

**Corporation of the Township of Hornepayne  
Consolidated Financial Statements  
For the year ended December 31, 2022**

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For the year ended December 31, 2022

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

**December 31, 2022**

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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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CAO/Clerk



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Treasurer



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## Independent Auditor's Report

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

### Opinion

We have audited the consolidated financial statements of the Corporation of the Township of Hornepayne and its subsidiaries (the Municipality), which comprise the consolidated statement of financial position as at December 31, 2022, and the consolidated statements of operations, the consolidated change of net financial assets (debt) and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Municipality as at December 31, 2022, and its consolidated results from its operations, change in net financial assets (debt) and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our 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 Municipality in accordance with the ethical requirements that are relevant to our audit of the consolidated 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.

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.

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## Independent Auditor's Report (continued)

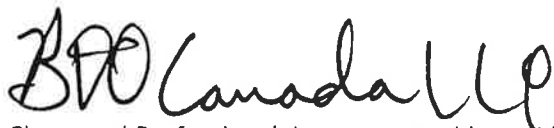
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Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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.
- 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.



Chartered Professional Accountants, Licensed Public Accountants  
Sault Ste. Marie, Ontario  
June 21, 2023

**Corporation of the Township of Hornepayne  
Consolidated Statement of Financial Position**

<b>December 31</b>	<b>2022</b>	Restated (see Note 14) <b>2021</b>
<b>Financial assets</b>		
Cash and cash equivalents	\$ 1,389,064	\$ 3,167,670
Taxes receivable	508,752	489,901
Accounts receivable	4,528,466	376,155
Portfolio investments (Note 10)	150,000	150,000
Inventories for resale	23,515	37,698
	<b>6,599,797</b>	<b>4,221,424</b>
<b>Liabilities</b>		
Bank indebtedness (Note 4)	2,629,606	-
Accounts payable and accrued liabilities	140,319	397,876
Employee benefits plan liability (Note 5)	26,000	17,500
Deferred revenue (Note 6)	859,204	817,631
Net long term debt (Note 7)	1,544,376	1,659,362
Solid waste closure and post-closure liabilities (Note 8)	602,353	488,549
	<b>5,801,858</b>	<b>3,380,918</b>
<b>Net financial assets</b>	<b>797,939</b>	<b>840,506</b>
<b>Non-financial assets</b>		
Inventories for resale	107,143	235,684
Tangible capital assets (Note 11)	18,276,015	14,763,080
Prepaid expenses and inventories of supplies	85,220	57,458
	<b>18,468,378</b>	<b>15,056,222</b>
<b>Accumulated surplus (Note 12)</b>	<b>\$ 19,266,317</b>	<b>\$ 15,896,728</b>

**Corporation of the Township of Hornepayne  
Consolidated Statement of Operations**

<b>For the year ended December 31</b>	<b>2022</b>	<b>2022</b>	Restated (see Note 14) <b>2021</b>
<b>Revenue</b>			
Taxation (Note 2)	\$ 2,120,999	\$ 2,120,999	\$ 1,917,531
Government grants - Federal	1,139,066	3,006,045	271,478
Government grants - Provincial	782,586	2,065,277	888,371
User fees and service charges	540,251	1,425,745	1,291,459
Licenses, permits and rents	250,715	661,649	185,982
Penalties and interest on taxes	48,506	116,363	96,108
Fines and interest penalties	-	11,646	16,856
Investment income	2,462	6,498	727
Gain (loss) on disposal of tangible capital assets and land inventory	-	(128,541)	131,113
	<u>4,884,585</u>	<u>9,285,681</u>	<u>4,799,625</u>
<b>Expenses</b>			
General government	1,103,640	1,083,423	957,517
Protection services	324,030	362,291	342,053
Transportation services	924,695	997,296	837,554
Environmental services	1,361,865	2,219,962	1,788,427
Health services	201,030	46,553	40,112
Social, family services and housing	-	458,819	380,254
Recreation and cultural services	767,540	572,363	417,071
Planning and development	201,785	175,385	170,909
	<u>4,884,585</u>	<u>5,916,092</u>	<u>4,933,897</u>
<b>Annual surplus (deficit)</b>	-	<b>3,369,589</b>	(134,272)
<b>Accumulated surplus, beginning of year</b>	<u>15,896,728</u>	<u>15,896,728</u>	<u>16,031,000</u>
<b>Accumulated surplus, end of year</b>	<u>\$ 15,896,728</u>	<u>\$ 19,266,317</u>	<u>\$ 15,896,728</u>

The accompanying notes are an integral part of these financial statements

**Corporation of the Township of Hornepayne**  
**Consolidated Statement of Change in Net Financial Assets**

<b>For the year ended December 31</b>	Budget 2022	2022	Restated (see Note 14) 2021
<b>Annual surplus (deficit)</b>	\$ -	\$ 3,369,589	\$ (134,272)
Acquisition of tangible capital assets	-	(4,457,386)	(748,993)
Amortization of tangible capital assets	905,167	905,167	770,343
Proceeds from sale of capital assets	-	39,285	-
	905,167	(143,345)	(112,922)
Prepaid expenses and inventory of supplies	-	(27,762)	(18,631)
Inventories for resale	-	128,540	(54,932)
<b>Net change in net financial assets</b>	905,167	(42,567)	(186,485)
<b>Net financial assets, beginning of year</b>	840,506	840,506	1,026,991
<b>Net financial assets, end of year</b>	\$ 1,745,673	\$ 797,939	\$ 840,506



**Corporation of the Township of Hornepayne  
Consolidated Statement of Cash Flows**

<b>For the year ended December 31</b>	<b>2022</b>	<b>Restated (see Note 14) 2021</b>
<b>Operating transactions</b>		
Annual surplus (deficit)	\$ 3,369,589	\$ (134,272)
Item not involving cash		
Amortization	905,167	770,343
Changes in non-cash operating balances		
Taxes receivable	(18,851)	58,458
Accounts receivable	(4,152,311)	(62,902)
Inventories for resale	142,724	(68,572)
Prepaid expenses and inventories of supplies	(27,762)	(18,631)
Accounts payable and accrued liabilities	(257,557)	(12,780)
Employee benefits plan liability	8,500	4,650
Deferred revenue	41,573	189,220
Solid waste closure and post closure liabilities	113,804	7,777
	<b>124,876</b>	<b>733,291</b>
<b>Capital transactions</b>		
Acquisition of tangible capital assets	(4,457,386)	(748,993)
Proceeds on sale of tangible capital assets	39,285	-
	<b>(4,418,101)</b>	<b>(748,993)</b>
<b>Investing transactions</b>		
Acquisition of portfolio investments	-	(150,000)
<b>Financing transactions</b>		
Increase in bank indebtedness	2,629,606	-
Proceeds from issuance of long-term debt	-	320,000
Repayment of long term debt	(114,987)	(103,602)
	<b>2,514,619</b>	<b>216,398</b>
<b>Net change in cash and cash equivalents</b>	<b>(1,778,606)</b>	<b>50,696</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>3,167,670</b>	<b>3,116,974</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 1,389,064</b>	<b>\$ 3,167,670</b>

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## Corporation of the Township of Hornepayne Notes to Consolidated Financial Statements

December 31, 2022

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### 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.

**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.

**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, 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.

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**Corporation of the Township of Hornepayne**  
**Notes to Consolidated Financial Statements**

**December 31, 2022**

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**1. Significant accounting policies (continued)**

<b>Retirement benefits and other employee benefit plans</b>	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.
<b>Solid waste landfills</b>	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.
<b>Deferred revenue</b>	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.
<b>Government transfers</b>	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.
<b>Revenue recognition</b>	<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>

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**Corporation of the Township of Hornepayne**  
**Notes to Consolidated Financial Statements**

**December 31, 2022**

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**1. Significant accounting policies (continued)**

**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.

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**2. Net taxes available for municipal purposes**

	<u>2022</u>	<u>2021</u>
Residential and farm taxation	\$ 1,810,589	\$ 1,603,069
Commercial and industrial taxation	275,185	278,168
Supplementary taxation	15,689	11,970
Amounts added to tax bill for collection	24,324	24,324
Taxation from other governments	82,593	89,504
	<u>2,208,380</u>	<u>2,007,035</u>
Deduct: amounts received or receivable for school boards	87,381	89,504
	<u>\$ 2,120,999</u>	<u>\$ 1,917,531</u>

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**3. Trust funds**

Trust funds administered by the Municipality amounting to \$67,187 (2021 - \$65,718) have not been included in the "Consolidated Statement of Financial Position" nor have their operations been included in the "Consolidated Statement of Operations".

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**4. Bank Indebtedness**

The Municipality has an operating line facility with a credit limit of \$1,000,000 (entire balance available at December 31, 2022). An additional line of credit was obtained to assist with the financing for the airport construction. The line of credit is due on demand, interest charged at 6.7% and there is maximum credit available of \$3,000,000. At December 31, 2022, there is a balance of \$370,394 available.

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**5. Pension plan and future employee benefits**

The township makes contributions to the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer plan, on behalf of all permanent, full time members of its staff. The plan is a defined benefit plan that specifies the amount of the retirement benefit to be received by the employees based on length of service and rates of pay. Employees and employers contribute jointly to the plan.

**Corporation of the Township of Hornepayne**  
**Notes to Consolidated Financial Statements**

**December 31, 2022**

**5. Pension plan and future employee benefits (continued)**

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 municipality does not recognize any share of the OMERS pension surplus or deficit. Contributions made by the Municipality to OMERS for 2022 were \$85,378 (2021 - \$70,319).

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, 2022 is \$26,000 (2021 - \$17,500).

**6. Deferred revenue**

	Opening balance	Contributions received	Spent funds	Ending balance
Federal gas tax	\$ 340,769	\$ 63,884	\$ 378,391	\$ 26,262
Modernization funding	2,677	-	2,677	-
NWMO Economic Development Funding	79,235	-	79,235	-
Safe Restart Agreement	36,134	-	29,194	6,940
OCIF FC Funding Hornepayne Housing Corp	246,316	306,176	-	552,492
NORDS 2022 Funding	-	139,971	-	139,971
Food Cyclor Program	-	1,000	-	1,000
Library Grant	-	11,307	-	11,307
	<b>\$ 817,631</b>	<b>\$ 543,570</b>	<b>\$ 501,997</b>	<b>\$ 859,204</b>

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, 2022**

**7. Net long term debt**

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

	2022	2021
Ontario Infrastructure and Lands Corporation debenture, repayable \$32,457 semi-annually including interest at 3.64%, due August 2042	<b>\$ 916,626</b>	\$ 947,336
Ontario Infrastructure and Lands Corporation debenture, repayable \$22,897 semi-annually including interest at 2.35%, due August 2026	<b>153,057</b>	194,042
Ontario Infrastructure and Lands Corporation debenture, repayable \$12,220 semi-annually including interest at 3.14%, due February 2028	<b>134,415</b>	158,854
GMC truck loan outstanding, \$678 monthly at 0%, due November 2026	<b>31,877</b>	40,018
NCU Mortgage, repayable in payments of \$1,940 monthly including interest at 4%, due November 2026	<b>308,401</b>	319,112
	<b>\$ 1,544,376</b>	\$ 1,659,362

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

2023	\$ 118,010
2024	120,637
2025	123,349
2026	102,135
2027	76,095
Thereafter	1,004,150
	<b>\$ 1,544,376</b>

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 \$82,151 (2021 - \$46,143).

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**Corporation of the Township of Hornepayne**  
**Notes to Consolidated Financial Statements**

**December 31, 2022**

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**8. 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 \$602,353 (2021 - \$488,549) and reflects a discount rate of 6.45% (2021 – 3.64%).

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 10% (2021 – 15%) of the site's total capacity. The total undiscounted estimated future expenses for closure and post-closure care are \$1,098,385 (2021 - \$935,161) leaving an amount to be recognized of \$496,032 (2021 - \$446,612). The estimated length of time needed for post-closure care is 30 years.

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**9. Public sector salary disclosure act**

For 2022, one employee was paid a salary of \$100,000 or more, as defined in the Public Sector Salary Disclosure Act, 1996.

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**10. 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, 2022

								2022	
	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
Disposals	-	-	-	-	-	-	-	-	-
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
Disposals	-	-	-	-	-	-	-	-	-
Accumulated amortization, end of year	-	183,501	2,991,405	4,022,436	1,242,499	504,742	17,178,085	-	26,122,668
<b>Net carrying amount, end of year</b>	<b>\$ 82,366</b>	<b>\$ 132,076</b>	<b>\$ 3,696,013</b>	<b>\$ 1,662,432</b>	<b>\$ 330,981</b>	<b>\$ 118,550</b>	<b>\$ 12,253,597</b>	<b>\$ -</b>	<b>\$ 18,276,015</b>

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, 2022**

**11. Tangible capital assets** (continued for comparative figures)

	2021									
	Land	Land Improve- ments	Buildings	Machinery and Equipment	Vehicles	Furnishings and Fixtures	Infra- structure	Construction in Progress	Total	
Cost, beginning of year	\$ 32,366	\$ 174,304	\$ 6,334,893	\$ 5,596,627	\$ 1,573,480	\$ 548,994	\$ 24,970,924	\$ -	\$ 39,231,588	
Additions	50,000	45,038	342,455	68,993	-	17,865	224,642	-	748,993	
Cost, end of year	82,366	219,342	6,677,348	5,665,620	1,573,480	566,859	25,195,566	-	39,980,581	
Accumulated amortization, beginning of year	-	174,304	2,653,608	3,538,973	1,123,268	449,751	16,507,254	-	24,447,158	
Amortization	-	991	118,210	241,062	59,616	36,893	313,571	-	770,343	
Accumulated amortization, end of year	-	175,295	2,771,818	3,780,035	1,182,884	486,644	16,820,825	-	25,217,501	
Net carrying amount, end of year	\$ 82,366	\$ 44,047	\$ 3,905,530	\$ 1,885,585	\$ 390,596	\$ 80,215	\$ 8,374,741	\$ -	\$ 14,763,080	

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, 2022**

**12. Accumulated surplus**

**Allocation of annual surplus (deficit)**

	2022	2021
Excess (deficiency) in tangible capital assets	\$ 3,477,920	\$ (237,748)
Reserve and reserve funds	(108,331)	(28,449)
General surplus (deficit)	-	(18,075)
Equity in Hornepayne Hotel Investment Corporation	-	150,000
Opening reserve adjustment	-	-
	<b>\$ 3,369,589</b>	<b>\$ (134,272)</b>

The Municipality segregates its accumulated surplus in the following categories:

	2022	2021
Reserves set aside for specific purposes by Council		
Capital	\$ 184,035	\$ 184,035
Library board	101,429	101,258
Arena	27,224	27,224
Sick leave	59,702	59,702
Student bursary	14,000	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	21,100
Community well-being	69,156	108,519
100th Anniversary	35,043	34,639
Planning and development	144,654	230,000
Water and sewer	303,716	303,716
Levy Stabilization Fund	351,467	356,762
Economic Development Fund	75,000	75,000
Community Improvement Fund	65,000	65,000
Municipal Grants Fund	65,000	65,000
Landfill reserve	104,693	104,693
Election Fund	9,131	9,131
	<b>1,696,502</b>	<b>1,804,831</b>
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
	<b>22,567</b>	<b>22,567</b>
	<b>1,719,069</b>	<b>1,827,398</b>
Equity in tangible capital assets	16,581,638	13,103,718
Equity in Hornepayne Hotel Investment Corporation	150,000	150,000
General surplus	841,610	833,112
Unfunded liabilities	(26,000)	(17,500)
	<b>\$ 19,266,317</b>	<b>\$ 15,896,728</b>

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**Corporation of the Township of Hornepayne**  
**Notes to Consolidated Financial Statements**

**December 31, 2022**

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**13. Budget**

The Financial Plan (Budget) By-Law adopted by Council on March 31, 2022 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 represent the Financial Plan adopted by Council on March 31, 2022 with adjustments as follows:

	<u>2022</u>
Financial Plan (Budget) Bylaw deficit for the year	\$ -
Budget surplus per statement of operations	\$ -

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## Corporation of the Township of Hornepayne Notes to Consolidated Financial Statements

December 31, 2022

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### 14. 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.

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**Corporation of the Township of Hornepayne**  
**Notes to Consolidated Financial Statements**

**December 31, 2022**

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**14. 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, 2022

**14. 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 rents	12,998	-	-	24,324	-	385,760	238,567	-	661,649
Investment income	6,498	-	-	-	-	-	-	-	6,498
Interest and penalties on taxes, water and sewer	128,009	-	-	-	-	-	-	-	128,009
Gain (loss) on disposal of tangible capital assets	(128,541)	-	-	-	-	-	-	-	(128,541)
Government grants - municipal	1,108,931	237,427	4,892,676	1,229,892	210,070	385,760	1,172,466	48,459	9,285,681
Expenses	592,734	33,793	407,627	25,438	-	103,175	237,911	107,166	1,507,834
Salaries and benefits	-	-	-	-	-	-	-	-	82,151
Interest on long term debt	50,210	61,435	356,949	179,773	1,456	241,241	180,088	-	1,071,152
Materials and supplies	246,941	223,308	70,659	1,299,460	4,769	-	108,003	68,229	2,021,369
Contracted services	145,988	8,504	20,887	282	92	-	22,033	-	197,786
Rents and financial expenses	47,550	35,251	141,174	632,858	40,236	98,805	24,328	-	139,041
External transfers	1,083,423	362,291	997,296	2,219,962	46,553	458,819	572,363	175,385	896,759
Amortization	-	-	-	-	-	-	-	-	5,916,092
<b>Net surplus (deficit)</b>	\$ 25,508	\$ (124,864)	\$ 3,895,380	\$ (990,070)	\$ 163,517	\$ (73,059)	\$ 600,103	\$ (126,926)	\$ 3,389,589

**Corporation of the Township of Hornepayne**  
Notes to Consolidated Financial Statements

December 31, 2022

**14. Segmented information (continued)**

For the year ended December 31	General Government	Protection	Transportation	Environmental	Health	Social, Family and Housing	Recreation and Cultural	Planning	2021 Total
Revenue									
Taxation	\$ 158,145	\$ 214,432	\$ 703,684	\$ 111,823	\$ -	\$ 176,509	\$ 552,938	\$ -	\$ 1,917,531
Government grants - federal	115,785	-	54,443	-	-	-	67,937	33,313	271,478
Government grants - provincial	144,168	67,678	241,964	200,574	55,709	-	178,278	-	888,371
User fees and service charges	321	-	28,690	1,030,076	6,050	-	226,322	-	1,291,459
Licenses, permits and fines	122,836	-	-	-	-	63,146	-	-	185,982
Investment income	727	-	-	-	-	-	-	-	727
Interest and penalties on taxes	112,964	-	-	-	-	-	-	-	112,964
Other	131,113	-	-	-	-	-	-	-	131,113
	<u>786,059</u>	<u>282,110</u>	<u>1,028,781</u>	<u>1,342,473</u>	<u>61,759</u>	<u>239,655</u>	<u>1,025,475</u>	<u>33,313</u>	<u>4,799,625</u>
Expenses									
Salaries and benefits	503,281	52,584	383,023	21,217	1,092	64,281	214,129	135,356	1,374,963
Interest on long term debt	-	-	-	46,123	-	-	-	-	46,123
Staff development	81,938	43,178	259,064	187,770	203	140,862	126,139	-	839,154
Materials and supplies	139,139	203,863	76,648	983,532	2,122	15,890	6,725	35,553	1,463,492
Rent and financial expenses	196,880	7,863	19,875	365	122	8,095	25,772	-	258,972
External transfers	-	-	-	-	36,573	144,277	-	-	180,850
Amortization	36,279	34,545	98,944	549,420	-	6,849	44,306	-	770,343
	<u>957,517</u>	<u>342,053</u>	<u>837,554</u>	<u>1,788,427</u>	<u>40,112</u>	<u>380,254</u>	<u>417,071</u>	<u>170,909</u>	<u>4,933,897</u>
<b>Net surplus (deficit)</b>	<b>\$ (171,458)</b>	<b>\$ (59,943)</b>	<b>\$ 191,227</b>	<b>\$ (445,954)</b>	<b>\$ 21,647</b>	<b>\$ (140,599)</b>	<b>\$ 608,404</b>	<b>\$ (137,596)</b>	<b>\$ (134,272)</b>

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**Corporation of the Township of Hornepayne  
Notes to Consolidated Financial Statements**

**December 31, 2022**

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**15. Prior period correction**

During the year in Hornepayne Housing Corporation, it was discovered that the December 31, 2021 accounts payable were understated. As a result, the prior year accounts payable and total expenses were understated. The financial statement amounts that are presented for comparative purposes have been restated to correct this as follows:

Increase in 2021 Accounts payable and accrued liabilities	\$15,890
Decrease in 2021 Accumulated surplus	\$15,890
Increase in 2021 Social, family services and housing expenses	\$15,890
Decrease in 2021 Annual deficit	\$15,890



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

**Statement of Operations**

<b>For the year ended December 31</b>	<b>Budget</b>	<b>2022</b>	<b>2021</b>
<b>Sources of financing</b>			
Municipal contributions	\$ -	\$ 130,360	\$ 183,860
Province of Ontario grants	-	3,763	3,763
Fines and photocopies	-	728	545
Donations	-	1,656	2,904
Other	-	2,297	936
	-	<b>138,804</b>	<b>192,008</b>
<b>Applied to</b>			
Amortization	-	680	20,516
Subscriptions and films	-	17,089	16,433
Equipment	-	3,893	2,297
Insurance	-	505	727
Repairs and maintenance	-	73	115
Supplies	-	5,625	4,879
Telecommunications	-	2,129	2,118
Travel	-	504	406
Wages and employee benefits	-	105,170	102,369
	-	<b>135,668</b>	<b>149,860</b>
<b>Surplus for the year</b>	<b>\$ -</b>	<b>\$ 3,136</b>	<b>\$ 42,148</b>