

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

Management of the **CORPORATION OF THE TOWNSHIP OF LAURENTIAN VALLEY** (the Township) is responsible for the preparation, accuracy, objectivity and integrity of the accompanying consolidated financial statements and all other information contained within the Financial Report. Management believes that the consolidated financial statements present fairly the Township's financial position as at December 31, 2022 and the results of its operations for the year then ended.

The consolidated financial statements have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards (PSAS).

The consolidated financial statements include certain amounts based on estimates and judgments. Such amounts have been determined on a reasonable basis in order to ensure that the consolidated financial statements are presented fairly in all material respects.

In fulfilling its responsibilities and recognizing the limits inherent in all systems, management has designed and maintains a system of internal controls to produce reliable information and to meet reporting requirements on a timely basis. The system is designed to provide management with reasonable assurance that transactions are properly authorized and assets are properly accounted for and safeguarded.

These systems are monitored and evaluated by management and reliable consolidated financial information is available for preparation of the consolidated financial statements.

The Township's Council carries out its responsibilities for review of the consolidated financial statements principally through its regular meetings. The Township's Council meets regularly with management and external auditors to discuss the results of audit examinations and financial reporting matters.

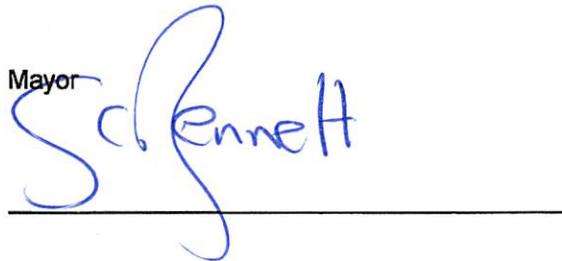
The external auditors have full access to the Township's Council with and without the presence of management. The Township's Council has approved the consolidated financial statements.

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

Chief Administrative Officer



Mayor



June 20, 2023

INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers of the
CORPORATION OF THE TOWNSHIP OF LAURENTIAN VALLEY

Opinion

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Township as at December 31, 2022 and the results of its consolidated operations, change in net financial assets (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 *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 consolidated financial statements in Canada, and we have fulfilled our 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 consolidated 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 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 consolidated 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 consolidated 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 consolidated 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 Township'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 consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Township to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Wesley L.P.

CHARTERED PROFESSIONAL ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS

Pembroke, Ontario
June 20, 2023

CORPORATION OF THE TOWNSHIP OF LAURENTIAN VALLEY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2022

	<u>2022</u>	<u>2021</u>
FINANCIAL ASSETS		
Cash	\$ 6,634,140	\$ 6,740,846
Investments (Note 2)	817,342	783,612
Taxes receivable (Note 3)	765,543	793,331
Accounts receivable	844,574	644,401
Inventories for resale	<u>7,022</u>	<u>5,352</u>
	<u>9,068,621</u>	<u>8,967,542</u>
LIABILITIES		
Accounts payable and accrued liabilities	1,924,538	1,902,923
Deferred revenue - general	5,899	2,074
Deferred revenue - obligatory (Note 4)	582,571	774,953
Provision for landfill closure and post-closure costs (Note 5)	523,575	365,873
Long-term debt (Note 6)	<u>5,453,161</u>	<u>5,977,339</u>
	<u>8,489,744</u>	<u>9,023,162</u>
NET FINANCIAL ASSETS (DEBT)	<u>578,877</u>	<u>(55,620)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 1)	27,769,120	27,219,290
Prepaid expenses	<u>24,185</u>	<u>30,757</u>
	<u>27,793,305</u>	<u>27,250,047</u>
ACCUMULATED SURPLUS (Note 9)	<u>\$ 28,372,182</u>	<u>\$ 27,194,427</u>

(See accompanying notes and schedules)

CORPORATION OF THE TOWNSHIP OF LAURENTIAN VALLEY
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Budget</u> <u>2022</u>	<u>Actual</u> <u>2022</u>	<u>Actual</u> <u>2021</u>
REVENUE			
Property taxation	\$ 5,958,873	\$ 5,911,762	\$ 5,678,867
Payment in lieu of taxes	90,000	180,888	183,172
User and frontage charges	3,365,418	3,805,942	3,631,091
Provincial and other government transfers	1,586,160	1,790,030	1,227,743
Gas tax funding	391,550	347,883	350,030
Development charges	-	37,518	12,622
Investment income	76,282	186,514	55,907
Penalties and interest	140,000	142,480	149,077
Fees, service charges, donations and miscellaneous	260,250	286,152	211,176
Gain on disposal of tangible capital assets	-	7,682	83,782
	<u>11,868,533</u>	<u>12,696,851</u>	<u>11,583,467</u>
EXPENSES			
General government	1,319,687	1,449,908	1,273,240
Protection to persons and property	1,917,141	1,952,260	1,849,562
Transportation services	2,485,999	3,837,134	3,398,399
Environmental services	2,671,298	3,054,823	2,716,761
Recreation and cultural services	724,495	852,271	808,845
Planning and development	473,229	372,700	390,853
	<u>9,591,849</u>	<u>11,519,096</u>	<u>10,437,660</u>
EXCESS OF REVENUE OVER EXPENSES	2,276,684	1,177,755	1,145,807
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>27,194,427</u>	<u>27,194,427</u>	<u>26,048,620</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>\$ 29,471,111</u>	<u>\$ 28,372,182</u>	<u>\$ 27,194,427</u>

(See accompanying notes and schedules)

CORPORATION OF THE TOWNSHIP OF LAURENTIAN VALLEY
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS (DEBT)
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Budget</u> <u>2022</u>	<u>Actual</u> <u>2022</u>	<u>Actual</u> <u>2021</u>
EXCESS OF REVENUE OVER EXPENSES	\$ 2,276,684	\$ 1,177,755	\$ 1,145,807
Acquisition of tangible capital assets	(3,463,700)	(2,424,667)	(2,933,936)
Proceeds on disposal of tangible capital assets	-	16,048	103,244
Amortization of tangible capital assets	-	1,866,471	1,828,889
Gain on sale of tangible capital assets	-	(7,682)	(83,782)
Changes in level of prepaid expenses	-	<u>6,572</u>	<u>(14,761)</u>
	<u>(3,463,700)</u>	<u>(543,258)</u>	<u>(1,100,346)</u>
CHANGE IN NET FINANCIAL ASSETS (DEBT)	(1,187,016)	634,497	45,461
NET FINANCIAL ASSETS (DEBT), BEGINNING OF YEAR	<u>(55,620)</u>	<u>(55,620)</u>	<u>(101,081)</u>
NET FINANCIAL ASSETS (DEBT), END OF YEAR	\$ <u>(1,242,636)</u>	\$ <u>578,877</u>	\$ <u>(55,620)</u>

(See accompanying notes and schedules)

CORPORATION OF THE TOWNSHIP OF LAURENTIAN VALLEY
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2022

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 1,177,755	\$ 1,145,807
Non-cash items included in excess of revenue over expenses:		
Amortization of tangible capital assets	1,866,471	1,828,889
Gain on disposal of tangible capital assets	<u>(7,682)</u>	<u>(83,782)</u>
	3,036,544	2,890,914
Change in the level of:		
Taxes receivable	27,788	30,521
Accounts receivable	(200,173)	(26,611)
Inventories for resale	(1,670)	(1,722)
Prepaid expenses	6,572	(14,761)
Accounts payable and accrued liabilities	21,615	71,284
Deferred revenue - general	3,825	(58,786)
Deferred revenue - obligatory	(192,382)	416,756
Solid waste landfill closure and post-closure liability	<u>157,702</u>	<u>33,777</u>
	<u>2,859,821</u>	<u>3,341,372</u>
CASH FLOWS FROM (USED IN) CAPITAL ACTIVITIES		
Proceeds from disposal of tangible capital assets	16,048	103,244
Acquisition of tangible capital assets	<u>(2,424,667)</u>	<u>(2,933,936)</u>
	<u>(2,408,619)</u>	<u>(2,830,692)</u>
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Proceeds from issuance of long-term debt	-	854,119
Repayment of long-term debt	<u>(524,178)</u>	<u>(436,102)</u>
	<u>(524,178)</u>	<u>418,017</u>
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		
Acquisition of investments	<u>(33,730)</u>	<u>(40,185)</u>
NET CHANGE IN CASH	(106,706)	888,512
CASH, BEGINNING OF YEAR	<u>6,740,846</u>	<u>5,852,334</u>
CASH, END OF YEAR	<u>\$ 6,634,140</u>	<u>\$ 6,740,846</u>

(See accompanying notes and schedules)

CORPORATION OF THE TOWNSHIP OF LAURENTIAN VALLEY
CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS
YEAR ENDED DECEMBER 31, 2022
SCHEDULE 1

	<u>Land</u>	<u>Land Improvements</u>	<u>Buildings</u>	<u>Linear Assets</u>	<u>Machinery and Equipment</u>	<u>Vehicles</u>	<u>2022</u>	<u>2021</u>
COST								
Balance, beginning of year	\$ 804,117	\$ 592,477	\$ 9,747,211	\$ 48,591,248	\$ 1,699,204	\$ 4,140,294	\$ 65,574,551	\$ 63,064,556
Acquisition of tangible capital assets	-	439,480	12,618	1,518,163	59,797	211,067	2,241,125	2,853,896
Disposal of tangible capital assets	-	(56,435)	-	-	(3,358)	(90,439)	(150,232)	(423,941)
Construction-in-progress	<u>-</u>	<u>-</u>	<u>-</u>	<u>183,542</u>	<u>-</u>	<u>-</u>	<u>183,542</u>	<u>80,040</u>
Balance, end of year	<u>804,117</u>	<u>975,522</u>	<u>9,759,829</u>	<u>50,292,953</u>	<u>1,755,643</u>	<u>4,260,922</u>	<u>67,848,986</u>	<u>65,574,551</u>
ACCUMULATED AMORTIZATION								
Balance, beginning of year	-	292,664	3,367,349	31,851,182	970,906	1,873,160	38,355,261	36,930,851
Annual amortization	-	20,493	206,550	1,313,883	63,377	262,168	1,866,471	1,828,889
Accumulated amortization on disposal of tangible capital assets	<u>-</u>	<u>(56,435)</u>	<u>-</u>	<u>-</u>	<u>(3,358)</u>	<u>(82,073)</u>	<u>(141,866)</u>	<u>(404,479)</u>
Balance, end of year	<u>-</u>	<u>256,722</u>	<u>3,573,899</u>	<u>33,165,065</u>	<u>1,030,925</u>	<u>2,053,255</u>	<u>40,079,866</u>	<u>38,355,261</u>
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>\$ 804,117</u>	<u>\$ 718,800</u>	<u>\$ 6,185,930</u>	<u>\$ 17,127,888</u>	<u>\$ 724,718</u>	<u>\$ 2,207,667</u>	<u>\$ 27,769,120</u>	<u>\$ 27,219,290</u>
2021 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>\$ 804,117</u>	<u>\$ 299,813</u>	<u>\$ 6,379,862</u>	<u>\$ 16,740,066</u>	<u>\$ 728,298</u>	<u>\$ 2,267,134</u>	<u>\$ 27,219,290</u>	

(See accompanying notes)

CORPORATION OF THE TOWNSHIP OF LAURENTIAN VALLEY

CONSOLIDATED SCHEDULE OF SEGMENTED DISCLOSURE

YEAR ENDED DECEMBER 31, 2022

SCHEDULE 2

	<u>General government</u>	<u>Protection to persons and property</u>	<u>Transportation services</u>	<u>Environmental services</u>	<u>Recreation and cultural services</u>	<u>Planning and development</u>	<u>Total</u>
REVENUE							
Property taxation	\$ 5,911,762	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,911,762
Payment in lieu of taxes	180,888	-	-	-	-	-	180,888
User and frontage charges	445,882	77,185	157,009	3,109,565	-	16,301	3,805,942
Provincial and other government transfers	646,316	-	562,534	461,822	114,568	4,790	1,790,030
Gas tax funding	-	-	347,883	-	-	-	347,883
Development charges	-	-	33,582	3,816	-	120	37,518
Investment income	128,145	-	3,699	54,670	-	-	186,514
Penalties and interest	142,480	-	-	-	-	-	142,480
Fees, service charges, donations and miscellaneous	12,686	210,527	62,689	-	250	-	286,152
Gain on disposal of tangible capital assets	-	-	-	7,682	-	-	7,682
	<u>7,468,159</u>	<u>287,712</u>	<u>1,167,396</u>	<u>3,637,555</u>	<u>114,818</u>	<u>21,211</u>	<u>12,696,851</u>
EXPENSES							
Salaries, wages and benefits	873,283	362,548	839,092	704,275	18,956	315,088	3,113,242
Materials, supplies and contracted services	528,594	1,532,883	1,392,976	1,909,059	157,588	57,612	5,578,712
Transfers and donations	-	-	-	-	622,842	-	622,842
Interest expense	5,782	-	146,988	24,649	-	-	177,419
Taxation adjustments and vacancy rebates	2,710	-	-	-	-	-	2,710
Provision for landfill closure and post-closure care	-	-	-	157,702	-	-	157,702
	<u>1,410,369</u>	<u>1,895,431</u>	<u>2,379,056</u>	<u>2,795,685</u>	<u>799,386</u>	<u>372,700</u>	<u>9,652,627</u>
NET REVENUE (EXPENSES) BEFORE AMORTIZATION	6,057,790	(1,607,719)	(1,211,660)	841,870	(684,568)	(351,489)	3,044,224
Amortization of tangible capital assets	<u>39,539</u>	<u>56,829</u>	<u>1,458,078</u>	<u>259,138</u>	<u>52,885</u>	-	<u>1,866,469</u>
NET REVENUE (EXPENSES)	<u>\$ 6,018,251</u>	<u>\$ (1,664,548)</u>	<u>\$ (2,669,738)</u>	<u>\$ 582,732</u>	<u>\$ (737,453)</u>	<u>\$ (351,489)</u>	<u>\$ 1,177,755</u>

(See accompanying notes)

CORPORATION OF THE TOWNSHIP OF LAURENTIAN VALLEY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

The Corporation of the Township of Laurentian Valley is an incorporated municipality in the Province of Ontario. The Township conducts its operations as described by the provisions of provincial statutes such as the Municipal Act, Municipal Affairs Act and related legislation.

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Township of Laurentian Valley are the representations of management, prepared in accordance with Canadian public sector accounting standards for local governments established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by the Township are as follows:

Reporting Entity

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

Township of Laurentian Valley Water System

In addition, the municipality is a member of two joint local boards. These consolidated financial statements include, based on the Township's share of total municipal contributions, the Township's proportionate share of the assets, liabilities, revenues and expenses of the following joint local boards:

	<u>% Share</u>
Pembroke and Area Airport Commission	18.969
Ottawa Valley Waste Management Board	23.270

Inter-organizational transactions and balances have been eliminated in the preparation of these consolidated financial statements.

Basis of Accounting

The consolidated financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the legal obligation to pay.

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used for certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred, services performed or the tangible capital assets are acquired.

CORPORATION OF THE TOWNSHIP OF LAURENTIAN VALLEY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Use of Estimates

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates and assumptions which include landfill closure and post-closure liability and the estimated useful life of tangible capital assets are based on management's information and judgment. Actual results could differ from those estimates.

Investments

Investments are valued at the lower of amortized cost and market value. Investment premiums and discounts are being amortized over the term of the respective investment. When there has been a loss in value that is other than a temporary decline, the respective investment is written down to recognize the loss.

Landfill Closure and Post-Closure Liabilities

The Township is required to proportionately fund the closure of its landfill site and provide for post-closure care of the facility. Closure and post-closure activities include the final clay cover, landscaping, as well as surface and ground water monitoring, leachate control, and visual inspection. The requirement is being provided for over the estimated remaining life of the landfill site based on usage.

Government Transfers

Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return.

Government transfers are recognized in the consolidated financial statements 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 determined.

Inventories for Resale

Inventories for resale are valued at the lower of cost and net realizable value with cost being determined substantially on a first in, first out basis.

Deferred Revenue - Obligatory

Deferred revenue - obligatory consists of user charges received with respect to services and expenses which have yet to be provided and/or incurred. Deferred revenue - obligatory will be recognized as income in the year the related services are provided or expenses incurred.

Contaminated Sites Liability

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of a contaminated site is recognized when a site is not in productive use and is management's estimate of the cost of post-remediation including operation, maintenance and monitoring.

CORPORATION OF THE TOWNSHIP OF LAURENTIAN VALLEY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Revenue Recognition

Revenues from property taxation, payment in lieu of taxes and penalties and interest are recognized in the period in which they are levied and collection is reasonably assured. User charges are recognized as the service is provided and collection is reasonably assured. Frontage charges and government transfers are recognized when the related expense is incurred. Revenue from the sale of assets and concessions are recognized at the point of sale. Developer contributions are recognized when legal title of the tangible capital asset has been transferred to the Township. Investment income is recognized as it is earned. Fees, service charges, donations, and miscellaneous are recognized when collection is reasonably assured.

Non-Financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal 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.

i) **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 is amortized on a straight-line basis over the estimated useful life as follows:

	<u>Years</u>
Land improvements	15-75
Buildings	25-50
Machinery and equipment	5-45
Vehicles	5-20
Linear assets	10-75

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

ii) **Contributions of Tangible Capital Assets**

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

iii) **Natural Resources**

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

CORPORATION OF THE TOWNSHIP OF LAURENTIAN VALLEY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

NOTE 2 INVESTMENTS

Investments held by the Ottawa Valley Waste Management Board consist of a variety of fixed income securities and an investment savings account. The fixed income securities have effective interest rates of 1.909% to 6.25% with maturity dates from July 18, 2023 to March 5, 2040. The Township's share of the fair market value of these investments at December 31, 2022 is \$714,718 (2021 - \$799,355).

Investments held by the Pembroke and Area Airport Commission comprise of money market funds, income funds and a high interest savings account. The Township's share of the fair market value of these investments at December 31, 2022 is \$85,660 (2021 - \$80,277).

NOTE 3 TAXES RECEIVABLE

	<u>2022</u>	<u>2021</u>
Current year taxes	\$ 426,751	\$ 391,637
Prior year taxes	185,017	252,332
Penalties	<u>153,775</u>	<u>149,362</u>
	<u>\$ 765,543</u>	<u>\$ 793,331</u>

NOTE 4 DEFERRED REVENUE - OBLIGATORY

Deferred revenue - obligatory consists of the following:

	<u>2022</u>	<u>2021</u>
Development charges	\$ 71,896	\$ 28,853
Gas tax funding	501,918	538,848
Community infrastructure fund	<u>8,757</u>	<u>207,252</u>
	<u>\$ 582,571</u>	<u>\$ 774,953</u>

Continuity of deferred revenue - obligatory is as follows:

	<u>2022</u>	<u>2021</u>
Balance, beginning of year	\$ 774,953	\$ 358,197
Development charges received	79,170	36,076
Government funding received - gas tax funding	297,710	583,907
Community infrastructure funding received	355,027	156,158
Investment income	23,646	3,267
Development charges recognized as income	(37,518)	(12,622)
Government funding recognized - gas tax funding	(347,883)	(350,030)
Community infrastructure funding recognized as income	<u>(562,534)</u>	<u>-</u>
Balance, end of year	<u>\$ 582,571</u>	<u>\$ 774,953</u>

CORPORATION OF THE TOWNSHIP OF LAURENTIAN VALLEY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

NOTE 5 SOLID WASTE LANDFILL CLOSURE AND POST-CLOSURE LIABILITY

The Ottawa Valley Waste Management Board assumed control of a landfill site and also assumed liability for its closure and post-closure care. These consolidated financial statements recognize a liability for closure and post-closure care to the extent that the site has been used to date. Specifically, usage is measured as cumulative capacity used versus total estimated capacity available. Furthermore, as costs are expected to be incurred in the future, expected closure and post-closure costs have been discounted at 5.23% which is the Board's average long-term borrowing rate, net of estimated annual inflation of 2%. The existing landfill site is expected to reach capacity in approximately the year 2036. The following summarizes the Township's share of the estimated closure and post-closure costs and remaining capacity of the Board's landfill site at December 31, 2022:

	<u>2022</u>	<u>2021</u>
Township's share of Estimated Liabilities		
Expected total expenses	\$ 1,486,627	\$ 1,426,973
Amount remaining to be recognized	<u>(963,052)</u>	<u>(1,061,100)</u>
Liability recognized to date	<u>\$ 523,575</u>	<u>\$ 365,873</u>
Landfill site's estimated remaining capacity in cubic metres	<u>476,500</u>	<u>511,000</u>
Landfill site's remaining useful life in years	<u>13</u>	<u>14</u>
Expected years of post-closure care	<u>32</u>	<u>33</u>

NOTE 6 LONG-TERM DEBT

(a) The terms of the long-term debt and how the principal payments will be recovered are as follows:

	<u>2022</u>	<u>2021</u>
From general taxation, a debenture, due 2022, payable in annual installments of \$111,800 with interest payable semi annually at 7.23% per annum.	\$ -	\$ 111,800
From general taxation, a debenture, due 2040, payable in semi annual installments of \$1,423 plus interest at 2.47% per annum.	49,794	52,894
From general taxation, a debenture, due 2026, payable in semi annual installments of \$18,992 with interest payable semi annually at 3.35% per annum.	151,938	189,923
From general taxation, a debenture, due 2037, payable in semi annual installments of \$120,885 including interest at 3.49% per annum.	2,804,769	2,944,972
From general taxation, a capital lease, due 2022 payable in semi annual installments of \$4,298 including interest at 1.99% per annum.	-	4,256

CORPORATION OF THE TOWNSHIP OF LAURENTIAN VALLEY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

NOTE 6 LONG-TERM DEBT (cont'd)

From specific users, a debenture, due 2025, payable in semi annual installments of \$36,036 with interest payable semi annually at 4.42% per annum.	180,179	252,250
From general taxation, a debenture, due 2031, payable in semi-annual installments of \$43,232 including interest at 2.22%.	701,855	771,576
From general taxation, a debenture, due 2026, payable in monthly installments of \$8,576 including interest at 1.34%.	66,587	82,543
From general taxation and specific users, a debenture, due 2039, payable in semi annual instalments of \$54,925 including interest at 2.63% per annum.	<u>1,498,039</u>	<u>1,567,125</u>
	<u>\$ 5,453,161</u>	<u>\$ 5,977,339</u>

(b) The annual principal and interest payments required to service these liabilities are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.

(c) Payments on existing debt are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 416,547	\$ 164,767	\$ 581,314
2024	425,344	151,460	576,804
2025	398,374	137,847	536,221
2026	371,680	126,360	498,040
2027	326,112	115,766	441,878
Thereafter	<u>3,515,104</u>	<u>608,160</u>	<u>4,123,264</u>
	<u>\$ 5,453,161</u>	<u>\$ 1,304,360</u>	<u>\$ 6,757,521</u>

Interest on long-term debt amounted to \$177,419 (2021 - \$182,517). The Township's total cash payments in 2022 were \$705,972 (2021 - \$618,358).

NOTE 7 CONTAMINATED SITES LIABILITIES

The Township has adopted PS3260 Liability for Contaminated Sites. The Township did not identify any financial liabilities in 2022 (2021 - \$ NIL) as a result of this standard.

NOTE 8 EQUITY IN TANGIBLE CAPITAL ASSETS

	<u>2022</u>	<u>2021</u>
Tangible capital assets - cost (Schedule 1)	\$ 67,848,986	\$ 65,574,551
- accumulated amortization (Schedule 1)	(40,079,866)	(38,355,261)
Long-term debt (Note 6)	<u>(5,453,161)</u>	<u>(5,977,339)</u>
	<u>\$ 22,315,959</u>	<u>\$ 21,241,951</u>

CORPORATION OF THE TOWNSHIP OF LAURENTIAN VALLEY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

NOTE 9 ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	<u>2022</u>	<u>2021</u>
Unfinanced expenditures - General	\$ (381,074)	\$ (381,074)
Internally restricted reserves	6,960,872	6,699,423
Provision for unfinanced landfill liabilities	(523,575)	(365,873)
Equity in tangible capital assets (Note 8)	<u>22,315,959</u>	<u>21,241,951</u>
	<u>\$ 28,372,182</u>	<u>\$ 27,194,427</u>

NOTE 10 EXPENSES BY OBJECT

The consolidated statement of operations reports expenses for the Township by function. The following is a summary of expenses by object.

	<u>Budget</u>	<u>2022</u>	<u>2021</u>
Salaries, wages and benefits	\$ 3,048,680	\$ 3,113,242	\$ 2,982,218
Material and supplies and contracted services	5,510,452	5,578,712	4,811,712
Interest expense	181,461	177,419	182,517
Taxation adjustments and vacancy rebates	-	2,710	2,710
Transfers and donations	607,168	622,842	595,837
Provision for landfill closure and post-closure care	-	157,702	33,777
Amortization of tangible capital assets	-	<u>1,866,469</u>	<u>1,828,889</u>
	<u>\$ 9,347,761</u>	<u>\$ 11,519,096</u>	<u>\$ 10,437,660</u>

NOTE 11 OPERATIONS OF SCHOOL BOARDS AND THE COUNTY OF RENFREW

During 2022, requisitions were made by school boards and the County of Renfrew requiring the Township to collect property taxes and payments in lieu of property taxes on their behalf. The amounts collected and remitted are summarized below:

	<u>School Boards</u>	<u>County of Renfrew</u>
Property taxes	\$ 3,068,986	\$ 5,127,887
Taxation from other governments	<u>2,684</u>	<u>69,887</u>
Amount requisitioned	<u>\$ 3,071,670</u>	<u>\$ 5,197,774</u>

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

CORPORATION OF THE TOWNSHIP OF LAURENTIAN VALLEY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

NOTE 12 COMMITMENTS

City of Pembroke

The municipality has entered into service agreements with the City of Pembroke for the supply of sewage and water treatment and the provision of recreation and library services.

Included in the Consolidated Statement of Operations are charges from the City as follows:

	<u>2022</u>	<u>2021</u>
Sewage	\$ 318,526	\$ 314,423
Water	\$ 337,606	\$ 351,748
Recreation	\$ 337,489	\$ 348,508
Library	\$ 149,820	\$ 122,168

Garbage collection

The municipality has entered into contracts for the collection of garbage. The contract expires in March, 2025. The contract cost for 2022 was \$498,698 (2021 - \$487,385).

Policing

The municipality has a contract with the Province of Ontario for policing services. The contract cost for 2022 was \$1,360,217 (2021 - \$1,374,016).

NOTE 13 JOINT LOCAL BOARDS

The Township is a member of two joint local boards as follows:

Pembroke and Area Airport Commission

The Pembroke and Area Airport Commission was established in 1968 under the Municipal Act and on June 25, 1992 was continued as a body corporation by special legislation of the Province of Ontario. The Commission's primary function is the management of the Pembroke and Area Airport.

The Township's proportionate share of contributions to the Commission is 18.969% (2021 - 19.061%). The only transaction the Township had with the Commission during the year was the annual municipal levy of \$ 121,255 (2021 - \$17,833).

Summary financial information for the year ended December 31, 2022 and the Township's proportionate share are as follows:

	<u>Total</u>	<u>Township's Share</u>
Net financial assets	\$ 490,889	\$ 93,117
Non-financial assets	<u>4,293,560</u>	<u>814,445</u>
Accumulated surplus	<u>\$ 4,784,449</u>	<u>\$ 907,562</u>
Revenue	\$ 1,057,010	\$ 200,504
Expenses	<u>478,408</u>	<u>90,749</u>
Excess of revenue over expenses	<u>\$ 578,602</u>	<u>\$ 109,755</u>

CORPORATION OF THE TOWNSHIP OF LAURENTIAN VALLEY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

NOTE 13 JOINT LOCAL BOARDS (cont'd)

Ottawa Valley Waste Management Board

The Ottawa Valley Waste Management Board is a joint local board which was formed to direct the operation of the Ottawa Valley Waste Recovery Centre.

The Township's proportionate share of contributions to the Board is 23.27% (2021 - 23.23%). The Township had the following transactions with the Board:

	<u>2022</u>	<u>2021</u>
Tipping fees	\$ <u>291,399</u>	\$ <u>289,967</u>

The Township made the following debt payments on behalf of the Board:

Long-term debt principal	\$ 111,800	\$ 111,800
Long-term debt interest	<u>4,042</u>	<u>12,125</u>
	<u>\$ 115,842</u>	<u>\$ 123,925</u>

Further, the Township received royalties of \$147,628 (2021 - \$148,481) from the Board.

All of the above transactions are in the normal course of operations and measured at their exchange amount.

Summary financial information for the year ended December 31, 2022 and the Township's proportionate share are as follows:

	<u>Total</u>	<u>Township's Share</u>
Net financial assets	\$ 6,386,956	\$ 1,486,245
Non-financial assets	<u>12,318,341</u>	<u>2,866,478</u>
Accumulated surplus	<u>\$ 18,705,297</u>	<u>\$ 4,352,723</u>
Revenue	\$ 7,766,756	\$ 1,807,324
Expenses	<u>6,370,278</u>	<u>1,482,364</u>
Excess of revenue over expenses	<u>\$ 1,396,478</u>	<u>\$ 324,960</u>

CORPORATION OF THE TOWNSHIP OF LAURENTIAN VALLEY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

NOTE 14 FINANCIAL INSTRUMENTS

The Township's financial instruments consist of cash, investments, taxes receivable, accounts receivable, accounts payable and accrued liabilities and long-term debt.

Risk

It is management's opinion that the Township is not exposed to significant interest, market, liquidity, currency or credit risks arising from its financial instruments. The Township is subject to credit risk with respect to taxes and accounts receivable. Credit risk arises from the possibility that taxpayers and entities to which the Township provides services may experience financial difficulty and be unable to fulfil their obligations. It is management's opinion that the large number and diversity of taxpayers and users minimizes credit risk.

Fair Market Value

Except for the following, the fair value of the Township's financial instruments approximates their carrying value due to their short term nature. The fair market value of the investments is disclosed in Note 2 to the consolidated financial statements. It is not practicable to determine the fair market value of the long-term debt. The terms and conditions of the long-term debt are disclosed in Note 6 to the consolidated financial statements.

NOTE 15 BUDGET FIGURES

Budget figures reported on the Consolidated Statement of Operations and the Consolidated Statement of Change in Net Financial Assets (Debt) are based on 2022 operating and capital budgets as approved by Council on December 15, 2021 (By-law 2021-12-065).

NOTE 16 PENSION AGREEMENT

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

Contributions for current service are recorded as expenditures in the year in which they became due.

The Township is required to make current service contributions to OMERS of 9% of pensionable earnings up to the years maximum pensionable earnings under the Canada Pension Plan and 14.6% on pensionable earnings above the amount. Employees are required to make current service contributions of the same amount.

Total current service contributions by the Township to OMERS in 2022 were \$142,893 (2021 - \$139,793). These contributions were matched with identical employee contributions for both years.

At December 31, 2022, OMERS disclosed an actuarial deficit of \$6.1 billion.

CORPORATION OF THE TOWNSHIP OF LAURENTIAN VALLEY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

NOTE 17 SEGMENTED DISCLOSURES

The Township of Laurentian Valley provides a range of services to its ratepayers. For each segment as reported in Schedule 2, revenue and expenses represent amounts that are directly attributable to the segment. Amounts not directly attributable to a segment are reported in general government. The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 1.

The activities that are included in each functional line of services are as follows:

General government consists of the Mayor and Council, the Chief Administrative Officer and administrative services which include the Treasurer and Deputy Clerk.

Protection to persons and property consists of Fire, Police, By-law Enforcement, Animal Control and Building Departments.

Transportation services include engineering, storm sewer, road and sidewalk construction and maintenance, street lighting and winter control as well as the Township's share of the Pembroke and Area Airport Commission.

Environmental services consist of waterworks and sanitary operations, wastewater treatment, solid waste disposal and recycling and the Township's share of the Ottawa Valley Waste Management Board.

Recreation and cultural services is comprised primarily of parks services, operation of recreational facilities and transfers to the City of Pembroke for library and recreational services.

Planning and development consists of planning and zoning and economic development.