

Consolidated Financial Statements

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

And Independent Auditor's Report thereon

Year ended December 31, 2023

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Management's Responsibility for the Financial Statements

The accompanying consolidated financial statements of the Corporation of the Municipality of St.-Charles ("the Municipality") are the responsibility of the Municipality's management and have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards for local governments established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. A summary of the significant accounting policies are described in Note 1 to these consolidated financial statements. The preparation of the consolidated financial statements necessarily involves the use of estimates based on management's judgement, 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 compliance with legislative and regulatory requirements 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 auditors 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 KPMG LLP, independent external auditors 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 Administrator Officer

Director of Finance

November 20, 2024

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 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.

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

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)
Financial Assets		
Cash	\$ 3,647,441	\$ 3,069,497
Taxes receivable (note 4)	194,757	146,454
Accounts receivable (note 5)	525,186	831,301
	4,367,384	4,047,252
Financial Liabilities		
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
	1,846,274	1,756,548
Net financial assets	2,521,110	2,290,704
Non-financial Assets		
Tangible capital assets (note 10)	4,944,408	4,514,714
Prepaid expenses	8,334	13,934
	4,952,742	4,528,648
Commitments and contractual obligations (note 12)		
Contingencies (note 13)		
Accumulated surplus (note 11)	\$ 7,473,852	\$ 6,819,352

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

Approved by:

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)
Revenue:			
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)	-
Total revenue	5,389,219	4,882,373	5,248,691
Expenses:			
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
Total expenses	6,046,183	4,227,873	4,023,811
Annual surplus (deficit)	(656,964)	654,500	1,224,880
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
Accumulated surplus, end of year	\$ 6,162,388	7,473,852	\$ 6,819,352

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

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

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THE CORPORATION OF THE MUNICIPALITY OF ST.-CHARLES

Consolidated Statement of Cash Flows

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

	2023	2022
		(Restated - note 2)
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 654,500	\$ 1,224,880
Items not involving cash:		
Amortization of tangible capital assets	319,660	308,359
Loss on sale of tangible capital assets	5,426	-
Accretion of asset retirement obligation	21,374	11,711
	1,000,960	1,544,950
Change in non-cash assets and liabilities:		
Decrease (increase) in taxes receivable	(48,303)	92,490
Decrease (increase) in accounts receivable	306,115	(721,367)
Decrease in land held for sale	-	59,982
Decrease in prepaid expenses	5,600	130,451
Increase in accounts payable and accrued liabilities	50,555	75,551
Increase in deferred revenue	77,919	12,686
Increase (decrease) in deferred revenue - obligatory reserve funds	(41,721)	80,654
Net change in cash from operating activities	1,351,125	1,275,397
Capital activities:		
Cash used to acquire tangible capital assets	(774,099)	(935,302)
Proceeds from sale of tangible capital assets	19,319	-
	(754,780)	(935,302)
Financing transactions:		
Principal repayments on municipal debt	(18,401)	(142,545)
Increase in cash	577,944	197,550
Cash, beginning of year	3,069,497	2,871,947
Cash, end of year	\$ 3,647,441	\$ 3,069,497

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

THE CORPORATION OF THE MUNICIPALITY OF ST.-CHARLES

Notes to Consolidated Financial Statements

Year ended December 31, 2023

The Corporation of the Municipality of St.-Charles ("Municipality") is a Town in the Province of Ontario, Canada. It conducts its operations guided by the provision of provincial statutes such as the Municipal Act, 2001, and other related legislation.

1. Significant accounting policies:

The consolidated financial statements of the Municipality are the representation of management. The consolidated financial statements are prepared in accordance with Canadian public sector accounting standards for local governments as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by the Municipality are as follows:

(a) Basis of consolidation:

(i) Reporting entity:

These consolidated financial statements reflect the financial assets, liabilities, non-financial assets, accumulated surplus, revenues and expenses of the Municipality and includes the activities of all committees of Council and of The Corporation of the Municipality of St. Charles Public Library Board.

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

(ii) Non-consolidated entities:

These consolidated financial statements reflect contributions to the following joint local boards, which are not under the direct control of council, as expenditures in the consolidated statement of operations:

Manitoulin-Sudbury District Services Board

Sudbury and District Health Unit

Sudbury East Planning Board

(iii) 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, the 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.

(iv) Cemetery Care and Maintenance Fund:

The Cemetery Care and Maintenance Fund and its related operations administered by the Municipality are not consolidated, but are reported separately.

THE CORPORATION OF THE MUNICIPALITY OF ST.-CHARLES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

1. Significant accounting policies (continued):

(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.

(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) Reserves and reserve funds:

Certain amounts, as approved by municipal council, are set aside in reserves and reserve funds for future operating and capital purposes. Transfers to and/or from reserves and reserve funds are an adjustment to the respective fund when approved.

(iv) Asset retirement obligation:

An asset retirement obligation is recognized when, as at the financial reporting date, all of the following criteria are met:

- i. There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- ii. The past transaction or event giving rise to the liability has occurred;
- iii. It is expected that the future economic benefits will be given up; and
- iv. A reasonable estimate of the amount can be made.

The liability for closure of operational sites and post-closure care relating to landfill sites has been recognized based on estimated future expenses. An additional liability for the removal of asbestos in one building owned by the Municipality has also been recognized based on estimated future expenses on closure of the site and post-closure care.

(v) Deferred revenues:

Deferred revenues represent government transfers, contributions and other amounts that are received from third parties pursuant to legislation, regulation or agreement and may only be used in the conduct of certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred, services performed, or the tangible capital assets are acquired.

THE CORPORATION OF THE MUNICIPALITY OF ST.-CHARLES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

1. Significant accounting policies (continued):

(b) Basis of accounting (continued):

(vi) Financial instruments:

The Municipality initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument. Amounts due to and from related parties are measured at the exchange amount, being the amount agreed upon by the related parties. The Municipality subsequently measures its financial assets and financial liabilities at amortized cost, except for investments in equity securities that are quoted in an active market or financial assets or liabilities designated to the fair value category, which are subsequently measured at fair value. Unrealized changes in fair value are recognized in the consolidated statement of operations.

Financial assets measured at amortized cost include cash, taxes receivable, and account receivables.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and long-term debt.

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial assets, a valuation allowance is used to reflect the financial asset at the lower cost and estimated net recoverable value, and, as adjustments become necessary, they are reported in earnings in the year in which they become known.

(vii) Tangible capital assets:

Tangible capital assets are recorded at cost, which includes all amounts directly attributable to acquisition, construction, development or betterment of the asset.

The costs, less residual value, of the tangible capital assets are amortized on a straight-line basis over the estimated useful lives as follows:

Asset	Useful Life - Years
Buildings	30
Roads	5, 20, 30 and 40
Equipment	10 and 20
Vehicles	10 and 20
Sewer and wastewater systems	40
Land improvements	30 and 50

THE CORPORATION OF THE MUNICIPALITY OF ST.-CHARLES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

1. Significant accounting policies (continued):

(b) Basis of accounting (continued):

(vii) Tangible capital assets (continued):

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 recorded as revenue.

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 recorded as revenue.

(viii) 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 other revenue are recognized as revenue when earned.

(ix) Government grants and transfers:

Government grants and transfers are recognized in the consolidated 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. If a liability is created, the satisfaction of the transfer stipulations by the recipient government determines the timing of the recognition of the transfer as revenue.

THE CORPORATION OF THE MUNICIPALITY OF ST.-CHARLES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

1. Significant accounting policies (continued):

(b) Basis of accounting (continued):

(x) Deferred revenues – obligatory reserve funds:

The Municipality receives certain sub-divider 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.

(xi) Post-employment benefits:

The Municipality is an employer member of the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer, defined benefit pension plan. The Board of Trustees representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of the benefits. The Municipality has adopted defined contribution plan accounting principles for this plan because insufficient information is available to apply defined benefit plan accounting principles. The Municipality records the current service cost within salaries and benefits expense at the time incurred.

(xii) Use of estimates:

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the periods specified. Significant items subject to such estimates and assumptions include the valuation allowances for taxes and accounts receivable, the carrying value of tangible capital assets and provisions for accrued liabilities and landfill liabilities.

Actual results could differ from those estimates. These estimates are based on management's best knowledge of current events and actions that the Municipality may undertake in the future. These estimates are reviewed periodically and, as adjustments become necessary, they are reporting in earnings in the year in which they become known.

THE CORPORATION OF THE MUNICIPALITY OF ST.-CHARLES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

2. Change in accounting policies:

The Municipality adopted the following standards concurrently beginning January 1, 2022 prospectively: PS 1201 *Financial Statement Presentation*, PS 2601 *Foreign Currency Translation*, PS 3041 *Portfolio Investments* and PS 3450 *Financial Instruments*.

PS 1201 *Financial Statement Presentation* replaces PS 1200 *Financial Statement Presentation*. This standard establishes general reporting principles and standards for the disclosure of information in government financial statements. The standard introduces the Statement of Remeasurement Gains and Losses separate from the Statement of Operations. Requirements in PS 2601 *Foreign Currency Translation*, PS 3450 *Financial Instruments*, and PS 3041 *Portfolio Investments*, which are required to be adopted at the same time, can give rise to the presentation of gains and losses as remeasurement gains and losses.

PS 2601 *Foreign Currency Translation* replaces PS 2600 *Foreign Currency Translation*. The standard requires monetary assets and liabilities denominated in a foreign currency and non-monetary items denominated in a foreign currency that are reported as fair value, to be adjusted to reflect the exchange rates in effect at the financial statement date. Unrealized gains and losses arising from foreign currency changes are presented in the new Statement of Remeasurement Gains and Losses. PS 3041 *Portfolio Investments* replaces PS 3040 *Portfolio Investments*. The standard provides revised guidance on accounting for, and presentation and disclosure of, portfolio investments to conform to PS 3450 *Financial Instruments*. The distinction between temporary and portfolio investments has been removed in the new standard, and upon adoption, PS 3030 *Temporary Investments* no longer applies.

PS 3450 *Financial Instruments* establishes accounting and reporting requirements for all types of financial instruments including derivatives. The standard requires fair value measurement of derivatives and portfolio investments in equity instruments that are quoted in an active market. All other financial instruments will generally be measured at cost or amortized cost. Unrealized gains and losses arising from changes in fair value are presented in the Statement of Remeasurement Gains and Losses. A statement of remeasurement gains and losses has not been included as there are no matters to report therein.

Establishing fair value:

The fair value of guarantees and letters of credit are based on fees currently charged for similar agreements or on the estimated cost to terminate them or otherwise settle the obligations with the counterparties at the reported borrowing date.

THE CORPORATION OF THE MUNICIPALITY OF ST.-CHARLES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

2. Change in accounting policies (continued):

Fair value hierarchy:

The following provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which fair value is observable:

Level 1 - fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 - fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value. There was no impact from the adoption of this standard.

PS 3280 Asset Retirement Obligations:

On January 1, 2022, the Municipality adopted Public Accounting Standard PS 3280 *Asset Retirement Obligations*. The new accounting standard addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets, such as asbestos removal in retired buildings by public sector entities. The new accounting standard has resulted in a withdrawal of the existing Section PS 3270 *Solid Waste Landfill Closure and Post-Closure Liability*. The standard was adopted on the modified retrospective basis at the date of adoption. Under the modified retrospective method, the discount rate and assumptions used on initial recognition are those as of the date of adoption of the standard.

The Municipality removed the landfill liability that had been recognized to date and recognized an asset retirement obligation upon adoption of PS 3280 on January 1, 2022, using the modified retrospective method. The liability represents the required closure and post-closure care for the landfill site owned by the Municipality. The liability is measured as of the date of purchase of the site, when the liability was assumed. As of the date of adoption of the standard, the relevant discount rate is 3% per annum.

THE CORPORATION OF THE MUNICIPALITY OF ST.-CHARLES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

2. Change in accounting policies (continued):

PS 3280 Asset Retirement Obligations (continued):

On January 1, 2022, the Municipality recognized an additional asset retirement obligation relating to buildings owned by the Municipality that may contain asbestos. The buildings were originally purchased between 1971 and 1991, and the liability was measured as of the date of purchase of the buildings when the liability was assumed. The buildings have an expected useful life of 40 years, and the estimate has not been changed since purchase.

In accordance with the provisions of this new standard, the Municipality reflected the following adjustments at January 1, 2022:

(a) Landfill obligation:

- (i) A decrease of \$286,000 to landfill closure liabilities to remove the liability recognized to date under the old standard, and an accompanying increase of \$286,000 to opening Accumulated Surplus.
- (ii) An increase of \$483,416 to the landfill capital asset account, representing the original estimate of the obligation as of the commencement of the use of the landfill, and an accompanying increase of \$165,650 to accumulated amortization, representing increased amortization for the landfill had the liability originally been recognized.
- (iii) An asset retirement obligation in the amount of \$378,962, representing the original obligation discounted to the present value amount using a rate of 3%.
- (iv) A decrease to opening accumulated surplus of \$61,195, as a result of the recognition of the liability and accompanying increase in amortization expense and accretion expense for the years since purchase of the landfill sites.

Furthermore, the Municipality reflected the following adjustment at December 31, 2022:

- (i) A decrease of \$312,000 to landfill closure liabilities to remove the adjustment to the liability recognized at December 31, 2022 under the old standard, and an accompanying decrease of \$312,000 to environmental expenses.
- (ii) An increase to the asset retirement obligation of \$11,711, and an accompanying increase to environmental expenses representing the annual accretion of the asset retirement obligation.
- (iii) An increase to amortization expense of \$14,434, and an accompanying increase to accumulated amortization, representing the amortization of the increased landfill capital asset.

THE CORPORATION OF THE MUNICIPALITY OF ST.-CHARLES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

2. Change in accounting policies (continued):

PS 3280 *Asset Retirement Obligations* (continued):

(b) Asbestos obligation:

- (i) An increase of \$96,617 to the building capital asset account, representing the original estimate of the obligation as of the date of purchase, and an accompanying increase of \$93,839 to accumulated amortization, representing 40 years of increased amortization had the liability originally been recognized.
- (ii) An asset retirement obligation in the amount of \$96,617, representing an estimate of the current obligation.
- (iii) A decrease to accumulated surplus of \$93,839, as a result of the recognition of the liability and accompanying increase in amortization expense.

Furthermore, the Municipality reflected the following adjustment at December 31, 2022:

- (i) An increase to amortization expense of \$1,389, and an accompanying increase to accumulated amortization, representing the amortization of the increased building capital asset.

3. Line of credit:

The Municipality has an operating line of credit available to a maximum of \$400,000 to address operating requirements. This line of credit bears interest at the bank's prime lending rate, is unsecured and is due on demand. The unused amount at December 31, 2023 is \$400,000 (2022 - \$400,000).

4. Taxes receivable:

	2023	2022
Current	\$ 185,848	\$ 155,466
Past year	74,574	57,788
Previous years	98,943	60,283
Penalties and interest	75,229	44,920
Less: allowance for doubtful accounts	(239,837)	(172,003)
	\$ 194,757	\$ 146,454

THE CORPORATION OF THE MUNICIPALITY OF ST.-CHARLES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

5. Accounts receivable:

	2023	2022
Federal	\$ —	\$ 328,699
Provincial	360,773	384,255
Municipal	78,984	77,941
Other	85,429	40,406
	\$ 525,186	\$ 831,301

6. Deferred revenue:

	2023	2022
OCIF – rural and northern communities	\$ 54,750	\$ 9,735
Other	53,347	20,443
	\$ 108,097	\$ 30,178

7. Deferred revenue – obligatory reserve funds:

	December 31, 2022	Contributions received	Revenue recognized	December 31, 2023
Federal gas tax	\$ 439,188	\$ 85,569	\$ (127,290)	\$ 397,467

THE CORPORATION OF THE MUNICIPALITY OF ST.-CHARLES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

8. Municipal debt:

	2023	2022
Ontario Infrastructure Projects Corporation (OIPC) debenture (Victoria Culvert), payable in semi-annual instalments of \$8,936 including interest at a rate of 4.11%, final instalment due June 2026, unsecured	\$ 42,053	\$ 57,713
Ontario Infrastructure Projects Corporation (OIPC) debenture (Casimir Culvert), payable in semi-annual instalments of \$7,297 including interest at a rate of 3.11%, final instalment due March 2027, unsecured	48,041	60,841
Ontario Infrastructure and Lands Corporation (OILC) debenture (2020 Grader), payable in semi-annual instalments of \$15,881 including interest at a rate of 1.95%, final instalment due June 2035, unsecured	325,785	350,827
Ontario Ministry of Agriculture Food and Agribusiness (OMAFRA) Debenture (Tile Drainage Loan), payable in semi-annual installments of \$4,769 including interest at a rate of 6.00% final installment due March 2025, unsecured	35,101	–
	\$ 450,980	\$ 469,381

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

2024	\$ 59,812
2025	61,404
2026	54,110
2027	39,017
2028	32,362
Thereafter	204,275
	\$ 450,980

THE CORPORATION OF THE MUNICIPALITY OF ST.-CHARLES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

9. Asset retirement obligation:

(a) Asbestos obligation:

The Municipality has accrued for asset retirement obligations related to the legal requirement for the removal or remediation of asbestos-containing materials in certain facilities. Following the adoption of PS3280 – Asset retirement obligations, the Municipality recognized an obligation relating to the removal and post-removal care of the asbestos for these assets as estimated at January 1, 2022. The obligation is determined based on the estimated undiscounted cash flows that will be required in the future to remove or remediate the asbestos containing material in accordance with current legislation.

The transition and recognition of asset retirement obligations involved an accompanying increase to the building capital assets and the restatement of prior year numbers (see note 2).

(b) Landfill obligations:

The Municipality owns and operates an active and a closed landfill site. The liability for the closure of operational sites and post-closure care has been recognized under PS 3280 Asset Retirement Obligations. The costs were based upon the presently known obligations that will exist at the estimated year of closure of the sites and for 25 years post this date. Post-closure care is estimated to be required for 25 years from the date of site closure. These costs were discounted to December 31, 2023 using a discount rate of 3% per annum for the active site and -3.1% for the closed site.

The change in the estimated obligations during the year consists of the following:

Asset retirement obligation	Landfill closure	Asbestos removal	Balance, December 31, 2023
Opening balance	\$ 378,962	\$ 108,328	\$ 487,290
Accretion expense	11,415	–	11,415
Inflationary adjustment	–	9,959	9,959
Closing balance	\$ 390,377	\$ 118,287	\$ 508,664

THE CORPORATION OF THE MUNICIPALITY OF ST.-CHARLES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

9. Asset retirement obligation (continued):

Asset retirement obligation	Landfill closure	Asbestos removal	Balance, December 31, 2022
Opening balance	\$ -	\$ -	\$ -
Adjustment on adoption of the asset retirement obligation standard (note 2)	378,962	96,617	475,579
Opening balance, as restated	378,962	96,617	475,579
Accretion expense	-	11,711	11,711
Closing balance	\$ 378,962	\$ 108,328	\$ 487,290

The Municipality does not have any estimated remediation efforts budgeted for the next twelve months.

THE CORPORATION OF THE MUNICIPALITY OF ST.-CHARLES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

10. Tangible capital assets:

Cost	Balance at December 31, 2022 (Restated - note 2)	Additions	Disposals	Balance at December 31, 2023
Land	\$ 314,924	\$ -	\$ -	\$ 314,924
Buildings	3,516,703	483,850	-	4,000,553
Roads	2,230,465	54,959	-	2,285,424
Equipment	1,936,079	171,723	(23,000)	2,084,802
Vehicles	1,493,533	63,567	(44,437)	1,512,663
Sewer and wastewater systems	1,624,347	-	-	1,624,347
Land Improvements	483,416	-	-	483,416
Total	\$ 11,599,467	\$ 774,099	\$ (67,437)	\$ 12,306,129

Accumulated Amortization	Balance at December 31, 2022 (Restated - note 2)	Amortization	Disposals and transfers	Balance at December 31, 2023
Land	\$ -	\$ -	\$ -	\$ -
Buildings	2,365,789	102,566	-	2,468,355
Roads	1,151,903	93,427	-	1,245,330
Equipment	969,811	66,535	(16,771)	1,019,575
Vehicles	891,450	32,960	(25,921)	898,489
Sewer and wastewater systems	1,521,717	5,738	-	1,527,455
Land Improvements	184,083	18,434	-	202,517
Total	\$ 7,084,753	\$ 319,660	\$ (42,692)	\$ 7,361,721

	Net book value, December 31, 2022 (Restated - note 2)	Net book value, December 31, 2023
Land	\$ 314,924	\$ 314,924
Buildings	1,150,914	1,532,198
Roads	1,078,562	1,040,094
Equipment	966,268	1,065,227
Vehicles	602,083	614,174
Sewer and wastewater systems	102,630	96,892
Land Improvements	299,333	280,899
Total	\$ 4,514,714	\$ 4,944,408

THE CORPORATION OF THE MUNICIPALITY OF ST.-CHARLES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

10. Tangible capital assets (continued):

Cost	Balance at December 31, 2021 (Restated - note 2)	Additions	Disposals	Balance at December 31, 2022 (Restated - note 2)
Land	\$ 314,924	\$ -	\$ -	\$ 314,924
Buildings	3,180,295	336,408	-	3,516,703
Roads	2,120,706	109,759	-	2,230,465
Equipment	1,547,478	388,601	-	1,936,079
Vehicles	1,392,999	100,534	-	1,493,533
Sewer and wastewater systems	1,624,347	-	-	1,624,347
Land improvements	483,416	-	-	483,416
Total	\$ 10,664,165	\$ 935,302	\$ -	\$ 11,599,467

Accumulated Amortization	Balance at December 31, 2021 (Restated - note 2)	Amortization	Disposals and transfers	Balance at December 31, 2022 (Restated - note 2)
Land	\$ -	\$ -	\$ -	\$ -
Buildings	2,295,420	70,369	-	2,365,789
Roads	1,063,711	88,192	-	1,151,903
Equipment	901,866	67,945	-	969,811
Vehicles	833,769	57,681	-	891,450
Sewer and wastewater systems	1,515,978	5,739	-	1,521,717
Land improvements	165,650	18,433	-	184,083
Total	\$ 6,776,394	\$ 308,359	\$ -	\$ 7,084,753

	Net book value, December 31, 2021 (Restated - note 2)	Net book value, December 31, 2022 (Restated - note 2)
Land	\$ 314,924	\$ 314,924
Buildings	884,875	1,150,914
Roads	1,056,995	1,078,562
Equipment	645,612	966,268
Vehicles	559,230	602,083
Sewer and wastewater systems	108,369	102,630
Land Improvements	317,766	299,333
Total	\$ 3,887,771	\$ 4,514,714

THE CORPORATION OF THE MUNICIPALITY OF ST.-CHARLES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

11. Accumulated surplus:

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

	2023	2022
		(Restated - note 2)
Surpluses:		
Invested in tangible capital assets	\$ 4,493,428	\$ 4,045,333
General surplus	1,351,146	1,158,443
Unfunded:		
Asset retirement obligation	(508,664)	(487,290)
	5,335,910	4,716,486
Reserves set aside for specific purposes:		
Working capital	54,644	54,644
Reserves set aside for specific purposes by Council:		
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
Total	\$ 7,473,852	\$ 6,819,352

THE CORPORATION OF THE MUNICIPALITY OF ST.-CHARLES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

12. Commitments and contractual obligations:

Garbage collection services:

Under the terms of an operating service agreement for the operation of the St. Charles Garbage & Recycling Collection expiring December 2025, with annually payment of \$114,125.

Printer leases:

Under the terms of leases service agreement for St. Charles office supplies expiring March 2027, with annually payment of \$3,405.

St-Charles Borromée School rent:

Under the terms of leases agreement for the operation of the St-Charles Borromée School expiring December 2024, with annually payment of \$34,751.

Landfill Monitoring Services:

Under the terms of leases service agreement for St. Charles Landfill Monitoring expiring December 2028, with annually payment of \$20,515. including HST until 2026 and \$21,730 thereafter.

Wastewater Treatment:

Under the terms of leases service agreement for St. Charles Wastewater Treatment Services from April 2024 until December 2028, with annually payment of \$60,939 plus increase of 2% each year per Consumer Price Index. The prior contract with the Canadian Shield Consultants agency expired this year, on December 31, 2023. There were no contracts from January 2024 to March 2024. The Municipality is committed to make the following minimum payments:

2024	\$	218,500
2025		200,202
2026		87,321
2027		87,250
2028 and thereafter		87,692
	\$	680,965

13. Contingencies:

The Municipality is involved in certain legal matters and litigations, the outcomes of which are not presently determinable. The gain or loss, if any, from these legal matters and litigations will be accounted for in the periods in which they 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 ST.-CHARLES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

14. Contributions to Unconsolidated Joint Boards:

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

	2023	2022
Manitoulin – Sudbury District Services Board	\$ 415,099	\$ 400,508
Sudbury and District Health Unit	71,565	63,912
Sudbury East Planning Board	21,934	24,254
	\$ 508,598	\$ 488,674

15. Pension agreements:

OMERS provides pension services to more than 500,000 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. The most recent actuarial valuation of the Plan was conducted on December 31, 2023. The results of this valuation disclosed total going concern actuarial liabilities of \$136,185 million (2022 - \$130,306 million) in respect of benefits accrued for service with total going concern actuarial assets at that date of \$131,983 million (2022 - \$123,628 million) indicating a going concern actuarial deficit of \$4,202 million (2022 - \$6,678 million). Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations, and their employees and the Authority's share is not determinable. As a result, the Municipality does not recognize any share of the OMERS pension surplus or deficit.

The amount contributed to OMERS for 2023 was \$73,039 (2022 - \$65,539) and is included as an expense in the consolidated statement of operations and accumulated surplus.

16. Cemetery care and maintenance fund:

The Cemetery Care and Maintenance Fund administered by the Municipality amounting to \$58,750 (2022 - \$58,719) have not been included in the Consolidated Statement of Financial Position nor have their operations been included in the Consolidated Statement of Operations.

THE CORPORATION OF THE MUNICIPALITY OF ST.-CHARLES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

17. Budget figures:

The budget was not prepared on a basis consistent with that used to report actual results (Public Sector Accounting Standards). As a result, the budget figures presented in the Statement of Operations and Accumulated Surplus required the following adjustments:

Budget surplus per financial plan	\$	–
Add:		
Budgeted loan principal payments		64,227
Landfill adjustment		11,415
Less:		
Amortization		319,660
Transfer from reserve		412,946
Budget surplus per financial statements	\$	(656,964)

18. Financial instruments:

Transactions in financial instruments may result in an entity assuming or transferring, to another party, financial risks. The Municipality is exposed to the following risks associated with financial instruments and transactions it is a party to:

(a) Credit risk:

Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. The Municipality is exposed to the risk relating to its cash, accounts receivable, taxes receivable, user charges receivable and other long-term receivables.

The Municipality holds cash accounts with large reputable financial institutions, from which management believes the risk of loss due to credit risk to be remote.

The Municipality is exposed to credit risk in accounts receivable which includes ratepayers, government and other receivables. The Municipality measures its exposure to credit risk with respect to accounts receivable based on how long the amounts have been outstanding and management's analysis of accounts.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

THE CORPORATION OF THE MUNICIPALITY OF ST.-CHARLES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

18. Financial instruments (continued):

(b) Liquidity risk:

Liquidity risk is the risk that the Municipality cannot repay its obligations when they become due to its creditor. The Municipality is exposed to this risk relating to its accounts payable and accrued liabilities and long-term debt.

The Municipality reduces its exposure to liquidity risk by monitoring cash activities and expected outflow through extensive budgeting and maintaining enough cash to repay creditors as they become due.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

(c) Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Municipality is exposed to this risk mainly in respect of its bank facilities and long-term debt.

The Municipality has minimal interest rate exposure on its bank facilities and long-term debt, which are at fixed rates.

There has been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

19. Segmented information:

The Municipality is a diversified municipal government that provides a wide range of services to its citizens. For management reporting purposes, the Municipality's operations and activities are organized and reported by fund. Funds were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations.

The Municipality's services are provided by departments and their activities are recorded in these funds. Certain departments that have been disclosed in the segmented information, along with the services they provide, are as follows:

General Government

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

Protection to persons and property

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

Transportation Services

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

THE CORPORATION OF THE MUNICIPALITY OF ST.-CHARLES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

19. Segmented information (continued):

Environmental Services

Environmental services include wastewater treatment and waste and recycling services.

Health Services

Health services include public health services and cemetery services.

Social and Family Services

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

Recreation and Cultural Services

Recreation and cultural services include parks and recreation, recreation facilities, culture and library.

Planning and Development

Planning and development manages development for residential and business interests as well as services related to the Municipality's economic development programs.

THE CORPORATION OF THE MUNICIPALITY OF ST.-CHARLES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

19. Segmented information (continued):

	General government	Protection to persons and property	Transportation services	Environmental services	Health services	Social and family services	Recreation and cultural services	Planning and development	2023 Total
Revenues:									
Government Grants - Federal	\$ 126,914	-	-	-	-	-	-	-	\$ 126,914
- Provincial	1,348,471	600	-	6,913	-	-	9,135	-	1,365,119
Taxation	2,722,435	-	-	-	-	-	-	-	2,722,435
User charges	4,402	-	2,979	157,186	6,885	-	18,561	-	190,013
Other	383,507	46,728	12,448	2,714	525	2,850	34,546	-	483,318
Loss on sale of tangible capital assets	3,484	-	(10,422)	-	-	-	1,512	-	(5,426)
	4,589,213	47,328	5,005	166,813	7,410	2,850	63,754	-	4,882,373
Expenses:									
Salaries, wages and benefits	629,209	204,399	284,130	32,535	6,330	56	157,509	-	1,314,168
Interest on municipal debt	-	-	10,726	-	-	-	-	-	10,726
Materials	477,399	112,585	370,717	37,947	7,054	445	331,467	-	1,337,614
Contracted services	118,868	166,940	130,164	211,826	-	-	351	-	628,149
Rent and financial	84,379	-	14,127	-	-	-	100	-	98,606
Transfer to other governments and the public	-	-	-	-	339,961	146,703	-	32,286	518,950
Amortization of tangible capital assets	64,833	16,218	106,358	59,370	-	-	72,881	-	319,660
	1,374,688	500,142	916,222	341,678	353,345	147,204	562,308	32,286	4,227,873
Excess (deficiency) of revenues over expenses	\$ 3,214,525	(452,814)	(911,217)	(174,865)	(345,935)	(144,354)	(498,554)	(32,286)	\$ 654,500

THE CORPORATION OF THE MUNICIPALITY OF ST.-CHARLES

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

19. Segmented information (continued):

	General government	Protection to persons and property	Transportation services	Environmental services	Health services	Social and family services	Recreation and cultural services	Planning and development	2022 Total (Restated - note 2)
Revenues:									
Government Grants - Federal	\$ 1,160	-	-	-	-	-	204,488	-	\$ 205,648
- Provincial	1,309,233	10,000	-	27,525	-	-	388,502	-	1,735,260
Taxation	2,533,889	-	-	-	-	-	-	-	2,533,889
User charges	3,208	-	1,118	122,664	6,180	-	13,060	-	146,230
Other	510,681	51,096	19,399	372	5,280	1,698	39,138	-	627,664
Gain on sale of tangible capital assets	-	-	-	-	-	-	-	-	-
	4,358,171	61,096	20,517	150,561	11,460	1,698	645,188	-	5,248,691
Expenses:									
Salaries, wages and benefits	562,861	216,153	300,711	41,190	3,544	412	110,897	-	1,235,768
Interest on municipal debt	1,424	-	12,220	-	-	-	-	-	13,644
Materials	369,996	107,975	436,452	71,502	14,007	3,081	219,685	-	1,222,698
Contracted services	167,680	166,179	44,655	226,455	-	-	12,559	-	617,528
Rent and financial	68,254	-	58,677	-	-	-	143	-	127,074
Transfer to other governments and the public	-	-	-	-	320,306	144,114	-	34,320	498,740
Amortization of tangible capital assets	47,210	16,218	133,803	59,152	-	-	51,976	-	308,359
	1,217,425	506,525	986,518	398,299	337,857	147,607	395,260	34,320	4,023,811
Excess (deficiency) of revenues over expenses	\$ 3,140,746	(445,429)	(966,001)	(247,738)	(326,397)	(145,909)	249,928	(34,320)	\$ 1,224,880