



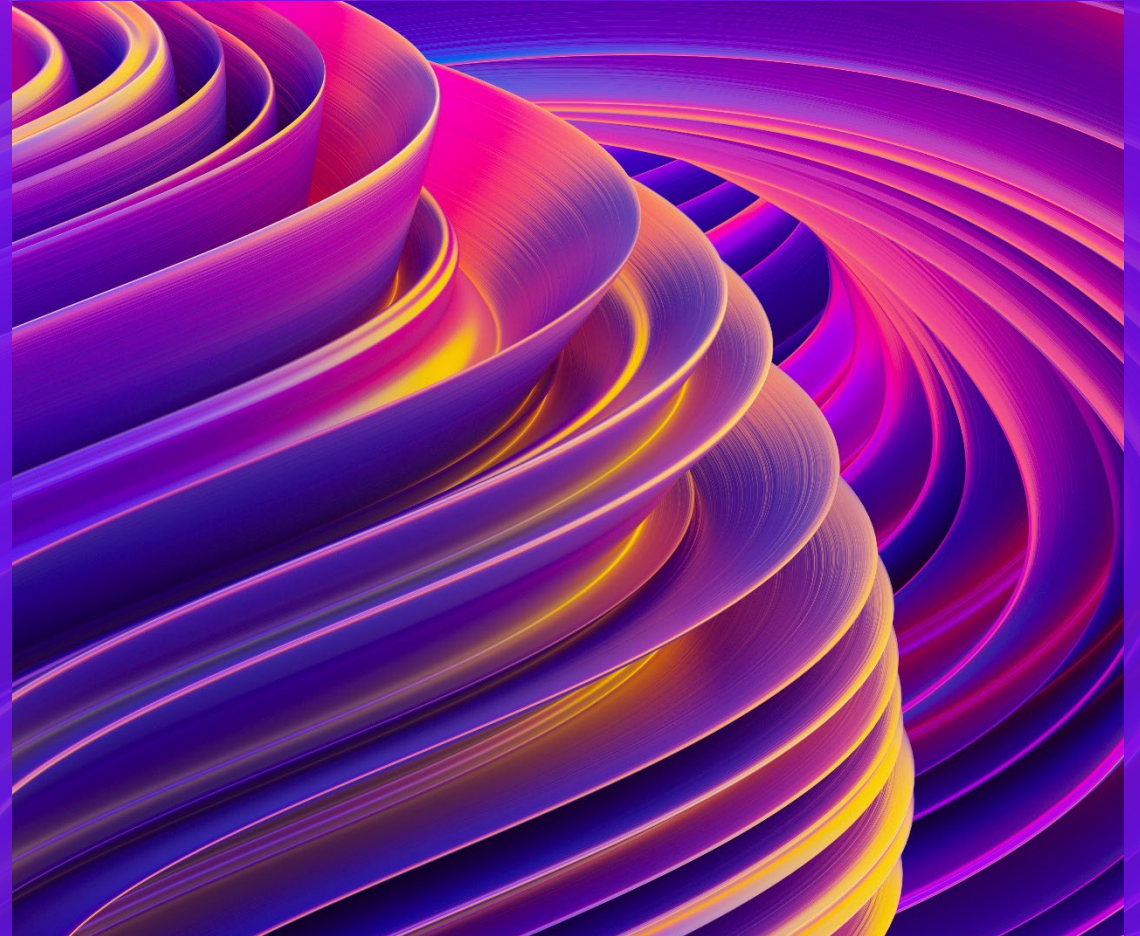
# The Corporation of the Municipality of St. Charles

Combined Audit Planning and Findings  
Report for the year ended  
December 31, 2023



Prepared as of November 12, 2024 for presentation to Council on  
November 20, 2024

[kpmg.ca/audit](https://kpmg.ca/audit)



# KPMG contacts

Key contacts in connection with this engagement



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## Digital use information

This Audit Findings Report is also available as a “hyper-linked” PDF document.

If you are reading in electronic form (e.g. In “Adobe Reader” or “Board Books”), clicking on the home symbol on the top right corner will bring you back to this slide.



Click on any item in the table of contents to navigate to that section.

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The purpose of this report is to assist you, as a member of Council, in your review of the results of our audit of the financial statements. This report is intended solely for the information and use of Management and Council and should not be used for any other purpose or any other party. KPMG shall have no responsibility or liability for loss or damages or claims, if any, to or by any third party as this report has not been prepared for, and is not intended for, and should not be used by, any third party or for any other purpose.



# Audit planning highlights



No matters to report



Matters to report – see link for details

## Scope

Our audit of the financial statements (“financial statements”) of the Municipality of St. Charles (“the Municipality”) as of and for the year ended December 31, 2023 was performed in accordance with Canadian generally accepted auditing standards.

## Audit strategy

Materiality \$116,000 




Involvement of others




Updates to our prior year audit plan

## Risk assessment



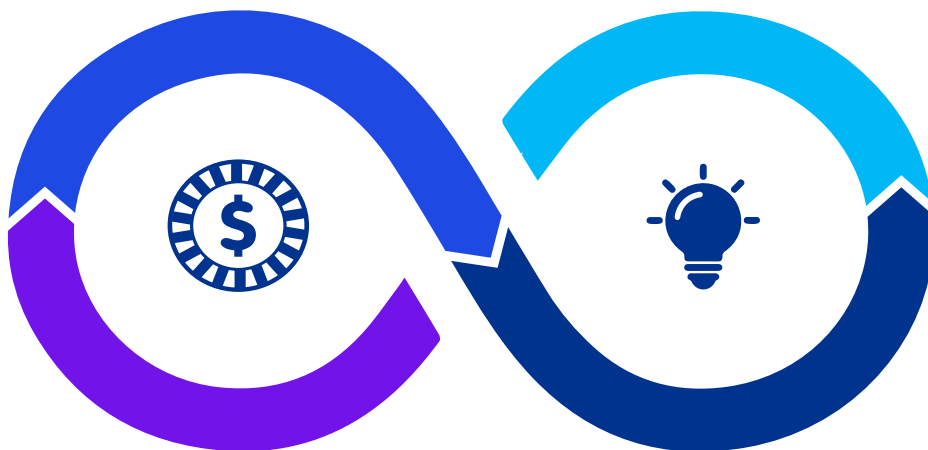
Risk of management override of controls 



Presumed risk of fraudulent revenue recognition 



# Materiality



We **initially determine materiality** at a level at which we consider that misstatements could reasonably be expected to influence the economic decisions of users. Determining materiality is a matter of **professional judgement**, considering both quantitative and qualitative factors, and is affected by our perception of the common financial information needs of users of the financial statements as a group. We do not consider the possible effect of misstatements on specific individual users, whose needs may vary widely.

We **reassess materiality** throughout the audit and revise materiality if we become aware of information that would have caused us to determine a different materiality level initially.

## Plan and perform the audit

We **initially determine materiality** to provide a basis for:

- Determining the nature, timing and extent of risk assessment procedures;
- Identifying and assessing the risks of material misstatement; and
- Determining the nature, timing, and extent of further audit procedures.

We design our procedures to detect misstatements at a level less than materiality in individual accounts and disclosures, to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.

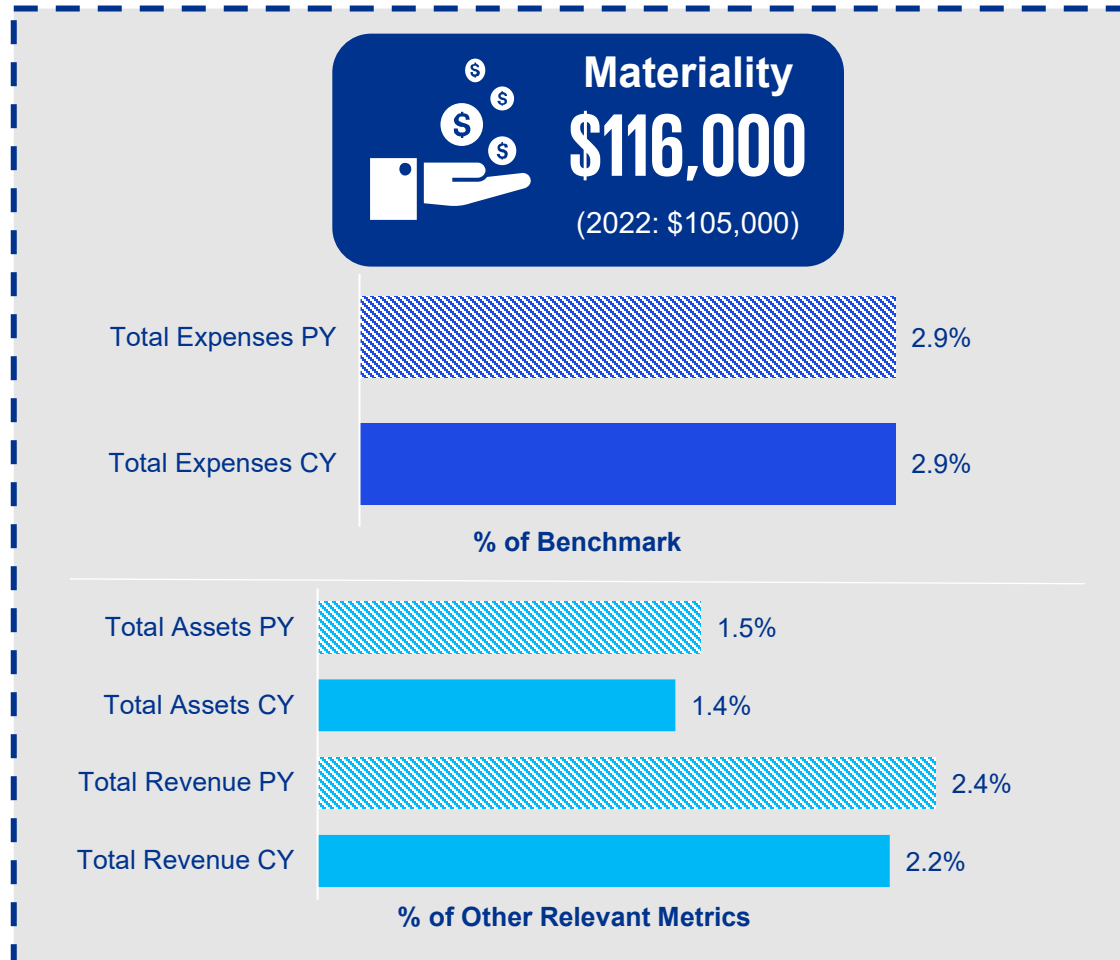
## Evaluate the effect of misstatements

We also **use materiality** to evaluate the effect of:

- Identified misstatements on our audit; and
- Uncorrected misstatements, if any, on the financial statements and in forming our opinion.



# Materiality



**Total Expenses**  
**\$3.89 million**  
 (2022: \$3.59 million)

**Total Revenue**  
**\$5.183 million**  
 (2022: \$4.34 million)

**Total Assets**  
**\$8.19 million**  
 (2022: \$6.99 million)



# Involvement of others

The following parties are involved in the audit of the financial statements:

Involved party	Nature and extent of planned involvement
Management's specialists – Canadian Shield Consultants	The experts were engaged to perform a valuation assessment of the post closure liabilities relating to landfill obligation under the new asset retirement obligation standards.



# Risk assessment summary

Our planning begins with an assessment of risks of material misstatement in your financial statements.

We draw upon our understanding of the Company and its environment (e.g. the industry, the wider economic environment in which the business operates, etc.), our understanding of the Company's components of its system of internal control, including our business process understanding.

		Risk of fraud	Risk of error	PY risk rating
●	Management Override of Controls	✓		Significant

● SIGNIFICANT RISK ● PRESUMED RISK OF MATERIAL MISSTATEMENT ● OTHER RISK OF MATERIAL MISSTATEMENT

## Advanced technologies

Our **KPMG Clara Dynamic Risk Assessment** tool gives us a more sophisticated, forward-looking and multi-dimensional approach to assessing audit risk.

[▶ Learn more](#)

Our **KPMG Clara Business Process Mining** provides immediate visualization of how 100% of your transactions are processed to complement your process narratives & flow charts.

[▶ Learn more](#)

**KPMG Clara Account Analysis** allows us to analyze the flow of transactions through your business to drive a more meaningful risk assessment.

[▶ Learn more](#)

**KPMG Clara AI** allows us to layer AI into our auditing platform, allowing us to scan 100% of your data and pull all of the risky transactions and anomalies out for further analysis.

[▶ Learn more](#)





# Significant risks



Management Override of Controls (non-rebuttable significant risk of material misstatement)

RISK OF



FRAUD

## Why is it significant?

**Presumption of the risk of fraud resulting from management override of controls**

Management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Although the level of risk of management override of controls will vary from entity to entity, the risk nevertheless is present in all entities.

## Our planned response

As this presumed risk of material misstatement due to fraud is not rebuttable, our audit methodology incorporates the required procedures in professional standards to address this risk. These procedures include:

- testing of journal entries and other adjustments,
- performing a retrospective review of estimates
- evaluating the business rationale of significant unusual transactions.

## Advanced technologies

Our KPMG Clara Journal Entry Analysis Tool assists in the performance of detailed journal entry testing based on engagement-specific risk identification and circumstances. Our tool provides auto-generated journal entry population statistics and focusses our audit effort on journal entries that are riskier in nature.



[Click to learn more](#)



# Significant risks – other considerations



Presumed risk of fraudulent revenue recognition

RISK OF



FRAUD

## Consideration of risk

**Presumption of the risk of fraud resulting revenue recognition**

The engagement team reviewed the Municipality's revenue streams in order to support our determination as to whether the fraud risk related to revenue recognition should be rebutted.

The engagement team has determined that rebutting the presumed fraud risk related to revenue recognition is appropriate based on the analysis outlined herein.

## Our analysis

Fraudulent revenue recognition risk factors have not been identified. The entity is not a high public profile entity and there are no significant third party expectations in relation to revenue creating perceived pressures or incentives. Revenues are relatively simple to recognize as they do not involve elements of significant judgment. The nature of the industry or the entity's operations do not provide perceived opportunities to engage in fraudulent revenue recognition. There are few, if any, indicators that management possesses the attitude, character or ethical values that would cause it to knowingly and intentionally commit a dishonest act. As a result there is not a risk of material misstatement of revenue due to fraudulent financial reporting by management.



# Audit findings highlights



No matters to report



Matters to report – see link for details

## Status

We have completed the audit of the financial statements for the Municipality of St. Charles (“financial statements”), with the exception of certain remaining outstanding procedures, which are highlighted on the ‘Status’ slide of this report.



## Risks and results

- Significant risks
- Other risks of material misstatement
- Going concern matters

## Policies and practices & Specific topics

- Significant unusual transactions
- Accounting policies and practices
- Other financial reporting matters
- Specific topics

## Uncorrected misstatements

Uncorrected misstatements	
<b>Annual surplus</b>	<b>(in \$'000s)</b>
As currently presented	\$655
Uncorrected misstatements	-
As a % of the balance	0.00%
<b>Total assets</b>	<b>(in \$'000s)</b>
As currently presented	9,320
Uncorrected misstatements	(\$60)
As a % of the balance	0.64%



## Corrected misstatements

Corrected misstatements

## Control deficiencies

Significant deficiencies



# Uncorrected misstatements

Uncorrected misstatements include financial presentation and disclosure omissions.



## Impact of uncorrected misstatements – Not material to the financial statements

- The management representation letter includes the Summary of Uncorrected Misstatements, which discloses the impact of all uncorrected misstatements considered to be other than clearly trivial
- Based on both qualitative and quantitative considerations, management have decided not to correct certain misstatements and represented to us that the misstatements—individually and in the aggregate—are, in their judgment, not material to the financial statements. This management representation is included in the management representation letter.
- We concur with management's representation that the uncorrected misstatements are not material to the financial statements. Accordingly, the uncorrected misstatements have no effect on our auditor's report.

Below is a summary of the impact of the uncorrected misstatement:

Annual surplus	(in \$'000s)	Total assets	(in \$'000s)
As currently presented	\$655	As currently presented	9,320
Uncorrected misstatements	-	Uncorrected misstatements	(\$60)
As a % of the balance	0.00%	As a % of the balance	0.64%



# Corrected misstatements

Corrected misstatements include financial presentation and disclosure misstatements.



## Impact of corrected misstatements

- Certain corrected adjustments were identified based on the audit procedures completed. These adjustments have been noted as an attachment to the management representation letter.



# Control deficiencies

## Consideration of internal control over financial reporting (ICFR)

In planning and performing our audit, we considered ICFR relevant to the Entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on ICFR.

Our understanding of internal control over financial reporting was for the limited purpose described above and was not designed to identify all control deficiencies that might be significant deficiencies. The matters being reported are limited to those deficiencies that we have identified during the audit that we have concluded are of sufficient importance to merit being reported to those charged with governance.

Our awareness of control deficiencies varies with each audit and is influenced by the nature, timing, and extent of audit procedures performed, as well as other factors. Had we performed more extensive procedures on internal control over financial reporting, we might have identified more significant deficiencies to be reported or concluded that some of the reported significant deficiencies need not, in fact, have been reported.

## A deficiency in internal control over financial reporting

A deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A deficiency in design exists when (a) a control necessary to meet the control objective is missing or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed, or when the person performing the control does not possess the necessary authority or competence to perform the control effectively.

## Significant deficiencies in internal control over financial reporting

A deficiency, or a combination of deficiencies, in internal control over financial reporting that, in our judgment, is important enough to merit the attention of those charged with governance.



# Significant accounting policies and practices



## Initial selections of significant accounting policies and practices

PSAS 3280 Asset Retirement Obligation Standards was effective for fiscal years beginning on or after April 1, 2022. The adoption of this standard was reflected in the December 31, 2023 on a modified retroactive basis.

Note disclosure has been included in the financial statements for the transition to the new accounting standard. Please see note 2 for additional information relating to the transitional adjustments.



## Description of new or revised significant accounting policies and practices

The new accounting standard, PS 3280, addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets, such as asbestos removal in buildings owned by the Municipality along with the retirement obligation associated with the landfill. The standard was adopted on the modified retrospective basis at the date of adoption such that the assumptions used to estimate the Municipality's asset retirement obligations were applied as of the date of adoption of the standard.

In determining the amount of the obligation, the Municipality utilized a present value measurement technique only for the landfill obligation as it as determined that the timing of the future cash flows related to the costs associated with the asset retirement obligation was determinable.



## Significant qualitative aspects of the accounting policies and practices

The adoption of the Asset Retirement Obligations Standard required management to calculate the value of the obligation as of the date of transition. For application of the Standard, the Municipality used internal knowledge of the public works staff which was supplemented with professional third party reports provided by an external consultants.



## Future implementation

Accounting pronouncements issued but not yet effective have not been disclosed in the notes to the financial statements. However, the most significant pronouncements in the near term relate to Revenue and Public Private Partnerships ("P3s") and that will be applicable for fiscal 2024. The implications of these new standards are not expected to be significant.



# Other financial reporting matters

We also highlight the following:



**Financial statement presentation - form, arrangement, and content**



No matters to report



**Concerns regarding application of new accounting pronouncements**



No matters to report



**Significant qualitative aspects of financial statement presentation and disclosure**



No matters to report



# Appendices

**A**

Required  
communications

**B**

Audit quality

**C**

New auditing  
standards

**D**

Insights

**E**

Financial Statement  
Presentation





# Appendix A: Draft auditor's report

## INDEPENDENT AUDITOR'S REPORT

To the Members of Council, residents and ratepayers of the Corporation of the Municipality of St.-Charles

### **Opinion**

We have audited the consolidated financial statements of The Corporation of the Municipality of St.-Charles (the Entity), which comprise:

- the consolidated statement of financial position as at December 31, 2023
- the consolidated statement of operations and accumulated surplus for the year then ended
- the consolidated statements of changes in net financial assets for the year then ended
- the consolidated statement of cash flows for the year then ended
- and the notes and schedule to the consolidated 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 consolidated financial position of the Entity as at December 31, 2023, and its consolidated results of operations, its consolidated changes in net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### **Basis for Opinion**

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibility 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.

### **Emphasis of Matter – Comparative Information**

We draw attention to Note 2 to the financial statements ("Note 2"), which explains that certain comparative information presented for the year ended December 31, 2022 has been restated as a result of the modified retroactive adoption of the asset retirement obligation standard. Note 2 explains the reason for the restatement and also explains the adjustments that were applied to restate certain comparative information.

Our opinion is not modified in respect of this matter.

### **Other Matter – Comparative Information**

As part of our audit of the financial statements for the year ended December 31, 2023, we also audited the adjustments that were applied to restate certain comparative information presented for the year ended December 31, 2022 as a result of a change in accounting policy. In our opinion, such adjustments are appropriate and have been properly applied.

### **Responsibility 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.



# Appendix A: Draft auditor's report

We also:

- Identify and assess the risk 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, internal 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 purposes 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 the 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's 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Chartered Professional Accountants, Licensed Public Accountants

Sudbury, Canada

November 20, 2024



# Appendix A: Other required communications



## Engagement terms

A copy of the engagement letter and any subsequent amendments has been provided to the Audit Committee.



## CPAB communication protocol

The reports available through the following links were published by the Canadian Public Accountability Board to inform Audit Committees and other stakeholders about the results of quality inspections conducted over the past year:

- [CPAB Audit Quality Insights Report: 2021 Annual Inspections Results](#)
- [CPAB Audit Quality Insights Report: 2022 Interim Inspections Results](#)
- [CPAB Audit Quality Insights Report: 2022 Annual Inspections Results](#)
- [CPAB Audit Quality Insights Report: 2023 Interim Inspections Results](#)



# Appendix A: Management representation letter

KPMG LLP  
Times Square  
1760 Regent Street, Unit 4  
Sudbury, ON P3E 3Z8  
Canada

November 20, 2024

We are writing at your request to confirm our understanding that your audit was for the purpose of expressing an opinion on the financial statements (hereinafter referred to as "financial statements") of **The Corporation of the Municipality of St. Charles** ("the Entity") as at and for the period ended December 31, 2023.

## GENERAL:

We confirm that the representations we make in this letter are in accordance with the definitions as set out in **Attachment I** to this letter.

We also confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

## RESPONSIBILITIES:

- 1) We have fulfilled our responsibilities, as set out in the terms of the engagement letter dated January 29, 2024, including for:
  - a) the preparation and fair presentation of the financial statements and believe that these financial statements have been prepared and present fairly in accordance with the relevant financial reporting framework.
  - b) providing you with all information of which we are aware that is relevant to the preparation of the financial statements ("relevant information"), such as financial records, documentation and other matters, including:
    - the names of all related parties and information regarding all relationships and transactions with related parties;
    - the complete minutes of meetings, or summaries of actions of recent meetings for which minutes have not yet been prepared, of shareholders, board of directors and committees of the board of directors that may affect the financial statements. All significant actions are included in such summaries.
  - c) providing you with unrestricted access to such relevant information.
  - d) providing you with complete responses to all enquiries made by you during the engagement.

- e) providing you with additional information that you may request from us for the purpose of the engagement.
- f) providing you with unrestricted access to persons within the Entity from whom you determined it necessary to obtain audit evidence.
- g) such internal control as we determined is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. We also acknowledge and understand that we are responsible for the design, implementation and maintenance of internal control to prevent and detect fraud.
- h) ensuring that all transactions have been recorded in the accounting records and are reflected in the financial statements.
- i) ensuring that internal auditors providing direct assistance to you, if any, were instructed to follow your instructions and that we, and others within the entity, did not intervene in the work the internal auditors performed for you.

## INTERNAL CONTROL OVER FINANCIAL REPORTING:

- 2) We have communicated to you all deficiencies in the design and implementation or maintenance of internal control over financial reporting of which we are aware.

## FRAUD & NON-COMPLIANCE WITH LAWS AND REGULATIONS:

- 3) We have disclosed to you:
  - a) the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
  - b) all information in relation to fraud or suspected fraud that we are aware of that involves:
    - management;
    - employees who have significant roles in internal control over financial reporting; or
    - others
 where such fraud or suspected fraud could have a material effect on the financial statements.
  - c) all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements, communicated by employees, former employees, analysts, regulators, or others.
  - d) all known instances of non-compliance or suspected non-compliance with laws and regulations, including all aspects of contractual agreements or illegal acts, whose effects should be considered when preparing financial statements.
  - e) all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.



# Appendix A: Management representation letter

## SUBSEQUENT EVENTS:

- 4) All events subsequent to the date of the financial statements and for which the relevant financial reporting framework requires adjustment or disclosure in the financial statements have been adjusted or disclosed.

## RELATED PARTIES:

- 5) We have disclosed to you the identity of the Entity's related parties.
- 6) We have disclosed to you all the related party relationships and transactions/balances of which we are aware.
- 7) All related party relationships and transactions/balances have been appropriately accounted for and disclosed in accordance with the relevant financial reporting framework.

## ESTIMATES:

- 8) The methods, the data and the significant assumptions used in making accounting estimates, and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in the context of the applicable financial reporting framework.

## GOING CONCERN:

- 9) We have provided you with all information relevant to the use of the going concern assumption in the financial statements.
- 10) We confirm that we are not aware of material uncertainties related to events or conditions that may cast significant doubt upon the Entity's ability to continue as a going concern.

## MISSTATEMENTS:

- 11) The effects of the uncorrected misstatements described in Attachment II are immaterial, both individually and in the aggregate, to the financial statements as a whole.
- 12) We approve the corrected misstatements identified by you during the audit described in Attachment II.

## NON-SEC REGISTRANTS OR NON-REPORTING ISSUERS:

- 13) We confirm that the Entity is not a Canadian reporting issuer (as defined under any applicable Canadian securities act) and is not a United States Securities and Exchange Commission ("SEC") Issuer (as defined by the Sarbanes-Oxley Act of 2002).
- 14) We also confirm that the financial statements of the Entity will not be included in the group financial statements of a Canadian reporting issuer audited by KPMG or an SEC Issuer audited by any member of the KPMG organization.

Yours very truly,

---

By: Mr. Denis Turcot, Chief Administrative Officer

---

By: Ms. Pamela McCracken, Treasurer



# Appendix A: Management representation letter

## Attachment I – Definitions

### MATERIALITY

Certain representations in this letter are described as being limited to matters that are material.

Information is material if omitting, misstating or obscuring it could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Judgments about materiality are made in light of surrounding circumstances, and are affected by perception of the needs of, or the characteristics of, the users of the financial statements and, the size or nature of a misstatement, or a combination of both while also considering the entity's own circumstances.

### FRAUD & ERROR

Fraudulent financial reporting involves intentional misstatements including omissions of amounts or disclosures in financial statements to deceive financial statement users.

Misappropriation of assets involves the theft of an entity's assets. It is often accompanied by false or misleading records or documents in order to conceal the fact that the assets are missing or have been pledged without proper authorization.

An error is an unintentional misstatement in financial statements, including the omission of an amount or a disclosure.



# Appendix A: Management representation letter

## Attachment II

### Summary of uncorrected misstatements

Method used to evaluate misstatements: Dual method

#	Account #	Account Name	Description/ Identified During	Error Type	Amount	Impact on financial statement captions - DR(CR)															Statement of Comprehensive Income - Debit (Credit) (Rollover)	Statement of Comprehensive Income - Debit (Credit) (Iron Curtain)			
						Income Statement DR (CR)			Balance Sheet Effect				Cash Flow Effect (Rollover)			Cash Flow Effect (Iron Curtain)									
						Income effect of correcting the balance sheet in prior period	Income effect of current period balance sheet	Income effect (Rollover method)	Equity at period end	Current Assets	Non-Current Assets	Current Liabilities	Non-Current Liabilities	Operating Activities	Investing Activities	Financing Activities	Operating Activities	Investing Activities	Financing Activities						
DR (CR)	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$									
1	2000	Accounts Payable	To reverse payables at year end that were not received until after year end	Factual	23,730				-	-	-	-	23,730	(23,730)	-	-	-	-	-	-	-	-	-	-	
	01.01.4553	Admin - Other (Admin): Misc Conditional Grant Expense			(21,370)	-	(21,370)	(21,370)	(21,370)						(21,370)	-	-	-	-	-	-	-	-	-	-
	2550	GST/HST Payable			(2,360)				-	(2,360)	-	-	-	(2,360)	-	-	-	-	-	-	-	-	-	-	-
	2000	Accounts Payable			66,208				-	-	-	66,208	-	66,208	-	-	-	-	-	-	-	-	-	-	-
	1225	Equipment Transportation			(59,622)				-	-	(59,622)	-	-	(59,622)	-	-	-	-	-	-	-	-	-	-	-
	2550	GST/HST Payable			(6,586)				-	(6,586)	-	-	-	(6,586)	-	-	-	-	-	-	-	-	-	-	-
	2602	Def Rev-Paris & Rec			(21,370)				-	-	-	(21,370)	-	(21,370)	-	-	-	-	-	-	-	-	-	-	-





# Appendix A: Management representation letter

## Attachment II

### Summary of uncorrected misstatements (continued)

						Impact on financial statement captions - DR(CR)																
#	Account #	Account Name	Description/ Identified During	Error Type	Amount	Income Statement DR (CR)			Balance Sheet Effect					Cash Flow Effect (Rollover)			Cash Flow Effect (Iron Curtain)			Statement of Comprehensive Income - Debit (Credit) (Rollover)	Statement of Comprehensive Income - Debit (Credit) (Iron Curtain)	
						Income effect of correcting the balance sheet in prior period	Income effect of current period balance sheet	Income effect (Rollover method)	Equity at period end	Current Assets	Non-Current Assets	Current Liabilities	Non-Current Liabilities	Operating Activities	Investing Activities	Financing Activities	Operating Activities	Investing Activities	Financing Activities			
					\$ DR (CR)	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$			
	01.07.3102	Grants:Grant - OCIF			21,370	-	21,370	21,370	21,370						21,370	-	-	-	-	-	-	-
Total uncorrected misstatements (before tax)						-	-	-	-	(8,946)	(59,622)	44,838	23,730	12,162	(59,622)	-	-	-	-	-	-	-
Final financial statement amounts							-	(654,500)	(7,473,852)	4,081,188	9,320,128	(888,630)	(959,644)	1,351,125	754,780	(18,401)	1,351,125	754,780	(18,401)	-	-	-
Percentage of uncorrected misstatements after tax financial statement amounts.							0.00%	0.00%	-%	0.22%	0.64%	5.06%	2.47%	0.90%	7.90%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%



# Appendix A: Management representation letter

## Attachment II

### Summary of corrected misstatements

#	Account #	Account Name	Description/ Identified During	Error Type	Amount	Income Effect DR (CR)	Balance Sheet Effect					Cash Flow Effect			Statement of Comprehen sive Income - Debit (Credit)		
							DR (CR)	Income effect	Equity at period end	Current Assets	Non- Current Assets	Current Liabilities	Non- Current Liabilities	Operating Activities		Investing Activities	Financing Activities
10	LIB-1004 LIB-3100 LIB-1001	Short Term Investments Bank Dividend Library Savings	Entry to adjust library investments and bank accounts to actual	N/A	16 (16) -		- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -			
11	LIB-2999 LIB-2550 LIB-2000	Library Surplus GST/HST Payable Accounts Payable	Entry to adjust Library retained earnings	N/A	149 3 (26)		- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -			
	LIB-1001 LIB-6999	Library Savings Uncategorized			172 (298)	(298)	- -	- -	- -	- -	- -	- -	- -	- -			
12	LIB-2999 LIB-3100 32000 KPMG12	Library Surplus Bank Dividend Retained Earnings Other income	To adjust current year library and municipality retained earnings	N/A	(298) 298 298 (298)	(298)	- - - -	- - - -	- - - -	- - - -	- - - -	- - - -	- - - -	- - - -			
13	2003 2004 2005 2006 32000	Due to English Public SB Due to French Public SB Due to English Seperate SB Due to French Seperate SB Retained Earnings	To adjust opening retained earnings	N/A	(224,509) (17,072) (31,646) (64,567) 337,794		- - - - 337,794	- - - -	- - -	(224,509) (17,072) (31,646) (64,567) -	- - - -	- - - -	- - - -	- - - -			
14	07.03.455 3 1206 03.32.555 5 1239 03.16.455 4 1235 1224	Community Centre (Municipal Facilities): Misc Condi Buildings Recreation Street Signs & Barricades (Public Works): AMP Proje Roads Low class Bridges/Culverts (Public Works): NORDS Expense Culverts Equipment Health Acc. Amort.	Entry to record capital assets that were expensed by the client	N/A	(135,301) 121,911 (20,805) 20,805 (34,154) 34,154 (4,293)	(135,301) (20,805) (34,154) (34,154) (4,293)	(33,280) (20,805) (34,154) (34,154) (4,293)	- - - - -	33,280 20,805 34,154 -	- - - -	- - - -	- - - -	- - - -				



# Appendix A: Management representation letter

## Attachment II

### Summary of corrected misstatements (continued)

#	Account #	Account Name	Description/ Identified During	Error Type	Amount DR (CR)	Income Effect DR (CR)	Balance Sheet Effect				Cash Flow Effect			Statement of Comprehen sive Income - Debit (Credit)		
							Equity at period end	Current Assets	Non- Current Assets	Current Liabilities	Non- Current Liabilities	Operating Activities	Investing Activities		Financing Activities	
					\$	\$	\$	\$	\$	\$	\$	\$	\$	\$		
	1244 1222	Parks Capital Equipment recreation			4,293 13,390		-	-	4,293	-	-	-	-	-	-	-
15	2400	Payroll Liabilities	Entry to vacation payable at beginning of year	N/A	(54,756)		-	-	(54,756)	-	-	-	-	-	-	-
	02.02.400 0	CBO:Wages			8,167	8,167	8,167									
	01.01.400 0	Admin - Other (Admin):Wages			22,565	22,565	22,565									
	01.11.400 0	Service Ontario:Wages			3,134	3,134	3,134									
	07.06.400 0	Parks & Recreation - Other (Parks & Recreation):Wa			110	110	110									
	03.37.400 0	Public Works - Other (Public Works):Wages			19,778	19,778	19,778									
	02.07.400 0	Fire Department - Other (Fire Department):Wages			1,001	1,001	1,001									
16	1202	Building - GG Acc. Amort.	To record Amortization	N/A	(10,284)		-	16	-	-	-	-	-	-	-	-
	01.01.999 9	GG Amortization			10,284	10,284	(16)									
	1208	Buildings Health Acc. Amort.			(38,513)		-	-	-	-	-	-	-	-	-	-
	01.10.999 9	Wellness Centre - Amortization			38,513	38,513	-	-	-	-	-	-	-	-	-	-
	1207	Buildings Recreation Acc. A			(44,234)		-	-	-	-	-	-	-	-	-	-
	07.02.999 9	Arena - Amortization			44,234	44,234	-	-	-	-	-	-	-	-	-	-
	1210	Buildings - Transportation Ac			(8,147)		-	-	-	-	-	-	-	-	-	-
	03.37.999 9	Transportation - amortization			8,147	8,147	-	-	-	-	-	-	-	-	-	-
	1223	Equipment Recreation Acc			(21,692)		-	-	-	-	-	-	-	-	-	-
	07.02.999 9	Arena - Amortization			21,692	21,692	-	-	-	-	-	-	-	-	-	-
	1226	Equipment Transportation A			(32,452)		-	-	-	-	-	-	-	-	-	-



# Appendix A: Management representation letter

## Attachment II

### Summary of corrected misstatements (continued)

#	Account #	Account Name	Description/ Identified During	Error Type	Amount	Income Effect DR (CR)	Balance Sheet Effect					Cash Flow Effect			Statement of Comprehen sive Income - Debit (Credit)		
							DR (CR)	Income effect	Equity at period end	Current Assets	Non- Current Assets	Current Liabilities	Non- Current Liabilities	Operating Activities		Investing Activities	Financing Activities
	03.37.999 9 1218	Transportation - amortization Equipment - GG Acc Amort.			32,452	32,452	-	-	-	-	-	-	-	-	-	-	
	01.01.999 9 1224	GG Amortization Equipment Health Acc. Amort.			(6,369)	6,369	-	-	-	-	-	-	-	-	-	-	
	01.10.999 9 1228	Wellness Centre - Amortization Vehicles Protection Acc.			6,369	(3,133)	-	-	-	-	-	-	-	-	-	-	
	02.07.999 9 1230	Protection - amortization Vehicles			3,133	3,133	-	-	-	-	-	-	-	-	-	-	
	04.02.999 9 1232	Environmental Acc Environment - amortization Vehicles Recreation Acc. A			(16,218)	16,218	-	-	-	-	-	-	-	-	-	-	
	04.02.999 9 1232	Environmental Acc Environment - amortization Vehicles Recreation Acc. A			(34,980)	34,980	-	-	-	-	-	-	-	-	-	-	
	04.02.999 9 1232	Environmental Acc Environment - amortization Vehicles Recreation Acc. A			(2,734)	2,734	-	-	-	-	-	-	-	-	-	-	
17	32000	Retained Earnings	Entry to adjust Municipality's retained earnings	N/A	924	(924)	924	-	-	-	-	-	-	-	-	-	
	01.01.320 0	Admin - Other (Admin):Treasury Department - Other			(924)	(924)	(924)	-	-	-	-	-	-	-	-	-	
18	1505 KPMG10	Allowance for Doubtful Account Bad debts on property tax	To adjust the uncollectible accounts for the arena	N/A	(67,874)	67,874	-	(67,874)	-	-	-	-	-	-	-	-	
19	1500	Current Taxes Receivable	Entry to correct Property Taxes Receivable	N/A	67,874	67,874	67,874	-	-	-	-	-	-	-	-	-	
	1501	Taxes Receivable - Year 1			18,308	18,308	-	18,308	-	-	-	-	-	-	-	-	
	1502	Taxes Receivable - Year 2			277	(17,990)	-	277	-	-	-	-	-	-	-	-	
	1503	Taxes Receivable - Year 3+			(17,990)	17,990	-	(17,990)	-	-	-	-	-	-	-	-	
	1504	Interest & Penalties Receivable			17,990	17,990	-	17,990	-	-	-	-	-	-	-	-	
	1200	Undeposited Funds			18	(4,993)	-	18	-	-	-	-	-	-	-	-	
	1200	Undeposited Funds			(4,993)	(4,993)	-	(4,993)	-	-	-	-	-	-	-	-	



# Appendix A: Management representation letter

## Attachment II

### Summary of corrected misstatements (continued)

#	Account #	Account Name	Description/ Identified During	Error Type	Amount	Income Effect DR (CR)	Balance Sheet Effect					Cash Flow Effect			Statement of Comprehen sive Income - Debit (Credit)		
							Equity at period end	Current Assets	Non- Current Assets	Current Liabilities	Non- Current Liabilities	Operating Activities	Investing Activities	Financing Activities			
																\$	\$
	1200	Undeposited Funds			(3,333)		-	(3,333)	-	-	-	-	-	-	-	-	-
	1200	Undeposited Funds			(10,278)		-	(10,278)	-	-	-	-	-	-	-	-	-
20	07.01.410 7 2002	Library:Library Contribution Due to/from Library	To correct due/to from account and municipal contributions to the library	N/A	44,980	44,980	-	-	-	-	-	-	-	-	-	-	-
					(44,980)		10,284	-	-	-	-	-	-	-	-	-	-
21	2650 01.07.310 3 2625	Def Rev - CCBF Grants:Grant - Gas Tax Def Rev - NORDS	To record deferrals	N/A	41,721 (41,721)	(41,721)	83,993	-	-	(83,993)	-	-	-	-	-	-	-
	01.07.311 4 2602 01.07.310 2 2606 2607 KPMG12	Grants:Grant - NORDS Def Rev- Paris & Rec Grants:Grant - OCIF Def Rev - Nurse Practioner Def Rev - Mental Health Rent Other income			31,066 (45,015) 45,015 (1,838) (1) 1,839	31,066 45,015 1,839	- - - - - -	- - - - - -	- - - - - -	- - - - - -	- - - - - -	- - - - - -	- - - - - -	- - - - - -	- - - - - -	- - - - - -	- - - - - -
22	2250 32000 KPMG.13	Landfill Closure & Post Closure Retained Earnings ARO Liability - Buildings	Entry to restate PY ARO correction	N/A	286,000 (286,000) (96,617)		- - -	- - 278 6,448	- - -	(9,958)	- - -	- - -	- - -	- - -	- - -	- - -	- - -
	KPMG.14 .1 KPMG.14 .2 KPMG.14 .3 KPMG.14 .4 KPMG.14 .5 KPMG.15 .1 KPMG.15 .2 KPMG.15 .3	ARO-Municipal Office ARO-Arena Hall ARO-Community Centre ARO-Fire Dept Garage ARO-Public Works Garage Acc Amort-Municipal Office-ARO Acc Amort-Arena Hall- ARO Acc Amort-Community Centre-ARO			1,718 39,955 34,922 8,940 11,083 (1,661) (38,623) (34,922)		- - - - - - - - 1,132	- - - - - - - -	1,443 1,789 57 1,332 (57) (1,332)	- - - - - - -	- - - - - - -	- - - - - - -	- - - - - - -	- - - - - - -	- - - - - - -	- - - - - - -	- - - - - - -



# Appendix A: Management representation letter

## Attachment II

### Summary of corrected misstatements (continued)

#	Account #	Account Name	Description/ Identified During	Error Type	Amount	Income Effect DR (CR)	Balance Sheet Effect				Cash Flow Effect			Statement of Comprehen sive Income - Debit (Credit)				
							DR (CR)	Income effect	Equity at period end	Current Assets	Non- Current Assets	Current Liabilities	Non- Current Liabilities		Operating Activities	Investing Activities	Financing Activities	
																		\$
	KPMG.15.4	Acc Amort-Fire Dept Garage-ARO			(8,940)													
	KPMG.15.5	Acc Amort-Public Works Garage-ARO			(11,083)													
	32000	Retained Earnings			95,228		11,363											
	KPMG.17	ARO Asset - Landfill			28,915													
	KPMG.21	ARO Asset - Acc Amort - Landfill			(2,283)													
	KPMG.18	ARO Liability - Landfill			(37,727)													
	32000	Retained Earnings			11,095													
	KPMG.17	ARO Asset - Landfill			454,501													
	KPMG.21	ARO Asset - Acc Amort - Landfill			(181,801)													
	KPMG.18	ARO Liability - Landfill			(352,946)													
23	KPMG.13	ARO Liability - Buildings	Entry for current year ARO and inflationary adjustment	N/A	(9,958)													
	KPMG.22	Dep'n Exp-ARO Inflationary Adjustment			9,958	9,958												
	KPMG.16.2	Dep'n Exp-Arena Hall-ARO			-	-												
	KPMG.16.4	Dep'n-ARO-Fire Dept			-	-												
	KPMG.16.5	Dep'n-ARO-Public Works Garage			-	-												
	KPMG.16.1	Dep'n Exp-Municipal Office-ARO			57	57												
	KPMG.16.2	Dep'n Exp-Arena Hall-ARO			1,332	1,332												
	KPMG.15.1	Acc Amort-Municipal Office-ARO			(57)													
	KPMG.15.2	Acc Amort-Arena Hall-ARO			(1,332)													
	KPMG.19	ARO - Dep'n Exp - Landfill			254	254												
	KPMG.20	ARO - Accretion Exp			1,132	1,132												
	KPMG.18	ARO Liability - Landfill			(1,132)													
	KPMG.21	ARO Asset - Acc Amort - Landfill			(254)													
	KPMG.19	ARO - Dep'n Exp - Landfill			18,180	18,180												



# Appendix A: Management representation letter

## Attachment II

### Summary of corrected misstatements (continued)

#	Account #	Account Name	Description/ Identified During	Error Type	Amount	Income Effect DR (CR)	Balance Sheet Effect				Cash Flow Effect			Statement of Comprehen sive Income - Debit (Credit)	
							Equity at period end	Current Assets	Non- Current Assets	Current Liabilities	Non- Current Liabilities	Operating Activities	Investing Activities		Financing Activities
					DR (CR)	Income effect	\$	\$	\$	\$	\$	\$	\$		
	KPMG.15.4	Acc Amort-Fire Dept Garage-ARO			(8,940)		\$ -	\$ -	\$ -	\$ -	(1,332)	\$ -	\$ -	\$ -	-
	KPMG.15.5	Acc Amort-Public Works Garage-ARO			(11,083)		-	-	(254)	-	-	-	-	-	-
	32000	Retained Earnings			95,228		11,363	-	-	-	-	-	-	-	-
	KPMG.17	ARO Asset - Landfill			28,915		-	-	-	-	(10,283)	-	-	-	-
	KPMG.21	ARO Asset - Acc Amort - Landfill			(2,283)		-	-	-	-	10,283	-	-	-	-
	KPMG.18.32000	ARO Liability - Landfill Retained Earnings			(37,727)		-	-	(11,363)	-	-	-	-	-	-
	KPMG.17	ARO Asset - Landfill			11,095		-	-	-	-	-	-	-	-	-
	KPMG.21	ARO Asset - Acc Amort - Landfill			454,501		-	-	-	-	-	-	-	-	-
	KPMG.18	ARO Liability - Landfill			(181,801)		-	-	-	-	-	-	-	-	-
	KPMG.18	ARO Liability - Landfill			(352,946)		-	-	-	-	-	-	-	-	-
23	KPMG.13	ARO Liability - Buildings	Entry for current year ARO and inflationary adjustment	N/A	(9,958)		-	-	-	-	-	-	-	-	-
	KPMG.22	Dep'n Exp-ARO Inflationary Adjustment			9,958	9,958	-	-	-	-	-	-	-	-	-
	KPMG.16.2	Dep'n Exp-Arena Hall-ARO			-	-	-	-	-	-	-	-	-	-	-
	KPMG.16.4	Dep'n-ARO-Fire Dept			-	-	-	-	-	-	-	-	-	-	-
	KPMG.16.5	Dep'n-ARO-Public Works Garage			-	-	-	-	-	-	-	-	-	-	-
	KPMG.16.1	Dep'n Exp-Municipal Office-ARO			57	57	-	-	-	-	-	-	-	-	-
	KPMG.16.2	Dep'n Exp-Arena Hall-ARO			1,332	1,332	-	-	-	-	-	-	-	-	-
	KPMG.15.1	Acc Amort-Municipal Office-ARO			(57)	-	-	-	-	-	-	-	-	-	-
	KPMG.15.2	Acc Amort-Arena Hall-ARO			(1,332)	-	-	-	-	-	-	-	-	-	-
	KPMG.19	ARO - Dep'n Exp - Landfill			254	254	-	-	-	-	-	-	-	-	-
	KPMG.20	ARO - Accretion Exp			1,132	1,132	-	-	-	-	-	-	-	-	-
	KPMG.18	ARO Liability - Landfill			(1,132)	-	-	-	-	-	-	-	-	-	-
	KPMG.21	ARO Asset - Acc Amort - Landfill			(254)	-	-	-	-	-	-	-	-	-	-
	KPMG.19	ARO - Dep'n Exp - Landfill			18,180	18,180	-	-	-	-	-	-	-	-	-



# Appendix B: Audit quality - How do we deliver audit quality?

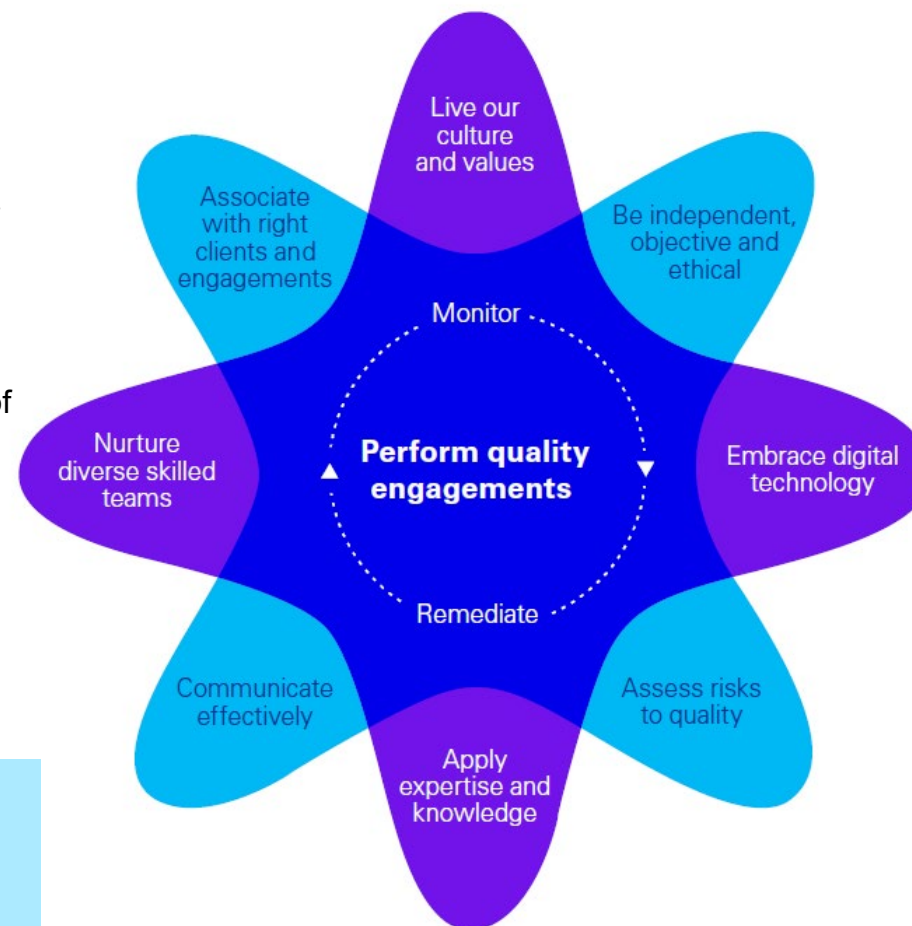
Quality essentially means doing the right thing and remains our highest priority. Our Global Quality Framework outlines how we deliver quality and how every partner and staff member contributes to its delivery.

The drivers outlined in the framework are the ten components of the KPMG System of Quality Management (SoQM). Aligned with ISQM 1/CSQM 1, our SoQM components also meet the requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA) and the relevant rules of professional conduct / code of ethics applicable to the practice of public accounting in Canada, which apply to professional services firms that perform audits of financial statements. Our Transparency Report includes our firm's Statement on the Effectiveness of our SoQM.

 [KPMG 2023 Audit Quality and Transparency Report](#)

We define 'audit quality' as being the outcome when:

- audits are **executed consistently**, in line with the requirements and intent of **applicable professional standards** within a strong **system of quality management**; and
- all of our related activities are undertaken in an environment of the utmost level of **objectivity, independence, ethics and integrity**.



**Doing the right thing. Always.**





# Appendix C: Newly effective and upcoming changes to auditing standards

For more information on newly effective and upcoming changes to auditing standards – see Current Developments



Effective for periods beginning on or after December 15, 2022

## ISA/CAS 220

.....  
(Revised) Quality management for an audit of financial statements

## ISQM1/CSQM1

.....  
Quality management for firms that perform audits or reviews of financial statements or other assurance or related services engagements

## ISQM2/CSQM2

.....  
Engagement quality reviews

Effective for periods beginning on or after December 15, 2023

## ISA 600/CAS 600

.....  
Revised special considerations – Audits of group financial statements



# Appendix D: Audit and assurance insights

Our latest thinking on the issues that matter most to Audit Committees, board of directors and management.

## [KPMG Audit & Assurance Insights](#)

Curated research and insights for audit committees and boards.

## [Board Leadership Centre](#)

Leading insights to help board members maximize boardroom opportunities

## [Current Developments](#)

Series of quarterly publications for Canadian businesses including Spotlight on IFRS, Canadian Securities & Auditing Matters and US Outlook reports.

## [Audit Committee Guide – Canadian Edition](#)

A practical guide providing insight into current challenges and leading practices shaping audit committee effectiveness in Canada.

## [Accelerate 2023](#)

The key issues driving the audit committee agenda in 2023.

## [Momentum](#)

A quarterly newsletter with the latest thought-leadership from KPMG's subject matter leaders across Canada and valuable audit resources for clients.

## [KPMG Climate Change Financial Reporting Resource Centre](#)

Our climate change resource center provides insights to help you identify the potential financial statement impacts to your business.

## [IFRS Breaking News](#)

A monthly Canadian newsletter that provides the latest insights on international financial reporting standards and IASB activities.



# Appendix E: Financial Statement Presentation

## THE CORPORATION OF THE MUNICIPALITY OF ST.-CHARLES

Consolidated Statement of Financial Position

December 31, 2023, with comparative information for 2022

	2023	2022 (Restated - note 2)
<b>Financial Assets</b>		
Cash	\$ 3,647,441	\$ 3,069,497
Taxes receivable (note 4)	194,757	146,454
Accounts receivable (note 5)	525,186	831,301
	<u>4,367,384</u>	<u>4,047,252</u>
<b>Financial Liabilities</b>		
Accounts payable and accrued liabilities	381,066	330,511
Deferred revenue (note 6)	108,097	30,178
Deferred revenue - obligatory reserve funds (note 7)	397,467	439,188
Municipal debt (note 8)	450,980	469,381
Asset retirement obligation (note 9)	508,664	487,290
	<u>1,846,274</u>	<u>1,756,548</u>
Net financial assets	2,521,110	2,290,704
<b>Non-financial Assets</b>		
Tangible capital assets (note 10)	4,944,408	4,514,714
Prepaid expenses	8,334	13,934
	<u>4,952,742</u>	<u>4,528,648</u>
Commitments and contractual obligations (note 12)		
Contingencies (note 13)		
Accumulated surplus (note 11)	<u>\$ 7,473,852</u>	<u>\$ 6,819,352</u>

## Highlights

- The increase in the cash balance is as a result of the current year surplus along with changes in working capital balances noted in the year. The cash flow from operating activities of \$1.2 million was used to fund capital purchases of \$605K throughout 2023
- Taxes receivable have increased in the year to \$194K which is further detailed on the subsequent page. Current year, one and three year arrears have both increased in the year with an noted in the older aging categories. The receivables as a percentage of the tax levy has increased in the year.
- Accounts receivable has decreased to \$525K as the prior year included additional funding streams in the prior year for various projects. As of the prior year end there is \$590K of additional receivable for the splashpad, arena and community centre projects given that the Municipality had incurred the purchases relating to these projects allowing a receivable to be recorded. As a result of the capital projects in the prior year there was additional HST related rebates in the prior year end.



# Appendix E: Financial Statement Presentation

	2023	2022
Current year	\$185,871	\$155,466
1 year arrears	\$74,574	\$57,788
2 years arrears	\$41,401	\$42,293
3+ years arrears	\$57,542	\$17,990
Interest and penalties	\$75,246	\$44,920
Allowance for doubtful accounts	(\$239,877)	(\$172,003)
<b>Total</b>	<b>\$194,757</b>	<b>\$146,454</b>
As a percentage of levy	7.15%	5.77%

- Taxes receivable as a percentage of the tax levy has increased as of December 31, 2023
- The increase has mainly been noted in the current taxes receivable and 1 year arrears – these balances are most recently due and as a result are most likely to be collected
- The focus throughout 2024 and 2025 should be to continue on the collection of older balances, which can include the agreement to a payment plan to collect the balance.



# Appendix E: Financial Statement Presentation

## THE CORPORATION OF THE MUNICIPALITY OF ST.-CHARLES

Consolidated Statement of Financial Position

December 31, 2023, with comparative information for 2022

	2023	2022 (Restated - note 2)
<b>Financial Assets</b>		
Cash	\$ 3,647,441	\$ 3,069,497
Taxes receivable (note 4)	194,757	146,454
Accounts receivable (note 5)	525,186	831,301
	<u>4,367,384</u>	<u>4,047,252</u>
<b>Financial Liabilities</b>		
Accounts payable and accrued liabilities	381,066	330,511
Deferred revenue (note 6)	108,097	30,178
Deferred revenue - obligatory reserve funds (note 7)	397,467	439,188
Municipal debt (note 8)	450,980	469,381
Asset retirement obligation (note 9)	508,664	487,290
	<u>1,846,274</u>	<u>1,756,548</u>
Net financial assets	2,521,110	2,290,704
<b>Non-financial Assets</b>		
Tangible capital assets (note 10)	4,944,408	4,514,714
Prepaid expenses	8,334	13,934
	<u>4,952,742</u>	<u>4,528,648</u>
Commitments and contractual obligations (note 12)		
Contingencies (note 13)		
Accumulated surplus (note 11)	<u>\$ 7,473,852</u>	<u>\$ 6,819,352</u>

## Highlights

- Accounts payable has increased in 2023 as a result of increased amounts owing to suppliers as of the year end date along with an increase in the payroll related accruals as of the year end date
- Deferred revenue has increased in 2023 (manly OCIF and NORDS funding). Amounts eligible for carry over and to be used on 2024 expenditures
- Deferred revenue obligatory reserves has decreased given the use of federal gas tax funds in 2023. The remaining balance is eligible for carryover to 2024.
- One new external municipal debt noted in 2023 for the Tile Drainage loan – the overall balance has decreased as a result of the principal repayments noted on the balance throughout the 2023 year end.
- The Municipality adopted the asset retirement obligation standard in the 2023 year end on a modified retroactive basis. The obligation reflects both the landfill and building related obligations. Additional information is included in note 2 to the financial statements.



# Appendix E: Financial Statement Presentation

## THE CORPORATION OF THE MUNICIPALITY OF ST.-CHARLES

Consolidated Statement of Financial Position

December 31, 2023, with comparative information for 2022

	2023	2022
		(Restated - note 2)
<b>Financial Assets</b>		
Cash	\$ 3,647,441	\$ 3,069,497
Taxes receivable (note 4)	194,757	146,454
Accounts receivable (note 5)	525,186	831,301
	<u>4,367,384</u>	<u>4,047,252</u>
<b>Financial Liabilities</b>		
Accounts payable and accrued liabilities	381,066	330,511
Deferred revenue (note 6)	108,097	30,178
Deferred revenue - obligatory reserve funds (note 7)	397,467	439,188
Municipal debt (note 8)	450,980	469,381
Asset retirement obligation (note 9)	508,664	487,290
	<u>1,846,274</u>	<u>1,756,548</u>
Net financial assets	2,521,110	2,290,704
<b>Non-financial Assets</b>		
Tangible capital assets (note 10)	4,944,408	4,514,714
Prepaid expenses	8,334	13,934
	<u>4,952,742</u>	<u>4,528,648</u>
Commitments and contractual obligations (note 12)		
Contingencies (note 13)		
Accumulated surplus (note 11)	<u>\$ 7,473,852</u>	<u>\$ 6,819,352</u>

## Highlights

- The overall increase in tangible capital assets relates to capital asset additions in the amount of \$774K compared to amortization expense of \$319K in the year.
- The prepaid expenses have remained consistent on a year over year basis



# Appendix E: Financial Statement Presentation



# Appendix E: Financial Statement Presentation

## THE CORPORATION OF THE MUNICIPALITY OF ST.-CHARLES

Consolidated Statement of Operations and Accumulated Surplus

Year ended December 31, 2023, with comparative information for 2022

	2023 Budget (note 17)	2023 Actual	2022 Actual (Restated - note 2)
<b>Revenue:</b>			
Taxation	\$ 2,673,774	\$ 2,722,435	\$ 2,533,889
Government grants and transfers	1,940,184	1,492,033	1,940,908
User charges and donations	272,132	190,013	146,230
Other	503,129	483,318	627,664
Loss on sale of tangible capital assets	-	(5,426)	-
<b>Total revenue</b>	<b>5,389,219</b>	<b>4,882,373</b>	<b>5,248,691</b>
<b>Expenses:</b>			
General government	2,225,932	1,374,688	1,217,425
Protection to persons and property	486,685	500,142	506,525
Transportation services	1,100,676	916,222	986,518
Environmental services	333,896	341,678	398,299
Health services	211,436	353,345	337,857
Social and family services	150,190	147,204	147,607
Recreation and cultural services	1,503,868	562,308	395,260
Planning and development	33,500	32,286	34,320
<b>Total expenses</b>	<b>6,046,183</b>	<b>4,227,873</b>	<b>4,023,811</b>
<b>Annual surplus (deficit)</b>	<b>(656,964)</b>	<b>654,500</b>	<b>1,224,880</b>
Accumulated surplus, beginning of year	6,819,352	6,819,352	5,428,507
Adjustment on adoption of the asset retirement obligation standard (note 2)	-	-	165,965
<b>Accumulated surplus, end of year</b>	<b>\$ 6,162,388</b>	<b>7,473,852</b>	<b>\$ 6,819,352</b>

## Highlights

- Total revenue has decreased by \$366K or 6.98% on a year over year basis as a result of the following changes:
  - Total government grants have decreased in 2023 as a result of the following:
    - The prior year included increased capital funding from Fednor and NOHFC for various projects (Splashpad and Arena (total funding was \$589K in 2022 for these projects))
    - Decreased funding recognized in 2023 through NORDS (\$82K decrease)
    - Additional one time funding in 2022 for the Service Delivery Review (\$44K)
    - Decreases offset by increases in additional funding for the community centre upgrades through Fednor (\$150K)
- Increased taxation revenue noted as a result of an increase in taxation rates noted within the 2023 budget
- User charges and donations have increased in 2023 mainly as a result of the increase in sewer user charges noted in the year (\$40K overall) along with increased arena rental revenue noted
- Other income has decreased as the prior year included increased property sales noted in 2022 (sale of the land held for resale), additional donation revenue received for the Splashpad project. These decreases are offset by increased interest income noted as a result of the increase in interest rates along with the increased bank balance noted.





# Appendix E: Financial Statement Presentation

## THE CORPORATION OF THE MUNICIPALITY OF ST.-CHARLES

Consolidated Statement of Operations and Accumulated Surplus

Year ended December 31, 2023, with comparative information for 2022

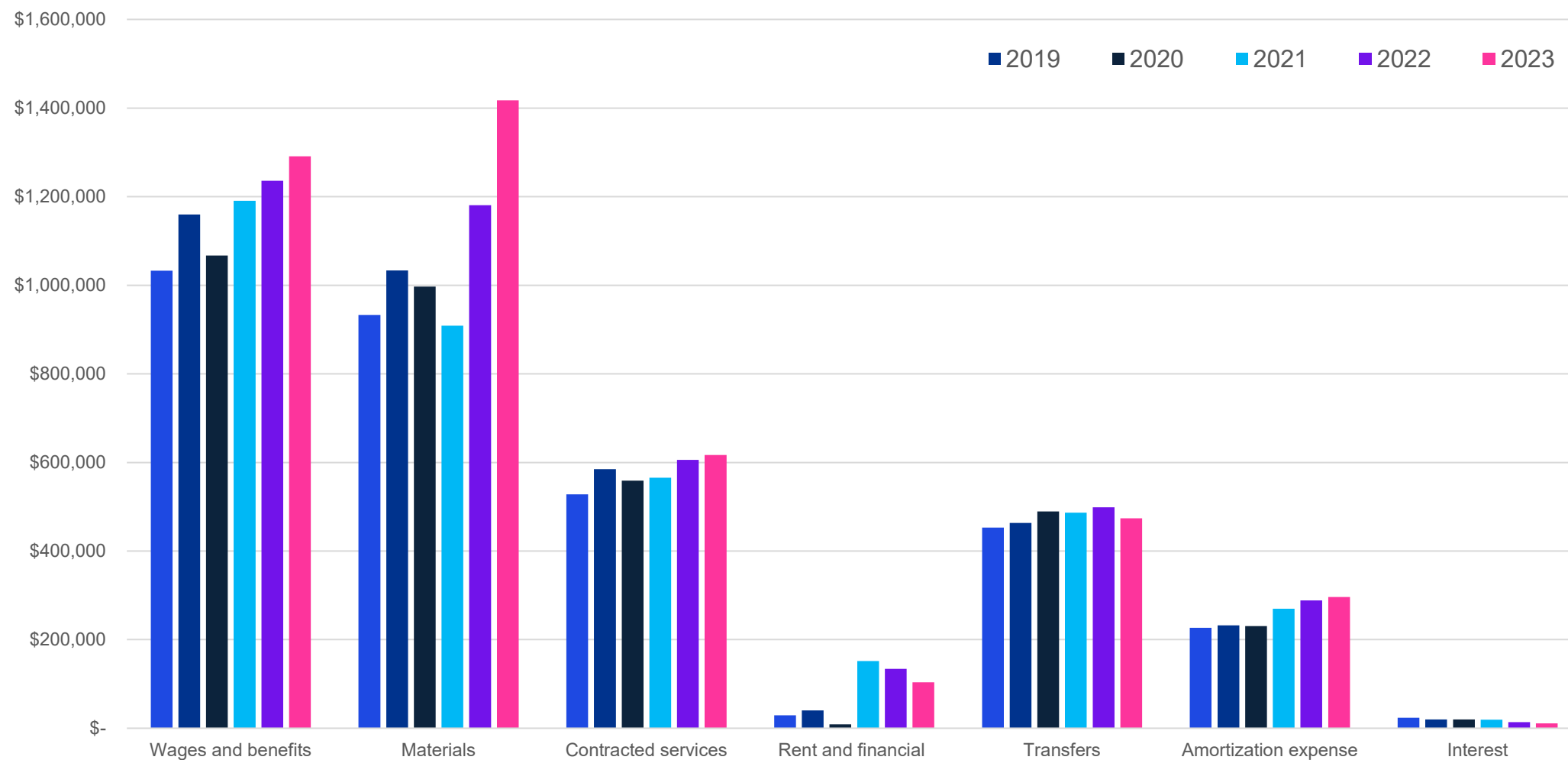
	2023 Budget (note 17)	2023 Actual	2022 Actual (Restated - note 2)
<b>Revenue:</b>			
Taxation	\$ 2,673,774	\$ 2,722,435	\$ 2,533,889
Government grants and transfers	1,940,184	1,492,033	1,940,908
User charges and donations	272,132	190,013	146,230
Other	503,129	483,318	627,664
Loss on sale of tangible capital assets	-	(5,426)	-
<b>Total revenue</b>	<b>5,389,219</b>	<b>4,882,373</b>	<b>5,248,691</b>
<b>Expenses:</b>			
General government	2,225,932	1,374,688	1,217,425
Protection to persons and property	486,685	500,142	506,525
Transportation services	1,100,676	916,222	986,518
Environmental services	333,896	341,678	398,299
Health services	211,436	353,345	337,857
Social and family services	150,190	147,204	147,607
Recreation and cultural services	1,503,868	562,308	395,260
Planning and development	33,500	32,286	34,320
<b>Total expenses</b>	<b>6,046,183</b>	<b>4,227,873</b>	<b>4,023,811</b>
<b>Annual surplus (deficit)</b>	<b>(656,964)</b>	<b>654,500</b>	<b>1,224,880</b>
Accumulated surplus, beginning of year	6,819,352	6,819,352	5,428,507
Adjustment on adoption of the asset retirement obligation standard (note 2)	-	-	165,965
<b>Accumulated surplus, end of year</b>	<b>\$ 6,162,388</b>	<b>7,473,852</b>	<b>\$ 6,819,352</b>

## Highlights

- Total expenses have increased year over year to \$4.2 million (or 5.1%) noted in 2023.
- General government expenses have increased in 2023 as a result of increased wages and related benefits noted in 2023 and increased insurance costs and additional grant related expenses for the seniors transportation program
- Protection to persons and property have remained consistent on a year over year basis.
- Transportation services expenses have decreased in 2023 as a result of lower wages and benefits and lower amortization expense noted in the year
- Environmental services expenses have decreased as a result of decreased repairs and maintenance and decreased maintenance contracts noted in the year
- Health, social and family services is consistent on a year over year basis.
- Recreation and culture expenses have increased as a result of the operation of the splashpad in the year, increased hydro, insurance, increased amortization expenses and wages expenses noted in 2023



# Appendix E: Financial Statement Presentation





# Appendix E: Financial Statement Presentation

	2023
Surplus per financial statements	\$654,500
Add: Amortization of TCA	\$319,660
Less: TCA additions (net of proceeds from sale of assets)	(\$749,354)
Less: Net change in municipal debt	(\$18,401)
Add: Accretion on asset retirement obligation	\$21,374
Less: Net transfer to reserves	(\$35,076)
<b>Total Surplus (after capital transactions and reserve transfers)</b>	<b>\$192,703</b>



# Appendix E: Financial Statement Presentation

## THE CORPORATION OF THE MUNICIPALITY OF ST.-CHARLES

Consolidated Statement of Change in Net Financial Assets

Year ended December 31, 2023, with comparative information for 2022

	2023 Budget (note 17)	2023 Actual	2022 Actual (Restated - note 2)
Annual surplus (deficit)	\$ (656,964)	\$ 654,500	\$ 1,224,880
Acquisition of tangible capital assets	(774,099)	(774,099)	(935,302)
Amortization of tangible capital assets	319,660	319,660	308,359
Loss on sale of tangible capital assets	5,426	5,426	-
Proceeds from sale of tangible capital assets	19,319	19,319	-
Change in prepaid expenses	5,600	5,600	130,451
Change in net financial assets	(1,081,058)	230,406	728,388
Net financial assets, beginning of year	2,290,704	2,290,704	1,716,896
Adjustment on adoption of the asset retirement obligation standard (note 2)	-	-	(154,580)
Net financial assets, end of year	\$ 1,209,646	\$ 2,521,110	\$ 2,290,704

### Highlights

- The Township's net financial assets increased by \$230K
- Investment in capital was funded with capital grants in the current year
- Amortization was less than the capital additions indicating an investment in capital by the Municipality



# Appendix E: Financial Statement Presentation

## 11. Accumulated surplus:

Accumulated surplus consists of individual fund surplus and reserves and reserve funds as follows:

	2023	2022
		(Restated - note 2)
<b>Surpluses:</b>		
Invested in tangible capital assets	\$ 4,493,428	\$ 4,045,333
General surplus	1,351,146	1,158,443
<b>Unfunded:</b>		
Asset retirement obligation	(508,664)	(487,290)
	5,335,910	4,716,486
<b>Reserves set aside for specific purposes:</b>		
Working capital	54,644	54,644
<b>Reserves set aside for specific purposes by Council:</b>		
Infrastructure renewal	1,456,389	1,057,720
Modernization	-	305,243
Contingences	195,055	224,014
Safe restart	92,987	101,630
Protection services	156,619	111,619
Environmental services	27,621	27,621
Parks and recreation	26,117	116,476
Landfill site closure	41,514	34,514
Election	5,323	323
Cenptaph	15,218	15,218
Chief building officer	35,495	24,908
Hot and cold meals	6,839	4,815
Library	24,121	24,121
	2,083,298	2,048,222
<b>Total</b>	<b>\$ 7,473,852</b>	<b>\$ 6,819,352</b>

## Highlights

- The Municipality's total accumulated surplus amounted to \$7.4 million, consisting of:
  - \$4.5 million which has been spent and invested in the tangible capital assets
  - The operating accumulated surplus has increased to \$1.351 million given the current year surplus noted
  - \$2.08 million in reserves (net increase of \$35K)
  - \$508K in unfunded liabilities relating to the asset retirement obligation



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