

**CONSOLIDATED FINANCIAL REPORT**

**THE CORPORATION OF THE  
TOWN OF COBALT**

**DISTRICT OF TIMISKAMING**

**YEAR ENDED DECEMBER 31, 2021**

## INDEX

### THE CORPORATION OF THE TOWN OF COBALT

	<b>Page Number</b>
Management's Responsibility for the Financial Statements	1
Auditors' Report	2 - 3
Consolidated Statement of Financial Position	4
Consolidated Statement of Operations	5
Consolidated Statement of Change in Net Financial Assets (Debt)	6
Consolidated Statement of Cash Flows	7
Notes to the Consolidated Financial Statements	8 - 23
Trust Funds	
- Compilation Engagement Report	24
- Statement of Financial Position, Statement of Continuity and Notes to the Financial Statements	25

## **MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

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

Council 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 Corporation of the Town of Cobalt. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Corporation of the Town of Cobalt's financial statements.



Steven Dalley  
Clerk-Treasurer

## **INDEPENDENT AUDITORS' REPORT**

To the Members of Council, Inhabitants and Ratepayers  
of the Corporation of the Town of Cobalt:

### **Opinion**

We have audited the consolidated financial statements of the Corporation of the Town of Cobalt, which comprise the consolidated statement of financial position as at December 31, 2021, and the consolidated statements of operations, change in net financial assets (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 Town of Cobalt 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 Consolidated Financial Statements* section of our report. We are independent of the Corporation of the Town of Cobalt 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 Town of Cobalt'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 Town of Cobalt 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 Town of Cobalt's 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 Town of Cobalt'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 Town of Cobalt'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 Town of Cobalt 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

*Kemp Elliott & Blair LLP*

Licensed Public Accountants  
New Liskeard, Ontario  
September 6, 2022

Chartered Professional Accountants

# THE CORPORATION OF THE TOWN OF COBALT

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2021

### FINANCIAL ASSETS

	2021	2020
Cash	\$ 1,407,562	\$ 1,198,016
Taxes receivable	320,792	295,668
Accounts receivable	135,211	79,334
	<u>1,863,565</u>	<u>1,573,018</u>

### LIABILITIES

Accounts payable and accrued liabilities	432,847	394,545
Deferred revenue – other – note 5	120,081	190,225
Deferred revenue – obligatory reserve funds – note 6	112,982	66,946
Municipal debt – note 7	1,041,870	291,201
Deficiency in Government Business Partnership – note 8	364,016	376,415
	<u>2,071,796</u>	<u>1,319,332</u>

<b>NET FINANCIAL ASSETS (DEBT)</b>	<u>(208,231)</u>	<u>253,686</u>
------------------------------------	------------------	----------------

### NON-FINANCIAL ASSETS

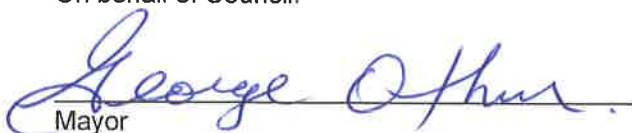
Inventories of supplies	72,309	83,129
Tangible capital assets – note 14	15,905,672	15,851,903
	<u>15,977,981</u>	<u>15,935,032</u>

<b>ACCUMULATED SURPLUS – note 10</b>	<u>\$ 15,769,750</u>	<u>\$ 16,188,718</u>
--------------------------------------	----------------------	----------------------

Contingent liabilities and commitments - note 11

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

On behalf of Council:

  
Mayor

  
Clerk-Treasurer

# THE CORPORATION OF THE TOWN OF COBALT

## CONSOLIDATED STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2021

REVENUES	2021 Budget (Note 12)	2021 Actual	2020 Actual
Operating revenues			
Municipal taxation	\$ 613,568	\$ 616,542	\$ 585,868
Water and sewer fees	544,337	546,350	548,415
Policing fees	369,495	378,420	368,900
User charges	123,268	132,667	110,771
Provincial grants	982,617	991,923	1,032,807
Federal grants	7,287	46,915	29,717
Revenue from other municipalities	28,248	21,479	24,484
Investment income	2,500	3,323	6,354
Penalties and interest on taxes	28,000	42,985	51,535
Provincial Offences Act revenues	18,832	14,321	7,248
Loss on sale of tangible capital assets	-	-	(312)
Income (loss) from Government Business Partnership	-	12,399	(92,375)
Other	61,299	92,135	76,714
	<u>2,779,451</u>	<u>2,899,459</u>	<u>2,750,126</u>
Capital revenues			
Provincial grants	371,086	162,142	182,090
Federal grants	133,185	70,843	73,137
	<u>504,271</u>	<u>232,985</u>	<u>255,227</u>
Total revenues	<u>3,283,722</u>	<u>3,132,444</u>	<u>3,005,353</u>
EXPENDITURES			
General government	662,057	724,289	732,998
Protection to persons and property	612,443	611,948	537,599
Transportation services	795,961	655,602	648,988
Environmental services	935,181	1,046,175	1,024,079
Health services	155,156	153,281	146,769
Social and family services	105,884	107,778	117,492
Recreation and cultural services	190,406	228,478	194,344
Planning and development	26,254	23,861	497
Total expenditures	<u>3,483,342</u>	<u>3,551,412</u>	<u>3,402,766</u>
ANNUAL DEFICIT	(199,620)	(418,968)	(397,413)
ACCUMULATED SURPLUS, BEGINNING OF YEAR	16,188,718	16,188,718	16,586,131
ACCUMULATED SURPLUS, END OF YEAR – note 10	\$ 15,989,098	\$ 15,769,750	\$ 16,188,718

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

# THE CORPORATION OF THE TOWN OF COBALT

## CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS (DEBT)

FOR THE YEAR ENDED DECEMBER 31, 2021

	2021 Budget (Note 12)	2021 Actual	2020 Actual
<b>ANNUAL DEFICIT</b>	\$ (199,620)	\$ (418,968)	\$ (397,413)
Acquisition of tangible capital assets	(1,258,007)	(700,235)	(556,426)
Amortization of tangible capital assets	647,200	646,466	647,221
Loss on sale of tangible capital assets	-	-	312
Proceeds from sale of tangible capital assets	-	-	25,000
Consumption of inventories of supplies	-	10,820	24,099
Decrease in net financial assets	(810,427)	(461,917)	(257,207)
Net financial assets, beginning of year	253,686	253,686	510,893
<b>NET FINANCIAL ASSETS (DEBT), END OF YEAR</b>	\$ (556,741)	\$ (208,231)	\$ 253,686

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



# THE CORPORATION OF THE TOWN OF COBALT

## CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2021

OPERATIONS	2021	2020
Annual deficit	\$ (418,968)	\$ (397,413)
Charges not affecting cash –		
Amortization of tangible capital assets	646,466	647,221
Loss on disposal of tangible capital assets	-	312
Loss (income) from Government Business Partnership	(12,399)	92,375
	<u>215,099</u>	<u>342,495</u>
Other sources (uses) of cash –		
Change in taxes receivable	(89,627)	22,354
Change in accounts receivable	8,626	498,205
Change in inventories of supplies	10,820	24,098
Change in accounts payable and accrued liabilities	38,302	(336,681)
Change in deferred revenue – other	(70,144)	(70,652)
Change in deferred revenue – obligatory reserve funds	46,036	(4,285)
	<u>(55,987)</u>	<u>133,039</u>
Total cash provided by operations	<u>159,112</u>	<u>475,534</u>
<b>CAPITAL TRANSACTIONS</b>		
Acquisition of tangible capital assets	(700,235)	(556,426)
Proceeds from sale of tangible capital assets	-	25,000
Total cash used for capital activities	<u>(700,235)</u>	<u>(531,426)</u>
<b>INVESTING TRANSACTIONS</b>		
Redemption of short-term investments	-	11,850
<b>FINANCING TRANSACTIONS</b>		
Proceeds from municipal debt	800,000	271,834
Repayment of municipal debt	(49,331)	(41,928)
Total cash used for financing transactions	<u>750,669</u>	<u>229,906</u>
<b>INCREASE IN CASH</b>	<u>209,546</u>	<u>185,864</u>
Cash, beginning of year	<u>1,198,016</u>	<u>1,012,152</u>
<b>CASH, END OF YEAR</b>	<u>\$ 1,407,562</u>	<u>\$ 1,198,016</u>
<b>REPRESENTED BY</b>		
Cash	<u>\$ 1,407,562</u>	<u>\$ 1,198,016</u>

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

# THE CORPORATION OF THE TOWN OF COBALT

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2021

---

The Corporation of the Town of Cobalt is a Town 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 Town of Cobalt are the representation of management and council and are 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.

#### **Use of estimates**

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

#### **Basis of consolidation**

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

Waterworks	Recreation Committee
Library Board	Wetlands
Cemetery Board	

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

The Classic Theatre, The Bunker and the Historic Cobalt Corporation (including the Cobalt Mining Museum) are separate legal entities. They are not part of the Corporation of the Town of Cobalt. Only the Town's donations to these entities are reflected in the consolidated financial statements.

#### **Government Business Partnership**

Government Business Partnership comprises of the corporation Solaire Cobalt Solar Inc. and is accounted for by the modified equity method. Under the modified equity method, the business partnership's accounting principles are not adjusted to conform to those of the Town and inter-organization transactions and balances (if any) are not eliminated.

#### **Non-consolidated entities**

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

*Timiskaming District Health Unit*  
*District of Timiskaming Social Services Administration Board*

Although these are joint local boards they run autonomously to provide those services mandated by the Province. The Town 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 Town in its statements.

# THE CORPORATION OF THE TOWN OF COBALT

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

---

### 1. Accounting policies – continued

#### Non-consolidated entities – continued

##### *Temiskaming Municipal Services Association*

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

##### *Tri Town Transit System*

This joint local board is a cooperative effort by two municipalities to jointly provide public transit services. These statements reflect only the Town's contribution to this board.

#### 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 statements.

#### Trust funds

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

#### 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:

Buildings	50 years
Vehicles	10 to 25 years
Equipment	10 to 25 years
Heavy equipment	25 years
Roads	15 to 30 years
Bridges	75 years
Underground networks	50 years

A full year of amortization is charged in the year of acquisition and no amortization is charged in the year of disposal. Assets under construction are not amortized until the asset is available for use.

The Town has no capitalization threshold for land and buildings, a capitalization threshold of \$10,000 for infrastructure systems and \$2,500 for all other assets. Individual assets of lesser value may be capitalized if they are pooled, or because, collectively, they have significant value.

The Town manages and controls various works of art and historical cultural assets including buildings, artifacts, paintings and sculptures located at Town sites and public display areas. These assets are not recorded as tangible capital assets and are not amortized.

# THE CORPORATION OF THE TOWN OF COBALT

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2021

---

#### 1. Accounting policies – continued Inventories of supplies

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

#### Deferred revenue – other

The Town 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 give rise to an obligation that meets the definition of a liability.

#### Deferred revenue – obligatory reserve funds

The Town receives Federal Gas Tax funding under the authority of the Federal 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.

#### 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 Town based on assessment rolls issued by the Municipal Property Assessment Corporation ("MPAC"). Tax rates are established annually by Council, incorporating amounts to be raised for local services and amounts the Town is required to collect on behalf of the Province of Ontario in respect of education taxes. A normal part of the assessment process is the issue of supplementary assessment rolls, which provide updated information with respect to changes in property assessment. Once a supplementary assessment roll is received, the Town determines the taxes applicable and renders supplementary tax billings. Taxation revenues are recorded 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 Town 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.

# THE CORPORATION OF THE TOWN OF COBALT

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2021

#### 2. Operations of school boards

Further to note 1, the taxation levied on behalf of and due to the school boards is:

	2021	2020
	\$ 83,043	\$ 82,273

#### 3. Contributions to Joint Boards

Further to note 1, the following contributions were made by the Town to these boards:

	2021	2020
Timiskaming Health Unit	\$ 53,540	\$ 50,991
District of Timiskaming Social Services Administration Board	\$ 201,616	\$ 206,146
Tri-Town Transit System	\$ 42,881	\$ 40,744

#### 4. Revolving line of credit

The Town has a \$250,000 business operating line negotiated with CIBC with a balance outstanding of \$nil (2020 \$nil). Interest is at bank prime plus 0.5% (currently 2.95%).

#### 5. Deferred revenue – other

Deferred revenue – other consists of the following:

	December 31 2020	Funds Received	Revenue Earned	December 31 2021
Provincial government	\$ 187,460	\$ 120,964	\$ 188,343	\$ 120,081
Other donations	2,765	-	2,765	-
	\$ 190,225	\$ 120,964	\$ 191,108	\$ 120,081

#### 6. 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	\$ 66,946	\$ 140,556	\$ 94,520	\$ 112,982

# THE CORPORATION OF THE TOWN OF COBALT

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2021

#### 7. Municipal debt

The balance of the municipal debt reported on the "Consolidated Statement of Financial Position" is made up of all the long-term liabilities, incurred by the Town and outstanding at the end of the year.

	2021	2020
A serial debenture with Ontario Infrastructure repayable in semi-annual (March and September) blended (principal and interest) payments of \$25,466 with interest at 2.47% per annum and the debenture matures in September 2041. The loan relates to a new garage.	\$ 800,000	\$ -
A serial debenture with Ontario Infrastructure repayable in semi-annual (March and September) blended (principal and interest) payments of \$12,235 with interest at 1.43% per annum and the debenture matures in September 2030. The loan relates to the purchase of a wheel loader.	205,963	227,260
A loan with Ford Credit, payable in monthly installments of \$619 with interest at 0%. The final installment is due October 2026. The loan relates to the purchase of a vehicle.	35,907	43,336
A serial debenture with Ontario Infrastructure repayable in semi-annual (November and May) blended (principal and interest) payments of \$20,780 with interest at 1.7% per annum and the debenture matures in May 2021. The loan relates to road rehabilitation.	\$ -	\$ 20,605
	<u>\$ 1,041,870</u>	<u>\$ 291,201</u>

Principal payments are due as follows:

2022	\$ 60,396
2023	61,485
2024	62,598
2025	63,736
2026	63,660
2027 +	<u>729,995</u>
	<u>\$ 1,041,870</u>

Total interest paid during the year on the long-term debt is \$3,349 (2020 \$870).

#### 8. Government Business Partnership

The Corporation of the Town of Cobalt is the 50.5% owner of all of the issued capital of the corporation Solaire Cobalt Solar Inc. and Énergie Kapuskasing Energy Inc. is the other partner owning 49.5% of the total issued capital.

# THE CORPORATION OF THE TOWN OF COBALT

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2021

#### 8. Government Business Partnership - continued

Solaire Cobalt Solar Inc. was incorporated under the Ontario Business Corporations Act on September 28, 2012 pursuant to section 142 of the Electricity Act (Ontario). The corporation's principal activity is the ownership, administration and management of solar power generating projects for the purpose of generating, transmitting, distributing and retailing electricity. This corporation is accounted for on a modified equity basis in these consolidated financial statements.

- (a) The Town's portion of the deficiency in the Government Business Partnership consists of the following:

	2021	2020
Purchase of share capital (51 Class B shares)	\$ 51	\$ 51
Town's share of accumulated operating losses	(364,067)	(376,466)
	<u>\$ (364,016)</u>	<u>\$ (376,415)</u>

- (b) The following schedules provide condensed supplementary financial information for the year ended December 31, 2021 of Solaire Cobalt Solar Inc.

<u>Financial position</u>	2021	2020
Current assets	\$ 435,399	\$ 632,252
Capital assets	3,689,504	3,920,099
Future income taxes	102,397	104,622
Total assets	<u>\$ 4,227,300</u>	<u>\$ 4,656,973</u>
Current liabilities	\$ 26,500	\$ 169,900
Due to related parties	2,358,197	2,510,097
Current portion of long-term debt	165,916	159,172
Long-term debt	2,404,720	2,570,636
Total liabilities	4,955,333	5,409,805
Capital stock	101	101
Accumulated deficit	(728,134)	(752,933)
Total liabilities and accumulated deficits	<u>\$ 4,227,300</u>	<u>\$ 4,656,473</u>

<u>Statement of income (loss)</u>	2021	2020
Sale of energy	\$ 333,956	\$ 344,222
Expenses	(452,862)	(552,425)
Other income	145,930	-
Future payment in lieu (recovery) of taxes	(2,225)	23,453
Net income (loss)	<u>\$ 24,799</u>	<u>\$ (184,750)</u>

# THE CORPORATION OF THE TOWN OF COBALT

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2021

#### 8. Government Business Partnership - continued

- (c) Related party transactions between the Corporation of the Town of Cobalt and its Government Business Partnership are as follows:

- 1) The Town has an accounts payable of \$51 (2020 \$51) for the purchase of their portion of the share capital included in the consolidated statement of financial position.

#### 9. Trust funds

Trust funds administered by the Town amounting to \$29,632 (2020 \$29,282) have not been included in the "Consolidated Statement of Financial Position" nor have their operations been included in the "Consolidated Statement of Operations".

#### 10. Accumulated surplus

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.

	2021	2020
Reserves, surpluses and deficits		
Working capital reserve	\$ 181,732	\$ 181,732
Sewer (wetlands) reserve – note 17	-	47,078
Recreation reserve	12,164	12,164
Library reserve	18,075	18,075
Safe Restart funding reserve	7,546	33,788
General municipal surplus (deficit)	166,693	(57,808)
Government Business Partnership deficit	(364,016)	(376,415)
Library surplus	24,817	18,083
Cemetery surplus	43,357	38,652
Sewer (wetlands) surplus – note 17	456,647	383,570
Waterworks surplus – note 16	286,624	245,968
	<u>833,639</u>	<u>544,887</u>
Amounts to be recovered		
Unfinanced municipal debt	<u>(1,041,870)</u>	<u>(291,201)</u>
Net financial assets (debt)	<u>(208,231)</u>	<u>253,686</u>
Non-financial assets		
Inventories of supplies	72,309	83,129
Invested in tangible capital assets	15,905,672	15,851,903
	<u>15,977,981</u>	<u>15,935,032</u>
<b>Accumulated surplus</b>	<b>\$ 15,769,750</b>	<b>\$ 16,188,718</b>



# THE CORPORATION OF THE TOWN OF COBALT

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

---

10. **Accumulated surplus - continued**  
**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.

11. **Contingent Liabilities and Commitments**  
**Non-Consolidated Entities**

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

**Funding agreements**

Under the terms of various funding agreements, the Town could have provincial and federal grants become repayable if it is determined that funding was applied towards ineligible costs or if other terms of the agreements were not met. At year end management is of the opinion that all conditions have been met and funding was applied towards eligible costs.

**Ontario Municipal Employees Retirement Fund**

All permanent, full-time employees of the Town 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.

As this is a multi-employer pension plan, the contributions by the Town are recognized as an expenditure. No pension liability for this type of plan is recognized in the Town's consolidated financial statements. Contributions made by the Town to OMERS for 2021 were \$52,551 (2020 \$55,699). The plan had an actuarial deficit of \$3.1 billion at the end of 2021.

**Liability for vacation pay, overtime and other post-employment benefits**

Employees are allowed to carry forward vacation pay and banked overtime which an employee may become entitled to if they were to leave the Town's employment. The liability for these items, to the extent that they have vested and could be taken in cash by an employee on termination, amounted to \$47,623 (2020 \$50,746) at the end of the year. This is reflected as a liability on the consolidated statement of financial position.

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

**Guarantee**

The Town became guarantor for a Provincial Contribution Agreement between Co-Tem Pro Native Non-Profit Housing Inc. (Co-Tem) and the Province of Ontario in March 2010 for the purpose of offering affordable housing for a period of 20 years. The contribution from the Province was \$1,517,500.

# THE CORPORATION OF THE TOWN OF COBALT

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

---

11. **Contingent Liabilities and Commitments - continued**  
**Contaminated and hazardous sites**

The Corporation of the Town of Cobalt has many old mine sites and tailing ponds throughout its municipality. Based on past experience, the Ministry of Northern Development and Mines (MNDM) has always taken responsibility for the costs associated with the remediation of contaminated sites and resolving any issues caused by old mine sites. It is of management's opinion that all contaminated sites have been remedied by MNDM and that the Town is not responsible for future liabilities, if any, related to old mine sites or tailing ponds.

12. **Budget**

The Budget adopted by Council was not prepared on a basis consistent with that used to report actual result according to Public Sector Accounting Standards used on the Consolidated Statement of Operations on page 5. The budget was prepared on a modified accrual basis while Public Sector Accounting Standards now require a full accrual basis. The actual budget is reflected in note 15. It expenses all tangible capital expenditures, does not include amortization expense, reflects proceeds of long-term debt as revenue, principal repayments of long-term debt as an expense and the full proceeds from the sale of tangible capital assets as revenue. As a result, the budget figures presented in the consolidated statements of operations and change in net financial assets represent the financial plan adopted by Council with adjustments as follows:

	<u>2021</u>
Actual budget deficit for the year – note 15	\$ (74,757)
Add: Debt principal repayments	64,330
Investment in tangible capital assets	1,258,007
Less: Estimated amortization	(647,200)
Proceeds from long-term debt	<u>(800,000)</u>
Budget deficit per statement of operations – page 5	<u>\$ (199,620)</u>

13. **Segmented information**

The Corporation of the Town of Cobalt 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**

General government services consists of departments that 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.

# THE CORPORATION OF THE TOWN OF COBALT

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2021

---

13. **Segmented information - continued**

**Protection Services**

Protection services consists of departments that are responsible for the enforcement of laws, prevention of crime, and maintenance of peace, order, and security by protecting life, property and the environment through the provision of emergency response, thus ensuring safe homes and safe communities.

**Transportation Services**

Transportation services consists of departments that are responsible for the delivery of municipal public works services related to planning, design, construction, cleaning, repair, snow removal and signage of roadway systems.

**Environmental Services**

Environmental services include water, sewer, garbage and recycling services. Water and sewer services include the operation and distribution of water and networking of sewer mains and the wetlands. The garbage and recycling services group are responsible for the delivery of municipal services including garbage collection and recycling.

**Health Services**

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

**Social and Family Services**

The Town funds a range of family and social services through the District Social Services Administration Board which includes social housing, childcare and general assistance.

**Recreation and Cultural Services**

Recreation and cultural services consists of departments that are responsible for providing, facilitating the development of, and maintaining high quality parks, recreational facilities, and cultural services.

**Planning and Development Services**

Planning and development services consists of departments that are responsible for preparing land use plans, bylaws and policies for sustainable development of the Town and for reviewing and approving new development.

**THE CORPORATION OF THE TOWN OF COBALT**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

13. **Segmented information – continued**

	General Government Services	Protection Services	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation and Cultural Services	Planning Development Services	Total 2021	Total 2020
<b>Revenues</b>										
Operating revenues										
Municipal taxation	\$ 616,542	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 616,542	\$ 585,868
Water and sewer fees	-	-	-	546,350	-	-	-	-	546,350	548,415
Policing fees	-	378,420	-	-	-	-	-	-	378,420	368,900
User charges	114,886	6,432	984	8,621	1,689	-	55	-	132,667	110,771
Provincial grants	904,300	39,800	-	35,380	-	-	6,242	6,201	991,923	1,032,807
Federal grants	-	-	-	-	-	-	24,656	22,259	46,915	29,717
Revenue from other municipalities	-	-	-	17,731	1,750	-	1,998	-	21,479	24,484
Investment income	2,539	-	-	-	784	-	-	-	3,323	6,354
Penalties and interest on taxes	35,485	-	-	7,500	-	-	-	-	42,985	51,535
Provincial Offences Act revenues	-	14,321	-	-	-	-	-	-	14,321	7,248
Loss on sale of tangible capital asset	-	-	-	-	-	-	-	-	-	(312)
Income (loss) from Government	12,399	-	-	-	-	-	-	-	12,399	(92,375)
Business Partnership	45,198	-	-	-	3,000	-	43,937	-	92,135	76,714
Other	1,731,349	438,973	984	615,582	7,223	-	76,888	28,460	2,899,459	2,750,126
<b>Capital revenues</b>										
Provincial grants	-	-	108,292	53,850	-	-	-	-	162,142	182,090
Federal grants	-	-	-	53,260	-	-	17,583	-	70,843	73,137
<b>Total revenues</b>	<b>1,731,349</b>	<b>438,973</b>	<b>109,276</b>	<b>722,692</b>	<b>7,223</b>	<b>-</b>	<b>94,471</b>	<b>28,460</b>	<b>3,132,444</b>	<b>3,005,353</b>
<b>Expenditures</b>										
Wages and benefits	252,880	46,698	301,624	163,764	2,519	-	92,442	-	859,927	927,939
Long-term debt interest	-	-	3,349	-	-	-	-	-	3,349	870
Materials	119,213	149,007	205,452	105,010	3,384	-	69,478	254	651,798	602,358
Contracted services	238,203	409,172	10,391	430,411	-	-	858	23,607	1,112,642	933,968
Rents and financial expenses	16,164	-	-	-	-	-	5,911	-	22,075	33,273
External transfers	-	-	-	-	147,378	107,778	-	-	255,156	257,137
Amortization	97,829	7,071	134,786	346,990	-	-	59,789	-	646,465	647,221
<b>Total expenditures</b>	<b>724,289</b>	<b>611,948</b>	<b>655,602</b>	<b>1,046,175</b>	<b>153,281</b>	<b>107,778</b>	<b>228,478</b>	<b>23,861</b>	<b>3,551,412</b>	<b>3,402,766</b>
<b>Annual surplus (deficit)</b>	<b>\$ 1,007,060</b>	<b>\$ (172,975)</b>	<b>\$ (546,326)</b>	<b>\$ (323,483)</b>	<b>\$ (146,058)</b>	<b>\$ (107,778)</b>	<b>\$ (134,007)</b>	<b>\$ 4,599</b>	<b>\$ (418,968)</b>	<b>\$ (397,413)</b>

# THE CORPORATION OF THE TOWN OF COBALT

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2021

#### 14. Schedule of tangible capital assets

	Original Cost Dec 31, 2020	Additions	Ending Cost Dec 31, 2021	2021		Ending Accumulated Amortization Dec 31, 2021	Current Amortization Dec 31, 2021	Ending Accumulated Amortization Dec 31, 2021	Net Assets Dec 31, 2021
				Opening Accumulated Amortization Dec 31, 2020	Amortization				
General									
Land improvements	\$ 442,754	\$ -	\$ 442,754	\$ 238,266	\$ 17,710	\$ 255,976	\$ 186,778		
Buildings	15,317,227	125,640	15,442,867	4,898,013	304,465	5,202,478	10,240,389		
Vehicles	465,175	-	465,175	333,796	14,889	348,685	116,490		
Equipment	730,073	5,306	735,379	428,418	51,804	480,222	255,157		
Heavy Equipment	717,159	-	717,159	283,483	23,058	306,541	410,618		
Infrastructure									
Roads	4,687,827	110,199	4,798,026	3,017,513	89,066	3,106,579	1,691,447		
Bridges	311,703	-	311,703	63,658	6,234	69,892	241,811		
Underground networks	7,568,019	-	7,568,019	5,124,887	139,240	5,264,127	2,303,892		
Construction in progress	-	459,090	459,090	-	-	-	459,090		
<b>Total</b>	<b>\$ 30,239,937</b>	<b>\$ 700,235</b>	<b>\$ 30,940,172</b>	<b>\$14,388,034</b>	<b>\$ 646,466</b>	<b>\$ 15,034,500</b>	<b>\$ 15,905,672</b>		

# THE CORPORATION OF THE TOWN OF COBALT

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2021

#### 14. Schedule of tangible capital assets – continued

Schedule of tangible capital assets – continued										2020		
	Opening Cost		Additions	Disposals	Ending Cost Dec 31, 2020	Opening Accumulated Amortization		Accumulated Amortization on Disposals	Current Amortization	Ending Accumulated Amortization Dec 31, 2020	Net Assets Dec 31, 2020	
	Dec 31, 2019					Dec 31, 2019	Dec 31, 2019					
General												
Land improvements	\$	442,754	\$	-	\$	442,754	\$	220,556	\$	17,710	\$	204,488
Buildings		15,062,472		254,755		15,317,227		4,596,060		301,953		10,419,214
Vehicles		419,820		45,355		465,175		318,907		14,889		131,379
Equipment		730,073		-		730,073		369,673		58,745		301,655
Heavy equipment		576,299		231,260		717,159		325,512		23,058		433,676
Infrastructure												
Roads		4,687,827		-		4,687,827		2,932,120		85,393		1,670,314
Bridges		311,703		-		311,703		57,424		6,234		248,045
Underground networks		7,542,963		25,056		7,568,019		4,985,648		139,239		2,443,132
Total	\$	29,773,911	\$	556,426	\$	30,239,937	\$	13,805,900	\$	647,221	\$	15,851,903

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

15. **Budgeting**

The Town budgets to determine an appropriate tax rate based on all budgeted revenues and expenditures.

The consolidated statement of operations on page 5 has been modified here to exclude amortization and to include tangible capital asset expenditures and the principal repayments on long-term debt.

This modified statement of operations (budget based) is consistent with the budget format used and is presented here with the 2021 budget.

<b>REVENUES</b>	2021 Budget	2021 Actual	2020 Actual
Operating revenues			
Municipal taxation	\$ 613,568	\$ 616,542	\$ 585,868
Water and sewer fees	544,337	546,350	548,415
Policing fees	369,495	378,420	368,900
User charges	123,268	132,667	110,771
Provincial grants	982,617	991,923	1,032,807
Federal grants	7,287	46,915	29,717
Revenue from other municipalities	28,248	21,479	24,484
Investment income	2,500	3,323	6,354
Penalties and interest on taxes	28,000	42,985	51,535
Provincial Offences Act revenues	18,832	14,321	7,248
Income (loss) from Government Business Partnership	-	12,399	(92,375)
Other	61,299	92,135	76,714
	<u>2,779,451</u>	<u>2,899,459</u>	<u>2,750,438</u>
Capital revenues			
Provincial grants	371,086	162,142	182,090
Federal grants	133,185	70,843	73,137
Proceeds from long-term debt	800,000	800,000	271,834
Proceeds from sale of tangible capital assets	-	-	25,000
	<u>1,304,271</u>	<u>1,032,985</u>	<u>552,061</u>
Total revenues	<u>4,083,722</u>	<u>3,932,444</u>	<u>3,302,499</u>
<b>EXPENDITURES</b>			
Operating expenditures			
General government	564,257	626,459	635,168
Protection to persons and property	605,343	604,877	530,528
Transportation services	657,661	509,757	499,260
Environmental services	590,381	699,424	666,614
Health services	155,156	153,281	146,769
Social and family services	105,884	107,778	117,492
Recreation and cultural services	131,206	168,687	135,118
Planning and development	26,254	23,861	497
	<u>2,836,142</u>	<u>2,894,124</u>	<u>2,731,446</u>
Capital expenditures	1,258,007	700,235	556,426
Long-term debt repayments	64,330	49,331	41,928
Total expenditures	<u>4,158,479</u>	<u>3,643,690</u>	<u>3,329,800</u>
<b>Surplus (deficit) - full budget based</b>	<u>\$ (74,757)</u>	<u>\$ 288,754</u>	<u>\$ (27,301)</u>

# THE CORPORATION OF THE TOWN OF COBALT

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2021

---

#### 16. Waterworks – Schedule of Operations

This statement is not prepared according to PSAB. It is operational. It excludes amortization, includes capital revenue and expenses, and includes proceeds and repayment of long-term debt.

	2021	2020
<b>Revenue</b>		
Sale of water – Cobalt residents	\$ 378,889	\$ 382,055
Sale of water – Coleman Township	17,731	20,736
Interest charges on collection	7,500	13,409
Provincial grants – capital	53,850	152,292
Federal grants – capital	53,260	48,081
Total revenue	<u>511,230</u>	<u>616,573</u>
<b>Expenditures</b>		
Salaries and benefits	112,072	170,812
Materials, supplies and utilities	97,579	91,207
Contracted services	152,865	120,272
Capital expenditures	108,058	224,957
Total expenditures	<u>470,574</u>	<u>607,248</u>
<b>Annual surplus</b>	40,656	9,325
Accumulated surplus, beginning of year	<u>245,968</u>	<u>236,643</u>
<b>Accumulated surplus, end of year</b>	<u>\$ 286,624</u>	<u>\$ 245,968</u>



# THE CORPORATION OF THE TOWN OF COBALT

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2021

#### 17. Sewer (Wetlands) – Schedule of Operations

This statement is not prepared according to PSAB. It is operational. It excludes amortization, includes capital revenue and expenses, and includes proceeds and repayment of long-term debt.

	2021	2020
<b>Revenue</b>		
Sewer (Wetlands) user fees	\$ 167,462	\$ 166,359
Federal grants – capital	-	25,056
Total revenue	167,462	191,415
<b>Expenditures</b>		
Salaries and benefits	51,693	62,726
Materials, supplies and utilities	7,669	5,301
Contracted services	82,101	27,247
Capital expenditures	-	25,056
Total expenditures	141,463	120,330
<b>Annual surplus</b>	25,999	71,085
Accumulated surplus, beginning of year	430,648	359,563
<b>Accumulated surplus, end of year</b>	<b>\$ 456,647</b>	<b>\$ 430,648</b>
Accumulated surplus is made up of:	2021	2020
Operating surplus	\$ 456,647	\$ 383,570
Reserves	-	47,078
	<b>\$ 456,647</b>	<b>\$ 430,648</b>

## **COMPILATION ENGAGEMENT REPORT**

To the Members of Council, Inhabitants  
and Ratepayers of the Corporation  
of the TOWN OF COBALT:

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 TOWN OF COBALT 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

Licensed Public Accountants  
New Liskeard, Ontario  
September 6, 2022

*Kemp Elliott & Blair LLP*

Chartered Professional Accountants

(Unaudited – See Notice to Reader)

**THE CORPORATION OF THE TOWN OF COBALT****PERPETUAL CARE CEMETERY TRUST FUNDS****STATEMENT OF FINANCIAL POSITION****AS AT DECEMBER 31, 2021**

	2021	2020
<b>FINANCIAL ASSETS</b>		
Short-term investments	\$ 30,067	\$ 29,324
<b>LIABILITIES</b>		
Due to the Corporation of the Town of Cobalt	435	42
<b>FUND BALANCE</b>	\$ 29,632	\$ 29,282

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

	2021	2020
Fund balance, beginning of year	\$ 29,282	\$ 28,372
Capital receipts	350	910
<b>Fund balance, end of year</b>	\$ 29,632	\$ 29,282

**NOTES TO THE FINANCIAL STATEMENTS****1. Basis of accounting**

The accompanying compiled financial information has been prepared on the historical cost basis, reflecting cash transactions with the addition of:

- short-term investments recorded at cost plus accrued income
- amounts due to the Town of Cobalt as at the reporting date

**2. Interest**

Interest earned by the Perpetual Care Cemetery Trust Funds is recorded as revenue by the Town and is not reflected in this statement.