

**The Corporation of the
Municipality of Machin
Financial Statements
For the year ended December 31, 2020**

The Corporation of the Municipality of Machin
Financial Statements
For the year ended December 31, 2020

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Municipality of Machin

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Management's Responsibility for Financial Reporting

The accompanying financial statements of The Corporation of the Municipality of Machin and all the information provided in this annual report are the responsibility of management and have been approved by the Mayor and Members of Council.

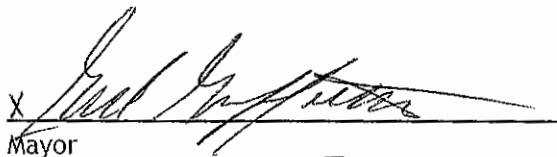
The financial statements have been prepared by management in accordance with Canadian public sector accounting principles. Financial statements are not precise since they include certain amounts based on estimates and judgements. When alternative accounting methods exist, management has chosen those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

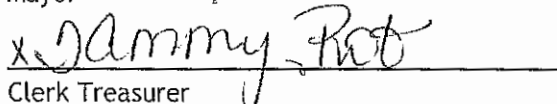
Management maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and The Corporation of the Municipality of Machin's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

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

The Mayor and Members of Council review The Corporation of the Municipality of Machin financial statements and recommend their approval. The Mayor and Members of Council meet periodically with management, as well as the external auditors, to discuss internal controls over the 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 auditors' report. The Mayor and Members of Council takes this information into consideration when approving the financial statements for issuance to the Members of Council, Inhabitants and Ratepayers. The Mayor and Members of Council also consider the engagement of the external auditors.

The financial statements have been audited by BDO Canada LLP in accordance with Canadian generally accepted auditing standards on behalf of the Members of Council, Inhabitants and Ratepayers. BDO Canada LLP has full access to the Mayor and Members of Council.

x 
Mayor

x 
Clerk Treasurer

Independent Auditors' Report

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

Qualified Opinion

We have audited the financial statements of The Corporation of the Municipality of Machin (the Municipality), which comprise the statement of financial position as at December 31, 2020, and the statements of operations and accumulated surplus, change in net financial assets, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of The Corporation of the Municipality of Machin as at December 31, 2020, and the results of its 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 Qualified Opinion

The solid waste closure and post closure liabilities are estimated based on third party reports dated 2017. Under Canadian public sector accounting standards a comprehensive review of capacity and estimated costs to close and maintain should be performed at least every three years. Due to the unavailability of complete information, we were unable to determine whether adjustments may be necessary to the solid waste closure and post closure liabilities and accumulated surplus as at December 31, 2020 and the solid waste closure and post closure expenditures and annual surplus for the year ended December 31, 2020.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Municipality in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other 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 qualified opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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



Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement 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 auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the 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

Dryden, Ontario
June 28, 2021

The Corporation of the Municipality of Machin
Statement of Financial Position

December 31	2020	2019
Financial assets		
Cash and bank (Note 1)	\$ 1,659,046	\$ 1,113,134
Temporary investment (Note 2)	569,809	557,816
Taxes receivable	214,351	231,968
Trade and other receivables	175,639	235,496
Grants receivable	106,442	107,173
	<u>2,725,287</u>	<u>2,245,587</u>
Liabilities		
Accounts payable and accrued liabilities	186,966	209,753
Long-term debt (Note 4)	876,458	918,834
Solid waste closure and post-closure liabilities (Note 5)	879,255	837,940
	<u>1,942,679</u>	<u>1,966,527</u>
Net assets	<u>782,608</u>	<u>279,061</u>
Non-financial assets		
Tangible capital assets (Note 6)	<u>8,574,442</u>	<u>9,126,244</u>
Accumulated surplus (Note 7)	<u>\$ 9,357,050</u>	<u>\$ 9,405,305</u>

Tammy P. P. Treasurer

Paul G. P. Mayor

The Corporation of the Municipality of Machin
Statement of Operations and Accumulated Surplus

For the year ended December 31	Budget 2020	Actual 2020	Actual 2019
	(Note 15)		
Revenue			
Taxation (Note 8)	\$ 2,005,842	\$ 1,977,320	\$ 1,917,996
Government transfers - Federal (Note 9)	56,850	58,913	58,913
Government transfers - Provincial (Note 10)	645,239	564,927	1,033,828
User fees and service charges	502,810	456,643	500,509
Other income (Note 11)	112,950	106,765	162,845
	<u>3,323,691</u>	<u>3,164,568</u>	<u>3,674,091</u>
Expenses (Note 12)			
General government	845,080	519,931	529,727
Protection services	368,964	398,128	404,693
Transportation services	563,073	588,637	788,207
Environmental services	443,763	738,773	766,467
Health services	222,959	215,413	211,479
Social and family services	229,652	232,973	227,600
Social housing	126,978	126,978	130,677
Recreation and cultural services	341,310	391,990	394,409
Planning and development	27,500	-	928
	<u>3,169,279</u>	<u>3,212,823</u>	<u>3,454,187</u>
Annual surplus (deficit)	<u>154,412</u>	<u>(48,255)</u>	<u>219,904</u>
Accumulated surplus, beginning of year	<u>9,405,305</u>	<u>9,405,305</u>	<u>9,185,401</u>
Accumulated surplus, end of year	<u>\$ 9,559,717</u>	<u>\$ 9,357,050</u>	<u>\$ 9,405,305</u>

The Corporation of the Municipality of Machin
Statement of Change in Net Financial Assets

For the year ended December 31	Budget 2020	Actual 2020	Actual 2019
	(Note 15)		
Annual surplus (deficit)	\$ 154,412	\$ (48,255)	\$ 219,904
Acquisition of tangible capital assets	(160,000)	(117,348)	(339,721)
Amortization of tangible capital assets	-	649,430	681,106
(Gain) loss on disposal of tangible capital assets	-	14,055	(38,118)
Insurance proceeds on tangible capital assets	-	-	38,118
Proceeds on sale of tangible capital assets	-	5,665	-
Net change in net financial assets (debt)	(5,588)	503,547	561,289
Net financial assets (debt), beginning of year	279,061	279,061	(282,228)
Net financial assets, end of year	\$ 273,473	\$ 782,608	\$ 279,061

The Corporation of the Municipality of Machin
Statement of Cash Flows

For the year ended December 31	2020	2019
Operating transactions		
Annual surplus (deficit)	\$ (48,255)	\$ 219,904
Items not involving cash		
Amortization	649,430	681,106
(Gain) loss on disposal of tangible capital assets	14,055	(38,118)
	<u>615,230</u>	<u>862,892</u>
Changes in non-cash operating balances		
Taxes receivable	17,617	(65,031)
Trade and other receivables	59,857	81,790
Grants receivable	731	199,433
Accounts payable and accrued liabilities	(22,786)	(50,179)
Deferred revenue	-	(224,701)
Solid waste closure and post closure liabilities	41,315	39,676
	<u>96,734</u>	<u>(19,012)</u>
Capital transactions		
Acquisition of tangible capital assets	(117,348)	(339,721)
Proceeds on sale of tangible capital assets	5,665	-
Insurance proceeds on tangible capital assets	-	38,118
	<u>(111,683)</u>	<u>(301,603)</u>
Investing transactions		
Increase in temporary investments	(11,993)	(3,067)
Financing transactions		
Repayment of long-term debt	(42,376)	(40,747)
Net change in cash and bank	545,912	498,463
Cash and bank, beginning of year	<u>1,113,134</u>	<u>614,671</u>
Cash and bank, end of year	\$ 1,659,046	\$ 1,113,134

The Corporation of the Municipality of Machin

Summary of Significant Accounting Policies

December 31, 2020

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

The financial statements of The Corporation of the Municipality of Machin are the responsibility of management. They have been prepared in accordance with accounting principles established by the Public Sector Accounting Board of CPA Canada. The Corporation of the Municipality of Machin is a municipality in the Province of Ontario and operates under the provisions of the Community Charter. The Corporation of the Municipality of Machin provides municipal services such as fire, public works, planning, parks, recreation, and other general government services.

**Non-consolidated
Entities**

The following joint boards are not consolidated:

District of Kenora Home for the Aged
Kenora District Services Board
Northwestern Health Unit

Basis of Accounting

Revenue and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenses are recognized as they are incurred and measurable as a result of receipts of goods or services and the creation of a legal obligation to pay.

The statement of financial position reflects all of the financial assets and liabilities of the municipality. Financial assets are those assets which could provide resources to discharge existing liabilities or finance future operations. Municipal position represents the financial position of the municipality and is the difference between its assets and liabilities. This provides information about the municipality's overall future revenue requirements and its ability to finance activities and meet its obligations.

**Temporary
Investments**

Temporary investments are recorded at cost.

**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 straight-line basis over the estimated life of the tangible capital asset commencing once the asset is available for productive use as follows:

Land improvement	15 to 40 years
Buildings	20 to 60 years
Machinery and equipment	4 to 40 years
Library collections	10 years
Vehicles	5 to 20 years
Linear assets	5 to 75 years

The Corporation of the Municipality of Machin

Summary of Significant Accounting Policies

December 31, 2020

Collection of Taxes on Behalf of Other Taxation Authorities

The Corporation of the Municipality of Machin collects taxation revenue on behalf of other entities. Such levies, other revenues, expenses, assets and liabilities with respect to the operations of the entities are not reflected in these financial statements.

Trust Funds

Trust Funds held in trust by The Corporation of the Municipality of Machin and their related operations are not included in these financial statements. The financial activity and position of the Trust Funds are reported separately.

Revenue Recognition

Government transfers are recognized in the financial statements when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

Charges for water usage are recorded as user fees. Connection fee revenues are recognized when the connection has been established.

Sales of service and other revenue is recognized when the services are performed or goods are delivered and there is reasonable assurance of collection.

Fees, rental and other user charge revenue are recorded in the accounts when the title passes to the buyer and/or when services have been rendered and the transaction can be reasonably measured.

Tax Revenues

The amount of the total property tax levy is determined each year through Council's approval of the annual operating budget. Municipal tax rates are set annually by Council for each class or type of property, in accordance with legislation and Council approved policies, in order to raise the revenues required to meet operating budget requirements. Education tax rates are established by the Province each year in order to fund the costs of education on a Province wide basis.

Property assessments, on which property taxes are based, are established by the Municipal Property Assessment Corporation. The current value assessment of a property represents an estimated market value of a property as of a fixed date. Assessed values for all properties within the municipality are provided to the Municipality in the form of a returned assessment roll in December of each year.

The amount of property tax levied on an individual property is the product of the CVA of the property and the tax rate for the class, together with any adjustments that reflect Council approved mitigation or other tax policy measures.

The Corporation of the Municipality of Machin

Summary of Significant Accounting Policies

December 31, 2020

Tax Revenues
(continued)

Taxes are recorded at estimated amounts when they meet the definition of an asset, have been authorized and the taxable event occurs. For property taxes, the taxable event is the period for which the tax is levied. As taxes recorded are initially based on management's best estimate of the taxes that will be received, it is possible that changes in future conditions, such as reassessments due to audits, appeals and court decisions, could result in a change in the amount of tax revenue recognized. Taxes receivable are recognized net of allowance for anticipated uncollectible amounts.

Solid Waste Landfills

The estimated costs to close and maintain solid waste landfill sites are based on estimated future expenses in current dollars, discounted, adjusted for estimated inflation, and are charged to expense as the landfill site's capacity is used.

Pension and Employee Benefits

The municipality is an employer member of the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer, defined benefit pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of the benefits. The municipality has adopted defined contribution plan accounting principles for this Plan because insufficient information is available to apply defined benefit plan accounting principles. The municipality records as pension expense the current service cost, amortization of past service costs, and interest costs related to the future employer contributions to the Plan for past employee service.

Use of Estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

The Corporation of the Municipality of Machin
Notes to Financial Statements

December 31, 2020

1. Cash and Bank

	<u>2020</u>	<u>2019</u>
Restricted and Unrestricted Cash		
Internally restricted cash	\$ 425,739	\$ 422,008
Unrestricted cash	1,233,257	691,076
Externally restricted cash	50	50
	<u>\$ 1,659,046</u>	<u>\$ 1,113,134</u>
	<u>\$ 1,659,046</u>	<u>\$ 1,113,134</u>

The Municipality has an operating line of credit up to a maximum of \$500,000 and a corporate visa credit limit of \$20,000. This line of credit is due on demand and bears interest at the Canadian Imperial Bank of Commerce prime rate, calculated and payable monthly. The operating line of credit is secured by a municipal by-law. The operating line of credit has not been utilized at year end.

The Municipality is, in the normal course of operations, exposed to credit risk from having account balances over the amounts insured by the Canadian Deposit Insurance Corporation.

2. Temporary Investment

The temporary investment is a one year GIC which earns interest at 1.30% (2019 - 2.15%).

The Corporation of the Municipality of Machin
Notes to Financial Statements

December 31, 2020

3. Deferred Revenue

	<u>2020</u>	<u>2019</u>
The net change during the year in the deferred revenue/obligatory reserve fund balances is made up as follows:		
Balance, beginning of year	\$ -	\$ 224,701
Transfers from revenue in the current year	-	-
Transfers to revenue in the current year Transfer to grant revenue	-	(224,701)
Balance, end of year	<u>\$ -</u>	<u>\$ -</u>

The Corporation of the Municipality of Machin
Notes to Financial Statements

December 31, 2020

4. Long-term Debt

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

	2020	2019
Ontario Infrastructure Projects Corporation debenture, repayable in semi-annual instalments of \$8,370 principal plus interest at 2.80%, secured by By-Law #13-2014; maturing 2024	\$ 29,294	\$ 37,664
Ontario Infrastructure Projects Corporation debenture, repayable in semi-annual instalments of \$38,692 including principal and interest at 4.97%, secured by By-Law #47-2006; maturing 2036	847,164	881,170
	\$ 876,458	\$ 918,834

Principal repayments and interest relating to long-term debt for the next five years and thereafter are due as follows:

	Principal Repayments	Interest Payments	Total
2021	\$ 44,087	\$ 42,427	\$ 86,514
2022	45,884	40,398	86,282
2023	47,772	38,273	86,045
2024	45,570	36,057	81,627
2025	43,467	33,916	77,383
Thereafter	649,678	201,535	851,213
	\$ 876,458	\$ 392,606	\$ 1,269,064

The annual principal and interest payments required to service the long-term liabilities of the municipality are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.

The Corporation of the Municipality of Machin
Notes to Financial Statements

December 31, 2020

5. Solid Waste Closure and Post-Closure Liabilities

Solid waste closure and post-closure care requirements have been defined in accordance with industry standards and include final covering and landscaping of the landfills, removal of ground water and leachates, and ongoing environmental monitoring, site inspection and maintenance. The reported liability as at year end was \$879,255 (2019 - \$837,940) and reflects a discount rate of 2.86% (2019 - 2.86%).

The liability is based on estimates and assumptions related to events extending over the remaining life of the landfills. Relevant information regarding the landfill sites are as follows:

	Vermilion Bay	Eagle River
Total estimated expenses for closure and post closure	\$ 448,917	\$ 448,611
Landfill closure and post closure liability		
as at December 31, 2020	\$ 448,917	\$ 430,338
Total expenses remaining to be recognized	\$ -	\$ 18,273
Remaining capacity of the site (cubic metres)	-	835
Remaining landfill site life (years)	-	1
Number of years required for post closure care	25	25

The total estimated expenses for closure and post closure costs are based on third party reports dated 2017.

The Municipality intends to fund the liability in the years the disbursements occur.

The Municipality is in the process of expanding the Vermilion Bay landfill site in order to increase the capacity as it is currently at full capacity.

The Corporation of the Municipality of Machin
Notes to Financial Statements

December 31, 2020

6. Tangible Capital Assets

								2020
	Land	Buildings	Machinery & Equipment	Linear Assets	Land Improvement	Vehicles	Library Collections	Total
Cost, beginning of year	\$ 647,274	\$ 6,447,621	\$ 6,326,329	\$ 7,533,429	\$ 649,875	\$ 1,149,316	\$ 17,920	\$ 22,771,764
Additions	-	49,474	18,154	-	49,720	-	-	117,348
Disposals	-	-	-	-	-	(212,000)	-	(212,000)
Cost, end of year	647,274	6,497,095	6,344,483	7,533,429	699,595	937,316	17,920	22,677,112
Accumulated amortization, beginning of year	-	4,183,836	3,902,057	4,453,866	483,683	604,158	17,920	13,645,520
Amortization	-	233,966	208,850	138,531	15,281	52,802	-	649,430
Disposals	-	-	-	-	-	(192,280)	-	(192,280)
Accumulated amortization, end of year	-	4,417,802	4,110,907	4,592,397	498,964	464,680	17,920	14,102,670
Net carrying amount, end of year	\$ 647,274	\$ 2,079,293	\$ 2,233,576	\$ 2,941,032	\$ 200,631	\$ 472,636	\$ -	\$ 8,574,442

The Corporation of the Municipality of Machin
Notes to Financial Statements

December 31, 2020

6. Tangible Capital Assets (continued)

								2019
	Land	Buildings	Machinery & Equipment	Linear Assets	Land Improvement	Vehicles	Library Collections	Total
Cost, beginning of year	\$ 647,274	\$ 6,431,467	\$ 6,326,329	\$ 7,281,515	\$ 614,817	\$ 1,112,721	\$ 17,920	\$ 22,432,043
Additions	-	16,154	-	251,914	35,058	36,595	-	339,721
Cost, end of year	647,274	6,447,621	6,326,329	7,533,429	649,875	1,149,316	17,920	22,771,764
Accumulated amortization, beginning of year	-	3,951,182	3,694,114	4,282,796	469,701	548,701	17,920	12,964,414
Amortization	-	232,654	207,943	171,070	13,982	55,457	-	681,106
Accumulated amortization, end of year	-	4,183,836	3,902,057	4,453,866	483,683	604,158	17,920	13,645,520
Net carrying amount, end of year	\$ 647,274	\$ 2,263,785	\$ 2,424,272	\$ 3,079,563	\$ 166,192	\$ 545,158	\$ -	\$ 9,126,244

The Corporation of the Municipality of Machin
Notes to Financial Statements

December 31, 2020

7. Accumulated Surplus

The Corporation of the Municipality of Machin segregates its accumulated surplus in the following categories:

	2020	2019
Investment in tangible capital assets	\$ 8,574,442	\$ 9,126,244
Current funds	463,900	78,462
Water funds	204,104	185,201
Amounts to be recovered	(1,808,668)	(1,809,729)
Reserves		
for working capital		
for administration	951,138	933,638
for capital		
for medical clinic	62,453	57,703
for roads	229,590	164,292
for recreation programs	97,415	93,340
for water	22,727	22,727
for fire	74,233	74,233
for sanitary	73,197	73,197
for home support for the elderly	24,755	22,355
for community development	8,892	8,892
for parkland	10,401	10,231
Reserve Funds set aside for specific purpose by Council:		
for seniors bus	74,812	88,203
for fire equipment	293,659	276,316
	\$ 9,357,050	\$ 9,405,305

The investment in tangible capital assets represents amounts already spent and invested in infrastructure and other non-financial assets.

Reserve funds represent funds set aside by By-Law or Council resolution for specific purposes.

The Corporation of the Municipality of Machin
Notes to Financial Statements

December 31, 2020

8. Taxation

	2020	2019
Property taxes and payments-in-lieu	\$ 2,662,411	\$ 2,619,801
Payments-in-lieu of property taxes	58,909	47,991
	2,721,320	2,667,792
Payments to school boards	(744,000)	(749,796)
Available for general municipal purposes	\$ 1,977,320	\$ 1,917,996

9. Government Transfers - Federal

	Budget 2020	2020	2019
Tangible Capital Assets			
Association of Municipalities of Ontario			
Federal Gas Tax Fund	\$ 56,850	\$ 58,913	\$ 58,913

10. Government Transfers - Provincial

	Budget 2020	2020	2019
Operating			
Province of Ontario			
Ontario Municipal Partnership Fund	\$ 314,700	\$ 314,700	\$ 312,000
Conditional - Other	265,241	184,929	410,239
Total operating grants	579,941	499,629	722,239
Tangible Capital Assets			
Province of Ontario			
Ministry of Agriculture, Food and Rural Affairs	65,298	65,298	311,589
Total provincial grants	\$ 645,239	\$ 564,927	\$ 1,033,828

The Corporation of the Municipality of Machin
Notes to Financial Statements

December 31, 2020

11. Other Income

	2020	2019
Penalties and interest on taxation	\$ 36,266	\$ 30,386
Investment	33,131	30,500
Rents, concessions and franchises	8,850	9,700
Donations	22,501	18,225
Gain (loss) on disposal of tangible capital assets	(14,055)	38,118
Water reimbursements and miscellaneous	8,405	7,900
Contributions from other municipalities	6,018	20,837
Licences, permits and other	5,649	7,179
	\$ 106,765	\$ 162,845

12. Expenses by Object

Total operating expenses for the year reported on the statement of operations and accumulated surplus are as follows:

	2020	2019
Salaries, wages and employee benefits	\$ 789,393	\$ 839,176
Materials	816,520	950,603
Contracted services	391,224	442,620
Amortization	649,430	681,106
Rents and financial expenses	19,714	17,126
Interest on long-term debt	44,376	46,236
Contributions to other organizations	502,166	477,320
	\$ 3,212,823	\$ 3,454,187

The Corporation of the Municipality of Machin
Notes to Financial Statements

December 31, 2020

13. Commitments

The Municipality has an agreement with the Ontario Provincial Police to provide police services within the Municipality. Total payments in the current year were \$223,879 (2019 - \$227,364).

14. Funds Held in Trust

At the year end, The Corporation of the Municipality of Machin held \$36,493 (2019 - \$35,993) in trust for Perpetual Care and Monument. These funds are not included in these financial statements. Certain assets have been conveyed or assigned to The Corporation of the Municipality of Machin to be administered as directed by agreement or statute. The Corporation of the Municipality of Machin holds the assets for the benefit of the beneficiaries. The following trust funds and assets are excluded from The Corporation of the Municipality of Machin's financial statements:

	2020	2019
Perpetual Care and Monument Fund	\$ 36,493	\$ 35,993

15. Budget

The Financial Plan (Budget) By-Law adopted by Council on March 25, 2020, 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 now require a full accrual basis. In addition, the budget expensed all tangible capital expenses rather than including amortization expense. As a result, the budget figures presented in the statements of operations and accumulated surplus and change in net debt represent the Financial Plan adopted by Council on March 25, 2020, with adjustments as follows:

	2020
Financial Plan (Budget) By-Law surplus for the year	\$ -
Add:	
Transfers to accumulated surplus	71,462
Loan payments	86,752
Less:	
Transfers from accumulated surplus	(3,802)
Budget surplus per statement of operations and accumulated surplus	\$ 154,412

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16. Pension Agreement

OMERS provides pension services to approximately 500,000 active and retired members and approximately 1,000 employers. Each year, an independent actuary determines the funding status of OMERS Primary Pension Plan (the Plan) by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial valuation of the Plan was conducted at December 31, 2020. The results of this valuation disclosed total actuarial liabilities of \$111,280 million in respect of benefits accrued for service, with actuarial assets at that date of \$108,609 million, indicating an actuarial deficit of \$3,211 million. Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Municipality does not recognize any share of the OMERS pension surplus or deficit. Contributions made by the Municipality to OMERS for 2020 were \$50,175 (2019 - \$43,215).

17. Contributions to Unconsolidated Joint Boards

Further to the significant accounting policies, the following contributions were made by the Municipality to these Boards:

	2020	2019
District of Kenora Home for the Aged	\$ 145,220	\$ 127,519
Kenora District Services Board	307,506	300,361
Northwestern Health Unit	45,040	45,040
	<u>\$ 497,766</u>	<u>\$ 472,920</u>

18. Impact of COVID-19

Subsequent to December 31, 2020, the impact of COVID-19 in Canada and on the global economy increased significantly. As the impacts of COVID-19 continue, there could be further impact on The Corporation of the Municipality of Machin, its citizens, employees, suppliers and other third party business associates that could impact the timing and amounts realized on the Municipalities assets and future ability to deliver services and projects. These events were ongoing through the fiscal year and continue to be a Canadian and Global Issue.

The situation continues to be dynamic and the ultimate duration and magnitude of this event is unknown. The pandemic has resulted in a volatility in the Municipalities workforce, reduction in user fee revenue and an increase in expenses such as PPE. The Municipality is confident that its operation will continue and its liquidity will be sufficient to withstand this event.

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19. Subsequent Event

Subsequent to December 31, 2020, the Municipality has purchased an Ambulance for \$229,795 plus HST for the Fire Department.

The Corporation of the Municipality of Machin Notes to Financial Statements

December 31, 2020

20. Segmented Information

The Corporation of the Municipality of Machin is a diversified municipal government institution that provides a wide range of services to its citizens such as police, fire and water. Distinguishable functional segments have been separately disclosed in the segmented information. The nature of the segments and the activities they encompass are as follows:

Community Services

This service area consists of the operation and maintenance of local parks and recreation facilities.

Environmental

Environmental services consists of the management and maintenance of the waterworks system located within the municipal borders.

Health

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

Planning and Development

These services relate to zoning issues as well as planning of various municipal maintenance projects.

Protection to Persons and Property

Protection is comprised of police services and fire protection. Police services are 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.

Social Services

Social service provides services that are meant to help the less fortunate in society. Social housing is provided to help shelter families and elderly in need.

Transportation

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

General Government

This item relates to the revenues and expenses that relate to the operations of The Corporation of the Municipality of Machin itself and cannot be directly attributed to a specific segment.

The Corporation of the Municipality of Machin
Notes to Financial Statements

December 31, 2020

20. Segmented Information (continued)

For the year ended December 31	Community Services	Environmental	Health	Planning and Development	Protection to Persons and Property	Social Services	Transportation	General Government	2020 Total
Revenue									
Taxation	\$ 279,301	\$ 418,417	\$ 170,627	\$ 38,052	\$ 283,079	\$ 219,981	\$ 322,087	\$ 245,776	\$ 1,977,320
Conditional grants	-	58,913	-	-	-	64,345	65,298	120,584	309,140
Unconditional grants	44,452	66,593	27,156	6,056	45,053	35,011	51,262	39,117	314,700
User fees and service charges	45,505	365,586	2,481	550	17,483	2,352	100	22,586	456,643
Other	15,081	22,592	9,213	2,055	15,285	11,878	17,391	13,270	106,765
	<u>384,339</u>	<u>932,101</u>	<u>209,477</u>	<u>46,713</u>	<u>360,900</u>	<u>333,567</u>	<u>456,138</u>	<u>441,333</u>	<u>3,164,568</u>
Expenses									
Wages and benefits	113,320	156,962	-	-	32,745	8,817	172,419	305,130	789,393
Supplies and services	179,585	196,412	21,536	-	67,108	21,277	243,309	87,293	816,520
Interest	-	43,377	-	-	-	-	999	-	44,376
Rents and financial expenses	-	-	-	-	-	-	-	-	44,376
Fee and contract services	-	52,556	-	-	231,198	-	8,559	19,714	19,714
Amortization	99,085	289,466	11,428	-	67,077	14,540	163,351	4,484	391,223
External transfers	-	-	182,449	-	-	315,317	-	4,400	649,431
	<u>391,990</u>	<u>738,773</u>	<u>215,413</u>	<u>-</u>	<u>398,128</u>	<u>359,951</u>	<u>588,637</u>	<u>519,931</u>	<u>3,212,823</u>
Net surplus (deficit)	\$ (7,651)	\$ 193,328	\$ (5,936)	\$ 46,713	\$ (37,228)	\$ (26,384)	\$ (132,499)	\$ (78,598)	\$ (48,255)

The Corporation of the Municipality of Machin
Notes to Financial Statements

December 31, 2020

20. Segmented Information (continued)

For the year ended December 31	Community Services	Environmental	Health	Planning and Development	Protection to Persons and Property	Social Services	Transportation	General Government	2019 Total
Revenue									
Taxation	\$ 306,020	\$ 386,932	\$ 204,341	\$ 87,309	\$ 308,675	\$ 273,415	\$ 263,547	\$ 87,757	\$ 1,917,996
Conditional grants	-	58,913	-	-	-	32,886	311,589	377,353	780,741
Unconditional grants	49,780	62,942	33,240	14,203	50,212	44,476	42,871	14,276	312,000
User fees and service charges	61,854	380,066	2,188	-	30,643	10,502	300	14,955	500,508
Other	25,982	32,852	17,349	7,413	26,208	23,214	22,376	7,452	162,846
	<u>443,636</u>	<u>921,705</u>	<u>257,118</u>	<u>108,925</u>	<u>415,738</u>	<u>384,493</u>	<u>640,683</u>	<u>501,793</u>	<u>3,674,091</u>
Expenses									
Wages and benefits	121,550	145,195	-	-	34,317	20,895	195,494	321,725	839,176
Supplies and services	175,368	180,917	25,051	928	63,495	25,889	386,788	92,167	950,603
Interest	-	45,006	-	-	-	-	1,230	-	46,236
Rents and financial expenses	-	-	-	-	-	-	-	17,126	17,126
Fee and contract services	-	105,884	-	-	231,024	-	10,381	87,447	434,736
Amortization	97,492	289,466	11,251	-	70,349	16,225	191,840	4,483	681,106
External transfers	-	-	175,178	-	-	305,626	-	4,400	485,204
	<u>394,410</u>	<u>766,468</u>	<u>211,480</u>	<u>928</u>	<u>399,185</u>	<u>368,635</u>	<u>785,733</u>	<u>527,348</u>	<u>3,454,187</u>
Net surplus (deficit)	<u>\$ 49,226</u>	<u>\$ 155,237</u>	<u>\$ 45,638</u>	<u>\$ 107,997</u>	<u>\$ 16,553</u>	<u>\$ 15,858</u>	<u>\$ (145,050)</u>	<u>\$ (25,555)</u>	<u>\$ 219,904</u>