

Consolidated Financial Statements of

**THE CORPORATION OF THE  
MUNICIPALITY OF HURON SHORES**

Year ended December 31, 2022

# THE CORPORATION OF THE MUNICIPALITY OF HURON SHORES

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Year ended December 31, 2022

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## **Management's Responsibility for the Consolidated Financial Statements**

The accompanying consolidated financial statements of The Corporation of the Municipality of Huron Shores (the "Municipality") are the responsibility of the Municipality'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 consolidated 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 Municipality'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 consolidated financial statements. These systems are monitored and evaluated by Management.

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

The consolidated financial statements have been audited by KPMG LLP, independent external auditors appointed by the Municipality. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Municipality's consolidated financial statements.

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Chief Administrative Office/Clerk

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Treasurer



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111 Elgin Street, Suite 200  
Sault Ste. Marie ON P6A 6L6  
Canada  
Telephone (705) 949-5811  
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## INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers of  
The Corporation of the Municipality of Huron Shores

### ***Opinion***

We have audited the accompanying consolidated financial statements of The Corporation of the Municipality of Huron Shores (the "Municipality"), which comprise:

- the consolidated statement of financial position as at December 31, 2022
- the consolidated statement of operations and accumulated surplus for the year then ended
- the consolidated statement of changes in net financial assets for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements")

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

### ***Basis for Opinion***

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We are independent of the Municipality in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other 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 Financial Statements***

Management is responsible for the preparation and fair presentation of the 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 financial statements, management is responsible for assessing the Municipality's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Municipality or to cease operations, or has no realistic alternative but to do so.

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

### ***Auditor's Responsibility for the Audit of the 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 auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the 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 Municipality's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Municipality's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Municipality to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represents the underlying transactions and events in a manner that achieves fair presentation.
- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



Chartered Professional Accountants, Licensed Public Accountants

Sault Ste. Marie, Canada

July 17, 2023

# THE CORPORATION OF THE MUNICIPALITY OF HURON SHORES

## Consolidated Statement of Financial Position

December 31, 2022, with comparative information for 2021

	2022	2021
<b>Financial assets</b>		
Cash	\$ 2,269,229	\$ 1,396,168
Portfolio investments (note 3)	3,725,884	3,836,359
Taxes receivable	651,913	701,493
Accounts receivable (note 4)	604,489	329,688
	<u>7,251,515</u>	<u>6,263,708</u>
<b>Financial liabilities</b>		
Accounts payable and accrued liabilities	417,177	369,579
Deferred revenue - general (note 6)	199,660	62,949
Deferred revenue - obligatory reserve funds (note 7)	567,370	257,650
Long-term liabilities (note 12)	128,293	177,185
Capital lease obligations (note 13)	188,439	242,300
Landfill closure and post-closure care liability (note 9)	1,781,757	1,703,617
Employee benefits and other liabilities (note 8)	30,822	40,493
	<u>3,313,518</u>	<u>2,853,773</u>
Net financial assets	3,937,997	3,409,935
<b>Non-financial assets</b>		
Tangible capital assets (note 11)	14,279,034	14,300,509
Prepaid expenses	25,880	46,280
	<u>14,304,914</u>	<u>14,346,789</u>
Accumulated surplus (note 17)	\$ 18,242,911	\$ 17,756,724

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

# THE CORPORATION OF THE MUNICIPALITY OF HURON SHORES

## Consolidated Statement of Operations and Accumulated Surplus

Year ended December 31, 2022, with comparative information for 2021

	Budget (note 20)	2022	2021
<b>Revenues:</b>			
Taxation (note 2)	\$ 3,764,394	\$ 3,776,207	\$ 3,527,971
User charges	211,924	210,709	200,285
Government transfers (note 18)	2,004,880	1,876,489	1,673,012
Other:			
Investment income	40,125	97,935	46,914
Penalties and interest on taxes	184,000	153,566	178,053
Donations and other	86,225	23,297	12,689
<b>Total revenues</b>	<b>6,291,548</b>	<b>6,138,203</b>	<b>5,638,924</b>
<b>Expenses:</b>			
Current operations:			
General government	1,246,577	1,259,941	1,135,562
Protection to persons and property	896,618	835,307	880,836
Transportation services	2,677,006	1,798,347	1,742,933
Environmental services	408,438	329,850	254,416
Health services	509,385	494,235	481,529
Social and family services and housing	442,715	442,715	440,217
Recreational and cultural services	219,422	174,927	128,275
Library services	63,747	44,810	42,165
Planning and development	323,694	193,744	148,128
<b>Total expenses</b>	<b>6,787,602</b>	<b>5,573,876</b>	<b>5,254,061</b>
<b>Annual surplus before the undernoted</b>	<b>(496,054)</b>	<b>564,327</b>	<b>384,863</b>
<b>Landfill closure and post-closure costs (note 9)</b>	<b>-</b>	<b>(78,140)</b>	<b>(982,243)</b>
<b>Annual surplus (deficit)</b>	<b>(496,054)</b>	<b>486,187</b>	<b>(597,380)</b>
<b>Accumulated surplus, beginning of year</b>	<b>17,756,724</b>	<b>17,756,724</b>	<b>18,354,104</b>
<b>Accumulated surplus, end of year</b>	<b>\$ 17,260,670</b>	<b>\$ 18,242,911</b>	<b>\$ 17,756,724</b>

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



# THE CORPORATION OF THE MUNICIPALITY OF HURON SHORES

## Consolidated Statement of Change in Net Financial Assets

Year ended December 31, 2022, with comparative information for 2021

	Budget (note 20)	2022	2021
Annual surplus (deficit)	\$ (496,054)	\$ 486,187	\$ (597,380)
Acquisition of tangible capital assets	(1,338,723)	(667,069)	(257,787)
Amortization of tangible capital assets	688,544	688,544	671,538
Loss on disposal of tangible capital assets	-	-	24,701
	(1,146,233)	507,662	(158,928)
Change in prepaid expenses	-	20,400	(30,170)
Change in net financial assets	(1,146,233)	528,062	(189,098)
Net financial assets, beginning of year	3,409,935	3,409,935	3,599,033
Net financial assets, end of year	\$ 2,263,702	\$ 3,937,997	\$ 3,409,935

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

# THE CORPORATION OF THE MUNICIPALITY OF HURON SHORES

## Consolidated Statement of Cash Flows

Year ended December 31, 2022, with comparative information for 2021

	2022	2021
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 486,187	\$ (597,380)
Items not involving cash:		
Amortization of tangible capital assets	688,544	671,538
Increase in landfill closure and post-closure care liability	78,140	982,243
Loss on disposal of tangible capital assets	-	12,201
Increase (decrease) in employee benefits and other liabilities	(9,671)	9,364
	1,243,200	1,077,966
Change in non-cash assets and liabilities:		
Decrease in taxes receivable	49,580	221,004
Decrease (increase) in accounts receivable	(274,801)	26,010
Increase (decrease) in prepaid expenses	20,400	(30,170)
Decrease (increase) in accounts payable and accrued liabilities	47,598	(104,586)
Increase in deferred revenue - general	136,711	3,221
Increase in deferred revenue - obligatory reserve fund	309,720	139,802
Net change in cash from operating activities	1,532,408	1,333,247
Financing activities:		
Principal repayments on net long-term liabilities	(102,753)	(155,754)
Net change in financing activities	(102,753)	(155,754)
Investing activities:		
Purchase of investments	(2,669,669)	(3,955,662)
Proceeds from disposition of investments	2,780,144	3,075,087
Net change in cash from investing activities	110,475	(880,575)
Capital activities:		
Acquisition of tangible capital assets	(667,069)	(257,787)
Proceeds from the disposal of tangible capital assets	-	12,500
	(667,069)	(245,287)
Net change in cash	873,061	51,631
Cash, beginning of year	1,396,168	1,344,537
Cash, end of year	\$ 2,269,229	\$ 1,396,168

During the year, capital assets were acquired at an aggregate cost of \$667,069 (2021 - \$257,787)

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

# THE CORPORATION OF THE MUNICIPALITY OF HURON SHORES

Notes to Consolidated Financial Statements

Year ended December 31, 2022

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The Corporation of the Municipality of Huron Shores (the "Municipality") is a municipality in the Province of Ontario, Canada. It conducts its operations guided by the provisions of provincial statutes such as the Municipal Act and other related legislation.

## 1. Significant accounting policies:

The consolidated financial statements of the Municipality are prepared by management in accordance with Canadian generally accepted accounting principles for local governments as recommended of the Public Sector Accounting Board and the Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by the Municipality are as follows:

### (a) Reporting entity:

- (i) These consolidated financial statements reflect the assets, liabilities, revenues and expenses and include the activities of all committees of Council and the following boards which are under the control of Council:

Huron Shores Cemetery Board

Huron Shores Public Library

All interfund and inter-organizational transactions and balances between these organizations are eliminated.

- (ii) The Municipality collects taxation revenue on behalf of the school boards.

The taxation, other revenues, expenses, assets and liabilities with respect to the operations of the school boards are not reflected in the municipal fund balances on these consolidated financial statements.

- (iii) Trust funds and their related operations administered by the Municipality are not included in these consolidated financial statements but are reported on separately on the Trust Funds Financial Statements (note 16).

### (b) Basis of accounting:

The Municipality follows the accrual method of accounting for revenues and expenses. Revenues are normally recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and/or the creation of a legal obligation to pay.

### (c) Revenue Recognition:

The Municipality prepared tax billings based on assessment rolls issued by the Municipal Property Assessment Corporation, in accordance with rates established and approved annually by Council and the Province of Ontario. Taxation revenue is recognized in the period in which the taxes are levied.

Government transfers are recognized in the consolidated financial statements as revenues in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

# THE CORPORATION OF THE MUNICIPALITY OF HURON SHORES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

## 1. Significant accounting policies (continued):

### (c) Revenue Recognition (continued):

User fees and other revenues are recognized when the services are performed or goods are delivered, collection of the relevant receivable is probable, persuasive evidence of an arrangement exists and fees are fixed or determinable. Amounts received for future services are deferred until the service is provided.

### (d) Tangible capital assets:

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, design, construction, development, improvement or betterment of the tangible capital asset. The cost, less residual value, of the tangible capital assets, excluding land and landfill sites, are amortized on a straight-line basis over their estimated useful lives as follows:

Asset	Useful Life - Years
Land improvements	25
Buildings	80
Fixtures, machinery and equipment	4 - 25
Vehicles	5 - 25
Library collection	7
Roads infrastructure	10 - 50
Bridges and culverts	20 - 50
Street lighting infrastructure	10

Landfill sites are amortized using the units of production method based upon capacity used during the year.

Annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

### (i) Contributions of tangible capital assets:

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and also are recorded as revenue.

### (ii) Natural resources:

Natural resources that have not been purchased are not recognized as assets in the consolidated financial statements.

### (iii) Works of art and cultural and historic assets:

Works of art and cultural and historic assets are not recorded as assets in these consolidated financial statements.

### (iv) Leased tangible capital assets:

Leases which transfer substantially all of the benefits and risks incidental to ownership of property, are accounted for as leased tangible capital assets. All other leases are accounted for as operating leases and the related payments are charged to expenses as incurred.

# THE CORPORATION OF THE MUNICIPALITY OF HURON SHORES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

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## 1. Significant accounting policies (continued):

### (e) Landfill liability:

The liability for closure of operational sites and post-closure care has been recognized based on estimated future expenses, estimated inflation and the usage of the site's capacity during the year.

### (f) Pensions and employee benefits:

The Municipality accounts for its participation in the Ontario Municipal Employee Retirement System ("OMERS"), a multi-employer public sector pension fund, as a deferred contribution plan. Vacation entitlements are accrued for as entitlements are earned. Retirement benefits are accrued where they are vested and are subject to pay out when an employee leaves the Municipality's employment.

### (g) Use of estimates:

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenditures during the reporting period. Significant estimates include assumptions used in estimating the historical cost and useful lives of tangible capital assets, provisions for accrued liabilities, landfill liability and in performing actuarial valuations of employee future benefits. Actual results could differ from these estimates.

### (h) Deferred revenue:

Deferred revenue represent grants, tax prepayments and other fees which have been collected, but for which the related projects, activities or services have yet to be performed. These amounts will be recognized as revenues in the fiscal year these activities are performed.

### (i) Investments:

Portfolio investments are comprised of guaranteed income certificates and high interest savings deposits and are valued at cost.

## 2. Tax revenues:

Property tax billings are prepared by the Municipality based on an assessment roll prepared by the Municipal Property Assessment Corporation ("MPAC"), an agency of the Ontario government. All assessed property values in the Municipality were reviewed and new values established based on a common valuation date which was used by the Municipality in computing the property tax bills for 2022. However, the property tax revenue and tax receivables of the Municipality are subject to measurement uncertainty as a number of appeals submitted by ratepayers have yet to be heard.

The Municipality has established a contingency reserve for tax appeals and other items in the amount of \$1,256,816 (2021 - \$1,161,177). Any supplementary billing adjustments made necessary by the determination of such changes will be recognized in the fiscal year they are determined.

# THE CORPORATION OF THE MUNICIPALITY OF HURON SHORES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

## 3. Portfolio investments:

At December 31, 2022, \$3,725,884 (2021 - \$3,836,359) was held in guaranteed investment certificates and high interest deposits carrying an effective interest rate between 0.80% and 4.4% with maturity dates ranging from June 2023 to September 2025. Interest is receivable on an annual basis or on maturity. Carrying value approximates market value.

## 4. Accounts receivable:

Accounts receivable consist of the following:

	2022	2021
Province of Ontario	\$ 305,386	\$ 80,003
HST recoverable	257,561	194,711
Trade and miscellaneous	41,543	54,974
	<b>\$ 604,489</b>	<b>\$ 329,688</b>

## 5. Credit facility:

The Municipality has an authorized line of credit available in the amount of \$100,000. The credit facility bears interest prime and is secured by a general security agreement. At December 31, 2022, \$Nil (2021 - \$Nil) was outstanding under the facility.

## 6. Deferred revenue - general:

Deferred revenue, which is reported on the consolidated statement of financial position is further analyzed as follows:

	2022	2021
Tax prepayments	\$ 60,042	\$ 60,961
Deferred revenue other	139,618	1,988
	<b>\$ 199,660</b>	<b>\$ 62,949</b>

Continuity of deferred revenue - general is as follows:

	2022	2021
Balance, beginning of year	\$ 62,249	\$ 59,728
Contributions	188,832	60,961
	251,081	120,689
Contributions used	(51,421)	(57,740)
Balance, end of year	<b>\$ 199,660</b>	<b>\$ 62,949</b>

# THE CORPORATION OF THE MUNICIPALITY OF HURON SHORES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

## 7. Deferred revenue - obligatory reserve funds:

A requirement of the public sector accounting standards of the Chartered Professional Accountants of Canada is that obligatory reserve funds be reported as deferred revenue. This requirement is in place as legislation restricts how these funds may be used and under certain circumstances these funds may possibly be refunded. The balances in the obligatory funds of the Municipality are as follows:

	2022	2021
Canada-Community Building Fund (formerly gas tax fund)	\$ 368,350	\$ 257,650
Northern Ontario Resource Development Strategy	199,020	–
	<b>\$ 567,370</b>	<b>\$ 257,650</b>

Continuity of deferred revenue – obligatory reserve funds is as follows:

	2022	2021
Balance, beginning of year	\$ 257,650	\$ 117,848
Contributions	304,669	207,014
Interest	5,051	1,788
	<b>567,370</b>	<b>326,650</b>
Contributions used	–	(69,000)
Balance, end of year	<b>\$ 567,370</b>	<b>\$ 257,650</b>

## 8. Employee benefits and other liabilities:

The Municipality provides certain employee benefits which will require funding in future periods. Employees may become entitled to a cash payment when they leave the Municipality's employment based on total years of service.

	2022	2021
Vacation pay	\$ 21,651	\$ 27,105
Accumulated retirement allowances	9,171	13,388
	<b>\$ 30,822</b>	<b>\$ 40,493</b>

# THE CORPORATION OF THE MUNICIPALITY OF HURON SHORES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

## 9. Landfill closure and post-closure care liability:

The Environmental Protection Act sets out the regulatory requirements to properly close and maintain all active and inactive landfill sites. Under environmental law, there is a requirement for closure and post-closure care of solid waste landfill sites. This requirement is to be provided for over the estimated life of the landfill sites based on usage.

Landfill closure and post-closure care requirements have been defined in accordance with industry standards and include final covering and landscaping of the landfill, pumping of ground water and leachates from the site, and ongoing environmental monitoring, site inspection and maintenance. The reported liability is based on estimates and assumptions with respect to events extending over terms using the best information available to management. Future events may result in significant changes to the estimated total expenditures; capacity used or total capacity and the estimated liability, and would be recognized prospectively, as a change in estimate, when applicable.

The liability for site restoration and abandonment of the four waste disposal sites is based on the Municipality's proportionate share of the present value of future cash flows associated with closure costs. The change in liability is recorded based on the capacity of the landfill sites used to date. The recorded liability of \$1,781,757 (2021 - \$1,703,613) is based on the total estimated cash outflow in the future, an inflation rate of 3%, 25 years of post closure care for all sites, and the following assumptions:

Site location	Expected closure date	Expected closure and post closure costs	Closure and post closure liability	
			2022	2021
Day & Bright Township	2046	\$ 1,466,052	\$ 477,657	\$ 455,997
Thompson Township	2026	624,571	377,894	362,178
Village of Iron Bridge	2045	1,371,949	469,886	449,211
Thessalon Township	2045	1,349,499	456,320	436,231
<b>Total</b>		<b>\$ 4,812,071</b>	<b>\$1,781,757</b>	<b>\$1,703,617</b>

## 10. Collections for school boards:

The Municipality collected property taxes on behalf of area school boards as follows:

	2022	2021
English public	\$ 423,406	\$ 421,788
English separate	52,217	54,557
French public	2,136	2,394
French separate	11,094	12,294
	<b>\$ 488,853</b>	<b>\$ 491,033</b>

The Municipality is required to levy and collect taxes on behalf of the school boards. These taxes are remitted to the school boards at the amounts levied. The taxes levied over (under) the amounts requisitioned are recorded as accounts payable (receivable).



# THE CORPORATION OF THE MUNICIPALITY OF HURON SHORES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

## 11. Tangible capital assets:

2022											
	Land	Land improvements	Buildings	Fixtures, machinery and equipment	Vehicles	Roads infrastructure	Bridges and culverts infrastructure	Street lighting infrastructure	Equipment under capital lease	Construction in progress	Total
<b>Cost</b>											
Balance, beginning of the year	\$ 1,090,585	102,552	2,180,835	1,056,166	2,987,741	12,892,208	6,337,129	424,242	318,971	28,953	\$ 27,419,382
Additions/Transfers	-	26,891	162,953	25,240	56,565	173,613	216,514	-	-	34,246	696,022
Disposals	-	-	-	-	-	-	-	-	-	(28,953)	(28,953)
Balance, end of year	\$ 1,090,585	129,443	2,343,788	1,081,406	3,044,306	13,065,821	6,553,643	424,242	318,971	34,246	\$ 28,086,451
<b>Accumulated Amortization</b>											
Balance, beginning of the year	\$ -	(53,281)	(573,246)	(746,348)	(1,340,953)	(7,440,772)	(2,566,618)	(357,332)	(26,882)	-	\$ (13,105,432)
Amortization expense	-	(5,284)	(37,924)	(63,448)	(136,211)	(265,046)	(142,321)	(11,427)	(40,324)	-	(701,985)
Balance, end of year	\$ -	(58,565)	(611,170)	(809,796)	(1,477,164)	(7,705,818)	(2,708,939)	(368,759)	(67,206)	-	\$ (13,807,417)
Net book value, end of year	\$ 1,090,585	70,878	1,732,618	271,610	1,567,142	5,360,003	3,844,704	55,483	251,765	34,246	\$ 14,279,034
Net book value, beginning of year	\$ 1,090,585	49,271	1,607,589	309,818	1,646,788	5,451,436	3,770,511	66,910	278,648	28,953	\$ 14,300,509

# THE CORPORATION OF THE MUNICIPALITY OF HURON SHORES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

## 11. Tangible capital assets (continued):

2021											
	Land	Land improvements	Buildings	Fixtures, machinery and equipment	Vehicles	Roads infrastructure	Bridges and culverts infrastructure	Street lighting infrastructure	Equipment under capital lease	Construction in progress	Total
<b>Cost</b>											
Balance, beginning of the year	\$ 1,069,295	102,552	2,163,833	1,043,138	3,036,095	13,420,622	6,337,129	424,242	318,971	-	\$ 27,915,877
Additions/Transfers	32,290	-	17,002	13,028	-	166,514	-	-	-	28,953	257,787
Disposals	(11,000)	-	-	-	(48,354)	(694,928)	-	-	-	-	(754,282)
Balance, end of year	\$ 1,090,585	102,552	2,180,835	1,056,166	2,987,741	12,892,208	6,337,129	424,242	318,971	28,953	\$ 27,419,382
<b>Accumulated Amortization</b>											
Balance, beginning of the year	\$ -	(48,535)	(539,320)	(680,792)	(1,245,053)	(7,879,228)	(2,425,094)	(345,453)	-	-	\$ (13,176,916)
Disposals/Transfers	-	-	-	-	34,652	694,928	-	-	-	-	729,580
Amortization expense	-	(4,746)	(33,926)	(65,556)	(130,552)	(256,472)	(141,524)	(11,879)	(26,882)	-	(671,537)
Balance, end of year	\$ -	(53,281)	(573,246)	(746,348)	(1,340,953)	(7,440,772)	(2,566,618)	(357,332)	(26,882)	-	\$ (13,118,873)
Net book value, end of year	\$ 1,090,585	49,271	1,607,589	309,818	1,646,788	5,451,436	3,770,511	66,910	292,089	28,953	\$ 14,300,509
Net book value, beginning of year	\$ 1,069,295	54,017	1,624,513	362,346	1,791,042	5,541,394	3,912,035	78,789	318,971	-	\$ 14,738,961

# THE CORPORATION OF THE MUNICIPALITY OF HURON SHORES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

## 11. Tangible capital assets (continued):

### a) Assets under construction:

In the year, \$34,426 was added to construction in progress related to the Photomatic Bridge project.

### b) Contributed tangible capital assets:

Contributed capital assets have been recognized at fair market value at the date of contribution. No contributed assets were received during the current year.

### c) Write-down of tangible capital assets:

There were no write-downs of tangible capital assets during the current year.

## 12. Long-term liabilities:

	2022	2021
Fire truck loan due in 2025, repayable \$4,689 monthly including interest at 4.75%, secured by specific equipment	\$ 128,293	\$ 177,185

Principal payments due on long-term liabilities for the next three fiscal years are as follows:

2023	\$ 51,283
2024	53,772
2025	23,238

Interest paid in the year and included in current expenses is \$7,359 (2021 - \$9,623).

## 13. Capital lease obligation:

In fiscal year 2020, the Municipality entered into 5-year financing agreement with RCAP Leasing Inc. to fund the purchase of self-contained breathing apparatuses and compressor for the fire department. The underlying equipment was received in November, 2020. The agreement contains monthly lease payments of \$4,735 plus HST, with a discount rate of 4.75%. At the end of the 5-year lease term, the assets will transfer to the municipality for the nominal fee of \$10.

	2022	2021
2022	\$ -	\$ 64,210
2023	64,210	64,210
2024	64,210	64,210
2025	64,210	64,210
2026	12,133	12,133
Minimum lease payments	204,763	268,973
Less amount representing interest at 4.75%	16,324	26,673
Present value of minimum lease payments	\$ 188,439	\$ 242,300

# THE CORPORATION OF THE MUNICIPALITY OF HURON SHORES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

## 14. Contributions to unconsolidated joint boards:

The following contributions were made by the Municipality to these unconsolidated boards:

	2022	2021
Algoma District Services Administration Board	\$ 842,541	\$ 834,997
Algoma Health Unit	66,945	60,859
	<u>\$ 909,486</u>	<u>\$ 895,856</u>

## 15. Pension agreement:

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

The amount contributed to OMERS for 2021 was \$84,612 (2021 - \$73,056) is included as an expense on the consolidated statement of financial activities.

## 16. Trust funds:

Trust Funds administered by the Municipality amounting to \$57,669 (2021 - \$55,819) have not been included on the consolidated statement of financial position nor have their operations been included in the consolidated statement of operations and accumulated surplus.

## 17. Accumulated surplus:

Accumulated surplus consists of individual fund surplus and reserves and reserve funds as follows:

	2022	2021
Surplus:		
Invested in tangible capital assets	\$ 14,279,034	\$ 14,300,508
Operating surplus (deficit)	231,464	(573,404)
Unfunded:		
Landfill closure costs	(1,781,757)	(1,703,617)
Net long-term liabilities	(316,732)	(419,485)
Employee benefits	(30,822)	(40,493)
Total surplus	<u>12,381,187</u>	<u>12,710,317</u>
Reserve funds set aside for specific purpose by Council:		
Capital	5,009,281	4,157,706
Cash flow reserves	832,989	824,440
Other programs	19,454	64,261
Total reserve funds	<u>5,861,724</u>	<u>5,046,407</u>
	<u>\$ 18,242,911</u>	<u>\$ 17,756,724</u>

# THE CORPORATION OF THE MUNICIPALITY OF HURON SHORES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

## 18. Government transfers:

The Municipality recognizes the transfer of government funding as expenses or revenues in the period that the events giving rise to the transfer occurred. The transfers reported on the statement of operations are:

	2022	2021
Revenue:		
Provincial grants	\$ 1,678,281	\$ 1,548,014
Federal grants	87,200	124,998
Other grants	111,008	–
Total revenue	\$ 1,876,489	\$ 1,673,012

## 19. Public Sector Salary Disclosure:

During 2022, no employees were paid a salary, as defined in the Public Sector Salary Disclosure Act, 1996, of \$100,000 or more by the Municipality.

## 20. Budget figures:

The operating budget approved by Council for 2022 was prepared for the purpose of establishing the estimated revenues and expenses for fiscal 2022. The budget established does not include a budget for the amortization of tangible capital assets and includes allocations from reserves.

The budget figures presented in the statement of operations and accumulated surplus and the statement of change in net financial assets have been restated to be comparable with the Canadian public sector accounting standards. A reconciliation of the Council approved budget and the budget presented in these financial statements is presented below:

Adopted budget:	
Budget annual deficit for the year	\$ (443,000)
Adjustments to adopted budget:	
Provided from reserves	(1,597,011)
Provided for reserves	893,778
Amortization of tangible capital assets	(688,544)
Acquisition of tangible capital assets	1,338,723
Restated budgeted deficit	\$ (496,054)

## 21. Comparative information:

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year annual surplus.

# THE CORPORATION OF THE MUNICIPALITY OF HURON SHORES

Notes to Consolidated Financial Statements

Year ended December 31, 2022

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## 22. Segmented information:

The Municipality 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 purposes of recording specific activities to attain certain objectives in accordance with regulations, restrictions or limitations (see Schedule to note).

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

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

### Protection Services

Protection to persons and property is comprised of police, fire/emergency, by-law enforcement and building inspections departments. The mandate of the police department is to ensure the safety of the lives and property of citizens, preserve peace and good order; prevent crimes from occurring; detect offenders; and enforce law. The fire/emergency department is responsible to provide fire suppression service; fire prevention programs; training and education related to prevention, detection, or extinguishment of fires. The by-law enforcement and building inspection department ensures properties are in compliance with applicable legislation, by-laws, building standards and construction codes.

### Transportation Services

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

### Environmental Services

The environmental department is involved only with the disposal of solid waste. The department provides waste minimization programs and facilities for solid waste disposal and diversion.

### Health Services

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

# THE CORPORATION OF THE MUNICIPALITY OF HURON SHORES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

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## 22. Segmented information (continued):

### Social and Family Services / Social Housing

Through the Algoma District Services Administration Board, the Municipality contributes to the social assistance payments, child care services and social housing. In addition, the Municipality provides alternative residential services for seniors.

### Recreation and Cultural Services

The recreation and cultural department provides public services that contribute to neighbourhood development and sustainability through the provision of recreation and leisure services such as parks, rink facilities, fitness and sports programs. It provides public services that contribute to healthy communities through partnerships, promotion, prevention, protection, and enforcement.

### Library Services

The library department provides public services that contribute towards the information needs of the Municipality's citizens through the provision of library services.

### Planning and Development

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

For each reported segment, revenues and expenses include both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in the summary of significant accounting policies.

# THE CORPORATION OF THE MUNICIPALITY OF HURON SHORES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

## 22. Segmented Information (continued):

	2022									
	General Government Services	Protection Services	Transportation Services	Environmental Services	Health Services	Social & Family Services & Housing	Recreation & Cultural Services	Library Services	Planning and Development	Total
Revenues:										
Taxation	\$ 3,776,207	-	-	-	-	-	-	-	-	\$ 3,776,207
User charges	2,747	43,912	108,604	43,594	3,150	-	4,503	2,349	1,850	210,709
Government of Canada grants	6,000	-	81,200	-	-	-	-	-	-	87,200
Province of Ontario grants	1,214,810	-	-	50,996	-	-	404,231	8,244	-	1,678,281
Municipal grants	111,008	-	-	-	-	-	-	-	-	111,008
Other	264,706	-	-	-	1,178	-	8,839	75	-	274,798
Total revenues	5,375,478	43,912	189,804	94,590	4,328	-	417,573	10,668	1,850	6,138,203
Expenses:										
Salaries, wages and benefits	718,394	144,861	460,120	97,425	-	-	31,667	27,945	-	1,480,412
Long-term debt charges	-	16,695	-	-	-	-	-	-	-	16,695
Rents and financial	99,926	-	-	-	-	-	-	-	-	99,926
Operating materials and supplies	319,042	115,941	847,492	144,462	5,835	-	75,330	11,380	190,993	1,710,475
Contracted services	109,680	434,158	-	87,092	-	-	-	1,984	2,751	635,665
Transfer to other governments and the public	400	-	3,555	718	487,771	442,715	7,000	-	-	942,159
Amortization of tangible capital assets	12,499	123,652	487,180	153	629	-	60,930	3,501	-	688,544
Total expenses before the undernoted	1,259,941	835,307	1,798,347	329,850	494,235	442,715	174,927	44,810	193,744	5,573,876
Landfill closure and post-closure costs	-	-	-	78,140	-	-	-	-	-	78,140
Annual surplus (deficit)	\$ 4,115,537	(791,395)	(1,608,543)	(313,400)	(489,907)	(442,715)	242,646	(34,142)	(191,894)	\$ 486,187



# THE CORPORATION OF THE MUNICIPALITY OF HURON SHORES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

## 22. Segmented Information (continued):

	2021									
	General Government Services	Protection Services	Transportation Services	Environmental Services	Health Services	Social & Family Services & Housing	Recreation & Cultural Services	Library Services	Planning and Development	Total
<b>Revenues:</b>										
Taxation	\$ 3,527,971	-	-	-	-	-	-	-	-	\$ 3,527,971
User charges	4,195	62,938	101,761	21,745	2,400	-	962	784	5,500	200,285
Government of Canada grants	-	-	69,010	-	-	-	-	-	-	69,010
Province of Ontario grants	1,416,464	-	-	27,510	-	-	-	8,244	120,918	1,573,136
Municipal grants	30,866	-	-	-	-	-	-	-	-	30,866
Other	236,582	-	-	-	887	-	187	-	-	237,656
<b>Total revenues</b>	<b>5,216,078</b>	<b>62,938</b>	<b>170,771</b>	<b>49,255</b>	<b>3,287</b>	<b>-</b>	<b>1,149</b>	<b>9,028</b>	<b>126,418</b>	<b>5,638,924</b>
<b>Expenses:</b>										
Salaries, wages and benefits	611,851	142,696	456,729	96,012	-	-	15,986	26,102	-	1,349,376
Long-term debt charges	-	18,094	1,307	-	-	-	-	-	-	19,401
Rents and financial	75,550	-	1,221	-	-	-	-	-	-	76,771
Operating materials and supplies	323,877	162,490	795,289	103,792	6,762	-	49,107	10,091	128,411	1,579,819
Contracted services	108,594	442,183	-	54,459	-	-	-	1,620	19,717	626,573
Transfer to other governments and the public	400	749	6,878	-	474,139	440,217	8,200	-	-	930,583
Amortization of tangible capital assets	15,290	114,624	481,509	153	628	-	54,982	4,352	-	671,538
<b>Total expenses before the undernoted</b>	<b>1,135,562</b>	<b>880,836</b>	<b>1,742,933</b>	<b>254,416</b>	<b>481,529</b>	<b>440,217</b>	<b>128,275</b>	<b>42,165</b>	<b>148,128</b>	<b>5,254,061</b>
<b>Landfill closure and post-closure costs</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>982,243</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>982,243</b>
<b>Annual surplus (deficit)</b>	<b>\$ 4,080,516</b>	<b>(817,898)</b>	<b>(1,572,162)</b>	<b>(1,187,404)</b>	<b>(478,242)</b>	<b>(440,217)</b>	<b>(127,126)</b>	<b>(33,137)</b>	<b>(21,710)</b>	<b>\$ (597,380)</b>