

**The Corporation of the
Municipality of Charlton and
Dack**

**Independent Auditor's Report and
Financial Report**

December 31, 2021

**The Corporation of the
Municipality of Charlton and
Dack**

Financial Report

December 31, 2021

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Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of the Corporation of the Municipality of Charlton and Dack (the "Municipality") are the responsibility of the Municipality's management and have been prepared in accordance with Canadian Public Sector Accounting Standards established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada, as described in Note 1 to the consolidated financial statements.

The preparation of consolidated 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 Municipality's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in accordance with Canadian Public Sector Accounting Standards established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management. Council meets with management and the external auditor to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

The consolidated financial statements have been audited by Baker Tilly SNT LLP, independent external auditor appointed by the Municipality. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Municipality's consolidated financial statements.



Chief Administrative Officer/Treasurer

June 6, 2022

Baker Tilly SNT LLP / s.r.l.

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Independent Auditor's Report

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

Opinion

We have audited the consolidated financial statements of The Corporation of the Municipality of Charlton and Dack, which comprise the consolidated statement of financial position as at December 31, 2021, and the consolidated statements of operations and accumulated surplus, cash flows, and change in net financial assets for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of The Corporation of the Municipality of Charlton and Dack as at December 31, 2021, and its consolidated results of operations 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.

ACCOUNTING • TAX • ADVISORY

Baker Tilly SNT LLP is a member of Baker Tilly Canada Cooperative, which is a member of the global network of Baker Tilly International Limited. All members of Baker Tilly Canada Cooperative and Baker Tilly International Limited are separate and independent legal entities.

COMPTABILITÉ • FISCALITÉ • SERVICES-CONSEILS

Baker Tilly SNT s.r.l. est membre de la Coopérative Baker Tilly Canada, qui fait partie du réseau mondial Baker Tilly International Limited. Les membres de la Coopérative Baker Tilly Canada et de Baker Tilly International Limited sont tous des entités juridiques distinctes et indépendantes.

Independent Auditor's Report (continued)

Other Matter

The financial statements of The Corporation of the Municipality of Charlton and Dack for the year ended December 31, 2020 were audited by another auditor who expressed an unmodified opinion of those statements on May 5, 2021.

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.

Independent Auditor's Report (continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- 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 within the Group 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.

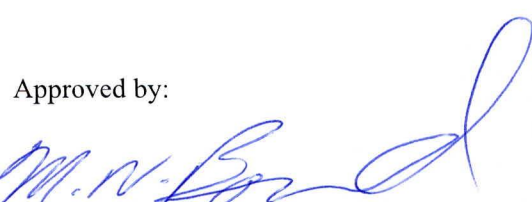
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

North Bay, Ontario
June 6, 2022

Baker Tilly SNT LLP
CHARTERED PROFESSIONAL ACCOUNTANTS,
LICENSED PUBLIC ACCOUNTANTS

The Corporation of the Municipality of Charlton and Dack
Consolidated Statement of Financial Position
December 31, 2021

	<u>2021</u>	<u>2020</u>
Financial Assets		
Cash and cash equivalents (note 4)	\$ 886,685	\$ 813,448
Taxes receivable	89,175	119,570
Accounts receivable (note 5)	41,530	58,595
Long-term receivable - tile drainage (note 9)	<u>61,769</u>	<u>82,665</u>
	<u>1,079,159</u>	<u>1,074,278</u>
Liabilities		
Accounts payable and accrued liabilities (note 6)	250,300	193,666
Deferred revenues - other (note 7)	91,377	163,402
Deferred revenues - obligatory reserve fund (note 8)	89,613	40,007
Municipal debt - tile drainage (note 9)	61,769	82,665
Municipal debt (note 10)	79,403	86,170
Landfill closure and post-closure (note 11)	<u>28,798</u>	<u>21,545</u>
	<u>601,260</u>	<u>587,455</u>
Net Financial Assets	<u>477,899</u>	<u>486,823</u>
Non-Financial Assets		
Tangible capital assets (note 12)	4,642,761	4,632,664
Inventories	<u>14,300</u>	<u>8,660</u>
	<u>4,657,061</u>	<u>4,641,324</u>
Accumulated Surplus (note 13)	<u>\$ 5,134,960</u>	<u>\$ 5,128,147</u>
Contingencies (note 14)		
Commitments (note 15)		

Approved by:




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

The Corporation of the Municipality of Charlton and Dack
Consolidated Statement of Operations and Accumulated Surplus
For The Year Ended December 31, 2021

	<u>2021</u>		<u>2020</u>
	<u>Budget</u> (Unaudited)	<u>Actual</u>	<u>Actual</u>
Revenues			
Net taxation	\$ 694,450	\$ 686,041	\$ 636,106
User charges	223,380	270,129	224,949
Government grants and transfers - Provincial	242,815	244,640	347,662
Other municipalities	302,700	318,824	246,414
Other	<u>69,638</u>	<u>184,803</u>	<u>123,562</u>
Total revenues	<u>1,532,983</u>	<u>1,704,437</u>	<u>1,578,693</u>
Expenses			
General government	459,142	465,504	449,706
Protection services	139,874	139,849	135,646
Transportation services	625,739	640,547	593,830
Environmental services	283,585	300,631	299,455
Health services	105,317	105,344	97,151
Social and family services	64,672	64,521	68,969
Recreation and cultural services	67,425	66,922	40,481
Planning and development	<u>3,246</u>	<u>2,836</u>	<u>7,972</u>
Total expenses	<u>1,749,000</u>	<u>1,786,154</u>	<u>1,693,210</u>
Annual deficit before other	(216,017)	(81,717)	(114,517)
Other			
Government grants and transfers related to capital - Provincial	143,500	44,265	50,000
Government grants and transfers related to capital - Federal	<u>43,500</u>	<u>44,265</u>	<u>82,059</u>
	<u>187,000</u>	<u>88,530</u>	<u>132,059</u>
Annual surplus (deficit)	(29,017)	6,813	17,542
Accumulated surplus, beginning of year	<u>5,128,147</u>	<u>5,128,147</u>	<u>5,110,605</u>
Accumulated surplus, end of year	<u>\$ 5,099,130</u>	<u>\$ 5,134,960</u>	<u>\$ 5,128,147</u>

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

The Corporation of the Municipality of Charlton and Dack
Consolidated Statement of Cash Flows
For The Year Ended December 31, 2021

	<u>2021</u>	<u>2020</u>
Operating transactions		
Annual surplus	\$ 6,813	\$ 17,542
Cash and cash equivalents provided by (applied to)		
Non-cash items:		
Amortization of tangible capital assets	252,708	240,989
(Gain) loss on disposal of tangible capital assets	(15,111)	3,330
Change in non-cash working capital balances		
Decrease in taxes receivable	30,395	28,819
Decrease in accounts receivable	17,065	17,651
Decrease in long-term receivable - tile drainage	20,896	49,802
Increase in accounts payable and accrued liabilities	56,634	23,738
Increase (decrease) in deferred revenues - other	(72,025)	8,788
Increase (decrease) in deferred revenues - obligatory reserve fund	49,606	(40,260)
Increase in landfill closure and post-closure	7,253	7,835
(Increase) decrease in inventories	(5,640)	2,180
Cash and cash equivalents provided by operating transactions	<u>348,594</u>	<u>360,414</u>
Capital transactions		
Acquisition of tangible capital assets	(262,805)	(243,558)
Proceeds on disposal of tangible capital assets	15,111	15,000
Cash and cash equivalents applied to capital transactions	<u>(247,694)</u>	<u>(228,558)</u>
Financing transactions		
Municipal debt - tile drainage repaid	(20,896)	(49,802)
Municipal debt repaid	(6,767)	(119,728)
Cash and cash equivalents applied to financing transactions	<u>(27,663)</u>	<u>(169,530)</u>
Increase (decrease) in cash and cash equivalents	73,237	(37,674)
Cash and cash equivalents, beginning of year	<u>813,448</u>	<u>851,122</u>
Cash and cash equivalents, end of year	<u><u>\$ 886,685</u></u>	<u><u>\$ 813,448</u></u>

The Corporation of the Municipality of Charlton and Dack
Consolidated Statement of Change in Net Financial Assets
For The Year Ended December 31, 2021

	<u>2021</u> Budget <small>(Unaudited)</small>	<u>2021</u> Actual	<u>2020</u> Actual
Annual surplus	\$ (29,017)	\$ 6,813	\$ 17,542
Amortization of tangible capital assets	252,708	252,708	240,989
Proceeds on disposal of tangible capital assets		15,111	15,000
(Gain) loss on disposal of tangible capital assets	-	(15,111)	3,330
Acquisition of tangible capital assets	(297,611)	(262,805)	(243,558)
Change in inventories	<u>-</u>	<u>(5,640)</u>	<u>2,180</u>
Increase (decrease) in net financial assets	(73,920)	(8,924)	35,483
Net financial assets, beginning of year	<u>486,823</u>	<u>486,823</u>	<u>451,340</u>
Net financial assets, end of year	<u><u>\$ 412,903</u></u>	<u><u>\$ 477,899</u></u>	<u><u>\$ 486,823</u></u>

The Corporation of the Municipality of Charlton and Dack
Notes to the Consolidated Financial Statements
December 31, 2021

1. Significant Accounting Policies

These consolidated financial statements of the Municipality are the representation of management prepared in accordance with accounting policies recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Since precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic consolidated financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgement.

(a) Basis of Consolidation

(i) Consolidated Entities

These consolidated financial statements reflect the financial assets, liabilities, non-financial assets, accumulated surplus, revenues and expenses of the Municipality and include the activities of all committees of:

The Corporation of the Municipality of Charlton and Dack District Cemeteries
The Corporation of Charlton and Dack Waterworks

All interfund assets and liabilities and revenues and expenses have been eliminated.

(ii) Joint Local Boards

Activities in joint local boards are accounted for using the proportionate consolidation method. Under this method, the Municipality's proportionate share of joint local board revenues, expenses, assets and liabilities are included in the accounts. The following joint local boards are proportionately consolidated:

The Englehart & Area Fire Department

The Municipality's proportionate share of The Englehart & Area Fire Department was 21.51% for 2021 (21.51% for 2020).

All interfund assets and liabilities and revenues and expenses have been eliminated.

(iii) Non-Consolidated Entities

The following joint local boards are not consolidated:

Timiskaming District Health Unit
District of Timiskaming Social Services Administration Board

The Corporation of the Municipality of Charlton and Dack
Notes to the Consolidated Financial Statements
December 31, 2021

1. Significant Accounting Policies (Continued)

(iv) Temiskaming Municipal Services Association

The Temiskaming Municipal Services Association provides the services of a Chief Building Officer to 21 municipalities. The operations of this organization are not proportionately consolidated into these statements because the Municipality does not have control. Building permit revenues are transferred to this organization.

(v) Central Timiskaming Planning Board

This joint local board provides planning services to the municipalities of Englehart, Evanturel, Chamberlain and Charlton and Dack. This joint local board is not proportionally consolidated as the overall impact would not be considered significant to the statements. The yearly requisition as well as the planning fee revenues are transferred to this organization and are expensed by the Municipality in its consolidated financial statements. The Municipality's share of the accumulated surplus at the end of 2021 was \$5,873 (2020 - \$4,520)

(vi) Accounting for School Board Transactions

The Municipality is required to collect and remit education support levies in respect of residential and other properties on behalf of the area school boards. The Municipality has no jurisdiction or control over the school boards operations. Therefore, taxation, other revenues, expenses, assets and liabilities with respect to the operations of the school boards are not reflected in the accumulated surplus of these consolidated financial statements.

(vii) Cemetery Care and Maintenance Fund

Cemetery Care and Maintenance Fund and their related operations administered by the Municipality are not consolidated, but are reported separately on the Cemetery Care and Maintenance Fund's Statement of Continuity and Statement of Financial Position.

(b) Basis of Accounting

(i) Accrual Basis

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

The Corporation of the Municipality of Charlton and Dack
Notes to the Consolidated Financial Statements
December 31, 2021

1. Significant Accounting Policies (Continued)

(b) Basis of Accounting (Continued)

(ii) Cash and Cash Equivalents

The Municipality's policy is to disclose bank balances under cash and cash equivalents, including bank overdrafts with balances that fluctuate frequently from being positive to overdrawn and term deposits with maturities of three months from the date of acquisition or less or those that can be readily convertible to cash.

(iii) Deferred Revenues

Deferred revenues represent user charges and fees that have been collected for which the related services have yet to be performed. Revenue is recognized in the period when the services are performed.

(iv) Deferred Revenue - Obligatory Reserve Funds

The Municipality receives certain contributions and other revenues under the authority of legislation. These funds, by their nature, are restricted in their use and, until applied to specific expenses, are recorded as deferred revenue. Amounts applied to qualifying expenses are recorded as revenue in the fiscal period they are expended.

(v) Employee Future Benefits

The Municipality makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS) which is a multi-employer contributory defined benefit program with contributions expensed as incurred.

(vi) Landfill Closure and Post-Closure

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

The Corporation of the Municipality of Charlton and Dack
Notes to the Consolidated Financial Statements
December 31, 2021

1. Significant Accounting Policies (Continued)

(b) Basis of Accounting (Continued)

(vii) Segmented Information

The Municipality reports its segmented information on functional areas and programs in its consolidated financial statements similar to reporting reflected as part of the Ontario Financial Information Return. These functional areas represent segments for the Municipality:

General Government

General government is comprised of Council, administration, and Ontario Property Assessment.

Protection Services

Protection is comprised of police, fire and other protective services.

Transportation Services

Transportation services are responsible for road maintenance, culverts, bridges and winter control.

Environmental Services

Environmental services include water supply and distribution, waste and recycling services.

Health Services

Health services include public health services, land ambulance and cemetery services.

Social and Family Services

Social and family services include social assistance, long-term care, social housing and child care services.

Recreation and Cultural Services

Recreation and cultural services include parks and recreation, recreation facilities and libraries.

Planning and Development

Planning and development manages development for residential and business interests.

The Corporation of the Municipality of Charlton and Dack
Notes to the Consolidated Financial Statements
December 31, 2021

1. Significant Accounting Policies (Continued)

(b) Basis of Accounting (Continued)

(viii) Non-Financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the annual surplus, provides the Consolidated Change in Net Financial Assets for the year.

i) *Tangible Capital Assets*

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

Land improvements	20 to 50 years
Buildings	50 years
Automotive equipment	10 years
Equipment	10 to 25 years
Roads	10 to 30 years
Water distribution lines	50 years
Bridges and culverts	10 to 75 years
Municipal drains	50 years

A full year of amortization is charged in the year of acquisition and no amortization is charged in the year of disposal.

Assets under construction are not amortized until the asset is available for productive use.

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

ii) *Inventories*

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

The Corporation of the Municipality of Charlton and Dack
Notes to the Consolidated Financial Statements
December 31, 2021

1. Significant Accounting Policies (Continued)

(b) Basis of Accounting (Continued)

(ix) Taxation and Other Revenues

Property tax billings are prepared by the Municipality based on assessment rolls issued by the Municipal Property Assessment Corporation ("MPAC") and in accordance with the provisions of the Municipal Act, 2001. Tax rates are established annually by Council, incorporating amounts to be raised for local services and amounts the Municipality is required to collect on behalf of the Province of Ontario in respect of education taxes.

A normal part of the assessment process is the issue of supplementary assessment rolls which provide updated information with respect to changes in property assessment. Once a supplementary assessment roll is received, the Municipality determines the taxes applicable and renders supplementary tax billings. Taxation revenues are recorded at the time tax billings are issued.

Assessment and the related property taxes are subject to appeal. Tax adjustments as a result of appeals are recorded when the result of the appeal process is known or based on management's best estimates.

The Municipality is entitled to collect interest and penalties on overdue taxes. These revenues are recorded in the period the interest and penalties are levied.

User charges and revenues from other municipalities are recognized in the period in which the revenues relates.

Other income is recognized as revenue when earned. Fines and fees are recognized as revenue when collected.

(x) Government Grants and Transfers

Government grants and transfers are recognized in the financial statements in the period in which events giving rise to the transfer occurs, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made, except when and to the extent that stipulations associated with the transfer give rise to a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. The transfer revenue is recognized in the consolidated statement of operations and accumulated surplus as the stipulations giving rise to the liabilities are settled.

The Corporation of the Municipality of Charlton and Dack
Notes to the Consolidated Financial Statements
December 31, 2021

1. Significant Accounting Policies (Continued)

(b) Basis of Accounting (Continued)

(xi) Use of Estimates

The preparation of consolidated financial statements in conformity with Canadian Public Sector Accounting Standards requires management to make estimates and assumptions. These estimates and assumptions are based on management's best information and judgment and may differ significantly from actual results.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak and measures introduced at various levels of government to curtail the spread of the virus, such as travel restrictions, closures of non-essential municipal and private operations, imposition of quarantines and social distancing has adversely affected workforces, customers, economies and financial markets globally, potentially leading to an economic downturn. It has also disrupted the normal operations of many entities. This outbreak could adversely impact the results of the Municipality's operations. The extend of the impact of this outbreak and related containment measures on the Municipality's operations cannot be reliably estimated at this time.

2. Measurement Uncertainty

Certain items recognized in the consolidated financial statements are subject to measurement uncertainty. The recognized amounts of such items are based on the Municipality's best information and judgment.

- The amounts recorded for landfill closure and post-closure depend on estimates of usage, remaining life and capacity. The provision for future closure and post-closure costs also depends on estimates of such costs.

The Corporation of the Municipality of Charlton and Dack
Notes to the Consolidated Financial Statements
December 31, 2021

2. Measurement Uncertainty (continued)

- The amounts recorded for amortization and opening costs of tangible capital assets are based on estimates of useful life, residual values and valuation rates.

By their nature, these estimates are subject to measurement uncertainty and the effect on the consolidated financial statements of changes in such estimates in future periods could be significant.

3. Future Accounting Pronouncements

These standards and amendments were not effective in the year ended December 31, 2021, and have therefore not been applied in preparing these consolidated financial statements. Management is currently assessing the impact of the following accounting standards updates on the future consolidated financial statements.

Section PS 3450 - Financial Instruments, establishes recognition, measurement, and disclosure requirements for derivative and non-derivative financial instruments for public sector entities. The standard requires fair value measurement of derivatives and portfolio investments that are equity instruments quoted in an active market. All other non-derivative financial instruments will be measured at cost or amortized cost. A government can elect to record other financial assets or liabilities on a fair value basis, if they manage and evaluate the asset and liability groups on that basis. Unrealized gains and losses are represented in the new statement of re-measurement gains and losses. New requirements clarify when financial liabilities can be de-recognized. Disclosure of the nature and extent of risks arising from holding financial instruments is also required. This section is effective for fiscal years beginning on or after April 1, 2022. Early adoption is permitted.

Section PS 1201 - Financial Statement Presentation, was issued in June 2011. This standard requires entities to present a new statement of re-measurement gains and losses separate from the statement of operations. This new statement includes unrealized gains and losses arising from re-measurement of financial instruments and items denominated in foreign currencies and any other comprehensive income that arises when a government includes the results of government business enterprises and partnerships. This section is effective for fiscal years beginning on or after April 1, 2022 and applies when PS 2601 and PS 3450 are adopted.

Section PS 2601 - Foreign Currency Translation, was issued in June 2011 and replaces the existing Section PS 2600. This standard has been revised to ensure consistency with the financial instruments standard. The standard requires that non-monetary items denominated in foreign currency that are included in the fair value category are adjusted to reflect the exchange rate at the financial statement date. Unrealized exchange gains and losses are presented in the new statement of re-measurement gains and losses. This section is effective for fiscal years beginning on or after April 1, 2022. Early adoption is permitted.

The Corporation of the Municipality of Charlton and Dack
Notes to the Consolidated Financial Statements
December 31, 2021

3. Future Accounting Pronouncements (Continued)

Section PS 3280 - Asset Retirement Obligations, was issued in August 2018. This standard establishes standards on how to account for and report a liability for asset retirement obligations. It defines which activities would be included in a liability for retirement of a tangible capital asset, establishes when to recognize and how to measure a liability for an asset retirement obligation and provides the related financial statement presentation and disclosure requirements. This section is effective for fiscal years beginning on or after April 1, 2022. Early adoption is permitted.

4. Cash and Cash Equivalents

The Municipality has authorized credit facilities totalling \$100,000, which is unsecured. As at December 31, 2021, the Municipality has utilized \$0 (2020 - \$0). The interest is calculated at the bank's prime lending rate plus 0.5%.

5. Accounts Receivable

	<u>2021</u>	<u>2020</u>
Canada	\$ 31,143	\$ 45,068
Other Municipalities	3,382	2,656
Other	<u>7,005</u>	<u>10,871</u>
	<u>\$ 41,530</u>	<u>\$ 58,595</u>

6. Accounts Payable and Accrued Liabilities

	<u>2021</u>	<u>2020</u>
Canada	\$ 8,517	\$ -
Central Temiskaming Planning Board	23,493	18,081
Other Municipalities	8,377	-
Province of Ontario	24,049	-
School Boards	-	568
Trade payables and accrued liabilities	147,305	161,131
Vacation payable	<u>38,559</u>	<u>13,886</u>
	<u>\$ 250,300</u>	<u>\$ 193,666</u>

The Corporation of the Municipality of Charlton and Dack
Notes to the Consolidated Financial Statements
December 31, 2021

7. Deferred Revenues - Other

	Balance as at December 30, 2020	Amounts received during the year	Recognized as revenues during the year	Balance as at December 31, 2021
Insurance proceeds	\$ 66,700	\$ -	\$ 66,700	\$ -
Township of Chamberlain	72,385	-	11,280	61,105
Ontario Community Infrastructure Fund	<u>24,317</u>	<u>50,220</u>	<u>44,265</u>	<u>30,272</u>
Total Deferred Revenues - Other	<u>\$ 163,402</u>	<u>\$ 50,220</u>	<u>\$ 122,245</u>	<u>\$ 91,377</u>

8. Deferred Revenues - Obligatory Reserve Fund

A requirement of the Chartered Professional Accountants Canada Public Sector Accounting Handbook, is that obligatory reserve funds be reported as deferred revenue. This requirement is in place as legislation and external agreements restrict how these funds may be used and under certain circumstances these funds may possibly be refunded. The balance in the obligatory reserve funds of the Municipality are summarized below:

	Balance as at December 30, 2020	Amounts received during the year	Recognized as revenues during the year	Balance as at December 31, 2021
Federal gas tax	\$ 20,007	\$ 85,565	\$ 44,265	\$ 61,307
Safe restart	<u>20,000</u>	<u>15,000</u>	<u>6,694</u>	<u>28,306</u>
Total Deferred Revenues - Obligatory Reserve Fund	<u>\$ 40,007</u>	<u>\$ 100,565</u>	<u>\$ 50,959</u>	<u>\$ 89,613</u>

9. Municipal Debt - Tile Drainage

The Municipality is liable for long-term liabilities with respect to tile drainage loans for which the responsibility for payment of principal and interest has been assumed by specific ratepayers. The total amount outstanding as at December 31, 2021 is \$61,769 (2020 - \$82,665) and is reflected as long-term receivables and municipal debt on the Consolidated Statement of Financial Position.

The Corporation of the Municipality of Charlton and Dack
Notes to the Consolidated Financial Statements
December 31, 2021

10. Municipal Debt

	<u>2021</u>	<u>2020</u>
Term loan, repayable in monthly instalments of \$768 including interest at prime plus 0.5%, maturing December 30, 2031	<u>\$ 79,403</u>	<u>\$ 86,170</u>

Principal instalments required to be paid over the next five years are as follows:

2022	\$ 6,967
2023	7,176
2024	7,390
2025	7,611
2026	7,839
Thereafter	<u>42,420</u>
Total	<u>\$ 79,403</u>

The Corporation of the Municipality of Charlton and Dack
Notes to the Consolidated Financial Statements
December 31, 2021

11. Landfill Closure and Post-Closure

Under environmental law, there is a requirement for closure and post-closure maintenance of solid waste landfill sites. This requirement is to be provided for over the estimated remaining life of the landfill site based on usage. The reported liability is based on estimates and assumptions with respect to events extending over an extended period using the best information available to management. Future events may result in significant changes to the estimated total expenses, capacity used or total capacity and the estimated liability, and would be recognized prospectively, as a change in estimate, when applicable.

The current landfill site is expected to reach capacity in approximately 2060. The main components of the landfill closure plan are final capping using selected specific layers of earthen materials based on an engineered cap design and implementation of a drainage management plan. The post-closure maintenance requirements will involve cap maintenance, installation of monitoring wells, groundwater monitoring, inspections and annual reports.

The estimated liability for this maintenance is the present value of future cash flows associated with closure and post-closure costs discounted using the Municipality's estimated average borrowing rate of 2.95% (2020 - 2.95%). The change in liability is recorded based on the capacity of the landfill used to date. The recorded liability is \$28,798 (2020 - \$21,545) based on a total estimated liability in the future of \$100,431 (2020 - \$94,753), leaving an amount of \$71,633 (2020 - \$73,208) to be recognized over the remaining expected life of the landfill site. The liability is currently unfunded and is expected to be funded through budget allocations to a landfill reserve over the remaining life of the landfill.

The estimated remaining capacity of the site is approximately 71% (2020 - 73%) of its estimated capacity or 19,601 (2020 - 20,136) tonnes, and its remaining life is approximately 39 years (2020 - 40 years). Post-closure care is estimated to continue for a period of approximately 7 years.

The Corporation of the Municipality of Charlton and Dack
Notes to the Consolidated Financial Statements
December 31, 2021



12. Tangible Capital Assets

	Cost				Accumulated Amortization				Net Book Value	
	Balance, beginning of year	Additions	Transfers / Disposals	Balance, end of year	Balance, beginning of year	Amortization	Disposals	Balance, end of year	December 31, 2021	December 31, 2020
Land	\$ 23,481	\$ 7,566	\$ -	\$ 31,047	\$ -	\$ -	\$ -	\$ -	\$ 31,047	\$ 23,481
Land improvements	49,720	-	-	49,720	23,444	1,598	-	25,042	24,678	26,276
Buildings	1,461,026	90,814	78,236	1,630,076	762,335	33,045	-	795,380	834,696	698,691
Automotive equipment	868,245	72,926	(22,388)	918,783	266,193	65,876	(22,388)	309,681	609,102	602,052
Equipment	1,809,285	2,968	-	1,812,253	1,604,414	28,723	-	1,633,137	179,116	204,871
Roads	967,570	88,531	-	1,056,101	376,846	41,823	-	418,669	637,432	590,724
Water distribution lines	2,409,707	-	-	2,409,707	765,948	48,195	-	814,143	1,595,564	1,643,759
Bridges and culverts	1,806,312	-	-	1,806,312	1,056,188	32,502	-	1,088,690	717,622	750,124
Municipal drains	47,342	-	-	47,342	32,892	946	-	33,838	13,504	14,450
Assets under construction	78,236	-	(78,236)	-	-	-	-	-	-	78,236
	<u>\$ 9,520,924</u>	<u>\$ 262,805</u>	<u>\$ (22,388)</u>	<u>\$ 9,761,341</u>	<u>\$ 4,888,260</u>	<u>\$ 252,708</u>	<u>\$ (22,388)</u>	<u>\$ 5,118,580</u>	<u>\$ 4,642,761</u>	<u>\$ 4,632,664</u>

The Corporation of the Municipality of Charlton and Dack
Notes to the Consolidated Financial Statements
December 31, 2021

13. Accumulated Surplus

	<u>2021</u>	<u>2020</u>
Surplus		
Invested in tangible capital assets	\$ 4,642,761	\$ 4,632,664
General	-	30,205
Unfunded Liabilities		
Municipal debt	(79,403)	(86,170)
Landfill closure and post-closure	<u>(28,798)</u>	<u>(21,545)</u>
Total surplus	<u>4,534,560</u>	<u>4,555,154</u>
Reserves		
Special purpose reserves		
Bradley subdivision water	2,333	2,795
Cemetery	32,204	32,204
Cenotaph	5,000	-
Charlton water	3,049	6,038
Clarksville water	6,167	10,559
Development	20,000	-
Fire department	40,186	25,935
Fireworks	281	3,845
Heritage	3,163	3,163
Integrity commission investigation	10,000	5,000
Modernization	33,888	106,190
Parkland	4,521	4,000
Safe restart	-	3,634
Working capital	<u>439,608</u>	<u>369,630</u>
Total reserves	<u>600,400</u>	<u>572,993</u>
Accumulated Surplus	<u>\$ 5,134,960</u>	<u>\$ 5,128,147</u>

14. Contingencies

Legal Matters

The Municipality is involved in certain legal matters and litigations, the outcomes of which are not presently determinable. The loss, if any, from these contingencies will be accounted for in the periods in which the matters are resolved.

Council is of the opinion that it is unlikely that any liability, to the extent not provided by insurance or otherwise, would be material in relation to the Municipality's consolidated financial position.

The Corporation of the Municipality of Charlton and Dack
Notes to the Consolidated Financial Statements
December 31, 2021

15. Commitments

Under the terms of existing contracts for services expiring December 31, 2025, the Municipality is committed to make minimum payments as follows:

2022	\$ 105,860
2023	107,977
2024	110,137
2025	<u>112,340</u>
	<u>\$ 436,314</u>

16. Operations of School Boards

Further to note 1(a)(vi), the taxation, other revenues, and expenses of the school boards are comprised of the following:

	<u>2021</u>	<u>2020</u>
Taxation and user charges	<u>\$ 135,362</u>	<u>\$ 135,640</u>
Total amounts received or receivable	135,362	135,640
Requisitions	<u>135,362</u>	<u>135,640</u>
	<u>\$ -</u>	<u>\$ -</u>

17. Contributions to Unconsolidated Joint Local Boards

Further to note 1(a)(iii), the following contributions were made by the Municipality to these Boards:

	<u>2021</u>	<u>2020</u>
Temiskaming District Health Unit	<u>\$ 28,056</u>	<u>\$ 26,720</u>
District of Temiskaming Social Services Administration Board	<u>140,820</u>	<u>138,781</u>
	<u>\$ 168,876</u>	<u>\$ 165,501</u>

The Corporation of the Municipality of Charlton and Dack

Notes to the Consolidated Financial Statements

December 31, 2021

18. Pension Agreements

The Municipality makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of all qualifying 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. The OMERS Administration Corporation Board of Directors, 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. OMERS provides pension services to approximately 541,000 active and retired members and approximately 1,000 employers.

Each year an independent actuary determines the funding status of OMERS Primary Pension Plan ('the Plan') by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. On December 31, 2021, the estimated accrued pension obligation for all members of the Plan was \$119,342 million (2020 - \$111,820 million). The Plan had an actuarial value of net assets at that date of \$116,211 million (2020 - \$108,609 million) indicating an actuarial deficit of \$3,131 million (2020 - \$3,211 million). The Plan is a multi-employer plan, therefore any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Municipality does not recognize any share of the OMERS pension surplus or deficit.

The amount contributed by the Municipality to OMERS for 2021 was \$42,151 (2020 - \$33,553) for current services and is included as an expense on the Consolidated Statement of Operations and Accumulated Surplus.

On January 1, 2021 the yearly maximum pension earnings increased to \$61,600 from \$58,700 in 2020. The contributions are calculated at a rate of 9.0% (2020 - 9.0%) for amounts up to the yearly maximum pension earnings stated above and at a rate of 14.6% (2020 - 14.6%) for amounts above the yearly maximum pension earnings.

19. Cemetary Care and Maintenance Fund

The Cemetery Care and Maintenance Fund administered by the Municipality amounting to \$49,024 (2020 - \$47,084) has not been included in the Consolidated Statement of Financial Position nor has its operations been included in the Consolidated Statement of Operations and Accumulated Surplus.

The Corporation of the Municipality of Charlton and Dack
Notes to the Consolidated Financial Statements
December 31, 2021

20. Budget Figures

Budget figures have been provided for comparison purposes and have been derived from the budget approved by Council. The budget approved by Council is developed in accordance with the provincially mandated funding model for municipalities and is used to manage program spending within the guidelines of the funding model. Given differences between the funding model and generally accepted accounting principles for local governments established by the Public Sector Accounting Board, the budget figures presented have been adjusted to conform with the basis of accounting that is used to prepare the consolidated financial statements. The budget figures are unaudited.

21. Comparative Figures

The presentation of certain accounts of the previous year has been changed to conform with the presentation adopted for the current year.

The Corporation of the Municipality of Charlton and Dack
Notes to the Consolidated Financial Statements
December 31, 2021



22. Segmented Information

	<u>General Government</u>	<u>Protection Services</u>	<u>Transportation Services</u>	<u>Environmental Services</u>	<u>Health Services</u>	<u>Social and Family Services</u>	<u>Recreation and Cultural Services</u>	<u>Planning and Development</u>	<u>2021 Total</u>	<u>2020 Total</u>
Revenues										
Net taxation	\$ 178,795	\$ 53,714	\$ 246,027	\$ 115,469	\$ 40,461	\$ 24,782	\$ 25,704	\$ 1,089	\$ 686,041	\$ 636,106
User charges	6,520	23,032	8,293	216,897	6,232	-	8,634	521	270,129	224,949
Government grants and transfers - Provincial	73,473	18,126	83,020	38,964	13,653	8,362	8,674	368	244,640	347,662
Other municipalities	152,811	-	166,013	-	-	-	-	-	318,824	246,414
Other	68,452	16,315	15,111	-	-	-	84,925	-	184,803	123,562
Total revenues	<u>480,051</u>	<u>111,187</u>	<u>518,464</u>	<u>371,330</u>	<u>60,346</u>	<u>33,144</u>	<u>127,937</u>	<u>1,978</u>	<u>1,704,437</u>	<u>1,578,693</u>
Expenses										
Salary, wages and employee benefits	304,257	12,478	309,651	24,947	-	-	-	-	651,333	510,294
Materials, rents, and financial expenses	37,255	15,111	179,322	65,805	570	-	42,521	1,890	342,474	345,909
Interest on long term debt	-	-	-	2,451	-	-	-	-	2,451	4,778
Contracted services	117,690	17,154	3,635	129,308	-	-	6,726	-	274,513	324,138
Transfers to other governments and the public	-	87,399	6,400	-	104,355	64,521	-	-	262,675	267,102
Amortization	6,302	7,707	141,539	78,120	419	-	17,675	946	252,708	240,989
Total expenses	<u>465,504</u>	<u>139,849</u>	<u>640,547</u>	<u>300,631</u>	<u>105,344</u>	<u>64,521</u>	<u>66,922</u>	<u>2,836</u>	<u>1,786,154</u>	<u>1,693,210</u>
Annual surplus (deficit) before other	14,547	(28,662)	(122,083)	70,699	(44,998)	(31,377)	61,015	(858)	(81,717)	(114,517)
Other										
Government grants and transfers related to capital - Provincial	-	-	44,265	-	-	-	-	-	44,265	50,000
Government grants and transfers related to capital - Federal	-	-	44,265	-	-	-	-	-	44,265	82,059
Annual surplus (deficit)	<u>\$ 14,547</u>	<u>\$ (28,662)</u>	<u>\$ (33,553)</u>	<u>\$ 70,699</u>	<u>\$ (44,998)</u>	<u>\$ (31,377)</u>	<u>\$ 61,015</u>	<u>\$ (858)</u>	<u>\$ 6,813</u>	<u>\$ 17,542</u>

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Independent Auditor's Report

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

Opinion

We have audited the financial statements of the Cemetery Care and Maintenance Fund of The Corporation of the Municipality of Charlton and Dack, which comprise the statement of financial position as at December 31, 2021, and the statement of continuity for the year then ended, and notes to the 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 Cemetery Care and Maintenance Fund of The Corporation of the Municipality of Charlton and Dack as at December 31, 2021, and the continuity of the Cemetery Care and Maintenance Fund 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 report. We are independent of the Municipality in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

ACCOUNTING • TAX • ADVISORY

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COMPTABILITÉ • FISCALITÉ • SERVICES-CONSEILS

Baker Tilly SNT s.r.l. est membre de la Coopérative Baker Tilly Canada, qui fait partie du réseau mondial Baker Tilly International Limited. Les membres de la Coopérative Baker Tilly Canada et de Baker Tilly International Limited sont tous des entités juridiques distinctes et indépendantes.

Independent Auditor's Report (Continued)

Other Matter

The financial statements of the Cemetery Care and Maintenance Fund of The Corporation of the Municipality of Charlton and Dack for the year ended December 31, 2020 were audited by another auditor who expressed an unmodified opinion of those statements on May 5, 2021.

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

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

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

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

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.

Independent Auditor's Report (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

- 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 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 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.

North Bay, Ontario
June 6, 2022

Baker Tilly SNT LLP

CHARTERED PROFESSIONAL ACCOUNTANTS,
LICENSED PUBLIC ACCOUNTANTS

**The Corporation of the Municipality of Charlton and Dack
Cemetery Care and Maintenance Fund - Statement of Continuity
For The Year Ended December 31, 2021**

	<u>2021</u>	<u>2020</u>
Balance, beginning of year	\$ 47,084	\$ 46,233
Sale of plots and marker installations	<u>1,940</u>	<u>851</u>
	49,024	47,084
Expenses	<u>-</u>	<u>-</u>
Balance, end of year	<u>\$ 49,024</u>	<u>\$ 47,084</u>

The Corporation of the Municipality of Charlton and Dack
Cemetery Care and Maintenance Fund - Statement of Financial Position
December 31, 2021

	<u>2021</u>	<u>2020</u>
Financial Assets		
Due from The Corporation of the Municipality of Charlton and Dack	\$ 49,024	\$ 47,084
Liabilities	<u>-</u>	<u>-</u>
Net Financial Assets	49,024	47,084
Non-Financial Assets	<u>-</u>	<u>-</u>
Accumulated Surplus	<u><u>\$ 49,024</u></u>	<u><u>\$ 47,084</u></u>

The Corporation of the Municipality of Charlton and Dack
Cemetery Care and Maintenance Fund - Note to the Financial Statements
December 31, 2021

1. Accounting Policies

Basis of Accounting

Capital receipts and income are reported on the cash basis of accounting.

Expenses are reported on the cash basis of accounting with the exception of administrative expenses and capital expenses which are reported on the accrual basis of accounting, which recognizes expenses as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.