

**The Corporation of the Town  
of Englehart**

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

**December 31, 2022**

# **The Corporation of the Town of Englehart**

## **Financial Report**

**December 31, 2022**

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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.



Chief Administrative Officer/Treasurer  
January 24, 2024

## **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, 2022, 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, 2022, 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)**

### **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  
January 24, 2024

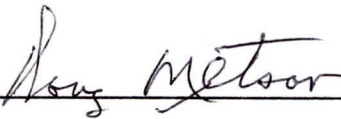
*Baker Tilly SNT LLP*

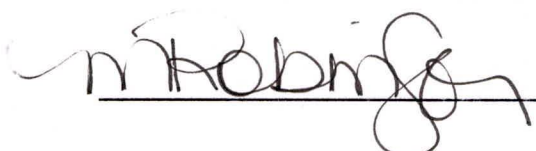
CHARTERED PROFESSIONAL ACCOUNTANTS,  
LICENSED PUBLIC ACCOUNTANTS

**The Corporation of the Town of Englehart**  
**Consolidated Statement of Financial Position**  
**December 31, 2022**

	<u>2022</u>	<u>2021</u>
<b>Financial Assets</b>		
Cash and cash equivalents (note 4)	\$ 1,031,283	\$ 1,633,050
Short-term investments (note 5)	1,706,044	1,690,846
Taxes receivable	239,976	231,526
Accounts receivable (note 6)	<u>773,431</u>	<u>268,329</u>
	<u>3,750,734</u>	<u>3,823,751</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities (note 7)	202,339	294,915
Deferred revenues - other (note 8)	154,676	-
Municipal debt (note 9)	45,107	95,107
Investment in Englehart Solar Inc. (note 10)	83,914	63,080
Landfill closure and post-closure (note 11)	<u>655,000</u>	<u>601,000</u>
	<u>1,141,036</u>	<u>1,054,102</u>
<b>Net Financial Assets</b>	<u>2,609,698</u>	<u>2,769,649</u>
<b>Non-Financial Assets</b>		
Tangible capital assets (note 12)	17,807,838	17,488,655
Inventories	<u>11,860</u>	<u>11,860</u>
	<u>17,819,698</u>	<u>17,500,515</u>
<b>Accumulated Surplus (note 13)</b>	<u>\$ 20,429,396</u>	<u>\$ 20,270,164</u>
Contingencies (note 14)		
Commitments (note 15)		

Approved by:

  
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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, 2022**

	<u>2022</u>		<u>2021</u>
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
	(Unaudited)		
<b>Revenues</b>			
Net taxation	\$ 1,912,098	\$ 1,955,566	\$ 1,792,005
User charges	856,837	906,580	918,193
Government grants and transfers - Provincial	1,005,306	864,352	888,273
Government grants and transfers - Federal	14,700	9,722	12,571
Other municipalities	9,500	5,500	20,144
Other	296,457	136,712	153,186
<b>Total revenues</b>	<u>4,094,898</u>	<u>3,878,432</u>	<u>3,784,372</u>
<b>Expenses</b>			
General government	750,748	789,620	507,602
Protection services	400,750	398,286	371,311
Transportation services	1,086,302	822,073	752,780
Environmental services	948,392	1,036,707	894,705
Health services	236,274	263,198	245,906
Social and family services	140,219	149,012	135,102
Recreation and cultural services	611,477	748,428	854,174
Planning and development	72,700	63,484	89,273
<b>Total expenses</b>	<u>4,246,862</u>	<u>4,270,808</u>	<u>3,850,853</u>
<b>Annual deficit before other</b>	<u>(151,964)</u>	<u>(392,376)</u>	<u>(66,481)</u>
<b>Other</b>			
Government grants and transfers related to capital - Provincial	493,500	196,018	73,886
Government grants and transfers related to capital - Federal	188,313	355,590	222,961
	<u>681,813</u>	<u>551,608</u>	<u>296,847</u>
<b>Annual surplus</b>	529,849	159,232	230,366
<b>Accumulated surplus, beginning of year</b>	<u>20,270,164</u>	<u>20,270,164</u>	<u>20,039,798</u>
<b>Accumulated surplus, end of year</b>	<u>\$ 20,800,013</u>	<u>\$ 20,429,396</u>	<u>\$ 20,270,164</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, 2022**

	<u>2022</u>	<u>2021</u>
<b>Operating transactions</b>		
Annual surplus	\$ 159,232	\$ 230,366
<b>Cash provided by (applied to)</b>		
Non-cash items:		
Loss from investment in Englehart Solar Inc.	20,834	5,909
Amortization of tangible capital assets	701,459	668,528
Change in non-cash working capital balances		
(Increase) decrease in taxes receivable	(8,450)	44,483
(Increase) decrease in accounts receivable	(505,102)	21,851
Increase (decrease) in accounts payable and accrued liabilities	(92,576)	114,254
Increase in deferred revenues - other	154,676	-
Increase in landfill closure and post-closure	54,000	31,000
Decrease in inventories	-	2,340
Cash provided by operating transactions	<u>484,073</u>	<u>1,118,731</u>
<b>Capital transactions</b>		
Acquisition of tangible capital assets	<u>(1,020,642)</u>	<u>(603,635)</u>
Cash applied to capital transactions	<u>(1,020,642)</u>	<u>(603,635)</u>
<b>Financing and investing transactions</b>		
Municipal debt repaid	(50,000)	(52,258)
Acquisition of short-term investments	<u>(15,198)</u>	<u>(25,047)</u>
Cash applied to financing and investing transactions	<u>(65,198)</u>	<u>(77,305)</u>
<b>Increase (decrease) in cash</b>	<b>(601,767)</b>	<b>437,791</b>
<b>Cash, beginning of year</b>	<u><b>1,633,050</b></u>	<u><b>1,195,259</b></u>
<b>Cash, end of year</b>	<u><u><b>\$ 1,031,283</b></u></u>	<u><u><b>\$ 1,633,050</b></u></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, 2022**

	<u>2022</u>		<u>2021</u>
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
	(Unaudited)		
<b>Annual surplus</b>	<b>\$ 529,849</b>	<b>\$ 159,232</b>	<b>\$ 230,366</b>
Amortization of tangible capital assets	691,222	701,459	668,528
Acquisition of tangible capital assets	(1,613,500)	(1,020,642)	(603,635)
Change in inventories	-	-	2,340
	<u>(392,429)</u>	<u>(159,951)</u>	297,599
<b>Increase (decrease) in net financial assets</b>			
<b>Net financial assets, beginning of year</b>	<u>2,769,649</u>	<u>2,769,649</u>	<u>2,472,050</u>
<b>Net financial assets, end of year</b>	<u><u>\$ 2,377,220</u></u>	<u><u>\$ 2,609,698</u></u>	<u><u>\$ 2,769,649</u></u>

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

**The Corporation of the Town of Englehart**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2022**

**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 46.00% for 2022 (47.17% for 2021).

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.

**The Corporation of the Town of Englehart**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2022**

**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 2022 was \$5,873 (2021 - \$5,873)

(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.

**The Corporation of the Town of Englehart**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2022**

**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) Deferred Revenues

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

(v) 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.

(vi) Landfill Closure and Post-Closure

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

**The Corporation of the Town of Englehart**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2022**

**1. Significant Accounting Policies (Continued)**

(b) Basis of Accounting (Continued)

(vii) 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.

For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Certain allocation methodologies are employed in the preparation of segmented financial information. Taxation, payments-in-lieu of taxes and certain unconditional government transfers are apportioned based on each segment's expenses in proportion to total municipal expenses.

**The Corporation of the Town of Englehart**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2022**

**1. Significant Accounting Policies (Continued)**

(b) Basis of Accounting (Continued)

(viii) Non-Financial Assets

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

i) *Tangible Capital Assets*

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

Land improvements	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.

**The Corporation of the Town of Englehart**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2022**

**1. Significant Accounting Policies (Continued)**

(b) Basis of Accounting (Continued)

(ix) 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.

(x) Government Grants and Transfers

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

**The Corporation of the Town of Englehart**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2022**

**1. Significant Accounting Policies (Continued)**

(b) Basis of Accounting (Continued)

(xi) 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.

**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.

**The Corporation of the Town of Englehart**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2022**

**3. Future Accounting Pronouncements**

These standards and amendments were not effective in the year ended December 31, 2022, 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 3041 – Portfolio Investments, was issued in March 2012 and replaces the existing section PS 3040. This standard has been revised to ensure consistency with the financial instruments standards. This standard provides revised guidance on accounting for, presentation and disclosure of portfolio investments. The distinction between temporary and portfolio investments has been removed in this new standard, and upon adoption, PS 3030 Temporary Investments will no longer apply. This section is effective for fiscal years beginning on or after April 1, 2022 and applies when PS 2601 and PS 3450 are adopted.

**The Corporation of the Town of Englehart**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2022**

**3. Future Accounting Pronouncements (Continued)**

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

Section PS 3400 - Revenue, establishes standards on how to account for and report on revenue, specifically differentiating between transactions that include performance obligations (i.e. the payor expects a good or service from the public sector entity), referred to as exchange transactions, and transactions that do not have performance obligations, referred to as non-exchange transactions. This section applies to fiscal years beginning on or after April 1, 2023. Early adoption is permitted.

Guideline PSG-8 - Purchased Intangibles, provides guidance on the accounting and reporting for purchased intangible assets that are acquired through arm's length exchange transactions between knowledgeable, willing parties that are under no compulsion to act. This guideline applies to fiscal years beginning on or after April 1, 2023. Early adoption is permitted.

Section PS 3160 - Public Private Partnerships (P3s), provides specific guidance on the accounting and reporting for public private partnerships between public and private sector entities where the public sector entity procures infrastructure using a private sector partner. This section applies to fiscal years beginning on or after April 1, 2023. Early adoption is permitted.

**4. Cash and Cash Equivalents**

The Town has authorized credit facilities totaling \$500,000, which is unsecured. As at December 31, 2022, the Town has utilized \$0 (2021 - \$0). The interest is calculated at the bank's prime lending rate.

**The Corporation of the Town of Englehart**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2022**

**5. Short-term Investments**

	Market value 2022	Cost 2022	Cost 2021
Investments held through CIBC Asset Management			
Imperial Money Market Pool	\$ 123,180	\$ 123,209	\$ 128,385
Imperial Short-term Bond Pool	395,688	436,899	517,090
Imperial Canadian Bond Pool	461,298	534,981	454,450
Imperial International Bond Pool	50,002	58,734	46,995
Guaranteed income certificates (GICs) - Northern Credit Union (i)	<u>552,221</u>	<u>552,221</u>	<u>543,926</u>
	<u>\$ 1,582,389</u>	<u>\$ 1,706,044</u>	<u>\$ 1,690,846</u>

i) The GICs bear interest at rates ranging from 2.1% to 2.9%, maturing between January 2023 and September 2023.

**6. Accounts Receivable**

	<u>2022</u>	<u>2021</u>
Canada	\$ 509,953	\$ 45,734
Province of Ontario	43,017	17,329
School Boards	112,797	34,171
User charges	82,588	134,247
Other	<u>25,076</u>	<u>36,848</u>
	<u>\$ 773,431</u>	<u>\$ 268,329</u>

**7. Accounts Payable and Accrued Liabilities**

	<u>2022</u>	<u>2021</u>
Canada	\$ 5,311	\$ 5,492
Province of Ontario	51,692	48,594
Trade payables and accrued liabilities	109,097	201,621
Vacation payable	<u>36,239</u>	<u>39,208</u>
	<u>\$ 202,339</u>	<u>\$ 294,915</u>

**The Corporation of the Town of Englehart**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2022**

**8. Deferred Revenues - Other**

	Balance as at December 30, 2021	Amounts received during the year	Recognized as revenues during the year	Balance as at December 31, 2022
Northern Ontario Resource Development Support Fund	\$ -	\$ 154,676	\$ -	\$ 154,676
<b>Total Deferred Revenues - Other</b>	<b>\$ -</b>	<b>\$ 154,676</b>	<b>\$ -</b>	<b>\$ 154,676</b>

**9. Municipal Debt**

	<u>2022</u>	<u>2021</u>
Term loan, repayable in monthly instalments of \$4,167 plus interest at prime plus 1%, maturing November 30, 2023	<u>\$ 45,107</u>	<u>\$ 95,107</u>

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

2023	<u>\$ 45,107</u>
------	------------------

**10. 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, 2022**

**10. Investment in Englehart Solar Inc. (continued)**

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

	<u>2022</u>	<u>2021</u>
<b>Balance Sheet:</b>		
Assets:		
Current assets	\$ 305,234	\$ 341,361
Property and equipment	726,711	786,588
Future payment in lieu of taxes	<u>24,133</u>	<u>18,037</u>
Total Assets	<u>\$ 1,056,078</u>	<u>\$ 1,145,986</u>
Liabilities:		
Current liabilities	\$ 319,203	\$ 296,848
Long-term liabilities	<u>904,703</u>	<u>975,297</u>
Total Liabilities	<u>1,223,906</u>	<u>1,272,145</u>
Capital Deficiency:		
Capital stock	100	100
Accumulated deficit	<u>(167,928)</u>	<u>(126,259)</u>
Total Deficiency	<u>(167,828)</u>	<u>(126,159)</u>
Total Liabilities and Capital Deficiency	<u>\$ 1,056,078</u>	<u>\$ 1,145,986</u>
Town's share of capital deficiency (50.00% ownership)	<u>\$ (83,914)</u>	<u>\$ (63,080)</u>
<b>Statement of Loss</b>		
Total Revenues	\$ 127,891	\$ 138,015
Total Expenses	<u>166,880</u>	<u>151,967</u>
Net loss before income taxes	(38,989)	(13,952)
Less: provision for payment in lieu of taxes	<u>6,096</u>	<u>2,135</u>
Net loss	<u>\$ (32,893)</u>	<u>\$ (11,817)</u>
Town's share of net loss, (50.00% ownership)	<u>\$ (16,447)</u>	<u>\$ (5,909)</u>

**The Corporation of the Town of Englehart**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2022**

**11. Landfill Closure and Post-Closure**

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

The 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. Post-closure care is estimated to continue for a period of approximately 25 years.

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 6.95% (2021 - 2.95%). The change in liability is recorded based on the capacity of the landfill used to date. 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 most recent waste capacity study for the landfill was performed in a report dated October 2018.

The Town operates the following landfill sites:

<b><u>2022</u></b>	<b><u>Estimated Remaining Capacity</u></b>	<b><u>Estimated Remaining Life / Post- closure</u></b>	<b><u>Recorded Liability</u></b>	<b><u>Total Estimated Undiscounted Outflow in the Future</u></b>	<b><u>Amounts to be Recognized in the Future</u></b>
Englehart	56% (43,840 m <sup>3</sup> )	29 years	<b><u>\$ 655,000</u></b>	<b><u>\$ 1,316,899</u></b>	<b><u>\$ 661,899</u></b>
2021			<b><u>\$ 601,000</u></b>	<b><u>\$ 1,316,899</u></b>	<b><u>\$ 715,899</u></b>

**The Corporation of the Town of Englehart**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2022**

**12. 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, 2022</u>	<u>December 31, 2021</u>
Land	\$ 250,246	\$ -	\$ -	\$ 250,246	\$ -	\$ -	\$ -	\$ -	\$ 250,246	\$ 250,246
Land improvements	94,067	32,486	(9,620)	116,933	42,762	4,676	(9,620)	37,818	79,115	51,305
Buildings	8,063,598	299,096	25,442	8,388,136	2,780,571	168,507	-	2,949,078	5,439,058	5,283,027
Machinery and equipment	2,344,993	328,934	-	2,673,927	1,481,848	150,641	-	1,632,489	1,041,438	863,145
Vehicles	1,402,416	38,583	-	1,440,999	650,894	46,370	-	697,264	743,735	751,522
Roads and culverts	1,626,233	321,543	-	1,947,776	599,635	51,216	-	650,851	1,296,925	1,026,598
Underground networks	15,163,668	-	-	15,163,668	5,926,298	280,049	-	6,206,347	8,957,321	9,237,370
Assets under construction	25,442	-	(25,442)	-	-	-	-	-	-	25,442
	<u>\$ 28,970,663</u>	<u>\$ 1,020,642</u>	<u>\$ (9,620)</u>	<u>\$ 29,981,685</u>	<u>\$ 11,482,008</u>	<u>\$ 701,459</u>	<u>\$ (9,620)</u>	<u>\$ 12,173,847</u>	<u>\$ 17,807,838</u>	<u>\$ 17,488,655</u>

**The Corporation of the Town of Englehart**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2022**

**13. Accumulated Surplus**

	<u>2022</u>	<u>2021</u>
Surplus		
Invested in tangible capital assets	\$ 17,807,838	\$ 17,488,655
Investment in Englehart Solar Inc.	(83,914)	(63,080)
Unfunded liabilities		
Municipal debt	(45,107)	(95,107)
Landfill closure and post-closure	(655,000)	(601,000)
Total surplus	<u>17,023,817</u>	<u>16,729,468</u>
Reserves		
Special purpose reserves		
Working capital	2,223,339	2,312,948
Museum elevator	43,565	43,565
Library	76,068	76,068
Fire Department	77,751	88,125
Recreation	5,000	5,000
Fire	95,000	95,000
Office renovations	128,000	180,000
Museum operating	8,052	8,052
Roads equipment	90,000	140,000
Garbage	(5,268)	41,333
Sewer	172,233	112,319
Water	491,839	438,286
Total reserves	<u>3,405,579</u>	<u>3,540,696</u>
Accumulated Surplus	<u>\$ 20,429,396</u>	<u>\$ 20,270,164</u>

**14. Contingencies**

**Guarantees**

The Town has guaranteed 10% of the long-term debt of Englehart Solar Inc. which amounts to \$90,470 (2021 - \$97,530).

**The Corporation of the Town of Englehart**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2022**

**15. Commitments**

The Town entered into a contract for engineering design services for water system upgrades for approximately \$409,970 plus applicable taxes. The work has commenced as of December 31, 2022 and \$69,057 has been spent. There is a remaining commitment of approximately \$340,913.

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.

The Town entered into a two year contractual agreement from January 1, 2023 to December 31, 2024 for the operation of the Town's landfill and recycling services. The minimum commitment for these services are \$100,000 per year.

The Town entered into a 5-year contractual agreement from January 4, 2022 to January 4, 2027 for the server and desktop management services of the Town's IT. The minimum commitment for these services are \$6,984 per year.

**16. 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>2022</u>	<u>2021</u>
Taxation and user charges	<u>\$ 318,367</u>	<u>\$ 306,767</u>
Total amounts received or receivable	<b>318,367</b>	306,767
Requisitions	<u><b>318,367</b></u>	<u>306,767</u>
	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**The Corporation of the Town of Englehart**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2022**

**17. Contributions to Unconsolidated Joint Local Boards**

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

	<u>2022</u>	<u>2021</u>
Timiskaming District Health Unit	\$ 70,348	\$ 68,969
District of Timiskaming Social Services Administration Board	<u>314,358</u>	<u>291,523</u>
	<u>\$ 384,706</u>	<u>\$ 360,492</u>

**18. 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 559,000 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, 2022, the estimated accrued pension obligation for all members of the Plan was \$128,789 million (2021 - \$119,342 million). The Plan had an actuarial value of net assets at that date of \$122,111 million (2021 - \$116,211 million) indicating an actuarial deficit of \$6,678 million (2021 - \$3,131 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 2022 was \$60,188 (2021 - \$64,867) for current services and is included as an expense on the Consolidated Statement of Operations and Accumulated Surplus.

On January 1, 2022 the yearly maximum pension earnings increased to \$64,900 from \$61,600 in 2021. The contributions are calculated at a rate of 9.0% (2021 - 9.0%) for amounts up to the yearly maximum pension earnings stated above and at a rate of 14.6% (2021 - 14.6%) for amounts above the yearly maximum pension earnings.

**The Corporation of the Town of Englehart**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2022**

**19. Trust Funds**

Trust funds administered by the Town amounting to \$189,047 (2021 - \$190,373) 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.

**20. Budget Figures**

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

	<u>2022</u>	<u>2021</u>
Budget By-law surplus for the year	\$ -	\$ -
Add: Acquisition of tangible capital assets	1,623,737	696,245
Municipal debt repaid	50,004	46,000
Contractual obligations repaid	-	-
Contributions to reserves	-	-
Less: Amortization of tangible capital assets	(701,459)	(668,528)
Contributions from reserves	<u>(442,433)</u>	<u>62,821</u>
Budget surplus per statement of operations and accumulated surplus	<u>\$ 529,849</u>	<u>\$ 136,538</u>

**21. Comparative Figures**

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

**The Corporation of the Town of Englehart**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2022**

**22. Segmented Information**

	<u>General Government</u>	<u>Protection Services</u>	<u>Transportation Services</u>	<u>Environmental Services</u>	<u>Health Services</u>	<u>Social and Family Services</u>	<u>Recreation and Cultural Services</u>	<u>Planning and Development</u>	<u>2022 Total</u>
<b>Revenues</b>									
Net taxation	\$ 361,560	\$ 182,372	\$ 376,420	\$ 474,699	\$ 120,516	\$ 68,231	\$ 342,699	\$ 29,069	\$ 1,955,566
User charges	4,142	15,137	-	741,459	19,642	-	126,200	-	906,580
Government grants and transfers - Provincial	150,406	75,865	156,588	248,323	50,134	28,384	142,560	12,092	864,352
Government grants and transfers - Federal	-	-	-	-	-	-	9,722	-	9,722
Other municipalities	-	-	-	-	-	-	5,500	-	5,500
Other	<u>20,859</u>	<u>10,521</u>	<u>28,312</u>	<u>27,526</u>	<u>9,642</u>	<u>3,936</u>	<u>33,369</u>	<u>2,547</u>	<u>136,712</u>
Total revenues	<u>536,967</u>	<u>283,895</u>	<u>561,320</u>	<u>1,492,007</u>	<u>199,934</u>	<u>100,551</u>	<u>660,050</u>	<u>43,708</u>	<u>3,878,432</u>
<b>Expenses</b>									
Salary, wages and employee benefits	380,497	26,973	412,635	29,061	23,396	-	204,760	248	1,077,570
Materials, rents and financial expenses	292,822	48,202	281,260	290,799	8,372	-	350,954	63,236	1,335,645
Interest on long-term debt	-	-	3,300	-	-	-	-	-	3,300
Contracted services	106,260	312,874	-	342,394	-	-	-	-	761,528
Transfers to other governments and the public	-	-	13,799	-	228,495	149,012	-	-	391,306
Amortization	<u>10,041</u>	<u>10,237</u>	<u>111,079</u>	<u>374,453</u>	<u>2,935</u>	<u>-</u>	<u>192,714</u>	<u>-</u>	<u>701,459</u>
Total expenses	<u>789,620</u>	<u>398,286</u>	<u>822,073</u>	<u>1,036,707</u>	<u>263,198</u>	<u>149,012</u>	<u>748,428</u>	<u>63,484</u>	<u>4,270,808</u>
<b>Annual surplus (deficit) before other</b>	<b>(252,653)</b>	<b>(114,391)</b>	<b>(260,753)</b>	<b>455,300</b>	<b>(63,264)</b>	<b>(48,461)</b>	<b>(88,378)</b>	<b>(19,776)</b>	<b>(392,376)</b>
<b>Other</b>									
Government grants and transfers related to capital - Provincial	-	-	162,741	23,017	-	-	10,260	-	196,018
Government grants and transfers related to capital - Federal	<u>-</u>	<u>-</u>	<u>93,813</u>	<u>27,623</u>	<u>-</u>	<u>-</u>	<u>234,154</u>	<u>-</u>	<u>355,590</u>
<b>Annual surplus (deficit)</b>	<b><u>\$ (252,653)</u></b>	<b><u>\$ (114,391)</u></b>	<b><u>\$ (4,199)</u></b>	<b><u>\$ 505,940</u></b>	<b><u>\$ (63,264)</u></b>	<b><u>\$ (48,461)</u></b>	<b><u>\$ 156,036</u></b>	<b><u>\$ (19,776)</u></b>	<b><u>\$ 159,232</u></b>

**The Corporation of the Town of Englehart**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2022**

**22. Segmented Information (Continued)**

	<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>
<b>Revenues</b>									
Net taxation	\$ 236,214	\$ 172,791	\$ 350,308	\$ 416,354	\$ 114,433	\$ 62,870	\$ 397,492	\$ 41,543	\$ 1,792,005
User charges	6,369	22,327	-	754,243	8,340	-	126,914	-	918,193
Government grants and transfers - Provincial	142,232	83,440	159,026	217,795	51,948	28,541	186,432	18,859	888,273
Government grants and transfers - Federal	12,571	-	-	-	-	-	-	-	12,571
Other municipalities	-	-	-	-	-	-	20,144	-	20,144
Other	16,699	12,215	24,764	35,856	8,090	4,444	48,181	2,937	153,186
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>
<b>Expenses</b>									
Salary, wages and employee benefits	266,208	28,841	371,427	22,072	13,907	-	353,022	82,595	1,138,072
Materials, contracted services, rents, and financial expenses	155,489	27,138	259,779	200,699	6,359	-	315,719	6,678	971,861
Interest on long term debt	-	-	4,220	-	-	-	-	-	4,220
Contracted services	76,654	298,430	-	318,797	-	-	-	-	693,881
Transfers to other governments and the public	-	-	13,799	-	225,390	135,102	-	-	374,291
Amortization	9,251	16,902	103,555	353,137	250	-	185,433	-	668,528
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>
<b>Annual surplus (deficit) before other</b>	<b>(93,517)</b>	<b>(80,538)</b>	<b>(218,682)</b>	<b>529,543</b>	<b>(63,095)</b>	<b>(39,247)</b>	<b>(75,011)</b>	<b>(25,934)</b>	<b>(66,481)</b>
<b>Other</b>									
Government grants and transfers related to capital - Provincial	-	-	73,886	-	-	-	-	-	73,886
Government grants and transfers related to capital - Federal	-	-	222,961	-	-	-	-	-	222,961
<b>Annual surplus (deficit)</b>	<b><u>\$ (93,517)</u></b>	<b><u>\$ (80,538)</u></b>	<b><u>\$ 78,165</u></b>	<b><u>\$ 529,543</u></b>	<b><u>\$ (63,095)</u></b>	<b><u>\$ (39,247)</u></b>	<b><u>\$ (75,011)</u></b>	<b><u>\$ (25,934)</u></b>	<b><u>\$ 230,366</u></b>

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## **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, 2022, 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, 2022, 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.

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)**

### **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  
January 24, 2024

*Baker Tilly SNT LLP*

CHARTERED PROFESSIONAL ACCOUNTANTS,  
LICENSED PUBLIC ACCOUNTANTS

**The Corporation of the Town of Englehart**  
**Trust Funds - Statement of Continuity**  
**For The Year Ended December 31, 2022**

	2022			2021	
	Swimming Pool	Ontario Home Renewal Program	Cemetery Care and Maintenance Fund	Total	Total
Balance at beginning of year	\$ 15,600	\$ 21,515	\$ 153,258	\$ 190,373	\$ 188,253
Capital receipts	<u>-</u> 15,600	<u>-</u> 21,515	<u>5,795</u> 159,053	<u>5,795</u> 196,168	<u>2,120</u> 190,373
Expenses	<u>-</u>	<u>7,121</u>	<u>-</u>	<u>7,121</u>	<u>-</u>
<b>Balance at end of year</b>	<b><u>\$ 15,600</u></b>	<b><u>\$ 14,394</u></b>	<b><u>\$ 159,053</u></b>	<b><u>\$ 189,047</u></b>	<b><u>\$ 190,373</u></b>

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, 2022**

	<u>2022</u>	<u>2021</u>
<b>Financial Assets</b>		
Investments (note 2)	\$ 174,939	\$ 172,178
Loans receivable (note 3)	<u>14,394</u>	<u>21,515</u>
	<b>189,333</b>	<b>193,693</b>
 <b>Liabilities</b>		
Due to the Corporation of the Town of Englehart	<u>286</u>	<u>3,320</u>
 <b>Net Financial Assets</b>	<b>189,047</b>	<b>190,373</b>
 <b>Non-Financial Assets</b>	<u>-</u>	<u>-</u>
 <b>Accumulated Surplus</b>	<u><u>\$ 189,047</u></u>	<u><u>\$ 190,373</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, 2022**

**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 \$174,939 (2021 - \$172,178) are reported at cost and have a market value of \$174,939 (2021 - \$172,178) 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, 2022 is comprised of repayable loans of \$14,394 (2021 - \$21,515) and forgivable loans of \$1,000 (2021 - \$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.

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