

CONSOLIDATED FINANCIAL REPORT

**THE CORPORATION OF THE
CITY OF TEMISKAMING SHORES**

DISTRICT OF TIMISKAMING

DECEMBER 31, 2021

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THE CORPORATION OF THE CITY OF TEMISKAMING SHORES

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MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The accompanying financial statements of The Corporation of the City of Temiskaming Shores are the responsibility of the City of Temiskaming Shores' management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. A summary of the significant accounting policies is described in Note 1 to the financial statements. The preparation of 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.

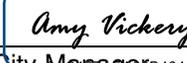
The City of Temiskaming Shores' management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements. These systems are monitored and evaluated by Management.

The Corporate Services Committee meets with Management and the external auditors to review the financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the financial statements.

The financial statements have been audited by Kemp Elliott & Blair LLP, independent external auditors appointed by the City of Temiskaming Shores. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the City of Temiskaming Shores' financial statements.

DocuSigned by:


1A39C892A453...
Mayor
Carman Kidd

DocuSigned by:


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City Manager
Amy Vickery

INDEPENDENT AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers
of the Corporation of the City of Temiskaming Shores:

Opinion

We have audited the consolidated financial statements of the Corporation of the City of Temiskaming Shores, which comprise the consolidated statement of financial position as at December 31, 2021, and the consolidated statements of operations, change in net financial assets (net debt) and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Corporation of the City of Temiskaming Shores as at December 31, 2021, and the results of its operations, change in net financial assets (net debt) and 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 *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Corporation of the City of Temiskaming Shores 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.

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

Management is responsible for the preparation and fair presentation of the 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 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 Corporation of the City of Temiskaming Shores' 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 Corporation of the City of Temiskaming Shores or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation of the City of Temiskaming Shores' financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated 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 auditors' 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.
- 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 Corporation of the City of Temiskaming Shores' 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 Corporation of the City of Temiskaming Shores' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Corporation of the City of Temiskaming Shores 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.

Kemp Elliott & Blair LLP

New Liskeard, Ontario
October 4, 2022

Kemp Elliott & Blair LLP
Chartered Professional Accountants
Licensed Public Accountants

THE CORPORATION OF THE CITY OF TEMISKAMING SHORES

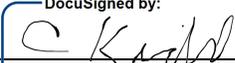
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

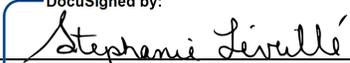
AS AT DECEMBER 31, 2021

| | 2021 | 2020 |
|--|-------------------|-------------------|
| FINANCIAL ASSETS | | |
| Cash | \$ 13,695,389 | \$ 5,291,622 |
| Short-term investments – note 5 | - | 2,498,320 |
| Taxes receivable | 1,266,629 | 1,519,696 |
| Accounts receivable | 2,990,314 | 2,094,194 |
| Inventories for resale | 2,778,523 | 2,778,715 |
| | <u>20,730,855</u> | <u>14,182,547</u> |
| LIABILITIES | | |
| Accounts payable and accrued liabilities | 4,418,115 | 2,146,435 |
| Deferred revenue – other – note 7 | 569,106 | 520,365 |
| Deferred revenue – obligatory reserve funds – note 8 | - | 306,578 |
| Solid waste landfill closure and post-closure liabilities – note 9 | 1,562,742 | 1,612,885 |
| Municipal debt – note 10 | 12,902,165 | 10,437,763 |
| | <u>19,452,128</u> | <u>15,024,026</u> |
| Contingencies and commitments – note 12 | | |
| NET FINANCIAL ASSETS (NET DEBT) | 1,278,727 | (841,479) |
| NON-FINANCIAL ASSETS | | |
| Tangible capital assets – note 15 | 80,129,723 | 80,665,539 |
| Inventories of supplies | 101,702 | 101,702 |
| Prepaid expenses | 401,630 | 257,179 |
| | <u>80,633,055</u> | <u>81,024,420</u> |
| ACCUMULATED SURPLUS – note 11 | \$ 81,911,782 | \$ 80,182,941 |

The accompanying notes form an integral part of these financial statements.

On behalf of Council:

DocuSigned by:

 Mayor AB1A39C892A453...

DocuSigned by:

 Treasurer C13927942B...

THE CORPORATION OF THE CITY OF TEMISKAMING SHORES

CONSOLIDATED STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2021

| | (Note 13) Budget 2021 | Actual 2021 | Actual 2020 |
|---|-----------------------------|----------------------|----------------------|
| REVENUES | | | |
| Municipal taxation | \$ 13,518,687 | \$ 13,733,177 | \$ 13,259,386 |
| Water, sewer and waste diversion fees | 5,211,043 | 5,265,961 | 5,127,887 |
| Taxation from other governments | 340,579 | 332,284 | 332,997 |
| Provincial grants – operating | 4,002,472 | 4,163,590 | 4,329,187 |
| Provincial grants – capital | 226,400 | 356,167 | 332,535 |
| Federal grants – operating | 882,500 | 635,999 | 565,313 |
| Federal grants – capital | 299,800 | 315,760 | 177,106 |
| Federal gas tax | 1,894,874 | 1,544,491 | 1,148,470 |
| Charges to other municipalities | 270,785 | 267,519 | 275,539 |
| User charges | 2,355,167 | 2,106,062 | 2,046,942 |
| Investment income | 95,700 | 118,395 | 137,068 |
| Penalties and interest on taxes | 150,000 | 171,356 | 167,665 |
| Provincial Offences Act revenues | 1,214,262 | 1,031,481 | 673,971 |
| Other | 473,467 | 608,133 | 299,201 |
| Sale of land | (10,000) | 31,793 | 165,024 |
| Gain on disposal of tangible capital assets | - | (398,668) | 213,035 |
| Total revenues | <u>30,925,736</u> | <u>30,283,500</u> | <u>29,251,326</u> |
| EXPENDITURES | | | |
| General government | 3,214,210 | 3,445,231 | 3,051,164 |
| Protection to persons and property | 4,278,865 | 4,198,702 | 3,934,442 |
| Transportation services | 6,719,531 | 6,671,783 | 5,997,947 |
| Environmental services | 6,986,995 | 6,773,704 | 6,428,810 |
| Health services | 1,924,035 | 1,881,003 | 1,767,952 |
| Social and family services | 1,121,935 | 1,099,953 | 1,169,254 |
| Recreation and cultural services | 3,703,692 | 3,384,748 | 3,150,360 |
| Planning and development | 1,673,470 | 1,099,535 | 936,085 |
| Total expenditures | <u>29,622,733</u> | <u>28,554,659</u> | <u>26,436,014</u> |
| ANNUAL SURPLUS | 1,303,003 | 1,728,841 | 2,815,312 |
| Accumulated surplus, beginning of year | <u>80,182,941</u> | <u>80,182,941</u> | <u>77,367,629</u> |
| ACCUMULATED SURPLUS, END OF YEAR – note 11 | <u>\$ 81,485,944</u> | <u>\$ 81,911,782</u> | <u>\$ 80,182,941</u> |

The accompanying notes form an integral part of these financial statements

THE CORPORATION OF THE CITY OF TEMISKAMING SHORES
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS (NET DEBT)
FOR THE YEAR ENDED DECEMBER 31, 2021

| | (Note 13) Budget 2021 | Actual 2021 | Actual 2020 |
|---|-----------------------------|---------------------|---------------------|
| ANNUAL SURPLUS | \$ 1,303,003 | \$ 1,728,841 | \$ 2,815,312 |
| Acquisition of tangible capital assets | (12,153,505) | (4,235,200) | (4,627,930) |
| Amortization of tangible capital assets | 4,509,660 | 4,049,249 | 3,995,681 |
| Gain on disposal of tangible capital assets | - | 398,668 | (213,035) |
| Proceeds on sale of tangible capital assets | - | 323,099 | 266,640 |
| | <u>(7,643,845)</u> | <u>535,816</u> | <u>(578,644)</u> |
| Consumption (acquisition) of supplies inventories | - | - | (39,566) |
| Consumption (acquisition) of prepaid expenses | - | (144,451) | (44,595) |
| | <u>-</u> | <u>(144,451)</u> | <u>(84,161)</u> |
| Increase (decrease) in net financial assets (net debt) | (6,340,842) | 2,120,206 | 2,152,507 |
| Net financial assets (net debt), beginning of year | <u>(841,479)</u> | <u>(841,479)</u> | <u>(2,993,986)</u> |
| NET FINANCIAL ASSETS (NET DEBT), END OF YEAR | \$ (7,182,321) | \$ 1,278,727 | \$ (841,479) |

The accompanying notes form an integral part of these financial statements

THE CORPORATION OF THE CITY OF TEMISKAMING SHORES

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2021

| | 2021 | 2020 |
|---|----------------------|---------------------|
| Operating activities | | |
| Annual surplus | \$ 1,728,841 | \$ 2,815,312 |
| Charges not affecting cash – | | |
| Amortization | 4,049,249 | 3,995,681 |
| (Gain) loss on disposal of tangible capital assets | 398,668 | (213,035) |
| | <u>6,176,758</u> | <u>6,597,958</u> |
| Net change in non-cash working capital items – | | |
| Taxes receivable | 253,067 | (520,976) |
| Accounts receivable | (896,120) | (477,490) |
| Inventories for resale | 192 | 55,059 |
| Inventories of supplies | - | (39,566) |
| Prepaid expenses | (144,451) | (44,595) |
| Accounts payable and accrued liabilities | 2,271,680 | (1,300,921) |
| Deferred revenue – other | 48,741 | 365,680 |
| Deferred revenue – obligatory reserve funds | (306,578) | (539,291) |
| Solid waste landfill closure and post-closure liabilities | (50,143) | (130,819) |
| | <u>1,176,388</u> | <u>(2,632,919)</u> |
| Cash provided by operating activities | <u>7,353,146</u> | <u>3,965,039</u> |
| Capital activities | | |
| Acquisition of tangible capital assets | (4,235,200) | (4,627,930) |
| Proceeds on sale of tangible capital assets | 323,099 | 266,640 |
| Cash used for capital activities | <u>(3,912,101)</u> | <u>(4,361,290)</u> |
| Financing activities | | |
| New debt issued | 3,941,927 | 1,695,000 |
| Debt repayments | (1,477,525) | (1,295,119) |
| Cash provided by (used for) financing activities | <u>2,464,402</u> | <u>399,881</u> |
| Increase in cash | <u>5,905,447</u> | <u>3,630</u> |
| Cash, beginning of year | <u>7,789,942</u> | <u>7,786,312</u> |
| Cash, end of year | <u>\$ 13,695,389</u> | <u>\$ 7,789,942</u> |
| Represented by | | |
| Cash | \$ 13,695,389 | \$ 5,291,622 |
| Short-term investments | - | 2,498,320 |
| | <u>\$ 13,695,389</u> | <u>\$ 7,789,942</u> |
| Supplemental cash flow information | | |
| Interest paid | \$ 334,738 | \$ 301,674 |

The accompanying notes form an integral part of these financial statements.

THE CORPORATION OF THE CITY OF TEMISKAMING SHORES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

The Corporation of the City of Temiskaming Shores is a City in the Province of Ontario, Canada. It conducts its operations guided by the provisions of provincial statutes such as the Municipal Act 2001, Provincial Offences Act and other related legislation.

1. **Accounting Policies**

The consolidated financial statements of the Corporation of the City of Temiskaming Shores are the representation of management and council prepared in accordance with generally accepted accounting principles for local government as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada as prescribed for Ontario municipalities by the Ministry of Municipal Affairs and Housing.

(a) (i) **Basis of Consolidation**

These consolidated statements reflect the financial assets, liabilities, revenues and expenditures, reserves, reserve funds and changes in investment in tangible capital assets and includes the activities of all committees of Council and the following boards, municipal enterprises and utilities which are under the control of Council:

| | |
|---|-----------------------|
| Public Library Board | Cemetery Committee |
| Business Improvement Area | Police Services Board |
| Provincial Offences Act Office – Temiskaming Shores | |
| Temiskaming Shores Development Corporation | |

All interfund assets and liabilities and sources of financing and expenditures have been eliminated.

(ii) **Other Entities**

Non-consolidated

The following local boards, joint local boards, municipal enterprises and utilities are not consolidated:

District of Timiskaming Social Services Administration Board

Timiskaming Health Unit

Although these are joint local boards they run autonomously to provide those services mandated by the province. The City has no control over these programs or their financing. These joint local boards are not proportionately consolidated. The yearly requisitions of these boards are expensed by the City in its statements (note 3).

Consolidated

Tri Town Transit System

This joint local board is a cooperative effort by two municipalities to jointly provide public transit services. The City recognizes the full cost of the operations as an expenditure, all transit fares as revenue and the other municipality's contribution as a revenue.

(iii) **Accounting for School Board Transactions**

The taxation, other revenues, expenditures, assets and liabilities with respect to the operations of the school boards are not reflected in these financial statements.

THE CORPORATION OF THE CITY OF TEMISKAMING SHORES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

1. Accounting Policies – continued

(iv) Trust Funds

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

(b) (i) Revenue recognition

Government transfers (provincial and federal grants)

Government transfers are transfers from senior levels of government that are not the result of an exchange transaction and are not expected to be repaid in the future. Government transfers without eligibility criteria or stipulations are recognized as revenue when the transfer is authorized. A transfer with eligibility criteria is recognized as revenue when the transfer is authorized and all eligibility criteria have been met. A transfer with or without eligibility criteria but with stipulation is recognized as revenue in the period the transfer is authorized and all eligibility criteria have been met, except where and to the extent that the transfer gives rise to an obligation that meets the definition of a liability. Government transfers that meet the definition of a liability are recognized as revenue as the liability is extinguished.

Taxation and related revenues

Property tax billings are prepared by the City based on assessment rolls issued by the Municipal Property Assessment Corporation (“MPAC”) with the authority established under the Municipal Act, 2001, the Assessment Act, the Education Act, and other legislation. Tax rates are established annually by Council, incorporating amounts to be raised for local services and amounts the City 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 City determines the taxes applicable and renders supplementary tax billings. Taxation revenues are recorded when they meet the definition of an asset, the tax is authorized and the taxable event has occurred. Assessments and the related property taxes are subject to appeal. Tax adjustments as a result of appeals are recorded when the results of the appeal process are known.

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

Fees, service charges and other revenue

Fees, service charges and other revenue are recognized when earned.

(ii) Cash and cash equivalents

Cash consists of balances held at financial institutions and all cash equivalents consist of highly liquid financial instruments.

(iii) Inventories

Inventories held for resale, consisting of surplus land, is recorded at the lower of cost and net realizable value. Cost includes amounts for improvements to prepare the land for sale or servicing.

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

THE CORPORATION OF THE CITY OF TEMISKAMING SHORES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

1. Accounting Policies – continued

(iv) 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 | 20 to 30 years |
| Buildings | 20 to 50 years |
| Machinery and equipment | 10 to 30 years |
| Vehicles | 5 to 15 years |
| Roads and sidewalks | 15 to 30 years |
| Bridges and culverts | 30 to 40 years |
| Water and sewer systems | 30 to 50 years |

Amortization is charged beginning in the month of acquisition and no amortization is charged in the year of disposal. Assets under construction are not amortized until the asset is in productive use.

The City has no capitalization threshold for land, a capitalization threshold of \$50,000 for appropriate pooled assets and \$5,000 for all other assets. Individual assets of lesser value may be capitalized if they are pooled, or because, collectively, they have significant value, or for operational purposes.

(v) Leases

Leases are classified as operating or capital leases. Leases that transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases and are recorded as a tangible capital asset and a liability. All other leases are accounted for as operating leases and the related payments are charged to expenses as incurred.

(vi) Deferred revenue – other

The City receives certain amounts pursuant to funding agreements that may only be used in the conduct of certain programs or in the delivery of specific services and transactions. These amounts are recorded as deferred revenue and are recognized as revenue in the fiscal year the eligibility criteria has been met except when stipulations are present and to the extent that the transfer gives rise to an obligation that meets the definition of a liability.

(vii) Deferred revenue – obligatory reserve funds

The City receives Gas Tax funding under the authority of Federal and Provincial legislation. These funds, by their nature, are restricted in their use and until applied to specific expenses, are recorded as deferred revenue. Amounts applied to qualifying expenses are recorded as revenue in the fiscal period they are expended.

(viii) Employee benefit plans

The contributions to a multi-employer, defined benefit pension plan are expensed when contributions are due. The contributions for post-employment benefits are expensed when contributions are due.

THE CORPORATION OF THE CITY OF TEMISKAMING SHORES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

1. **Accounting Policies – continued**

(ix) **Use of estimates**

Management has made estimates and assumptions that affect the amounts reported in preparing these financial statements. Significant areas requiring the use of management estimates relate to the determination of allowance for uncollectable taxes, tangible capital assets historical cost, estimated useful life and related amortization and landfill post-closure costs.

2. **Operations of School Boards**

Further to note 1(a) (iii), net municipal taxation and taxation from governments levied in 2021 on behalf of and payable to school boards totalled \$2,602,794 (2020 \$2,812,587).

3. **Contributions to Joint Boards**

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

| | <u>2021</u> | <u>2020</u> |
|--|---------------------|---------------------|
| Unconsolidated | | |
| District of Timiskaming Social Services Administration Board | \$ 2,303,313 | \$ 2,306,602 |
| Timiskaming Health Unit | <u>477,121</u> | <u>454,401</u> |
| | <u>2,780,434</u> | <u>2,761,003</u> |
| Consolidated | | |
| Tri Town Transit System | <u>315,828</u> | <u>374,603</u> |
| | <u>\$ 3,096,262</u> | <u>\$ 3,135,606</u> |

4. **Trust Funds**

Trust funds administered by the City amounting to \$529,827 (2020 \$516,774) have not been included in the Consolidated Statement of Financial Position nor have their operations been included in the Consolidated Statement of Operations.

5. **Short-term investments**

The short-term investments of \$nil (2020 \$2,498,320) are classified as held for trading due to their short-term nature and are recorded at market value.

6. **Short-term debt**

The City has an operating line loan agreement with its financial institution. There is a \$4,000,000 Operating line credit limit with interest at Prime minus 0.25%; a \$2,000,000 Revolving term line/lease at Prime and a Visa Business Card authorized up to \$750,000. The operating line is utilized from time to time to cover temporary cash shortfalls that may occur during the year.

As at December 31, 2021, the outstanding balance of the operating line was \$nil (2020 \$nil).

THE CORPORATION OF THE CITY OF TEMISKAMING SHORES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

7. **Deferred revenue – other**

Deferred revenue, set aside for specific purposes by legislation, regulation or agreement as at December 31st is comprised of:

| | December 31 2020 | Funds Received | Revenue Earned | December 31 2021 |
|--|---------------------|-------------------|-------------------|---------------------|
| Ontario Community Infrastructure Fund – Formula-based Component | \$ 269,716 | \$ 336,435 | \$ 187,330 | \$ 418,821 |
| Employment and Social Development Canada | 100,000 | - | 18,425 | 81,575 |
| Northern Ontario Resource Development Support Fund | - | 225,174 | 169,317 | 55,857 |
| Splashpad donations | 139,501 | 64,723 | 204,224 | - |
| Other | 11,148 | 2,853 | 1,148 | 12,853 |
| | <u>\$ 520,365</u> | <u>\$ 629,185</u> | <u>\$ 580,444</u> | <u>\$ 569,106</u> |

Ontario Community Infrastructure Funds – Formula-based Component includes \$334,319 of funding plus \$2,116 interest.

8. **Deferred revenue – obligatory reserve funds**

Deferred revenue – obligatory reserve funds consist of the following:

| | December 31 2020 | Funds Received | Revenue Earned | December 31 2021 |
|--------------------|---------------------|---------------------|---------------------|---------------------|
| Federal Gas Tax | \$ 306,578 | \$ 1,237,913 | \$ 1,544,491 | \$ - |
| Provincial Gas Tax | - | 140,745 | 140,745 | - |
| | <u>\$ 306,578</u> | <u>\$ 1,378,658</u> | <u>\$ 1,685,236</u> | <u>\$ -</u> |

Federal Gas Tax funds includes \$1,234,124 received from AMO plus \$3,789 interest.

9. **Solid waste landfill closure and post-closure liabilities**

The City owns and operates one active and one inactive landfill site. The liability for closure and post-closure of the landfill sites has been recognized using the present value of the estimated closure and post-closure costs, based upon the usage of the site's capacity. The total capacity of the Haileybury site is 452,221 cubic metres. The approximate area that has been landfilled is 416,400 cubic metres, leaving an estimated remaining capacity of 35,821 cubic metres. The estimated life of the landfill site is 1.67 years and post-closure care is estimated to be required for 25 years from the date of site closure. The total capacity of the New Liskeard site is 85,000 cubic metres, with no remaining capacity. Closure costs and post-closure care has not begun since the City is working on expansion of this site.

The discount factor used is 3.43% net of inflation of 2.0%. The liability as at December 31, 2021 is \$1,562,742 (2020 \$1,612,885). Estimated expenditures for closure and post-closure care are \$1,628,468. The liability remaining to be recognized is \$65,726.

The City has a reserve fund of \$2,293,425.

THE CORPORATION OF THE CITY OF TEMISKAMING SHORES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

10. **Municipal debt**

The balance of the municipal debt reported on the Statement of Financial Position is made up of the following:

| | <u>2021</u> | <u>2020</u> |
|--|-------------|-------------|
| <u>Loans and debentures</u> | | |
| Canada Mortgage and Housing Corporation (CMHC) debenture, repayable in annual payments of \$107,411.34 including interest at 3.97%, maturing December 2024. | \$ 298,246 | \$ 390,167 |
| Canada Mortgage and Housing Corporation (CMHC) debenture, repayable in annual payments of \$87,381.73 including interest at 3.59%, maturing December 2025. | 320,276 | 393,529 |
| Canada Mortgage and Housing Corporation (CMHC) debenture, repayable in annual payments of \$28,748.50 including interest at 3.42%, maturing September 2025. | 105,796 | 130,096 |
| Ontario Infrastructure and Lands Corporation (OILC) debenture, repayable in monthly payments of \$3,001.04 principal plus interest at 1.6%, maturing October 2021. | - | 30,011 |
| Ontario Infrastructure and Lands Corporation (OILC) debenture, repayable in monthly payments of \$8,791.67 principal plus interest at 2.46%, maturing December 2026. | 527,500 | 633,000 |
| Ontario Infrastructure and Lands Corporation (OILC) debenture, repayable in quarterly payments of \$10,421.75 principal plus interest at 2.51%, maturing October 2022. | 41,687 | 83,374 |
| Ontario Infrastructure and Lands Corporation (OILC) debenture, repayable in quarterly payments of \$13,545.15 principal plus interest at 2.95%, maturing October 2027. | 325,084 | 379,264 |
| Ontario Infrastructure and Lands Corporation (OILC) debenture, repayable in semi-annual payments of \$38,565.31 principal plus interest at 2.44%, maturing April 2025. | 269,957 | 347,088 |

THE CORPORATION OF THE CITY OF TEMISKAMING SHORES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

10. Municipal debt - continued

| | 2021 | 2020 |
|--|--------------|--------------|
| <u>Loans and debentures - continued</u> | | |
| Ontario Infrastructure and Lands Corporation (OILC) debenture, repayable in quarterly payments of \$54,551.85 principal plus interest at 3.43%, maturing November 2037. | \$ 3,491,318 | \$ 3,709,526 |
| Ontario Infrastructure and Lands Corporation (OILC) debenture, repayable in quarterly payments of \$10,484.92 principal plus interest at 2.97%, maturing November 2027. | 251,638 | 293,578 |
| Ontario Infrastructure and Lands Corporation (OILC) debenture, repayable in quarterly payments of \$12,477.99 principal plus interest at 2.64%, maturing February 2023. | 62,390 | 112,302 |
| Ontario Infrastructure and Lands Corporation (OILC) debenture, repayable in semi-annual payments of \$27,450.00 principal plus interest at 3.04%, maturing April 2028. | 356,850 | 411,750 |
| Ontario Infrastructure and Lands Corporation (OILC) debenture, repayable in semi-annual payments of \$15,198.50 principal plus interest at 2.92%, maturing September 2023. | 60,794 | 91,191 |
| Ontario Infrastructure and Lands Corporation (OILC) debenture, repayable in semi-annual payments of \$29,163.51 principal plus interest at 3.03%, maturing August 2028. | 408,289 | 466,616 |
| Ontario Infrastructure and Lands Corporation (OILC) debenture, repayable in quarterly payments of \$41,013.75 principal plus interest at 3.02%, maturing November 2023. | 328,110 | 492,165 |
| Ontario Infrastructure and Lands Corporation (OILC) debenture, repayable in quarterly payments of \$10,550.00 principal plus interest at 2.98%, maturing February 2029. | 305,950 | 348,150 |
| Ontario Infrastructure and Lands Corporation (OILC) debenture, repayable in quarterly payments of \$12,313.03 principal plus interest at 2.17%, maturing September 2029. | 381,704 | 430,956 |
| Ontario Infrastructure and Lands Corporation (OILC) debenture, repayable in quarterly payments of \$21,187.50 principal plus interest at 2.02%, maturing December 2040. | 1,610,250 | 1,695,000 |
| Ontario Infrastructure and Lands Corporation (OILC) debenture, repayable in quarterly payments of \$92,800.67 principal plus interest at 2.00%, maturing May 2031. | 3,526,426 | - |

THE CORPORATION OF THE CITY OF TEMISKAMING SHORES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

10. (b) Municipal debt - continued

| | <u>2021</u> | <u>2020</u> |
|--|----------------------|----------------------|
| <u>Loans and debentures - continued</u> | | |
| Ontario Infrastructure and Lands Corporation (OILC) debenture, repayable in quarterly payments of \$5,747.51 principal plus interest at 2.16%, maturing November 2031. | 229,900 | - |
| Total loans and debentures and total municipal debt | <u>\$ 12,902,165</u> | <u>\$ 10,437,763</u> |

Principal repayments due in the next five years are as follows:

| | <u>From General Municipal Revenues Loans</u> |
|------------|--|
| 2022 | \$ 1,663,216 |
| 2023 | 1,591,473 |
| 2024 | 1,392,199 |
| 2025 | 1,254,167 |
| 2026 | 1,103,449 |
| Thereafter | <u>5,897,661</u> |
| | <u>\$ 12,902,165</u> |

The long-term liabilities were approved by by-law. The annual principal and interest payments required to service these liabilities are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs.

In 2021, interest expense of \$334,738 (2020 \$301,674) has been reflected in the Consolidated Statement of Operations.

THE CORPORATION OF THE CITY OF TEMISKAMING SHORES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

11. Accumulated surplus

The accumulated surplus is made up of the following:

| | 2021 | 2020 |
|---|----------------------|----------------------|
| Reserves, surpluses and deficits | | |
| Working capital reserve – general | \$ 9,462,497 | \$ 4,233,564 |
| Working capital reserve – environmental | 1,782,187 | 1,435,738 |
| Working capital reserve – business improvement area | 52,594 | 52,165 |
| Safe Restart Agreement reserve | - | 434,847 |
| Election expenses reserve | 25,643 | 18,550 |
| Fire equipment reserve | 71,970 | 53,045 |
| SWDF reserve | 89,955 | 128,507 |
| Cemetery reserve | - | 21,876 |
| Doctor recruitment reserve | 14,764 | 20,594 |
| Medical centre reserve | 14,637 | 3,621 |
| Bucke park reserve | 34,732 | 22,110 |
| Accessibility reserve | 52,753 | 52,753 |
| Fleet replacement reserve | 298,097 | 271,531 |
| Transit reserve | 53,175 | - |
| Library reserve | - | 6,000 |
| PDAC reserve | 160,823 | 139,112 |
| Economic development reserve | 134,234 | 134,234 |
| Community development reserve | 155,478 | 429,466 |
| Solid waste landfill reserve fund | 2,293,625 | 2,209,431 |
| Amounts to be recovered | (12,902,165) | (10,437,763) |
| General municipal surplus | 200 | 200 |
| Capital deficit | (516,472) | (71,060) |
| | <u>1,278,727</u> | <u>(841,479)</u> |
| Non-financial assets | | |
| Tangible capital assets | 80,129,723 | 80,665,539 |
| Inventories of supplies | 101,702 | 101,702 |
| Prepaid expenses | 401,630 | 257,179 |
| | <u>80,633,055</u> | <u>81,024,420</u> |
| | <u>\$ 81,911,782</u> | <u>\$ 80,182,941</u> |

Reserves represent an appropriation of surplus for a specific purpose, determined by council, are non-statutory and subject to change by council at any time.

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 excess of revenues over expenditures, provides the Change in Net Financial Assets (Net Debt) for the year.

THE CORPORATION OF THE CITY OF TEMISKAMING SHORES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

12. Contingent liabilities and commitments

Non-Consolidated Entities

The City is contingently liable for the deficits and long-term debt of the non-consolidated entities.

Ontario Municipal Employees Retirement Fund

All permanent, full-time employees of the City are eligible to be members of the Ontario Municipal Employees Retirement System ("OMERS"), a multi-employer pension plan. The plan provides defined pension benefits to employees based on their length of service and rates of pay. The City's contributions equal the employee contributions to the plan. During the year ended December 31, 2021, the City contributed \$411,927 (2020 \$418,716) to the plan. As this is a multi-employer pension plan, the contributions by the City are recognized as an expenditure. No pension liability for this type of plan is recognized in the City's financial statements. As of December 31, 2021 OMERS had a funding deficit of \$3.1 billion (2020 \$3.2 billion) and Net Assets Available for Benefits of \$120.9 billion (2020 \$105.6 billion).

Post-Employment Benefits

City employees retiring do not receive any retirement allowance that either vests or accrues over the period of employment. Sick benefits, other than amounts that were carried over on amalgamation, do not accrue and are not vested. The City recognizes the expenses for sick time when the event obliges the City to pay. No other post-employment benefits are payable by the City.

Loan Guarantee

The City has guaranteed a loan of \$2,305,959 with TD Bank for Temiskaming Shores Seniors Housing Corporation (TSSHC). As the mayor is also on the board of TSSHC, it is considered a related party. However, the mayor does not represent the City while acting as a member of the board of TSSHC. As of December 31, 2021, the outstanding balance on the loan was \$2,273,279 (2020 \$2,305,959).

Legal contingency

There is a legal proceeding that has been brought against the City through the Integrity Commissioner's office. At this time, the costs to the City, which are not covered by insurance, are unknown.

13. Budgeting

The City budgets to determine an appropriate tax rate based on all revenues, including proceeds on long-term debt, and all expenditures, including debt principal payments and the acquisition of tangible capital assets, but does not include amortization. The City reconciles this tax levy budget to the budget in accordance with Public Sector Accounting Standards.

| | 2021 | 2020 |
|---|---------------------|-------------------|
| Tax levy budget deficit for the year – as below | \$ (3,156,612) | \$ (729,017) |
| Add: Capital expenditures | 12,153,505 | 4,789,595 |
| Debt repayments | 1,491,900 | 1,295,119 |
| Less: Amortization | (4,509,660) | (3,919,950) |
| New debt issued | (4,676,130) | (1,000,000) |
| Budget surplus per Consolidated Statement of Operations | <u>\$ 1,303,003</u> | <u>\$ 435,747</u> |

THE CORPORATION OF THE CITY OF TEMISKAMING SHORES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

13. Budgeting – continued

| REVENUES | Budget 2021 | Actual 2021 | Actual 2020 |
|---|-----------------------|-----------------------|-----------------------|
| Operating | | | |
| Municipal taxation | \$ 13,518,687 | \$ 13,733,177 | \$ 13,259,386 |
| Water, sewer and waste diversion fees | 5,211,043 | 5,265,961 | 5,127,887 |
| Taxation from other governments | 340,579 | 332,284 | 332,997 |
| Provincial grants | 4,002,472 | 4,163,590 | 4,329,187 |
| Federal grants | 882,500 | 635,999 | 565,313 |
| Charges to other municipalities | 270,785 | 267,519 | 275,539 |
| User charges | 2,355,167 | 2,106,062 | 2,046,942 |
| Investment income | 95,700 | 118,395 | 137,068 |
| Penalties and interest on taxes | 150,000 | 171,356 | 167,665 |
| Provincial Offences Act revenues | 1,214,262 | 1,031,481 | 673,971 |
| Other | 173,467 | 401,059 | 299,134 |
| Sale of land | (10,000) | 31,793 | 165,024 |
| Proceeds on disposal of tangible capital assets | - | 323,099 | 266,640 |
| | <u>28,204,662</u> | <u>28,581,775</u> | <u>27,646,753</u> |
| Capital | | | |
| Provincial grants | 226,400 | 356,167 | 332,535 |
| Federal grants | 299,800 | 315,760 | 177,106 |
| Federal gas tax | 1,894,874 | 1,544,491 | 1,148,470 |
| Other | 300,000 | 207,074 | 67 |
| | <u>2,721,074</u> | <u>2,423,492</u> | <u>1,658,178</u> |
| New debt issued | 4,676,130 | 3,941,927 | 1,695,000 |
| Total revenues | <u>35,601,866</u> | <u>34,947,194</u> | <u>30,999,931</u> |
| EXPENDITURES | | | |
| Operating | | | |
| General government | 3,052,005 | 3,427,477 | 2,924,093 |
| Protection to persons and property | 4,029,397 | 4,027,161 | 3,761,995 |
| Transportation services | 4,858,326 | 5,043,079 | 4,448,378 |
| Environmental services | 5,442,612 | 5,370,909 | 5,033,447 |
| Health services | 1,916,533 | 1,873,501 | 1,760,564 |
| Social and family services | 1,121,935 | 1,099,953 | 1,169,254 |
| Recreation and cultural services | 3,018,795 | 2,708,246 | 2,490,678 |
| Planning and development | 1,673,470 | 1,099,535 | 936,085 |
| | <u>25,113,073</u> | <u>24,649,861</u> | <u>22,524,494</u> |
| Capital expenditures | 12,153,505 | 4,235,200 | 4,627,930 |
| Long-term debt repayments | 1,491,900 | 1,477,525 | 1,295,119 |
| Total expenditures | <u>38,758,478</u> | <u>30,362,586</u> | <u>28,447,543</u> |
| Surplus (deficit), tax levy budget base | \$ (3,156,612) | \$ 4,584,608 | \$ 2,552,388 |
| Financed by | | | |
| Transfer from (to) reserves | \$ 3,156,612 | \$ (5,030,020) | \$ (1,979,996) |
| Deficit (surplus) | 3,184,230 | 2,909,814 | (172,511) |
| Net debt repayments (proceeds) | <u>(3,184,230)</u> | <u>(2,464,402)</u> | <u>(399,881)</u> |
| | <u>\$ 3,156,612</u> | <u>\$ (4,584,608)</u> | <u>\$ (2,552,388)</u> |

THE CORPORATION OF THE CITY OF TEMISKAMING SHORES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

14. **Segmented information**

The Corporation of the City of Temiskaming Shores is a diversified municipal government institution that provides a wide range of services to its citizens, including General Government Services, Protection Services, Transportation Services, Environmental Services, Health Services, Social and Family Services, Recreational and Cultural Services and Planning and Development Services. Service areas were created for the purpose of recording specific activities to attain certain objectives in accordance with regulations, restrictions or limitations.

Municipal services are provided by departments and their activities are reported in these service areas. Departments disclosed in the segmented information, along with the services they provide, are as follows:

General Government Services

The Departments within General Government Services are responsible for adopting bylaws; adopting administrative policy; levying taxes; acquiring, disposing and managing Municipal assets; ensuring effective financial management; monitoring performance and ensuring that high quality Municipal Service standards are met.

Protection Services

Police services, including the enforcement of laws, prevention of crime, and maintenance of peace, order, and security are provided to the City by agreement with the Ontario Provincial Police. Fire protection services are provided by way of a volunteer Fire Department, which provides fire suppression, fire prevention and education programs to residents. The City also enforces By-laws and offers dog control and property standards enforcement.

Transportation Services

The Public Works department is responsible for the delivery of municipal public works services related to planning, design, construction, cleaning, repair, snow removal and signage of roadway systems, as well as maintaining all Municipal vehicles and equipment.

Environmental Services

The environmental services include water and sewer services as well as waste disposal and waste diversion services. Water and Sewer services include the operation and distribution of water and networking sewer mains, storm sewers and pump stations.

The waste disposal and waste diversion services group are responsible for the delivery of municipal services including waste collection and disposal and waste diversion.

Health Services

The City funds a range of public health services through the Health Unit and provides ambulance services through the District of Timiskaming Social Services Administration Board. The City also provides cemetery services.

Social and Family Services

The services are provided indirectly by the City through the District Social Services Administration Board and includes general assistance, childcare and social housing services.

Recreation and Cultural Services

The Department is responsible for providing, facilitating the development of, and maintaining high quality parks, recreational facilities, and cultural services, including library services.

Planning and Development

The Planning and Development Department is responsible for preparing land use plans, bylaws and policies for sustainable development of the City and for reviewing and approving new development, as well as maintaining drainage systems.

THE CORPORATION OF THE CITY OF TEMISKAMING SHORES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

14. Segmented information – continued

| | General Government Services | Protection Services | Transportation Services | Environmental Services | Health Services | Social and Family Services | Recreation and Cultural Services | Planning and Development | Total 2021 | Total 2020 |
|--|-----------------------------------|------------------------|----------------------------|---------------------------|-----------------------|----------------------------------|---|--------------------------------|---------------------|---------------------|
| REVENUES | | | | | | | | | | |
| Municipal taxation | \$ 13,733,177 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 13,733,177 | \$ 13,259,386 |
| Water, sewer and waste diversion fees | - | - | - | 5,265,961 | - | - | - | - | 5,265,961 | 5,127,887 |
| Taxation from other governments | 332,284 | - | - | - | - | - | - | - | 332,284 | 332,997 |
| Provincial grants – operating | 3,276,529 | 43,334 | 494,412 | 269,144 | 6,000 | - | 72,790 | 1,381 | 4,163,590 | 4,329,187 |
| Provincial grants – capital | - | - | 186,216 | - | - | - | 169,951 | - | 356,167 | 332,535 |
| Federal grants – operating | 50,000 | - | - | - | - | - | - | 585,999 | 635,999 | 565,313 |
| Federal grants – capital | - | - | 203,345 | - | - | - | 112,415 | - | 315,760 | 177,106 |
| Federal gas tax | - | - | 1,544,491 | - | - | - | - | - | 1,544,491 | 1,148,470 |
| Charges to other municipalities | 18,410 | 107,974 | 50,486 | 51,225 | - | - | 25,924 | 13,500 | 267,519 | 275,539 |
| User charges | 85,014 | 510,979 | 248,658 | 421,894 | 170,130 | - | 530,046 | 139,341 | 2,106,062 | 2,046,942 |
| Investment income | 96,353 | 1,882 | - | 18,772 | 1,388 | - | - | - | 118,395 | 137,068 |
| Penalties and interest on taxes | 171,356 | - | - | - | - | - | - | - | 171,356 | 167,665 |
| Provincial Offences Act revenues | - | 1,031,481 | - | - | - | - | - | - | 1,031,481 | 673,971 |
| Other | 111,331 | 18,690 | 43,048 | 47,852 | 6,600 | - | 343,099 | 37,513 | 608,133 | 299,201 |
| Sale of land | 31,793 | - | - | - | - | - | - | - | 31,793 | 165,024 |
| Gain on disposal of tangible capital assets | - | - | (423,842) | - | - | - | 25,174 | - | (398,668) | 213,035 |
| Total revenues | 17,906,247 | 1,714,340 | 2,346,814 | 6,074,848 | 184,118 | - | 1,279,399 | 777,734 | 30,283,500 | 29,251,326 |
| EXPENDITURES | | | | | | | | | | |
| Wages and benefits | 1,681,643 | 648,604 | 1,642,403 | 657,713 | 73,853 | - | 1,654,064 | 222,207 | 6,580,487 | 6,632,158 |
| Long-term interest | - | 18,197 | 92,780 | 179,897 | - | - | 43,864 | - | 334,738 | 301,674 |
| Materials | 1,209,781 | 172,843 | 1,875,935 | 1,828,992 | 78,311 | - | 958,299 | 790,432 | 6,914,593 | 5,965,503 |
| Contracted services | 369,965 | 2,703,092 | 1,431,961 | 2,704,307 | 40,856 | - | 41,978 | 86,896 | 7,379,055 | 6,511,915 |
| Rents and financial expenses | 21,637 | 20,991 | - | - | - | - | 10,041 | - | 52,669 | 36,696 |
| External transfers | - | 463,434 | - | - | 1,680,481 | 1,099,953 | - | - | 3,243,868 | 2,992,387 |
| Amortization | 162,205 | 171,541 | 1,628,704 | 1,402,795 | 7,502 | - | 676,502 | - | 4,049,249 | 3,995,681 |
| Total expenditures | 3,445,231 | 4,198,702 | 6,671,783 | 6,773,704 | 1,881,003 | 1,099,953 | 3,384,748 | 1,099,535 | 28,554,659 | 26,436,014 |
| Annual surplus (deficit) | \$ 14,461,016 | \$ (2,484,362) | \$ (4,324,969) | \$ (698,856) | \$ (1,696,885) | \$ (1,099,953) | \$ (2,105,349) | \$ (321,801) | \$ 1,728,841 | \$ 2,815,312 |

THE CORPORATION OF THE CITY OF TEMISKAMING SHORES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

15. Schedule of tangible capital assets

| | Opening Cost Dec 31, 2020 | Additions | Disposals | Ending Cost Dec 31, 2021 | Opening Accumulated Amortization Dec 31, 2020 | Current Amortization | Disposals | Ending Accumulated Amortization Dec 31, 2021 | Net Dec 31, 2021 |
|--------------------------|---------------------------------|---------------------|---------------------|--------------------------------|--|-------------------------|-------------------|---|----------------------|
| General | | | | | | | | | |
| Land | \$ 1,256,503 | \$ - | \$ 2,685 | \$ 1,253,818 | \$ - | \$ - | \$ - | \$ - | \$ 1,253,818 |
| Land improvements | 7,603,088 | 172,361 | - | 7,775,449 | 4,476,708 | 295,075 | - | 4,771,783 | 3,003,666 |
| Buildings | 22,410,508 | 44,155 | 275,001 | 22,179,662 | 7,836,858 | 463,996 | 32,947 | 8,267,907 | 13,911,755 |
| Machinery and equipment | 5,223,660 | 748,710 | 339,526 | 5,632,844 | 3,233,742 | 308,502 | 237,690 | 3,304,554 | 2,328,290 |
| Vehicles | 7,794,323 | 67,089 | - | 7,861,412 | 3,834,655 | 655,869 | - | 4,490,524 | 3,370,888 |
| Construction in progress | 779,429 | 1,103,550 | - | 1,882,979 | - | - | - | - | 1,882,979 |
| Infrastructure | | | | | | | | | |
| Roads and sidewalks | 28,443,773 | 1,989,903 | 1,023,369 | 29,410,307 | 20,153,241 | 833,948 | 648,177 | 20,339,012 | 9,071,295 |
| Bridges and culverts | 9,128,154 | - | - | 9,128,154 | 6,597,419 | 143,540 | - | 6,740,959 | 2,387,195 |
| Water and sewer systems | 65,997,916 | - | - | 65,997,916 | 21,957,864 | 1,348,319 | - | 23,306,183 | 42,691,733 |
| Construction in progress | 118,672 | 113,469 | 4,037 | 228,104 | - | - | - | - | 228,104 |
| Total | \$ 148,756,026 | \$ 4,239,237 | \$ 1,644,618 | \$ 151,350,645 | \$ 68,090,487 | \$ 4,049,249 | \$ 918,814 | \$ 71,220,922 | \$ 80,129,723 |

Machinery and equipment include leased tangible capital assets with a cost of \$185,905 and accumulated amortization of \$113,608.

Vehicles include leased tangible capital assets with a cost of \$718,937 and accumulated amortization of \$388,604.

THE CORPORATION OF THE CITY OF TEMISKAMING SHORES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

15. **Schedule of tangible capital assets – continued**

| | Opening Cost Dec 31, 2019 | Additions | Disposals | Ending Cost Dec 31, 2020 | Opening Accumulated Amortization Dec 31, 2019 | Current Amortization | Disposals | Ending Accumulated Amortization Dec 31, 2020 | Net Dec 31, 2020 |
|--------------------------|---------------------------------|---------------------|---------------------|--------------------------------|--|-------------------------|-------------------|---|----------------------|
| General | | | | | | | | | |
| Land | \$ 1,256,503 | \$ - | \$ - | \$ 1,256,503 | \$ - | \$ - | \$ - | \$ - | \$ 1,256,503 |
| Land improvements | 7,603,088 | - | - | 7,603,088 | 4,184,505 | 292,203 | - | 4,476,708 | 3,126,380 |
| Buildings | 20,145,832 | 2,403,301 | 138,625 | 22,410,508 | 7,487,234 | 444,900 | 95,276 | 7,836,858 | 14,573,650 |
| Machinery and equipment | 5,247,921 | 25,333 | 49,594 | 5,223,660 | 2,935,050 | 338,030 | 39,338 | 3,233,742 | 1,989,918 |
| Vehicles | 7,089,364 | 748,529 | 43,570 | 7,794,323 | 3,228,115 | 650,110 | 43,570 | 3,834,655 | 3,959,668 |
| Construction in progress | 1,348,524 | 29,742 | 598,837 | 779,429 | - | - | - | - | 779,429 |
| Infrastructure | | | | | | | | | |
| Roads and sidewalks | 27,691,596 | 1,058,431 | 306,254 | 28,443,773 | 19,660,084 | 799,411 | 306,254 | 20,153,241 | 8,290,532 |
| Bridges and culverts | 8,152,417 | 975,737 | - | 9,128,154 | 6,464,847 | 132,572 | - | 6,597,419 | 2,530,735 |
| Water and sewer systems | 65,037,591 | 957,441 | (2,884) | 65,997,916 | 20,616,525 | 1,338,455 | (2,884) | 21,957,864 | 44,040,052 |
| Construction in progress | 1,090,419 | 12,987 | 984,734 | 118,672 | - | - | - | - | 118,672 |
| Total | \$ 144,663,255 | \$ 6,211,501 | \$ 2,118,730 | \$ 148,756,026 | \$ 64,576,360 | \$ 3,995,681 | \$ 481,554 | \$ 68,090,487 | \$ 80,665,539 |

Machinery and equipment include leased tangible capital assets with a cost of \$185,905 and accumulated amortization of \$98,116.

Vehicles include leased tangible capital assets with a cost of \$718,937 and accumulated amortization of \$328,279.

Compilation Engagement Report

To the Members of Council, Inhabitants
and Ratepayers of the Corporation
of the CITY OF TEMISKAMING SHORES:

On the basis of information provided by management, we have compiled the Statement of Financial Position of the Trust Funds of the Corporation of the City of Temiskaming Shores as at December 31, 2021 and the Statement of Continuity for the year then ended and note 1, which describes the basis of accounting applied in the preparation of the compiled financial information ("financial information").

Management is responsible for the accompanying financial information, including the accuracy and completeness of the underlying information used to compile it and the selection of the basis of accounting.

We performed this engagement in accordance with Canadian Standard on Related Services (CSRS) 4200, Compilation Engagements, which requires us to comply with relevant ethical requirements. Our responsibility is to assist management in the preparation of the financial information.

We did not perform an audit engagement or a review engagement, nor were we required to perform procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an audit opinion or a review conclusion, or provide any form of assurance on the financial information.

Readers are cautioned that the financial information may not be appropriate for their purposes.

Kemp Elliott & Blair LLP

New Liskeard, Ontario
October 4, 2022

Kemp Elliott & Blair LLP
Chartered Professional Accountants
Licensed Public Accountants

(Unaudited – See Notice to Reader)

THE CORPORATION OF THE CITY OF TEMISKAMING SHORES**TRUST FUNDS****STATEMENT OF FINANCIAL POSITION****AS AT DECEMBER 31, 2021**

| | Cemetery Care and Maintenance | Library May Ball | 2021 Total | 2020 Total |
|------------------------------------|-------------------------------------|---------------------|-------------------|-------------------|
| FINANCIAL ASSETS | | | | |
| Cash | \$ - | \$ 8,084 | \$ 8,084 | \$ 856 |
| Investments - note 2 | 304,800 | 215,169 | 519,969 | 511,441 |
| Due from City | 1,774 | - | 1,774 | 4,477 |
| | <u>\$ 306,574</u> | <u>\$ 223,253</u> | <u>\$ 529,827</u> | <u>\$ 516,774</u> |
| LIABILITIES AND FUND EQUITY | | | | |
| Trust balance | \$ 306,574 | \$ 223,253 | \$ 529,827 | \$ 516,774 |

STATEMENT OF CONTINUITY**FOR THE YEAR ENDED DECEMBER 31, 2021**

| | | | | |
|------------------------------------|-------------------|-------------------|-------------------|-------------------|
| Trust balance, beginning of year | \$ 300,749 | \$ 216,025 | \$ 516,774 | \$ 507,714 |
| Revenues | | | | |
| Sale of plots | 5,825 | - | 5,825 | 8,500 |
| Donations | - | 684 | 684 | 429 |
| Interest earned/loss on investment | - | 16,544 | 16,544 | 10,131 |
| | <u>5,825</u> | <u>17,228</u> | <u>23,053</u> | <u>19,060</u> |
| Expenditures | | | | |
| Transfer to own funds | - | 10,000 | 10,000 | 10,000 |
| Trust balance, end of year | <u>\$ 306,574</u> | <u>\$ 223,253</u> | <u>\$ 529,827</u> | <u>\$ 516,774</u> |

The accompanying notes form an integral part of these financial statements.

(Unaudited – See Notice to Reader)

THE CORPORATION OF THE CITY OF TEMISKAMING SHORES

TRUST FUNDS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

1. **Basis of accounting**
The accompanying compiled financial information has been prepared on the historical cost basis, reflecting cash transactions with the addition of:
(i) amounts owing to or from the City.
2. **Investments**
The total investments of \$519,969 (2020 \$511,441) reported on the trust statement of financial position at cost, have a market value of \$519,969 (2020 \$511,441).
3. Interest earned by the Cemetery Care and Maintenance fund is transferred directly to the City and is not reflected on these statements.

INDEPENDENT AUDITORS' REPORT

To the Members of Council, Inhabitants
and Ratepayers of the Corporation
of the City of Temiskaming Shores:

Opinion

We have audited the financial statements of Temiskaming Shores Public Library Board, which comprise the statement of financial position as at December 31, 2021, and the statements of operations, change in net debt and cash flows 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 Temiskaming Shores Public Library Board as at December 31, 2021, and the results of its operations, change in net debt and 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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of Temiskaming Shores Public Library Board 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.

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

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

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

Those charged with governance are responsible for overseeing Temiskaming Shores Public Library Board's financial reporting process.

Auditors' 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 auditors' 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.
- 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 Temiskaming Shores Public Library Board'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 Temiskaming Shores Public Library Board's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause Temiskaming Shores Public Library Board 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.

Kemp Elliott & Blair LLP

New Liskeard, Ontario
October 4, 2022

Kemp Elliott & Blair LLP
Chartered Professional Accountants
Licensed Public Accountants

THE CORPORATION OF THE CITY OF TEMISKAMING SHORES

TEMISKAMING SHORES PUBLIC LIBRARY BOARD

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2021

| | <u>2021</u> | <u>2020</u> |
|-------------------------------------|-------------------|-------------------|
| FINANCIAL ASSETS | | |
| Petty cash | \$ 200 | \$ 200 |
| Due from own municipality | - | 6,000 |
| | <u>200</u> | <u>6,200</u> |
| LIABILITIES | | |
| Municipal debt – note 2 | <u>1,610,250</u> | <u>1,695,000</u> |
| NET DEBT | (1,610,050) | (1,688,800) |
| NON-FINANCIAL ASSETS | | |
| Tangible capital assets – note 3 | <u>1,801,856</u> | <u>2,085,819</u> |
| ACCUMULATED SURPLUS – note 3 | <u>\$ 191,806</u> | <u>\$ 397,019</u> |

The accompanying notes form an integral part of these financial statements.

THE CORPORATION OF THE CITY OF TEMISKAMING SHORES

TEMISKAMING SHORES PUBLIC LIBRARY BOARD

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2021

| | Budget 2021 | Actual 2021 | Actual 2020 |
|--|-------------------|-------------------|-------------------|
| REVENUES | | | |
| Provincial grants | \$ 34,879 | \$ 31,714 | \$ 28,940 |
| Own municipal grant | 549,179 | 268,571 | 390,398 |
| Other municipal grants | 12,974 | 12,974 | 12,475 |
| Fees and fines | 9,836 | 5,555 | 7,322 |
| Other | 15,817 | 11,401 | 13,835 |
| Gain on disposal of tangible capital assets | - | 27,858 | - |
| Total revenues | 622,685 | 358,073 | 452,970 |
| EXPENDITURES | | | |
| Salaries and benefits | 393,790 | 369,183 | 339,637 |
| Interest on long-term debt | 33,595 | 33,595 | - |
| Collection development and maintenance | 42,700 | 42,207 | 32,868 |
| Utilities | 25,000 | 20,733 | 25,829 |
| Repairs and maintenance | - | 23,340 | 4,124 |
| Office and supplies | 10,500 | 17,838 | 11,748 |
| Telephone | 9,100 | 8,224 | 4,530 |
| Miscellaneous | 22,050 | 4,476 | 5,446 |
| Training and travel | 7,200 | 1,781 | 5,351 |
| Amortization | 41,908 | 41,909 | 27,134 |
| Total expenditures | 585,843 | 563,286 | 456,667 |
| ANNUAL SURPLUS (DEFICIT) | 36,842 | (205,213) | (3,697) |
| Accumulated surplus, beginning of year | 397,019 | 397,019 | 400,716 |
| ACCUMULATED SURPLUS, END OF YEAR – note 3 | \$ 433,861 | \$ 191,806 | \$ 397,019 |

The accompanying notes form an integral part of these financial statements.

THE CORPORATION OF THE CITY OF TEMISKAMING SHORES

TEMISKAMING SHORES PUBLIC LIBRARY BOARD

STATEMENT OF CHANGE IN NET DEBT

FOR THE YEAR ENDED DECEMBER 31, 2021

| | Budget 2021 | Actual 2021 | Actual 2020 |
|--|----------------|----------------|----------------|
| ANNUAL SURPLUS (DEFICIT) | \$ 36,842 | \$ (205,213) | \$ (3,697) |
| Acquisition of tangible capital assets | - | - | (1,164,896) |
| Amortization of tangible capital assets | 41,908 | 41,909 | 27,134 |
| Gain on disposal of tangible capital assets | - | (27,858) | - |
| Proceeds on sale of tangible capital assets | - | 269,912 | - |
| Increase (decrease) in net financial assets | 78,750 | 78,750 | (1,141,459) |
| Net debt, beginning of year | (1,688,800) | (1,688,800) | (547,341) |
| NET DEBT, END OF YEAR | \$ (1,610,050) | \$ (1,610,050) | \$ (1,688,800) |

The accompanying notes form an integral part of these financial statements.

THE CORPORATION OF THE CITY OF TEMISKAMING SHORES

TEMISKAMING SHORES PUBLIC LIBRARY BOARD

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2021

| | 2021 | 2020 |
|--|------------------|--------------------|
| Operating activities | | |
| Annual deficit | \$ (205,213) | \$ (3,697) |
| Charges not affecting cash – | | |
| Amortization | 41,909 | 27,134 |
| Gain on disposal of tangible capital assets | (27,858) | - |
| | <u>(191,162)</u> | <u>23,437</u> |
| Net change in non-cash working capital items – | | |
| Due from own municipality | 6,000 | (6,000) |
| Due to own municipality | - | (547,541) |
| | <u>6,000</u> | <u>(553,541)</u> |
| Cash used for operating activities | <u>(185,162)</u> | <u>(530,104)</u> |
| Capital activities | | |
| Acquisition of tangible capital assets | - | (1,164,896) |
| Proceeds on sale of tangible capital assets | 269,912 | - |
| Cash provided by (used for) capital activities | <u>269,912</u> | <u>(1,164,896)</u> |
| Financing activities | | |
| New debt issued | - | 1,695,000 |
| Debt repayments | (84,750) | - |
| Cash provided by (used for) financing activities | <u>(84,750)</u> | <u>1,695,000</u> |
| Increase in cash | - | - |
| Cash, beginning of year | <u>200</u> | <u>200</u> |
| Cash, end of year | <u>\$ 200</u> | <u>\$ 200</u> |
| Represented by | | |
| Petty cash | <u>\$ 200</u> | <u>\$ 200</u> |

The accompanying notes form an integral part of these financial statements.

THE CORPORATION OF THE CITY OF TEMISKAMING SHORES

TEMISKAMING SHORES PUBLIC LIBRARY BOARD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

1. Significant accounting policies

(a) Revenue recognition

Revenues are recognized as they become available and measurable; expenditures 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.

(b) 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 is amortized on a straight-line basis over their estimated useful lives as follows:

| | |
|-----------|----------|
| Buildings | 50 years |
| Equipment | 10 years |

Amortization is charged on a monthly basis beginning in the month of acquisition. Assets under construction are not amortized until the asset is in productive use.

2. Municipal debt

The balance of the municipal debt reported on the Statement of Financial Position is made up of the following:

| | <u>2021</u> | <u>2020</u> |
|---|--------------|--------------|
| <u>Loans and debentures</u> | | |
| Ontario Infrastructure and Lands Corporation (OILC) debenture, repayable in quarterly payments of \$21,187.50 principal plus interest at 2.02%, maturing December 2040. | \$ 1,610,250 | \$ 1,695,000 |

Principal repayments due in the next five years are as follows:

| | |
|------------|---------------------|
| 2022 | \$ 84,750 |
| 2023 | 84,750 |
| 2024 | 84,750 |
| 2025 | 84,750 |
| 2026 | 84,750 |
| Thereafter | <u>1,186,500</u> |
| | <u>\$ 1,610,250</u> |

In 2021, interest expense of \$33,595 (2020 \$nil) has been reflected in the Statement of Operations.

THE CORPORATION OF THE CITY OF TEMISKAMING SHORES

TEMISKAMING SHORES PUBLIC LIBRARY BOARD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

3. **Accumulated surplus**

The accumulated surplus is made up of the following:

| | <u>2021</u> | <u>2020</u> |
|--------------------------|--------------------|--------------------|
| Operational surplus | \$ 200 | \$ 200 |
| Library reserve | - | 6,000 |
| Amounts to be reserved | <u>(1,610,250)</u> | <u>(1,695,000)</u> |
| | <u>(1,610,050)</u> | <u>(1,688,800)</u> |
| Non-financial assets | | |
| Tangible capital assets | <u>1,801,856</u> | <u>2,085,819</u> |
| | <u>\$ 191,806</u> | <u>\$ 397,019</u> |

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 excess of revenues over expenses, provides the Change in Net Financial Assets for the year.

THE CORPORATION OF THE CITY OF TEMISKAMING SHORES

TEMISKAMING SHORES PUBLIC LIBRARY BOARD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

3. Schedule of tangible capital assets

| | Opening Cost Dec 31, 2020 | Additions | Disposals/ Adjustments | Ending Cost Dec 31, 2021 | Opening Accumulated Amortization Dec 31, 2020 | Current Amortization | Disposals/ Adjustments | Ending Accumulated Amortization Dec 31, 2021 | Net Dec 31, 2021 |
|-------------------------|---------------------------------|-------------|---------------------------|--------------------------------|--|-------------------------|---------------------------|---|---------------------|
| Land | \$ 29,300 | \$ - | \$ - | \$ 29,300 | \$ - | \$ - | \$ - | \$ - | \$ 29,300 |
| Buildings | 2,331,335 | - | 275,001 | 2,056,334 | 283,325 | 41,021 | 32,947 | 291,399 | 1,764,935 |
| Machinery and equipment | 8,879 | - | - | 8,879 | 370 | 888 | - | 1,258 | 7,621 |
| Total | \$ 2,369,514 | \$ - | \$ 275,001 | \$ 2,094,513 | \$ 283,695 | \$ 41,909 | \$ 32,947 | \$ 292,657 | \$ 1,801,856 |

| | Opening Cost Dec 31, 2019 | Additions | Disposals | Ending Cost Dec 31, 2020 | Opening Accumulated Amortization Dec 31, 2019 | Current Amortization | Disposals | Ending Accumulated Amortization Dec 31, 2020 | Net Dec 31, 2020 |
|--------------------------|---------------------------------|---------------------|-------------------|--------------------------------|--|-------------------------|---------------------|---|---------------------|
| Land | \$ 2,685 | \$ - | \$ (26,615) | \$ 29,300 | \$ - | \$ - | \$ - | \$ - | \$ 29,300 |
| Buildings | 421,833 | 1,666,272 | (243,230) | 2,331,335 | 52,033 | 26,764 | (204,528) | 283,325 | 2,048,010 |
| Machinery and equipment | 13,571 | 8,879 | 13,571 | 8,879 | 13,571 | 370 | 13,571 | 370 | 8,509 |
| Construction in progress | 575,572 | - | 575,572 | - | - | - | - | - | - |
| Total | \$ 1,013,661 | \$ 1,675,151 | \$ 319,298 | \$ 2,369,514 | \$ 65,604 | \$ 27,134 | \$ (190,957) | \$ 283,695 | \$ 2,085,819 |

INDEPENDENT AUDITORS' REPORT

To the Members of Council, Inhabitants
and Ratepayers of the Corporation
of the City of Temiskaming Shores:

Opinion

We have audited the financial statements of the Corporation of the City Temiskaming Shores Business Improvement Area, which comprise the statement of financial position as at December 31, 2021, and the statement of operations 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 Corporation of the City Temiskaming Shores Business Improvement Area as at December 31, 2021, and the results of its operations 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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Corporation of the City Temiskaming Shores Business Improvement Area 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.

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

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

In preparing the financial statements, management is responsible for assessing the Corporation of the City Temiskaming Shores Business Improvement Area'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 Corporation of the City Temiskaming Shores Business Improvement Area or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation of the City Temiskaming Shores Business Improvement Area's financial reporting process.

Auditors' 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 auditors' 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.
- 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 Corporation of the City Temiskaming Shores Business Improvement Area'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 Corporation of the City Temiskaming Shores Business Improvement Area's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Corporation of the City Temiskaming Shores Business Improvement Area 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.

Kemp Elliott & Blair LLP

New Liskeard, Ontario
October 4, 2022

Kemp Elliott & Blair LLP
Chartered Professional Accountants
Licensed Public Accountants

THE CORPORATION OF THE CITY OF TEMISKAMING SHORES

BUSINESS IMPROVEMENT AREA

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2021

| | 2021 | 2020 |
|---|------------------|------------------|
| FINANCIAL ASSETS | | |
| Due from own municipality | \$ 52,594 | \$ 52,166 |
| NET FINANCIAL ASSETS AND ACCUMULATED SURPLUS | \$ 52,594 | \$ 52,166 |

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2021

| | (Unaudited) Budget 2021 | Actual 2021 | Actual 2020 |
|---|-------------------------------|------------------|------------------|
| REVENUES | | | |
| Taxation | \$ 32,900 | \$ 32,747 | \$ 28,563 |
| EXPENDITURES | | | |
| Salaries, wages and employee benefits | 13,764 | 12,455 | 7,870 |
| Materials, supplies and services | 30,142 | 16,577 | 17,808 |
| Advertising and promotion | 10,000 | 3,287 | 4,295 |
| Total expenditures | 53,906 | 32,319 | 29,973 |
| ANNUAL SURPLUS (DEFICIT) | (21,006) | 428 | (1,410) |
| Accumulated surplus, beginning of year | 52,166 | 52,166 | 53,576 |
| ACCUMULATED SURPLUS, END OF YEAR | \$ 31,160 | \$ 52,594 | \$ 52,166 |

NOTES TO THE FINANCIAL STATEMENTS

1. **Revenue recognition**

Revenues are recognized as they become available and measurable; expenditures 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.

2. **Cash flows and change in net financial assets**

Required cash flow information is readily available from the Statement of Operations. The Business Improvement Area has no tangible capital assets, so the Statement of Change in net financial assets has not been included since the Annual Surplus reported on the Statement of Operations reflects the change in Net Financial Assets for the year.

INDEPENDENT AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers
of the Corporation of the City of Temiskaming Shores:

Qualified Opinion

We have audited the financial statements of the Provincial Offences Act Office - City of Temiskaming Shores, which comprise the statement of financial position as at December 31, 2021, and the consolidated statements of operations and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Provincial Offences Act Office - City of Temiskaming Shores as at December 31, 2021, and its operations and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

The financial records of the City of Temiskaming Shores Court Service Area are maintained and generated by the ICON system, maintained by the Province of Ontario. The scope of our audit did not include a review over the controls of this system nor was a service auditor's report made available to us.

Included in the revenue for the year ended December 31, 2021 are revenues of \$33,592 received on behalf of the City of Temiskaming Shores Court Service Area by other courts located throughout the Province of Ontario. The scope of our audit did not include a review of the systems or controls over cash collections and deposits at these other court locations.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Provincial Offences Act Office - City of Temiskaming Shores 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.

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

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

In preparing the financial statements, management is responsible for assessing the Provincial Offences Act Office - City of Temiskaming Shores' 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 Provincial Offences Act Office - City of Temiskaming Shores or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Provincial Offences Act Office - City of Temiskaming Shores' financial reporting process.

Auditors' 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 auditors' 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.
- 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 Provincial Offences Act Office - City of Temiskaming Shores' 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 Provincial Offences Act Office - City of Temiskaming Shores' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Provincial Offences Act Office - City of Temiskaming Shores 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.

Kemp Elliott & Blair LLP

New Liskeard, Ontario
October 3, 2022

Kemp Elliott & Blair LLP
Chartered Professional Accountants
Licensed Public Accountants

PROVINCIAL OFFENCES ACT OFFICE – CITY OF TEMISKAMING SHORES

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2021

| | <u>2021</u> | <u>2020</u> |
|--|-------------------|-------------------|
| FINANCIAL ASSETS | | |
| Cash | \$ 129,132 | \$ 102,832 |
| Accounts receivable | <u>27,952</u> | <u>14,343</u> |
| | <u>\$ 157,084</u> | <u>\$ 117,175</u> |
| LIABILITIES | | |
| Victim surcharge payable - Province of Ontario | \$ 31,715 | \$ 22,150 |
| Accounts payable - other provincial offences act offices | 14,661 | 3,144 |
| - other payables and accrued liabilities | 106,713 | 80,566 |
| Municipal allocations payable | 1,142 | 10,167 |
| Deferred revenue | <u>2,853</u> | <u>1,148</u> |
| | <u>\$ 157,084</u> | <u>\$ 117,175</u> |

The accompanying notes form an integral part of these financial statements.

PROVINCIAL OFFENCES ACT OFFICE – CITY OF TEMISKAMING SHORES

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2021

| REVENUES | Budget 2021 | Actual 2021 | Actual 2020 |
|---------------------------------------|----------------|----------------|----------------|
| Fines, costs and fees | | | |
| Highway traffic | \$ 661,856 | \$ 443,273 | \$ 400,918 |
| Liquor license | 11,541 | 7,667 | 4,281 |
| Provincial offences | 191,823 | 366,889 | 104,369 |
| Municipal by-law fines | 7,600 | 4,140 | 5,575 |
| Dedicated fines | 16,772 | 20,559 | 13,100 |
| Victim fine surcharge | 171,636 | 155,361 | 92,959 |
| Other provincial offences act offices | 149,937 | 33,592 | 52,769 |
| | 1,211,165 | 1,031,481 | 673,971 |
| Investment and other income | 3,097 | 1,882 | 1,156 |
| Total revenues | 1,214,262 | 1,033,363 | 675,127 |
| EXPENDITURES | | | |
| Salaries, wages and employee benefits | 98,765 | 105,330 | 126,072 |
| Materials | | | |
| Materials and supplies | 15,645 | 11,336 | 12,712 |
| Travel and conference | 2,220 | 706 | 620 |
| | 17,865 | 12,042 | 13,332 |
| Services | | | |
| Professional fees | 94,223 | 67,908 | 52,595 |
| Telephone and computer services | 15,033 | 5,466 | 11,178 |
| Collection fees | 22,125 | 22,792 | 27,107 |
| Provincial government cost recovery | 94,620 | 64,013 | 43,447 |
| | 226,001 | 160,179 | 134,327 |
| Rent and financial expenses | | | |
| Rent and administrative fees | 141,440 | 171,569 | 111,126 |
| Bank charges | 9,021 | 11,691 | 7,630 |
| | 150,461 | 183,260 | 118,756 |
| External transfers | | | |
| Fines collected on behalf of others | | | |
| Dedicated fines | 16,772 | 20,559 | 13,100 |
| Victim fine surcharge | 171,636 | 155,341 | 92,959 |
| Municipal by-law fines | 7,600 | 3,936 | 6,548 |
| Other provincial offences act offices | 28,821 | 25,204 | 16,418 |
| Transfer to municipalities | 496,341 | 367,512 | 153,615 |
| | 721,170 | 572,552 | 282,640 |
| Total expenditures | 1,214,262 | 1,033,363 | 675,127 |
| Annual surplus | \$ - | \$ - | \$ - |

The accompanying notes form an integral part of these financial statements.

PROVINCIAL OFFENCES ACT OFFICE – CITY OF TEMISKAMING SHORES

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2021

| Operating activities | <u>2021</u> | <u>2020</u> |
|--|-------------------|-------------------|
| Net change in non-cash working capital items - | | |
| Accounts receivable | \$ (13,609) | \$ 35,013 |
| Accounts payable and accrued liabilities | 38,204 | (23,134) |
| Deferred revenue | <u>1,705</u> | <u>1,148</u> |
| Cash used for operating activities and net change for the year | 26,300 | 13,027 |
| Cash, beginning of year | <u>102,832</u> | <u>89,805</u> |
| Cash, end of year | <u>\$ 129,132</u> | <u>\$ 102,832</u> |

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. The City of Temiskaming Shores serves as the lead municipality in administering the Provincial Offences Act Office – City of Temiskaming Shores.
2. The activities of the Provincial Offences Act Office – City of Temiskaming Shores are reported on the accrual basis of accounting.
3. A Statement of Change in Net Financial Assets has not been included since the annual surplus reported on the Statement of Operations reflects the change in Net Financial Assets for the year.