

**The Corporation of the  
Town of Fort Frances  
Consolidated Financial Statements  
For the year ended December 31, 2021**

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## **The Corporation of the Town of Fort Frances Management's Responsibility for the Consolidated Financial Statements**

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The accompanying consolidated financial statements of the Corporation of the Town of Fort Frances and all the information in this annual report are the responsibility of management and have been approved by the Mayor and Treasurer on behalf of Council.

The consolidated financial statements have been prepared by management in accordance with Public Sector Accounting Principles. The consolidated financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the consolidated financial statements are presented fairly, in all material respects.

The Town maintains systems of internal accounting and administrative controls of high quality consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the Town's assets are appropriately accounted for and adequately safeguarded.

The Town Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements.

The Council reviews the Town's consolidated financial statements and meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the annual report, the consolidated financial statements and the external auditor's report.

The consolidated financial statements have been audited by BDO Canada LLP in accordance with Canadian generally accepted auditing standards on behalf of the members. BDO Canada LLP have full and free access to Council.

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\_\_\_\_\_ Mayor

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\_\_\_\_\_ Treasurer

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## Independent Auditor's Report

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To the Mayor and Councilors of  
The Corporation of the Town of Fort Frances

### Opinion

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Municipality as at December 31, 2021, and its results of operations, its change in net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### Basis for Opinion

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

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

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

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

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

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

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

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- 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 Municipality'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 Municipality's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Municipality to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

Chartered Professional Accountants, Licensed Public Accountants

Fort Frances, Ontario

May 24, 2022

## The Corporation of the Town of Fort Frances Consolidated Statement of Financial Position

December 31	2021	2020
<b>Financial assets</b>		
Cash and cash equivalents (Note 1)	\$ 3,047,077	\$ 3,775,621
Taxes receivable	110,807	241,340
Accounts receivable	5,496,893	3,818,960
Investments (Note 2)	17,078,042	15,067,063
Investment in government business enterprises (Note 3)	6,494,603	6,355,014
Loans receivable (Note 4)	-	105,555
	<u>32,227,422</u>	<u>29,363,553</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	3,048,786	4,174,500
Deferred revenue (Note 6)	1,084,993	433,919
Net long-term debt (Note 7)	315,410	630,820
Solid waste closure and post-closure liabilities (Note 8)	967,937	944,577
Post-employment benefits liabilities (Note 9)	156,435	175,373
	<u>5,573,561</u>	<u>6,359,189</u>
<b>Net financial assets</b>	<u>26,653,861</u>	<u>23,004,364</u>
<b>Non-financial assets</b>		
Tangible capital assets (Note 10)	105,766,828	103,824,693
Tangible capital assets under construction	32,668	1,122,788
Land held for sale	1,453,664	-
Inventory of supplies	428,820	423,269
Prepaid expenses	352,457	348,868
	<u>108,034,437</u>	<u>105,719,618</u>
<b>Accumulated surplus (Note 11)</b>	<u>\$ 134,688,298</u>	<u>\$ 128,723,982</u>
<b>Contingent liabilities (Note 16)</b>		
_____ Mayor		
_____ Treasurer		

## The Corporation of the Town of Fort Frances Consolidated Statement of Operations

For the year ended December 31	Budget 2021	2021	2020
<b>Revenue</b>			
Taxation	\$ 12,267,293	\$ 12,352,860	\$ 11,330,312
Government transfers - Federal (Note 12)	918,791	1,362,860	1,065,608
Government transfers - Provincial (Note 13)	10,817,102	7,165,829	8,016,916
User fees and service charges	7,436,000	8,014,359	7,244,515
Permits, licenses and fines	52,938	47,199	45,579
Investment income	75,500	129,812	277,291
Income from government business enterprises (Note 3)	-	139,589	146,525
Municipal accommodation taxation	180,000	189,485	184,035
Other income (Note 14)	495,789	1,479,590	353,077
	<u>32,243,413</u>	<u>30,881,583</u>	<u>28,663,858</u>
<b>Expenses</b>			
General government	2,272,475	2,876,467	2,537,828
Protection services	4,302,015	4,562,694	4,369,215
Transportation services	4,994,621	5,279,519	5,092,733
Environmental services	5,850,757	5,258,309	5,196,293
Health services	2,805,539	1,752,688	1,717,651
Social and family services	155,931	260,454	261,405
Social housing	-	682,780	699,732
Recreation and cultural services	4,060,505	3,844,832	3,572,455
Planning and development	437,720	399,524	532,280
	<u>24,879,563</u>	<u>24,917,267</u>	<u>23,979,592</u>
<b>Annual surplus</b>	<u>7,363,850</u>	<u>5,964,316</u>	<u>4,684,266</u>
<b>Accumulated surplus, beginning of year</b>	<u>128,723,982</u>	<u>128,723,982</u>	<u>124,039,716</u>
<b>Accumulated surplus, end of year</b>	<u>\$136,087,832</u>	<u>\$134,688,298</u>	<u>\$128,723,982</u>

The accompanying summary of significant accounting policies and notes are an integral part of these consolidated financial statements.

## The Corporation of the Town of Fort Frances Consolidated Statement of Change in Net Financial Assets

For the year ended December 31	Budget 2021	2021	2020
<b>Annual surplus</b>	<b>\$ 7,363,850</b>	<b>\$ 5,964,316</b>	<b>\$ 4,684,266</b>
Acquisition of tangible capital assets	(13,299,819)	(6,677,144)	(8,867,446)
Amortization of tangible capital assets	4,900,000	4,729,809	4,663,034
Loss (gain) on disposal of tangible capital assets	-	(32,800)	696,388
Proceeds on disposal of tangible capital assets	-	42,123	324,640
Loss (gain) on disposal of land held for sale	-	(1,457,787)	(271,708)
Acquisition of tangible capital assets under construction	-	1,090,120	(949,618)
	(1,035,969)	3,658,637	279,556
Acquisition of prepaid expenses and inventory of supplies	-	(9,140)	(73,516)
<b>Net change in net financial assets</b>	<b>(1,035,969)</b>	<b>3,649,497</b>	<b>206,040</b>
<b>Net financial assets, beginning of year</b>	<b>23,004,364</b>	<b>23,004,364</b>	<b>22,798,324</b>
<b>Net financial assets, end of year</b>	<b>\$ 21,968,395</b>	<b>\$ 26,653,861</b>	<b>\$ 23,004,364</b>



## The Corporation of the Town of Fort Frances Consolidated Statement of Cash Flows

For the year ended December 31	2021	2020
<b>Operating transactions</b>		
Annual surplus	\$ 5,964,316	\$ 4,684,266
Items not involving cash		
Loss (income) from government business enterprises	(139,589)	(146,525)
Amortization of tangible capital assets	4,729,809	4,663,034
Loss (gain) on disposal of tangible capital assets	(32,800)	696,388
Loss (gain) on disposal of land held for sale	(4,123)	(271,708)
Changes in non-cash operating balances		
Taxes receivable	130,533	90,580
Accounts receivable	(1,677,933)	(514,989)
Loans receivable	105,555	72,222
Inventory of supplies	(5,551)	1,532
Prepaid expenses	(3,589)	(75,048)
Accounts payable and accrued liabilities	(1,125,714)	839,121
Deferred revenue	651,074	34,262
Solid waste closure and post-closure liabilities	23,360	23,360
Post-employment benefits	(18,938)	(18,056)
	<u>8,596,410</u>	<u>10,078,439</u>
<b>Capital transactions</b>		
Acquisition of tangible capital assets	(6,677,144)	(8,867,446)
Proceeds on disposal of tangible capital assets	42,123	324,640
Acquisition of tangible capital assets under construction	1,090,120	(949,618)
	<u>(5,544,901)</u>	<u>(9,492,424)</u>
<b>Investing transactions</b>		
Decrease (increase) in investments	(2,010,979)	(4,086,551)
Acquisition of land assets held for sale	(1,453,664)	-
	<u>(3,464,643)</u>	<u>(4,086,551)</u>
<b>Financing transactions</b>		
Repayment of long-term debt	(315,410)	(315,410)
<b>Net change in cash and cash equivalents</b>	<u>(728,544)</u>	<u>(3,815,946)</u>
<b>Cash and cash equivalents, beginning of year</b>	<u>3,775,621</u>	<u>7,591,567</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 3,047,077</u>	<u>\$ 3,775,621</u>

The accompanying summary of significant accounting policies and notes are an integral part of these consolidated financial statements.

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## The Corporation of the Town of Fort Frances Summary of Significant Accounting Policies

December 31, 2021

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**Management's  
Responsibility for the  
Consolidated Financial  
Statements**

The consolidated financial statements of the Corporation of the Town of Fort Frances are the representations of management. They have been prepared in accordance with Canadian accounting principles established by the Public Sector Accounting Board of CPA Canada.

**Basis of Accounting**

The consolidated financial statements of the Corporation of the Town of Fort Frances are the representations of management. They have been prepared in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board of CPA Canada.

Revenues and expenditures are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

The consolidated statement of financial position reflects all of the financial assets and liabilities of the Municipality. Financial assets are those assets which could provide resources to discharge existing liabilities or finance future operations. 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. Accumulated surplus represents the financial position of the Municipality, and is the difference between its' assets and liabilities. This provides information about the Municipality's overall future revenue requirements and its' ability to finance activities and to meet its' obligations.

**Basis of Consolidation**

The consolidated financial statements reflect the assets, liabilities, revenue and expenses of all municipal Organizations, committees and boards which are owned or controlled by the Municipality. All interfund assets and liabilities and revenues and expenditures have been eliminated on consolidation.

The following boards and municipal enterprises owned or controlled by Council have been consolidated:

Library Board  
Waterworks  
Business Improvement Area

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## The Corporation of the Town of Fort Frances Summary of Significant Accounting Policies

December 31, 2021

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### Basis of Consolidation (continued)

A government partnership exists where the Municipality has shared control over the board or entity. The Municipality's pro-rata share of the assets, liabilities, revenues and expenditures are reflected in the consolidated financial statements using the proportionate consolidation method. No proportionate interest or government partnerships are reflected in the consolidated financial statements.

The following boards are not consolidated:

Northwestern Health Unit  
Rainy River District Social Services Administration Board

Government business enterprises are separate legal entities which do not rely on the Municipality for funding. The Municipality's government business enterprises consist of investments in Fort Frances Power Corporation and Fort Frances Network Services Corporation. These investments are accounted for using the modified equity basis of accounting. Under this method, the government business enterprise's accounting policies, which follow Canadian generally accepted accounting principles for publicly accountable enterprises, are not adjusted to conform with Public Sector Accounting Standards and inter-entity transactions and balances are not eliminated.

### Cash and Cash Equivalents

Management considers all highly liquid investments with maturity of three months or less at acquisition to be cash equivalents.

### Inventory

Inventory of supplies is recorded at the lower of cost or net replacement value.

### Investments

The Municipality accounts for its' investments at cost. The carrying value of an investment is written down to its net recoverable amount if a decline in value is judged to be other than temporary.

### Loans Receivable

Loans receivable are reported on the Municipality's consolidated statement of financial position at the lower of cost and net recoverable value.

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## The Corporation of the Town of Fort Frances Summary of Significant Accounting Policies

December 31, 2021

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### **Tangible Capital Assets**

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset commencing once the asset is available for productive use as follows:

Land improvements	40 years
Buildings	40 years
Machinery and equipment	10 to 15 years
Roads and bridges	15 to 80 years
Water infrastructure	40 to 80 years
Sewer infrastructure	40 to 80 years
Vehicles	7 to 12 years
Computer hardware and software	5 years

### **Revenue Recognition**

Taxes are recorded at estimated amounts when they meet the definition of an asset, have been authorized and the taxable event occurs. For property taxes, the taxable event is the period for which the tax is levied. As taxes recorded are initially based on management's best estimate of the taxes that will be received, it is possible that changes in future conditions, such as reassessments due to audits, appeals and court decisions, could result in a change in the amount of tax revenue recognized. Taxes receivable are recognized net of an allowance for anticipated uncollectable amounts. Taxation revenue is initially recognized based on management's best estimate of the taxes that will be received. However, the total amount of tax revenue recognized may change due to future reassessments such as audits, appeals and court decisions.

User fees and other revenues are recognized when the services are performed or goods are delivered and there is reasonable assurance of collection.

### **Government Transfers**

Government transfers, which include legislative grants, are recognized as revenue on the consolidated financial statements when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. When transfer stipulations give rise to a liability, government transfers are recognized as deferred revenue and recognized as revenue when the stipulations are settled.

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## The Corporation of the Town of Fort Frances Summary of Significant Accounting Policies

December 31, 2021

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

**Retirement Benefits  
and Other Employee  
Benefit Plans**

The Municipality is an employer member of the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer, defined benefit pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of the benefits. The Municipality has adopted defined contribution plan accounting principles for this Plan because insufficient information is available to apply defined benefit plan accounting principles. The Municipality records as pension expense the current service cost, amortization of past service costs and interest costs related to the future employer contributions to the Plan for past employee service.

**School Boards**

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

**Use of Estimates**

The preparation of consolidated financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

The estimates used in preparation of these consolidated financial statements are the useful lives of property, plant and equipment, the capacity of the landfill site, the useful life of the landfill site, the closure and post-closure costs of the landfill, the present value of the Municipality's employee post-retirement benefits and taxation revenue.

**Trust Funds**

Trust Funds held in trust by the Municipality, and their related operations, are not included in these consolidated financial statements. The financial activity and position of the Trust Funds are reported separately on the Trust Funds statement of continuity and balance sheet.

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## The Corporation of the Town of Fort Frances Notes to Consolidated Financial Statements

December 31, 2021

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### 1. Cash and Cash Equivalents

The balance of cash and cash equivalents reported on the consolidated statement of financial position is made up of the following:

	2021	2020
Unrestricted	\$ 598,103	\$ 2,393,749
Restricted by Council resolution	2,448,974	1,381,872
	<u>\$ 3,047,077</u>	<u>\$ 3,775,621</u>

Certain surplus funds are set aside by by-laws or Council resolution for specific purposes and referred to as reserve funds. Cash and cash equivalents restricted by Council resolution represent assets that are maintained in respect of those reserve funds (Note 11).

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### 2. Investments

	2021	2020
Investments restricted by Council resolution		
GIC's, 2.25% annual interest rate	\$ 340,305	\$ 334,110
GIC's, 1.35% annual interest rate	-	6,060,750
Interest bearing savings account, prime -1.54%	16,727,736	8,662,202
Non-interest bearing savings account	10,001	10,001
	<u>\$ 17,078,042</u>	<u>\$ 15,067,063</u>

The income from investments for the year was \$106,318 (2020 - \$214,396).

Certain surplus funds are set aside by by-laws or Council resolution for specific purposes and referred to as reserve funds. Investments restricted by Council resolution represent assets that are maintained in respect of those reserve funds (Note 11).

## The Corporation of the Town of Fort Frances Notes to Consolidated Financial Statements

**December 31, 2021**

### 3. Investment in Government Business Enterprises

	2021	2020
Fort Frances Power Corporation	\$ 6,447,245	\$ 6,304,911
Fort Frances Network Services Corporation	47,358	50,103
	<u>\$ 6,494,603</u>	<u>\$ 6,355,014</u>

Income from government business enterprises for the year was \$139,589 (2020 - \$146,525).

#### Fort Frances Power Corporation

Fort Frances Power Corporation is a Corporation that was created for the purpose of distributing electrical power to the Town of Fort Frances. The Municipality holds 100% of the common shares of Fort Frances Power Corporation. The condensed supplementary financial information is as follows:

	2021	2020
Financial position		
Current assets	\$ 4,930,215	\$ 5,512,837
Property, plant and equipment	4,440,190	4,344,934
Regulatory assets	735,951	868,904
Future income tax assets	141,828	180,109
Total assets	<u>10,248,184</u>	<u>10,906,784</u>
Current liabilities	3,045,687	4,135,550
Regulatory liabilities	755,252	466,323
Total liabilities	<u>3,800,939</u>	<u>4,601,873</u>
Net assets		
Equity	<u>\$ 6,447,245</u>	<u>\$ 6,304,911</u>
Results of operations		
Revenue	\$ 10,741,768	\$ 12,296,498
Expenses	<u>(10,599,434)</u>	<u>(12,146,845)</u>
Net income for the year	<u>\$ 142,334</u>	<u>\$ 149,653</u>

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## The Corporation of the Town of Fort Frances Notes to Consolidated Financial Statements

December 31, 2021

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### 3. Investment in Government Business Enterprises (continued)

#### Fort Frances Network Services Corporation

Fort Frances Network Services Corporation is a Corporation that was created for the purpose of providing utility maintenance services to the Town of Fort Frances. The Municipality holds 100% of the common shares of Fort Frances Network Services Corporation. The condensed supplementary financial information is as follows:

	2021	2020
Financial position		
Cash and bank	\$ 49,187	\$ 55,751
Accounts receivable	155	156
Total assets	49,342	55,907
Total liabilities	1,984	5,804
Net assets		
Equity	\$ 47,358	\$ 50,103
Results of operations		
Revenue	\$ 277	\$ 461
Expenses	(3,022)	(3,589)
Net loss for the year	\$ (2,745)	\$ (3,128)



## The Corporation of the Town of Fort Frances Notes to Consolidated Financial Statements

**December 31, 2021**

### 4. Loans Receivable

Loans receivable reported on the consolidated statement of financial position are comprised of the following:

	2021	2020
Fort Frances Community Clinic loan, repayable at \$5,556 monthly, non-interest bearing. Secured by a general security agreement in first priority position on and over any and all assets of the borrower. Fully repaid at December 31, 2021.	\$ -	\$ 105,555

Loans receivable are restricted by Council resolution and represent assets that are maintained in respect of reserve funds (Note 11).

### 5. Bank Indebtedness

Bank indebtedness is secured by general security agreements covering certain assets of the Municipality. The maximum authorized amount is \$4,000,000 and bears interest at the prime rate. As at December 31, 2021, \$NIL (2020 - \$NIL) was drawn under this facility.

### 6. Deferred Revenue

	Opening balance	Contributions received	Externally restricted investment income	Revenue recognized	Ending balance
Federal and provincial gas tax	\$ 378,986	\$ 1,047,336	\$ 5,503	\$ (417,950)	\$ 1,013,875
Other	54,933	44,543	-	(28,358)	71,118
	\$ 433,919	\$ 1,091,879	\$ 5,503	\$ (446,308)	\$ 1,084,993

#### Federal and Provincial Gas Tax

The Federal and Provincial Governments advance the Municipality funding related to gasoline tax. This funding must be spent on approved infrastructure projects. The funding can be deferred for a maximum of 5 years.

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## The Corporation of the Town of Fort Frances Notes to Consolidated Financial Statements

**December 31, 2021**

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### 7. Net Long-term Debt

Net long-term debt reported on the consolidated statement of financial position is comprised of the following:

	2021	2020
Demand bank loan, payable at \$26,284 monthly, plus interest at 4.397%. Unsecured, matures December 31, 2022.	<u>\$ 315,410</u>	<u>\$ 630,820</u>

Principal and interest repayments relating to net long-term debt of \$315,410 outstanding are due as follows:

	Principal Repayments	Interest	Total
2022	<u>\$ 315,410</u>	<u>\$ 7,501</u>	<u>\$ 322,911</u>

The gross interest paid relating to the above long-term debt was \$21,335 (2020 - \$35,308).

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## The Corporation of the Town of Fort Frances Notes to Consolidated Financial Statements

December 31, 2021

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### 8. Solid Waste Closure and Post-Closure Liabilities

Solid waste closure and post-closure care requirements have been defined in accordance with industry standards and include final covering and landscaping of the landfill, removal of ground water and leachates, and ongoing environmental monitoring, site inspection and maintenance. The present value of the Municipality's estimated future liability for this expense is recognized as the landfill site's capacity is used. The liability and annual expense is calculated based on the ratio of utilization to total capacity of the landfill site and the discounted estimated cash flows associated with closure and post-closure activities.

The liability for the landfill site is recorded at \$967,937 (2020 - \$944,577) and represents the present value of closure and post-closure costs for 79% of the current site's opened cells, using the average long-term borrowing rate of 3.0%. The liability is recorded based on the capacity of the landfill used to date. The estimated remaining capacity of the site's opened cells are approximately 60,000 cubic meters, which is estimated to be filled in 6 years based on a study. Post-closure care is estimated to continue for a period of 25 years.

The liability is expected to be funded through budget allocations to a landfill reserve over the remaining life of the landfill. The Municipality has \$924,912 (2020 - \$921,755) in an investment which relates to the solid waste closure and post-closure liability. The landfill liability is therefore underfunded by \$43,025 (2020 - \$22,822) at year end.

# The Corporation of the Town of Fort Frances Notes to Consolidated Financial Statements

**December 31, 2021**

## 9. Post-Employment Benefits Liabilities

Post-employment benefits liabilities reported on the consolidated statement of financial position are comprised of the following:

	2021	2020
Post-retirement benefits liabilities	\$ 143,935	\$ 162,873
Life insurance coverage	12,500	12,500
	<u>\$ 156,435</u>	<u>\$ 175,373</u>

On February 4, 2011, the Municipality became responsible for providing the following post-retirement benefits on behalf of its eligible full-time employees who are members of the Fort Frances Professional Fire Fighters Association:

- Extended health care
- Dental benefits

The latest actuarial valuation was performed on December 31, 2021.

<b>Post-Retirement Benefits Liabilities</b>	2021	2020
Accrued post-retirement benefits obligation	\$ 118,692	\$ 136,828
Unamortized actuarial gains	25,243	26,045
Post-retirement benefits liabilities	<u>\$ 143,935</u>	<u>\$ 162,873</u>

<b>Post-Retirement Benefits Expenditures</b>	2021	2020
Current year service costs	\$ 4,387	\$ 3,661
Interest on accrued benefit obligation	1,721	3,179
Amortization of net estimation adjustments	(7,426)	(8,219)
Post-retirement benefits expenditures	<u>\$ (1,318)</u>	<u>\$ (1,379)</u>
Benefit payments during the year	<u>\$ 17,620</u>	<u>\$ 16,677</u>

The significant actuarial assumptions adopted and estimated for the calculation of the accrued benefit obligations are as follows:

	2021	2020
Discount on accrued benefit obligations	2.10%	1.30%
Dental cost trend rates	3.00%	3.00%
Extended health care trend rates	5.50%	5.75%

For December 31, 2021, extended health care trend rates are assumed to be 5.50%, decreasing by 0.25% per annum to an ultimate rate of 4.5% thereafter.

As at December 31, 2021, the Municipality's post-retirement benefits were 100% unfunded.

**The Corporation of the Town of Fort Frances  
Notes to Consolidated Financial Statements**

**December 31, 2021**

**10. Tangible Capital Assets**

									2021
	Land and land improvements	Buildings	Machinery and equipment	Roads and bridges	Water infrastructure	Sewer infrastructure	Vehicles	Computer hardware and software	Total
Cost, beginning of year	\$ 5,984,080	\$ 53,610,279	\$ 12,197,154	\$ 67,694,056	\$ 24,171,351	\$ 28,619,389	\$ 4,046,243	\$ 836,566	\$ 197,159,118
Additions	53,663	1,324,488	863,960	2,510,306	517,861	989,844	335,460	81,562	6,677,144
Disposals	-	-	(86,275)	-	-	-	(232,263)	-	(318,538)
Cost, end of year	6,037,743	54,934,767	12,974,839	70,204,362	24,689,212	29,609,233	4,149,440	918,128	203,517,724
Accumulated amortization, beginning of year	1,040,512	27,042,886	6,314,768	37,343,981	8,118,481	10,646,517	2,261,747	565,533	93,334,425
Amortization	167,119	1,087,451	765,346	1,587,822	362,490	423,248	217,807	118,526	4,729,809
Disposals	-	-	(81,075)	-	-	-	(232,263)	-	(313,338)
Accumulated amortization, end of year	1,207,631	28,130,337	6,999,039	38,931,803	8,480,971	11,069,765	2,247,291	684,059	97,750,896
Net carrying amount, end of year	\$ 4,830,112	\$ 26,804,430	\$ 5,975,800	\$ 31,272,559	\$ 16,208,241	\$ 18,539,468	\$ 1,902,149	\$ 234,069	\$ 105,766,828

**The Corporation of the Town of Fort Frances  
Notes to Consolidated Financial Statements**

**December 31, 2021**

**10. Tangible Capital Assets (continued)**

									2020
	Land and land improvements	Buildings	Machinery and equipment	Roads and bridges	Water infrastructure	Sewer infrastructure	Vehicles	Computer hardware and software	Total
Cost, beginning of year	\$ 6,075,867	\$ 54,624,660	\$ 11,848,927	\$ 64,494,119	\$ 22,857,711	\$ 26,281,996	\$ 3,238,875	\$ 703,666	<b>\$190,125,821</b>
Additions	38,214	125,389	555,621	3,199,937	1,313,640	2,337,393	1,149,204	148,048	<b>8,867,446</b>
Disposals	(130,001)	(1,139,770)	(207,394)	-	-	-	(341,836)	(15,148)	<b>(1,834,149)</b>
Cost, end of year	<b>5,984,080</b>	<b>53,610,279</b>	<b>12,197,154</b>	<b>67,694,056</b>	<b>24,171,351</b>	<b>28,619,389</b>	<b>4,046,243</b>	<b>836,566</b>	<b>197,159,118</b>
Accumulated amortization, beginning of year	956,721	26,655,058	5,752,436	35,674,798	7,772,044	10,255,915	2,225,471	463,774	<b>89,756,217</b>
Amortization	168,605	1,058,165	722,658	1,669,183	346,437	390,602	190,477	116,907	<b>4,663,034</b>
Disposals	(84,814)	(670,337)	(160,326)	-	-	-	(154,201)	(15,148)	<b>(1,084,826)</b>
Accumulated amortization, end of year	<b>1,040,512</b>	<b>27,042,886</b>	<b>6,314,768</b>	<b>37,343,981</b>	<b>8,118,481</b>	<b>10,646,517</b>	<b>2,261,747</b>	<b>565,533</b>	<b>93,334,425</b>
Net carrying amount, end of year	<b>\$ 4,943,568</b>	<b>\$ 26,567,393</b>	<b>\$ 5,882,386</b>	<b>\$ 30,350,075</b>	<b>\$ 16,052,870</b>	<b>\$ 17,972,872</b>	<b>\$ 1,784,496</b>	<b>\$ 271,033</b>	<b>\$103,824,693</b>

The net book value of tangible capital assets not being amortized because they are under construction is \$32,668 (2020 - \$1,122,788). These items are recognized separately as tangible capital assets under construction on the consolidated statement of financial position.

## The Corporation of the Town of Fort Frances Notes to Consolidated Financial Statements

**December 31, 2021**

### 11. Accumulated Surplus

The Municipality segregates its accumulated surplus in the following categories:

	2021	2020
Investment in tangible capital assets		
Tangible capital assets	\$ 105,799,496	\$ 104,947,481
Long-term debt	(315,410)	(630,820)
Land held for sale	1,453,664	-
Total investment in tangible capital assets	106,937,750	104,316,661
General operating	268,634	239,237
Business improvement area	95,227	80,868
Total operating surplus	363,861	320,105
Other allocated deficits		
Landfill closure	(967,937)	(944,577)
Employee future benefits	(156,435)	(175,373)
Total other allocated deficits	(1,124,372)	(1,119,950)
Reserve funds		
Waterworks projects	8,198,606	6,455,846
Replacement of vehicles and equipment	975,205	662,527
Library building	1,183,087	645,065
Landfill closure	924,912	921,755
Parks and cemeteries	56,541	56,214
Social and family assistance	22,255	22,127
Corporate projects and contingencies	8,991,917	8,925,632
Cultural projects	36,271	36,061
Townsend theatre	127,662	126,925
Total reserve funds	20,516,456	17,852,152
Working capital reserve	1,500,000	1,000,000
Investment in government business enterprises	6,494,603	6,355,014
	<b>\$ 134,688,298</b>	<b>\$ 128,723,982</b>

The investment in tangible capital assets represents amounts already spent and invested in infrastructure and other non-financial assets.

Reserve funds represent funds set aside by by-law or Council resolution for specific purposes.

## The Corporation of the Town of Fort Frances Notes to Consolidated Financial Statements

December 31, 2021

### 12. Government Transfers - Federal

	2021	2020
<b>Operating</b>		
Other	\$ 13,594	\$ 10,358
<b>Tangible Capital Assets</b>		
Association of Municipalities of Ontario		
Federal Gas Tax Fund	416,163	512,248
FedNor	237,569	49,421
Investing in Canada Infrastructure Program	671,587	452,461
Other	23,947	41,120
Total tangible capital asset transfers	1,349,266	1,055,250
<b>Total federal transfers</b>	<b>\$ 1,362,860</b>	<b>\$ 1,065,608</b>

### 13. Government Transfers - Provincial

	2021	2020
<b>Operating</b>		
Province of Ontario		
Ontario Municipal Partnership Fund	\$ 3,328,600	\$ 3,294,600
Ministry of Transportation	1,977	12,539
Ontario Seniors' Secretariat	56,033	74,717
Ontario Provincial Police	122,096	195,549
Safe Restart Fund	116,152	556,100
Other	196,141	273,450
Total operating transfers	3,820,999	4,406,955
<b>Tangible Capital Assets</b>		
Province of Ontario		
Ministry of Transportation	1,992,293	2,537,248
Northern Ontario Heritage Fund	163,951	78,878
Ministry of Agriculture, Food and Rural Affairs	1,179,450	984,356
Other	9,136	9,479
Total tangible capital asset transfers	3,344,830	3,609,961
<b>Total provincial transfers</b>	<b>\$ 7,165,829</b>	<b>\$ 8,016,916</b>



## The Corporation of the Town of Fort Frances Notes to Consolidated Financial Statements

December 31, 2021

### 14. Other Income

	2021	2020
Penalties and interest on taxes	\$ 94,493	\$ 148,650
Rents, concessions and franchises	119,411	86,779
Donations	893,742	315,198
Gain (loss) on disposal of tangible capital assets	32,800	(696,388)
Gain on disposal of land held for sale	4,123	271,708
Provincial offences	297,203	169,733
Insurance proceeds and other recoveries	37,818	57,397
	<u>\$ 1,479,590</u>	<u>\$ 353,077</u>

### 15. Expenses by Object

	2021	2020
Salaries, wages and employee benefits	\$ 8,351,471	\$ 7,724,413
Long-term debt charges - interest	21,335	35,308
Materials	3,495,065	3,169,248
Contracted services	4,840,848	5,009,712
Rents and financial expenses	932,272	764,766
Contributions to other Organizations	2,546,467	2,613,111
Amortization	4,729,809	4,663,034
	<u>\$ 24,917,267</u>	<u>\$ 23,979,592</u>

### 16. Contingent Liabilities

Various lawsuits and appeals have been filed against the Municipality for incidents which arose in the ordinary course of business as well as land claims. These lawsuits and appeals include the following specific claims:

A claim in the amount of \$2,000,000 has been filed against the Municipality that is in relation to disputed costs between the Municipality and a contractor involved in the rehabilitation of Municipal infrastructure. In the opinion of management and legal counsel, the outcome of the lawsuit, now pending, is not determinable. Should any loss result from the resolution of these claims, such loss will be charged to operations in the year of resolution.

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## The Corporation of the Town of Fort Frances Notes to Consolidated Financial Statements

**December 31, 2021**

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### 17. Related Party Transactions

The Municipality owns 100% of the common shares of Fort Frances Power Corporation. Fort Frances Power Corporation provides electricity and services to the Municipality. The following is a summary of the significant related party transactions for the year:

	2021	2020
Revenue from services provided to Fort Frances Power Corporation	\$ 55,539	\$ 19,434
Expenses for electricity purchased from Fort Frances Power Corporation	\$ 718,451	\$ 805,111
Other purchased services provided by Fort Frances Power Corporation	129,732	102,558
	\$ 848,183	\$ 907,669

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### 18. Operations of School Boards

	2021	2020
During the year, the following taxation revenue was raised and remitted to the school boards	\$ 1,372,800	\$ 1,361,258

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## The Corporation of the Town of Fort Frances Notes to Consolidated Financial Statements

December 31, 2021

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### 19. Pension Agreements

The employees of the Municipality participate in the Ontario Municipal Employees Retirement System (OMERS). The Municipality also makes contributions to the OMERS plan on behalf of its employees. The plan has a defined benefit option at retirement available to some employees, which specifies the amount of the retirement benefit plan to be received by the employees based on length of service and rates of pay. However, the plan is accounted for as a defined contributions plan as insufficient information is available to account for the plan as a defined benefit plan. The contribution payable in exchange for services rendered during a period is recognized as an expense during that period.

OMERS provides pension services to more than 482,000 active and retired members and approximately 985 employers. Each year an independent actuary determines the funding status of OMERS Primary Pension Plan (the Plan) by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial valuation of the Plan was conducted at December 31, 2021. The results of this valuation disclosed total actuarial liabilities of \$100,081 million in respect of benefits accrued for service with actuarial assets at that date of \$95,890 million indicating an actuarial deficit of \$4,191 million. Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal Organizations and their employees. As a result, the Municipality does not recognize any share of the OMERS pension surplus or deficit. Contributions made by the Municipality to OMERS for 2021 were \$568,093 (2020 - \$539,573) for current services.

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### 20. Trust Funds

The Trust Funds administered by the Municipality amounting to \$1,032,608 (2020 - \$1,144,477) have not been included on the consolidated statement of financial position nor have their operations been included on the consolidated statement of operations.

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### 21. Contributions to Unconsolidated Boards

The following contributions were made by the Municipality to these boards:

	2021	2020
Northwestern Health Unit	\$ 359,587	\$ 377,954
Rainy River District Social Services Administration Board		
Ambulance service	989,099	1,084,846
General assistance	72,744	51,465
Child care	91,533	87,477
Social housing	682,780	699,732
	<u>\$ 2,195,743</u>	<u>\$ 2,301,474</u>

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# The Corporation of the Town of Fort Frances

## Notes to Consolidated Financial Statements

December 31, 2021

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### 22. Uncertainty Due to COVID-19

As the impact of COVID-19 continues, there could be future impact on the Municipality, its citizens, employees, suppliers and other third party business associates that could impact the timing and amounts realized on the Municipality's assets and future ability to deliver services and projects. At this time, the full potential impact of COVID-19 on the Municipality is not known. Although the disruption from the virus is expected to be temporary, given the dynamic nature of these circumstances, the duration of the disruption and the related financial impact cannot be reasonably estimated at this time. The Municipality's ability to continue delivering non-essential services and employ related staff will depend on the legislative mandates from the various levels of government. The Municipality will continue to focus on collecting receivables, managing expenditures and leveraging existing reserves and available credit facilities to ensure it is able to continue providing essential services to its citizens.

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### 23. Segmented Information

The Corporation of the Town of Fort Frances is a diversified municipal government institution that provides a wide range of services to its citizens. The management of the Municipality considers decisions based on separate service areas. These service areas are: general government, protection services, transportation services, environmental services, health services, social and family services, social housing, recreation and cultural services and planning and development.

Descriptions of the services and funds that management bases their decisions on, are as follows:

#### **General Government**

General government consists of governance, Corporate management and program support. These categories relate to operations of all of the various programs and services that the Municipality offers to its citizens.

#### **Protection Services**

Protection is comprised of police service and fire protection. Police service is contracted out to the Ontario Provincial Police. The fire department is responsible to provide fire suppression service, fire prevention programs, training and education related to prevention, detection or extinguishment of fires.

#### **Transportation Services**

The transportation services area provides construction and maintenance of the roadways throughout the Municipality as well as the municipal airport.

#### **Environmental Services**

Environmental services consist of the management and maintenance of the sanitary sewer system, waterworks system and waste disposal facility located within the municipal borders.

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## The Corporation of the Town of Fort Frances Notes to Consolidated Financial Statements

December 31, 2021

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### 23. Segmented Information (continued)

#### **Health Services**

Health services are comprised of public health services and ambulance service. The Municipality contributes to local boards which provide these services to the citizens of the Municipality.

#### **Social and Family Services**

Social and family services are comprised of general assistance, child care and assistance to the aged. The Municipality contributes to local boards which provide these services to the citizens of the Municipality.

#### **Social Housing**

The Municipality contributes to a local board, which provides social housing if the citizens of the Corporation of the Town of Fort Frances require the service.

#### **Recreation and Cultural Services**

This service area consists of the operation and maintenance of local parks, recreation facilities, cultural facilities and the town library.

#### **Planning and Development**

These services relate to zoning issues as well as planning of various municipal maintenance projects.

## The Corporation of the Town of Fort Frances Notes to Consolidated Financial Statements

December 31, 2021

### 23. Segmented Information (continued)

For the year ended December 31	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Social and Family Services	Social Housing	Recreation and Cultural Services	Planning and Development	2021 Total
<b>Revenue</b>										
Taxation	\$ 2,266,151	\$ 2,193,910	\$ 900,632	\$ 2,490,032	\$ 1,709,033	\$ 97,153	\$ 1,178,621	\$ 1,320,026	\$ 197,302	\$ 12,352,860
Fees and user charges	76,293	60,503	805,934	6,399,709	148,208	11,049	-	428,607	84,056	8,014,359
Conditional grants	-	137,303	3,462,832	235,602	-	64,484	-	1,182,174	1,542	5,083,937
Unconditional grants	631,945	611,800	251,153	694,377	476,586	27,092	328,673	368,106	55,020	3,444,752
Other	364,275	352,663	144,773	400,263	274,721	15,617	189,459	212,189	31,715	1,985,675
	<u>3,338,664</u>	<u>3,356,179</u>	<u>5,565,324</u>	<u>10,219,983</u>	<u>2,608,548</u>	<u>215,395</u>	<u>1,696,753</u>	<u>3,511,102</u>	<u>369,635</u>	<u>30,881,583</u>
<b>Expenses</b>										
Wages and benefits	1,576,445	1,412,887	1,942,146	1,138,787	254,243	26,898	-	1,910,180	89,885	8,351,471
Long-term debt charges (interest)	21,335	-	-	-	-	-	-	-	-	21,335
Materials	597,969	247,200	857,107	765,651	52,018	36,453	-	808,769	129,898	3,495,065
Contracted services	110,762	2,756,900	347,281	1,361,890	7,500	1,207	-	203,348	51,960	4,840,848
Rents and financial	301,005	20,948	194,069	239,113	-	3,573	-	140,865	32,699	932,272
External transfers	104,750	52,003	-	31,228	1,416,686	164,277	682,780	-	94,743	2,546,467
Amortization	164,201	72,756	1,938,916	1,721,640	22,241	28,046	-	781,670	339	4,729,809
	<u>2,876,467</u>	<u>4,562,694</u>	<u>5,279,519</u>	<u>5,258,309</u>	<u>1,752,688</u>	<u>260,454</u>	<u>682,780</u>	<u>3,844,832</u>	<u>399,524</u>	<u>24,917,267</u>
<b>Net surplus (deficit)</b>	<u>\$ 462,197</u>	<u>\$ (1,206,515)</u>	<u>\$ 285,805</u>	<u>\$ 4,961,674</u>	<u>\$ 855,860</u>	<u>\$ (45,059)</u>	<u>\$ 1,013,973</u>	<u>\$ (333,730)</u>	<u>\$ (29,889)</u>	<u>\$ 5,964,316</u>

## The Corporation of the Town of Fort Frances Notes to Consolidated Financial Statements

December 31, 2021

### 23. Segmented Information (continued)

For the year ended December 31	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Social and Family Services	Social Housing	Recreation and Cultural Services	Planning and Development	2020 Total
<b>Revenue</b>										
Taxation	\$ 1,188,020	\$ 1,967,866	\$ 260,945	\$ 2,371,603	\$ 2,044,883	\$ 83,965	\$ 1,563,918	\$ 1,647,132	\$ 201,980	\$ 11,330,312
Fees and user charges	77,080	59,212	384,608	6,126,619	30,147	10,931	-	466,734	89,184	7,244,515
Conditional grants	23,490	204,402	4,540,467	177,007	-	83,701	-	86,448	104,809	5,220,324
Unconditional grants	404,964	670,794	88,949	808,416	697,046	28,621	533,098	561,463	68,849	3,862,200
Other	105,536	174,811	23,180	210,677	181,654	7,459	138,928	146,320	17,942	1,006,507
	<u>1,799,090</u>	<u>3,077,085</u>	<u>5,298,149</u>	<u>9,694,322</u>	<u>2,953,730</u>	<u>214,677</u>	<u>2,235,944</u>	<u>2,908,097</u>	<u>482,764</u>	<u>28,663,858</u>
<b>Expenses</b>										
Wages and benefits	1,448,263	1,352,934	1,900,296	1,033,522	128,387	15,072	-	1,782,234	63,705	7,724,413
Long-term debt charges (interest)	35,308	-	-	-	-	-	-	-	-	35,308
Materials	426,163	210,360	676,408	741,377	35,564	69,908	-	714,983	294,485	3,169,248
Contracted services	180,429	2,706,044	427,328	1,452,558	4,417	3,144	-	190,501	45,291	5,009,712
Rents and financial	181,769	26,556	87,347	300,818	-	6,700	-	125,133	36,443	764,766
External transfers	110,890	10,174	-	30,556	1,530,800	138,942	699,732	-	92,017	2,613,111
Amortization	155,006	63,147	2,001,354	1,637,462	18,483	27,639	-	759,604	339	4,663,034
	<u>2,537,828</u>	<u>4,369,215</u>	<u>5,092,733</u>	<u>5,196,293</u>	<u>1,717,651</u>	<u>261,405</u>	<u>699,732</u>	<u>3,572,455</u>	<u>532,280</u>	<u>23,979,592</u>
<b>Net surplus (deficit)</b>	<u>\$ (738,738)</u>	<u>\$ (1,292,130)</u>	<u>\$ 205,416</u>	<u>\$ 4,498,029</u>	<u>\$ 1,236,079</u>	<u>\$ (46,728)</u>	<u>\$ 1,536,212</u>	<u>\$ (664,358)</u>	<u>\$ (49,516)</u>	<u>\$ 4,684,266</u>

For each reported segment, revenues and expenditures represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information. Taxation, payments-in-lieu of taxes, certain government grants and other revenue have been apportioned based on a percentage of budgeted expenditures.

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## Independent Auditor's Report

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To the Mayor and Councilors of  
The Corporation of the Town of Fort Frances

### Opinion

We have audited the financial statements of the Corporation of the Town of Fort Frances Trust Funds (the Entity), which comprise the balance sheet as at December 31, 2021, and the statement of continuity for the year then ended, and notes to financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2021, and the continuity thereof, in accordance with the basis of accounting as described in Note 1.

### Basis of Opinion

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

### Basis of Accounting and Restrictions on Use

Without modifying our opinion, we draw attention to Note 1 to the financial statements which describes the basis of accounting. The financial statements are prepared to assist the Corporation of the Town of Fort Frances to comply with the reporting requirements of the Bereavement Authority of Ontario. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the management of the Corporation of the Town of Fort Frances and the Bereavement Authority of Ontario and should not be used by parties other than the management of the Corporation of the Town of Fort Frances and the Bereavement Authority of Ontario.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the basis of accounting as described in Note 1, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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



## **Auditor's Responsibilities for the Audit of the Financial Statements**

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

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity 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.

Chartered Professional Accountants, Licensed Public Accountants

Fort Frances, Ontario  
May 24, 2022

## The Corporation of the Town of Fort Frances Trust Funds Balance Sheet

December 31, 2021	Multi Use Tennis Court	Cemetery Care and Maintenance	Cemetery Special Care	Community Chest	2021 Total	2020 Total
<b>Assets</b>						
Cash	\$ -	\$ -	\$ 12,038	\$ 70,254	\$ 82,292	\$ 82,235
Accounts receivable						
Own Municipality	-	-	-	-	-	41
Investments	-	436,987	513,329	-	950,316	1,062,201
	\$ -	\$ 436,987	\$ 525,367	\$ 70,254	\$ 1,032,608	\$ 1,144,477
<b>Liabilities</b>						
Own Municipality	\$ -	\$ 97,406	\$ -	\$ 1,313	\$ 98,719	\$ 116,735
Balance capital	-	339,581	525,367	68,941	933,889	1,027,742
	\$ -	\$ 436,987	\$ 525,367	\$ 70,254	\$ 1,032,608	\$ 1,144,477

## Statement of Continuity

December 31, 2021	Multi Use Tennis Court	Cemetery Care and Maintenance	Cemetery Special Care	Community Chest	2021 Total	2020 Total
<b>Balance, beginning of year</b>	\$ 153	\$ 317,903	\$ 639,442	\$ 70,244	\$ 1,027,742	\$ 1,138,973
<b>Revenue and receipts</b>						
Grants	-	-	-	10,762	10,762	7,173
Care receipts and contributions	-	21,678	17,181	-	38,859	8,640
Investment income	1	-	-	359	360	792
Donations	-	-	-	9,858	9,858	9,978
	1	21,678	17,181	20,979	59,839	26,583
<b>Expenditures</b>						
Operations	154	-	-	-	154	-
Transfers to Municipality	-	-	131,256	-	131,256	106,050
Grants	-	-	-	22,282	22,282	31,764
	154	-	131,256	22,282	153,692	137,814
<b>Balance, end of year</b>	\$ -	\$ 339,581	\$ 525,367	\$ 68,941	\$ 933,889	\$ 1,027,742

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# The Corporation of the Town of Fort Frances

## Trust Funds

### Notes to Financial Statements

December 31, 2021

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#### 1. Summary of Significant Accounting Policies

**Management's Responsibility** The financial information of the Corporation of the Town of Fort Frances Trust Funds is the representation of management and has been prepared in accordance with accrual based accounting principles. Precise determination of some assets and liabilities may be dependent upon future events and estimates and approximations. These estimates and approximations have been based upon the available information, using careful judgment and review.

**Accrual Basis of Accounting** Sources of financing and expenditures are reported on the accrual basis of accounting.

The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

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#### 2. Multi Use Tennis Court Trust

The Multi Use Tennis Court Trust Fund was established to support fundraising efforts towards the construction of tennis courts.

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#### 3. Cemetery Care and Maintenance Trust

The Cemetery Care and Maintenance Trust Fund was established in accordance with the Cemeteries Act for the care and maintenance of certain cemetery grounds.

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#### 4. Community Chest Trust

The Community Chest Trust Fund was established to provide grants to individuals to support them with the costs of travel for medical purposes.

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**The Corporation of the Town of Fort Frances  
Trust Funds  
Notes to Financial Statements**

**December 31, 2021**

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**5. Statement of Changes in Cash Flows**

A statement of changes in cash flows has not been provided since the sources and uses of cash are readily apparent from the financial information included in the financial statements.

DRAFT