684,868	1,573,480	623,292	29,431,682	-	44,398,683
Accumulated amortization, beginning of year	-	175,295	2,771,818	3,780,035	1,182,884	486,644	16,820,825	-	25,217,501
Amortization	-	8,206	219,587	242,401	59,615	18,098	357,260	-	905,167
Accumulated amortization, end of year	-	183,501	2,991,405	4,022,436	1,242,499	504,742	17,178,085	-	26,122,668
Net carrying amount, end of year	\$ 82,366	\$ 132,076	\$ 3,696,013	\$ 1,662,432	\$ 330,981	\$ 118,550	\$ 12,253,597	\$ -	\$ 18,276,015

The Municipality holds various works of art and historical treasures. These items are not recognized as tangible capital assets in the financial statements because a reasonable estimate of the future benefits associated with such property cannot be made.

Corporation of the Township of Hornepayne
Notes to Consolidated Financial Statements

December 31, 2023

13. Accumulated surplus

Allocation of annual surplus (deficit)

	2023	2022
Excess (deficiency) in tangible capital assets	\$ (439,576)	\$ 3,477,920
Reserve and reserve funds	(179,479)	(108,331)
General surplus (deficit)	(811,340)	-
Library surplus	17,215	-
	\$ (1,413,180)	\$ 3,369,589

The Municipality segregates its accumulated surplus in the following categories:

	2023	2022
Reserves set aside for specific purposes by Council		
Capital	\$ 184,035	\$ 184,035
Library board	101,429	101,429
Arena	27,224	27,224
Sick leave	11,419	59,702
Student bursary	12,000	14,000
Public works department	6,027	6,027
Recreation - fitness/weight training	28,435	28,435
Recreation	9,850	9,850
Cemetery	740	740
Airport	42,200	42,200
Community well-being	82,791	69,156
100th Anniversary	35,100	35,043
Planning and development	96,509	144,654
Water and sewer	303,716	303,716
Levy Stabilization Fund	279,792	351,467
Economic Development Fund	48,182	75,000
Community Improvement Fund	65,000	65,000
Municipal Grants Fund	65,000	65,000
Landfill reserve	109,386	104,693
Election Fund	8,190	9,131
	1,517,025	1,696,502
Reserve funds set aside for specific purposes by Council		
Arena	11,739	11,739
Hot tub	9,465	9,465
Cedar Point Park	1,363	1,363
	22,567	22,567
Total reserves		
	1,539,592	1,719,069
Equity in tangible capital assets		
Equity in Hornepayne Hotel Investment Corporation	16,292,062	16,581,638
General surplus	150,000	150,000
Unfunded liabilities	(113,942)	841,610
	(14,575)	(26,000)
	\$ 17,853,137	\$ 19,266,317

Corporation of the Township of Hornepayne
Notes to Consolidated Financial Statements

December 31, 2023

14. Budget

The Financial Plan (Budget) By-Law adopted by Council on June 21, 2023 was not prepared on a basis consistent with that used to report actual results (Public Sector Accounting Standards). The budget was prepared on a modified accrual basis while Public Sector Accounting Standards now require a full accrual basis. The budget figures anticipated use of surpluses accumulated in previous years to reduce current year expenditures in excess of current year revenues to \$nil. In addition, the budget expensed all tangible capital expenditures rather than including amortization expense. As a result, the budget figures presented in the statements of operations and change in net financial assets (debt) represent the Financial Plan adopted by Council on June 21, 2023 with adjustments as follows:

	<u>2023</u>
Financial Plan (Budget) Bylaw deficit for the year	\$ -
Budget surplus per statement of operations	<u>\$ -</u>

Corporation of the Township of Hornepayne Notes to Consolidated Financial Statements

December 31, 2023

15. Segmented information

The Municipality is a diversified local government institution that provides a wide range of services to its citizens. For management reporting purposes, municipal operations and activities are organized and reported by Fund. Funds were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations.

Municipal 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:

General government

The administration department oversees the delivery of all government services. The department is responsible for ensuring that there are adequate policies and procedures in place to safeguard assets and to properly report financial activities. In addition, this department includes the governance activities of council.

Protection

Protection is comprised of the police, fire/emergency, by-law enforcement and building inspections departments. The mandate of the police department 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. The fire/emergency department is responsible to provide fire suppression service; fire prevention programs; training and education related to prevention, detection or extinguishment of fires. The by-law enforcement and building inspection department ensures properties are in compliance with applicable legislation, by-laws, building standards and construction codes.

Transportation

The transportation department is responsible for the delivery of municipal public works services related to the planning, development and maintenance of roadway systems, winter control and street lighting.

Environmental

The environmental department consist of three distinct utilities - water, wastewater and solid waste disposal. The department provides drinking water to ratepayers, collecting and treating wastewater, and providing garbage collection and waste minimization programs and facilities for solid waste disposal.

Health

Through the Porcupine Health Unit, the municipality contributes to public health services and education and through the Algoma District Services Administration Board, to ambulance services. In addition, this department oversees the care and maintenance of municipal cemeteries.

Social, family and housing services

Through the Algoma District Services Administration Board, the Municipality contributes to social assistance payments, child care services and social housing. The municipality also owns an apartment building through its Municipal Services Corporation that provides affordable housing in the community.

Corporation of the Township of Hornepayne
Notes to Consolidated Financial Statements

December 31, 2023

15. Segmented information (continued)

Recreation and cultural

The recreation and cultural department provides public services that contribute to neighbourhood development and sustainability through the provision of recreation and leisure services such as parks, arena, fitness and sports programs. It provides public services that contribute to healthy communities through partnerships, promotion, prevention, protection and enforcement. The department also contributes towards the information needs of the Municipality's citizens through the provision of library services.

Planning

The planning department provides a diverse bundle of services. It manages development for business interests, environmental concerns, heritage matters and neighbourhoods through planning and community development activities. It facilitates economic development by providing services for the approval of all land development plans.

For each reported segment, revenues and expenses include 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.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in the summary of significant accounting policies. Additional information is contained in this note.

Corporation of the Township of Hornepayne
Notes to Consolidated Financial Statements

December 31, 2023

15. Segmented information (continued)

For the year ended December 31	General Government	Protection	Transportation	Environmental	Health	Social, Family, and Housing	Recreation and Cultural	Planning	2023 Total
Revenue									
Taxation	\$ 471,457	\$ 116,410	\$ 470,485	\$ 708,664	\$ 15,585	\$ 197,983	\$ 194,448	\$ 49,119	\$ 2,224,151
Government grants - Federal	-	-	284,142	8,958	-	-	20,399	64,130	377,629
Government grants - Provincial	125,827	31,068	125,567	226,744	4,159	52,839	66,966	13,109	646,279
User fees and service charges	20,699	-	47,733	1,169,574	3,268	-	180,294	-	1,421,568
Licenses, permits and rents	19,058	-	-	-	-	389,259	79,297	-	487,614
Investment income	18,960	-	-	-	-	-	-	-	18,960
Interest and penalties on taxes, water and sewer	106,574	-	-	-	-	-	-	-	106,574
Government grants - municipal	-	-	-	-	-	-	-	-	-
	762,575	147,478	927,927	2,113,940	23,012	640,081	541,404	126,358	5,282,775
Expenses									
Salaries and benefits	679,181	37,025	451,080	30,515	678	101,161	251,781	98,496	1,649,917
Interest on long term debt	-	-	-	35,020	-	-	-	-	35,020
Materials and supplies	62,613	47,758	545,148	296,922	1,607	327,710	176,686	-	1,458,444
Contracted services	334,052	230,425	75,243	1,234,195	1,698	-	103,697	49,380	2,028,690
Rents and financial expenses	288,015	-	9,140	-	-	-	52	-	297,207
External transfers	-	-	-	-	42,936	149,945	-	-	192,881
Amortization	55,494	35,252	335,814	536,829	-	17,224	53,183	-	1,033,796
	1,419,355	350,460	1,416,425	2,133,481	46,919	596,040	585,399	147,876	6,695,955
Net surplus (deficit)	\$ (656,780)	\$ (202,982)	\$ (488,498)	\$ (19,541)	\$ (23,907)	\$ 44,041	\$ (43,995)	\$ (21,518)	\$ (1,413,180)

Corporation of the Township of Hornepayne
Notes to Consolidated Financial Statements

December 31, 2023

15. Segmented information (continued)

For the year ended December 31	General Government	Protection	Transportation	Environmental	Health	Social, Family and Housing	Recreation and Cultural	Planning	2022 Total
Revenue									
Taxation	\$ 289,431	\$ 237,427	\$ 766,863	\$ -	\$ 206,120	\$ -	\$ 621,158	\$ -	\$ 2,120,999
Government grants - federal	52,234	-	2,706,240	2,185	-	-	196,927	48,459	3,006,045
Government grants - provincial	677,717	-	1,383,797	-	-	-	3,763	-	2,065,277
User fees and service charges	70,585	-	35,776	1,203,383	3,950	-	112,051	-	1,425,745
Licenses, permits and fines	12,998	-	-	24,324	-	385,760	238,567	-	661,649
Investment income	6,498	-	-	-	-	-	-	-	6,498
Interest and penalties on taxes	128,009	-	-	-	-	-	-	-	128,009
Gain (loss) on disposal of tangible capital assets	(128,541)	-	-	-	-	-	-	-	(128,541)
Other	-	-	-	-	-	-	-	-	-
	<u>1,108,931</u>	<u>237,427</u>	<u>4,892,676</u>	<u>1,229,892</u>	<u>210,070</u>	<u>385,760</u>	<u>1,172,466</u>	<u>48,459</u>	<u>9,285,681</u>
Expenses									
Salaries and benefits	592,734	33,793	407,627	25,438	-	103,175	237,911	107,156	1,507,834
Interest on long term debt	-	-	-	82,151	-	-	-	-	82,151
Materials and supplies	50,210	61,435	356,949	179,773	1,456	241,241	180,088	-	1,071,152
Contracted services	246,941	223,308	70,659	1,299,460	4,769	-	108,003	68,229	2,021,369
Rents and financial expenses	145,988	8,504	20,887	282	92	-	22,033	-	197,786
External transfers	-	-	-	-	40,236	98,805	-	-	139,041
Amortization	47,550	35,251	141,174	632,858	-	15,598	24,328	-	896,759
	<u>1,083,423</u>	<u>362,291</u>	<u>997,296</u>	<u>2,219,962</u>	<u>46,553</u>	<u>458,819</u>	<u>572,363</u>	<u>175,385</u>	<u>5,916,092</u>
Net surplus (deficit)	<u>\$ 25,508</u>	<u>\$ (124,864)</u>	<u>\$ 3,895,380</u>	<u>\$ (990,070)</u>	<u>\$ 163,517</u>	<u>\$ (73,059)</u>	<u>\$ 600,103</u>	<u>\$ (126,926)</u>	<u>\$ 3,369,589</u>

**Corporation of the Township of Hornepayne
Public Library Board
(Unaudited)**

Statement of Operations

For the year ended December 31	Budget	2023	2022
Sources of financing			
Municipal contributions	\$ -	\$ 130,750	\$ 130,360
Province of Ontario grants	-	15,070	3,763
Fines and photocopies	-	948	728
Donations	-	1,342	1,656
Other	-	2,295	2,297
	-	150,405	138,804
Applied to			
Amortization	-	680	680
Subscriptions and films	-	14,789	17,089
Equipment	-	11,355	3,893
Insurance	-	52	505
Repairs and maintenance	-	808	73
Supplies	-	5,466	5,625
Telecommunications	-	2,207	2,129
Travel	-	3,520	504
Wages and employee benefits	-	94,993	105,170
	-	133,870	135,668
Surplus for the year	\$ -	\$ 16,535	\$ 3,136