

**The Corporation of the
Town of Rainy River
Consolidated Financial Statements
For the year ended December 31, 2022**

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Consolidated Financial Statements
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The Corporation of the Town of Rainy River Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of the Corporation of the Town of Rainy River and all the information in the consolidated financial statements are the responsibility of management and have been approved by the Mayor and CAO/Clerk-Treasurer on behalf of Council.

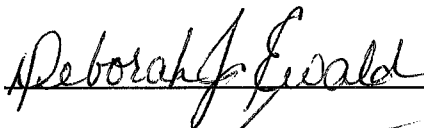
The consolidated financial statements have been prepared by management in accordance with Public Sector Accounting Principles. Consolidated financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management has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


The Town 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 Town's assets are appropriately accounted for and adequately safeguarded.

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

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

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


_____ Mayor


_____ CAO/Clerk-Treasurer

Independent Auditor's Report

To the Members of Council of the Corporation of the Town of Rainy River

Opinion

We have audited the accompanying consolidated financial statements of the Corporation of the Town of Rainy River (the Municipality), which are comprised of the consolidated statement of financial position as at December 31, 2022, and the consolidated statement of operations, the consolidated statement of change in net financial assets and the consolidated statement of cash flows for the year then ended, and notes to 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 Municipality as at December 31, 2022, and its consolidated results of operations, its consolidated change in net financial assets, and its consolidated 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 Municipality in accordance with the ethical requirements that are relevant to our audit of the consolidated 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 these 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 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.

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 Municipality's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Municipality's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 Municipality 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 with the Municipality to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Municipality's 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.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Fort Frances, Ontario
May 24, 2023

The Corporation of the Town of Rainy River Consolidated Statement of Financial Position

December 31	2022	2021
Financial assets		
Cash and cash equivalents	\$ 213,453	\$ 183,531
Investments (Note 1)	29,241	21,172
Taxes receivable (Note 2)	148,287	149,749
Accounts receivable	349,979	1,706,314
	740,960	2,060,766
Liabilities		
Bank indebtedness (Note 3)	211,005	-
Accounts payable and accrued liabilities	262,730	1,056,327
Deferred revenue (Note 4)	203,664	330,043
Net long-term debt (Note 5)	745,490	232,069
Solid waste closure and post-closure liabilities (Note 6)	46,572	43,301
Future employee benefits (Note 7)	64,101	56,498
	1,533,562	1,718,238
Net financial assets (debt)	(792,602)	342,528
Non-financial assets		
Tangible capital assets (Note 8)	25,556,810	22,132,968
Tangible capital assets under construction	20,389	1,903,947
Inventory of supplies	22,034	23,219
Prepaid expenses	66,886	44,884
	25,666,119	24,105,018
Accumulated surplus (Note 9)	\$ 24,873,517	\$ 24,447,546

Contingent liabilities (Note 15)

Commitments (Note 20)

_____ Mayor

_____ CAO/Clerk-Treasurer

The Corporation of the Town of Rainy River Consolidated Statement of Operations

For the year ended December 31	Budget 2022	2022	2021
	(Note 18)		
Revenue			
Taxation	\$ 901,599	\$ 851,509	\$ 809,086
Government transfers - Federal (Note 10)	455,000	565,592	985,783
Government transfers - Provincial (Note 11)	757,080	1,396,707	1,548,881
User fees and service charges	648,200	758,738	722,562
Investment income	2,000	102	1,222
Municipal grants	9,444	19,258	28,321
Other income (Note 12)	384,642	321,767	219,784
	<u>3,157,965</u>	<u>3,913,673</u>	<u>4,315,639</u>
Expenses			
General government	647,042	627,326	554,345
Protection services	287,798	276,440	294,606
Transportation services	671,532	882,428	648,225
Environmental services	936,296	838,033	879,855
Health services	145,281	155,776	139,483
Social and family services	7,828	21,297	17,801
Social housing	36,750	36,750	31,885
Recreation and cultural services	673,017	556,446	448,088
Planning and development	95,692	93,206	117,663
	<u>3,501,236</u>	<u>3,487,702</u>	<u>3,131,951</u>
Annual surplus (deficit)	<u>(343,271)</u>	<u>425,971</u>	<u>1,183,688</u>
Accumulated surplus, beginning of year	<u>24,447,546</u>	<u>24,447,546</u>	<u>23,263,858</u>
Accumulated surplus, end of year	<u>\$ 24,104,275</u>	<u>\$ 24,873,517</u>	<u>\$ 24,447,546</u>

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

**The Corporation of the Town of Rainy River
Consolidated Statement of Change in Net Financial Assets**

For the year ended December 31	Budget 2022	2022	2021
	(Note 18)		
Annual surplus (deficit)	\$ (343,271)	\$ 425,971	\$ 1,183,688
Acquisition of tangible capital assets	(847,452)	(4,606,594)	(101,200)
Amortization of tangible capital assets	900,000	1,151,794	885,801
Loss on disposal of tangible capital assets	-	2,958	-
Proceeds on sale of tangible capital assets	-	28,000	-
Completion (acquisition) of tangible capital assets under construction	-	1,883,558	(1,903,947)
	<u>(290,723)</u>	<u>(1,114,313)</u>	<u>64,342</u>
Use/consumption (acquisition) of inventory of supplies	-	1,185	(2,921)
Use/consumption (acquisition) of prepaid expenses	-	(22,002)	(1,103)
	<u>-</u>	<u>(20,817)</u>	<u>(4,024)</u>
Net change in net assets	(290,723)	(1,135,130)	60,318
Net financial assets, beginning of year	342,528	342,528	282,210
Net financial assets (debt), end of year	\$ 51,805	\$ (792,602)	\$ 342,528

The Corporation of the Town of Rainy River Consolidated Statement of Cash Flows

For the year ended December 31	2022	2021
Operating transactions		
Annual surplus	\$ 425,971	\$ 1,183,688
Items not involving cash		
Amortization of tangible capital assets	1,151,794	885,801
Loss on disposal of tangible capital assets	2,958	-
Changes in non-cash operating balances		
Taxes receivable	1,462	(16,033)
Accounts receivable	1,356,335	(1,484,881)
Prepaid expenses and inventory of supplies	(20,817)	(4,024)
Accounts payable and accrued liabilities	(793,597)	870,384
Deferred revenue	(126,379)	232,673
Solid waste closure and post-closure liabilities	3,271	4,052
Future employee benefits	7,603	(26)
	2,008,601	1,671,634
Capital transactions		
Acquisition of tangible capital assets	(4,606,594)	(101,200)
Proceeds on sale of tangible capital assets	28,000	-
Completion (acquisition) of tangible capital assets under construction	1,883,558	(1,903,947)
	(2,695,036)	(2,005,147)
Investing transactions		
Proceeds on disposition of portfolio investments	(8,069)	4,697
Financing transactions		
Repayment of long-term debt	(32,908)	(32,063)
Issuance of long-term debt	546,329	40,000
	513,421	7,937
Net change in cash and cash equivalents	(181,083)	(320,879)
Cash and cash equivalents (bank indebtedness), beginning of year	183,531	504,410
Cash and cash equivalents, end of year	\$ 2,448	\$ 183,531
Represented by		
Cash and cash equivalents	\$ 213,453	\$ 183,531
Bank indebtedness	(211,005)	-
	\$ 2,448	\$ 183,531

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

The Corporation of the Town of Rainy River Summary of Significant Accounting Policies

December 31, 2022

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

The consolidated financial statements of the Municipality are the responsibility of management. They have been prepared in accordance with Canadian accounting principles established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada (CPA).

Basis of Consolidation

The consolidated financial statements reflect the assets, liabilities, revenue and expenses of all municipal Organizations, committees and boards which are owned or controlled by the Municipality. All interfund assets, liabilities, revenues and expenditures have been eliminated on consolidation.

The following board and municipal enterprise owned or controlled by Council has been consolidated:

Rainy River Recreation Board Inc.

The Municipality has a government partnership in place. The partnership is accounted for on a proportionate consolidation basis whereby the Municipality's pro-rata share of each of the assets, liabilities, revenue and expenditures are combined on a line by line basis in the consolidated financial statements. The Municipality has a 33.33% ownership in the government partnership. The government partnership that has been consolidated is:

Rainy River Health Care Committee

The following boards are not consolidated:

Northwestern Health Unit
Rainy River District Social Services Administration Board

The Corporation of the Town of Rainy River Summary of Significant Accounting Policies

December 31, 2022

Basis of Accounting	Revenues and expenditures are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.																
Cash and Cash Equivalents	The policy of the Municipality is to disclose bank balances under cash and cash equivalents including bank overdrafts and lines of credit with balances that fluctuate frequently from being positive to being overdrawn and temporary investments with a maturity of three months or less from the date of acquisition.																
Investments	The Municipality accounts for its investments at cost. The carrying value of an investment is written down to its net recoverable amount if a decline in value is judged to be other than temporary.																
Tangible Capital Assets	<p>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:</p> <table><tr><td>Land improvements</td><td>40 to 60 years</td></tr><tr><td>Buildings</td><td>15 to 60 years</td></tr><tr><td>Machinery and equipment</td><td>10 to 20 years</td></tr><tr><td>Roads and bridges</td><td>10 to 80 years</td></tr><tr><td>Water infrastructure</td><td>30 to 80 years</td></tr><tr><td>Sewer infrastructure</td><td>30 to 80 years</td></tr><tr><td>Vehicles</td><td>15 to 20 years</td></tr><tr><td>Computer hardware and software</td><td>10 years</td></tr></table>	Land improvements	40 to 60 years	Buildings	15 to 60 years	Machinery and equipment	10 to 20 years	Roads and bridges	10 to 80 years	Water infrastructure	30 to 80 years	Sewer infrastructure	30 to 80 years	Vehicles	15 to 20 years	Computer hardware and software	10 years
Land improvements	40 to 60 years																
Buildings	15 to 60 years																
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Roads and bridges	10 to 80 years																
Water infrastructure	30 to 80 years																
Sewer infrastructure	30 to 80 years																
Vehicles	15 to 20 years																
Computer hardware and software	10 years																

The Corporation of the Town of Rainy River Summary of Significant Accounting Policies

December 31, 2022

Trust Funds	Trust funds held in trust by the Municipality, and their related operations, are not included in these consolidated financial statements. The financial activity and position of the trust funds are reported separately on the trust funds statement of continuity and balance sheet.
Revenue Recognition	<p>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 uncollected amounts.</p> <p>User fees and other revenues are recognized when the services are performed or goods are delivered and there is reasonable assurance of collection.</p>
Deferred Revenue	Funds received for specific purposes which are externally restricted by legislation, regulation or agreement and are not available for general municipal purposes are accounted for as deferred revenue on the consolidated statement of financial position. The revenue is recognized on the consolidated statement of operations in the year in which it is used for the specified purpose.
Government Transfers	Government transfers are recognized as revenue on the consolidated 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 on the statement of operations as the stipulation liabilities are settled.
School Boards	The Municipality collects taxation revenue on behalf of the school boards. The taxation, other revenues, expenditures, assets and liabilities with respect to the operations of the school boards are not reflected in these consolidated financial statements.
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.

The Corporation of the Town of Rainy River Summary of Significant Accounting Policies

December 31, 2022

Use of Estimates

The preparation of consolidated 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 consolidated 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 estimates used in preparation of these consolidated financial statements are the useful lives of the tangible capital assets, the capacity of the landfill site, the useful lives of the landfill site, the post-closure costs of the landfill and taxation revenue.

Pension Agreement

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 records pension expense with contributions that are due.

The Corporation of the Town of Rainy River Notes to Consolidated Financial Statements

December 31, 2022

1. Investments

	2022	2021
Investments restricted by Council resolution		
Restricted cash	\$ 25,969	\$ 17,968
Bond fund	3,272	3,204
	\$ 29,241	\$ 21,172

The income from investments for the year was \$102 (2021 - \$111). The Municipality's investments restricted by Council resolution have a market value of \$29,241 (2021 - \$21,172).

Certain surplus funds are set aside by by-laws or Council resolution for specific purposes and referred to as reserve funds. Investments restricted by Council resolution represent the assets that are maintained in respect of those reserve funds (Note 9).

2. Taxes Receivable

	2022	2021
Taxes receivable	\$ 151,999	\$ 164,655
Allowance for doubtful accounts	(3,712)	(14,906)
	\$ 148,287	\$ 149,749

3. Bank Indebtedness

Bank indebtedness consists of a credit facility with a Canadian Chartered Bank. The maximum authorized amount is \$300,000 and bears interest at the bank's prime rate plus 1.0%.

**The Corporation of the Town of Rainy River
Notes to Consolidated Financial Statements**

December 31, 2022

4. Deferred Revenue

	Opening balance	Contributions received	Externally restricted investment income	Revenue recognized	Ending balance
Federal gas tax	\$ -	\$ 51,188	\$ -	\$ (51,188)	\$ -
Restricted donation	208,441	-	-	(145,870)	62,571
Other	121,602	68,339	-	(48,848)	141,093
	<u>\$ 330,043</u>	<u>\$ 119,527</u>	<u>\$ -</u>	<u>\$ (245,906)</u>	<u>\$ 203,664</u>

Federal Gas Tax

The Federal Government advances the Municipality funding related to gasoline tax. This funding must be spent on approved infrastructure projects. The funding can be deferred for a maximum of 5 years.

The Corporation of the Town of Rainy River Notes to Consolidated Financial Statements

December 31, 2022

5. Net Long-term Debt

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

	2022	2021
Ontario Infrastructure and Lands Corporation loan, debenture loan, 2.62%, blended semi-annual payments of \$18,863. Matures March 1, 2027.	\$ 159,161	\$ 192,069
Canada Emergency Business Account loan - \$60,000 loan with up to a 33% forgivable portion dependent on the full repayment of 67% by December 31, 2023. 0% interest up to December 31, 2023, with conversion to a 2-year 5% fixed interest term loan on January 1, 2024, requiring full repayment by December 31, 2025.	40,000	40,000
Ontario Infrastructure and Lands Corporation loan, debenture loan, 4.75%, interest payable monthly, with no set term for principal repayment. Matures July 15, 2042.	546,329	-
	\$ 745,490	\$ 232,069

Principal and interest repayments relating to net long-term debt of \$745,490 outstanding are due as follows:

	Principal Repayments	Interest	Total
2023	\$ 73,776	\$ 29,901	\$ 103,677
2024	34,667	29,011	63,678
2025	35,581	28,096	63,677
2026	36,519	27,158	63,677
2027	18,618	26,195	44,813
Thereafter	546,329	402,921	949,250
	\$ 745,490	\$ 543,282	\$ 1,288,772

The Corporation of the Town of Rainy River

Notes to Consolidated Financial Statements

December 31, 2022

6. 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 landfill, removal of ground water and leachates, and ongoing environmental monitoring, site inspection and maintenance. The present value of the Municipality's estimated future liability for this expense is recognized as the landfill site's capacity is used. The liability and annual expense is calculated based on the ratio of utilization to total capacity of the landfill site and the discounted estimated cash flows associated with closure and post-closure activities.

The liability for the landfill site is recorded at \$46,572 (2021 - \$43,301) and represents the present value of closure and post-closure costs for 100% of the current site's opened cells, using the average long-term borrowing rate of 3.84%. The liability is recorded based on the capacity of the landfill used to date. The estimated remaining capacity of the site's opened cells are approximately 219,592 cubic meters, which are estimated to be filled in 165 years. Post-closure care is estimated to continue for a period of 25 years. The estimated present value of total expenditures for closure and post-closure care are \$401,753 (2021 - \$387,420), and the amount remaining to be recognized is \$355,181 (2021 - \$344,119).

The liability is expected to be funded through budget allocations to a landfill reserve over the remaining life of the landfill.

7. Future Employee Benefits

	<u>2022</u>	<u>2021</u>
Pre-May 2006 accumulated sick leave	\$ 17,415	\$ 16,673
Post-May 2006 accumulated sick leave	6,689	5,442
Accumulated vacation payable	<u>39,997</u>	<u>34,383</u>
	<u>\$ 64,101</u>	<u>\$ 56,498</u>

A pre-May 2006 accumulated sick leave liability balance exists for employees who have been employed by the Municipality prior to May 2006 and had accumulated unused sick leave credits at that time. Any accumulated unused sick leave credits at May 2006 were frozen and are available to be used by eligible employees during their remaining years of employment with the Municipality or paid out at 50% of the accumulated balance upon termination or retirement. The value of the credits available to eligible employees is based on their current employment wage rates.

Subsequent to May 2006, employees are provided sick leave credits on an annual basis and any unused accumulated sick leave credits at year end are paid out in the following year at a rate of 50% of the accumulated unused credit balance.

Vacation entitlements are earned by employees in the current year and available for use in the following year.

**The Corporation of the Town of Rainy River
Notes to Consolidated Financial Statements**

December 31, 2022

8. Tangible Capital Assets

2022

	Land and land improvements	Buildings	Machinery and equipment	Roads and bridges infrastructure	Water infrastructure	Sewer infrastructure	Vehicles	Computer hardware and software	Total
Cost, beginning of year	\$ 1,053,277	\$ 2,297,671	\$ 1,331,058	\$ 11,136,786	\$ 7,892,970	\$ 11,300,491	\$ 269,327	\$ 77,124	\$ 35,358,704
Additions	183,167	-	162,771	2,255,229	1,185,498	819,929	-	-	4,606,594
Disposals	-	-	(56,287)	-	-	-	-	-	(56,287)
Cost, end of year	1,236,444	2,297,671	1,437,542	13,392,015	9,078,468	12,120,420	269,327	77,124	39,909,011
Accumulated amortization, beginning of year	242,853	1,364,701	889,847	4,065,122	2,229,997	4,205,073	161,079	67,064	13,225,736
Amortization	28,673	169,025	65,351	488,530	165,146	220,018	11,867	3,184	1,151,794
Disposals	-	-	(25,329)	-	-	-	-	-	(25,329)
Accumulated amortization, end of year	271,526	1,533,726	929,869	4,553,652	2,395,143	4,425,091	172,946	70,248	14,352,201
Net carrying amount, end of year	\$ 964,918	\$ 763,945	\$ 507,673	\$ 8,838,363	\$ 6,683,325	\$ 7,695,329	\$ 96,381	\$ 6,876	\$ 25,556,810

**The Corporation of the Town of Rainy River
Notes to Consolidated Financial Statements**

December 31, 2022

8. Tangible Capital Assets (continued)

											2021
	Land and land improvements	Buildings	Machinery and equipment	Roads and bridges	Water infrastructure	Sewer infrastructure	Vehicles	Computer hardware and software	Total		
Cost, beginning of year	\$ 1,003,079	\$ 2,297,671	\$ 1,299,937	\$ 11,136,786	\$ 7,892,970	\$ 11,280,610	\$ 269,327	\$ 77,124	\$ 35,257,504		
Additions	50,198	-	31,121	-	-	19,881	-	-	101,200		
Disposals	-	-	-	-	-	-	-	-	-		
Cost, end of year	1,053,277	2,297,671	1,331,058	11,136,786	7,892,970	11,300,491	269,327	77,124	35,358,704		
Accumulated amortization, beginning of year	217,774	1,316,240	829,679	3,677,886	2,085,189	4,000,075	149,212	63,880	12,339,935		
Amortization	25,079	48,461	60,168	387,236	144,808	204,998	11,867	3,184	885,801		
Disposals	-	-	-	-	-	-	-	-	-		
Accumulated amortization, end of year	242,853	1,364,701	889,847	4,065,122	2,229,997	4,205,073	161,079	67,064	13,225,736		
Net carrying amount, end of year	\$ 810,424	\$ 932,970	\$ 441,211	\$ 7,071,664	\$ 5,662,973	\$ 7,095,418	\$ 108,248	\$ 10,060	\$ 22,132,968		

The net book value of tangible capital assets not being amortized because they are under construction is \$20,389 (2021 - \$1,903,947). These items are recognized separately as tangible capital assets under construction on the consolidated statement of financial position.

The Corporation of the Town of Rainy River Notes to Consolidated Financial Statements

December 31, 2022

9. Accumulated Surplus

The Municipality segregates its accumulated surplus in the following categories:

	2022	2021
Investment in tangible capital assets		
Tangible capital assets	\$ 25,577,199	\$ 24,036,915
Long-term debt	(745,490)	(232,069)
	24,831,709	23,804,846
General operating	617,499	330,461
Water	(547,158)	5,694
Sewer	(454,804)	(118,420)
Recreation board	37,597	34,583
Cemetery	(29,659)	(30,308)
Library	31,277	33,179
Health Care Committee	(10,777)	(12,046)
Heritage Square Committee	4,984	3,903
	(351,041)	247,046
Other allocated deficits		
Landfill closure	(46,572)	(43,301)
Employee future benefits	(64,101)	(56,498)
	(110,673)	(99,799)
Reserve funds		
Hydro sale	334,363	334,363
Water	3,402	3,402
Locum house	3,272	3,204
Library	25,969	17,968
Sick leave	21,817	21,817
Fire department	18,946	18,946
Health centre	7,945	7,945
	415,714	407,645
Working capital reserve	87,808	87,808
	\$ 24,873,517	\$ 24,447,546

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. At December 31, 2022, the Municipality had \$29,241 (2021 - \$21,172) in investments restricted by Council resolution with respect to those reserve funds. As a result, there were \$386,473 (2021 - \$386,473) in unfunded reserve funds.

The Corporation of the Town of Rainy River Notes to Consolidated Financial Statements

December 31, 2022

10. Government Transfers - Federal

	2022	2021
Operating		
FedNor Economic Development	\$ 63,377	\$ 77,994
Other	69,450	16,590
CEWS and CEBA	-	37,379
Total operating transfers	132,827	131,963
Tangible capital assets		
Association of Municipalities of Ontario		
Federal Gas Tax Fund	51,188	100,397
Investing in Canada Infrastructure Program - Canada	381,577	753,423
Total tangible capital asset transfers	432,765	853,820
Total federal transfers	\$ 565,592	\$ 985,783

11. Government Transfers - Provincial

	2022	2021
Operating		
Ontario Municipal Partnership Fund	\$ 631,000	\$ 631,000
Ontario Cannabis Legalization Implementation Fund	-	5,000
Ontario COVID-19 Safe Restart	-	24,962
Other	47,378	114,211
Total operating transfers	678,378	775,173
Tangible capital assets		
Ontario Community Infrastructure Fund	267,415	145,918
Investing in Canada Infrastructure Program - Ontario	317,949	627,790
Minister of Northern Development, Mines, Natural Resources and Forestry (NORDS)	132,965	-
Total tangible capital asset transfers	718,329	773,708
Total provincial transfers	\$ 1,396,707	\$ 1,548,881

The Corporation of the Town of Rainy River Notes to Consolidated Financial Statements

December 31, 2022

12. Other Income

	2022	2021
Penalties and interest on taxes	\$ 26,717	\$ 19,262
Licences and permits	11,450	6,519
Rents, concessions and franchises	65,590	47,050
Donations	171,455	71,185
Loss on disposal of tangible capital assets	(2,958)	-
Provincial offences	322	1,506
Other fines	11,233	10,189
Miscellaneous	37,958	64,073
	\$ 321,767	\$ 219,784

13. Expenses by Object

	2022	2021
Salaries, wages and employee benefits	\$ 983,665	\$ 933,037
Interest on long-term debt	13,162	5,664
Materials	585,208	592,031
Contracted services	359,150	343,443
Rent and financial expenses	256,909	232,716
Contributions to other Organizations	137,814	139,259
Amortization	1,151,794	885,801
	\$ 3,487,702	\$ 3,131,951

14. Operations of School Boards

	2022	2021
During the year, the following taxation revenue was raised and remitted to the school boards	\$ 60,552	\$ 62,727

15. Contingent Liabilities

The Municipality has identified soil contamination on municipal property and retained a third party engineer to assess and remediate any soil impacted. While the engineer was able to excavate soil that was deemed contaminated, they were unable to completely assess the extent of the contamination due to infrastructure and natural features preventing an increase in the area or depth of the excavation and assessment. As a result of these limitations, the extent of the remaining contamination, if any, is undeterminable at this time and no liability for the future costs of remediation have been recognized. Should any loss result from future remediation, such loss will be charged to operations in the year of remediation. The property is still in productive use as at December 31, 2022.

The Corporation of the Town of Rainy River Notes to Consolidated Financial Statements

December 31, 2022

16. Contributions to Unconsolidated Boards

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

	<u>2022</u>	<u>2021</u>
Northwestern Health Unit	\$ 39,473	\$ 37,157
Rainy River District Social Services Administration Board		
Ambulance service	47,588	48,201
General assistance	3,514	3,397
Child care	4,314	4,274
Social housing	36,750	31,885
	<u>\$ 131,639</u>	<u>\$ 124,914</u>

17. Pension Agreements

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

The contribution payable in exchange for services rendered during a period is recognized as an expense during that period. The Municipality's employer portion of amounts paid to OMERS during the year ended December 31, 2022, was \$50,967 (2021 - \$51,547).

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

The Corporation of the Town of Rainy River Notes to Consolidated Financial Statements

December 31, 2022

18. Budget

The Financial Plan (Budget) By-Law adopted by Council on June 23, 2022, was not prepared on a basis consistent with that used to report actual results (Canadian public sector accounting standards). The budget was prepared on a modified accrual basis while Canadian public sector accounting standards now require a full accrual basis. The budget figures are anticipated to use surpluses accumulated in previous years to reduce current year expenses in excess of current year revenues to \$NIL. In addition, the budget did not include amortization expense. As a result, the budget figures presented in the consolidated statements of operations and change in net financial assets represent the Financial Plan adopted by Council on June 23, 2022, with adjustments as follows:

	<u>2022</u>
Financial Plan (Budget) By-Law surplus (deficit) for the year	\$ (290,723)
Add:	
Capital expenditures	847,452
Budgeted transfers to reserve funds	-
Less:	
Amortization	<u>(900,000)</u>
Budget deficit per consolidated statement of operations	<u>\$ (343,271)</u>

19. Trust Funds

The trust funds administered by the Municipality amounting to \$117,462 (2021 - \$120,369) have not been included on the consolidated statement of financial position nor have their operations been included on the consolidated statement of operations.

The Corporation of the Town of Rainy River Notes to Consolidated Financial Statements

December 31, 2022

20. Commitments

Locum Housing

The Municipality has entered into an agreement with two other municipalities to construct and maintain housing for locum doctors in the Town of Rainy River. In the event that insufficient grants, contributions, donations or fundraising proceeds are available to cover the costs of the construction and furnishings of the housing, the parties to the agreement have agreed to provide the necessary funds to complete the project by way of repayable loans, bearing interest at prime up to the maximum set by the committee.

Ornge Helipad

The Municipality has entered into an agreement with Ornge for the access and maintenance of the Helipad located in the Town of Rainy River. The Municipality has committed to provide ongoing maintenance and repair to the Helipad until the end of the agreement on March 31, 2023. Ornge has agreed to provide a fee of up to \$3,500 per fiscal year (April 1st to March 31st) to the Municipality in order to assist with the related costs.

The Corporation of the Town of Rainy River Notes to Consolidated Financial Statements

December 31, 2022

21. Government Partnership

On July 11, 2011, the Municipality entered into an agreement with three other communities to jointly construct and maintain housing for locum physicians and medical students. All revenues and costs related to the development and operations will be shared based on each community's financial contribution to the project. Upon entering into the agreement, each community made a \$25,000 refundable contribution leaving each community with a 25% proportional interest.

In September 2015, one of the member communities withdrew from the partnership and was refunded their original \$25,000 member contribution. For each of the remaining three member communities, the exit of this partner resulted in an increase in their proportionate interest of the partnership to 33.33%.

	2022		2021	
	Total	Municipality Portion	Total	Municipality Portion
Financial assets	\$ 52,845	\$ 17,615	\$ 48,476	\$ 16,159
Financial liabilities	75,360	25,120	75,000	25,000
Net financial debt	(22,515)	(7,505)	(26,524)	(8,841)
Non-financial assets	393,416	131,139	399,384	133,128
Accumulated surplus	<u>\$ 370,901</u>	<u>\$ 123,634</u>	<u>\$ 372,860</u>	<u>\$ 124,287</u>

	2022		2021	
	Total	Municipality Portion	Total	Municipality Portion
Revenue	\$ 16,429	\$ 5,476	\$ 16,380	\$ 5,460
Expenses	18,388	6,129	17,378	5,793
Annual deficit	(1,959)	(653)	(998)	(333)
Accumulated surplus, beginning of year	372,860	124,287	373,858	124,620
Accumulated surplus, end of year	<u>\$ 370,901</u>	<u>\$ 123,634</u>	<u>\$ 372,860</u>	<u>\$ 124,287</u>

The Corporation of the Town of Rainy River

Notes to Consolidated Financial Statements

December 31, 2022

22. Segmented Information

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

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

General Government

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

Protection Services

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

Transportation Services

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

Environmental Services

Environmental services consist of the management and maintenance of the sanitary sewer system, waterworks system and waste disposal facility located within the municipal borders.

Health Services

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.

Social and Family Services

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

Social Housing

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

Recreation and Cultural Services

This service area consists of the operation and maintenance of local parks, recreation facilities, cultural facilities and the Town library.

Planning and Development

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

The Corporation of the Town of Rainy River

Notes to Consolidated Financial Statements

December 31, 2022

22. Segmented Information (continued)

For the year ended December 31	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Family Services	Social and Community Services	Social Housing	Recreation and Cultural Services	Planning and Development	2022 Total
Revenue											
Taxation	\$ 218,734	\$ 133,066	\$ -	\$ 204,583	\$ 103,607	\$ 2,813	\$ 74,547	\$ 106,876	\$ 7,283	\$ 851,509	
Fees and user charges	6,019	-	10,090	630,667	10,530	-	-	101,432	-	758,738	
Conditional grants	-	-	1,151,093	-	-	9,775	-	99,434	63,377	1,323,679	
Unconditional grants	164,047	99,798	-	153,435	77,704	2,110	55,909	80,155	5,462	638,620	
Municipal grants	-	-	-	-	-	-	-	19,258	-	19,258	
Other	82,681	50,299	-	77,333	39,162	1,063	28,179	40,400	2,752	321,869	
	471,481	283,163	1,161,183	1,066,018	231,003	15,761	158,635	447,555	78,874	3,913,673	
Expenses											
Wages and benefits	340,089	-	153,057	185,397	8,497	-	-	216,885	79,740	983,665	
Interest on long- term debt	8,344	-	-	4,818	-	-	-	-	-	13,162	
Materials	66,220	20,609	169,265	125,897	35,687	7,188	-	153,063	7,279	585,208	
Contracted services	14,175	249,115	24,255	66,182	159	-	-	-	5,264	359,150	
Rent and financial	190,201	-	-	31,006	10,849	6,281	-	18,572	-	256,909	
External transfers	175	-	-	-	93,061	7,828	36,750	-	-	137,814	
Amortization	8,122	6,716	535,851	424,733	7,523	-	-	167,926	923	1,151,794	
	627,326	276,440	882,428	838,033	155,776	21,297	36,750	556,446	93,206	3,487,702	
Net surplus (deficit)	\$ (155,845)	\$ 6,723	\$ 278,755	\$ 227,985	\$ 75,227	\$ (5,536)	\$ 121,885	\$ (108,891)	\$ (14,332)	\$ 425,971	

The Corporation of the Town of Rainy River

Notes to Consolidated Financial Statements

December 31, 2022

22. Segmented Information (continued)

For the year ended December 31	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Family Services	Social and Services	Social Housing	Recreation and Cultural Services	Planning and Development	2021 Total
Revenue	\$ 213,012	\$ 198,299	\$ -	\$ 96,502	\$ 154,796	\$ -	\$ -	\$ -	\$ 128,834	\$ 17,643	\$ 809,086
Taxation											
Fees and user charges	5,695	-	3,300	607,692	7,912	-	-	-	97,963	-	722,562
Conditional grants	-	-	1,627,528	-	-	-	31,078	-	112,102	92,994	1,863,702
Unconditional grants	224,898	164,446	-	80,028	128,370	-	-	-	67,935	5,285	670,962
Municipal grants	9,444	-	-	-	-	-	-	-	18,877	-	28,321
Other	38,451	54,166	-	26,360	42,283	-	-	35,628	22,377	1,741	221,006
	491,500	416,911	1,630,828	810,582	333,361	31,078	31,078	35,628	448,088	117,663	4,315,639
Expenses											
Wages and benefits	300,003	-	113,165	219,748	6,328	-	-	-	207,396	86,397	933,037
Interest on long-term debt	-	-	-	5,664	-	-	-	-	-	-	5,664
Materials	58,598	43,439	93,848	165,383	23,776	5,950	-	-	176,393	24,694	592,031
Contracted services	14,356	246,667	10,621	66,150	-	-	-	-	-	5,649	343,443
Rent and financial	164,921	-	-	33,535	10,548	4,180	-	-	19,532	-	232,716
External transfers	8,345	-	-	-	91,358	7,671	-	31,885	-	-	139,259
Amortization	8,122	4,500	430,591	389,375	7,523	-	-	-	44,767	923	885,801
	554,345	294,606	648,225	879,855	139,483	17,801	17,801	31,885	448,088	117,663	3,131,951
Net surplus (deficit)	\$ (62,845)	\$ 122,305	\$ 982,603	\$ (69,273)	\$ 193,878	\$ 13,277	\$ 13,277	\$ 3,743	\$ -	\$ -	\$ 1,183,688

For each reported segment, revenues and expenditures represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information. Taxation, payments-in-lieu of taxes, certain government grants and other revenue have been apportioned based on a percentage of budgeted expenditures.

Independent Auditor's Report

To the Members of Council of the Corporation of the Town of Rainy River

Opinion

We have audited the accompanying financial statements of the Corporation of the Town of Rainy River Trust Fund (the Entity), which comprise the balance sheet as at December 31, 2022, and the statement of continuity for the year then ended, and notes to financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly in all material respects, the financial position of the Entity as at December 31, 2022, and the continuity thereof, in accordance with the basis of accounting as described in Note 1.

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 Financial Statements* section of our report. We are independent of the Entity 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.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 1 to the financial statements which describes the basis of accounting. The financial statements are prepared to assist the Corporation of the Town of Rainy River to comply with the reporting requirements of the Bereavement Authority of Ontario. As a result, the financial statements may not be suitable for another purpose.

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 the basis of accounting as described in Note 1, 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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



Auditor's 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 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 Entity'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 Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Fort Frances, Ontario
May 24, 2023

**The Corporation of the Town of Rainy River
Trust Fund - Cemetery Perpetual Care
Balance Sheet**

	Cemetery Perpetual Care and Maintenance	
December 31, 2022	2022 Total	2021 Total
Assets		
Cash	\$ 1,963	\$ 4,704
Investments at market value	123,263	128,429
	\$ 125,226	\$ 133,133
Liabilities		
Accounts payable	\$ 7,764	\$ 12,764
Balance capital	117,462	120,369
	\$ 125,226	\$ 133,133

Statement of Continuity

	Cemetery Perpetual Care and Maintenance	
December 31, 2022	2022 Total	2021 Total
Balance, beginning of year	\$ 120,369	\$ 121,612
Capital receipts		
Care receipts and contributions	2,259	633
Interest earned (investment loss)	(5,166)	(1,876)
	(2,907)	(1,243)
Expenditures		
Interest paid to cemetery	-	-
Balance, end of year	\$ 117,462	\$ 120,369

**The Corporation of the Town of Rainy River
Trust Fund
Notes to Financial Statements**

December 31, 2022

1. Summary of Significant Accounting Policies

Management's Responsibility The financial statements of the Corporation of the Town of Rainy River Trust Fund are the representation of management and have been prepared in accordance with accrual based accounting principals. Precise determination of some assets and liabilities may be dependent upon future events and estimates and approximations. These estimates and approximations have been based upon the available information, using careful judgment and review.

Accrual Basis of Accounting Sources of financing and expenditures are reported on the accrual basis of accounting.

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

Basis of Consolidation These trust fund has not been consolidated with the financial statements of the Municipality.

2. Cemetery Perpetual Care Trust Fund

The Cemetery Perpetual Care Trust Fund was established in accordance with the Cemeteries Act for the care and maintenance of certain cemetery grounds.

3. Statement of Changes in Cash Flows

A statement of changes in cash flows has not been provided since the sources and uses of cash are readily apparent from the information included in the financial statements.