

**The Corporation of the Town
of Englehart**

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

December 31, 2021

The Corporation of the Town of Englehart

Financial Report

December 31, 2021

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Management's Responsibility for the Consolidated Financial Statements

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

The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

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

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

M. Robinson

Chief Administrative Officer/Treasurer

July 27, 2022

Baker Tilly SNT LLP / s.r.l.

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Independent Auditor's Report

To the Members of Council, Inhabitants and Ratepayers of The Corporation of the Town of Englehart

Opinion

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of The Corporation of the Town of Englehart as at December 31, 2021, and its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Town in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

ACCOUNTING • TAX • ADVISORY

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

COMPTABILITÉ • FISCALITÉ • SERVICES-CONSEILS

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

Independent Auditor's Report (continued)

Other Matter

The consolidated financial statements of The Corporation of the Town of Englehart for the year ended December 31, 2020 were audited by another auditor who expressed an unmodified opinion of those statements on November 24, 2021.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Town'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 Town or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Independent Auditor's Report (continued)

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Town's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Town to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

North Bay, Ontario
July 27, 2022

Baker Tilly SNT LLP
CHARTERED PROFESSIONAL ACCOUNTANTS,
LICENSED PUBLIC ACCOUNTANTS

The Corporation of the Town of Englehart
Consolidated Statement of Financial Position
December 31, 2021



	<u>2021</u>	<u>2020</u>
Financial Assets		
Cash and cash equivalents (note 4)	\$ 1,633,050	\$ 1,195,259
Short-term investments (note 5)	1,690,846	1,665,799
Taxes receivable	231,526	276,009
Accounts receivable (note 6)	<u>268,329</u>	<u>290,180</u>
	<u>3,823,751</u>	<u>3,427,247</u>
Liabilities		
Accounts payable and accrued liabilities (note 7)	294,915	180,661
Municipal debt (note 8)	95,107	147,365
Investment in Englehart Solar Inc. (note 9)	63,080	57,171
Landfill closure and post-closure (note 10)	<u>601,000</u>	<u>570,000</u>
	<u>1,054,102</u>	<u>955,197</u>
Net Financial Assets	<u>2,769,649</u>	<u>2,472,050</u>
Non-Financial Assets		
Tangible capital assets (note 11)	17,488,655	17,553,548
Inventories	<u>11,860</u>	<u>14,200</u>
	<u>17,500,515</u>	<u>17,567,748</u>
Accumulated Surplus (note 12)	<u>\$ 20,270,164</u>	<u>\$ 20,039,798</u>
Contingencies (note 13)		
Commitments (note 14)		

Approved by:

Nina Wallace

M. Robinson

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

The Corporation of the Town of Englehart
Consolidated Statement of Operations and Accumulated Surplus
For The Year Ended December 31, 2021



	<u>2021</u>		<u>2020</u>
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
	(Unaudited)		
Revenues			
Net taxation	\$ 1,745,303	\$ 1,792,005	\$ 1,857,080
User charges	868,757	918,193	855,451
Government grants and transfers - Provincial	818,500	888,273	966,265
Government grants and transfers - Federal	15,000	12,571	18,611
Other municipalities	10,500	20,144	27,133
Other	<u>111,750</u>	<u>153,186</u>	<u>253,309</u>
Total revenues	<u>3,569,810</u>	<u>3,784,372</u>	<u>3,977,849</u>
Expenses			
General government	454,551	507,602	497,731
Protection services	398,196	371,311	382,169
Transportation services	747,675	752,780	784,058
Environmental services	871,393	894,705	878,108
Health services	241,068	245,906	241,818
Social and family services	158,564	135,102	160,028
Recreation and cultural services	817,188	854,174	899,703
Planning and development	<u>92,800</u>	<u>89,273</u>	<u>128,472</u>
Total expenses	<u>3,781,435</u>	<u>3,850,853</u>	<u>3,972,087</u>
Annual surplus (deficit) before other	(211,625)	(66,481)	5,762
Other			
Government grants and transfers related to capital - Provincial	84,164	73,886	104,757
Government grants and transfers related to capital - Federal	<u>263,999</u>	<u>222,961</u>	<u>188,371</u>
	<u>348,163</u>	<u>296,847</u>	<u>293,128</u>
Annual surplus	136,538	230,366	298,890
Accumulated surplus, beginning of year	<u>20,039,798</u>	<u>20,039,798</u>	<u>19,740,908</u>
Accumulated surplus, end of year	<u>\$ 20,176,336</u>	<u>\$ 20,270,164</u>	<u>\$ 20,039,798</u>

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

The Corporation of the Town of Englehart
Consolidated Statement of Cash Flows
For The Year Ended December 31, 2021



	<u>2021</u>	<u>2020</u>
Operating transactions		
Annual surplus	\$ 230,366	\$ 298,890
Cash provided by (applied to)		
Non-cash items:		
Loss from investment in Englehart Solar Inc.	5,909	18,722
Amortization of tangible capital assets	668,528	650,589
Gain on disposal of tangible capital assets	-	(22,885)
Change in non-cash working capital balances		
Decrease in taxes receivable	44,483	22,710
(Increase) decrease in accounts receivable	21,851	(17,791)
Increase (decrease) in accounts payable and accrued liabilities	114,254	(216,725)
Decrease in deferred revenues - other	-	(38,954)
Decrease in deferred revenues - obligatory reserve funds	-	(95,486)
Increase in landfill closure and post-closure	31,000	4,000
Decrease in inventories	2,340	-
Cash provided by operating transactions	<u>1,118,731</u>	<u>603,070</u>
Capital transactions		
Acquisition of tangible capital assets	(603,635)	(552,502)
Proceeds on disposal of tangible capital assets	-	31,885
Cash applied to capital transactions	<u>(603,635)</u>	<u>(520,617)</u>
Financing and investing transactions		
Municipal debt repaid	(52,258)	(90,400)
Acquisition of short-term investments	(25,047)	(1,014,660)
Cash applied to financing and investing transactions	<u>(77,305)</u>	<u>(1,105,060)</u>
Increase (decrease) in cash	437,791	(1,022,607)
Cash, beginning of year	<u>1,195,259</u>	<u>2,217,866</u>
Cash, end of year	<u>\$ 1,633,050</u>	<u>\$ 1,195,259</u>

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

The Corporation of the Town of Englehart
Consolidated Statement of Change in Net Financial Assets
For The Year Ended December 31, 2021



	<u>2021</u> Budget (Unaudited)	<u>2021</u> Actual	<u>2020</u> Actual
Annual surplus	\$ 136,538	\$ 230,366	\$ 298,890
Amortization of tangible capital assets	668,528	668,528	650,589
Proceeds on disposal of tangible capital assets		-	31,885
Acquisition of tangible capital assets	(696,245)	(603,635)	(552,502)
Change in inventories	-	2,340	-
Gain on sale of tangible capital assets	-	-	(22,885)
Increase in net financial assets	108,821	297,599	405,977
Net financial assets, beginning of year	<u>2,472,050</u>	<u>2,472,050</u>	<u>2,066,073</u>
Net financial assets, end of year	<u><u>\$ 2,580,871</u></u>	<u><u>\$ 2,769,649</u></u>	<u><u>\$ 2,472,050</u></u>

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

1. Significant Accounting Policies

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

(a) Basis of Consolidation

(i) Consolidated Entities

These consolidated financial statements reflect the financial assets, liabilities, non-financial assets, accumulated surplus, revenues and expenses of the Town and include the activities of all committees of Council and the Englehart and Area Public Library Board.

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

(ii) Joint Local Boards

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

The Englehart & Area Fire Department

The Town's proportionate share of The Englehart & Area Fire Department was 47.17% for 2021 (47.17% for 2020).

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

(iii) Modified Equity Accounting

Government business enterprises are accounted for by the modified equity method. Under this method, the business enterprise's accounting principles are not adjusted to conform with those of the Town and interorganizational transactions and balances (if any) are not eliminated. The following government business enterprise is included in these consolidated financial statements:

Englehart Solar Inc.

1. Significant Accounting Policies (Continued)

(a) Basis of Consolidation (continued)

(iv) Non-Consolidated Entities

The following joint local boards are not consolidated:

Timiskaming District Health Unit
District of Timiskaming Social Services Administration Board

(v) Temiskaming Municipal Services Association

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

(vi) Central Timiskaming Planning Board

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

(vii) Accounting for School Board Transactions

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

(viii) Trust Funds

Trust funds and their related operations administered by the Town are not consolidated, but are reported separately on the Trust Funds Statement of Continuity and Statement of Financial Position.

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 Town's policy is to disclose bank balances under cash 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) Short-term Investments

Short-term investments are recorded at cost. Investment income earned on surplus funds is reported as revenue in the period earned.

(iv) Employee Future Benefits

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

(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.

1. Significant Accounting Policies (Continued)

(b) Basis of Accounting (Continued)

(vi) Segmented Information

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

General Government

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

Protection Services

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

Transportation Services

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

Environmental Services

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

Health Services

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

Social and Family Services

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

Recreation and Cultural Services

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

Planning and Development

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

1. Significant Accounting Policies (Continued)

(b) Basis of Accounting (Continued)

(vii) Non-Financial Assets

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

i) *Tangible Capital Assets*

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

Land improvements	25 years
Buildings	25 to 50 years
Machinery and equipment	3 to 10 years
Vehicles	5 to 10 years
Roads and culverts	7 to 30 years
Underground networks	50 years

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

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

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

ii) *Inventories*

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

1. Significant Accounting Policies (Continued)

(b) Basis of Accounting (Continued)

(viii) Taxation and Other Revenues

Property tax billings are prepared by the Town 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 Town 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 Town 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 Town is entitled to collect interest and penalties on overdue taxes. These revenues are recorded in the period the interest and penalties are levied.

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

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

(ix) Government Grants and Transfers

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

1. Significant Accounting Policies (Continued)

(b) Basis of Accounting (Continued)

(x) Estimates

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

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

2. Measurement Uncertainty

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

- The amounts recorded for landfill closure and post-closure depend on estimates of usage, remaining life and capacity. The provision for future closure and post-closure costs also depends on estimates of such costs.
- The amounts recorded for amortization and opening costs of tangible capital assets are based on estimates of useful life, residual values and valuation rates.

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

3. Future Accounting Pronouncements

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

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

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

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

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

The Corporation of the Town of Englehart
Notes to the Consolidated Financial Statements
December 31, 2021



4. Cash and Cash Equivalents

The Town has authorized credit facilities totalling \$500,000, which is unsecured. As at December 31, 2021, the Town has utilized \$0 (2020 - \$0). The interest is calculated at the bank's prime lending rate.

5. Short-term Investments

	Market value 2021	Cost 2021	Cost 2020
Investments held through CIBC Asset Management			
Imperial Money Market Pool	\$ 128,300	\$ 128,385	\$ 129,856
Imperial Short-term Bond Pool	500,720	517,090	516,833
Imperial Canadian Bond Pool	446,928	454,450	438,212
Imperial International Bond Pool	45,090	46,995	45,785
Guaranteed income certificates (GICs) - Northern Credit Union (i)	<u>508,812</u>	<u>543,926</u>	<u>535,113</u>
	<u>\$ 1,629,850</u>	<u>\$ 1,690,846</u>	<u>\$ 1,665,799</u>

i) The GICs bear interest at rates ranging from 1.3% to 2.9%, maturing between January 2002 and September 2023.

6. Accounts Receivable

	<u>2021</u>	<u>2020</u>
Canada	\$ 45,734	\$ 99,221
Province of Ontario	17,329	-
School Boards	34,171	51,157
User charges	134,247	90,776
Other	<u>36,848</u>	<u>49,026</u>
	<u>\$ 268,329</u>	<u>\$ 290,180</u>

7. Accounts Payable and Accrued Liabilities

	<u>2021</u>	<u>2020</u>
Canada	\$ 5,492	\$ -
Province of Ontario	48,594	47,286
Trade payables and accrued liabilities	201,621	133,375
Vacation payable	<u>39,208</u>	<u>-</u>

The Corporation of the Town of Englehart
Notes to the Consolidated Financial Statements
December 31, 2021



	<u>\$ 294,915</u>	<u>\$ 180,661</u>
8. Municipal Debt		
	<u>2021</u>	<u>2020</u>
Term loan, matured January 31, 2021	\$ -	\$ 2,258
Term loan, repayable in monthly instalments of \$4,167 plus interest at prime plus 1%, maturing November 30, 2023	<u>95,107</u>	<u>145,107</u>
	<u>\$ 95,107</u>	<u>\$ 147,365</u>

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

2022	\$ 50,000
2023	<u>45,107</u>
Total	<u>\$ 95,107</u>

9. Investment in Englehart Solar Inc.

Englehart Solar Inc. was incorporated under the Ontario Business Corporations Act on October 29, 2012 pursuant to section 142 of the Electricity Act (Ontario). The corporation's principal activity is the ownership, administration and management of solar power generating projects for the purpose of generating, transmitting, distributing and retailing electricity.

The Corporation of the Town of Englehart is the 50% owner of all the issued capital of the corporation Englehart Solar Inc. (Énergie Kapuskasing Energy Inc. is the other partner owing 50% of the total issued capital).

The Corporation of the Town of Englehart
Notes to the Consolidated Financial Statements
December 31, 2021



9. Investment in Englehart Solar Inc. (continued)

Condensed financial information in respect to Englehart Solar Inc. is provided below.

	<u>2021</u>	<u>2020</u>
Balance Sheet:		
Assets:		
Current assets	\$ 341,361	\$ 374,741
Property and equipment	786,588	846,465
Future payment in lieu of taxes	<u>18,037</u>	<u>15,902</u>
Total Assets	<u>\$ 1,145,986</u>	<u>\$ 1,237,108</u>
Liabilities:		
Current liabilities	\$ 296,848	\$ 308,397
Long-term liabilities	<u>975,297</u>	<u>1,043,053</u>
Total Liabilities	<u>1,272,145</u>	<u>1,351,450</u>
Capital Deficiency:		
Capital stock	100	100
Accumulated deficit	<u>(126,259)</u>	<u>(114,442)</u>
Total Deficiency	<u>(126,159)</u>	<u>(114,342)</u>
Total Liabilities and Capital Deficiency	<u>\$ 1,145,986</u>	<u>\$ 1,237,108</u>
Town's share of capital deficiency (50.00% ownership)	<u>\$ (63,080)</u>	<u>\$ (57,171)</u>
Statement of Loss		
Total Revenues	\$ 138,015	\$ 127,408
Total Expenses	<u>151,967</u>	<u>169,754</u>
Net loss before income taxes	(13,952)	(42,346)
Less: provision for payment in lieu of taxes	<u>2,135</u>	<u>4,902</u>
Net loss	<u>\$ (11,817)</u>	<u>\$ (37,444)</u>
Town's share of net loss, (50.00% ownership)	<u>\$ (5,909)</u>	<u>\$ (18,722)</u>

10. Landfill Closure and Post-Closure

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

The current landfill site is expected to reach capacity in approximately 2052. The main components of the landfill closure plan are final capping using selected specific layers of earthen materials based on an engineered cap design and implementation of a drainage management plan. The post-closure maintenance requirements will involve cap maintenance, installation of monitoring wells, groundwater monitoring, inspections and annual reports.

The estimated liability for this maintenance is the present value of future cash flows associated with closure and post-closure costs discounted using the Town's estimated average borrowing rate of 2.95% (2020 - 2.90%). The change in liability is recorded based on the capacity of the landfill used to date. The recorded liability is \$601,000 (2020 - \$570,000) based on a total estimated liability in the future of \$1,316,899 (2020 - \$1,316,899), leaving an amount of \$715,899 (2020 - \$746,899) to be recognized over the remaining expected life of the landfill site. The liability is currently unfunded and is expected to be funded through budget allocations to a landfill reserve over the remaining life of the landfill.

The estimated remaining capacity of the site is approximately 45% (2020 - 47%) of its estimated capacity or 45,352 (2020 - 46,500) cubic meters, and its remaining life is approximately 30 years (2020 - 31 years). Post-closure care is estimated to continue for a period of approximately 25 years.

The Corporation of the Town of Englehart
Notes to the Consolidated Financial Statements
December 31, 2021



11. Tangible Capital Assets

	<u>Cost</u>			<u>Accumulated Amortization</u>				<u>Net Book Value</u>		
	<u>Balance, beginning of year</u>	<u>Additions</u>	<u>Transfers / Disposals</u>	<u>Balance, end of year</u>	<u>Balance, beginning of year</u>	<u>Amortization</u>	<u>Disposals</u>	<u>Balance, end of year</u>	<u>December 31, 2021</u>	<u>December 31 2020</u>
Land	\$ 211,762	\$ 38,484	\$ -	\$ 250,246	\$ -	\$ -	\$ -	\$ -	\$ 250,246	\$ 211,762
Land improvements	94,067	-	-	94,067	39,385	3,377	-	42,762	51,305	54,682
Buildings	7,750,054	313,544	-	8,063,598	2,619,064	161,507	-	2,780,571	5,283,027	5,130,990
Machinery and equipment	2,326,586	18,407	-	2,344,993	1,357,400	124,448	-	1,481,848	863,145	969,186
Vehicles	1,394,438	7,978	-	1,402,416	592,245	58,649	-	650,894	751,522	802,193
Roads and culverts	1,401,011	225,222	-	1,626,233	559,137	40,498	-	599,635	1,026,598	841,874
Underground networks	15,163,668	-	-	15,163,668	5,646,249	280,049	-	5,926,298	9,237,370	9,517,419
Assets under construction	25,442	-	-	25,442	-	-	-	-	25,442	25,442
	<u>\$ 28,367,028</u>	<u>\$ 603,635</u>	<u>\$ -</u>	<u>\$ 28,970,663</u>	<u>\$ 10,813,480</u>	<u>\$ 668,528</u>	<u>\$ -</u>	<u>\$ 11,482,008</u>	<u>\$ 17,488,655</u>	<u>\$ 17,553,548</u>

The Corporation of the Town of Englehart
Notes to the Consolidated Financial Statements
December 31, 2021



12. Accumulated Surplus

	<u>2021</u>	<u>2020</u>
Surplus		
Invested in tangible capital assets	\$ 17,488,655	\$ 17,553,548
General	-	584,200
Investment in Englehart Solar Inc.	(63,080)	(57,221)
Unfunded liabilities		
Municipal debt	(95,107)	(147,365)
Landfill closure and post-closure	(601,000)	(570,000)
Total surplus	<u>16,729,468</u>	<u>17,363,162</u>
Reserves		
Special purpose reserves		
Working capital	2,312,948	1,720,452
Museum elevator	43,565	43,565
Library	76,068	76,068
Fire Department	88,125	56,872
Recreation	5,000	5,000
Fire	95,000	85,000
Office renovations	180,000	150,000
Museum operating	8,052	8,052
Roads equipment	140,000	120,000
Garbage	41,333	30,244
Sewer	112,319	88,465
Water	438,286	292,918
Total reserves	<u>3,540,696</u>	<u>2,676,636</u>
Accumulated Surplus	<u>\$ 20,270,164</u>	<u>\$ 20,039,798</u>

13. Contingencies

Guarantees

The Town has guaranteed 10% of the long-term debt of Englehart Solar Inc. which amounts to \$97,530 (2020 - \$104,305).

14. Commitments

The Town entered into a contract for engineering design services for water system upgrades for approximately \$409,970 plus applicable taxes. The work had not commenced as of December 31, 2021.

The Town entered into a 10-year contractual agreement from January 1, 2022 to December 31, 2031 for the operation and maintenance of the Town's water and waste water facilities. The minimum commitment for these services are \$158,250 per year plus a fixed 2% annual increase annually.

15. Operations of School Boards

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

	<u>2021</u>	<u>2020</u>
Taxation and user charges	<u>\$ 306,767</u>	<u>\$ 347,788</u>
Total amounts received or receivable	<u>306,767</u>	<u>347,788</u>
Requisitions	<u>306,767</u>	<u>347,788</u>
	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

16. Contributions to Unconsolidated Joint Local Boards

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

	<u>2021</u>	<u>2020</u>
Temiskaming District Health Unit	<u>\$ 68,969</u>	<u>\$ 65,684</u>
District of Temiskaming Social Services Administration Board	<u>291,523</u>	<u>305,732</u>
	<u><u>\$ 360,492</u></u>	<u><u>\$ 371,416</u></u>

17. Pension Agreements

The Town makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of all qualifying members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. The OMERS Administration Corporation Board of Directors, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of the benefits. OMERS provides pension services to approximately 541,000 active and retired members and approximately 1,000 employers.

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

The amount contributed by the Town to OMERS for 2021 was \$64,867 (2020 - \$67,685) for current services and is included as an expense on the Consolidated Statement of Operations and Accumulated Surplus.

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

18. Trust Funds

Trust funds administered by the Town amounting to \$190,373 (2020 - \$188,253) have not been included in the Consolidated Statement of Financial Position nor have their operations been included in the Consolidated Statement of Operations and Accumulated Surplus.

19. Budget Figures

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

20. Comparative Figures

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

The Corporation of the Town of Englehart
Notes to the Consolidated Financial Statements
December 31, 2021



21. Segmented Information

	<u>General Government</u>	<u>Protection Services</u>	<u>Transportation Services</u>	<u>Environmental Services</u>	<u>Health Services</u>	<u>Social and Family Services</u>	<u>Recreation and Cultural Services</u>	<u>Planning and Development</u>	<u>2021 Total</u>	<u>2020 Total</u>
Revenues										
Net taxation	\$ 236,214	\$ 172,791	\$ 350,308	\$ 416,354	\$ 114,433	\$ 62,870	\$ 397,492	\$ 41,543	\$ 1,792,005	\$ 1,857,080
User charges	6,369	22,327	-	754,243	8,340	-	126,914	-	918,193	855,451
Government grants and transfers - Provincial	142,232	83,440	159,026	217,795	51,948	28,541	186,432	18,859	888,273	966,265
Government grants and transfers - Federal	12,571	-	-	-	-	-	-	-	12,571	18,611
Other municipalities	-	-	-	-	-	-	20,144	-	20,144	27,133
Other	16,699	12,215	24,764	35,856	8,090	4,444	48,181	2,937	153,186	253,309
Total revenues	<u>414,085</u>	<u>290,773</u>	<u>534,098</u>	<u>1,424,248</u>	<u>182,811</u>	<u>95,855</u>	<u>779,163</u>	<u>63,339</u>	<u>3,784,372</u>	<u>3,977,849</u>
Expenses										
Salary, wages and employee benefits	266,208	28,841	371,427	22,072	13,907	-	353,022	82,595	1,138,072	1,129,616
Materials, rents and financial expenses	155,489	27,138	259,779	200,699	6,359	-	315,719	6,678	971,861	1,077,459
Interest on long-term debt	-	-	4,220	-	-	-	-	-	4,220	7,772
Contracted services	76,654	298,430	-	318,797	-	-	-	-	693,881	721,436
Transfers to other governments and the public	-	-	13,799	-	225,390	135,102	-	-	374,291	385,215
Amortization	9,251	16,902	103,555	353,137	250	-	185,433	-	668,528	650,589
Total expenses	<u>507,602</u>	<u>371,311</u>	<u>752,780</u>	<u>894,705</u>	<u>245,906</u>	<u>135,102</u>	<u>854,174</u>	<u>89,273</u>	<u>3,850,853</u>	<u>3,972,087</u>
Annual surplus (deficit) before other	(93,517)	(80,538)	(218,682)	529,543	(63,095)	(39,247)	(75,011)	(25,934)	(66,481)	5,762
Other										
Government grants and transfers related to capital - Provincial	-	-	73,886	-	-	-	-	-	73,886	104,757
Government grants and transfers related to capital - Federal	-	-	222,961	-	-	-	-	-	222,961	188,371
Annual surplus (deficit)	\$ (93,517)	\$ (80,538)	\$ 78,165	\$ 529,543	\$ (63,095)	\$ (39,247)	\$ (75,011)	\$ (25,934)	\$ 230,366	\$ 298,890

Independent Auditor's Report

**To the Members of Council, Inhabitants and Ratepayers of the
The Corporation of the Town of Englehart**

Opinion

We have audited the financial statements of the Trust Funds of The Corporation of the Town of Englehart, which comprise the statement of financial position as at December 31, 2021, and the statement of continuity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Trust Funds of The Corporation of the Town of Englehart as at December 31, 2021, and the continuity of the Trust Funds for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Basis for Opinion

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

Independent Auditor's Report (continued)

Other Matter

The financial statements of the Trust Funds of The Corporation of the Town of Englehart for the year ended December 31, 2020 were audited by another auditor who expressed an unmodified opinion of those statements on November 24, 2021.

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

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

In preparing the financial statements, management is responsible for assessing the Town'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 Town or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Independent Auditor's Report (continued)

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Town'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 Town to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

North Bay, Ontario
July 27, 2022

CHARTERED PROFESSIONAL ACCOUNTANTS,
LICENSED PUBLIC ACCOUNTANTS

The Corporation of the Town of Englehart
Trust Funds - Statement of Continuity
For The Year Ended December 31, 2021



	2021			2020	
	<u>Swimming Pool</u>	<u>Ontario Home Renewal Program</u>	<u>Cemetery Care and Maintenance Fund</u>	<u>Total</u>	<u>Total</u>
Balance at beginning of year	\$ 15,600	\$ 21,515	\$ 151,138	\$ 188,253	\$ 186,743
Capital receipts	<u>-</u> 15,600	<u>-</u> 21,515	<u>2,120</u> 153,258	<u>2,120</u> 190,373	<u>1,510</u> 188,253
Expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance at end of year	<u><u>\$ 15,600</u></u>	<u><u>\$ 21,515</u></u>	<u><u>\$ 153,258</u></u>	<u><u>\$ 190,373</u></u>	<u><u>\$ 188,253</u></u>

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

The Corporation of the Town of Englehart
Trust Funds - Statement of Financial Position
December 31, 2021



	<u>2021</u>	<u>2020</u>
Financial Assets		
Investments (note 2)	\$ 172,178	\$ 168,181
Loans receivable (note 3)	<u>21,515</u>	<u>21,515</u>
	<u>193,693</u>	189,696
 Liabilities		
Due to the Corporation of the Town of Englehart	<u>3,320</u>	<u>1,443</u>
 Net Financial Assets	190,373	188,253
 Non-Financial Assets	<u>-</u>	<u>-</u>
 Accumulated Surplus	<u><u>\$ 190,373</u></u>	<u><u>\$ 188,253</u></u>

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

The Corporation of the Town of Englehart
Trust Funds - Notes to the Financial Statements
December 31, 2021



1. Accounting Policies

Basis of Accounting

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

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

2. Investments

The total investments of \$172,178 (2020 - \$168,181) are reported at cost and have a market value of \$172,178 (2020 - \$168,181) at the end of the year.

3. Ontario Home Renewal Program

The Ontario Home Renewal Program was established by the Ontario Ministry of Housing in 1973 to provide grants for municipalities to make loans to assist owner occupants to repair, rehabilitate and improve their homes to local property standards. In July 1993 the program was discontinued. Collection is the only activity of the fund and funds collected are to be returned to the Province in the subsequent year, less at 5% administration fee.

Ontario Home Renewal Program loans receivable at December 31, 2021 is comprised of repayable loans of \$21,515 (2020 - \$21,515) and forgivable loans of \$1,000 (2020 - \$1,000).

Loan forgiveness is earned and recorded at a rate of up to \$600 per year of continued ownership and occupancy. In the event of the sale or lease of the home or in the event of the homeowner ceasing to occupy the home, the balances of the repayable loan and the unearned forgivable loan immediately become due and payable by the homeowner.

4. Interest

Interest earned by the Swimming Pool Trust Fund and Cemetery Care and Maintenance Trust Fund are transferred directly to the Town's operations and are not reflected on this statement.