

JUN 29 2023

CONSOLIDATED FINANCIAL REPORT

**THE CORPORATION OF THE
TOWN OF LATCHFORD**

DISTRICT OF TIMISKAMING

YEAR ENDED DECEMBER 31, 2022

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THE CORPORATION OF THE TOWN OF LATCHFORD

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MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

The Corporation of the Town of Latchford'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 Town of Latchford. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Corporation of the Town of Latchford's financial statements.

DocuSigned by:

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Clerk-treasurer
Jaime Allen

INDEPENDENT AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers
of the Corporation of the Corporation of the Town of Latchford:

Opinion

We have audited the consolidated financial statements of the Corporation of the Town of Latchford, which comprise the consolidated statement of financial position as at December 31, 2022, and the consolidated statements of operations, change in net 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 Town of Latchford 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 Town of Latchford 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 Town of Latchford'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 Town of Latchford 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 Town of Latchford'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 Town of Latchford'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 Town of Latchford'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 Town of Latchford 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
June 27, 2023

Chartered Professional Accountants

THE CORPORATION OF THE TOWN OF LATCHFORD

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2022

FINANCIAL ASSETS	2022	2021
Cash	\$ 831,377	\$ 708,687
Taxes receivable	78,477	85,714
Accounts receivable	166,200	121,148
Inventories held for resale	45,234	45,234
	<u>1,121,288</u>	<u>960,783</u>
 LIABILITIES		
Accounts payable and accrued liabilities	118,448	96,093
Deferred revenue – other – note 6	154,010	76,135
Deferred revenue – obligatory reserve fund – note 7	40,296	53,221
Landfill closure and post-closure liability – note 8	205,465	188,947
Municipal debt – note 9	505,050	677,878
	<u>1,023,269</u>	<u>1,092,274</u>
 NET FINANCIAL ASSETS (DEBT)	<u>98,019</u>	<u>(131,491)</u>
 NON-FINANCIAL ASSETS		
Tangible capital assets – note 13	3,744,892	3,868,931
Inventories of supplies	6,918	6,918
Prepaid expenses	126,418	110,198
	<u>3,878,228</u>	<u>3,986,047</u>
 ACCUMULATED SURPLUS – note 10	<u>\$ 3,976,247</u>	<u>\$ 3,854,556</u>

Contingent liabilities and commitments – note 11

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

On behalf of Council:

DocuSigned by:

Sharon Gadowry-East

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Mayor

DocuSigned by:

JAIME ALLEN

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Clerk-treasurer

THE CORPORATION OF THE TOWN OF LATCHFORD

CONSOLIDATED STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2022

	2022 Budget (Note 2)	2022 Actual	2021 Actual
REVENUES			
Operating revenues			
Municipal taxation	\$ 909,726	\$ 915,114	\$ 900,144
Water and sewer user charges	250,177	247,099	234,661
User charges	76,422	107,912	73,625
Revenue from other municipalities	7,576	8,252	6,020
Provincial grants	315,869	297,830	305,417
Federal grants	11,620	14,449	30,835
Penalties and interest on taxes	15,000	12,417	13,023
Provincial Offences Act revenues	4,500	12	3,964
Loss on disposal of tangible capital assets	-	-	(1,172)
Other	17,665	31,288	34,069
	<u>1,608,555</u>	<u>1,634,373</u>	<u>1,600,586</u>
Capital revenues			
Provincial grants	100,000	134,490	69,983
Federal grants	26,829	34,540	119,162
	<u>126,829</u>	<u>169,030</u>	<u>189,145</u>
Total revenues	<u>1,735,384</u>	<u>1,803,403</u>	<u>1,789,731</u>
EXPENDITURES			
General government	467,796	477,278	413,547
Protection to persons and property	132,471	123,126	121,236
Transportation services	270,441	254,161	235,470
Environmental services	504,559	482,229	438,990
Health services	196,322	192,452	186,673
Social and family services	57,753	56,401	55,841
Recreation and cultural services	62,535	60,294	50,982
Planning and development	6,500	35,771	27,877
Total expenditures	<u>1,698,377</u>	<u>1,681,712</u>	<u>1,530,616</u>
ANNUAL SURPLUS	37,007	121,691	259,115
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>3,854,556</u>	<u>3,854,556</u>	<u>3,595,441</u>
ACCUMULATED SURPLUS, END OF YEAR – note 10	<u>\$ 3,891,563</u>	<u>\$ 3,976,247</u>	<u>\$ 3,854,556</u>

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

THE CORPORATION OF THE TOWN OF LATCHFORD

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS (DEBT)

FOR THE YEAR ENDED DECEMBER 31, 2022

	2022 Budget (Note 2)	2022 Actual	2021 Actual
ANNUAL SURPLUS	\$ 37,007	\$ 121,691	\$ 259,115
Acquisition of tangible capital assets	(116,447)	(113,438)	(138,227)
Amortization of tangible capital assets	236,900	237,477	236,890
Loss on sale of tangible capital assets	-	-	1,172
Change in prepaid expense	-	(16,220)	(10,522)
Decrease in net debt	157,460	229,510	348,428
Net debt, beginning of year	(131,491)	(131,491)	(479,919)
NET FINANCIAL ASSETS (DEBT), END OF YEAR	\$ 25,969	\$ 98,019	\$ (131,491)

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

THE CORPORATION OF THE TOWN OF LATCHFORD

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2022

OPERATIONS	2022	2021
Annual surplus	\$ 121,691	\$ 259,115
Charges not affecting cash –		
Amortization of tangible capital assets	237,477	236,890
Loss on sale of tangible capital assets	-	1,172
	<u>359,168</u>	<u>497,177</u>
Other sources (uses) of cash –		
Change in taxes receivable	7,237	13,128
Change in accounts receivable	(45,052)	(75,728)
Change in prepaid expenses	(16,220)	(10,522)
Change in accounts payable and accrued liabilities	22,355	(9,509)
Change in deferred revenue – other	77,875	(11,328)
Change in deferred revenue – obligatory reserve fund	(12,925)	(26,595)
Change in landfill closure and post-closure liability	<u>16,518</u>	<u>12,870</u>
	<u>49,788</u>	<u>(107,684)</u>
Total cash provided by operations	<u>408,956</u>	<u>389,493</u>
CAPITAL TRANSACTIONS		
Acquisition of tangible capital assets	<u>(113,438)</u>	<u>(138,227)</u>
FINANCING TRANSACTIONS		
Municipal debt proceeds	-	10,928
Municipal debt principal repayments	<u>(172,828)</u>	<u>(170,955)</u>
Total cash used for financing activities	<u>(172,828)</u>	<u>(160,027)</u>
INCREASE IN CASH	122,690	91,239
Cash, beginning of year	<u>708,687</u>	<u>617,448</u>
CASH, END OF YEAR	\$ 831,377	\$ 708,687
REPRESENTED BY		
Cash	<u>\$ 831,377</u>	<u>\$ 708,687</u>

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

THE CORPORATION OF THE TOWN OF LATCHFORD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

The Corporation of the Town of Latchford is a town in the Province of Ontario, Canada. It conducts its operations guided by the provisions of provincial statutes such as the Municipal Act 2001, Provincial Offences Act and other related legislation.

1. **Accounting policies**

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

Use of estimates

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

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 Town and include the activities of all committees of Council and corporations fully owned and controlled by the Town which are:

The Corporation of the Town of Latchford Medical Centre

All interfund assets and liabilities and sources of financing and expenditures have been eliminated.

Non-consolidated entities

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

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 Town 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 Town in its statements.

Temiskaming Municipal Services Association

The Timiskaming 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 Town 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.

THE CORPORATION OF THE TOWN OF LATCHFORD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

1. Accounting policies – continued

Inventories held for resale

Inventories held for resale are recorded at the lower of cost or replacement cost and consists of land for sale.

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	15 to 30 years
Buildings	50 years
Vehicles	10 to 25 years
Machinery and equipment	5 to 30 years
Roads and bridges	7 to 75 years
Water and sewer mains	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 Town 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 are expensed, unless they are pooled, because, collectively, they have significant value.

Deferred revenue – other

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

Deferred revenue – obligatory reserve funds

The Town 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.

THE CORPORATION OF THE TOWN OF LATCHFORD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

1. **Accounting policies – continued**
Revenue recognition – continued
Taxation and related revenues

Property tax billings are prepared by the Town 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 Town 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 Town 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 Town 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.

Inventories of supplies

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

2. **Budget**

The Budget adopted by Council was not prepared on a basis consistent with that used to report actual results according to Public Sector Accounting Standards used on the Consolidated Statement of Operations on page 5. The budget was prepared on a modified accrual basis while Public Sector Accounting Standards now require a full accrual basis. The actual budget is reflected in note 14. It expenses all tangible capital expenditures, does not include amortization expense, reflects proceeds of long-term debt as a revenue, principal repayments of long-term debt as an expense and the full proceeds from the sale of tangible capital assets as a 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 surplus for the year – note 14	\$ 512
Add: Budgeted debt principal repayments	156,948
Investment in tangible capital assets	116,447
Less: Estimated amortization	<u>(236,900)</u>
Budget surplus per statement of operations – page 5	<u>\$ 37,007</u>

3. **Operations of school boards**

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

	<u>2022</u>	<u>2021</u>
	<u>\$ 434,424</u>	<u>\$ 433,560</u>

THE CORPORATION OF THE TOWN OF LATCHFORD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

4. Contributions to Joint Boards

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

	2022	2021
Timiskaming District Health Unit	\$ 16,960	\$ 16,628
District of Timiskaming Social Services Administration Board	\$ 120,858	\$ 119,141

5. Revolving line of credit

The Town has a \$250,000 business operating line negotiated with the Bank of Nova Scotia with a balance outstanding of \$nil (2021 - \$nil). Interest is at bank prime plus 0.5% (currently 6.95%).

6. Deferred revenue – other

Deferred revenue – other consists of the following:

	December 31 2021	Funds Received	Revenue Earned	December 31 2022
Provincial government	\$ 76,135	\$ 337,934	\$ 260,059	\$ 154,010

7. Deferred revenue – obligatory reserve funds

Deferred revenue – obligatory reserve funds consist of the following:

	December 31 2021	Funds Received	Revenue Earned	December 31 2022
Federal Gas Tax	\$ 53,221	\$ 20,451	\$ 33,376	\$ 40,296

8. Landfill closure and post-closure liabilities

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 40,000 cubic meters. The approximate volume that has been landfilled is 37,242 cubic meters, leaving an estimated remaining capacity of 2,758 cubic meters. The estimated life of the landfill site is 3 years and post-closure care is estimated to be required for 5 years from the date of site closure.

The discount factor used is 4.78% net of inflation of 3.7%. The liability as at December 31, 2022 is \$205,465 (2021 \$188,947). Estimated expenditures for closure and post-closure care are \$191,750 and \$37,450 respectively, for a total of \$229,200. The liability remaining to be recognized is \$23,735.

THE CORPORATION OF THE TOWN OF LATCHFORD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

9.	Municipal debt	<u>2022</u>	<u>2021</u>
	Term loan with the Bank of Nova Scotia, fully paid in 2022.	\$ -	\$ 13,125
	A 30 year serial debenture with Ontario Infrastructure, payable in semi-annual blended (principal and interest) payments of \$12,138 with interest at 5.24% per annum and the debenture matures October 2038. The debt relates to improvements to the water treatment plant.	260,775	270,983
	A 20 year serial debenture with Ontario Infrastructure, payable in semi-annual blended (principal and interest) payments of \$17,171 with interest at 5.03% per annum and the debenture matures October 2028. The debt relates to paving of roads and purchase of roads equipment.	175,973	200,532
	Demand note with the Bank of Nova Scotia, payable in monthly installments of \$841 plus interest at the bank's prime lending rate plus 1% (currently 7.45%), final installment due November 2024. The debt relates to the purchase of a fire truck.	19,338	29,427
	Term loan with Modern Acceptance Canada, payable in monthly principal payments of \$304, interest is at 0%, final installment due May 2024. The debt relates to the purchase of a lawn mower.	5,160	8,803
	Capital lease with John Deere Financial, payable in monthly installments of \$1,612.08 + HST, including interest at 2.5%, final payment due April 2025. The lease relates to the purchase of a backhoe loader.	43,804	61,809
	Term loan with Miller Paving, fully paid in 2022.	<u>-</u>	<u>93,199</u>
		<u>\$ 505,050</u>	<u>\$ 677,878</u>

Total interest paid on the loans in 2022 is \$26,545 (2021 \$29,483).

Principal installments required to be paid over the next five years are as follows:

2023	\$ 68,753
2024	68,139
2025	46,844
2026	42,512
2027	44,705
2028 +	<u>234,097</u>
	<u>\$ 505,050</u>

THE CORPORATION OF THE TOWN OF LATCHFORD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

10. 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 that time.

	2022	2021
Reserves and surpluses		
Roads reserve	\$ 20,770	\$ 20,770
Equipment reserve	18,253	18,253
Safe restart funding reserve	39,592	40,369
Modernization reserve	156,012	156,012
Fire building reserve	42,799	57,769
General municipal surplus	325,643	253,214
	603,069	546,387
Amounts to be recovered		
Unfinanced municipal debt	(505,050)	(677,878)
Net financial assets (debt)	98,019	(131,491)
Non-financial assets		
Invested in tangible capital assets	3,744,892	3,868,931
Inventories of supplies	6,918	6,918
Prepaid expenses	126,418	110,198
	3,878,228	3,986,047
Accumulated surplus	\$ 3,976,247	\$ 3,854,556

Non-financial assets

Non-financial assets are not available to discharge existing liabilities. Amounts invested in tangible capital assets 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 (Debt) for the year.

11. Contingent liabilities and commitments

Non-Consolidated Entities

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

Ontario Municipal Employees Retirement Fund

All permanent, full-time employees of the Town 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 Town are recognized as an expenditure. No pension liability for this type of plan is recognized in the Town's consolidated financial statements. Contributions made by the Town to OMERS for 2022 were \$32,498 (2021 \$30,911). The plan had an actuarial deficit of \$6.7 billion at the end of 2022.

THE CORPORATION OF THE TOWN OF LATCHFORD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

11. **Contingent liabilities and commitments - continued**

Funding agreements

Under the terms of various funding agreements, the Town 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.

12. **Segmented information**

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

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

General Government Services

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

Protection Services

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

Transportation Services

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

Environmental Services

Environmental services include water and sewer services as well as garbage and recycling services. Water and Sewer services include the operation and distribution of water and networking sewer mains and storm sewers. The Garbage and Recycling services are responsible for the delivery of municipal services including garbage collection and recycling.

Health Services

The Town funds a range of public health services through the Timiskaming Health Unit and provides ambulance services through the District Social Services Administration Board.

Social and Family Services

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

THE CORPORATION OF THE TOWN OF LATCHFORD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

12. **Segmented information - continued**

Recreation and Cultural Services

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

Planning and Development Services

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

THE CORPORATION OF THE TOWN OF LATCHFORD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

12. Segmented information - continued

	General Government Services	Protection Services	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation and Cultural Services	Planning and Development Services	Total 2022	Total 2021
Revenues										
Operating revenues										
Municipal taxation	\$ 915,114	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 915,114	900,144
Water and sewer user charges	-	-	-	247,099	-	-	-	-	247,099	234,661
User charges	9,835	5,576	35,879	38,960	-	-	17,662	-	107,912	73,625
Revenue from other municipalities	-	-	-	2,180	6,072	-	-	-	8,252	6,020
Provincial grants	124,370	-	-	16,290	131,281	-	-	25,889	297,830	305,417
Federal grants	-	-	1,577	5,880	-	-	4,097	2,895	14,449	30,835
Penalties and interest on taxes	12,417	-	-	-	-	-	-	-	12,417	13,023
Provincial Offences Act revenues	-	12	-	-	-	-	-	-	12	3,964
Loss on disposal of tangible capital assets	-	-	-	-	-	-	-	-	-	(1,172)
Other	15,135	-	-	-	-	-	16,153	-	31,288	34,069
	1,076,871	5,588	37,456	310,409	137,353	-	37,912	28,784	1,634,373	1,600,586
Capital revenues										
Provincial grants	-	-	126,208	8,282	-	-	-	-	134,490	69,983
Federal grants	-	-	24,601	9,939	-	-	-	-	34,540	119,162
Total revenues	1,076,871	5,588	188,265	328,630	137,353	-	37,912	28,784	1,803,403	1,789,731
Expenditures										
Wages and benefits	283,648	12,785	111,717	171,764	73,390	-	-	-	653,304	572,134
Long-term debt interest	-	1,216	11,122	14,068	-	-	139	-	26,545	29,483
Materials	136,277	19,133	57,134	146,132	37,645	-	29,735	693	426,749	363,896
Contracted services	39,187	79,916	-	41,632	-	-	-	35,078	195,813	189,618
Rents and financial expenses	4,006	-	-	-	-	-	-	-	4,006	2,826
External transfers	-	-	-	-	81,417	56,401	-	-	137,818	135,769
Amortization	14,160	10,076	74,188	108,633	-	-	30,420	-	237,477	236,890
Total expenditures	477,278	123,126	254,161	482,229	192,452	56,401	60,294	35,771	1,681,712	1,530,616
Annual surplus (deficit)	\$ 599,593	\$ (117,538)	\$ (65,896)	\$ (153,599)	\$ (55,099)	\$ (56,401)	\$ (22,382)	\$ (6,987)	\$ 121,691	\$ 259,115

THE CORPORATION OF THE TOWN OF LATCHFORD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

13. Schedule of tangible capital assets

	2022									
	Opening				Opening	Accumulated				Net
	Cost	Additions	Disposals	Cost	Amortization	Amortization	Current	Accumulated	Assets	
	Dec 31, 2021			Dec 31, 2022	Dec 31, 2021	on Disposals	Amortization	Dec 31, 2022	Dec 31, 2022	
General										
Land	\$ 98,009	\$ -	\$ -	\$ 98,009	\$ -	\$ -	\$ -	\$ -	\$ 98,009	
Land improvements	163,965	-	-	163,965	112,653	-	4,685	117,338	46,627	
Buildings	2,058,881	-	-	2,058,881	992,157	-	38,908	1,031,065	1,027,816	
Machinery and equipment	2,425,908	6,818	-	2,432,726	1,234,408	-	84,146	1,318,554	1,114,172	
Leased machinery	141,579	-	-	141,579	28,316	-	14,158	42,474	99,105	
Vehicles	405,674	-	57,679	347,995	273,768	57,679	18,395	234,484	113,511	
Assets under construction	77,722	33,370	-	111,092	-	-	-	-	111,092	
Infrastructure										
Roads and bridges	1,433,988	73,250	-	1,507,238	539,435	-	46,137	585,572	921,666	
Streetlights	50,575	-	-	50,575	16,215	-	1,432	17,647	32,928	
Water main	727,430	-	-	727,430	588,935	-	14,548	603,483	123,947	
Sewer main	491,400	-	-	491,400	420,313	-	15,068	435,381	56,019	
Total	\$ 8,075,131	\$ 113,438	\$ 57,679	\$ 8,130,890	\$ 4,206,200	\$ 57,679	\$ 237,477	\$ 4,385,998	\$ 3,744,892	

THE CORPORATION OF THE TOWN OF LATCHFORD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

13. Schedule of tangible capital assets – continued

	2021									
	Opening				Opening	Accumulated				Net
	Cost			Cost	Amortization	Amortization	Current	Accumulated		Assets
	Dec 31, 2020	Additions	Disposals	Dec 31, 2021	Dec 31, 2020	Disposals	Amortization	Dec 31, 2021	Dec 31, 2021	
General										
Land	\$ 99,181	\$ -	\$ 1,172	\$ 98,009	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 98,009
Land improvements	163,965	-	-	163,965	107,968	-	4,685	112,653		51,312
Buildings	2,058,881	-	-	2,058,881	953,249	-	38,908	992,157		1,066,724
Machinery and equipment	2,359,121	87,842	21,055	2,425,908	1,169,898	21,055	85,565	1,234,408		1,191,500
Leased machinery	141,579	-	-	141,579	14,158	-	14,158	28,316		113,263
Vehicles	394,095	11,579	-	405,674	255,123	-	18,645	273,768		131,906
Assets under construction	38,916	38,806	-	77,722	-	-	-	-		77,722
Infrastructure										
Roads and bridges	1,433,988	-	-	1,433,988	495,554	-	43,881	539,435		894,553
Streetlights	50,575	-	-	50,575	14,783	-	1,432	16,215		34,360
Water main	727,430	-	-	727,430	574,387	-	14,548	588,935		138,495
Sewer main	491,400	-	-	491,400	405,245	-	15,068	420,313		71,087
Total	\$ 7,959,131	\$ 138,227	\$ 22,227	\$ 8,075,131	\$3,990,365	\$ 21,055	\$ 236,890	\$ 4,206,200		\$ 3,868,931

THE CORPORATION OF THE TOWN OF LATCHFORD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

14. Budgeting

The Town 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.

	2022 Budget	2022 Actual	2021 Actual
REVENUES			
Operating revenues			
Municipal taxation	\$ 909,726	\$ 915,114	\$ 900,144
Water and sewer user charges	250,177	247,099	234,661
User charges	76,422	107,912	73,625
Revenue from other municipalities	7,576	8,252	6,020
Provincial grants	315,869	297,830	305,417
Federal grants	11,620	14,449	30,835
Penalties and interest on taxes	15,000	12,417	13,023
Provincial Offences Act revenues	4,500	12	3,964
Other	17,665	31,288	34,069
	<u>1,608,555</u>	<u>1,634,373</u>	<u>1,601,758</u>
Capital revenues			
Provincial grants	100,000	134,490	69,983
Federal grants	26,829	34,540	119,162
Proceeds from long-term debt	-	-	10,928
	<u>126,829</u>	<u>169,030</u>	<u>200,073</u>
Total revenues	<u>1,735,384</u>	<u>1,803,403</u>	<u>1,801,831</u>
EXPENDITURES			
Operating expenditures			
General government	453,636	463,118	399,387
Protection to persons and property	122,821	113,050	111,592
Transportation services	198,511	179,973	163,538
Environmental services	395,919	373,596	330,357
Health services	196,322	192,452	186,673
Social and family services	57,753	56,401	55,841
Recreation and cultural services	30,015	29,874	18,461
Planning and development	6,500	35,771	27,877
	<u>1,461,477</u>	<u>1,444,235</u>	<u>1,293,726</u>
Long-term debt principal repayment	156,948	172,828	170,955
Capital expenditures	116,447	113,438	138,227
Total expenditures	<u>1,734,872</u>	<u>1,730,501</u>	<u>1,602,908</u>
Surplus – full budget base	<u>\$ 512</u>	<u>\$ 72,902</u>	<u>\$ 198,923</u>

THE CORPORATION OF THE TOWN OF LATCHFORD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

15. Water and Wastewater System

The Town's operations include the running of a Water and Wastewater facility for some properties in the Town. This schedule is not prepared according to PSAB accounting and is operational. It excludes amortization, includes capital revenue and expenses, and includes proceeds and repayments of long-term debt.

	2022	2021
Revenue		
Water and sewer user fees	\$ 235,099	\$ 222,661
Contract fees	12,000	12,000
Provincial grants - operating	-	5,001
Federal grants - operating	-	6,002
Provincial grants - capital	8,282	19,982
Federal grants - capital	9,939	65,504
	<u>265,320</u>	<u>331,150</u>
Expenses		
Wages and benefits	168,013	158,018
Materials	129,065	100,399
Contracted services	10,441	11,705
Long-term debt - interest	14,067	14,596
- principal	10,208	12,185
Capital expenditures	25,218	89,882
	<u>357,012</u>	<u>386,785</u>
Annual deficit (recovered from Town's general revenues)	<u>\$ (91,692)</u>	<u>\$ (55,635)</u>