

Consolidated Financial Statements

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

And Independent Auditor's Report thereon

Year ended December 31, 2022

DRAFT

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

(date)

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, 2022
- 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, 2022, 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 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.

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

September 20, 2023

THE CORPORATION OF THE MUNICIPALITY OF ST.-CHARLES

Consolidated Statement of Financial Position

December 31, 2022, with comparative information for 2021

	2022	2021
Financial Assets		
Cash	\$ 3,069,497	\$ 2,871,947
Taxes receivable (note 3)	146,454	238,944
Accounts receivable (note 4)	831,301	109,934
Land held for sale	-	59,982
	4,047,252	3,280,807
Financial Liabilities		
Accounts payable and accrued liabilities	330,511	254,960
Deferred revenue (note 5)	30,178	17,492
Deferred revenue - obligatory reserve funds (note 6)	439,188	358,534
Municipal debt (note 7)	469,381	611,925
Landfill closure and post-closure liability (note 8)	286,000	321,000
	1,555,258	1,563,911
Net financial assets	2,491,994	1,716,896
Non-financial Assets		
Tangible capital assets (note 9)	4,213,991	3,567,226
Prepaid expenses	13,934	144,385
	4,227,925	3,711,611
Commitments (note 11)		
Contingencies (note 12)		
Accumulated surplus (note 10)	\$ 6,719,919	\$ 5,428,507

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, 2022, with comparative information for 2021

	Budget 2022	Actual 2022	Actual 2021
	(note 16)		
Revenue:			
Taxation	\$ 2,498,111	\$ 2,533,889	\$ 2,449,172
Government grants and transfers	2,106,269	1,940,908	1,368,474
User charges and donations	126,374	146,230	112,185
Other	285,053	627,664	409,114
Gain on sale of tangible capital assets	-	-	1,388
Total revenue	5,015,807	5,248,691	4,340,333
Expenses:			
General government	2,483,591	1,217,367	1,306,509
Protection to persons and property	529,745	506,525	526,684
Transportation services	1,353,620	986,520	726,802
Environmental services	332,550	333,154	309,032
Health services	368,721	337,857	331,216
Social and family services	146,675	147,607	150,950
Recreation and cultural services	568,982	393,929	207,266
Planning and development	42,123	34,320	34,089
Total expenses	5,826,007	3,957,279	3,592,548
Excess of revenue over expenses	(810,200)	1,291,412	747,785
Accumulated surplus, beginning of year	5,428,507	5,428,507	4,680,722
Accumulated surplus, end of year	\$ 4,618,307	6,719,919	\$ 5,428,507

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, 2022, with comparative information for 2021

	Budget 2022 (note 16)	Actual 2022	Actual 2021
Annual surplus	\$ (810,200)	\$ 1,291,412	\$ 747,785
Acquisition of tangible capital assets	(935,302)	(935,302)	(250,740)
Amortization of tangible capital assets	288,537	288,537	269,603
Gain on sale of tangible capital assets	-	-	(1,388)
Proceeds from sale of tangible capital assets	-	-	1,388
Change in prepaid expenses	130,451	130,451	(136,051)
Change in net financial assets	(1,326,514)	775,098	630,597
Net financial assets, beginning of year	1,716,896	1,716,896	1,086,299
Net financial assets, end of year	\$ 390,382	\$ 2,491,994	\$ 1,716,896

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

THE CORPORATION OF THE MUNICIPALITY OF ST.-CHARLES

Consolidated Statement of Cash Flows

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

	2022	2021
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 1,291,412	\$ 747,785
Items not involving cash:		
Amortization of tangible capital assets	288,537	269,603
Gain on sale of tangible capital assets	-	(1,388)
Landfill closure and post-closure liability	(35,000)	(14,000)
	1,544,949	1,002,000
Change in non-cash assets and liabilities:		
Decrease in taxes receivable	92,490	241,057
Decrease (increase) in accounts receivable	(721,367)	9,854
Decrease (increase) in land held for sale	59,982	(5,816)
Decrease (increase) in prepaid expenses	130,451	(136,051)
Increase (decrease) in accounts payable and accrued liabilities	75,551	(29,172)
Increase (decrease) in deferred revenue	12,686	(121,984)
Increase in deferred revenue - obligatory reserve funds	80,654	157,996
Net change in cash from operating activities	1,275,396	1,117,884
Capital activities:		
Cash used to acquire tangible capital assets	(935,302)	(250,740)
Proceeds from sale of tangible capital assets	-	1,388
	(935,302)	(249,352)
Financing transactions:		
Principal repayments on municipal debt	(142,544)	(125,795)
Issuance of long-term debt	-	-
	(142,544)	(125,795)
Increase in cash	197,550	742,737
Cash, beginning of year	2,871,947	2,129,210
Cash, end of year	\$ 3,069,497	\$ 2,871,947

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

THE CORPORATION OF THE MUNICIPALITY OF ST.-CHARLES

Notes to Financial Statements

Year ended December 31, 2022

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.

THE CORPORATION OF THE MUNICIPALITY OF ST.-CHARLES

Notes to Financial Statements (continued)

Year ended December 31, 2022

1. Significant accounting policies (continued):

(a) Basis of consolidation (continued):

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.

(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) Land held for resale:

Land held for resale consisting of surplus land is recorded at the lower of cost and net realizable value.

(iv) 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.

(v) Landfill closure and post-closure:

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

(vi) 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 Financial Statements (continued)

Year ended December 31, 2022

1. Significant accounting policies (continued):

(b) Basis of accounting (continued):

(vii) 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.

(viii) 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

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.

THE CORPORATION OF THE MUNICIPALITY OF ST.-CHARLES

Notes to Financial Statements (continued)

Year ended December 31, 2022

1. Significant accounting policies (continued):

(b) Basis of accounting (continued):

(viii) 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.

(ix) Taxation and other revenues:

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

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

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

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

User charges and other revenue are recognized as revenue when earned.

(x) 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.

(xi) 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.

THE CORPORATION OF THE MUNICIPALITY OF ST.-CHARLES

Notes to Financial Statements (continued)

Year ended December 31, 2022

1. Significant accounting policies (continued):

(b) Basis of accounting (continued):

(xii) Landfill liability:

The liability for closure of operation sites and post-closure care has been recognized based on estimated future expenses, estimated inflation and the usage of the site's capacity during the year.

(xiii) 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.

(ix) 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.

2. 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, 2022 is \$400,000 (2021 - \$400,000).

THE CORPORATION OF THE MUNICIPALITY OF ST.-CHARLES

Notes to Financial Statements (continued)

Year ended December 31, 2022

3. Taxes receivable:

	2022	2021
Current	\$ 155,466	\$ 169,954
Past year	57,788	107,015
Previous years	60,283	30,794
Penalties and interest	44,920	43,468
Less: allowance for doubtful accounts	(172,003)	(112,287)
	<u>\$ 146,454</u>	<u>\$ 238,944</u>

4. Accounts receivable:

	2022	2021
Federal	\$ 328,699	\$ 40,317
Provincial	384,255	23,064
Municipal	77,941	30,318
Other	40,406	16,235
	<u>\$ 831,301</u>	<u>\$ 109,934</u>

5. Deferred revenue:

	2022	2021
OCIF – rural and northern communities	\$ 9,735	\$ 3,450
Other	20,443	14,042
	<u>\$ 30,178</u>	<u>\$ 17,492</u>

6. Deferred revenue – obligatory reserve funds:

	December 31, 2021	Contributions received	Revenue recognized	December 31, 2022
Federal gas tax	\$ 358,534	\$ 80,654	\$ –	\$ 439,188

THE CORPORATION OF THE MUNICIPALITY OF ST.-CHARLES

Notes to Financial Statements (continued)

Year ended December 31, 2022

7. Municipal debt:

	2022	2021
Caisse Populaire Alliance loan (Wellness Centre) payable in monthly instalments of \$6,752 including interest at a rate of 4.40%, final instalment paid May 2022, unsecured	\$ -	\$ 90,538
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	57,713	72,748
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	60,841	73,252
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	350,827	375,387
	\$ 469,381	\$ 611,925

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

2023	\$ 53,501
2024	55,043
2025	56,635
2026	49,340
2027	27,063
Thereafter	227,799
	\$ 469,381

THE CORPORATION OF THE MUNICIPALITY OF ST.-CHARLES

Notes to Financial Statements (continued)

Year ended December 31, 2022

8. Landfill closure and post-closure:

The Environmental Protection Act sets out regulatory requirements to properly close and maintain all active and inactive landfill sites. Under environmental law, there is a requirement for closure and post-closure care of solid waste landfill sites. This requirement is to be provided for over the estimated remaining life of the landfill site based on usage.

Landfill closure and post-closure care requirements have been defined in accordance with industry standards and include final covering and landscaping of the landfill, pumping of ground water and leachates from the site, and ongoing environmental monitoring, site inspection and maintenance. The reported liability is based on estimates and assumptions with respect to events extending over terms using the best information available to management. Future events may result in significant changes to the estimated total expenditures; capacity used or total capacity and the estimated liability, and would be recognized prospectively, as a change in estimate, when applicable.

Estimated total expenditures represent the sum of the discounted future cash flows for closure care activities discounted at the most recent 10-year annual average of Long-Term Government of Canada Benchmark Bond Yields of between 2.17% and 6.27% and the discounted future cash flows for post-closure care activities at the 10-year running average inflation rate for Non-Residential Building Construction Price Indices of 3.27%.

The landfill site includes two cells: the closed cell, which has reached capacity, and the active landfill cell opened in 2015:

Closed cell:

The estimated cost for remaining post-closure care expenses for the closed cell is calculated to be \$285,000 (2021 - \$285,000, including closure costs) as accrued with respect to post-closure liabilities. The estimated liability for these expenditures is recognized in full as the landfill site capacity is fully used.

Active cell:

The estimated cost for closure of the active landfill cell and post-closure care expenses is calculated to be \$37,348. The estimated liability for these expenditures is recognized as the landfill site's capacity is used. The estimated remaining capacity of the current cell is 97.31% of its total estimated capacity or 289,522 cubic meters and its estimated remaining life is 105 years. The period for post-closure care is estimated to be 25 years. At December 31, 2022, an amount of \$1,000 (2021 - \$36,000) with respect to landfill closure and post-closure liabilities has been accrued. The Municipality has established a reserve of \$20,498 to date to provide for these obligations.

THE CORPORATION OF THE MUNICIPALITY OF ST.-CHARLES

Consolidated Notes to Financial Statements (continued)

Year ended December 31, 2022

9. Tangible capital assets:

Cost	Balance at December 31, 2021	Additions	Disposals	Balance at December 31, 2022
Land	\$ 314,924	\$ -	\$ -	\$ 314,924
Buildings	3,083,677	336,408	-	3,420,085
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
Total	\$ 10,084,131	\$ 935,302	\$ -	\$ 11,019,433

Accumulated Amortization	Balance at December 31, 2021	Amortization	Disposals and Transfers	Balance at December 31, 2022
Land	\$ -	\$ -	\$ -	\$ -
Buildings	2,201,581	68,980	-	2,270,561
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
Total	\$ 6,516,905	\$ 288,537	\$ -	\$ 6,805,442

	Net book value, December 31, 2021	Net book value, December 31, 2022
Land	\$ 314,924	\$ 314,924
Buildings	882,096	1,149,524
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
Total	\$ 3,567,226	\$ 4,213,991

THE CORPORATION OF THE MUNICIPALITY OF ST.-CHARLES

Consolidated Notes to Financial Statements (continued)

Year ended December 31, 2022

9. Tangible capital assets (continued):

Cost	Balance at December 31, 2020	Additions	Disposals	Balance at December 31, 2021
Land	\$ 314,924	\$ -	\$ -	\$ 314,924
Buildings	3,059,486	24,191	-	3,083,677
Roads	1,950,034	170,672	-	2,120,706
Equipment	1,525,772	32,070	(10,364)	1,547,478
Vehicles	1,392,999	-	-	1,392,999
Sewer and wastewater systems	1,600,540	23,807	-	1,624,347
Total	\$ 9,843,755	\$ 250,740	\$ (10,364)	\$ 10,084,131

Accumulated Amortization	Balance at December 31, 2020	Amortization	Disposals and Transfers	Balance at December 31, 2021
Land	\$ -	\$ -	\$ -	\$ -
Buildings	2,143,598	57,983	-	2,201,581
Roads	992,585	71,126	-	1,063,711
Equipment	847,411	64,819	(10,364)	901,866
Vehicles	764,428	69,341	-	833,769
Sewer and wastewater systems	1,509,644	6,334	-	1,515,978
Total	\$ 6,257,666	\$ 269,603	\$ (10,364)	\$ 6,516,905

	Net book value, December 31, 2020	Net book value, December 31, 2021
Land	\$ 314,924	\$ 314,924
Buildings	915,888	882,096
Roads	957,449	1,056,995
Equipment	678,361	645,612
Vehicles	628,571	559,230
Sewer and wastewater systems	90,896	108,369
Total	\$ 3,586,089	\$ 3,567,226

THE CORPORATION OF THE MUNICIPALITY OF ST.-CHARLES

Consolidated Notes to Financial Statements (continued)

Year ended December 31, 2022

10. Accumulated surplus:

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

	2022	2021
Surpluses:		
Invested in tangible capital assets	\$ 3,744,610	\$ 2,955,301
General surplus	1,158,443	800,845
Unfunded:		
Landfill closure and post-closure costs	(286,000)	(321,000)
	4,617,053	3,435,146
Reserves set aside for specific purposes:		
Working capital	54,644	54,643
Reserves set aside for specific purposes by Council:		
Infrastructure renewal	1,057,720	911,672
Modernization	305,243	344,930
Contingences	224,014	179,054
Safe restart	101,630	123,951
Protection services	111,619	74,119
Environmental services	27,621	27,621
Parks and recreation	116,476	179,052
Youth outdoor playground	-	13,275
Landfill site closure	34,514	27,514
Election	323	15,323
Cenptaph	15,218	15,217
Chief building officer	24,908	2,869
Hot and cold meals	4,815	-
Library	24,121	24,121
	2,048,222	1,938,718
Total	\$ 6,719,919	\$ 5,428,507

THE CORPORATION OF THE MUNICIPALITY OF ST.-CHARLES

Notes to Financial Statements (continued)

Year ended December 31, 2022

11. Commitments:

Wastewater services:

Under the terms of an operating service agreement for the operation of the St. Charles Wastewater Treatment Facility expiring December 2023, with annually payment of \$36,156.

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 August 2023, with annually payment of \$31,704.

The Municipality is committed to make the following minimum payments:

2023	\$	174,821
2024		117,529
2025		117,529
2026		40,860
2027 and thereafter		40,860
	\$	491,599

12. 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.

13. Contributions to Unconsolidated Joint Boards:

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

	2022	2021
Manitoulin – Sudbury District Services Board	\$ 400,508	\$ 392,628
Sudbury and District Health Unit	63,912	59,733
Sudbury East Planning Board	24,254	24,705
	\$ 488,674	\$ 477,066

THE CORPORATION OF THE MUNICIPALITY OF ST.-CHARLES

Notes to Financial Statements (continued)

Year ended December 31, 2022

14. 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 at December 31, 2022. The results of this valuation disclosed total going concern actuarial liabilities of \$130,306 million (2021 - \$120,796 million) in respect of benefits accrued for service with total going concern actuarial assets at that date of \$123,628 million (2021 - \$117,665 million) indicating a going concern actuarial deficit of \$6,678 million (2021 - \$3,131 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 2022 was \$65,539 (2021 - \$67,585) and is included as an expense in the consolidated statement of operations and accumulated surplus.

15. Cemetery care and maintenance fund:

The Cemetery Care and Maintenance Fund administered by the Municipality amounting to \$58,719 (2021 - \$58,585) have not been included in the Consolidated Statement of Financial Position nor have their operations been included in the Consolidated Statement of Operations.

16. 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		151,150
Landfill adjustment		35,000
Less:		
Amortization		288,538
Transfer from reserve		707,812
Budget surplus per financial statements	\$	(810,200)

THE CORPORATION OF THE MUNICIPALITY OF ST.-CHARLES

Notes to Financial Statements (continued)

Year ended December 31, 2022

17. Financial risks:

The Municipality's main sources of revenue are government operating grants, taxation revenues and user fees. In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This resulted in the Canadian and Provincial governments enacting emergency measures to combat the spread of the virus. The Municipality's closed certain facilities to the public based on recommendations from Public Health Ontario. These facilities were reopened in the summer of 2020, with social distancing requirements and Public Health regulations followed.

In response to the adverse impact the pandemic has had on certain revenue streams, the Municipality has undertaken certain cost cutting measures.

The impact of COVID-19 is expected to negatively impact operations for a duration that cannot be reasonably predicted. The further overall operational and financial impact is highly dependent on the duration of COVID-19, including the potential occurrence of additional waves of the pandemic, and could be affected by other factors that are currently not known at this time. Management is actively monitoring the effect of the pandemic on its financial condition, liquidity, operations, suppliers, and workforce. Given the daily evolution of the pandemic and the global responses to curb its spread, the Municipality is not able to fully estimate the effects of the pandemic on its results of operations, financial condition, or liquidity at this time.

18. 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.

Environmental Services

Environmental services include wastewater treatment and waste and recycling services.

THE CORPORATION OF THE MUNICIPALITY OF ST.-CHARLES

Notes to Financial Statements (continued)

Year ended December 31, 2022

18. Segmented information (continued):

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.

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THE CORPORATION OF THE MUNICIPALITY OF ST.-CHARLES

Note 18 - Segmented Information (continued)

Year ended December 31, 2022

	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
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	513,829	51,096	19,399	372	5,280	1,698	35,990	-	627,664
	<u>4,361,319</u>	<u>61,096</u>	<u>20,517</u>	<u>150,561</u>	<u>11,460</u>	<u>1,698</u>	<u>642,040</u>	<u>-</u>	<u>5,248,691</u>
Expenses:									
Salaries, wages and benefits	562,860	216,153	300,712	41,189	3,544	412	110,898	-	1,235,768
Interest on municipal debt	1,424	-	12,220	-	-	-	-	-	13,644
Materials	369,996	107,975	436,452	36,502	14,007	3,081	219,685	-	1,187,698
Contracted services	167,680	166,180	44,655	214,744	-	-	12,559	-	605,818
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	47,153	16,217	133,804	40,719	-	-	50,644	-	288,537
	<u>1,217,367</u>	<u>506,525</u>	<u>986,520</u>	<u>333,154</u>	<u>337,857</u>	<u>147,607</u>	<u>393,929</u>	<u>34,320</u>	<u>3,957,279</u>
Excess (deficiency) of revenues over expenses	\$ 3,143,952	(445,429)	(966,003)	(182,593)	(326,397)	(145,909)	248,111	(34,320)	\$ 1,291,412

THE CORPORATION OF THE MUNICIPALITY OF ST.-CHARLES

Note 18 - Segmented Information (continued)

Year ended December 31, 2022

	General Government	Protection to persons and property	Transportation Services	Environmental Services	Health Services	Social and family services	Recreation and cultural services	Planning and Development	2021 Total
Revenues:									
Government Grants - Federal	\$ 8,863	-	-	-	-	-	-	-	\$ 8,863
- Provincial	1,314,541	5,200	6,004	22,637	-	4,979	6,250	-	1,359,611
Taxation	2,449,172	-	-	-	-	-	-	-	2,449,172
User charges	2,976	-	20,828	83,800	31,790	-	2,561	-	141,955
Other	284,031	55,851	15,607	17,298	-	1,490	5,067	-	379,344
Gain on sale of tangible capital assets	-	-	-	-	-	-	1,388	-	1,388
	4,059,583	61,051	42,439	123,735	31,790	6,469	15,266	-	4,340,333
Expenses:									
Salaries, wages and benefits	531,061	216,661	316,606	37,974	9,554	885	77,934	-	1,190,675
Interest on municipal debt	5,789	-	13,669	-	-	-	-	-	19,458
Materials	384,461	108,230	253,030	39,375	11,818	7,548	104,357	-	908,819
Contracted services	178,617	182,619	16,862	187,479	-	-	120	-	565,697
Rent and financial	137,966	-	10,904	2,890	-	-	86	-	151,846
Transfer to other governments and the public	-	-	-	-	309,844	142,517	-	34,089	486,450
Amortization of tangible capital assets	68,615	19,174	115,731	41,314	-	-	24,769	-	269,603
	1,306,509	526,684	726,802	309,032	331,216	150,950	207,266	34,089	3,592,548
Excess (deficiency) of revenues over expenses	\$ 2,753,074	(465,633)	(684,363)	(185,297)	(299,426)	(144,481)	(192,000)	(34,089)	\$ 747,785