

**Corporation of the Township of Hornepayne
Consolidated Financial Statements
For the year ended December 31, 2021**

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Consolidated Financial Statements
For the year ended December 31, 2021

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

December 31, 2021

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.



CAO/Clerk



Treasurer



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Independent Auditor's Report

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, 2021, 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, 2021, 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.

Independent Auditor's Report (continued)

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.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants
Sault Ste. Marie, Ontario
August 16, 2022

Corporation of the Township of Hornepayne
Consolidated Statement of Financial Position

December 31	2021	2020
Financial assets		
Cash and cash equivalents	\$ 3,167,670	\$ 3,116,974
Taxes receivable	489,901	548,359
Accounts receivable	376,155	313,253
Portfolio investments (Note 9)	150,000	-
Inventories for resale	37,698	24,057
	4,221,424	4,002,643
Liabilities		
Accounts payable and accrued liabilities	381,986	410,656
Employee benefits plan liability (Note 4)	17,500	12,850
Deferred revenue (Note 5)	817,631	628,411
Net long term debt (Note 6)	1,659,362	1,442,963
Solid waste closure and post-closure liabilities (Note 7)	488,549	480,772
	3,365,028	2,975,652
Net financial assets	856,396	1,026,991
Non-financial assets		
Inventories for resale	235,684	180,753
Tangible capital assets (Note 10)	14,763,080	14,784,429
Prepaid expenses and inventories of supplies	57,458	38,827
	15,056,222	15,004,009
Accumulated surplus (Note 11)	\$ 15,912,618	\$ 16,031,000

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

For the year ended December 31	Budget 2021	2021	2020
Revenue			
Taxation (Note 2)	\$ 1,958,120	\$ 1,917,531	\$ 1,908,584
Government grants - Federal	275,000	271,478	182,122
Government grants - Provincial	890,000	888,371	1,005,657
User fees and service charges	1,320,000	1,291,459	1,150,822
Licenses, permits and rents	140,000	185,982	137,510
Penalties and interest on taxes	60,000	96,108	56,321
Fines and interest penalties	5,000	16,856	5,938
Investment income	-	727	8,687
Donation and other	-	-	710,389
Gain (loss) on disposal of tangible capital assets and land inventory	-	131,113	(48,625)
	4,648,120	4,799,625	5,117,405
Expenses			
General government	941,860	957,517	961,881
Protection services	320,805	342,053	349,097
Transportation services	944,024	837,554	900,151
Environmental services	1,247,195	1,788,427	1,707,857
Health services	40,112	40,112	43,789
Social, family services and housing	142,098	364,364	143,532
Recreation and cultural services	743,080	417,071	506,303
Planning and development	266,365	170,909	394,769
	4,645,539	4,918,007	5,007,379
Annual surplus (deficit)	2,581	(118,382)	110,026
Accumulated surplus, beginning of year	16,031,000	16,031,000	15,920,974
Accumulated surplus, end of year	\$ 16,033,581	\$ 15,912,618	\$ 16,031,000

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**

For the year ended December 31	Budget 2021	2021	2020
Annual surplus (deficit)	\$ 2,581	\$ (118,382)	\$ 110,026
Acquisition of tangible capital assets	(452,160)	(748,993)	(261,138)
Amortization of tangible capital assets	770,343	770,343	788,165
	320,764	(97,032)	637,053
Prepaid expenses and inventory of supplies	-	(18,631)	12,719
Inventories for resale	-	(54,932)	21,741
Net change in net financial assets	320,764	(170,595)	671,513
Net financial assets, beginning of year	1,026,991	1,026,991	355,478
Net financial assets, end of year	\$ 1,347,755	\$ 856,396	\$ 1,026,991

Corporation of the Township of Hornepayne
Consolidated Statement of Cash Flows

For the year ended December 31	2021	2020
Operating transactions		
Annual surplus (deficit)	\$ (118,382)	\$ 110,026
Item not involving cash		
Amortization	770,343	788,165
Changes in non-cash operating balances		
Taxes receivable	58,458	(177,970)
Accounts receivable	(62,902)	133,492
Inventories for resale	(68,572)	23,515
Prepaid expenses and inventories of supplies	(18,631)	12,719
Accounts payable and accrued liabilities	(28,670)	220,892
Employee benefits plan liability	4,650	2,300
Deferred revenue	189,220	99,417
Solid waste closure and post closure liabilities	7,777	48,534
	<u>733,291</u>	<u>1,261,090</u>
Capital transactions		
Acquisition of tangible capital assets	<u>(748,993)</u>	<u>(261,138)</u>
Investing transactions		
Acquisition of portfolio investments	<u>(150,000)</u>	<u>-</u>
Financing transactions		
Proceeds from issuance of long-term debt	320,000	48,848
Repayment of long term debt	<u>(103,602)</u>	<u>(92,762)</u>
	<u>216,398</u>	<u>(43,914)</u>
Net change in cash and cash equivalents	50,696	956,038
Cash and cash equivalents, beginning of year	<u>3,116,974</u>	<u>2,160,936</u>
Cash and cash equivalents, end of year	<u>\$ 3,167,670</u>	<u>\$ 3,116,974</u>

Corporation of the Township of Hornepayne

Notes to Consolidated Financial Statements

December 31, 2021

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.

Corporation of the Township of Hornepayne Notes to Consolidated Financial Statements

December 31, 2021

1. Significant accounting policies (continued)

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.
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>

Corporation of the Township of Hornepayne
Notes to Consolidated Financial Statements

December 31, 2021

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.

2. Net taxes available for municipal purposes

	2021	2020
Residential and farm taxation	\$ 1,603,069	\$ 1,626,005
Commercial and industrial taxation	278,168	246,255
Supplementary taxation	11,970	8,489
Amounts added to tax bill for collection	24,324	24,324
Taxation from other governments	89,504	98,118
	2,007,035	2,003,191
Deduct: amounts received or receivable for school boards	89,504	94,607
	\$ 1,917,531	\$ 1,908,584

3. Trust funds

Trust funds administered by the Municipality amounting to \$65,718 (2020 - \$61,120) have not been included in the "Consolidated Statement of Financial Position" nor have their operations been included in the "Consolidated Statement of Operations".

Corporation of the Township of Hornepayne
Notes to Consolidated Financial Statements

December 31, 2021

4. 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.

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 2021 were \$70,319 (2020 - \$68,546).

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, 2021 is \$17,500 (2020 - \$12,850).

5. Deferred revenue

	Opening balance	Contributions received	Spent funds	Ending balance
Federal gas tax	\$ 216,341	\$ 124,428	\$ -	\$ 340,769
Modernization funding	19,915	42,534	59,772	2,677
NWMO Economic Development Funding	144,533	-	65,298	79,235
Safe Restart Agreement	-	46,837	10,703	36,134
OCIF FC Funding	247,622	163,975	165,281	246,316
ADSAB Grant - HHC	-	112,500	-	112,500
	\$ 628,411	\$ 490,274	\$ 301,054	\$ 817,631

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, 2021

6. Net long term debt

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

	2021	2020
Ontario Infrastructure and Lands Corporation debenture, repayable \$32,457 semi-annually including interest at 3.64%, due August 2042	\$ 947,336	\$ 976,959
Ontario Infrastructure and Lands Corporation debenture, repayable \$22,897 semi-annually including interest at 2.35%, due August 2026	194,042	234,551
Ontario Infrastructure and Lands Corporation debenture repayable \$12,220 semi-annually including interest at 3.14% due February 2028	158,854	183,293
GMC truck loan outstanding, \$678 monthly at 0% due November 2026	40,018	48,160
NCU Mortgage, repayable in payments of \$1,940 monthly including interest at 4%, due November 2026	319,112	-
	\$ 1,659,362	\$ 1,442,963

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

2022	\$ 115,466
2023	118,010
2024	120,637
2025	123,349
2026	102,135
Thereafter	1,079,765
	\$ 1,659,362

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 \$46,143 (2020 - \$49,423).

Corporation of the Township of Hornepayne
Notes to Consolidated Financial Statements

December 31, 2021

7. 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 \$488,549 (2020 - \$480,772) and reflects a discount rate of 3.64% (2020 – 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 5 years and the estimated remaining capacity is 6,000 cubic metres which is 15% (2020 – 11%) of the site's total capacity. The total undiscounted estimated future expenses for closure and post-closure care are \$935,161 (2020 - \$826,919) leaving an amount to be recognized of \$446,612 (2020 - \$346,147). The estimated length of time needed for post-closure care is 30 years.

8. Public sector salary disclosure act

For 2021, one employee was paid a salary of \$100,000 or more, as defined in the Public Sector Salary Disclosure Act, 1996.

9. 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, 2021

	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	-	342,455	114,031	-	17,865	224,642	-	748,993
Disposals	-	-	-	-	-	-	-	-	-
Cost, end of year	82,366	174,304	6,677,348	5,710,658	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	-	-	118,210	242,053	59,616	36,893	313,571	-	770,343
Disposals	-	-	-	-	-	-	-	-	-
Accumulated amortization, end of year	-	174,304	2,771,818	3,781,026	1,182,884	486,644	16,820,825	-	25,217,501
Net carrying amount, end of year	\$ 82,366	\$ -	\$ 3,905,530	\$ 1,929,632	\$ 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, 2021

10. Tangible capital assets (continued for comparative figures)

								2020	
	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	\$ 5,582,047	\$ 1,364,465	\$ 511,451	\$ 24,970,922	\$ -	\$ 38,970,448
Additions	-	-	-	14,580	209,015	37,543	-	-	261,138
Cost, end of year	32,366	174,304	6,334,893	5,596,627	1,573,480	548,994	24,970,922	-	39,231,586
Accumulated amortization, beginning of year	-	174,304	2,535,929	3,297,096	1,083,358	413,626	16,154,679	-	23,658,992
Amortization	-	-	117,679	241,877	39,910	36,125	352,574	-	788,165
Accumulated amortization, end of year	-	174,304	2,653,608	3,538,973	1,123,268	449,751	16,507,253	-	24,447,157
Net carrying amount, end of year	\$ 32,366	\$ -	\$ 3,681,285	\$ 2,057,654	\$ 450,212	\$ 99,243	\$ 8,463,669	\$ -	\$ 14,784,429

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, 2021

11. Accumulated surplus

Allocation of annual surplus (deficit)

	2021	2020
Deficiency in tangible capital assets	\$ (237,748)	\$ (483,114)
Reserve and reserve funds	(28,449)	771,849
General surplus (deficit)	(2,185)	-
Equity in Hornepayne Hotel Investment Corporation	150,000	-
Opening reserve adjustment	-	(178,709)
	\$ (118,382)	\$ 110,026

The Municipality segregates its accumulated surplus in the following categories:

	2021	2020
Reserves set aside for specific purposes by Council		
Capital	\$ 184,035	\$ 184,035
Municipal Services Corporation	-	200,000
Library board	101,258	85,259
Arena	27,224	27,224
Sick leave	59,702	59,702
Student bursary	14,000	17,500
Public works department	6,027	6,027
Recreation - fitness/weight training	28,435	28,435
Recreation	9,850	9,850
Cemetery	740	740
Airport	21,100	21,100
Community well-being	108,519	123,617
100th Anniversary	34,639	24,639
Planning and development	230,000	230,000
Water and sewer	303,716	283,716
Levy Stabilization Fund	356,762	286,742
Economic Development Fund	75,000	75,000
Community Improvement Fund	65,000	50,000
Municipal Grants Fund	65,000	65,000
Landfill reserve	104,693	54,693
Election Fund	9,131	-
Total reserves	1,804,831	1,833,279
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
Total reserve funds	22,567	22,567
Reserves	1,827,398	1,855,846
Equity in tangible capital assets	13,103,718	13,341,466
Equity in Hornepayne Hotel Investment Corporation	150,000	-
General surplus	849,002	846,538
Unfunded liabilities	(17,500)	(12,850)
	\$ 15,912,618	\$ 16,031,000

Corporation of the Township of Hornepayne
Notes to Consolidated Financial Statements

December 31, 2021

12. Budget

The Financial Plan (Budget) By-Law adopted by Council on March 31, 2021 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, 2021 with adjustments as follows:

	<u>2021</u>
Financial Plan (Budget) Bylaw deficit for the year	\$ 2,581
Add:	
Capital expenditures	452,160
Net inter-fund transfers to reserves	618,365
Principal portion of debt payments	92,074
Less:	
Net inter-fund transfers from reserves	372,800
Amortization	788,163
Proceeds from land sales	-
Budget surplus per statement of operations	<u>\$ 4,217</u>

Corporation of the Township of Hornepayne Notes to Consolidated Financial Statements

December 31, 2021

13. 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, 2021

13. 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, 2021

13. 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 rents	122,836	-	-	-	-	63,146	-	-	185,982
Investment income	727	-	-	-	-	-	-	-	727
Interest and penalties on taxes, water and sewer	112,964	-	-	-	-	-	-	-	112,964
Gain (loss) on disposal of tangible capital assets	131,113	-	-	-	-	-	-	-	131,113
Government Grants - Municipal	-	-	-	-	-	-	-	-	-
	786,059	282,110	1,028,781	1,342,473	61,759	239,655	1,025,475	33,313	4,799,625
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
Materials and supplies	81,938	43,178	259,064	187,770	203	140,862	126,139	-	839,154
Contracted services	139,139	203,883	76,648	983,532	2,122	-	6,725	35,553	1,447,602
Rents 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
	957,517	342,053	837,554	1,788,427	40,112	364,364	417,071	170,909	4,918,007
Net surplus (deficit)	\$ (171,458)	\$ (59,943)	\$ 191,227	\$ (445,954)	\$ 21,647	\$ (124,709)	\$ 608,404	\$ (137,596)	\$ (118,382)

Corporation of the Township of Hornepayne
Notes to Consolidated Financial Statements

December 31, 2021

13. Segmented information (continued)

For the year ended December 31	General Government	Protection	Transportation	Environmental	Health	Social, Family and Housing	Recreation and Cultural	Planning	2020 Total
Revenue									
Taxation	\$ 578,015	\$ 207,785	\$ 482,918	\$ 135,575	\$ 36,256	\$ 107,967	\$ 355,021	\$ 5,047	\$ 1,908,584
Government grants - Federal	1,273	-	299	-	-	-	180,550	-	182,122
Government grants - Provincial	303,235	67,429	164,554	43,996	11,766	35,037	140,135	239,505	1,005,657
User fees and service charges	16,864	-	53,369	1,036,845	-	-	43,744	-	1,150,822
Licenses, Permits and fines	137,510	-	-	-	-	-	-	-	137,510
Investment income	1,144	-	-	-	-	-	788	6,755	8,687
Interest and penalties on taxes	62,259	-	-	-	-	-	-	-	62,259
Gain (loss) on disposal of tangible capital assets	(48,625)	-	-	-	-	-	-	-	(48,625)
Other	1,875	-	-	-	-	-	6,039	702,475	710,389
	<u>1,053,550</u>	<u>275,214</u>	<u>701,140</u>	<u>1,216,416</u>	<u>48,022</u>	<u>143,004</u>	<u>726,277</u>	<u>251,307</u>	<u>5,117,405</u>
Expenses									
Salaries and benefits	483,642	46,756	389,429	32,912	409	-	220,892	146,680	1,320,720
Materials and supplies	56,654	49,122	329,247	270,102	431	-	151,243	50,278	907,077
Contracted services	203,758	208,322	64,019	768,382	6,290	-	66,253	183,979	1,501,003
Rents and financial expenses	202,218	-	-	49,423	-	-	19,052	-	270,693
External transfers	-	7,643	14,509	2,509	36,659	143,532	1,039	-	205,891
Amortization	15,609	37,254	102,947	584,529	-	-	47,824	-	788,163
Other	-	-	-	-	-	-	-	13,832	13,832
	<u>961,881</u>	<u>349,097</u>	<u>900,151</u>	<u>1,707,857</u>	<u>43,789</u>	<u>143,532</u>	<u>506,303</u>	<u>394,769</u>	<u>5,007,379</u>
Net surplus (deficit)	\$ 91,669	\$ (73,883)	\$ (199,011)	\$ (491,441)	\$ 4,233	\$ (528)	\$ 219,974	\$ (143,462)	\$ 110,026

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

Statement of Operations

For the year ended December 31	Budget	2021	2020
Sources of financing			
Municipal contributions	\$ -	\$ 137,195	\$ 158,670
Province of Ontario grants	-	3,763	4,983
Fines and photocopies	-	545	708
Donations	-	2,904	3,039
Other	-	936	1,132
	-	145,343	168,532
Applied to			
Amortization	-	20,516	20,516
Subscriptions and films	-	16,433	20,633
Equipment	-	2,297	3,023
Insurance	-	727	524
Repairs and maintenance	-	115	100
Supplies	-	4,879	8,722
Telecommunications	-	2,118	2,169
Travel	-	406	125
Wages and employee benefits	-	102,369	90,016
	-	149,860	145,828
Surplus (deficit) for the year	\$ -	\$ (4,517)	\$ 22,704