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TOWNSHIP OF ALBERTON

**The Corporation of the
Township of Alberton
Financial Statements
For the year ended
December 31, 2022**

The Corporation of the Township of Alberton Management's Responsibility for Financial Reporting

The accompanying financial statements of the Corporation of the Township of Alberton and all the information in this annual report are the responsibility of management and have been approved by the Reeve and CAO/Clerk-Treasurer on behalf of Council.

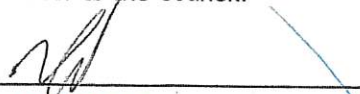
The financial statements have been prepared by management in accordance with Public Sector Accounting Principles. Financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the financial statements are presented fairly, in all material respects.

The Township maintains systems of internal accounting and administrative controls of high quality consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the Township's assets are appropriately accounted for and adequately safeguarded.

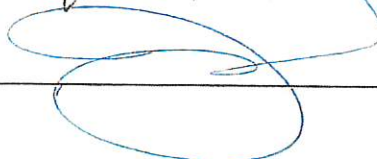
The Township Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements.

The Council reviews the Township's financial statements and meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the annual report, the financial statements and the external auditor's report.

The financial statements have been audited by BDO Canada LLP in accordance with Canadian generally accepted auditing standards on behalf of the members. BDO Canada LLP have full and free access to the Council.



Reeve



CAO/Clerk-Treasurer



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 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.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Fort Frances, Ontario
March 16, 2023

**The Corporation of the Township of Alberton
Statement of Operations**

| For the year ended December 31 | Budget 2022 | 2022 | 2021 |
|---|------------------------|---------------------|---------------------|
| | (Note 10) | | |
| Revenue | | | |
| Taxation | \$ 973,807 | \$ 1,002,477 | \$ 942,885 |
| Government transfers - Federal (Note 7) | 93,000 | 13,000 | 143,316 |
| Government transfers - Provincial (Note 8) | 397,031 | 275,811 | 326,007 |
| Municipal grants | 4,368 | 12,521 | 8,034 |
| User fees and service charges | 37,030 | 34,459 | 9,488 |
| Permits, licenses and fines | 9,000 | 19,411 | 13,404 |
| Investment income | 3,000 | 35,665 | 6,446 |
| Provincial offences | 1,000 | 1,052 | 4,981 |
| Penalties and interest on tax | 1,000 | 4,048 | 4,191 |
| Miscellaneous | - | - | 630 |
| Loss on disposal of tangible capital assets | - | (3,864) | - |
| | <u>1,519,236</u> | <u>1,394,580</u> | <u>1,459,382</u> |
| Expenses | | | |
| General government | 415,619 | 356,401 | 296,674 |
| Protection services | 389,332 | 353,316 | 305,425 |
| Transportation services | 252,415 | 372,533 | 276,150 |
| Health services | 218,367 | 208,515 | 209,736 |
| Social and family services | 25,648 | 25,648 | 19,001 |
| Social housing | 120,404 | 120,404 | 105,347 |
| Recreation and cultural services | 60,482 | 52,775 | 39,930 |
| Planning and development | 14,592 | 2,109 | 31,222 |
| | <u>1,496,859</u> | <u>1,491,701</u> | <u>1,283,485</u> |
| Annual surplus (deficit) | <u>22,377</u> | <u>(97,121)</u> | <u>175,897</u> |
| Accumulated surplus, beginning of year | <u>4,380,984</u> | <u>4,380,984</u> | <u>4,205,087</u> |
| Accumulated surplus, end of year | <u>\$ 4,403,361</u> | <u>\$ 4,283,863</u> | <u>\$ 4,380,984</u> |

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

**The Corporation of the Township of Alberton
Statement of Cash Flows**

| For the year ended December 31 | 2022 | 2021 |
|--|------------------|------------------|
| Operating transactions | | |
| Annual surplus (deficit) | \$ (97,121) | \$ 175,897 |
| Item not involving cash | | |
| Amortization of tangible capital assets | 273,660 | 219,119 |
| Loss on disposal of tangible capital assets | 3,864 | - |
| Changes in non-cash operating balances | | |
| Taxes receivable | 3,903 | 30,144 |
| Accounts receivable | 110,031 | (102,473) |
| Prepaid expenses | 3,063 | (3,087) |
| Accounts payable and accrued liabilities | (161,147) | 183,556 |
| Deferred revenue | 263,024 | 39,110 |
| | <u>399,277</u> | <u>542,266</u> |
| Capital transactions | | |
| Acquisition of tangible capital assets | <u>(80,408)</u> | <u>(545,269)</u> |
| Investing transactions | | |
| Disposal (acquisition) of investments | <u>(291,285)</u> | <u>59,962</u> |
| Financing transactions | | |
| Repayment of long-term debt | <u>(60,000)</u> | <u>(60,000)</u> |
| Net change in cash and cash equivalents | (32,416) | (3,041) |
| Cash and cash equivalents, beginning of year | <u>54,728</u> | <u>57,769</u> |
| Cash and cash equivalents, end of year | \$ 22,312 | \$ 54,728 |

The Corporation of the Township of Alberton Summary of Significant Accounting Policies

December 31, 2022

Cash and Cash Equivalents

The policy of the Municipality is to disclose bank balances under cash and cash equivalents including bank overdrafts and lines of credit with balances that fluctuate frequently from being positive to being overdrawn and temporary investments with a maturity of three months or less from the date of acquisition.

Investments

The Municipality accounts for its investments at cost. The carrying value of an investment is written down to its net recoverable amount if a decline in value is judged to be other than temporary.

Tangible Capital Assets

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue. Amortization is recorded on a declining balance basis in accordance with the estimated life of the tangible capital asset commencing once the asset is available for productive use as follows:

| | |
|-------------------------|------------|
| Buildings | 4% |
| Roads | 3.5% to 8% |
| Bridges and culverts | 8% |
| Machinery and equipment | 20% to 30% |
| Vehicles | 20% |

Revenue Recognition

The Municipality prepares property tax billings based on assessment rolls issued by the Municipal Property Assessment Corporation (MPAC), in accordance with rates established and approved annually by Council and the Province of Ontario. Taxation revenue is recognized when the taxable event occurs.

User fees and other revenues are recognized when the services are performed or goods are delivered and there is reasonable assurance of collection.

**The Corporation of the Township of Alberton
Notes to Financial Statements**

December 31, 2022

1. Investments

| | 2022 | 2021 |
|--|---------------------|---------------------|
| Investments restricted by Council resolution | | |
| Term deposits, interest rate of 1.10% (2021 - interest rate of 1.60%) | \$ 278,275 | \$ 271,701 |
| High interest savings account, interest rates between of 0.72% and 4.61% (2021 - interest rates between 0.17% and 0.92%) | 305,736 | 285,705 |
| | 584,011 | 557,406 |
| Unrestricted investments | | |
| High interest savings account, interest rates between of 0.72% and 4.61% (2021 - interest rates between 0.17% and 0.92%) | 480,612 | 479,089 |
| Externally restricted investments | | |
| High interest savings account, interest rates between of 0.72% and 4.61% (2021 - interest rates between 0.17% and 0.92%) | 566,086 | 302,929 |
| | \$ 1,630,709 | \$ 1,339,424 |

The income from investments for the year was \$35,665 (2021 - \$6,446). The market value of the Municipality's investments restricted by Council resolution at year end was \$584,011 (2021 - \$557,406). The Municipality's unrestricted investments have a market value at year end of \$480,612 (2021 - \$479,089). The Municipality's externally restricted investments have a market value at year end of \$566,086 (2021 - \$302,929).

Certain surplus funds are set aside by Council By-Law or resolution for specific purposes and referred to as reserve funds. Investments restricted by Council By-Law or resolution represent the assets that are maintained in respect of those reserve funds (Note 6).

2. Bank Indebtedness

The Municipality has a revolving credit facility with a Canadian Chartered Bank. The maximum authorized amount is \$150,000 and bears interest at 3.95%. As at December 31, 2022, \$NIL (2021 - \$NIL) was drawn under this facility. This facility is unsecured.

**The Corporation of the Township of Alberton
Notes to Financial Statements**

December 31, 2022

4. Net Long-term Debt

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

| | 2022 | 2021 |
|---|-------------------|-------------------|
| Provincial Infrastructure Financing Authority, 2%, fixed principle payment of \$30,000 plus interest payable semi-annually, due April 2025. Secured by the right to deduct future Provincial funding. | \$ 150,000 | \$ 210,000 |

Principal and interest repayments relating to net long-term debt of \$150,000 outstanding are due as follows:

| | Principal Repayments | Interest | Total |
|------|----------------------|-----------------|-------------------|
| 2023 | \$ 60,000 | \$ 2,699 | \$ 62,699 |
| 2024 | 60,000 | 1,504 | 61,504 |
| 2025 | 30,000 | 299 | 30,299 |
| | \$ 150,000 | \$ 4,502 | \$ 154,502 |

The gross interest paid relating to the above long-term debt was \$3,899 (2021- \$5,099).

**The Corporation of the Township of Alberton
Notes to Financial Statements**

December 31, 2022

5. Tangible Capital Assets (continued)

| | 2021 | | | | | | |
|--|-------------|------------|------------|--------------|----------------------------|------------|-------------|
| | Land | Buildings | Equipment | Roads | Culverts and bridges | Vehicles | Total |
| Cost, beginning of year | \$ 80,567 | \$ 801,915 | \$ 582,923 | \$ 3,715,538 | \$ 1,577,375 | \$ 297,094 | \$7,055,412 |
| Additions | - | 199,063 | 15,205 | 101,468 | 22,767 | 206,766 | 545,269 |
| Disposals | - | - | - | - | - | - | - |
| Cost, end of year | 80,567 | 1,000,978 | 598,128 | 3,817,006 | 1,600,142 | 503,860 | 7,600,681 |
| Accumulated amortization, beginning of year | - | 355,149 | 440,149 | 2,021,584 | 853,530 | 269,690 | 3,940,102 |
| Amortization | - | 23,796 | 31,171 | 121,874 | 36,797 | 5,481 | 219,119 |
| Disposals | - | - | - | - | - | - | - |
| Accumulated amortization, end of year | - | 378,945 | 471,320 | 2,143,458 | 890,327 | 275,171 | 4,159,221 |
| Net carrying amount, end of year | \$ 80,567 | \$ 622,033 | \$ 126,808 | \$ 1,673,548 | \$ 709,815 | \$ 228,689 | \$3,441,460 |

**The Corporation of the Township of Alberton
Notes to Financial Statements**

December 31, 2022

7. Government Transfers - Federal

| | 2022 | 2021 |
|---|------------------|-------------------|
| Tangible capital assets | | |
| Association of Municipalities of Ontario Federal Gas Tax Fund | \$ 13,000 | \$ 54,200 |
| Investing in Canada Infrastructure Program Rural and Northern Stream | - | 9,116 |
| Investing in Canada Infrastructure Program COVID-19 Resilience Infrastructure Stream | - | 80,000 |
| Total federal transfers | \$ 13,000 | \$ 143,316 |

8. Government Transfers - Provincial

| | 2022 | 2021 |
|---|-------------------|-------------------|
| Operating | | |
| Ontario Municipal Partnership Fund | \$ 166,100 | \$ 170,200 |
| Digital Transformation and Strategy Implementation | 16,174 | - |
| Ontario Modernization Funding | - | 23,240 |
| Ontario Cannabis Legalization Implementation Fund | - | 5,000 |
| Ontario Community Infrastructure Fund | 72,990 | 17,060 |
| Other | 11,040 | 22,184 |
| Total operating transfers | 266,304 | 237,684 |
| Tangible capital assets | | |
| Investing in Canada Infrastructure Program Rural and Northern Stream | - | 5,064 |
| Investing in Canada Infrastructure Program COVID-19 Resilience Infrastructure Stream | - | 20,000 |
| Ontario Community Infrastructure Fund | 9,507 | 63,259 |
| Total tangible capital asset transfers | 9,507 | 88,323 |
| Total provincial transfers | \$ 275,811 | \$ 326,007 |

The Corporation of the Township of Alberton Notes to Financial Statements

December 31, 2022

11. Operations of School Boards

During the year, the following taxation revenue was raised and remitted:

| | 2022 | 2021 |
|---------------|------------|------------|
| School boards | \$ 223,649 | \$ 219,788 |

12. Contributions to Unconsolidated Boards

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

| | 2022 | 2021 |
|---|------------|------------|
| Northwestern Health Unit | \$ 47,876 | \$ 45,068 |
| Rainy River District Social Services Administration Board | 301,691 | 289,016 |
| | \$ 349,567 | \$ 334,084 |

13. Pension Agreement

The employees of the Municipality participate in the Ontario Municipal Employees Retirement System (OMERS). The Municipality also makes contributions to the OMERS plan on behalf of its employees. The Plan has a defined benefit option at retirement available to some employees, which specifies the amount of the retirement benefit to be received by the employees based on length of service and rates of pay. However, the Plan is accounted for as a defined contribution plan as insufficient information is available to account for the Plan as a defined benefit plan. The Municipality is only one of a number of employers that participate in the Plan and the financial information provided to the Municipality on the basis of the contractual agreements, is usually insufficient to reliably measure the Municipality's proportionate share in the plan assets and liabilities.

The contributions payable in exchange for services rendered during a period are recognized as an expense during that period. The Municipality's employer portion of amounts paid to OMERS during the year ended December 31, 2022, was \$20,114 (2021 - \$19,077).

As at December 31, 2022, the OMERS plan was 95% funded (December 31, 2021- 97%) and reported an actuarial funding deficit of \$6.7 billion (2021- \$3.1 billion). OMERS has a strategy to return the Plan to a fully funded position. The Municipality is not able to assess the implications, if any, of this strategy or of the withdrawal of other participating entities from the OMERS plan on its future contributions.

The Corporation of the Township of Alberton

Notes to Financial Statements

December 31, 2022

15. Segmented Information

The Corporation of the Township of Alberton is a diversified municipal government institution that provides a wide range of services to its citizens. The management of the Municipality considers decisions based on separate service areas. These service areas are: general government, protection services, transportation services, health services, social and family services, social housing, recreation and cultural services and planning and development.

Descriptions of the services and funds that management bases their decisions on, are as follows:

General Government

General government consists of governance, Corporate management and program support. These categories relate to operations of all of the various programs and services that the Municipality offers to its citizens.

Protection Services

Protection is comprised of police service and fire protection. Police service is contracted out to the Ontario Provincial Police. The fire department is responsible to provide fire suppression service, fire prevention programs, training and education related to prevention, detection or extinguishment of fires. The members of the fire department consist of volunteers.

Transportation Services

The transportation services area provides construction and maintenance of roadways throughout the Municipality.

Health Services

Health services are comprised of public health services and ambulance services. The Municipality contributes to local boards which provide these services to the citizens of the Municipality.

Social and Family Services

Social and family services are comprised of general assistance, childcare and assistance to the aged. The Municipality contributes to local boards which provide these services to the citizens of the Municipality.

Social Housing

The Municipality contributes to a local board, which provides social housing if the citizens of the Corporation of the Township of Alberton require the service.

Recreation and Cultural Services

This service area consists of various small recreation programs. Also, the Municipality contracts library services from another municipality in order to ensure library services are available to the citizens of the Municipality.

Planning and Development

This service relates to planning for property zoning issues as well as planning for economic development projects.

**The Corporation of the Township of Alberton
Notes to Financial Statements**

December 31, 2022

16. Segmented Information (continued)

| For the year ended December 31 | General Government | Protection Services | Transportation Services | Health Services | Social and Family Services | Social Housing | Recreation and Cultural Services | Planning and Development | 2021 Total |
|-----------------------------------|-----------------------|------------------------|----------------------------|------------------|-------------------------------|------------------|--|-----------------------------|-------------------|
| Revenue | | | | | | | | | |
| Taxation | \$ 216,589 | \$ 210,534 | \$ 87,728 | \$ 186,938 | \$ 46,818 | \$ 110,250 | \$ 28,232 | \$ 55,796 | \$ 942,885 |
| Fees and user charges | 2,072 | 6,766 | - | - | - | - | - | 650 | 9,488 |
| Conditional grants | 1,846 | 18,839 | 148,698 | - | - | - | 101,500 | - | 270,883 |
| Unconditional grants | 45,384 | 44,309 | 18,463 | 39,343 | 9,853 | 23,203 | 5,942 | 11,743 | 198,440 |
| Municipal grants | - | - | 8,034 | - | - | - | - | - | 8,034 |
| Other | 6,811 | 6,621 | 2,759 | 5,879 | 1,472 | 3,467 | 888 | 1,755 | 29,652 |
| | <u>272,902</u> | <u>287,069</u> | <u>265,682</u> | <u>232,160</u> | <u>58,143</u> | <u>136,920</u> | <u>136,562</u> | <u>69,944</u> | <u>1,459,382</u> |
| Expenses | | | | | | | | | |
| Wages and benefits | 189,774 | 61,962 | 9,668 | - | - | - | - | 200 | 261,604 |
| Interest on long-term debt | 5,099 | - | - | - | - | - | - | - | 5,099 |
| Materials | 56,851 | 81,925 | 37,440 | - | - | - | 17,175 | 416 | 193,807 |
| Contracted services | 14,902 | 113,525 | 50,503 | - | - | - | - | 23,914 | 202,846 |
| Rent and financial | 16,562 | 16,606 | 18,306 | - | - | - | 8,660 | - | 60,234 |
| External transfers | - | - | - | 209,736 | 19,001 | 105,347 | - | 6,692 | 340,776 |
| Amortization | 13,386 | 31,407 | 160,231 | - | - | - | 14,095 | - | 219,119 |
| | <u>296,674</u> | <u>305,425</u> | <u>276,150</u> | <u>209,736</u> | <u>19,001</u> | <u>105,347</u> | <u>39,930</u> | <u>31,222</u> | <u>1,283,485</u> |
| Net surplus (deficit) | <u>\$ (23,772)</u> | <u>\$ (18,356)</u> | <u>\$ (10,468)</u> | <u>\$ 22,424</u> | <u>\$ 39,142</u> | <u>\$ 31,573</u> | <u>\$ 96,632</u> | <u>\$ 38,722</u> | <u>\$ 175,897</u> |

For each reported segment, revenues and expenditures represent 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. Taxation, payments-in-lieu of taxes, certain government grants and other revenue have been apportioned based on a percentage of budgeted expenditures.