

**CONSOLIDATED FINANCIAL REPORT**

**THE CORPORATION OF THE  
TOWN OF COBALT**

**DISTRICT OF TIMISKAMING**

**YEAR ENDED DECEMBER 31, 2022**

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## 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, 2022, and the consolidated 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 consolidated financial statements present fairly, in all material respects, the financial position of the Corporation of the Town of Cobalt as at December 31, 2022, 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  
July 18, 2023

Chartered Professional Accountants

# THE CORPORATION OF THE TOWN OF COBALT

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2022

### FINANCIAL ASSETS

	2022	2021
Cash	\$ 703,467	\$ 1,407,562
Taxes receivable	394,981	320,792
Accounts receivable	237,481	135,211
	<u>1,335,929</u>	<u>1,863,565</u>

### LIABILITIES

Accounts payable and accrued liabilities	454,256	427,625
Deferred revenue – other – note 5	147,116	120,081
Deferred revenue – obligatory reserve funds – note 6	107,326	112,982
Municipal debt – note 7	981,475	1,041,870
Deficiency in Government Business Partnership – note 8	-	364,016
	<u>1,690,173</u>	<u>2,066,574</u>

### NET DEBT

(354,244)                      (203,009)

### NON-FINANCIAL ASSETS

Inventories of supplies	99,564	72,309
Tangible capital assets – note 15	15,936,924	15,905,672
	<u>16,036,488</u>	<u>15,977,981</u>


### ACCUMULATED SURPLUS – note 10


\$ 15,682,244                      \$ 15,774,972

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, 2022

REVENUES	2022 Budget (Note 12)	2022 Actual	2021 Actual
Operating revenues			
Municipal taxation	\$ 632,667	\$ 633,310	\$ 616,542
Water and sewer user fees	518,366	516,255	546,350
Policing fees	358,190	359,615	378,420
User charges	174,431	181,611	132,667
Provincial grants	935,542	991,589	991,923
Federal grants	45,970	79,691	46,915
Revenue from other municipalities	19,998	17,661	21,479
Investment income	3,500	16,058	3,323
Penalties and interest on taxes	36,000	55,982	42,985
Provincial Offences Act revenues	14,321	43	14,321
Land sales	15,000	2,000	-
Income from Government Business Partnership	-	-	12,399
Gain on sale of Government Business Partnership – note 8	-	364,067	-
Other	96,325	164,177	92,135
	<u>2,850,310</u>	<u>3,382,059</u>	<u>2,899,459</u>
Capital revenues			
Provincial grants	431,654	249,794	162,142
Federal grants	276,995	190,477	70,843
	<u>708,649</u>	<u>440,271</u>	<u>232,985</u>
Total revenues	<u>3,558,959</u>	<u>3,822,330</u>	<u>3,132,444</u>
<b>EXPENDITURES</b>			
General government	713,725	787,133	718,777
Protection to persons and property	564,063	558,612	611,948
Transportation services	844,790	753,329	655,602
Environmental services	946,979	1,235,820	1,046,175
Health services	158,775	157,830	153,281
Social and family services	104,806	107,057	107,778
Recreation and cultural services	190,334	232,554	223,256
Planning and development	106,463	82,723	29,373
Total expenditures	<u>3,629,935</u>	<u>3,915,058</u>	<u>3,546,190</u>
<b>ANNUAL DEFICIT</b>	(70,976)	(92,728)	(413,746)
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<u>15,774,972</u>	<u>15,774,972</u>	<u>16,188,718</u>
<b>ACCUMULATED SURPLUS, END OF YEAR – note 10</b>	<u>\$ 15,703,996</u>	<u>\$ 15,682,244</u>	<u>\$ 15,774,972</u>

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 DEBT

FOR THE YEAR ENDED DECEMBER 31, 2022

	2022 Budget (Note 12)	2022 Actual	2021 Actual
<b>ANNUAL DEFICIT</b>	\$ (70,976)	\$ (92,728)	\$ (413,746)
Acquisition of tangible capital assets	(1,044,997)	(694,065)	(700,235)
Amortization of tangible capital assets	647,000	662,813	646,466
Consumption (acquisition) of inventories of supplies	-	(27,255)	10,820
Increase in net debt	(468,973)	(151,235)	(456,695)
Net financial assets (debt), beginning of year	(203,009)	(203,009)	253,686
<b>NET DEBT, END OF YEAR</b>	<b>\$ (671,982)</b>	<b>\$ (354,244)</b>	<b>\$ (203,009)</b>

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, 2022

OPERATIONS	2022	2021
Annual deficit	\$ (92,728)	\$ (413,746)
Charges not affecting cash –		
Amortization of tangible capital assets	662,813	646,466
Gain on disposal of Government Business Partnership	(364,067)	-
Income from Government Business Partnership	-	(12,399)
	<u>206,018</u>	<u>220,321</u>
Other sources (uses) of cash –		
Change in taxes receivable	(74,189)	(89,627)
Change in accounts receivable	(102,270)	8,626
Change in inventories of supplies	(27,255)	10,820
Change in accounts payable and accrued liabilities	26,631	33,080
Change in deferred revenue – other	27,035	(70,144)
Change in deferred revenue – obligatory reserve funds	(5,656)	46,036
	<u>(155,704)</u>	<u>(61,209)</u>
Total cash provided by operations	<u>50,314</u>	<u>159,112</u>
<b>CAPITAL TRANSACTIONS</b>		
Acquisition of tangible capital assets	<u>(694,065)</u>	<u>(700,235)</u>
<b>INVESTING TRANSACTIONS</b>		
Proceeds from sale of Government Business Partnership	<u>51</u>	<u>-</u>
<b>FINANCING TRANSACTIONS</b>		
Proceeds from municipal debt	-	800,000
Repayment of municipal debt	<u>(60,395)</u>	<u>(49,331)</u>
Total cash provided by (used for) financing transactions	<u>(60,395)</u>	<u>750,669</u>
<b>INCREASE (DECREASE) IN CASH</b>	<u>(704,095)</u>	<u>209,546</u>
Cash, beginning of year	<u>1,407,562</u>	<u>1,198,016</u>
<b>CASH, END OF YEAR</b>	<u>\$ 703,467</u>	<u>\$ 1,407,562</u>
<b>REPRESENTED BY</b>		
Cash	<u>\$ 703,467</u>	<u>\$ 1,407,562</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, 2022

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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.

#### **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, 2022

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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 \$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.

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, 2022

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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, 2022

2. **Operations of school boards**

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

	<u>2022</u>	<u>2021</u>
	\$ 82,349	\$ 83,043

3. **Contributions to Joint Boards**

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

	<u>2022</u>	<u>2021</u>
Timiskaming Health Unit	\$ 54,611	\$ 53,540
District of Timiskaming Social Services Administration Board	\$ 203,084	\$ 201,616
Tri-Town Transit System	\$ 50,413	\$ 42,881

4. **Revolving line of credit**

The Town has a \$250,000 business operating line negotiated with CIBC with a balance outstanding of \$nil (2021 \$nil). Interest is at bank prime plus 0.5% (currently 6.95%).

5. **Deferred revenue – other**

Deferred revenue – other consists of the following:

	<u>December 31 2021</u>	<u>Funds Received</u>	<u>Revenue Earned</u>	<u>December 31 2022</u>
Provincial government	\$ 120,081	\$ 357,563	\$ 335,841	\$ 141,803
Federal government	-	70,000	64,687	5,313
	<u>\$ 120,081</u>	<u>\$ 427,563</u>	<u>\$ 400,528</u>	<u>\$ 147,116</u>

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

Deferred revenue – obligatory reserve funds consist of the following:

	<u>December 31 2021</u>	<u>Funds Received</u>	<u>Revenue Earned</u>	<u>December 31 2022</u>
Federal Gas Tax	\$ 112,982	\$ 72,620	\$ 78,276	\$ 107,326

# THE CORPORATION OF THE TOWN OF COBALT

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2022

#### 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.

	<u>2022</u>	<u>2021</u>
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.	\$ 768,636	\$ 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.	184,361	205,963
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.	<u>28,478</u>	<u>35,907</u>
	<u>\$ 981,475</u>	<u>\$ 1,041,870</u>

Principal payments are due as follows:

2023	\$ 61,485
2024	62,598
2025	63,736
2026	63,660
2027	58,658
2028 +	<u>671,338</u>
	<u>\$ 981,475</u>

Total interest paid during the year on the long-term debt is \$22,436 (2021 \$3,349).

#### 8. Government Business Partnership

The Corporation of the Town of Cobalt sold their 51 shares of the Corporation Solaire Cobalt Solar Inc. to Énergie Kapuskasing Energy Inc. for \$51. The gain on sale included on the Consolidated Statement of Operations represents the reversal of the accumulated losses that were reported in previous years.

# THE CORPORATION OF THE TOWN OF COBALT

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2022

9. **Trust funds**

Trust funds administered by the Town amounting to \$30,312 (2021 \$29,632) 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.

	2022	2021
Reserves, surpluses and deficits		
Working capital reserve	\$ 181,732	\$ 181,732
Fire reserve	10,000	-
Recreation reserve	-	12,164
Library reserve	18,075	18,075
Safe Restart funding reserve	-	7,546
General municipal surplus (deficit)	(310,966)	166,693
Government Business Partnership deficit	-	(364,016)
Library surplus	44,430	30,039
Cemetery surplus	50,979	43,357
Sewer (wetlands) surplus – note 18	486,503	456,647
Waterworks surplus – note 17	146,478	286,624
	<u>627,231</u>	<u>838,861</u>
Amounts to be recovered		
Unfinanced municipal debt	<u>(981,475)</u>	<u>(1,041,870)</u>
Net debt	<u>(354,244)</u>	<u>(203,009)</u>
Non-financial assets		
Inventories of supplies	99,564	72,309
Invested in tangible capital assets	<u>15,936,924</u>	<u>15,905,672</u>
	<u>16,036,488</u>	<u>15,977,981</u>
<b>Accumulated surplus</b>	<u>\$ 15,682,244</u>	<u>\$ 15,774,972</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 Debt for the year.

# THE CORPORATION OF THE TOWN OF COBALT

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2022

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#### 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 2022 were \$57,839 (2021 \$52,551). The plan had an actuarial deficit of \$6.7 billion at the end of 2022.

##### **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 \$50,226 (2021 \$47,623) 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.

##### **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.



# THE CORPORATION OF THE TOWN OF COBALT

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2022

#### 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 16. 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>2022</u>
Actual budget deficit for the year – note 16	\$ (192,458)
Add: Repayment of long-term debt	60,396
Investment in tangible capital assets	1,044,997
Less: Estimated amortization	(647,000)
Proceeds from long-term debt	<u>(336,911)</u>
Budget deficit per statement of operations – page 5	<u>\$ (70,976)</u>

#### 13. Prior period adjustment

The comparative figures have been retroactively restated to correct an error which occurred in 2021. The library overestimated the penalties and interest accrual related to late payments of payroll remittances by \$5,222. As a result, December 31, 2021 figures, presented for comparative purposes, have been restated from those previously reported as follows:

	As previously reported	Increase (decrease)	As restated
<b>Statement of Financial Position</b>			
Accounts payable and accrued liabilities	\$ 432,847	\$ (5,222)	\$ 427,625
Net debt	(208,231)	5,222	(203,009)
Accumulated surplus	15,769,750	5,222	15,774,972
<b>Statement of Change in Net Debt</b>			
Annual deficit	(418,968)	5,222	(413,746)
Decrease in net debt	(461,917)	5,222	(456,695)
Balance, end of year	(208,231)	5,222	(203,009)
<b>Statement of Operations</b>			
Recreation and cultural services	228,478	(5,222)	223,256
Annual deficit	(418,968)	5,222	(413,746)
Accumulated surplus	15,769,750	5,222	15,774,972

# THE CORPORATION OF THE TOWN OF COBALT

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2022

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#### 14. **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.

#### **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, 2022**

	2022						
	Opening Cost Dec 31, 2021	Additions	Ending Cost Dec 31, 2022	Opening Accumulated Amortization Dec 31, 2021	Current Amortization Dec 31, 2022	Ending Accumulated Amortization Dec 31, 2022	Net Assets Dec 31, 2022
<b>15. Schedule of tangible capital assets</b>							
General							
Land improvements	\$ 442,754	\$ 277,606	\$ 720,360	\$ 255,976	\$ 26,303	\$ 282,279	\$ 438,081
Buildings	15,442,867	23,842	15,466,709	5,202,478	304,942	5,507,420	9,959,289
Vehicles	465,175	-	465,175	348,685	14,743	363,428	101,747
Equipment	735,379	19,538	754,917	480,222	53,753	533,975	220,942
Heavy Equipment	717,159	-	717,159	306,541	23,058	329,599	387,560
Infrastructure							
Roads	4,798,026	164,259	4,962,285	3,106,579	94,541	3,201,120	1,761,165
Bridges	311,703	-	311,703	69,892	6,234	76,126	235,577
Underground networks	7,568,019	-	7,568,019	5,264,127	139,239	5,403,366	2,164,653
Assets under construction	459,090	208,820	667,910	-	-	-	667,910
<b>Total</b>	<b>\$ 30,940,172</b>	<b>\$ 694,065</b>	<b>\$ 31,634,237</b>	<b>\$ 15,034,500</b>	<b>\$ 662,813</b>	<b>\$ 15,697,313</b>	<b>\$ 15,936,924</b>

**THE CORPORATION OF THE TOWN OF COBALT**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

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

	2021						Net Assets Dec 31, 2021
	Opening Cost Dec 31, 2020	Additions	Ending Cost Dec 31, 2021	Opening Accumulated Amortization Dec 31, 2020	Current Amortization Dec 31, 2021	Ending Accumulated Amortization Dec 31, 2021	
<b>General</b>							
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
<b>Infrastructure</b>							
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
Assets under construction	-	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>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

16. **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 2022 budget.

<b>REVENUES</b>	2022	2022	2021
	Budget	Actual	Actual
Operating revenues			
Municipal taxation	\$ 632,667	\$ 633,310	\$ 616,542
Water and sewer user fees	518,366	516,255	546,350
Policing fees	358,190	359,615	378,420
User charges	174,431	181,611	132,667
Provincial grants	935,542	991,589	991,923
Federal grants	45,970	79,691	46,915
Revenue from other municipalities	19,998	17,661	21,479
Investment income	3,500	16,058	3,323
Penalties and interest on taxes	36,000	55,982	42,985
Provincial Offences Act revenues	14,321	43	14,321
Land sales	15,000	2,000	-
Gain on sale of Government Business Partnership	-	364,067	-
Income from Government Business Partnership	-	-	12,399
Other	96,325	164,177	92,135
	<u>2,850,310</u>	<u>3,382,059</u>	<u>2,899,459</u>
Capital revenues			
Provincial grants	431,654	249,794	162,142
Federal grants	276,995	190,477	70,843
Proceeds from long-term debt	336,911	-	800,000
	<u>1,045,560</u>	<u>440,271</u>	<u>1,032,985</u>
Total revenues	<u>3,895,870</u>	<u>3,822,330</u>	<u>3,932,444</u>
<b>EXPENDITURES</b>			
Operating expenditures			
General government	615,725	689,310	620,947
Protection to persons and property	557,063	551,541	604,877
Transportation services	709,790	625,875	509,757
Environmental services	599,979	898,480	699,424
Health services	158,775	157,830	153,281
Social and family services	104,806	107,057	107,778
Recreation and cultural services	130,334	166,683	163,465
Planning and development	106,463	82,723	29,373
	<u>2,982,935</u>	<u>3,279,499</u>	<u>2,888,902</u>
Capital expenditures	1,044,997	694,065	700,235
Long-term debt repayments	60,396	60,395	49,331
Total expenditures	<u>4,088,328</u>	<u>4,033,959</u>	<u>3,638,468</u>
<b>Surplus (deficit) - full budget based</b>	<u>\$ (192,458)</u>	<u>\$ (211,629)</u>	<u>\$ 293,976</u>

# THE CORPORATION OF THE TOWN OF COBALT

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2022

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#### 17. 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.

	<u>2022</u>	<u>2021</u>
<b>Revenue</b>		
Sale of water – Cobalt residents	\$ 358,090	\$ 378,889
Sale of water – Coleman Township	13,911	17,731
Interest charges on collection	12,590	7,500
Provincial grants – capital	23,713	53,850
Federal grants – capital	-	53,260
Total revenue	<u>408,304</u>	<u>511,230</u>
<b>Expenditures</b>		
Salaries and benefits	86,049	112,072
Materials, supplies and utilities	181,613	97,579
Contracted services	256,945	152,865
Capital expenditures	<u>23,843</u>	<u>108,058</u>
Total expenditures	<u>548,450</u>	<u>470,574</u>
<b>Annual surplus (deficit)</b>	(140,146)	40,656
Accumulated surplus, beginning of year	<u>286,624</u>	<u>245,968</u>
<b>Accumulated surplus, end of year</b>	<u>\$ 146,478</u>	<u>\$ 286,624</u>

# THE CORPORATION OF THE TOWN OF COBALT

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2022

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#### 18. 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.

	<u>2022</u>	<u>2021</u>
<b>Revenue</b>		
Sewer (Wetlands) user fees	\$ 158,164	\$ 167,462
Provincial grants – operating	67,547	-
Provincial grants – capital	<u>123,483</u>	<u>-</u>
Total revenue	<u>349,194</u>	<u>167,462</u>
<b>Expenditures</b>		
Salaries and benefits	67,948	51,693
Materials, supplies and utilities	5,643	7,669
Contracted services	120,213	82,101
Capital expenditures	<u>125,534</u>	<u>-</u>
Total expenditures	<u>319,338</u>	<u>141,463</u>
<b>Annual surplus</b>	29,856	25,999
Accumulated surplus, beginning of year	<u>456,647</u>	<u>430,648</u>
<b>Accumulated surplus, end of year</b>	<u>\$ 486,503</u>	<u>\$ 456,647</u>



## **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, 2022 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

*Kemp Elliott & Blair LLP*

Chartered Professional Accountants

Licensed Public Accountants  
New Liskeard, Ontario  
July 18, 2023

# THE CORPORATION OF THE TOWN OF COBALT

## PERPETUAL CARE CEMETERY TRUST FUNDS

### STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2022

	2022	2021
<b>FINANCIAL ASSETS</b>		
Short-term investments	\$ 30,067	\$ 30,067
Due from the Corporation of the Town of Cobalt	245	-
	<u>30,312</u>	<u>30,067</u>
<b>LIABILITIES</b>		
Due to the Corporation of the Town of Cobalt	-	435
	<u>-</u>	<u>435</u>
<b>FUND BALANCE</b>	<u>\$ 30,312</u>	<u>\$ 29,632</u>

### STATEMENT OF CONTINUITY

FOR THE YEAR ENDED DECEMBER 31, 2022

	2022	2021
Fund balance, beginning of year	\$ 29,632	\$ 29,282
Capital receipts	680	350
	<u>30,312</u>	<u>29,632</u>
<b>Fund balance, end of year</b>	<u>\$ 30,312</u>	<u>\$ 29,632</u>

### 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/from 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.