

CONSOLIDATED FINANCIAL REPORT

**THE CORPORATION OF THE
TOWNSHIP OF BLACK RIVER-MATHESON**

DISTRICT OF COCHRANE

YEAR ENDED DECEMBER 31, 2021

INDEX

THE CORPORATION OF THE TOWNSHIP OF BLACK RIVER-MATHESON

	Page Number
Management's Responsibility for the Financial Statements	1
Auditors' Report	2 - 3
Consolidated Statement of Financial Position	4
Consolidated Statement of Operations	5
Consolidated Statement of Change in Net Financial Assets	6
Consolidated Statement of Cash Flows	7
Notes to the Consolidated Financial Statements	8 - 24
Trust Funds	
– Compilation Engagement Report	25
– Statement of Continuity and Financial Position	26
– Notes to the Financial Information	26

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The accompanying financial statements of the Corporation of the Township of Black River-Matheson are the responsibility of the Corporation of the Township of Black River-Matheson's management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. A summary of the significant accounting policies are described in Note 1 to the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Corporation of the Township of Black River-Matheson's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements. These systems are monitored and evaluated by Management.

Council meets with Management and the external auditors to review the financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the financial statements.

The financial statements have been audited by Kemp Elliott & Blair LLP, independent external auditors appointed by the Corporation of the Township of Black River-Matheson. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Corporation of the Township of Black River-Matheson's financial statements.

Clerk-Treasurer
Cassandra Child

INDEPENDENT AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers
of the Corporation of the Township of Black River-Matheson:

Opinion

We have audited the consolidated financial statements of the Corporation of the Township of Black River-Matheson, which comprise the consolidated statement of financial position as at December 31, 2021, 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, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Corporation of the Township of Black River-Matheson as at December 31, 2021, and the results of its operations, change in net financial assets 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 *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Corporation of the Township of Black River-Matheson 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 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 Corporation of the Township of Black River-Matheson'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 Corporation of the Township of Black River-Matheson or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation of the Township of Black River-Matheson's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 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 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 Corporation of the Township of Black River-Matheson'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 Corporation of the Township of Black River-Matheson's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the 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 auditors' report. However, future events or conditions may cause the Corporation of the Township of Black River-Matheson to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

Kemp Elliott & Blair LLP

Licensed Public Accountants
New Liskeard, Ontario
September 13, 2022

Kemp Elliott & Blair LLP

Chartered Professional Accountants

THE CORPORATION OF THE TOWNSHIP OF BLACK RIVER-MATHESON
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2021

FINANCIAL ASSETS	<u>2021</u>	<u>2020</u>
Cash	\$ 1,860,646	\$ 614,409
Short-term investments – note 5	6,208,205	6,902,154
Taxes receivable	511,746	477,156
Accounts receivable	557,308	971,926
Long-term receivable – tile drainage – note 9	31,668	35,426
	<u>9,169,573</u>	<u>9,001,071</u>
 LIABILITIES		
Accounts payable and accrued liabilities	699,606	1,023,938
Employee sick leave payable – note 14	16,714	18,865
Landfill closure and post-closure liability – note 6	545,157	138,000
Deferred revenue – other – note 7	147,808	238,047
Deferred revenue – obligatory reserve fund – note 8	883,143	575,869
Municipal debt – tile drainage – note 9	31,668	35,426
Municipal debt – other – note 10	713,459	759,762
	<u>3,037,555</u>	<u>2,789,907</u>
 NET FINANCIAL ASSETS	 <u>6,132,018</u>	 <u>6,211,164</u>
 NON-FINANCIAL ASSETS		
Tangible capital assets – note 16	15,117,373	15,372,722
Inventories of supplies	457,823	469,021
	<u>15,575,196</u>	<u>15,841,743</u>
 ACCUMULATED SURPLUS – note 12	 \$ 21,707,214	 \$ 22,052,907

Contingent liabilities and commitments – note 14

The accompanying notes form an integral part of these consolidated financial statements.

On behalf of Council:

Mayor

Clerk-treasurer

THE CORPORATION OF THE TOWNSHIP OF BLACK RIVER-MATHESON
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2021

	2021	2021	2020
	Budget	Actual	Actual
REVENUES			
Operating revenues	(Note 11)		
Municipal taxation	\$ 4,420,705	\$ 4,506,621	\$ 4,096,974
Water, sewer and garbage charges	960,066	979,304	993,552
User charges	126,110	228,257	199,189
Provincial grants	1,644,319	1,598,589	1,647,974
Federal grants	5,987	5,987	8,916
Investment income	110,000	297,947	238,901
Penalties and interest on taxes	50,000	80,900	49,568
Provincial Offences Act revenues	15,000	30,008	16,765
Other	18,088	201,842	70,539
	<u>7,350,275</u>	<u>7,929,455</u>	<u>7,322,378</u>
Capital revenues			
Provincial grants	321,285	170,245	472,258
Federal grants	80,000	-	51,488
	<u>401,285</u>	<u>170,245</u>	<u>523,746</u>
Total revenues	<u>7,751,560</u>	<u>8,099,700</u>	<u>7,846,124</u>
EXPENDITURES			
General government	1,195,382	1,264,292	1,188,488
Protection to persons and property	1,061,229	1,041,149	1,005,657
Transportation services	2,866,131	2,878,974	2,496,357
Environmental services	1,408,211	1,534,498	1,061,941
Health services	447,071	441,283	422,925
Social and family services	542,303	547,145	567,138
Recreation and cultural services	556,911	497,877	505,243
Planning and development	130,863	240,175	144,056
Total expenditures	<u>8,208,101</u>	<u>8,445,393</u>	<u>7,391,805</u>
ANNUAL SURPLUS (DEFICIT)	(456,541)	(345,693)	454,319
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>22,052,907</u>	<u>22,052,907</u>	<u>21,598,588</u>
ACCUMULATED SURPLUS, END OF YEAR – note 12	<u>\$ 21,596,366</u>	<u>\$ 21,707,214</u>	<u>\$ 22,052,907</u>

The accompanying notes form an integral part of these consolidated financial statements.

THE CORPORATION OF THE TOWNSHIP OF BLACK RIVER-MATHESON
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2021

	2021 Budget (Note 11)	2021 Actual	2020 Actual
ANNUAL SURPLUS (DEFICIT)	\$ (456,541)	\$ (345,693)	\$ 454,319
Acquisition of tangible capital assets	(1,115,505)	(464,239)	(1,576,478)
Amortization of tangible capital assets	701,000	719,588	701,368
Acquisition (consumption) of inventories of supplies	-	11,198	(265,025)
Decrease in net financial assets	(871,046)	(79,146)	(685,816)
Net financial assets, beginning of year	<u>6,211,164</u>	<u>6,211,164</u>	<u>6,896,980</u>
NET FINANCIAL ASSETS, END OF YEAR	<u>\$ 5,340,118</u>	<u>\$ 6,132,018</u>	<u>\$ 6,211,164</u>

The accompanying notes form an integral part of these consolidated financial statements.

THE CORPORATION OF THE TOWNSHIP OF BLACK RIVER-MATHESON
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021

OPERATIONS	<u>2021</u>	<u>2020</u>
Annual surplus (decrease)	\$ (345,693)	\$ 454,319
Charges not affecting cash –		
Amortization of tangible capital assets	<u>719,588</u>	<u>701,368</u>
	<u>373,895</u>	<u>1,155,687</u>
Other sources (uses) of cash –		
Change in taxes receivable	(34,590)	(131,389)
Change in accounts receivable	414,618	(213,916)
Change in accounts payable and accrued liabilities	(324,332)	(123,305)
Change in employee sick leave payable	(2,151)	(1,628)
Change in accrued landfill closure and post-closure liability	407,157	2,500
Change in deferred revenue – other	(90,239)	75,735
Change in deferred revenue – obligatory reserve funds	307,274	102,846
Change in inventories of supplies	<u>11,198</u>	<u>(265,025)</u>
	<u>688,935</u>	<u>(554,182)</u>
 Total cash provided by operations	 <u>1,062,830</u>	 <u>601,505</u>
 CAPITAL TRANSACTIONS		
Acquisition of tangible capital assets	<u>(464,239)</u>	<u>(1,576,478)</u>
 INVESTING TRANSACTIONS		
Redemption of short-term investments	<u>693,949</u>	<u>116,169</u>
 FINANCING TRANSACTIONS		
Municipal debt proceeds	-	722,000
Municipal debt repayments	<u>(46,303)</u>	<u>(31,522)</u>
Total cash provided by (used for) financing transactions	<u>(46,303)</u>	<u>690,478</u>
 INCREASE (DECREASE) IN CASH	 1,246,237	 (168,326)
Cash, beginning of year	<u>614,409</u>	<u>782,735</u>
 CASH, END OF YEAR	 <u>\$ 1,860,646</u>	 <u>\$ 614,409</u>
 REPRESENTED BY		
Cash	<u>\$ 1,860,646</u>	<u>\$ 614,409</u>

The accompanying notes form an integral part of these consolidated financial statements.

THE CORPORATION OF THE TOWNSHIP OF BLACK RIVER-MATHESON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

The Corporation of the Township of Black River-Matheson is a township in the Province of Ontario, Canada. It conducts its operations guided by the provisions of provincial statutes such as the Municipal Act 2001, Provincial Offences Act and other related legislation.

1. **Accounting policies**

The consolidated financial statements of the Corporation of the Township of Black River-Matheson are the representation of management and council and are prepared in accordance with generally accepted accounting principles for local government as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada as prescribed for Ontario municipalities by the Ministry of Municipal Affairs and Housing.

Use of estimates

Management has made estimates and assumptions that affect the amounts reported in preparing these consolidated financial statements. Significant areas requiring the use of management estimates relate to the determination of tangible capital assets historical cost, estimated useful life and related amortization and landfill post-closure liability.

Basis of consolidation

The consolidated financial statements reflect financial assets, liabilities, operating revenues and expenditures, reserves and changes in investment in tangible capital assets of the Township and include the activities of all committees of Council and the following boards, municipal enterprises and utilities which are under the control of Council:

The Corporation of the Township of Black River-Matheson Library Board
The Corporation of the Township of Black River-Matheson Museum Committee

Separate schedules for these boards have also been prepared. All interfund assets and liabilities and sources of financing and expenditures have been eliminated.

Non-consolidated entities

The following local boards, joint local boards, municipal enterprises and utilities are not consolidated:

Porcupine Health Unit
Cochrane District Social Services Administration Board

Although these are joint local boards they run autonomously to provide those services mandated by the Province. The Township has no control over these programs or their financing. These joint local boards are not proportionately consolidated. The yearly requisitions of these boards are expensed by the Township in its statements.

Accounting for school board transactions

The taxation, other revenues, expenditures, assets and liabilities with respect to the operations of the school boards are not reflected in these statements.

Inventories of supplies

Inventories of supplies held for consumption are recorded at the lower of cost or replacement cost.

THE CORPORATION OF THE TOWNSHIP OF BLACK RIVER-MATHESON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

1. Accounting policies – continued

Trust funds

Trust funds and their related operations administered by the Township are not consolidated, but are reported separately on the “Trust Funds Statement of Continuity and Financial Position”.

Municipal drains

Municipal drain construction and maintenance expenses are recorded as incurred. Financing is reflected at the same time. Generally, costs will be covered by the province or landowners with the Township only responsible for costs allocated to Township roads.

Short-term investments

Short-term investments are recorded at cost. Investment income earned on surplus funds is reported as revenue in the period earned.

Tangible capital assets

Tangible capital assets are recorded at cost, which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The costs, less the residual values, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Land improvements	10 to 50 years
Buildings	25 to 50 years
Vehicles	15 to 25 years
Equipment	5 to 50 years
Underground networks	40 to 50 years
Roads	7 to 50 years
Bridges	75 years
Culverts	30 years

A full year of amortization is charged in the year of acquisition and no amortization is charged in the year of disposal. Assets under construction are not amortized until the asset is available for use.

The Township has no capitalization threshold for land and buildings, a capitalization threshold of \$10,000 for infrastructure systems and \$5,000 for all other assets. Individual assets of lesser value are expensed, unless they are pooled, because, collectively, they have significant value.

Deferred revenue – other

The Township receives certain amounts pursuant to funding agreements that may only be used in the conduct of certain programs or in the delivery of specific services and transactions. These amounts are recorded as deferred revenue and are recognized as revenue in the fiscal year the eligibility criteria has been met except when stipulations are present and to the extent that the transfer give rise to an obligation that meets the definition of a liability.

Deferred revenue – obligatory reserve funds

The Township receives Federal Gas Tax funding under the authority of the Federal legislation. These funds, by their nature, are restricted in their use and until applied to specific expenses, are recorded as deferred revenue. Amounts applied to qualifying expenses are recorded as revenue in the fiscal period they are expended.

THE CORPORATION OF THE TOWNSHIP OF BLACK RIVER-MATHESON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

1. **Accounting policies – continued**

Revenue recognition

Government transfers (provincial and federal grants)

Government transfers are transfers from senior levels of government that are not the result of an exchange transaction and are not expected to be repaid in the future. Government transfers without eligibility criteria or stipulations are recognized as revenue when the transfer is authorized. A transfer with eligibility criteria is recognized as revenue when the transfer is authorized and all eligibility criteria have been met. A transfer with or without eligibility criteria but with stipulation is recognized as revenue in the period the transfer is authorized and all eligibility criteria have been met, except where and to the extent that the transfer gives rise to an obligation that meets the definition of a liability. Government transfers that meet the definition of a liability are recognized as revenue as the liability is extinguished.

Taxation and related revenues

Property tax billings are prepared by the Township based on assessment rolls issued by the Municipal Property Assessment Corporation ("MPAC"). Tax rates are established annually by Council, incorporating amounts to be raised for local services and amounts the Township is required to collect on behalf of the Province of Ontario in respect of education taxes. A normal part of the assessment process is the issue of supplementary assessment rolls, which provide updated information with respect to changes in property assessment. Once a supplementary assessment roll is received, the Township determines the taxes applicable and renders supplementary tax billings. Taxation revenues are recorded when they meet the definition of an asset, the tax is authorized and the taxable event has occurred. Assessments and the related property taxes are subject to appeal. Tax adjustments as a result of appeals are recorded when the results of the appeal process are known.

The Township is entitled to collect interest and penalties on overdue taxes. These revenues are recorded in the period the interest and penalties are levied.

Fees, service charges and other revenue

Fees, service charges and other revenue are recognized when earned.

2. **Operations of school boards**

Further to note 1, the taxation levied on behalf of and due to the school boards is:

	2021	2020
	<u>\$ 1,308,939</u>	<u>\$ 1,314,730</u>

3. **Contributions to Joint Boards**

Further to note 1, the following contributions were made by the Township to these boards:

	2021	2020
Porcupine Health Unit	<u>\$ 90,052</u>	<u>\$ 90,052</u>
Cochrane District Social Services Administration Board (CDSSAB)	<u>\$ 837,696</u>	<u>\$ 865,605</u>

4. **Trust Funds**

Trust funds administered by the Township amounting to \$206,430 (2020 \$200,120) have not been included in the "Consolidated Statement of Financial Position" nor have their operations been included in the "Consolidated Statement of Operations". A separate set of financial statements is prepared for the trust funds.

THE CORPORATION OF THE TOWNSHIP OF BLACK RIVER-MATHESON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

5.	Short-term investments	Market Value	Cost	Cost
		2021	2021	2020
	Investments held through The ONE Investment Program:			
	Canadian government bond portfolio	\$ 2,043,542	\$ 2,110,680	\$ 2,074,872
	Canadian corporate bond portfolio	1,487,610	1,492,585	2,441,089
	Canadian equity portfolio	3,731,594	2,604,940	2,386,193
		<u>\$ 7,262,746</u>	<u>\$ 6,208,205</u>	<u>\$ 6,902,154</u>

6. **Landfill closure and post-closure liability**

The liability for closure and post-closure of the landfill sites has been recognized using the present value of the estimated closure and post-closure costs, based upon the usage of the sites' capacity.

The discount factor used for all 5 sites is 2.7% net of inflation of 2.2%. Figures used for the calculation of the liability for closure and post-closure costs of each site is detailed below:

	Matheson	Val Gagne	Butler Lake	Ramore	Munroe	Total
Total capacity (m ³)	126,000	166,606	40,000	51,238	40,000	423,844
Landfilled area (m ³)	49,419	19,112	8,493	16,363	3,150	96,537
Remaining capacity (m ³)	76,581	147,494	31,507	34,875	36,850	327,307
Estimated life (yrs)	37	168	812	62	82	-
Post-closure care (yrs)	25	25	25	25	25	-
Liability at Dec 31, 2021 (\$)	319,177	55,304	1,660	148,900	20,116	545,157
Closure costs (\$)	800,050	903,850	373,750	464,250	310,050	2,851,950
Post-closure costs (\$)	190,500	224,500	79,900	182,300	79,400	756,600
Liability remaining to be recognized (\$)	671,373	1,073,046	451,990	497,650	369,334	3,063,393

7. **Deferred revenue – other**

Deferred revenue – other consists of the following:

	December 31 2020	Funds Received	Revenue Earned	December 31 2021
Provincial government	<u>\$ 238,047</u>	<u>\$ 90,709</u>	<u>\$ 180,948</u>	<u>\$ 147,808</u>

8. **Deferred revenue – obligatory reserve funds**

Deferred revenue – obligatory reserve funds consist of the following:

	December 31 2020	Funds Received	Revenue Earned	December 31 2021
Federal Gas Tax	<u>\$ 575,869</u>	<u>\$ 307,274</u>	<u>\$ -</u>	<u>\$ 883,143</u>

THE CORPORATION OF THE TOWNSHIP OF BLACK RIVER-MATHESON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

9. **Long-term receivables / municipal debt – tile drainage**

The Township is liable for long-term liabilities with respect to tile drainage assistance loans for which the responsibility for the payment of principal and interest has been assumed by the benefiting landowners. The total amount outstanding as at December 31, 2021 is \$31,668 (2020 \$35,426) and is reflected as municipal debt and long-term receivables on the Consolidated Statement of Financial Position.

10. **Municipal debt**

The balance of the municipal debt reported on the “Consolidated Statement of Financial Position” consists of the following loans:

	<u>2021</u>	<u>2020</u>
Term loan with OCWA, payable in blended monthly installments of \$1,621 plus interest at 2.72%, final installment due September 2023. The debt relates to the purchase of equipment.	\$ 33,213	\$ 51,494

A serial debenture with Infrastructure Ontario repayable in semi-annual (February and August) blended (principal and interest) payments of \$23,479 with interest at 2.7% per annum and the debenture matures in February 2040. The loan relates to the purchase of a new municipal building.

<u>680,246</u>	<u>708,268</u>
<u>\$ 713,459</u>	<u>\$ 759,762</u>

Principal payments are due as follows:

2022	\$ 47,569
2023	43,994
2024	30,370
2025	31,195
2026	32,043
2027 +	<u>528,288</u>
	<u>\$ 713,459</u>

The debt is to be repaid from general municipal revenues. Total interest paid on the loans in 2021 was \$20,110 (2020 \$11,142).

11. **Budget**

The Budget adopted by Council was not prepared on a basis consistent with that used to report actual results according to Public Sector Accounting Standards used on the Consolidated Statement of Operations on page 5. The budget was prepared on a modified accrual basis while Public Sector Accounting Standards now require a full accrual basis. The actual budget is reflected in note 17. It expenses all tangible capital expenditures, does not include amortization expense, reflects proceeds of long-term debt as revenue, principal repayments of long-term debt as an expense and the full proceeds from the sale of tangible capital assets as revenue. The budget figures presented in the consolidated statements of operations and change in net financial assets represent the financial plan adopted by Council with adjustments as follows:

	<u>2021</u>
Actual budget deficit for the year – note 17	\$ (917,350)
Add: Investment in tangible capital assets	1,115,505
Long-term debt repayments	46,304
Less: Estimated amortization	<u>(701,000)</u>
Budget deficit per statement of operations – page 5	<u>\$ (456,541)</u>

THE CORPORATION OF THE TOWNSHIP OF BLACK RIVER-MATHESON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

12. Accumulated surplus

Reserves represent an appropriation of surplus for a specific purpose, determined by council, are non-statutory and subject to change by council at any time.

	<u>2021</u>	<u>2020</u>
Reserves		
Working funds reserve	\$ 1,563,974	\$ 2,061,604
Fire equipment reserve	122,997	132,660
Worker Bee reserve	62,215	-
Administration reserve	177,388	195,393
Recreation reserve	73,096	73,096
Library reserve – note 21	3,035	3,035
Museum reserve – note 22	25,575	25,575
Cemeteries reserve	36,312	36,312
Economic development reserve	171,060	171,060
Planning reserve	2,628	2,628
Infrastructure reserve	524,900	524,900
Protective inspection/by-law reserve	11,250	11,250
COVID-19 Safe Restart reserve	115,665	104,520
Water reserve – note 19	1,817,277	1,640,421
Sewer reserve – note 18	1,418,094	1,274,579
Garbage collection reserve – note 20	80,132	65,623
Landfill reserve	196,879	205,269
Modernization reserve	443,000	443,000
	<u>6,845,477</u>	<u>6,970,925</u>
Amounts to be recovered		
Unfinanced municipal debt	<u>(713,459)</u>	<u>(759,761)</u>
Net financial assets	<u>6,132,018</u>	<u>6,211,164</u>
Non-financial assets		
Invested in tangible capital assets	15,117,373	15,372,722
Inventories of supplies	457,823	469,021
	<u>15,575,196</u>	<u>15,841,743</u>
Accumulated surplus	<u>\$ 21,707,214</u>	<u>\$ 22,052,907</u>

Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year, and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the Change in Net Financial Assets for the year.

THE CORPORATION OF THE TOWNSHIP OF BLACK RIVER-MATHESON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

13. **Revolving line of credit**

The Township has a \$2,000,000 business operating line negotiated with CIBC with a balance outstanding of \$nil (2020 \$nil) and interest is at bank prime plus 0.25% (currently 2.7%).

14. **Contingent liabilities and commitments**

Non-consolidated entities

The Township is contingently liable for the deficits and long-term debt of the non-consolidated entities.

Ontario Municipal Employees Retirement Fund

All permanent, full-time employees of the Township are eligible to be members of the Ontario Municipal Employees Retirement System ("OMERS"), a multi-employer pension plan. The plan provides defined pension benefits to employees based on their length of service and rates of pay.

As this is a multi-employer pension plan, the contributions by the Township are recognized as an expenditure. No pension liability for this type of plan is recognized in the Township's consolidated financial statements. Contributions made by the Township to OMERS for 2021 were \$161,453 (2020 \$155,110). The plan had an actuarial deficit of \$3.2 billion at the end of 2021.

Employee sick leave payable

Under the sick leave benefit plan, unused sick leave can be accumulated and employees may become entitled to a cash payment when they leave the Township's employment.

The liability for sick leave, to the extent that it has vested and could be taken in cash by an employee on termination, amounted to \$16,714 (2020 \$18,865). This is reflected as a liability in the financial statements. There are no other obligations to municipal employees related to retirement or other post-employment benefits.

Funding agreements

Under the terms of various funding agreements, the Township could have provincial and federal grants become repayable if it is determined that funding was applied towards ineligible costs or if other terms of the agreements were not met. At year end management is of the opinion that all conditions have been met and funding was applied towards eligible costs.

Legal contingencies

Various other statements of claim have been issued against the Township claiming damages. Damages, if any, cannot be estimated at this time and in any event, the Township is of the opinion that these claims would be unfounded or covered by insurance after application of a \$10,000 deductible per claim. Two of the outstanding claims have a cap on legal fees reimbursed at \$500,000 each. Once the cap has been reached, the township will be responsible to pay any legal fees incurred. Should any loss result or additional legal fees be incurred, they would be charged to operations when the amount is ascertained.

THE CORPORATION OF THE TOWNSHIP OF BLACK RIVER-MATHESON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

15. **Segmented information**

The Corporation of the Township of Black River-Matheson is a diversified municipal government institution that provides a wide range of services to its citizens, including General Government Services, Protection Services, Transportation Services, Environmental Services, Health Services, Social and Family Services, Recreational and Cultural Services and Planning and Development Services. Service areas were created for the purpose of recording specific activities to attain certain objectives in accordance with regulations, restrictions or limitations.

Municipal services are provided by departments and their activities are reported in these service areas. Departments disclosed in the Segmented Information, along with the services they provide, are as follows:

General Government Services

General government services consists of departments that are responsible for adopting bylaws, adopting administrative policy, levying taxes, acquiring, disposing and managing municipal assets, ensuring effective financial management, monitoring performance and ensuring that high quality municipal service standards are met.

Protection Services

Protection services consists of departments that are responsible for the enforcement of laws, prevention of crime, and maintenance of peace, order, and security by protecting life, property and the environment through the provision of emergency response, thus ensuring safe homes and safe communities.

Transportation Services

Transportation services consists of departments that are responsible for the delivery of municipal public works services related to planning, design, construction, cleaning, repair, snow removal and signage of roadway systems.

Environmental Services

Environmental services include water and sewer services as well as garbage services. Water and sewer services include the operation and distribution of water and networking sewer mains, storm sewers and lagoons. The garbage service is responsible for garbage collection and disposal.

Health Services

The Township funds a range of public health services through the Porcupine Health Unit and provides ambulance services through the District Social Services Administration Board. The Township also provides cemetery services.

Social and Family Services

The Township funds a range of family and social services through the District Social Services Administration Board which includes social housing, childcare and general assistance.

Recreation and Cultural Services

Recreation and cultural services consists of departments that are responsible for providing, facilitating the development of, and maintaining high quality parks, recreational facilities, and cultural services.

Planning and Development Services

Planning and development services consists of departments that are responsible for preparing land use plans, bylaws and policies for sustainable development of the Township and for reviewing and approving new development.

THE CORPORATION OF THE TOWNSHIP OF BLACK RIVER-MATHESON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

15. Segmented information – continued

	General Government Services	Protection Services	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation and Cultural Services	Planning and Development Services	Total 2021	Total 2020
Revenues										
Operating revenues										
Municipal taxation	\$ 4,506,621	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,506,621	\$ 4,096,974
Water, sewer and garbage charges	-	-	-	979,304	-	-	-	-	979,304	993,552
User charges	21,935	88,005	-	29,717	18,430	-	9,258	60,912	228,257	199,189
Provincial grants	1,363,300	81,530	-	-	13,191	-	7,995	132,573	1,598,589	1,647,974
Federal grants	-	-	-	-	-	-	5,987	-	5,987	8,916
Investment income	295,393	-	-	-	2,554	-	-	-	297,947	238,901
Penalties and interest on taxes	73,543	-	-	7,357	-	-	-	-	80,900	49,568
Provincial Offences Act revenues	-	30,008	-	-	-	-	-	-	30,008	16,765
Other	108,851	-	35,731	-	57,100	-	160	-	201,842	70,539
	6,369,643	199,543	35,731	1,016,378	91,275	-	23,400	193,485	7,929,455	7,322,378
Capital revenues										
Provincial grants	-	-	170,245	-	-	-	-	-	170,245	472,258
Federal grants	-	-	-	-	-	-	-	-	-	51,488
Total revenues	6,369,643	199,543	205,976	1,016,378	91,275	-	23,400	193,485	8,099,700	7,846,124
Expenditures										
Wages and benefits	671,007	212,288	1,214,610	110,071	50,565	-	200,777	-	2,459,318	2,397,999
Interest on long-term debt	18,935	-	-	1,175	-	-	-	-	20,110	11,412
Materials	227,341	180,730	749,538	561,236	8,279	-	200,096	3,506	1,930,726	1,384,700
Contracted services	301,388	574,899	503,809	746,381	-	-	-	236,669	2,363,146	1,902,975
Rents and financial expenses	24,757	-	-	-	-	-	-	-	24,757	37,694
External transfers	-	-	-	-	380,603	547,145	-	-	927,748	955,657
Amortization	20,864	73,232	411,017	115,635	1,836	-	97,004	-	719,588	701,368
Total expenditures	1,264,292	1,041,149	2,878,974	1,534,498	441,283	547,145	497,877	240,175	8,445,393	7,391,805
Annual surplus (deficit)	\$ 5,105,351	\$ (841,606)	\$ (2,672,998)	\$ (518,120)	\$ (350,008)	\$ (547,145)	\$ (474,477)	\$ (46,690)	\$ (345,693)	\$ 454,319

THE CORPORATION OF THE TOWNSHIP OF BLACK RIVER-MATHESON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

16. Schedule of tangible capital assets

2021

	Original Cost Dec 31, 2020	Additions	Ending Cost Dec 31, 2021	Opening Accumulated Amortization Dec 31, 2020	Current Amortization	Ending Accumulated Amortization Dec 31, 2021	Net Assets Dec 31, 2021
General							
Land	\$ 60,000	\$ -	\$ 60,000	\$ -	\$ -	\$ -	\$ 60,000
Buildings	5,486,041	-	5,486,041	2,370,252	95,557	2,465,809	3,020,232
Land improvements	2,067,785	-	2,067,785	1,048,905	50,305	1,099,210	968,575
Vehicles	3,143,600	-	3,143,600	1,676,878	144,833	1,821,711	1,321,889
Equipment	5,330,745	290,997	5,621,742	3,112,549	196,251	3,308,800	2,312,942
Infrastructure							
Roads	11,390,178	-	11,390,178	8,167,803	95,647	8,263,450	3,126,728
Bridges	4,266,141	-	4,266,141	1,385,446	56,881	1,442,327	2,823,814
Culverts	1,484,843	-	1,484,843	1,286,727	49,495	1,336,222	148,621
Underground networks	3,551,197	-	3,551,197	2,491,671	24,861	2,516,532	1,034,665
Street lights	172,729	-	172,729	40,306	5,758	46,064	126,665
Assets under construction	-	173,242	173,242	-	-	-	173,242
Total	\$ 36,953,259	\$ 464,239	\$ 37,417,498	\$21,580,537	\$ 719,588	\$ 22,300,125	\$ 15,117,373

THE CORPORATION OF THE TOWNSHIP OF BLACK RIVER-MATHESON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

16. Schedule of tangible capital assets – continued

2020

	Original Cost		Transfers	Ending Cost	Opening Accumulated Amortization		Ending Accumulated Amortization	Net Assets
	Dec 31, 2019	Additions		Dec 31, 2020	Dec 31, 2019	Current Amortization	Dec 31, 2020	Dec 31, 2020
General								
Land	\$ -	\$ 60,000	\$ -	\$ 60,000	\$ -	\$ -	\$ -	\$ 60,000
Buildings	3,812,527	926,520	746,994	5,486,041	2,274,688	95,564	2,370,252	3,115,789
Land improvements	1,598,875	43,781	425,129	2,067,785	998,600	50,305	1,048,905	1,018,880
Vehicles	3,143,600	-	-	3,143,600	1,532,037	144,841	1,676,878	1,466,722
Equipment	5,312,143	18,602	-	5,330,745	2,934,560	177,989	3,112,549	2,218,196
Infrastructure								
Roads	10,862,603	527,575	-	11,390,178	8,072,152	95,651	8,167,803	3,222,375
Bridges	4,266,141	-	-	4,266,141	1,328,565	56,881	1,385,446	2,880,695
Culverts	1,484,843	-	-	1,484,843	1,237,232	49,495	1,286,727	198,116
Underground networks	3,551,197	-	-	3,551,197	2,466,787	24,884	2,491,671	1,059,526
Street lights	172,729	-	-	172,729	34,548	5,758	40,306	132,423
Assets under construction	1,172,123	-	(1,172,123)	-	-	-	-	-
Total	\$35,376,781	\$1,576,478	\$ -	\$ 36,953,259	\$20,879,169	\$ 701,368	\$ 21,580,537	\$ 15,372,722

THE CORPORATION OF THE TOWNSHIP OF BLACK RIVER-MATHESON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

17. Budgeting

The Township budgets to determine an appropriate tax rate based on all budgeted revenues and expenditures.

The consolidated statement of operations on page 5 has been modified here to exclude amortization and to include tangible capital asset expenditures and the principal repayments on long-term debt.

This modified statement of operations (budget based) is consistent with the budget format used and is presented here with the 2021 budget.

	2021 Budget	2021 Actual	2020 Actual
REVENUES			
Operating revenues			
Municipal taxation	\$ 4,420,705	\$ 4,506,621	\$ 4,096,974
Water, sewer and garbage charges	960,066	979,304	993,552
User charges	126,110	228,257	199,189
Provincial grants	1,644,319	1,598,589	1,647,974
Federal grants	5,987	5,987	8,916
Investment income	110,000	297,947	238,901
Penalties and interest on taxes	50,000	80,900	49,568
Provincial Offences Act revenues	15,000	30,008	16,765
Other	18,088	201,842	70,539
	<u>7,350,275</u>	<u>7,929,455</u>	<u>7,322,378</u>
Capital revenues			
Provincial grants	321,285	170,245	472,258
Federal grants	80,000	-	51,488
Proceeds from long-term debt	-	-	722,000
	<u>401,285</u>	<u>170,245</u>	<u>1,245,746</u>
Total revenues	<u>7,751,560</u>	<u>8,099,700</u>	<u>8,568,124</u>
EXPENDITURES			
Operating expenditures			
General government	1,174,382	1,243,428	1,167,624
Protection to persons and property	987,229	967,917	931,503
Transportation services	2,474,131	2,456,759	2,369,196
Environmental services	1,293,211	1,418,863	946,619
Health services	445,071	439,447	421,089
Social and family services	542,303	547,145	567,138
Recreation and cultural services	459,911	400,873	408,237
Planning and development	130,863	240,175	144,056
	<u>7,507,101</u>	<u>7,714,607</u>	<u>6,955,462</u>
Capital expenditures	1,115,505	464,239	1,576,478
Long-term debt repayment	46,304	46,303	31,522
Total expenditures	<u>8,668,910</u>	<u>8,225,149</u>	<u>8,563,462</u>
Surplus (deficit) full budget base			
(budgeted to be transferred to (from) reserves)	\$ (917,350)	\$ (125,449)	\$ 4,662

THE CORPORATION OF THE TOWNSHIP OF BLACK RIVER-MATHESON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

18. **Sewer systems Schedule of Operations and Continuity of Reserve**

This schedule is not prepared according to PSAB accounting rules. It is operational. It excludes depreciation, includes capital revenue and expenses, and includes proceeds and repayments of long-term debt.

	<u>2021</u>	<u>2020</u>
Revenue		
User fees and service charges	\$ 448,492	\$ 452,189
Expenditures		
Wages and benefits	5,946	10,852
Materials, supplies and other	61,146	70,797
Contracts	213,667	194,379
Maintenance	4,762	23,361
Long-term debt - principal	18,281	17,791
- interest	1,175	1,665
Total expenditures	<u>304,977</u>	<u>318,845</u>
Annual surplus – transferred to reserve	143,515	133,344
Reserve, beginning of year	<u>1,274,579</u>	<u>1,141,235</u>
Reserve, end of year	<u>\$ 1,418,094</u>	<u>\$ 1,274,579</u>

THE CORPORATION OF THE TOWNSHIP OF BLACK RIVER-MATHESON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

19. **Water systems Schedule of Operations and Continuity of Reserve**

This schedule is not prepared according to PSAB accounting rules. It is operational. It excludes depreciation, includes capital revenue and expenses, and includes proceeds and repayments of long-term debt.

	<u>2021</u>	<u>2020</u>
Revenue		
User fees and service charges	\$ 502,331	\$ 508,503
Expenditures		
Wages and benefits	22,551	31,343
Materials and supplies	56,607	70,179
Contracted services	225,491	214,490
Maintenance	<u>20,826</u>	<u>33,925</u>
Total expenditures	<u>325,475</u>	<u>349,937</u>
Annual surplus – transferred to reserve	176,856	158,566
Reserve, beginning of year	<u>1,640,421</u>	<u>1,481,855</u>
Reserve, end of year	<u>\$ 1,817,277</u>	<u>\$ 1,640,421</u>

THE CORPORATION OF THE TOWNSHIP OF BLACK RIVER-MATHESON
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

20. **Garbage collection Schedule of Operations and Continuity of Reserve**

This schedule is not prepared according to PSAB accounting rules. It is operational. It excludes depreciation, includes capital revenue and expenses, and includes proceeds and repayments of long-term debt.

	<u>2021</u>	<u>2020</u>
Revenue		
User fees and service charges	\$ 61,664	\$ 63,433
 Expenditures		
Wages and benefits	41,672	43,353
Contracted services	<u>5,483</u>	<u>-</u>
	<u>47,155</u>	<u>43,353</u>
 Annual surplus – transferred to reserve	14,509	20,080
 Reserve, beginning of year	<u>65,623</u>	<u>45,543</u>
 Reserve, end of year	<u>\$ 80,132</u>	<u>\$ 65,623</u>

THE CORPORATION OF THE TOWNSHIP OF BLACK RIVER-MATHESON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

21. **Library Board Schedule of Operations**

This schedule is not prepared according to PSAB accounting rules. It is operational. It excludes depreciation, includes capital revenue and expenses, and includes proceeds and repayments of long-term debt (if applicable).

	2021	2020
Revenue		
Municipal contributions	\$ 83,820	\$ 81,920
Province of Ontario – annual operating grant	7,995	7,995
User fees and service charges	980	1,721
Donations	160	3,933
Total revenue	<u>92,955</u>	<u>95,569</u>
Expenditures		
Wages and benefits	59,853	58,911
Books, videos and computer software	10,319	8,034
Utilities and water	11,670	10,837
Office and computer	5,620	13,437
Insurance	3,361	1,536
Other	2,132	2,814
Total expenditures	<u>\$ 92,955</u>	<u>\$ 95,569</u>

The library board has a reserve of \$3,035 (2020 \$3,035) designated for library purposes.

THE CORPORATION OF THE TOWNSHIP OF BLACK RIVER-MATHESON

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

22. **Museum Committee Schedule of Operations**

This statement is not prepared according to PSAB. It is operational. It excludes depreciation, includes capital revenue and expenses, and includes proceeds and repayments of long-term debt.

	2021	2020
Revenue		
Municipal contributions	\$ 6,482	\$ 8,503
Expenditures		
Materials and supplies	\$ 6,482	\$ 8,503

The museum board has a reserve of \$25,575 (2020 \$25,575) designated for museum purposes.

COMPILATION ENGAGEMENT REPORT

To the Members of Council, Inhabitants
and Ratepayers of the Corporation
of the TOWNSHIP OF BLACK RIVER-MATHESON:

On the basis of information provided by management, we have compiled the statement of financial position of the TRUST FUNDS of the Corporation of the TOWNSHIP OF BLACK RIVER-MATHESON as at December 31, 2021 and the statement of continuity for the year then ended, and Note 1, which describes the basis of accounting applied in the preparation of the compiled financial information ("financial information").

Management is responsible for the accompanying financial information, including the accuracy and completeness of the underlying information used to compile it and the selection of the basis of accounting.

We performed this engagement in accordance with Canadian Standard on Related Services (CSRS) 4200, Compilation Engagements, which requires us to comply with relevant ethical requirements. Our responsibility is to assist management in the preparation of the financial information.

We did not perform an audit engagement or a review engagement, nor were we required to perform procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an audit opinion or a review conclusion, or provide any form of assurance on the financial information.

Readers are cautioned that the financial information may not be appropriate for their purposes.

Kemp Elliott & Blair LLP

Licensed Public Accountants
New Liskeard, Ontario
September 13, 2022

Kemp Elliott & Blair LLP

Chartered Professional Accountants

THE CORPORATION OF THE TOWNSHIP OF BLACK RIVER-MATHESON

TRUST FUNDS – CEMETERY PERPETUAL CARE

STATEMENT OF CONTINUITY

FOR THE YEAR ENDED DECEMBER 31, 2021

	2021	2020
Balance, beginning of year	\$ 200,120	\$ 193,625
Capital receipts	6,310	6,495
BALANCE, END OF YEAR	\$ 206,430	\$ 200,120

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2021

	2021	2020
FINANCIAL ASSETS		
Short-term investments	\$ 202,674	\$ 198,155
Due from Township of Black River-Matheson	3,756	1,965
	<u>206,430</u>	<u>200,120</u>
FUND BALANCE	\$ 206,430	\$ 200,120

NOTES TO THE FINANCIAL INFORMATION

1. **Basis of accounting**

The accompanying compiled financial information has been prepared on the historical cost basis, reflecting cash transactions with the addition of:

- short-term investments recorded at cost plus accrued income
- amounts owing to the Township of Black River-Matheson as at the reporting date

2. **Interest**

Interest earned by the Cemetery Perpetual Care Fund is transferred directly to the Township bank account to fund current year operations and is not recorded in this statement.