

Financial Statements of

**CORPORATION OF THE
TOWNSHIP OF MONTAGUE**

Year ended December 31, 2022

CORPORATION OF THE TOWNSHIP OF MONTAGUE

Table of Contents

Year ended December 31, 2022

Page

Management's Responsibility for the Financial Statements

Independent Auditor's Report

Financial Statements:

Statement of Financial Position	1
Statement of Operations and Accumulated Municipal Equity.....	2
Statement of Change in Net Financial Assets	3
Statement of Cash Flows	4
Notes to Financial Statements	5
Schedule 1: Continuity of Reserves.....	17

Management's Responsibility for the Financial Statements

The accompanying financial statements of the Corporation of the Township of Montague (the "Township") are the responsibility of the Township's management and have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards. A summary of the significant accounting policies is contained in note 1 to the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Township's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements. These systems are monitored and evaluated by management.

Management meets with management and the external auditors to review the financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the financial statements.

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

Allison Vereyken, Clerk Administrator



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INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers of the Corporation of the Township of Montague

Opinion

We have audited the financial statements of the Corporation of the Township of Montague (the "Entity"), which comprise:

- the statement of financial position as at December 31, 2022
- the statement of operations and accumulated municipal equity for the year then ended
- the statement of changes in net financial assets for the year then ended
- the statement of cash flows for the year then ended, and
- notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

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 its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's 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.



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

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

In preparing the financial statements, management is responsible for assessing the 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 the 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.



Page 3

- 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.
- 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.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font. Below the signature is a single horizontal line that starts under the 'K' and ends under the 'P'.

Chartered Professional Accountants, Licensed Public Accountants

Perth, Canada

May 2, 2023

CORPORATION OF THE TOWNSHIP OF MONTAGUE

Statement of Financial Position

December 31, 2022, with comparative information for 2021

	2022	2021
Financial assets:		
Cash	\$ 7,483,427	\$ 6,431,795
Taxes receivable	422,230	417,915
Accounts receivable	420,342	218,847
Inventory held for resale	24,000	24,000
	<u>8,349,999</u>	<u>7,092,557</u>
Financial liabilities:		
Accounts payable and accrued liabilities	1,532,481	310,348
Other current liabilities	89,149	95,603
Prepaid taxes	113,244	125,896
Deferred revenue - obligatory reserve funds (note 4)	556,590	972,855
	<u>2,291,464</u>	<u>1,504,702</u>
Net financial assets	6,058,535	5,587,855
Non-financial assets:		
Tangible capital assets (note 10)	7,205,584	6,207,420
Inventory	57,694	63,209
Prepaid expenses	3,785	142,932
	<u>7,267,063</u>	<u>6,413,561</u>
Commitments (note 8)		
Contingent liabilities (note 9)		
Accumulated municipal equity (note 5)	\$ 13,325,598	\$ 12,001,416

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

CORPORATION OF THE TOWNSHIP OF MONTAGUE

Statement of Operations and Accumulated Municipal Equity

Year ended December 31, 2022, with comparative information for 2021

	Budget 2022 (note 12)	Actual 2022	Actual 2021
Revenue:			
Property taxation - residential	\$ 3,678,870	\$ 3,717,783	\$ 3,572,217
User charges	516,860	606,115	482,227
Government grants	1,285,000	1,232,882	532,762
Licenses and permits	34,000	54,925	56,007
Contributions from developers	25,000	77,450	107,885
Investment income	50,000	132,334	20,435
Penalties and interest on taxes	84,000	77,272	76,492
Provincial offenses	8,000	8,208	7,832
Other	3,200	16,321	1,419
	5,684,930	5,923,290	4,857,276
Expenses (note 11):			
General government	786,150	658,383	658,029
Protection to persons and property	942,810	927,361	880,525
Transportation services	1,955,350	1,941,462	2,082,472
Environmental services	661,590	686,607	648,188
Social and health services	15,900	14,500	5,375
Recreation and cultural services	160,290	200,756	154,904
Planning and development	158,720	170,039	148,740
	4,680,810	4,599,108	4,578,233
Annual surplus	1,004,120	1,324,182	279,043
Accumulated municipal equity, beginning of year	12,001,416	12,001,416	11,722,373
Accumulated municipal equity, end of year	\$ 13,005,536	\$ 13,325,598	\$ 12,001,416

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

CORPORATION OF THE TOWNSHIP OF MONTAGUE

Statement of Change in Net Financial Assets

Year ended December 31, 2022, with comparative information for 2021

	Budget 2022	Actual 2022	Actual 2021
	(note 12)		
Annual surplus	\$ 1,004,120	\$ 1,324,182	\$ 279,043
Acquisition of tangible capital assets	(1,710,000)	(1,627,158)	(507,158)
Amortization of tangible capital assets	—	631,573	593,155
Loss (gain) on disposal of tangible capital assets	—	(2,579)	50,995
Change in inventory	—	5,515	(24,443)
Change in prepaid expenses	—	139,147	4,717
Increase (decrease) in net financial assets	(705,880)	470,680	396,309
Net financial assets, beginning of year	5,587,855	5,587,855	5,191,546
Net financial assets, end of year	\$ 4,881,975	\$ 6,058,535	\$ 5,587,855

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

CORPORATION OF THE TOWNSHIP OF MONTAGUE

Statement of Cash Flows

Year ended December 31, 2022, with comparative information for 2021

	2022	2021
Operating activities:		
Annual surplus	\$ 1,324,182	\$ 279,043
Item not involving cash:		
Amortization of tangible capital assets	631,573	593,155
Loss (gain) on disposal of tangible capital assets	(2,579)	50,995
Change in non-cash operating working capital:		
Taxes receivable	(4,315)	129,534
Accounts receivable	(201,495)	(36,429)
Inventory	5,515	(24,443)
Accounts payable and accrued liabilities	1,222,133	(3,537)
Other current liabilities	(6,454)	95,603
Prepaid taxes	(12,652)	11,755
Prepaid expenses	139,147	4,717
Deferred revenue - obligatory reserve funds	(416,265)	256,432
Net change in cash from operations	2,678,790	1,356,825
Capital activities:		
Acquisition of tangible capital assets	(1,627,158)	(507,158)
Increase in cash	1,051,632	849,667
Cash, beginning of year	6,431,795	5,582,128
Cash, end of year	\$ 7,483,427	\$ 6,431,795

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

CORPORATION OF THE TOWNSHIP OF MONTAGUE

Notes to Financial Statements

Year ended December 31, 2022

The Corporation of the Township of Montague (the "Township") was incorporated January 1, 1850 and assumed its responsibilities under the authority of the Provincial Legislation. The Township operates as a lower tier government in the Corporation of the County of Lanark (the "County"), in the Province of Ontario, Canada and provides municipal services such as police, fire, public works, planning, parks and recreation, library and other general government operations.

1. Significant accounting policies:

The financial statements of the Corporation of the Township of Montague (the "Township") are the representation of management prepared in accordance with Canadian public sector accounting standards. Significant aspects of the accounting policies adopted by the Township are as follows:

(a) Reporting Entity:

The financial statements of the Township are the representations of management and have been prepared in all material respects in accordance with Canadian public sector accounting standards. Significant aspects of the accounting policies adopted by the Township are as follows:

- (i) The financial statements reflect financial assets, liabilities, operating revenue and expenses, reserves, reserve funds and changes in investment in tangible capital assets of the Township.
- (ii) The taxation, other revenue, expenses, assets and liabilities with respect to the operations of the school boards are not reflected in the municipal fund balances of these financial statements.

(b) Basis of accounting:

- (i) The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based on receipt of goods and services and/or the creation of a legal obligation to pay.
- (ii) Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year, and are not intended for sale in the ordinary course of operations.

CORPORATION OF THE TOWNSHIP OF MONTAGUE

Notes to Financial Statements (continued)

Year ended December 31, 2022

1. Significant accounting policies (continued):

(c) Taxation and related revenues:

Property tax billings are prepared by the Township based on assessment rolls issued by the Municipal Property Assessment Corporation ('MPAC'). Tax rates are established by the Township Council, incorporating amounts to be raised for local services, amounts to be raised on behalf of County of Lanark for regional services, and amounts the Township is required to collect on behalf of the Province of Ontario in respect of education taxes. Taxation revenues are recorded at the time tax billings are issued. Adjustments to taxation revenue can occur during the year related to the issuance of supplementary tax billings and/or assessment appeals. These adjustments are recorded when the amount of the adjustments can be quantified. The Township is entitled to collect interest and penalties on overdue taxes. These revenues are recorded in the period in which the interest and penalties are applied.

(d) Tangible capital assets:

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Asset	Useful Life - Years
Buildings	20 to 60
Machinery and equipment	5 to 30
Vehicles	3 to 25
Linear assets:	
Roads	5 to 20
Bridges and culverts	50 to 75
Airport	20
Sidewalks	20
Underground networks:	
Water and sewer	60

Assets under construction are not amortized until the asset is available for productive use, at which time they are capitalized.

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt, and that fair value is also recorded as revenue. Similarly, transfers of assets to third parties are recorded as an expense equal to the net book value of other asset as of the date of transfer.

CORPORATION OF THE TOWNSHIP OF MONTAGUE

Notes to Financial Statements (continued)

Year ended December 31, 2022

1. Significant accounting policies (continued):

(d) Tangible capital assets (continued):

When tangible capital assets are disposed of, either by way of a sale, destruction or loss, or abandonment of the asset, the asset's net book value, historical cost less accumulated amortization, is written off. Any resulting gain or loss, equal to the proceeds on disposal less the asset's net book value, is reported on the Statement of Operations and Accumulated Municipal Equity in the year of disposal.

When conditions indicate that a tangible capital asset no longer contributes to the Township's ability to provide services or the value of the future economic benefits associated with the tangible capital asset are less than its net book value, and the decline is expected to be permanent, the cost and accumulated amortization of the asset are reduced to reflect the revised estimate of the value of the asset's remaining service potential. The resulting net adjustment is reported as an expense on the Statement of Operations and Accumulated Municipal Equity.

(e) Inventories and prepaid expenses:

Inventories and prepaid expenses held for consumption are recorded at the lower of cost or replacement cost.

(f) Pension and employee benefits:

The Township accounts for its participation in the Ontario Municipal Employees Retirement System ("OMERS"), a multi-employer public sector pension fund, as a defined contribution plan. The OMERS plan specifies the retirement benefits to be received by employees based on length of service and pay rates.

Employee benefits include vacation entitlement and sick leave benefits. Vacation entitlements are accrued as entitlements are earned. Sick leave benefits are accrued in accordance with the Township's policy.

(g) Government transfers:

Government transfers are recognized as revenue in the financial statements when the transfer is authorized, any eligibility criteria have been met and reasonable estimates of the amounts can be made except when and to the extent that stipulations by the transferor give rise to an obligation that meets the definition of a liability. Government transfers that meet the definition of a liability are recognized as revenue as the liability is extinguished.

CORPORATION OF THE TOWNSHIP OF MONTAGUE

Notes to Financial Statements (continued)

Year ended December 31, 2022

1. Significant accounting policies (continued):

(h) Deferred revenue:

The Township receives pursuant to legislation, regulations or agreement that may only be used for certain programs or in the completion of specific work. In addition, certain user charges and fees are collected for which the related services have yet to be performed. These amounts are recognized as revenue in the fiscal year the related expenses are incurred or services performed.

The Township receives restricted contributions under the authority of provincial legislation and Township by-laws. These funds by their nature are restricted in their use, and until applied to applicable expenses, are recorded as deferred revenue. Amounts applied to qualifying costs are recorded as revenue in the fiscal period that they are expended.

Deferred revenue represents certain user charges and fees which have been collected but for which the related services have yet to be performed. Deferred revenue also represents contributions that the Township has received pursuant to legislation, regulation or agreement that may only be used for certain programs or in the completion of specific work. These amounts are recognized as revenue in the fiscal year the services are performed or related expenses incurred.

(i) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from these estimates.

CORPORATION OF THE TOWNSHIP OF MONTAGUE

Notes to Financial Statements (continued)

Year ended December 31, 2022

2. Operations of school boards:

During the year, the Township collected and made property tax transfers including payments in lieu of property taxes, to the County and to the School Boards as follows:

	School Boards		County	
	2022	2021	2022	2021
Property taxes	\$ 745,103	\$ 742,516	\$ 1,657,340	\$ 1,586,156
Taxation from other governments	33,812	28,897	76,045	41,591
Amounts requisitioned and paid	\$ 778,915	\$ 771,413	\$ 1,733,385	\$ 1,627,747

3. Bank indebtedness:

The Township's financial agreement with its bank provides for an operating credit facility of up to \$500,000 to finance expenses, pending receipt of property taxes and other income. Interest on funds drawn is charged at the bank's prime rate. As at December 31, 2022, there was \$Nil (2021 - \$Nil) drawn on the facility.

4. Deferred revenue - obligatory reserve funds:

A requirement of the CPA Canada Public Sector Accounting Handbook is that obligatory reserve funds be reported as a liability in the Statement of Financial Position. This requirement is in place as provincial and municipal legislation restricts how these funds may be used and under certain circumstances the funds may possibly be refunded. The balances in the obligatory reserve funds of the Township are:

	Development Charges	Parkland	Canada Community - Building Fund	OCIF	Total
January 1, 2022	\$ 90,878	\$ 82,079	\$ 795,311	\$ 4,587	\$ 972,855
Government grants	—	—	119,281	100,000	219,281
Interest earned	2,877	1,106	9,313	650	13,946
Contributions	115,393	10,500	—	—	125,893
Transfer for:					
Capital purposes	(71,600)	—	(616,789)	(80,496)	(768,885)
Operating purposes	(6,500)	—	—	—	(6,500)
December 31, 2022	\$ 131,048	\$ 93,685	\$ 307,116	\$ 24,741	\$ 556,590

CORPORATION OF THE TOWNSHIP OF MONTAGUE

Notes to Financial Statements (continued)

Year ended December 31, 2022

5. Accumulated municipal equity:

	2022	2021
Investment in tangible capital assets:		
Tangible capital assets	\$ 7,205,584	\$ 6,207,420
Current surplus	456,640	410,209
Reserves (Schedule 1)	5,663,374	5,383,787
Accumulated municipal equity	\$ 13,325,598	\$ 12,001,416

6. Pension contributions:

The Township makes contributions to the Ontario Municipal Employees Retirement System ("OMERS"), which is a multi-employer plan, on behalf of all permanent members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. Employers and employees contribute to the plan. Since any surpluses or deficits are a joint responsibility of all Ontario municipalities and their employees, the Township does not recognize any share of the OMERS pension surplus or deficit in these financial statements. The last available report was as at December 31, 2022, at that time, the plan reported a \$6.7 billion actuarial deficit (2021 - \$3.1 billion actuarial deficit).

The amount contributed to OMERS for current service in 2022 was \$63,200 (2021 - \$61,671) and is included as an expense on the Statement of Operations and Accumulated Municipal Equity.

7. Provincial Offences Administration (POA):

The Corporation of the Town of Perth ("Town of Perth") has assumed the administration of the Provincial Offences office for all County of Lanark resident municipalities. The transfer of administration from the Ministry of the Attorney General to the Town of Perth was a result of the Provincial Offences Act ("POA") 1997, which provides the framework for the transfer of responsibility and administration of POA courts.

The POA is a procedural law for administering and prosecuting provincial offences, including those committed under the Highway Traffic Act, Compulsory Automobile Insurance Act, Trespass to Property Act, Liquor License Act, Municipal Bylaws and minor federal offences. The POA governs all aspects of legal process from serving notice to a defendant, to conducting trials, including sentencing and appeals.

CORPORATION OF THE TOWNSHIP OF MONTAGUE

Notes to Financial Statements (continued)

Year ended December 31, 2022

7. Provincial Offences Administration (POA) (continued):

The Township's share of net revenues arising from operation of the POA office has been consolidated with these financial statements. The revenue of the court office consists of fines levied under Parts I and 111 (including delay penalties) for POA charges filed in the Town of Perth court.

If fines are paid at other court offices, the receipt is recorded in the Integrated Courts Operation Network System ("ICON") operated by the Province of Ontario. Revenue is recognized when receipt of funds is recorded by the provincial ICON system regardless of the location where payment is made.

The Township shares net POA revenues based on weighted assessment.

8. Commitments:

- (a) Effective January 1, 2015, the Township renewed its long-term contract with the Province of Ontario which will see the Province provide police services to the Township of a five year period. The contract was extended for a three year period, ending on December 31, 2022. Annual charges under the contract are determined based on the level of service and are reconciled to actual costs in a subsequent year. Payments made under the contract for the year 2022 were \$538,538 (2021 - \$534,397).
- (b) The Township has negotiated a contract with Glenview Iron & Metal Ltd. For the collection and disposal of garbage. The contract ends May 2025. Annual charges under the contract are determined based on the number of households, waste volumes handled and is adjusted annually for inflation. Payments made under the contract for 2022 were \$240,220 (2021 - \$218,091).

9. Contingent liabilities:

The nature of municipal activities is such that there may be litigation pending or in prospect at any time. With respect to claims at December 31, 2022, management believes that the Township has valid defences and appropriate insurance coverages in place. In the event any claims are successful, the amount of any potential liability is not determinable; therefore, no amount has been accrued in the financial statements.

CORPORATION OF THE TOWNSHIP OF MONTAGUE

Notes to Financial Statements (continued)

Year ended December 31, 2022

10. Tangible capital assets:

Cost	Balance at December 31, 2021	Additions	Disposals	Balance at December 31, 2022
Land	\$ 83,494	\$ —	\$ —	\$ 83,494
Buildings	910,630	21,588	—	932,218
Machinery and equipment	290,403	21,634	—	312,037
Vehicles	2,758,356	646,324	(29,834)	3,374,846
Linear assets	13,463,117	937,612	—	14,400,729
Underground networks	1,844,259	—	—	1,844,259
Total	\$ 19,350,259	\$ 1,627,158	\$ (29,834)	\$ 20,947,583

Accumulated amortization	Balance at December 31, 2021	Amortization	Disposals	Balance at December 31, 2022
Buildings	\$ 470,752	\$ 41,703	\$ —	\$ 512,455
Machinery and equipment	188,760	37,700	—	226,460
Vehicles	1,294,512	168,373	(32,413)	1,430,472
Linear assets	10,235,948	353,059	—	10,589,007
Underground networks	952,867	30,738	—	983,605
Total	\$ 13,142,839	\$ 631,573	\$ (32,413)	\$ 13,741,999

	Net book value December 31, 2021	Net book value December 31, 2022
Land	\$ 83,494	\$ 83,494
Buildings	439,878	419,763
Machinery and equipment	101,643	85,577
Vehicles	1,463,844	1,944,374
Linear assets	3,227,169	3,811,722
Underground networks	891,392	860,654
Total	\$ 6,207,420	\$ 7,205,584

CORPORATION OF THE TOWNSHIP OF MONTAGUE

Notes to Financial Statements (continued)

Year ended December 31, 2022

11. Segmented information:

The Township is a diversified municipal government that provides a wide range of services to its citizens. The services are provided by departments and their activities are reported in the statement of financial activities.

Departments have been separately disclosed in the segmented information, along with the service they provide, and are set out in the schedule below.

For each reported segment, 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.

The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in Note 1.

CORPORATION OF THE TOWNSHIP OF MONTAGUE

Notes to Financial Statements (continued)

Year ended December 31, 2022

11. Segmented information (continued):

2022

	General government	Protection to persons and property	Transportation services	Environmental services	Health services	Recreation and culture services	Planning and development	Total
Revenue:								
Contributions from developers	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 77,450	\$ 77,450
Government grants	414,118	14,096	729,770	68,123	-	6,775	-	1,232,882
Licenses and permits	-	-	-	-	-	-	54,925	54,925
User charges	6,690	13,488	316,866	254,703	-	-	14,368	606,115
Provincial offenses	-	8,208	-	-	-	-	-	8,208
Other	145	-	4,831	719	-	10,626	-	16,321
	420,953	35,792	1,051,467	323,545	-	17,401	146,743	1,995,901
Expenses:								
Salaries and wages	391,056	155,521	435,303	48,968	-	-	92,092	1,122,940
Materials and services	259,770	684,928	1,012,841	601,451	-	66,229	77,947	2,703,166
External transfers	-	24,701	-	-	14,500	102,229	-	141,430
Amortization	7,557	62,211	493,318	36,188	-	32,298	-	631,572
	658,383	927,361	1,941,462	686,607	14,500	200,756	170,039	4,599,108
Excess of expenses over revenue	(237,430)	(891,569)	(889,995)	(363,062)	(14,500)	(183,355)	(23,296)	(2,603,207)
Funding through:								
Taxation								3,717,783
Penalties and interest on taxes								77,272
Investment income								132,334
Surplus for the year								\$ 1,324,182

CORPORATION OF THE TOWNSHIP OF MONTAGUE

Notes to Financial Statements (continued)

Year ended December 31, 2022

11. Segmented information (continued):

2021

	General government	Protection to persons and property	Transportation services	Environmental services	Health services	Recreation and culture services	Planning and development	Total
Revenue:								
Contributions from developers	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 107,885	\$ 107,885
Government grants	384,466	13,178	76,133	44,560	-	14,425	\$ -	532,762
Licenses and permits	-	-	-	-	-	-	56,007	56,007
User charges	8,726	24,789	189,652	247,497	-	-	11,563	482,227
Provincial offenses	-	7,832	-	-	-	-	-	7,832
Other	-	-	-	691	-	728	-	1,419
	393,192	45,799	265,785	292,748	-	15,153	175,455	1,188,132
Expenses:								
Salaries and wages	419,690	112,857	431,346	196,201	-	-	60,901	1,220,995
Materials and services	231,214	684,002	1,192,851	415,798	-	51,732	87,839	2,663,436
External transfers	-	23,677	-	-	5,375	71,595	-	100,647
Amortization	7,125	59,989	458,275	36,189	-	31,577	-	593,155
	658,029	880,525	2,082,472	648,188	5,375	154,904	148,740	4,578,233
Excess of revenue over expenses (expenses over revenue)	(264,837)	(834,726)	(1,816,687)	(355,440)	(5,375)	(139,751)	26,715	(3,390,101)
Funding through:								
Taxation								3,572,217
Penalties and interest on taxes								76,492
Investment income								20,435
Surplus for the year								\$ 279,043

CORPORATION OF THE TOWNSHIP OF MONTAGUE

Notes to Financial Statements (continued)

Year ended December 31, 2022

12. Budget figures:

The 2022 budget amounts that were approved were not prepared on a basis consistent with that used to report actual results (Public Sector Accounting Board Standards). The budget included capital items such as infrastructure replacements and estimated costs for constructed assets, as program expenses, but the actual expenses have been removed in the Statement of Operations and Accumulated Municipal Equity. The revenues attributable to these items continue to be included in the Statement of Operations and Accumulated Municipal Equity, resulting in a significant variance.

The following analysis is provided to assist readers in their understanding of differences between the approved budget and the audited financial statements:

	Actual 2022	Budget 2022
Total revenues	\$ 5,923,290	\$ 5,684,930
Total expenses	(4,599,108)	(4,680,810)
Net earnings	1,324,182	1,004,120
Amortization	631,573	—
Funds available	1,955,755	1,004,120
Capital expenses	(1,627,158)	(1,710,000)
Gain on disposal of tangible capital assets	(2,579)	—
Increase (decrease) in operating surplus	\$ 326,018	\$ (705,880)
Allocated as follows:		
Current surplus (deficiency)	46,431	(5,000)
Net transfers from reserves (Schedule 1)	279,587	(700,880)
	\$ 326,018	\$ (705,880)

CORPORATION OF THE TOWNSHIP OF MONTAGUE

Schedule 1: Continuity of Reserves

Year ended December 31, 2022, with comparative information for 2021

	Budget 2022	Actual 2022	Actual 2021
	(note 12)		
Net transfers from (to) other funds			
Transfers from operations	\$ (43,380)	\$ 1,150,929	\$ 1,098,480
Transfers to capital acquisitions	(657,500)	(871,342)	(684,426)
Total net transfers	(700,880)	279,587	414,054
Reserves balances, beginning of year	5,383,787	5,383,787	4,969,733
Reserves balances, end of year	\$ 4,682,907	\$ 5,663,374	\$ 5,383,787

Composition of Reserves

	2022	2021
Reserves set aside for specific purposes by Council		
Working capital	\$ 602,831	\$ 602,831
Contingency	394,298	587,298
Elections	8,930	18,813
Police-purposes	92,693	92,693
Fire-area	19,149	19,148
Municipal drains	35,746	35,746
Water and sewer	225,113	195,493
	1,378,760	1,552,022
For capital purposes:		
Acquisition of capital assets	1,621,008	1,549,172
Airport	48,512	39,512
Fire-purposes	469,629	319,629
Roadways	1,922,774	1,709,819
Recreation	222,691	213,633
	4,284,614	3,831,765
Total reserves	\$ 5,663,374	\$ 5,383,787