

**Village of Hilton Beach**  
**Consolidated Financial Statements**  
For the year ended December 31, 2022

Draft - Subject to Change

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**Village of Hilton Beach  
Management's Responsibility for Financial Reporting**

**December 31, 2022**

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The accompanying consolidated financial statements of the Village of Hilton Beach are the responsibility of management and have been approved by the Mayor and Clerk-Treasurer on behalf of Council.

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Consolidated 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 most appropriate in the circumstances, in order to ensure that the consolidated financial statements are presented fairly, in all material respects.

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

The municipal 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 consolidated financial statements have been audited by BDO Canada LLP in accordance with Canadian generally accepted auditing standards on behalf of the ratepayers and inhabitants of the municipality. The accompanying Independent Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the municipality's consolidated financial statements.

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\_\_\_\_\_ Mayor

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\_\_\_\_\_ Clerk-Treasurer

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## Independent Auditor's Report (continued)

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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 Village'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 Village'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 Village to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Village to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Chartered Professional Accountants, Licensed Public Accountants  
Sault Ste. Marie, Ontario  
September 27, 2023

**Village of Hilton Beach**  
**Consolidated Statement of Operations**

<b>For the year ended December 31</b>	<b>Budget</b>	<b>2022</b>	<b>2021</b>
<b>Revenue</b>			
Taxation (Note 2)	\$ 356,720	\$ 350,198	\$ 351,943
Government grants - Provincial	331,618	333,444	272,970
Government grants - Federal	10,847	20,611	8,980
Other municipalities	31,000	51,104	47,279
User fees and service charges	466,126	410,460	400,803
Licences, permits and rents	19,550	48,527	50,594
Penalties and interest on taxes	4,000	-	5,068
Investment income	-	815	1,013
Other	18,214	35,981	28,510
	<u>1,238,075</u>	<u>1,251,140</u>	<u>1,167,160</u>
<b>Expenses</b>			
General government	374,222	306,352	264,541
Protection services	74,900	73,592	76,947
Transportation services	97,395	108,349	82,052
Environmental services	400,723	366,850	359,997
Health services	42,180	42,801	41,316
Social and family services	39,268	39,268	40,435
Recreation and cultural services	166,863	184,597	162,702
Planning and development	305,513	269,313	270,037
	<u>1,501,064</u>	<u>1,391,122</u>	<u>1,298,027</u>
<b>Annual deficit</b>	(262,989)	(139,982)	(130,867)
<b>Accumulated surplus, beginning of year</b>	<u>7,666,765</u>	<u>7,666,765</u>	<u>7,797,632</u>
<b>Accumulated surplus, end of year</b>	<u>\$ 7,403,776</u>	<u>\$ 7,526,783</u>	<u>\$ 7,666,765</u>

The accompanying notes are an integral part of these financial statements.

**Village of Hilton Beach**  
**Consolidated Statement of Cash Flows**

<b>For the year ended December 31</b>	<b>2022</b>	<b>2021</b>
<b>Operating transactions</b>		
Annual deficit	\$ (139,982)	\$ (130,867)
Items not involving cash		
Amortization	236,301	230,355
Unfunded landfill site costs	81	77
	<u>96,400</u>	<u>99,565</u>
Changes in non-cash operating balances		
Short term investment	(75)	(58)
Taxes receivable	(19,824)	9,952
Accounts receivable	(98,254)	7,865
Prepaid expenses	(21,807)	2,796
Accounts payable and accrued liabilities	17,388	441
Obligatory reserve and deferred revenue	155,663	6,770
	<u>129,491</u>	<u>127,331</u>
<b>Capital transactions</b>		
Acquisition of tangible capital assets	(186,814)	(30,760)
<b>Financing activities</b>		
Payment of long term liabilities	-	(60,500)
<b>Net change in cash</b>	<b>(57,323)</b>	<b>36,071</b>
<b>Cash, beginning of year</b>	<b>567,369</b>	<b>531,298</b>
<b>Cash, end of year</b>	<b>\$ 510,046</b>	<b>\$ 567,369</b>

The accompanying notes are an integral part of these financial statements.

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## Village of Hilton Beach Notes to Consolidated Financial Statements

December 31, 2022

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**1. Summary of significant accounting policies** (continued)

**Collection of Taxes on Behalf of Other Taxation Authorities** The village collects taxation revenue on behalf of other entities. Such levies, other revenues, expenses, assets and liabilities with respect to the operations of these other entities are not reflected in these consolidated financial statements.

**Retirement Benefits** The municipality provides pension benefits to specified employees through the Ontario Municipal Employees Retirement Fund (OMERS), a multi-employer plan. The municipality's contributions due during the period are expensed as incurred.

**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 in the consolidated statement of operations in the year in which it is used for the specified purpose.

**Government Transfers** Government transfers, which include legislative grants, are recognized in the financial statements in the period in which events giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amount can be made.

**Revenue Recognition** 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. Taxes receivable are recognized net of an allowance for anticipated uncollectable amounts.

Conditional grant revenue is recognized to the extent the conditions imposed on it have been fulfilled. Unconditional grant revenue is recognized when monies are receivable.

Grants for the acquisition of tangible capital assets are recognized in the period in which eligible expenditures are made.

Sales of service and other revenue is recognized on an accrual basis.

**Use of Estimates** The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities 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.

**Village of Hilton Beach**  
**Notes to Consolidated Financial Statements**

**December 31, 2022**

**6. Deferred revenue**

	2022	2021
Ontario Community Infrastructure Fund (OCIF)	\$ 79,195	\$ 34,556
Ministry of Northern Development, Mines, Natural Resources and Forestry (NORDS)	111,024	-
Federal Gas Tax	33,798	33,798
	<b>\$ 224,017</b>	<b>\$ 68,354</b>

**7. Accumulated surplus**

Allocation of annual surplus

	2022	2021
Loss in tangible capital assets	\$ (49,489)	\$ (139,094)
Reserve and reserve funds	(20,522)	(38,050)
General surplus (deficit)	(23,738)	20,417
Library surplus (deficit)	652	(2,613)
Fire department surplus	9,327	3,546
Unfunded capital expenditure	(55,312)	24,927
Total surplus (deficit)	<b>\$ (139,082)</b>	<b>\$ (130,867)</b>

	2022	2021
<i>Reserves set aside for specific purposes by Council</i>		
Cash flow reserves	\$ 57,337	\$ 57,337
Reserves for operating purposes	8,855	8,855
Reserves for capital purposes	264,042	284,564
Total reserves	330,234	350,756
Equity in tangible capital assets	7,053,472	7,102,961
Operating surplus	230,255	244,833
<i>Amounts to be recovered from future revenues:</i>		
Unfunded landfill liabilities	(1,106)	(1,025)
Unfunded capital expenditures	(86,072)	(30,760)
	<b>\$ 7,526,783</b>	<b>\$ 7,666,765</b>

**8. Public Sector Salary Disclosure Act**

For 2022, no employees were paid salaries, as defined in the Public Sector Salary Disclosure Act, 1996, of \$100,000 or more.

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**Village of Hilton Beach**  
**Notes to Consolidated Financial Statements**

**December 31, 2022**

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**10. Segmented information** (continued)

**Transportation**

The transportation department is responsible for the delivery of municipal public works services related to the planning, development and maintenance of roadway systems and winter control.

**Environmental**

The environmental department consist of two distinct utilities - water and solid waste disposal. The department provides drinking water to ratepayers and purchases services for garbage disposal, hazardous waste, and recycling.

**Health**

Through the Algoma Public Health Unit, the municipality contributes to public health services and education and through the Algoma District Services Administration Board, to ambulance services.

**Social and family**

Through the Algoma District Services Administration Board, the municipality contributes to social assistance payments, child care services and social housing.

**Recreation and cultural**

The recreation and cultural department provides public services that contribute to neighbourhood development and sustainability through the provision of recreation and leisure services such as parks, fitness, marina, and sports programs. It provides public services that contribute to healthy communities through partnerships, promotion, prevention, protection and enforcement. The department also contributes towards the information and cultural needs of the municipality's citizens through the contribution to the local library and museum.

**Planning**

The planning department provides a diverse bundle of services. It manages development for business interests, environmental concerns, heritage matters and neighbourhoods through planning and community development activities. It facilitates economic development by providing services for the approval of all land development plans.

For each reported segment, revenues and expenses include 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.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in the summary of significant accounting policies. For additional information see Schedule 2 - Consolidated Schedule of Segment Disclosure.



**Village of Hilton Beach**  
**Schedule 1 - Consolidated Tangible Capital Assets (continued)**

**For the year ended December 31, 2021 (comparative figures)**

	Land	Land Improvements	Buildings	Equipment, Machinery, and Furnishings	Vehicles	Roads, Water, and Sewer Infrastructure	Marina Infrastructure	Library Collection	Total
Cost, beginning of year	\$ 331,196	\$ 369,313	\$ 2,763,112	\$ 2,575,602	\$ 50,677	\$ 3,013,421	\$ 3,392,094	\$ 109,570	\$ 12,604,985
Additions	-	-	-	27,383	-	-	-	3,377	30,760
Cost, end of year	331,196	369,313	2,763,112	2,602,985	50,677	3,013,421	3,392,094	112,947	12,635,745
Accumulated amortization, beginning of year	-	230,455	1,041,204	1,283,028	48,823	1,024,069	1,580,450	94,399	5,302,428
Amortization	-	5,456	46,404	70,946	1,854	44,847	57,352	3,496	230,355
Accumulated amortization, end of year	-	235,911	1,087,608	1,353,974	50,677	1,068,916	1,637,802	97,895	5,532,783
Net carrying amount, end of year	\$ 331,196	\$ 133,402	\$ 1,675,504	\$ 1,249,011	\$ -	\$ 1,944,505	\$ 1,754,292	\$ 15,052	\$ 7,102,962

The accompanying notes are an integral part of these financial statements.

**Village of Hilton Beach**  
**Schedule 2 - Consolidated Segment Disclosure (continued)**

**For the year ended December 31, 2021 (comparative figures)**

	General Government	Protection	Trans- portation	Environ- mental	Health	Social and Family	Recreation and Cultural	Planning	Consolidated Total
<b>Revenue</b>									
Taxation	\$ 131,666	\$ 40,599	\$ 71,695	\$ 6,412	\$ 24,457	\$ 22,792	\$ 50,732	\$ 3,590	\$ 351,943
Government grants - Provincial	95,865	21,451	35,568	66,185	12,133	11,307	28,680	1,781	272,970
Government grants - Federal	-	-	-	-	-	-	-	8,980	8,980
Other municipalities	-	615	-	33,441	-	-	13,223	-	47,279
User fees and service charges	-	-	-	128,838	-	-	7,186	264,779	400,803
Licences, permits and rents	4,820	-	-	45,379	-	-	395	-	50,594
Penalties and interest on taxes	5,068	-	-	-	-	-	-	-	5,068
Investment income	-	1,013	-	-	-	-	-	-	1,013
Other	20,175	7,295	-	1,039	-	-	-	-	28,509
	<b>257,594</b>	<b>70,973</b>	<b>107,263</b>	<b>281,294</b>	<b>36,590</b>	<b>34,099</b>	<b>100,216</b>	<b>279,130</b>	<b>1,167,159</b>
<b>Expenses</b>									
Salaries and benefits	140,016	6,135	9,550	22,646	-	-	40,471	48,927	267,745
Materials and supplies	69,096	(8,167)	64,407	225,133	-	-	64,575	131,083	546,127
Contracted services	33,577	74,765	-	21,835	-	-	18,651	10,200	159,028
Rents and financial	5,597	-	-	-	-	-	-	7,424	13,021
External transfers and other	-	-	-	-	41,316	40,435	-	-	81,751
Amortization	16,254	4,214	8,095	90,383	-	-	39,005	72,403	230,354
	<b>264,540</b>	<b>76,947</b>	<b>82,052</b>	<b>359,997</b>	<b>41,316</b>	<b>40,435</b>	<b>162,702</b>	<b>270,037</b>	<b>1,298,026</b>
<b>Net surplus (deficit)</b>	<b>\$ (6,946)</b>	<b>\$ (5,974)</b>	<b>\$ 25,211</b>	<b>\$ (78,703)</b>	<b>\$ (4,726)</b>	<b>\$ (6,336)</b>	<b>\$ (62,486)</b>	<b>\$ 9,093</b>	<b>\$ (130,867)</b>

The accompanying notes are an integral part of these financial statements.