

CONSOLIDATED FINANCIAL REPORT

**CORPORATION OF THE
TOWNSHIP OF MATACHEWAN**

YEAR ENDED DECEMBER 31, 2022

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THE CORPORATION OF THE TOWNSHIP OF MATACHEWAN

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MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The accompanying financial statements of The Corporation of the Township of Matachewan are the responsibility of the Corporation of the Township of Matachewan'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 is 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 Matachewan'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 Matachewan. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Corporation of the Township of Matachewan's financial statements.



Cheryl Swanson
Chief administrative officer

INDEPENDENT AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers
of the Corporation of the Township of Matachewan:

Opinion

We have audited the consolidated financial statements of the Corporation of the Township of Matachewan, which comprise the consolidated statement of financial position as at December 31, 2022, and the consolidated statements of operations, change in net financial assets (debt) 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 Matachewan as at December 31, 2022, and the results of its operations, change in net 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 *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Corporation of the Township of Matachewan 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 Matachewan'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 Matachewan 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 Matachewan'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 Matachewan'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 Matachewan'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 Matachewan 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

Kemp Elliott & Blair LLP

Licensed Public Accountants
New Liskeard, Ontario
October 4, 2023

Chartered Professional Accountants

CORPORATION OF THE TOWNSHIP OF MATACHEWAN

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2022

FINANCIAL ASSETS

	2022	2021
Cash	\$ 1,096,589	\$ 2,884,613
Short-term investments – note 5	2,209,636	-
Taxes receivable	215,152	170,242
Accounts receivable	168,619	252,640
	<u>3,689,996</u>	<u>3,307,495</u>

LIABILITIES

Accounts payable and accrued liabilities	249,522	313,902
Deferred revenue – other – note 6	210,619	225
Deferred revenue – obligatory reserve funds – note 7	116,129	99,667
Landfill closure and post-closure liability – note 12	228,928	216,567
Deficiency in Government Business Partnership – note 10	758,570	481,206
	<u>1,563,768</u>	<u>1,111,567</u>

NET FINANCIAL ASSETS

	<u>2,126,228</u>	<u>2,195,928</u>
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NON-FINANCIAL ASSETS

Inventories of supplies	15,821	10,039
Prepaid expenses	-	35,619
Tangible capital assets – note 16	10,243,915	10,515,730
	<u>10,259,736</u>	<u>10,561,388</u>

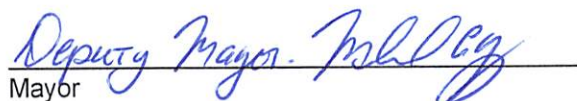
ACCUMULATED SURPLUS – note 11

	\$ 12,385,964	\$ 12,757,316
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Contingent liabilities and commitments – note 13

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

On behalf of Council:


Deputy Mayor
Mayor


Cheryl Swanson
Chief administrative officer

CORPORATION OF THE TOWNSHIP OF MATACHEWAN

CONSOLIDATED STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2022

REVENUES	2022 Budget (Note 9)	2022 Actual	2021 Actual
Operating revenues			
Municipal taxation	\$ 1,348,231	\$ 1,355,792	\$ 1,352,462
Water and landfill fees	103,180	103,589	100,940
User charges	103,530	115,003	79,563
Provincial grants	256,917	264,827	283,912
Federal grants	52,340	15,851	47,791
Investment income	15,240	41,865	14,720
Penalties and interest on taxes	45,000	40,555	41,738
Provincial Offences Act revenues	2,500	9	2,773
Gain (loss) on sale of tangible capital assets	-	-	(7,500)
Income (loss) from Government Business Partnership	60,000	(277,364)	(204,430)
Other	52,362	47,553	52,995
	<u>2,039,300</u>	<u>1,707,680</u>	<u>1,764,964</u>
Capital revenues			
Provincial grants	179,485	16,221	61,320
Federal grants	155,000	13,380	45,279
	<u>334,485</u>	<u>29,601</u>	<u>106,599</u>
Total revenues	<u>2,373,785</u>	<u>1,737,281</u>	<u>1,871,563</u>
EXPENDITURES			
General government	595,712	661,899	533,830
Protection to persons and property	198,484	224,584	156,813
Transportation services	463,954	417,269	363,597
Environmental services	513,635	509,535	521,624
Health services	68,504	66,120	62,721
Social and family services	30,421	30,421	30,864
Recreation and cultural services	158,009	185,489	125,615
Planning and development	8,700	13,316	9,160
Total expenditures	<u>2,037,419</u>	<u>2,108,633</u>	<u>1,804,224</u>
ANNUAL SUPRLUS (DEFICIT)	336,366	(371,352)	67,339
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>12,757,316</u>	<u>12,757,316</u>	<u>12,689,977</u>
ACCUMULATED SURPLUS, END OF YEAR – note 11	<u>\$ 13,093,682</u>	<u>\$ 12,385,964</u>	<u>\$ 12,757,316</u>

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

CORPORATION OF THE TOWNSHIP OF MATACHEWAN
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2022

	2022 Budget (Note 9)	2022 Actual	2021 Actual
ANNUAL SURPLUS (DEFICIT)	\$ 336,366	\$ (371,352)	\$ 67,339
Acquisition of tangible capital assets	(1,305,993)	(222,152)	(154,686)
Amortization of tangible capital assets	487,585	493,967	487,585
Loss on sale of tangible capital assets	-	-	7,500
Change in prepaid expenses	-	35,619	(9,175)
Change in inventories of supplies	-	(5,782)	(10,039)
Increase (decrease) in net financial assets	(482,042)	(69,700)	388,524
Net financial assets, beginning of year	<u>2,195,928</u>	<u>2,195,928</u>	<u>1,807,404</u>
NET FINANCIAL ASSETS, END OF YEAR	\$ 1,713,886	\$ 2,126,228	\$ 2,195,928

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

CORPORATION OF THE TOWNSHIP OF MATACHEWAN

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2022

OPERATIONS	2022	2021
Annual surplus (deficit)	\$ (371,352)	\$ 67,339
Charges not affecting cash –		
Amortization of tangible capital assets	493,967	487,585
Loss on disposal of tangible capital assets	-	7,500
Loss from Government Business Partnership	277,364	204,430
	<u>399,979</u>	<u>766,854</u>
Other sources (uses) of cash –		
Change in taxes receivable	(44,910)	(6,141)
Change in accounts receivable	84,021	378,822
Change in accounts payable and accrued liabilities	(64,380)	56,995
Change in deferred revenue – other	210,394	225
Change in deferred revenue – obligatory reserve fund	16,462	28,389
Change in landfill closure and post-closure liability	12,361	1,966
Change in prepaid expenses	35,619	(9,175)
Change in inventories of supplies	(5,782)	(10,039)
	<u>243,785</u>	<u>441,042</u>
Total cash provided by operations	<u>643,764</u>	<u>1,207,896</u>
CAPITAL TRANSACTIONS		
Acquisition of tangible capital assets	<u>(222,152)</u>	<u>(154,686)</u>
INVESTING TRANSACTIONS		
Acquisition of short-term investments	<u>(2,209,636)</u>	<u>-</u>
INCREASE (DECREASE) IN CASH	<u>(1,788,024)</u>	<u>1,053,210</u>
Cash, beginning of year	<u>2,884,613</u>	<u>1,831,403</u>
CASH, END OF YEAR	<u>\$ 1,096,589</u>	<u>\$ 2,884,613</u>
REPRESENTED BY		
Cash	<u>\$ 1,096,589</u>	<u>\$ 2,884,613</u>

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

CORPORATION OF THE TOWNSHIP OF MATACHEWAN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

The Corporation of the Township of Matachewan ("the Township") is a single tier township situated in Northeastern 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 Matachewan are the representation of management and council and have been prepared in accordance with Canadian 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, landfill post-closure costs, allowance for doubtful accounts and allowance for doubtful taxes.

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, municipal enterprises and utilities which are under the control of Council and the Township as listed below:

Waterworks system

All interfund assets and liabilities and sources of financing and expenditures have been eliminated in these consolidated financial statements.

Government Business Partnership

Government Business Partnership comprises of the corporation Energie Matachewan Energy Inc. and is accounted for by the modified equity method. Under the modified equity method, the business partnership's accounting principles are not adjusted to conform to those of the Township and inter-organization transactions and balances (if any) are not eliminated.

Non-consolidated entities

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

Timiskaming District Health Unit

District of Timiskaming 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.

CORPORATION OF THE TOWNSHIP OF MATACHEWAN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

1. Accounting policies – continued

Non-consolidated entities – continued

Temiskaming Municipal Services Association

The Temiskaming Municipal Services Association provides the services of a Chief Building Officer to 21 municipalities. The operations of this organization are not proportionately consolidated into these statements because the Township does not have control. Building Permit revenues are transferred to this organization.

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.

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 Financial Position" and "Statement of Continuity".

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 cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Land improvements	25 years
Buildings	50 years
Vehicles	20 years
Equipment	10 years
Furniture and fixtures	10 years
Signage	10 years
Roads, streets and bridges	7 to 30 years
Water tower	50 years
Underground networks	50 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 \$2,500 for all other assets. Individual assets of lesser value may be capitalized if they are pooled, or because, collectively, they have significant value.

Inventories of supplies

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

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.

THE CORPORATION OF THE TOWNSHIP OF MATACHEWAN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

1. **Accounting policies – continued**

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.

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 2, the taxation levied on behalf of and due to the school boards is:

	<u>2022</u>	<u>2021</u>
	\$ 245,448	\$ 243,792

3. **Contributions to Joint Boards**

Further to note 2, the following contributions were made by the Township to these boards:

	<u>2022</u>	<u>2021</u>
Timiskaming Health Unit	\$ 15,794	\$ 15,485
District of Timiskaming Social Services Administration Board	\$ 59,843	\$ 59,754

THE CORPORATION OF THE TOWNSHIP OF MATACHEWAN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

4. **Revolving line of credit**

The Township has a \$1,000,000 business operating line negotiated with RBC with a balance outstanding of \$nil (2021 \$nil). Interest is at bank prime (currently 6.45%).

5. **Short-term investments**

	<u>2022</u>	<u>2021</u>
Investments with RBC – Guaranteed Income Certificates (GICs)	\$ 2,209,636	\$ -

Due to the nature of the short-term investments, market value approximates the book value. Guaranteed Income Certificates (GICs) consists of two GICs of \$500,000 each, both maturing February 13, 2023 and earning interest at 0.95% and one GIC of \$1.2 million, maturing December 21, 2023 and earning interest of 4.45%. Total invested includes accrued interest of \$9,636.

6. **Deferred revenue – other**

Deferred revenue – other consists of the following:

	<u>December 31 2021</u>	<u>Funds Received</u>	<u>Revenue Earned</u>	<u>December 31 2022</u>
Provincial government	\$ 225	\$ 223,270	\$ 12,876	\$ 210,619

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

Deferred revenue – obligatory reserve funds consist of the following:

	<u>December 31 2021</u>	<u>Funds Received</u>	<u>Revenue Earned</u>	<u>December 31 2022</u>
Federal Gas Tax	\$ 99,667	\$ 16,462	\$ -	\$ 116,129

8. **Trust funds**

Trust funds administered by the Township amounting to \$27,127 (2021 \$27,027) have not been included in the "Consolidated Statement of Financial Position" nor have their operations been included in the "Consolidated Statement of Continuity".

9. **Budget**

The Budget adopted by Council was not prepared on a basis consistent with that used to report actual result 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. As a result, 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>2022</u>
Actual budget deficit for the year – note 17	\$ (482,042)
Add: Investment in tangible capital assets	1,305,993
Less: Estimated amortization	<u>(487,585)</u>
Budget surplus per statement of operations – page 5	<u>\$ 336,366</u>

THE CORPORATION OF THE TOWNSHIP OF MATACHEWAN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

10. Government Business Partnership

The Corporation of the Township of Matachewan is the 50% owner of all the issued capital of the corporation Energie Matachewan Energy Inc. Énergie Kapuskasing Energy Inc. is the other partner owning 50% of the total issued capital.

Energie Matachewan Energy Inc. was incorporated under the Ontario Business Corporations Act on November 5, 2013 pursuant to section 142 of the Electricity Act (Ontario). The corporation's principal activity is the ownership, administration and management of solar power generating projects for the purpose of generating, transmitting, distributing, and retailing electricity. This corporation is accounted for on a modified equity basis in these consolidated financial statements.

- (a) The Township's portion of the deficiency in the Government Business Partnership consists of the following:

	2022	2021
Purchase of share capital (500 Class B shares)	\$ 50	\$ 50
Township's share of accumulated operating losses	(758,620)	(481,256)
	<u>\$ (758,570)</u>	<u>\$ (481,206)</u>

- (b) The following schedules provide condensed supplementary financial information for the year ended December 31, 2022 of Energie Matachewan Energy Inc.

<u>Financial position</u>	2022	2021
Current assets	\$ 280,165	\$ 387,136
Capital assets	5,196,441	5,514,011
Future income taxes	-	140,446
Total assets	<u>\$ 5,476,606</u>	<u>\$ 6,041,593</u>
Current liabilities	\$ 18,304	\$ 7,554
Due to related parties	3,335,526	3,184,474
Callable debt	3,639,916	3,811,978
Total liabilities	<u>6,993,746</u>	<u>7,004,006</u>
Capital stock	100	100
Accumulated deficit	(1,517,240)	(962,513)
Total liabilities and accumulated deficits	<u>\$ 5,476,606</u>	<u>\$ 6,041,593</u>
<u>Statement of loss</u>		
Sale of energy	\$ 292,429	\$ 280,649
Expenses	(706,710)	(753,024)
Future payment in lieu of taxes	(140,446)	63,515
Net loss	<u>\$ (554,727)</u>	<u>\$ (408,860)</u>

THE CORPORATION OF THE TOWNSHIP OF MATACHEWAN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

10. **Government Business Partnership – continued**

(c) Related party transactions between the Corporation of the Township of Matachewan and its Government Business Partnership are as follows:

- 1) The Township has an accounts payable of \$50 (2021 \$50) for the purchase of their portion of the share capital included in the consolidated statement of financial position.

11. **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>2022</u>	<u>2021</u>
Reserves and deficits		
Working capital reserve	\$ 1,404,303	\$ 1,239,572
Fire equipment reserve	15,000	15,000
Roads reserve	985,363	985,363
Recreation reserve	21,854	21,854
Gym reserve	2,110	2,110
Emergency reserve	100,000	100,000
Cemetery reserve	20,000	20,000
Economic development reserve	37,845	37,845
Parkland reserve	750	750
Water deficit	(34,427)	(4,359)
Landfill reserve	332,000	259,000
Government Business Partnership deficit	<u>(758,570)</u>	<u>(481,207)</u>
Net financial assets	<u>2,126,228</u>	<u>2,195,928</u>
Non-financial assets		
Inventories of supplies	15,821	10,039
Prepaid expenses	-	35,619
Invested in tangible capital assets	<u>10,243,915</u>	<u>10,515,730</u>
	<u>10,259,736</u>	<u>10,561,388</u>
Accumulated surplus	<u>\$ 12,385,964</u>	<u>\$ 12,757,316</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 MATACHEWAN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

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

The liability for closure and post-closure of the landfill site has been recognized using the present value of the estimated closure and post-closure costs, based upon the usage of the site's capacity. The total capacity of the site is 103,793 cubic meters. The approximate area that has been landfilled is 56,508 cubic meters, leaving an estimated remaining capacity of 47,285 cubic meters. The estimated life of the landfill site is 15 years and post-closure care is estimated to be required for 40 years from the date of site closure.

The discount factor used is 3.36% net of inflation of 3.1%. The liability as at December 31, 2022 is \$228,928 (2021 \$216,567). Estimated expenditures for closure and post-closure care are \$390,049 and \$48,000 respectively, for a total of \$438,049. The liability remaining to be recognized is \$209,121.

13. **Contingent liabilities and commitments**

Non-consolidated entities

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

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.

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 2022 were \$27,200 (2021 \$20,764). The plan had an actuarial deficit of \$6.7 billion at the end of 2022.

Liability for vested sick leave benefits and other post-employment benefits

Under the Township's sick leave benefit plan, 50% of unused sick leave can be accumulated by full-time employees annually to a maximum of 72 days. Employees are entitled to a cash payment of 50% of the accumulated amount when they leave the employment of the Township. This amounted to \$1,437 (2021 \$2,294) at the end of the year. This is reflected as a liability on the consolidated statement of financial position.

Municipal employees retiring do not receive any other retirement allowance that either vests or accrues over the period of employment. No other post-employment benefits are payable by the Township.

14. **Comparative figures**

Certain comparative figures have been reclassified to conform with the current year's financial statement presentation.

THE CORPORATION OF THE TOWNSHIP OF MATACHEWAN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

15. **Segmented information**

The Corporation of the Township of Matachewan 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 consist 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, sewer, garbage and recycling services. Water and sewer services include the operation and distribution of water and networking of sewer mains and the wetlands. The garbage and recycling services group are responsible for the delivery of municipal services including garbage collection, disposal and recycling.

Health Services

The Township funds a range of public health services through the Timiskaming 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 consist 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.

CORPORATION OF THE TOWNSHIP OF MATACHEWAN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

15. Segmented information – continued

	General		Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation and Cultural Services	Planning and Development Services	Total 2022	Total 2021
	Government Services	Protection Services								
Revenues										
Operating revenues										
Municipal taxation	\$ 1,355,792	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,355,792	\$ 1,352,462
Water and landfill fees	-	-	-	103,589	-	-	-	-	103,589	100,940
User charges	5,619	18,059	4,095	74,811	300	-	7,339	4,780	115,003	79,563
Provincial grants	244,378	4,600	-	15,849	-	-	-	-	264,827	283,912
Federal grants	10,511	-	-	-	-	-	5,340	-	15,851	47,791
Investment income	41,533	-	-	-	332	-	-	-	41,865	14,720
Penalties and interest on taxes	27,394	-	-	13,161	-	-	-	-	40,555	41,738
Provincial Offences Act revenues	-	9	-	-	-	-	-	-	9	2,773
Loss on sale of tangible capital asset	-	-	-	-	-	-	-	-	-	(7,500)
Loss from Government Business Partnership	(277,364)	-	-	-	-	-	-	-	(277,364)	(204,430)
Other	1,847	25	8,975	-	9,000	-	27,706	-	47,553	52,995
	<u>1,409,710</u>	<u>22,693</u>	<u>13,070</u>	<u>207,410</u>	<u>9632</u>	<u>-</u>	<u>40,385</u>	<u>4,780</u>	<u>1,707,680</u>	<u>1,764,964</u>
Capital revenues										
Provincial grants	923	-	12,876	-	807	-	1,615	-	16,221	61,320
Federal grants	3,693	-	-	-	3,229	-	6,458	-	13,380	45,279
Total revenues	<u>1,414,326</u>	<u>22,693</u>	<u>25,946</u>	<u>207,410</u>	<u>13,668</u>	<u>-</u>	<u>48,458</u>	<u>4,780</u>	<u>1,737,281</u>	<u>1,871,563</u>
Expenditures										
Wages and benefits	421,488	30,729	152,874	58,213	5,379	-	41,086	-	709,769	552,629
Materials	136,956	70,953	114,792	41,084	6,611	-	81,903	512	452,811	326,932
Contracted services	78,251	103,735	4,554	161,086	-	-	4,391	12,804	364,821	348,360
Rents and financial expenses	11,511	52	12	-	-	-	52	-	11,627	13,479
External transfers	-	-	-	-	45,217	30,421	-	-	75,638	75,239
Amortization	13,693	19,115	145,037	249,152	8,913	-	58,057	-	493,967	487,585
Total expenditures	<u>661,899</u>	<u>224,584</u>	<u>417,269</u>	<u>509,535</u>	<u>66,120</u>	<u>30,421</u>	<u>185,489</u>	<u>13,316</u>	<u>2,108,633</u>	<u>1,804,224</u>
Annual surplus (deficit)	<u>\$ 752,427</u>	<u>\$ (201,891)</u>	<u>\$ (391,323)</u>	<u>\$ (302,125)</u>	<u>\$ (52,452)</u>	<u>\$ (30,421)</u>	<u>\$ (137,031)</u>	<u>\$ (8,536)</u>	<u>\$ (371,352)</u>	<u>\$ 67,339</u>

CORPORATION OF THE TOWNSHIP OF MATACHEWAN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

16. Schedule of tangible capital assets

2022

	Opening Cost		Ending Cost		2022		Net Assets
	Dec 31, 2021	Additions	Dec 31, 2022	Opening Accumulated Amortization Dec 31, 2021	Current Amortization	Ending Accumulated Amortization Dec 31, 2022	
General							
Land	\$ 540,139	\$ 36,556	\$ 576,695	\$ -	\$ -	\$ -	\$ 576,695
Land improvements	405,252	-	405,252	67,922	16,210	84,132	321,120
Buildings	2,277,287	19,161	2,296,448	788,878	45,709	834,587	1,461,861
Vehicles	81,538	-	81,538	29,480	4,076	33,556	47,982
Equipment	1,976,495	141,820	2,118,315	872,493	195,593	1,068,086	1,050,229
Furniture and fixtures	101,110	11,739	112,849	99,321	1,625	100,946	11,903
Signage	57,126	-	57,126	33,752	4,213	37,965	19,161
Infrastructure							
Roads, streets and bridges	5,153,185	-	5,153,185	2,461,594	107,053	2,568,647	2,584,538
Water tower	2,639,233	-	2,639,233	342,780	48,969	391,749	2,247,484
Underground networks	3,335,139	-	3,335,139	1,354,554	70,519	1,425,073	1,910,066
Assets under construction	-	12,876	12,876	-	-	-	12,876
Total	\$ 16,566,504	\$ 222,152	\$16,788,656	\$ 6,050,774	\$ 493,967	\$ 6,544,741	\$ 10,243,915

CORPORATION OF THE TOWNSHIP OF MATACHEWAN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

16. Schedule of tangible capital assets - continued

	2021							
	Opening Cost Dec 31, 2020	Additions	Disposals	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	\$ 540,139	\$ -	\$ -	\$ 540,139	\$ -	\$ -	\$ -	\$ 540,139
Land improvements	405,252	-	-	405,252	51,712	16,210	67,922	337,330
Buildings	2,219,692	57,595	-	2,277,287	743,552	45,326	788,878	1,488,409
Vehicles	81,538	-	-	81,538	25,404	4,076	29,480	52,058
Equipment	1,973,322	10,673	7,500	1,976,495	682,949	189,544	872,493	1,104,002
Furniture and fixtures	101,110	-	-	101,110	97,646	1,675	99,321	1,789
Signage	57,126	-	-	57,126	29,539	4,213	33,752	23,374
Infrastructure								
Roads, streets and bridges	5,066,767	86,418	-	5,153,185	2,354,541	107,053	2,461,594	2,691,591
Water tower	2,639,233	-	-	2,639,233	293,811	48,969	342,780	2,296,453
Underground networks	3,335,139	-	-	3,335,139	1,284,035	70,519	1,354,554	1,980,585
Total	\$16,419,318	\$ 154,686	\$ 7,500	\$ 16,566,504	\$5,563,189	\$ 487,585	\$ 6,050,774	\$ 10,515,730

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

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 2022 budget.

REVENUES	2022 Budget	2022 Actual	2021 Actual
Operating revenues			
Municipal taxation	\$ 1,348,231	\$ 1,355,792	\$ 1,352,462
Water and landfill fees	103,180	103,589	100,940
User charges	103,530	115,003	79,563
Provincial grants	256,917	264,827	283,912
Federal grants	52,340	15,851	47,791
Investment income	15,240	41,865	14,720
Penalties and interest on taxes	45,000	40,555	41,738
Provincial Offences Act revenues	2,500	9	2,773
Income (loss) from Government Business Partnership	60,000	(277,364)	(204,430)
Other	52,362	47,553	52,995
	<u>2,039,300</u>	<u>1,707,680</u>	<u>1,772,464</u>
Capital revenues			
Provincial grants	179,485	16,221	61,320
Federal grants	155,000	13,380	45,279
	<u>334,485</u>	<u>29,601</u>	<u>106,599</u>
Total revenues	<u>2,373,785</u>	<u>1,737,281</u>	<u>1,879,063</u>
EXPENDITURES			
Operating expenditures			
General government	579,758	648,206	517,876
Protection to persons and property	185,309	205,469	143,638
Transportation services	318,917	278,682	226,579
Environmental services	258,423	260,383	266,412
Health services	59,672	57,207	53,889
Social and family services	30,421	30,421	30,864
Recreation and cultural services	108,634	126,764	78,259
Planning and development	8,700	13,316	9,160
	<u>1,549,834</u>	<u>1,620,448</u>	<u>1,326,677</u>
Capital expenditures	1,305,993	222,152	154,686
Total expenditures	<u>2,855,827</u>	<u>1,842,600</u>	<u>1,481,363</u>
Surplus (deficit) - full budget based	<u>\$ (482,042)</u>	<u>\$ (105,319)</u>	<u>\$ 397,700</u>

CORPORATION OF THE TOWNSHIP OF MATACHEWAN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

18. Waterworks – Schedule of Operations

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

	<u>2022</u>	<u>2021</u>
Revenue		
Sale of water	\$ 101,285	\$ 98,675
Interest charges on collection	13,161	18,785
Total revenue	<u>114,446</u>	<u>117,460</u>
Expenditures		
Salaries and benefits	3,587	3,551
Materials, supplies and utilities	28,716	25,290
Contracted services	112,211	104,806
Total expenditures	<u>144,514</u>	<u>133,647</u>
Annual deficit	(30,068)	(16,187)
Reserve (accumulated deficit), beginning of year	<u>(4,359)</u>	11,828
Accumulated deficit, end of year	<u>\$ (34,427)</u>	<u>\$ (4,359)</u>

COMPILATION ENGAGEMENT REPORT

To the Members of Council, Inhabitants
and Ratepayers of the Corporation
of the TOWNSHIP OF MATACHEWAN:

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 MATACHEWAN as at December 31, 2022 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
October 4, 2023

Kemp Elliott & Blair LLP

Chartered Professional Accountants

CORPORATION OF THE TOWNSHIP OF MATACHEWAN

PERPETUAL CARE CEMETERY TRUST FUNDS

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2022

	2022	2021
FINANCIAL ASSETS		
Short-term investments	\$ 26,627	\$ 26,787
Due from the Corporation of the Township of Matachewan	500	240
	<u>27,127</u>	<u>27,027</u>
FUND BALANCE	\$ 27,127	\$ 27,027

STATEMENT OF CONTINUITY

FOR THE YEAR ENDED DECEMBER 31, 2022

	2022	2021
Fund balance, beginning of year	\$ 27,027	\$ 26,677
Capital receipts	100	350
Fund balance, end of year	\$ 27,127	\$ 27,027

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 due from the Township of Matachewan as at the reporting date

2. **Interest**

Interest earned by the Perpetual Care Cemetery Trust Funds is recorded as revenue by the Township and is not reflected in this information.