

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

# The Corporation of the Township of Tehkummah

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*For the year ended December 31, 2022*

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

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To the Residents and Ratepayers of the Corporation of the Township of Tehkummah

The accompanying consolidated financial statements of the Corporation of the Township of Tehkummah ("the Township") are the responsibility of the management of the Township and have been approved by Reeve and Council.

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of CPA Canada. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.

The Township's Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the consolidated financial statements. The Council fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Council is also responsible for recommending the appointment of the Township's external auditors.

MNP LLP, an independent firm of Chartered Professional Accountants, is appointed by Council to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Council and management to discuss their audit findings.

\_\_\_\_\_ Reeve      \_\_\_\_\_ Clerk-Administrator

To the Members of Council, Residents and Ratepayers of the Corporation of the Township of Tehkummah

### Opinion

We have audited the accompanying consolidated financial statements of The Corporation of the Township of Tehkummah (the "Township"), which comprise the consolidated statement of financial position as at December 31, 2022, and the consolidated statements of operations, accumulated surplus, changes in net financial assets (debt) and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Township as at December 31, 2022, and the results of its operations and accumulated surplus, the changes in net financial assets (debt) and its 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 Consolidated Financial Statements*" section of our report. We are independent of the Township 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 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 Township'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 Township or to cease operations, or has no realistic alternative but to do so.

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

### Auditor's 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 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 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 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 Township'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 Township 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.

August 14, 2024

Sudbury, Ontario

*MNP LLP*

Chartered Professional Accountants  
Licensed Public Accountant

# The Corporation of the Township of Tehkummah

## Consolidated Statement of Financial Position

As at December 31, 2022

	2022	2021
<b>Financial assets</b>		
Cash (Note 5)	1,332,784	795,094
Accounts receivable (Note 6)	139,398	75,801
Taxes receivable (Note 7)	116,803	92,302
Government assistance receivable (Note 8)	230,672	269,559
<b>Total financial assets</b>	<b>1,819,657</b>	<b>1,232,756</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	229,255	170,963
Deferred revenue (Note 10)	271,300	-
Deferred revenue - obligatory reserve funds (Note 11)	367,760	345,982
Landfill site closure and post-closure liability (Note 12)	172,911	169,026
Long-term liabilities (Note 13)	322,711	396,437
<b>Total liabilities</b>	<b>1,363,937</b>	<b>1,082,408</b>
<b>Net financial assets</b>	<b>455,720</b>	<b>150,348</b>
<b>Contingencies</b> (Note 17)		
<b>Commitments</b> (Note 18)		
<b>Non-financial assets</b>		
Tangible capital assets (Schedule 2)	5,416,773	5,475,433
Prepaid expenses	2,760	2,760
Inventory	60,727	26,482
Land held for resale	18,568	18,568
<b>Total non-financial assets</b>	<b>5,498,828</b>	<b>5,523,243</b>
<b>Accumulated surplus</b> (Note 14)	<b>5,954,548</b>	<b>5,673,591</b>

Approved on behalf of the Municipality

\_\_\_\_\_  
Reeve

\_\_\_\_\_  
Clerk-Administrator

The accompanying notes are an integral part of these financial statements

# The Corporation of the Township of Tehkummah

## Consolidated Statement of Operations

*For the year ended December 31, 2022*

	<i>2022 Budget (Note 21)</i>	<b>2022</b>	<i>2021</i>
<b>Revenue</b>			
<b>Taxation</b>			
Residential and farm	1,211,638	<b>1,203,881</b>	1,160,939
Commercial, industrial and business	56,237	<b>55,877</b>	42,080
Other government and agencies	31,095	<b>30,896</b>	50,797
	1,298,970	<b>1,290,654</b>	1,253,816
<b>Government transfers</b>			
Province of Ontario	1,071,690	<b>441,516</b>	483,830
Government of Canada	44,100	<b>70,460</b>	24,368
	1,115,790	<b>511,976</b>	508,198
<b>User charges</b>			
Sewer and water charges	149,984	<b>128,234</b>	125,056
Fees and service charges	47,100	<b>75,292</b>	79,709
	197,084	<b>203,526</b>	204,765
<b>Other</b>			
Licenses and permits	10,300	<b>11,910</b>	16,125
Investment income	4,600	<b>18,952</b>	328
Penalties and interest charges	25,000	<b>19,573</b>	16,065
Donations	8,996	<b>8,796</b>	9,403
Other	53,044	<b>44,032</b>	34,732
	101,940	<b>103,263</b>	76,653
<b>Total revenue</b>	2,713,784	<b>2,109,419</b>	2,043,432
<b>Expenses (Schedule 3)</b>			
General Government services	570,874	<b>391,336</b>	466,907
Protection to persons and property services	275,828	<b>276,238</b>	303,078
Transportation services	738,229	<b>535,165</b>	573,182
Environmental services	289,148	<b>231,800</b>	227,114
Health and social services	209,945	<b>217,399</b>	207,579
Recreation and cultural services	173,916	<b>150,184</b>	146,176
Planning and development services	79,100	<b>26,340</b>	20,628
<b>Total expenses</b>	2,337,040	<b>1,828,462</b>	1,944,664
<b>Surplus</b>	376,744	<b>280,957</b>	98,768

The accompanying notes are an integral part of these financial statements

**The Corporation of the Township of Tehkummah**  
**Consolidated Statement of Accumulated Surplus**

*For the year ended December 31, 2022*

	<i>2022 Budget (Note 21)</i>	<b>2022</b>	<i>2021</i>
<b>Accumulated surplus, beginning of year</b>	5,673,591	<b>5,673,591</b>	5,574,823
<b>Surplus</b>	376,744	<b>280,957</b>	98,768
<b>Accumulated surplus, end of year</b>	6,050,335	<b>5,954,548</b>	5,673,591

The accompanying notes are an integral part of these financial statements



**The Corporation of the Township of Tehkummah**  
**Consolidated Statement of Changes in Net Financial Assets (Debt)**

*For the year ended December 31, 2022*

	<i>2022 Budget (Note 21)</i>	<b>2022</b>	<i>2021</i>
<b>Annual surplus</b>	376,744	<b>280,957</b>	98,768
Purchase of tangible capital assets	(597,929)	<b>(130,518)</b>	(73,330)
Amortization of tangible capital assets	-	<b>189,178</b>	184,348
Use (purchase) of inventory	-	<b>(34,245)</b>	-
<b>Change in net assets</b>	(221,185)	<b>305,372</b>	209,786
<b>Net financial assets (debt), beginning of year</b>	150,348	<b>150,348</b>	(59,438)
<b>Net financial assets, end of year</b>	(70,837)	<b>455,720</b>	150,348

The accompanying notes are an integral part of these financial statements

# The Corporation of the Township of Tehkummah

## Consolidated Statement of Cash Flows

*For the year ended December 31, 2022*

	2022	2021
<b>Cash provided by (used for) the following activities:</b>		
<b>Operating activities</b>		
Annual surplus	280,957	98,768
Items not involving cash:		
Amortization	189,178	184,348
Landfill site closure and post-closure liability	3,885	10,365
	474,020	293,481
Changes in non-cash working capital:		
Accounts receivable	(63,597)	154,248
Taxes receivable	(24,501)	1,245
Inventory	(34,245)	-
Government assistance receivable	38,887	62,196
Accounts payable and accrued liabilities	58,293	(35,289)
Deferred revenue	271,300	-
Deferred revenue - obligatory reserve funds	21,778	80,227
	741,935	556,108
<b>Capital transactions</b>		
Acquisition of tangible capital assets	(130,518)	(73,330)
<b>Financing transactions</b>		
Proceeds from long-term liabilities	-	96,975
Repayment of long-term liabilities	(73,726)	(582,410)
	(73,726)	(485,435)
<b>Increase (decrease) in cash resources</b>	537,690	(2,657)
<b>Cash resources, beginning of year</b>	795,094	797,751
<b>Cash resources, end of year</b>	1,332,784	795,094
<b>Cash resources are composed of:</b>		
Cash	903,635	449,068
Restricted cash	429,149	346,026
	1,332,784	795,094

The accompanying notes are an integral part of these financial statements

# The Corporation of the Township of Tehkummah

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2022

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### 1. Municipal status

The Corporation of the Township of Tehkummah (the "Township") is a municipality located in the Province of Ontario, Canada. It conducts its operations guided by provisions of provincial statutes such as the Municipal Act 2001 and related other legislation.

### 2. Significant accounting policies

The consolidated financial statements of the Township are the representation of management, prepared in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board (PSAB) of Chartered Professional Accountants of Canada (CPA Canada). The following is a summary of the significant accounting policies followed in the preparation of these financial statements.

#### (a) Reporting entity

The consolidated financial statements reflect the assets, liabilities, revenues, expenditures and changes in fund balances of the reporting entity. The reporting entity is comprised of all the organizations, committees and local boards accountable for the administration of their financial affairs and resources to the Township which are owned or controlled by the Township. These consolidated financial statements include the following:

Library Board  
Little Schoolhouse and Museum Board

#### **Non-consolidated entities**

These consolidated financial statements do not reflect the assets, liabilities, sources of financing, expenditures and activities of the following boards, organizations and entities which are not under the control of the Township:

Sudbury & District Health Unit  
Manitoulin-Sudbury District Services Board  
Manitoulin Centennial Manor  
Manitoulin Planning Board

#### **Accounting for School Board Transactions**

The Township is required by provincial law to bill, collect and remit provincial education support levies in respect of residential and other properties on behalf of the Province. The Township has no jurisdiction or control over the school boards' operations or education mill rate changes. Revenues, expenditures, assets and liabilities with respect to the operations of the school boards are therefore not reflected in these consolidated financial statements.

#### (b) Basis of accounting

##### **Accrual accounting**

The consolidated financial statements are prepared under the accrual basis of accounting.

The accrual basis of accounting recognizes revenue in the fiscal year in which transactions or events occur that give rise to the revenue and become measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services or the creation of a legal obligation to pay.

##### **Measurement uncertainty (use of estimates)**

The preparation of these consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions which affect the reported amount 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 period.

# The Corporation of the Township of Tehkummah

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2022

### 2. Significant accounting policies (continued)

Accounts receivable are stated after evaluation as to their collectability and an appropriate estimate of allowance for doubtful accounts is provided where considered necessary.

Amortization is based on the estimated useful lives of property, plant and equipment.

Accrued liabilities are estimated based on expected charges for unbilled goods and services at year-end.

Landfill closure and post closure liability is based upon estimates of the useful life of the landfill and expected costs to rehabilitate the land.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the year in which they become known. Actual results could differ from these estimates.

#### **Cash resources**

Cash resources include balances with banks and cash on hand.

#### **Deferred revenue**

Deferred revenue consists of user charges and other charges and contributions which have been collected for which the related services have yet to be performed, expenses incurred or capital expenditure made. Revenue is recognized in the period when the related expenses are incurred, services performed or the tangible assets are acquired.

#### **Deferred Revenue - Obligatory reserve funds**

The Township receives certain contributions under the authority of federal and provincial legislation. These contributions are restricted in their use and, until spent on qualifying projects or expenses, are recorded as deferred revenue.

#### **Non-financial assets**

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

#### **Employee future benefits**

The Township has a defined contribution pension plan consisting of a matching group RRSP plan covering substantially all full-time employees. Under this plan, contributions are expensed in the year paid.

#### **Inventory**

Inventory is valued at the lower of cost and net realizable value. Cost is determined by the first in, first out method.

#### **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 assets.

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

Buildings	50 years
Roads and bridges	50-75 years
Automotive equipment	10 years
Furniture and equipment	10 years
Water and sewer	25 years
Drains	50 years

Additions are amortized at one half of the annual rate in the year of acquisition. Assets under construction are not amortized until the asset is available for productive use.

# The Corporation of the Township of Tehkummah

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2022

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### 2. Significant accounting policies (continued)

#### ***Reserves and reserve funds***

Certain amounts, as approved by Council, are set aside in reserves and reserve funds for future operating and capital purposes. Transfers to and/or from these reserves and reserve funds are reported as an adjustment to the respective fund when approved. Reserves and reserve funds form part of the accumulated surplus balance.

#### ***Government transfers***

Government transfers are recognized as revenue 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.

#### ***Taxation and related revenues***

Property tax billings are prepared by the Township based on assessment rolls issued by the Municipal Property Assessment Corporation ("MPAC"). Tax rates are established annually by Council, incorporating amounts to be raised for local services and amounts the Township is required to collect on behalf of the Province of Ontario in respect of education taxes.

A normal part of the assessment process is the issue of supplementary assessment rolls which provide updated information with respect to changes in property assessments. Once a supplementary assessment roll is received, the Township determines the taxes applicable and renders supplementary tax billings. Supplementary taxation revenues are recorded at the time these bills are issued.

Assessments and related property taxes are subject to appeal by ratepayers. Tax adjustments as a result of appeals are recorded when the results of the appeal are known.

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

#### ***User charges and other revenue***

User charges relate to utility charges (water and wastewater), licensing fees, recreational fees, fees for use of various programs, and fees imposed based on specific activities. Revenue is recognized when the activity is performed or when the services are rendered.

Other revenues are recognized in the year that the events giving rise to the revenues occur and the revenues are earned.

#### ***Investment income***

Investment income is reported as revenue in the fiscal year earned. Investment income earned on obligatory reserve funds is added to the reserve fund balance and forms part of the respective deferred revenue balance.

#### ***Landfill closure and post-closure liability***

A liability for the remediation of a contaminated site is recognized as the best estimate of the amount required to remediate the contaminated site when contamination exceeding an environmental standard exists, the Township is either directly responsible or accepts responsibility, it is expected that the future economic benefit will be given up, and a reasonable estimate of the amount is determinable.

### 3. Operations of school boards

During 2022, the Township collected property taxes totaling \$139,111 (2021 - \$133,019) on behalf of area School Boards.

# The Corporation of the Township of Tehkummah

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2022

### 4. Contributions to non-consolidated joint local boards and organizations

Contributions were made by the Township to the non-consolidated joint local boards as follows:

	2022	2021
Manitoulin-Sudbury District Services Board ("MSDSB")	160,046	156,682
Board of Health for the Sudbury & District Health Unit ("BOHSDHU")	21,627	17,192
Manitoulin Centennial Manor ("MCM")	19,585	19,200
Manitoulin Planning Board ("MPB")	8,482	7,791
	<b>209,740</b>	<b>200,865</b>

The Township is contingently liable for its share, which is approximately 1.47% (2021 - 1.47%) for the MSDSB, 0.221% (2021 - 0.221%) for the BOHSDHU, 4.78% (2021 - 4.78%) for the MCM and 6.32% (2021 - 6.32%) for the MPB, of any deficits at the end of the year for these boards.

### 5. Cash

Cash is comprised of the following:

	2022	2021
Unrestricted cash	903,635	449,068
Restricted cash - Ontario Community Infrastructure Fund	264,851	161,982
Restricted cash - Federal Gas Tax Fund	164,254	184,000
Restricted cash - Main Street Revitalization Fund	44	44
	<b>1,332,784</b>	<b>795,094</b>

Federal Gas Tax funds are restricted in their use for strategic investments to specific spending categories as set out by the Federal Gas Tax Fund Agreements.

Ontario Community Infrastructure funds are restricted in their use to eligible expenditures as set out by the Ontario Infrastructure Program. During 2022, the Township paid expenses totalling \$61,345 relating to this program using unrestricted cash. This amount was transferred from the restricted to the unrestricted cash account subsequent to year end.

Main Street Revitalization funds are restricted in their use to support initiatives and projects to revitalize main streets.

### 6. Accounts receivable

	2022	2021
Other receivables	84,837	31,376
Harmonized Sales Tax rebates receivable	54,561	44,425
	<b>139,398</b>	<b>75,801</b>

### 7. Taxes receivable

	2022	2021
Taxes receivable	107,747	86,335
Interest and penalties receivable on outstanding tax balances	9,056	5,967
	<b>116,803</b>	<b>92,302</b>

### 8. Government assistance receivable

	2022	2021
Government assistance receivable - Federal	224,722	144,469
Government assistance receivable - Provincial	5,950	125,090
	<b>230,672</b>	<b>269,559</b>

# The Corporation of the Township of Tehkummah

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2022

### 9. Operating line of credit

The Township has available a demand operating line of credit to a maximum of \$200,000. This demand operating line of credit bears interest at the bank's prime lending rate plus 1% per annum and is unsecured. At December 31, 2022, this line of credit has not been drawn upon.

### 10. Deferred revenue

	2022	2021
Balance, beginning of year		
Provincial government contributions received	-	-
Ontario Trillium Foundation	135,900	-
Ministry of Northern Development, Mines, Natural Resources and Forestry	128,204	-
Ministry of Seniors and Accessibility	7,196	-
Expenditures	-	-
	<b>271,300</b>	-

### 11. Deferred revenue - obligatory reserve funds

A requirement of the Canadian public sector accounting standards is that obligatory reserve funds be reported as deferred revenue. This requirement is in place as legislation and external agreements restrict how these funds may be used. The balances in the obligatory reserve funds are summarized as follows:

	2022	2021
Deferred revenue, beginning of year	345,982	265,755
Contributions received during the year	127,656	104,243
Expenditures	(111,273)	(24,691)
Interest earned	5,395	675
Deferred revenue, end of year	<b>367,760</b>	345,982

Deferred revenue - obligatory reserve primarily consists of the following:

Federal gas tax	164,254	184,000
Ontario Community Infrastructure Fund (Note 5)	203,506	161,982
	<b>367,760</b>	345,982

### 12. Landfill site closure and post-closure liability

The Ontario Environmental Protection Act sets out the regulatory requirements for the closure and post-closure maintenance of landfill sites. Under this act, the Township is required to provide for closure and post-closure care of solid waste landfill sites. This would include final covering and landscaping of the site and ongoing environmental monitoring, site inspection, and maintenance. The costs related to these obligations are provided over the estimated remaining life of active landfill sites based on usage.

The liability for closure and post-closure care represents the discounted future cash flows of estimated closure and post-closure care costs using the following rates and assumptions.

	2022	2021
Estimated remaining capacity	80 m3	569 m3
Estimated remaining life	0.2 years	1.2 years
Estimated closure and acquisition costs	65,000	65,000
Monitoring period post-closure	20 years	20 years
Estimated annual monitoring costs	7,000	7,000
Present value of total estimated liability	173,547	173,547
Present value of current estimated liability	172,911	169,026

Future cash flows have been discounted using a long-term interest rate of 6% and an estimated inflation rate of 3%.

A reserve fund has been established to provide for this solid waste landfill closure and post-closure care liability. The reserve fund balance at the end of the year amounts to \$40,491 (2021 - \$40,491). At year-end, no assets have been specifically designated for settling this liability.

# The Corporation of the Township of Tehkummah

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2022

### 13. Long-term liabilities

	2022	2021
Debenture payable, due December 2029, repayable in semi-annual instalments of \$16,129 including interest at 2.35% per annum, secured by a specific vehicle with a carrying value of \$218,275.	207,100	234,017
Loan payable, due April 2025, repayable in monthly instalments of \$745 including interest at 3.60% per annum, secured by a specific vehicle with a carrying value of \$57,240.	57,562	64,299
Loan payable, due October 2024, repayable in monthly instalments of \$452 including interest at 4.07% per annum, secured by a specific vehicle with a carrying value of \$19,849.	9,562	14,471
Loan payable, due December 2024, unsecured and non-interest bearing, repayable in annual instalments of \$24,244.	48,487	72,731
Loan payable, repaid March 2022.	-	3,465
Loan payable, repaid December 2022.	-	7,454
	<b>322,711</b>	<b>396,437</b>
Less: current portion of long-term debt	<b>63,908</b>	<b>73,291</b>
	<b>258,803</b>	<b>323,146</b>

These long-term liabilities issued in the name of the Township for the purchase of vehicles and projects which have been approved by by-law. The annual principal and interest payments required to service these liabilities are within the annual debt repayment limits prescribed by the Ministry of Municipal Affairs and Housing.

Principal repaid on long-term liabilities in 2022 amounted to \$73,759 (2021 - \$582,410).

Interest expense on long-term liabilities in 2022 amounted to \$7,573 (2021 - \$10,753)

Debt to be retired over the next five years, and thereafter, payable from general revenues, are as follows:

2023	63,908
2024	64,123
2025	36,376
2026	37,333
2027	38,612
Thereafter	82,359
	<b>322,711</b>

The Township's long-term liabilities are to be recovered from the following sources:

General municipal revenues	<b>322,711</b>
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### 14. Accumulated surplus

Accumulated surplus consists of the following:

	2022	2021
General revenue fund	(84,776)	(433,133)
Reserves and reserve funds	896,775	954,997
Invested in tangible capital assets (Note 15)	5,142,549	5,151,727
	<b>5,954,548</b>	<b>5,673,591</b>



# The Corporation of the Township of Tehkummah

## Notes to the Consolidated Financial Statements

*For the year ended December 31, 2022*

### 15. Invested in tangible capital assets

	2022	2021
Tangible capital assets (Schedule 2)	13,086,517	12,955,999
Accumulated amortization (Schedule 2)	(7,669,744)	(7,480,566)
Long-term liabilities (Note 13)	(274,224)	(323,706)
	<b>5,142,549</b>	<b>5,151,727</b>

### 16. Employee future benefits

The Township contributes to a matching discretionary group RRSP pension plan based on a percentage of earnings covering substantially all full-time employees. During the year, contributions under this plan totalled \$11,314 (2021 - \$15,356).

### 17. Contingencies

In addition to the contingent liabilities noted in Note 4, the Township is subject to the following:

- a) The Township receives contributions from various government programs which are subject to audit. Audit adjustments, if any, are recorded in the accounts in the year in which they become known.
- b) The Township is involved in a number of claims and possible claims which are as a result of normal ongoing operations. Management of the Township is of the opinion that the claims are without merit, the outcomes are not practically determinable, and insurance will be sufficient to cover resulting settlements, therefore no further provisions are required.
- c) As at December 31, 2022, there were various assessment appeals pending with respect to properties. The outcome of those appeals may result in adjustments to property taxes receivable for the current and prior years. The Township has estimated adjustments for certain appeals and records any difference against property taxes receivable when known.

### 18. Commitments

- a) The Township is in a five-year management services agreement ending December 2024, with the Ontario Clean Water Agency (OCWA) to operate and maintain the Town's water treatment plant and distribution system. Payments under this agreement were \$96,645 (excluding extra work) in 2022 and will be increased by the greater of the consumer price index and 2% each year thereafter.
- b) The Township is in a five-year management services agreement ending December 2024 for the provision of depot recycling and scrap steel removal. Payments under this agreement begin at \$2,433 per month beginning December 2019 and increase by a 2% cost of living adjustment which is applied beginning in the second year of the contract. Payments under this agreement were \$30,412 in 2022.

### 19. Budget figures

The Township completes separate budget reviews for its operating and capital budgets each year. The operating budget for 2022 is reflected on the Consolidated Statement of Operations and has been reclassified to comply with PSAB reporting requirements. Budgets established for Reserves and Reserve Funds are based on a project-oriented basis, the costs of which may be carried out over one or more years and funding is determined annually and made by transfers from individual funds and by the application of applicable grants or other funds available to reserves or reserve funds.

# The Corporation of the Township of Tehkummah

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2022

### 20. Financial instruments

#### *Fair value of financial instruments*

The Township's carrying amounts of accounts receivable, taxes receivable, government assistance receivable, and accounts payable and accrued liabilities approximate their fair value due to short-term maturities of these instruments. Long-term debt is secured at market rates, with the exception of one loan payable having an outstanding balance of \$48,487 at December 31, 2022 (2021 - \$72,731) (Note 13) that is non-interest bearing, and the landfill obligation is based on estimates provided by the Township's engineer.

#### *Credit risk*

The Township does not have significant exposure to any individual or party due to the fact that municipalities can obtain liens on properties for any unpaid realty taxes. An allowance for doubtful accounts is established based upon factors surrounding the risks related to specific ratepayers, historical trends and other information.

The Township holds its cash accounts with large reputable financial institutions. Management believes there is negligible risk of loss due to credit risk.

#### *Interest rate and currency risk*

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. The Township is not exposed to significant interest rate risk.

#### *Liquidity risk*

Liquidity risk is the risk that the Township will not be able to repay its obligations when they become due to its creditors. The Township is exposed to this risk relating to its accounts payable and accrued liabilities as well as its existing debt obligations.

The Township reduces its exposure to liquidity risk by monitoring cash activities and expected outflow through extensive budgeting and maintaining sufficient cash to repay trade creditors as payables become due.

### 21. Budget information

The budget presented was not prepared on a basis consistent with that used to report actual results (Public Sector Accounting Standards). The budget was prepared on a modified accrual basis while Public Sector Accounting Standards require full accrual basis. In addition, the budget expenses all tangible capital asset acquisitions. As a result, the budget figures presented in the statement of operations represent the budget adopted by Council with adjustments as follows:

	<b>2022</b>
Budgeted surplus per financial statements	376,744
Budgeted tangible capital asset additions	(597,929)
Budget use of funds	221,185
Budget surplus (deficit)	-

# The Corporation of the Township of Tehkummah

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2022

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### 22. Segmented information

The Township is a diversified municipal government that provides a wide range of services to its citizens including water, roads, fire, police, public works operations, recreation, culture, planning, development, building services and health and social services. For management reporting purposes, the Township's operations and activities are organized and reported by Fund. Funds were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations.

Township services are provided by departments and their activities are reported in these funds. Certain departments have been separately disclosed in the segmented information, along with the services they provide, and are as follows:

#### *General government*

General government consists of: office of the Reeve, council expenses, administrative services (including clerks, elections, communications, legal and information technology services), human resources and financial departments. Areas within the general government respond to the needs of external clients by providing high quality, supportive and responsive services. This area also supports the Township's various operating departments and supports the implementation of priorities of Council and provides strategic leadership on issues relating to governance, strategic planning and service delivery.

#### *Protection services*

This section consists of: fire, police, animal control, building services and emergency measures. Police services ensure the safety of the lives and property of citizens; preserve peace and order; prevent crimes from occurring, detect offenders and enforce the law. Fire services are responsible to provide fire suppression service, fire prevention programs, training and education related to prevention, detection and extinguishment of fires. The building services division processes permit applications and ensure compliance with the Ontario building code and with by-laws enacted by Council.

#### *Transportation services*

This area is responsible for management of roadways and bridges including traffic and winter control.

#### *Environmental services*

In addition to the management of waterworks, this area is responsible for waste collection, waste disposal and recycling facilities and programs. This section is responsible for providing clean, potable water meeting all regulatory requirements and responsible for repairing breaks and leaks in the water system.

#### *Health and Social services*

This section consists of assistance to aged persons, cemetery services as well as the Township's contribution to the Sudbury and District Health Unit and Manitoulin-Sudbury District Services Board.

#### *Recreation and Cultural services*

This section provides public services that contribute to neighbourhood development and sustainability through the provision of recreation and leisure services and provides management of leisure facilities. This section also contributes to the information needs of the Township's citizens through the provision of library and cultural services and by preserving local history and managing archived data.

#### *Planning and Development*

The goal of this section is to offer coordinated development services in order to maximize economic development opportunities, and to ensure that the Township is planned and developed in accordance with the Ontario Planning Act, Provincial policies and good planning principles, so that Tehkummah is an enjoyable and beautiful community to live, work and play.

For each reported segment, revenues and expenses represent amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements.

# The Corporation of the Township of Tehkummah

## Notes to the Consolidated Financial Statements

*For the year ended December 31, 2022*

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### **23. Library operations**

Government transfers for library operations for the year include a Library Per Household grant totalling \$1,611 (2021 - \$1,611).

Total operating costs for the library for the year ended December 31, 2022 amounted to \$20,953 (2021 - \$17,881). Of these costs, \$19,205 (2021 - \$16,581) related to salaries and benefits for employees.

### **24. Accounting standards issued but not yet adopted**

PS 3450 Financial Instruments, PS 2601 Foreign Currency Translation, PS 3041 Portfolio Investments and PS 1201 Financial Statement Presentation are effective for fiscal years beginning on or after April 1, 2022. While early adoption is permitted, all four standards must be adopted in the same year. PS 3450 Financial Instruments provides guidance on the recognition, measurement, presentation and disclosure of financial instruments including derivative instruments. PS 2601 Foreign Currency Translation includes guidance on deferral and amortization of unrealized gains and losses, hedge accounting and separation of realized and unrealized foreign exchanged gains and losses. PS 3041 Portfolio Investments provides guidance on how to account for and report portfolio investments in government financial statements.

PS 3280 Asset Retirement Obligations amendment is effective for fiscal years beginning on or after April 1, 2022. This Section establishes standards on how to account for and report a liability for asset retirement obligations. Specifically, it:

- (a) defines which activities would be included in a liability for retirement of a tangible capital asset;
- (b) establishes when to recognize and how to measure a liability for an asset retirement obligation; and
- (c) provides the related financial statement presentation and disclosure requirements.

The Township has not yet adopted these standards or determined the effect on the consolidated financial statements.

**The Corporation of the Township of Tehkummah**  
**Schedule 1 - Continuity of Reserves and Reserve Funds**

*For the year ended December 31, 2022*

	<i>Total</i>	<i>Working Capital</i>	<i>Fire Equipment</i>	<i>Roads</i>	<i>Recreation</i>	<i>Museum</i>	<i>Library</i>	<i>Water and Sewer</i>	<i>Water and Sewer Capital</i>	<i>Landfill</i>
<b>Reserves</b>										
Balance, beginning of year	609,015	102,783	63,167	100,981	125,736	29,953	23,782	82,122	40,000	40,491
Appropriations to current operations	(80,000)	-	-	(80,000)	-	-	-	-	-	-
Appropriations from current operations	-	-	-	-	-	-	-	-	-	-
	<b>529,015</b>	102,783	63,167	20,981	125,736	29,953	23,782	82,122	40,000	40,491
<b>Gas Tax</b>										
<b>Reserve funds</b>										
Balance, beginning of year	184,000									
Interest earned	2,526									
Appropriation from current operations	27,656									
Expenditures	(49,928)									
Balance, end of year	<b>164,254</b>									
<b>Ontario Community Infrastructure Fund</b>										
<b>Reserve funds</b>										
Balance, beginning of year	161,982									
Interest earned	2,869									
Appropriation from current operations	100,000									
Expenditures (Note 5)	(61,345)									
Balance, end of year	<b>203,506</b>									
<b>Total</b>	<b>896,775</b>									

**The Corporation of the Township of Tehkummah**  
**Schedule 2 - Tangible Capital Assets Continuity**

*For the year ended December 31, 2022*

	<i>Land</i>	<i>Buildings</i>	<i>Roads and Bridges</i>	<i>Automotive Equipment</i>	<i>Furniture and Equipment</i>	<i>Water and Sewer</i>	<i>Drains</i>	<i>Assets under Construction</i>	<i>2022 Total</i>
<b>Cost</b>									
Balance, beginning of year	153,288	753,739	5,082,036	913,027	463,042	5,498,000	80,056	12,811	12,955,999
Additions	-	29,867	55,243	-	14,665	-	30,743	-	130,518
Disposals	-	-	-	-	-	-	-	-	-
Assets under construction completed	-	-	-	-	-	-	-	-	-
Balance, end of year	153,288	783,606	5,137,279	913,027	477,707	5,498,000	110,799	12,811	13,086,517
<b>Accumulated amortization</b>									
Balance, beginning of year	-	254,087	1,053,887	455,521	176,220	5,498,000	42,851	-	7,480,566
Disposals	-	-	-	-	-	-	-	-	-
Amortization expense	-	14,806	64,722	63,026	44,408	-	2,216	-	189,178
Balance, end of year	-	268,893	1,118,609	518,547	220,628	5,498,000	45,067	-	7,669,744
<b>Net book value</b>	<b>153,288</b>	<b>514,713</b>	<b>4,018,670</b>	<b>394,480</b>	<b>257,079</b>	<b>-</b>	<b>65,732</b>	<b>12,811</b>	<b>5,416,773</b>

  

	<i>Land</i>	<i>Buildings</i>	<i>Roads and Bridges</i>	<i>Automotive Equipment</i>	<i>Furniture and Equipment</i>	<i>Water and Sewer</i>	<i>Drains</i>	<i>Assets under Construction</i>	<i>2021 Total</i>
<b>Cost</b>									
Balance, beginning of year	153,288	753,739	5,082,036	913,027	402,523	5,498,000	80,056	-	12,882,669
Additions	-	-	-	-	60,519	-	-	12,811	73,330
Disposals	-	-	-	-	-	-	-	-	-
Assets under construction completed	-	-	-	-	-	-	-	-	-
Balance, end of year	153,288	753,739	5,082,036	913,027	463,042	5,498,000	80,056	12,811	12,955,999
<b>Accumulated amortization</b>									
Balance, beginning of year	-	239,879	989,532	391,987	135,570	5,498,000	41,250	-	7,296,218
Disposals	-	-	-	-	-	-	-	-	-
Amortization expense	-	14,208	64,355	63,534	40,650	-	1,601	-	184,348
Balance, end of year	-	254,087	1,053,887	455,521	176,220	5,498,000	42,851	-	7,480,566
<b>Net book value</b>	<b>153,288</b>	<b>499,652</b>	<b>4,028,149</b>	<b>457,506</b>	<b>286,822</b>	<b>-</b>	<b>37,205</b>	<b>12,811</b>	<b>5,475,433</b>

**The Corporation of the Township of Tehkummah**  
**Schedule 3 - Segmented Disclosure**

*For the year ended December 31, 2022*

		<i>General Government</i>	<i>Protection Services</i>	<i>Transportation Services</i>	<i>Environmental Services</i>	<i>Health and Social Services</i>	<i>Recreation and Cultural Services</i>	<i>Planning and Development</i>	<i>2022 Total</i>	<i>2021 Total</i>
<b>Revenue</b>										
Taxation	*	276,232	194,988	377,756	163,620	153,455	106,010	18,593	1,290,654	1,253,816
Government transfers		420,214	50	61,345	-	17,170	13,197	-	511,976	508,198
User charges		-	2,148	50	131,988	-	69,340	-	203,526	204,765
Other		73,985	19,471	3,079	990	-	5,738	-	103,263	76,653
		770,431	216,657	442,230	296,598	170,625	194,285	18,593	2,109,419	2,043,432
<b>Expenses</b>										
Goods and materials		111,137	88,069	225,171	35,588	-	75,735	-	535,700	636,665
Contracts and services		147,106	105,015	-	156,308	-	-	17,859	426,288	377,983
Financial expenses		11,417	10	7,916	25	-	19	-	19,387	21,249
Amortization		8,019	31,449	118,929	19,979	-	10,802	-	189,178	184,348
Salaries and benefits		113,657	51,695	183,149	19,900	11,142	63,628	-	443,171	523,553
Other transfers		-	-	-	-	206,257	-	8,481	214,738	200,866
		391,336	276,238	535,165	231,800	217,399	150,184	26,340	1,828,462	1,944,664
<b>Surplus (Deficit)</b>		379,095	(59,581)	(92,935)	64,798	(46,774)	44,101	(7,747)	280,957	98,768

\* Taxation is allocated among the segments based on the proportionate share of total expenditures.