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Discussion
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The Corporation of the
Municipality of Calvin
Financial Statements
For the year ended December 31, 2022

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**The Corporation of the Municipality of Calvin
Financial Statements
For the year ended December 31, 2022**

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Independent Auditor's Report

To the Members of Council, Inhabitants and Ratepayers of the The Corporation of the Municipality of Calvin

Opinion

We have audited the financial statements of The Corporation of the Municipality of Calvin (the Municipality), which comprise the statement of financial position as at December 31, 2022, the statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Municipality as at December 31, 2022, and its results of operations, its change in net financial assets 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 *Auditor's Responsibilities for the Audit of the 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 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.

Other Matters

The financial statements of the The Corporation of the Municipality of Calvin for the year ended December 31, 2021 were audited by another licensed public accountant who expressed an unmodified opinion on those financial statements dated June 16, 2022.

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

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

In preparing the financial statements, management is responsible for assessing the 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 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 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 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 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

North Bay, Ontario
January 23, 2024

**The Corporation of the Municipality of Calvin
Statement of Financial Position**

December 31	2022	2021
Financial assets		
Cash and cash equivalents (Note 1)	\$ 1,050,290	\$ 647,120
Investments	-	128,601
Accounts receivable (Note 2)	191,429	195,383
Taxes receivable (Note 5)	230,525	172,607
	1,472,244	1,143,711
Liabilities		
Accounts payable (Note 5)	186,730	122,604
Deferred revenue - general	20,979	20,982
Deferred revenue - obligatory reserve funds (Note 9)	493,316	251,166
Long-term debt (Note 6)	71,113	125,585
Landfill closure and post closure accrual (Note 7)	419,738	401,383
	1,191,876	921,720
Net financial assets	280,368	221,991
Non-financial assets		
Tangible capital assets (Note 3)	3,591,315	3,705,083
Inventories	31,239	32,940
Prepaid expenses	7,496	115,504
	3,630,050	3,853,527
Accumulated surplus (Note 10)	\$ 3,910,418	\$ 4,075,518

Commitments (Note 6)

On behalf of Council:

_____, CAO/Clerk-Treasurer

_____, Mayor

**The Corporation of the Municipality of Calvin
Statement of Operations and Accumulated Surplus**

For the year ended December 31	2022 Budget (Note 12)	2022 Actual	2021 Actual
Revenues			
Taxation	\$ 1,406,257	\$ 1,449,717	\$ 1,361,523
User charges and other	146,004	117,470	72,124
Government transfers	305,677	221,740	477,355
	<u>1,857,938</u>	<u>1,788,927</u>	<u>1,911,002</u>
Expenses			
Transportation	280,349	658,151	498,980
General government	799,490	522,726	360,946
Protection to persons and property	235,114	215,701	264,676
Social and family services	315,225	303,244	295,308
Environmental services	66,500	105,925	76,819
Health services	26,361	22,400	25,486
Recreation and culture	36,794	93,664	106,113
Planning and development	30,600	32,216	12,713
	<u>1,790,433</u>	<u>1,954,027</u>	<u>1,641,041</u>
Annual (deficit) surplus	67,505	(165,100)	269,961
Accumulated surplus, beginning of year	4,075,518	4,075,518	3,805,557
Accumulated surplus, end of year	<u>\$ 4,143,023</u>	<u>\$ 3,910,418</u>	<u>\$ 4,075,518</u>

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

**The Corporation of the Municipality of Calvin
Statement of Changes in Net Financial Assets**

For the year ended December 31	2022 Budget (Note 11)	2022 Actual	2021 Actual
Annual (deficit) surplus	\$ 67,505	\$ (165,100)	\$ 269,961
Acquisition of tangible capital assets	-	(86,496)	(310,648)
Amortization of tangible capital assets	-	200,264	195,459
Loss on disposition of tangible capital assets	-	-	22,833
Proceeds on disposition of tangible capital assets	-	-	827
	67,505	(51,332)	178,432
Change in supplies inventories	-	1,701	(7,414)
Change in prepaid expenses	-	108,008	(94,734)
	-	109,709	(102,148)
Increase in net financial assets	67,505	58,377	76,284
Net financial assets, beginning of year	221,991	221,991	145,707
Net financial assets, end of year	\$ 289,496	\$ 280,368	\$ 221,991

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

**The Corporation of the Municipality of Calvin
Statement of Cash Flows**

For the year ended December 31	2022	2021
Cash provided by (used in)		
Operating transactions		
Annual surplus	\$ (165,100)	\$ 269,961
Items not involving cash		
Amortization of tangible capital assets	200,264	195,459
Loss on disposal of tangible capital assets	-	22,833
Change in employee benefits payable	659	(5,723)
Change in landfill closure and post-closure liability	<u>18,355</u>	<u>(26,180)</u>
	54,178	456,350
Changes in non-cash operating balances		
Taxes receivable	(57,918)	(19,006)
Accounts receivable	5,267	(143,862)
Accounts payable	62,254	(1,724)
Deferred revenue - general	(1)	(19,018)
Deferred revenue - obligatory reserve funds	242,150	16,351
Inventories	1,701	(7,414)
Prepaid expenses	<u>108,008</u>	<u>(94,734)</u>
	415,639	186,943
Investing transactions		
Purchase of investments	-	(504)
Temporary investments	<u>128,499</u>	<u>-</u>
	128,499	(504)
Capital transactions		
Acquisition of tangible capital assets	(86,496)	(310,648)
Proceeds on disposition of tangible capital assets	<u>-</u>	<u>827</u>
	(86,496)	(309,821)
Financing transactions		
Tangible capital lease repayments	-	(1,081)
Repayment of long-term debt	<u>(54,472)</u>	<u>(53,046)</u>
	(54,472)	(54,127)
Increase (decrease) in cash and cash equivalents during the year	403,170	(177,509)
Cash and cash equivalents, beginning of year	<u>647,120</u>	<u>824,629</u>
Cash and cash equivalents, end of year	<u>\$ 1,050,290</u>	<u>\$ 647,120</u>

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

The Corporation of the Municipality of Calvin Summary of Significant Accounting Policies

December 31, 2022

Management Responsibility

The financial statements of The Corporation of the Township of Calvin (the "Municipality") are the representations of management. They have been prepared in accordance with Canadian public sector accounting standards ("PSAB"). The Township provides municipal services such as general government, fire, building, protection to persons, transportation, environmental, health, social, family, recreation, culture, planning and development services.

Accrual basis of accounting

Revenue and expenses are reported on the accrual basis of accounting. Revenue is recognized in the year in which it is earned and measurable. Expenses are recognized as they are incurred and measurable as a result of goods or services and the creation of a legal obligation to pay.

Non-consolidating Boards

The Municipality makes contributions to joint local boards that are not consolidated

- District of Nipissing Social Services Administration Board
- North Bay Parry Sound District Health Unit
- The Board of Management for the District of Nipissing East

Cash and Cash Equivalents

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

Investments

Investments are recorded at cost plus accrued interest.

Inventories

Inventory of supplies are stated at the lower of cost and replacement cost.

The Corporation of the Municipality of Calvin Summary of Significant Accounting Policies

December 31, 2022

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:

Roads	10 to 45 years
Bridges and culverts	25 to 75 years
Buildings	10 to 50 years
Vehicles	10 to 15 years
Machinery and equipment	5 to 25 years
Land improvements	10 to 25 years

One half of the annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

Landfill Closure and Post-closure Accrual

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

Reserves and reserve funds

Certain amounts, as approved by Council, are set aside in reserves and reserve funds for future operating and capital purposes. Balances related to these funds are included in the accumulated surplus of the Statement of Financial Position.

Deferred Revenue

Revenue restricted by legislation, regulation or agreement and not available for general municipal purposes is reported as deferred revenue on the statement of Financial Position. The revenue is reported on the Statement of Operations in the year in which it is used for a specified purpose.

The Corporation of the Municipality of Calvin Summary of Significant Accounting Policies

December 31, 2022

Pensions and Employee Benefit Plans

The Municipality accounts for its employee pension contributions as a defined contribution plan. Sick leave benefits are accrued as the employees render the services necessary to earn the benefits.

Collection of Taxes on Behalf of School Boards

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

Trust Funds

Funds held in trust by the Township, and their related operations, are not included in these financial statements.

Revenue Recognition

- a. **Taxation**

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. Taxes receivable are recognized net of an allowance for anticipated uncollectible amounts.
- b. **User fees and other**

User fees and other revenue are recognized on an accrual basis.
- c. **Government transfers**

Transfer payments, which include legislative grants, are recognized in the financial statements in the period in which the events giving rise to the transfer occurs, providing the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amount can be determined.

Conditional grant revenue is recognized to the extent the conditions imposed on it have been fulfilled. Unconditional grant revenue is recognized when monies are receivable.

Grants for the acquisition of tangible capital assets are recognized in the period in which eligible acquisitions are made.

The Corporation of the Municipality of Calvin Summary of Significant Accounting Policies

December 31, 2022

Use of Estimates

The preparation of 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 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. Significant items subject to such estimates and assumptions include allowances for doubtful accounts, useful life of TCA assets, other accrued liabilities and/or obligations and landfill closure and post-closure liabilities.

In particular, management's estimate for the landfill closure and post-closure liability is subject to measurement uncertainty. The estimate is based on assumptions and calculations contained in an engineer's report completed in 2018, modified as necessary for the passage of time and actual use of the landfill site. Actual results could differ significantly from those estimates because of the uncertainty related to future cost estimates and future use of the landfill site.

**The Corporation of the Municipality of Calvin
Notes to Financial Statements**

December 31, 2022

1. Cash and Cash Equivalents

Included in cash and cash equivalents is \$493,316 in unspent obligatory reserve funds.

2. Accounts Receivable

Government grants
HST and Other

	2022	2021
	109,065	112,523
	\$ 82,364	\$ 84,171
	<u>\$ 191,429</u>	<u>\$ 196,694</u>

The Corporation of the Municipality of Calvin
Notes to Financial Statements

December 31, 2022

3. Tangible Capital Assets

	Land and Land Improvements	Buildings	Machinery and Equipment	Vehicles	Roads and Bridges	Total
Cost, beginning of year	\$ 572,655	\$ 614,575	\$ 371,237	\$ 1,152,814	\$ 4,940,298	\$ 7,651,579
Additions	-	-	-	86,496	-	86,496
Disposals	-	-	-	-	(3,789)	(3,789)
Cost, end of year	572,655	614,575	371,237	1,239,310	4,936,509	7,734,286
Accumulated amortization, beginning of year	449,758	294,240	228,458	458,245	2,515,795	3,946,496
Amortization	4,357	23,333	24,062	61,640	86,872	200,264
Disposals	-	-	-	-	(3,789)	(3,789)
Accumulated amortization, end of year	454,115	317,573	252,520	519,885	2,598,878	4,142,971
Net carrying amount, end of year	\$ 118,540	\$ 297,002	\$ 118,717	\$ 719,425	\$ 2,337,631	\$ 3,591,315

The Corporation of the Municipality of Calvin
Notes to Financial Statements

December 31, 2022

3. Tangible Capital Assets (continued)

	Land and Land Improvements	Buildings	Machinery and Equipment	Vehicles	Roads and Bridges	Total
Cost, beginning of year	\$ 598,835	\$ 535,164	\$ 419,592	\$ 1,152,814	\$ 4,809,083	\$ 7,515,488
Additions	-	97,665	30,588	-	182,395	310,648
Disposals	(26,180)	(18,254)	(78,943)	-	(51,180)	(174,557)
Cost, end of year	572,655	614,575	371,237	1,152,814	4,940,298	7,651,579
Accumulated amortization, beginning of year	471,581	288,495	281,264	399,488	2,461,106	3,901,934
Amortization	4,357	22,539	25,529	58,757	84,277	195,459
Disposals	(26,180)	(16,794)	(78,335)	-	(29,588)	(150,897)
Accumulated amortization, end of year	449,758	294,240	228,458	458,245	2,515,795	3,946,496
Net carrying amount, end of year	\$ 122,897	\$ 320,335	\$ 142,779	\$ 694,569	\$ 2,424,503	\$ 3,705,083

The Corporation of the Municipality of Calvin
Notes to Financial Statements

December 31, 2022

4. Taxes Receivable

	2022	2021
Current taxes	\$ 147,220	\$ 88,094
Taxes in Arrears	61,980	64,058
Penalties & Interest	23,325	22,455
Valuation allowance	(2,000)	(2,000)
	<u>\$ 230,525</u>	<u>\$ 172,607</u>

5. Accounts Payable

	2022	2021
Trade payables	\$ 119,452	\$ 68,215
Accrued payroll liabilities	<u>67,277</u>	<u>55,562</u>
	<u>\$ 186,729</u>	<u>\$ 123,777</u>

The Corporation of the Municipality of Calvin
Notes to Financial Statements

December 31, 2022

6. Long-term Debt

	2022	2021
Caterpillar Financial Services Limited equipment loan, due November 2024, repayable in monthly payments of \$3,014 including interest at 4.4%. Secured by the related equipment.\$	21,113	\$ 55,585
Ontario Infrastructure and Lands Corporation serial debenture due June 2025, repayable in semi-annual payments of \$10,000 principal and interest at 2.4%, secured by pledged future Provincial funding.	50,000	70,000
	\$ 71,113	\$ 125,585

Principal repayments for the next three years are as follows:

2023	\$ 41,113
2024	20,000
2025	10,000
	\$ 71,113

Interest expense paid relating to the long-term debt above is \$1,540 (2021 - \$2,020) and has been included in transportation services expense on the statement of operations.

The Corporation of the Municipality of Calvin Notes to Financial Statements

December 31, 2022

7. Landfill Closure and Post-Closure Accrual

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 Township'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 reported liability as at year end was \$419,738 (2021 - \$401,383) and reflects a discount rate of 2.85% (2021 - 2.85%).

The liability is based on estimates and assumptions related to events extending over the remaining life of the landfill. Future events could impact the established total expenses, capacity used or total capacity. If such events occur it would be treated as a change in estimate and dealt with prospectively.

The landfill is expected to reach its capacity in 27 years and the estimated current capacity is at 68,374 cubic metres which is 71.00% (2021 - 70.00%) of the site's total capacity based on an updated survey completed in December 2018. The total discounted estimated future expenditures for closure and post-closure care are \$591,180 (2021 - \$574,799) leaving an amount to be recognized of \$171,442 (2021 - \$173,416). The estimated length of time needed for post-closure care is 10 years.

Municipal reserves for the landfill site total \$145,557 (2021 - \$122,657).

8. Commitments

In 2016 the Municipality, in conjunction with the Town of Mattawa and the Townships of Papineau-Cameron and Mattawan, agreed in principle to jointly contribute \$3,809,500 over the next 25 years towards the capital redevelopment of the Algonquin Nursing Home. The payment terms including the distribution of the cost among the municipalities, have not yet been determined.

The Corporation of the Municipality of Calvin Notes to Financial Statements

December 31, 2022

	2022	2021
9. Deferred Revenue - Obligatory reserves		
Deferred revenue, beginning of year:		
Recreational land (the Planning Act)	\$ 18,210	\$ 16,003
Canada community building fund contributions	232,956	168,256
OCIF contributions	-	50,556
	251,166	234,815
Received during the year:		
Recreational land (the Planning Act)	9,571	2,160
Canada Community-Building Fund	34,891	64,194
Ontario Community Infrastructure Fund	100,000	50,000
Northern Ontario Resource Development Support	120,702	-
Interest earned	1,986	806
	267,150	117,160
Recognized during the year:		
Canada Community-Building Fund	(25,000)	-
Ontario Community Infrastructure Fund	-	(100,809)
	\$ 493,316	\$ 251,166
Deferred revenue, end of year		
Comprised as follows:		
Recreational land (the Planning Act)	27,781	18,210
Canada Community-Building Fund	244,833	232,956
Ontario Community Infrastructure Fund	100,000	-
Northern Ontario Resource Development Support	120,702	-
	\$ 493,316	\$ 251,166

Canada community building fund (formerly "gas tax") revenue is provided by the Government of Canada. The use of the funding is established by the funding agreement signed between the Township and the Association of Municipalities of Ontario. Canada community building fund funding must be used towards designated projects as specified in the funding agreements.

In the case of payments in lieu of parkland, revenue recognition occurs when the Municipality has approved eligible expenditures for park and other public recreation purposes. Canada Community-Building and Ontario Community Infrastructure Fund revenue recognition occurs when the Municipality has approved the expenditures for eligible capital works. Historically, the Municipality has applied its Canada Community-Building and infrastructure funding to local road and bridge improvements and landfill capacity building.

The Corporation of the Municipality of Calvin
Notes to Financial Statements

December 31, 2022

10. Accumulated Surplus

The Township segregates its accumulated surplus in the following categories:

	<u>2022</u>	<u>2021</u>
Investment in tangible capital assets	\$ 3,591,315	\$ 3,705,083
General surplus	48,501	137,995
Amounts to be recovered (i)	(490,851)	(526,968)
Reserves and reserve funds (ii)	761,453	759,408
	<u>\$ 3,910,418</u>	<u>\$ 4,075,518</u>
(i) Amounts to be recovered	<u>2022</u>	<u>2021</u>
Long-term debt	\$ (71,113)	\$ (125,585)
Landfill closure and post-closure accrual	(419,738)	(401,383)
	<u>\$ (490,851)</u>	<u>\$ (526,968)</u>
(ii) Reserves and reserve funds		
Working funds	\$ 148,883	\$ 222,874
Sick leave	3,000	3,000
Building department	9,000	9,000
Fire department	156,767	131,767
Roads	142,251	142,251
Landfill	145,557	122,657
Algonquin Nursing Home	137,480	114,344
Emergency	3,007	3,007
Recreation	15,508	10,508
	<u>\$ 761,453</u>	<u>\$ 759,408</u>

The Corporation of the Municipality of Calvin Notes to Financial Statements

December 31, 2022

11. Budget

The Budget By-law adopted by Council on July 14, 2022 was not prepared on a basis consistent with that used to report actual results. The budget was prepared on a modified accrual basis while Canadian public sector accounting standards require a full accrual basis. The budget figures anticipated using surpluses accumulated in previous years to reduce current year expenses in excess of current year revenues to \$Nil. In addition, the budget expensed all tangible capital expenses rather than including amortization expense. As a result, the budget figures presented in the statements of operations and change in net financial assets represent the Financial Plan adopted by Council on July 14, 2022 with adjustments as follows:

	<u>2022</u>
Budget By-law surplus for the year	\$ -
Add:	
Debt repayment	55,000
Transfers to reserve funds	106,496
Less:	
Transfers from reserve funds	<u>93,991</u>
Budget (deficit) surplus per statement of operations	<u>\$ 67,505</u>

12. Pension Agreements

The Municipality makes contributions to a group pension plan, on behalf of certain members of its staff. Each member is required to contribute a specified percentage of earnings based on completed years of continuous employment, ranging from 1.5% to 4.5%. The Municipality is required to contribute an amount equal to each member's contributions.

The amount contributed to this plan for 2022 was \$10,541 (2021 \$8,514) for current services and is included as an expense on the statement of operations.

The Corporation of the Municipality of Calvin

Notes to Financial Statements

December 31, 2022

13. Segment Disclosures

The Municipality provides a wide range of services to its citizens. The schedule of segment disclosure provides a breakdown of the annual surplus (deficit) reported on the Statement of Operations by major reporting segment. The segments correspond to the major functional categories used in the Municipality's Financial Information Return, which included the following activities:

General Government

This segment includes Council, Clerk's Department, and Treasury. This area supports the operating departments in implementing priorities of Council and provides strategic leadership on issues relating to governance, strategic planning and service delivery.

Protection to Persons and Property

This segment includes fire, police, building inspection, conservation authority, emergency measures and bylaw enforcement. Police services are provided by the Ontario Provincial Police under contract.

Transportation Services

Transportation services include roadway systems and winter control.

Environmental Services

This segment includes solid waste management.

The Corporation of the Municipality of Calvin
Notes to Financial Statements

December 31, 2022

13. Segment Disclosures (continued)

Health Services

This segment includes cemeteries as well as payments to the district health unit.

Social and Family Services

This segment consists primarily of payments made to the district social services administration board and home for the aged for the provision of social services such as childcare, social housing, general assistance and assistance to the elderly.

Recreation and Culture

This segment includes parks, recreation programs, recreation facilities and library services.

Planning and Development

This segment includes activities related to planning, zoning and economic development.

Unallocated Amounts

Items are recorded as unallocated amounts when there is no reasonable basis for allocating them to a segment. Major items included in this category are property taxation and related penalty and interest charges, and unconditional grants such as the Municipality's annual Ontario Municipal Partnership Fund grant.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies. In measuring and reporting segment revenue from transactions with other segments, inter segment transfers are measured on the basis of the percentage of budgeted expenses.

**The Corporation of the Municipality of Calvin
Notes to Financial Statements**

December 31, 2022

13. Segment Disclosures (continued)

	General Government	Protection to Persons and Property	Transportation Services	Environmental Services	Health Services	Social & Family Services	Recreation and Culture Services	Planning & Development	Unallocated Amounts	2022 Total
Revenues										
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,449,717	\$ 1,449,717
User Charges and Other	25,865	5,214	14,662	20,026	1,495	-	570	-	49,638	117,470
Government Transfer	214,500	5,093	-	970	-	-	1,177	-	-	221,740
Other	-	-	-	-	-	-	-	-	-	-
	240,365	10,307	14,662	20,996	1,495	-	1,747	-	1,499,355	1,788,927
Expenses										
Salaries wages and benefits	209,105	46,342	178,191	39,390	4,428	-	62,557	-	-	540,013
Long-term debt charges (interest)	-	1,540	1,694	-	-	-	-	-	-	3,234
Materials	95,343	43,257	287,780	27,239	423	-	14,155	-	-	468,197
Contracted services	213,852	97,153	36,449	36,966	-	-	4,891	32,216	-	421,527
External transfers	-	-	-	-	17,549	303,244	-	-	-	320,793
Amortization	4,426	27,409	154,037	2,330	-	-	12,061	-	-	200,263
	522,726	215,701	658,151	105,925	22,400	303,244	93,664	32,216	-	1,954,027
Annual (deficit) surplus	\$ (282,361)	\$ (205,394)	\$ (643,489)	\$ (84,929)	\$ (20,905)	\$ (303,244)	\$ (91,917)	\$ (32,216)	\$ 1,499,355	\$ (165,100)

**The Corporation of the Municipality of Calvin
Notes to Financial Statements**

December 31, 2022

13. Segment Disclosures (continued)

	General Government	Protection to Persons and Property	Transportation Services	Environmental Services	Health Services	Social & Family Services	Recreation & Culture	Planning & Development	Unallocated Amounts	2021 Total
Revenues										
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,361,523	\$ 1,361,523
User charges and other	3,519	12,919	(19,973)	48,515	2,771	-	1,199	-	23,174	72,124
Government Transfers	14,999	16,562	194,875	11,806	-	-	1,177	5,680	232,256	477,355
	18,518	29,481	174,902	60,321	2,771	-	2,376	5,680	1,616,953	1,911,002
Expenses										
Salaries and benefits	170,298	54,581	155,070	40,239	7,542	-	66,751	-	-	494,481
Long-term debt charges	13	2,020	3,120	-	-	-	-	-	-	5,153
Materials	32,932	48,258	167,744	7,551	673	-	25,527	-	-	282,685
Contracted services	149,328	134,575	24,751	24,719	-	-	1,599	12,713	-	347,685
Rents and financial expenses	3,137	-	-	-	-	-	-	-	-	3,137
External transfers	-	-	-	-	17,133	295,308	-	-	-	312,441
Interfunctional adjustments	-	-	(2,250)	1,980	-	-	270	-	-	-
Amortization	5,238	25,242	150,545	2,330	138	-	11,966	-	-	195,459
	-	-	-	-	-	-	-	-	-	-
Total Expenses	360,946	264,676	498,980	76,819	25,486	295,308	106,113	12,713	-	1,641,041
Annual (deficit) surplus	\$ (342,428)	\$ (235,195)	\$ (324,078)	\$ (16,498)	\$ (22,715)	\$ (295,308)	\$ (103,737)	\$ (7,033)	\$ 1,616,953	\$ 269,961

The Corporation of the Municipality of Calvin

Audit report to the Mayor and Council for the
year ended December 31, 2022

Presented on January 23, 2024

IBDO

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To the Mayor and Council of The Corporation of the Municipality of Calvin

For the year ended December 31, 2022

We are pleased to provide you with this communication to highlight and explain key issues which we believe to be relevant to the audit of The Corporation of the Municipality of Calvin (the "Municipality") financial statements for the year ended December 31, 2022.

The enclosed communication includes our approach to your audit, including: significant risks identified, the nature, extent, timing, and results of our audit work, and the terms of our engagement. We will also communicate any significant internal control deficiencies identified during our audit and confirm our independence.

During the course of our audit, management made certain representations to us—in discussions and in writing. We documented these representations in the audit working papers.

We look forward to discussing our communication with you. In the meantime, please feel free to contact us if you have any questions or concerns.

Yours truly,

BDO Canada LLP
January 23, 2024



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For the year ended December 31, 2022



BDO'S DIGITAL AUDIT SUITE

APT Next Gen

We use our APT Next Gen software and documentation tool to save time, streamline processes, and go paperless with your audit.

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DISCOVER THE DIGITAL DIFFERENCE

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For the year ended December 31, 2022



Audit at a glance

Your dedicated BDO audit team:

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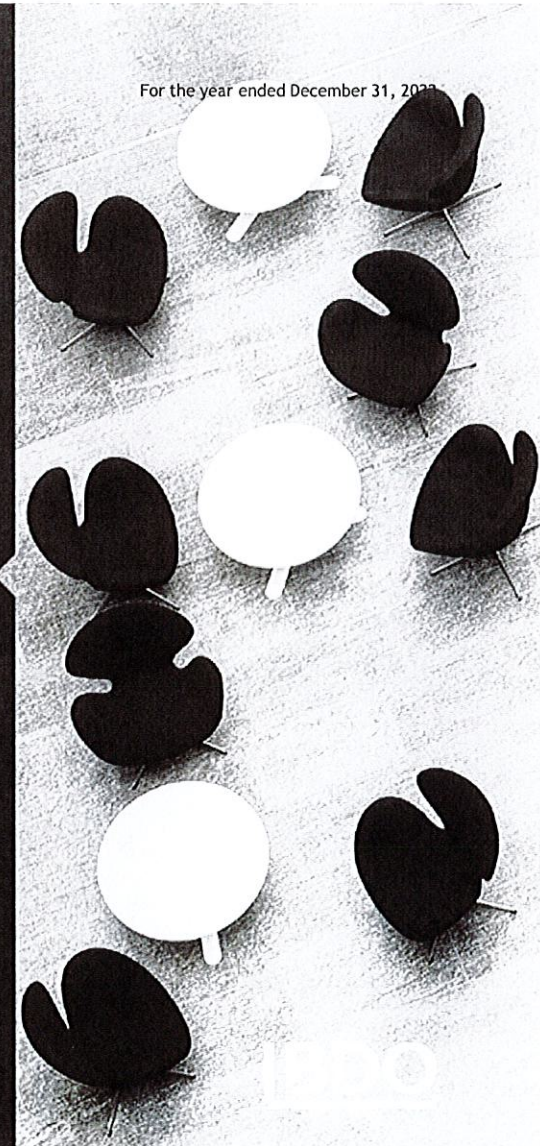


Auditor's responsibilities: financial statements

We are responsible for forming and expressing an opinion on the financial statements that have been prepared by management, with oversight by those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities. The scope of our work, as confirmed in our engagement letter, is set out below:

- ▶ Present significant findings to the Mayor and Council of The Corporation of the Municipality of Calvin including key audit and accounting issues, any significant deficiencies in internal control and any other significant matters arising from our work.
- ▶ Provide timely and constructive management letters. This includes deficiencies in internal control identified during our audit.
- ▶ Consult regarding accounting and reporting matters as requested throughout the year.
- ▶ Work with management to issue financial statements in a timely manner.
- ▶ Identify and assess the risks of material misstatement due to fraud.
- ▶ Obtain sufficient and appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses.
- ▶ Respond appropriately to fraud or suspected fraud identified during the audit.

For the year ended December 31, 2023



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For the year ended December 31, 2022



Auditor's responsibilities: fraud risks

We are responsible for planning and performing the audit to obtain reasonable assurance that the financial statements are free of material misstatements, whether caused by error or fraud, by:

- ▶ Identifying and assessing the risks of material misstatement due to fraud;
- ▶ Obtaining sufficient and appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and
- ▶ Responding appropriately to fraud or suspected fraud identified during the audit.

The likelihood of not detecting a material misstatement resulting from fraud is higher than the likelihood of not detecting a material misstatement resulting from error because fraud may involve collusion as well as sophisticated and carefully organized schemes designed to conceal it.

Behind the audit report



Learn how we audit your financial statements

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Auditor's responsibilities: fraud risks

During the audit, we performed risk assessment procedures and related activities to obtain an understanding of the entity and its environment, including the Municipality's internal control, to obtain information for use in identifying the risks of material misstatement due to fraud and made inquiries regarding:

- ▶ Management's assessment of the risk that the financial statements may be materially misstated due to fraud, including the nature, extent and frequency of such assessments;
- ▶ Management's process for identifying and responding to the risks of fraud in the Municipality, including any specific risks of fraud that management has identified or that have been brought to its attention, or classes of transactions, account balances, or disclosures for which a risk of fraud is likely to exist;
- ▶ Management's communication, if any, to those charged with governance regarding its processes for identifying and responding to the risks of fraud in The Corporation of the Municipality of Calvin; and
- ▶ Management's communication, if any, to employees regarding its view on business practices and ethical behavior.

We are not aware of any fraud affecting the Municipality. If you are aware of any instances of actual, suspected, or alleged fraud, please let us know.

For the year ended December 31, 2022

Audit at a glance

Materiality

We determined materiality to be \$17,000 for the year ended December 31, 2022.

Misstatements are considered to be material if they could reasonably be expected to influence the decisions of users based on the financial statements.

Judgments about materiality are made in light of surrounding circumstances and include an assessment of both quantitative and qualitative factors and can be affected by the size or nature of a misstatement, or a combination of both.

We communicated all corrected and uncorrected misstatements identified during our audit to the Mayor and Council of The Corporation of the Municipality of Calvin, other than those which we determined to be “clearly trivial.”

We encouraged management to correct any misstatements identified throughout the audit process.

Our independence



We have complied with relevant ethical requirements and are not aware of any relationships between The Corporation of the Municipality of Calvin and our Firm that may reasonably be thought to bear on our independence.

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Status of the audit

We have substantially completed our audit of the year ended December 31, 2022 financial statements, pending the following:

- Approval of the draft financial statements by Mayor and Council
- Receipt of signed management representation letter
- Subsequent events and file testing required up to audit report date

We conducted our audit in accordance with Canadian generally accepted auditing standards. The objective of our audit was to obtain reasonable, not absolute, assurance about whether the financial statements are free from material misstatement. See [Appendix A](#) for our final independent auditor's report.

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Audit findings

As part of our ongoing communications with you, we are required to have a discussion on our views about significant qualitative aspects of the Municipality's accounting practices, including accounting policies, accounting estimates and financial statements disclosures. We look forward to exploring these topics in depth and answering your questions. A summary of the key discussion points are below:

Financial statement areas	Risks noted	Audit findings
Taxation Revenue	Inherent fraud risk related to revenue recognition which could lead to a material misstatement of the financial statements. Risk that taxation revenue is accurate and collectible at year-end	All audit procedures in this area were executed as planned, with errors noted and corrected. Taxation software and accounting software did not agree, and it was noted that there have been issues with payments received, tax billings and interest charged on account.
Management Override of Controls	Management is in a unique position to perpetrate fraud because of management's ability to override controls, potentially leading to a material misstatement of the financial statements.	All audit procedures in this area were executed as planned and no errors noted.
Accounts payable and accruals	In common with similar organizations, there is a risk surrounding year-end cut-off and the completeness of accounts payable and accrued liabilities	All audit procedures in this area were executed as planned.
Landfill Liability	Risk that the landfill obligation liability is not complete and accurate based on third party reports.	Landfill calculation estimated using figures from 2018 engineers report. Recommended by BDO that a new landfill capacity report be completed and post closure cost report done for 2024.

For the year ended December 31, 2022



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Internal control matters

During the audit, we performed the following procedures regarding the Municipality's internal control environment:

- ▶ Documented operating systems to assess the design and implementation of control activities that were relevant to the audit.
- ▶ Discussed and considered potential audit risks with management.

We considered the results of these procedures in determining the extent and nature of audit testing required.



We are required to report to you in writing about any significant deficiencies in internal control that we have identified during the audit.

A significant deficiency is defined as a deficiency or combination of deficiencies in internal control that merits the attention of those charged with governance.

The audit expresses an opinion on the Municipality's financial statements. As a result, it does not cover every aspect of internal controls—only those relevant to preparing the financial statements and designing appropriate audit procedures. This work was not for the purpose of expressing an opinion on the effectiveness of internal control.

During the course of our audit, various weaknesses in internal controls were noted and have been communicated to Management in the 2022 management letter.

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For the year ended December 31, 2022

Unadjusted differences

Summary of unadjusted differences

There were no unadjusted differences noted during the course of our audit engagement.

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For the year ended December 31, 2022

Adjusted differences

The Corporation of the Municipality of Calvin
 Year End: December 31, 2022
 Journal Entries
 Date: 1999-01-12 To 2022-12-31

Prepared By	Detail Rev	Gen Rev	Quality Rev
4th Level Rev	Tax Rev	IS Audit Rev	Other Rev

0.10

Number	Date	Name	Account No	Reference	Debit	Credit	Recurrence	Misstatement
1	2022-12-31	GENERAL BANK ACCOUNT	110101130	A. 02	105,655.10			
1	2022-12-31	TRADE ACCOUNTS PAYABLE	120101310	A. 02		105,655.10		
		Adjustment from Client.						
5	2022-12-31	TRADE ACCOUNTS PAYABLE	120101310	CC. 02	21,696.00			
5	2022-12-31	SERVICES	150101110	CC. 02		21,696.00		
		Remove old AP that didn't clear properly.						
6	2022-12-31	DEFERRED REVENUE OTHER	120101311		100,000.00			
6	2022-12-31	OCIF Obligatory Reserve	120104752			100,000.00		
		Reallocate OCIF funds to separate account						
7	2022-12-31	MUNICIPAL EQUITY RESERVE FUND	130101330	0. 06	2,045.00			
7	2022-12-31	TRANSFER FROM WORKING RESERVE	140110203	0. 06	93,991.00			
7	2022-12-31	TRANSFER TO RESERVES-working funds	150101133	0. 06		20,000.00		
7	2022-12-31	TRANSFER TO RESERVES - FIRE	150200133	0. 06		25,000.00		
7	2022-12-31	TRANSFER TO RESERVES - ENVIRONMENT	150400133	0. 06		22,900.00		
7	2022-12-31	TRANSFER TO RESERVES MATTAWA SENIC	150600181	0. 06		23,136.00		
7	2022-12-31	TRANSFER TO RESERVES - RECREATION	150700133	0. 06		5,000.00		
		Adjust reserves to actual for year-end						
8	2022-12-31	GRADER LOAN	120101404		34,471.87			
8	2022-12-31	2B RECOVERED (B/S) I/O LOAN FIRE TRUCK	130102338		20,000.00			
8	2022-12-31	2B RECOV (B/S) GRADER	130102404			34,471.87		
8	2022-12-31	FIRE TRUCK LOAN PAYMENT	150200402			20,000.00		
		Temp adj. to fix loan entries in the year.						
9	2022-12-31	CURRENT TAXES	110103511	F_M. 02	17,275.04			
9	2022-12-31	PENALTIES & INTEREST	110103570	F_M. 02	454.83			
9	2022-12-31	PENALTIES AND INTEREST	140108180	F_M. 02		17,275.04		
9	2022-12-31	PENALTIES AND INTEREST	140108180	F_M. 02		454.83		
		Adjust current taxes receivable to actual per tax listing.						
10	2022-12-31	LANDFILL CLOSURE AMOUNT	110104478	H80	26,180.00			
10	2022-12-31	LANDFILL CLOSURE ACCUM. AMORTIZATION	110105478	H80		26,180.00		
		Adjust landfill closure amount						
12	2022-12-31	ACCRUAL VACATION PAY	120101333	CC. 03	3,617.23			
12	2022-12-31	SALARIES AND BENEFITS - ADMIN	150101100	CC. 03		1,728.00		
12	2022-12-31	SALARIES AND BENEFITS - ROADS	150300100	CC. 03	1,841.97			
12	2022-12-31	SALARIES AND BENEFITS - ROADS	150300100	CC. 03				
12	2022-12-31	SALARIES AND BENEFITS - ROADS	150300100	CC. 03				
12	2022-12-31	SALARIES AND BENEFITS - ROADS	150300100	CC. 03				
12	2022-12-31	SALARIES AND BENEFITS - RECREATION	150700100	CC. 03		3,731.20		
		To adjust vacation and overtime liability.						
13	2022-12-31	WAGES PAYABLE LIABILITY	120101332	CC03		2,455.79		
13	2022-12-31	SALARIES AND BENEFITS - ADMIN	150101100	CC03	529.70			
13	2022-12-31	SALARIES AND BENEFITS - ROADS	150300100	CC03	1,926.09			
		Adjust Accrued payroll to actual.						
14	2022-12-31	LANDFILL CLOSE LIABILITY	120101323	HH_PS. 02		18,355.12		
14	2022-12-31	MUNICIPAL EQUITY RESERVE FUND	130101330	HH_PS. 02		18,355.12		

The Corporation of the Municipality of Calvin

0.10-1

Year End: December 31, 2022
 Journal Entries
 Date: 1999-01-12 To 2022-12-31

Prepared by	Detail Rev	Gen Rev	Quality Rev
4th Level Rev	Tax Rev	IS Audit Rev	Other Rev

Number	Date	Name	Account No	Reference	Debit	Credit	Recurrence	Misstatement
14	2022-12-31	2B RECOV (B/S) LANDFILL CLOSURE	130102341	HH_PS_02	18,355.12			
14	2022-12-31	LANDFILL CLOSURE EXPENSE	150400148	HH_PS_02	18,355.12			
		To record Landfill liability in the current year.						
15	2022-12-31	GRADER LOAN	120101404	0.06	34,471.87			
15	2022-12-31	MUNICIPAL EQUITY RESERVE FUND	130101330	0.06	34,471.87			
15	2022-12-31	2B RECOV (B/S) GRADER	130102404	0.06		34,471.87		
15	2022-12-31	LOAN PAYMENT - GRADER	150300404	0.06		34,471.87		
		Record the principal payments for the Grader Loan.						
16	2022-12-31	VEHICLES	110104473	U.03	86,496.06			
16	2022-12-31	ROADS	110104475	U.03		52,807.99		
16	2022-12-31	VEHICLES ACCUM. AMORTIZATION	110105473	U.03		2,883.20		
16	2022-12-31	ROADS ACCUM. AMORTIZATION	110105475	U.03	2,640.40			
16	2022-12-31	CAPITAL EXPENDITURES - FIRE	150200132	U.03		86,496.06		
16	2022-12-31	FIRE AMORTIZATIONS	150200250	U.03	2,883.20			
16	2022-12-31	ROADS AMORTIZA	150300250	U.03		2,640.40		
16	2022-12-31	ROADS CONTRA CAPITAL	150300251	U.03	52,807.99			
		Remove Gravel resurfacing addition						
17	2022-12-31	PENALTIES AND INTEREST	140108180	OTH1_02		15,001.40		
17	2022-12-31	BANK SERVICE CHG. INTEREST	150101123	OTH1_02	15,001.40			
		Adjust interest earned that has been recorded in bank charges expense account.						
18	2022-12-31	INVENTORY FOR OWN USE	110106302	D.02		1,700.78		
18	2022-12-31	MATERIALS AND SUPPLIES - GRAVEL PATCH	150312101	D.02	1,700.78			
		Adjust Inventory at year end.						
19	2022-12-31	PENALTIES & INTEREST	110103570	ZZ.06	1,650.00			
19	2022-12-31	EMPLOYEE PENSION PAYABLE	120101320	ZZ.06		1,650.00		
		To record the penalty for the registered pension plan for no payment.						
21	2022-12-31	DEFERRED REVENUE OTHER	120101311			120,702.00		
21	2022-12-31	OCIF Obligatory Reserve	120104752		120,702.00			
		Move NORDS to obligatory reserve deferred						
			819,219.64		819,219.64			
		Net Income (Loss)			-165,102.91			



How we audit financial statements: Our audit process

IDENTIFY AND ASSESS RISK

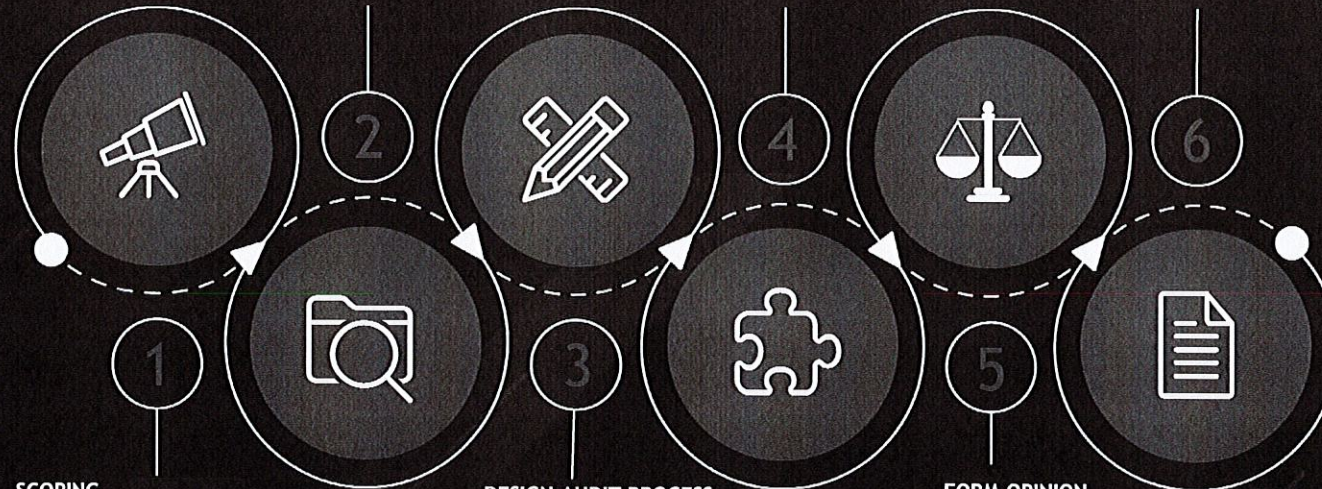
Focus on those areas of financial statements that contain potential material misstatements as a consequence of the risks you face

OBTAIN AUDIT EVIDENCE

Perform audit procedures while maintaining appropriate degree of professional skepticism, to conclude whether or not the financial statements are presented fairly

COMMUNICATION

Communicate our opinion and details of matters on which we are required to communicate



SCOPING

Complete a preliminary review to plan the audit, determine the materiality level, and define the audit scope

DESIGN AUDIT PROCESS

Design an appropriate audit strategy to obtain sufficient assurance and enable us to report on the financial statements

FORM OPINION

Evaluate whether we have enough evidence to conclude that the financial statements are free from material misstatement, and consider the effect of any potential misstatements found



How the firm's system of quality management supports the consistent performance of quality audit engagements

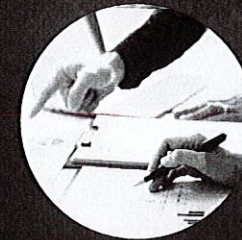
The firm's system of quality management complies with the requirements set out in Canadian Standard on Quality Management 1 - Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements (CSQM 1) as issued by the Auditing and Assurance Standards Board (AASB).

In addition to the requirements set out in CSQM 1, we may have identified additional quality objectives and potential quality risks and have designed further policies and procedures to respond to these.

Taken together our system of quality management supports consistent performance of audit engagements by focusing on eight components that operate in an iterative and integrated manner. These include:

- 1 Firm risk assessment process
- 2 Governance and leadership
- 3 Relevant ethical requirements
- 4 Acceptance and continuance
- 5 Engagement performance
- 6 Resources
- 7 Information and communication
- 8 Monitoring and remediation process

Standard for Audit Quality



CSQM 1

The quality of an audit depends not only on the people conducting it—but also on the systems underpinning it. These new rules up the ante for your audit quality.



Our audit approach: Responsiveness in action

Our firm is deliberately structured to allow one partner to every six staff members. This means easy access to senior staff and the lead partner throughout your audit. It also helps our team gain a better understanding of your organization.

Our audit process differs from the typical audit in our use of in-field reviews. The benefit of these in-field reviews is that final decision-makers are on site ensuring issues are resolved and files closed quickly.

We offer clients the full-service expertise of a national firm. Yet we maintain a local community focus. The comprehensive range of services we deliver is complemented by a deep industry knowledge gained from over 100 years of working within local communities.



CONSISTENCY

Drives consistency and quality in audit execution throughout BDO, enabling us to be responsive to your size and location needs

A DIGITAL APPROACH

We promote a paperless audit where we perform and document our audit and exchange information with you and your team using technology

EXCEPTIONAL DELIVERY

Using our highly trained teams, underpinned by an exceptionally intuitive audit methodology, to enable timely and efficient delivery of your audit

Discover how we're accelerating audit quality



Audit Quality Report

We collected our core beliefs around audit quality, the very practical steps we take to sustain it, and the progress we have made to accelerate its quest.

[Follow our progress](#)

BDO's digital audit suite

Our digital audit suite of technologies enables our engagement teams to conduct consistent risk-based audits, both domestically and internationally, with maximum efficiency and minimal disruption to our clients' operations and people.



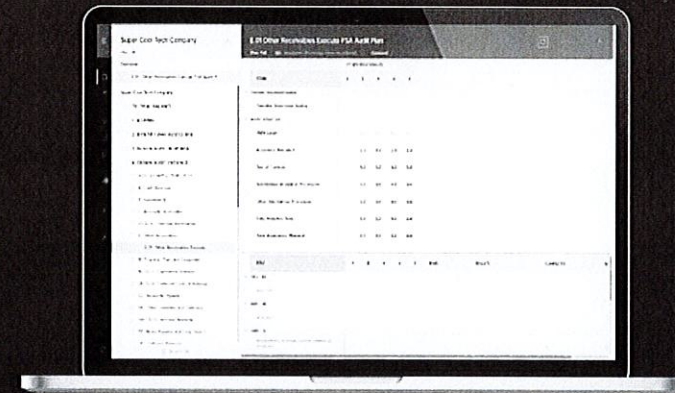
APT Next Gen

Our audit software and documentation tool, APT, is an integral part of our audit methodology. Our professionals engage APT to devise and perform appropriate, risk-based audit procedures and testing based on applicable Canadian Auditing Standards (CASs), as well as to factor in engagement and industry-specific objectives and circumstances.

APT enables us to deliver an audit that fits your organization—whether large or small; complex or basic.

This sophisticated tool also amplifies two key attributes of our audits: consistency and quality. The quality framework that we developed measures our audit performance with hard quality indicators and reflects our indispensable culture for quality. To see our audit quality and consistency in action, look no further than how our teams share best audit practices for continuous improvement.

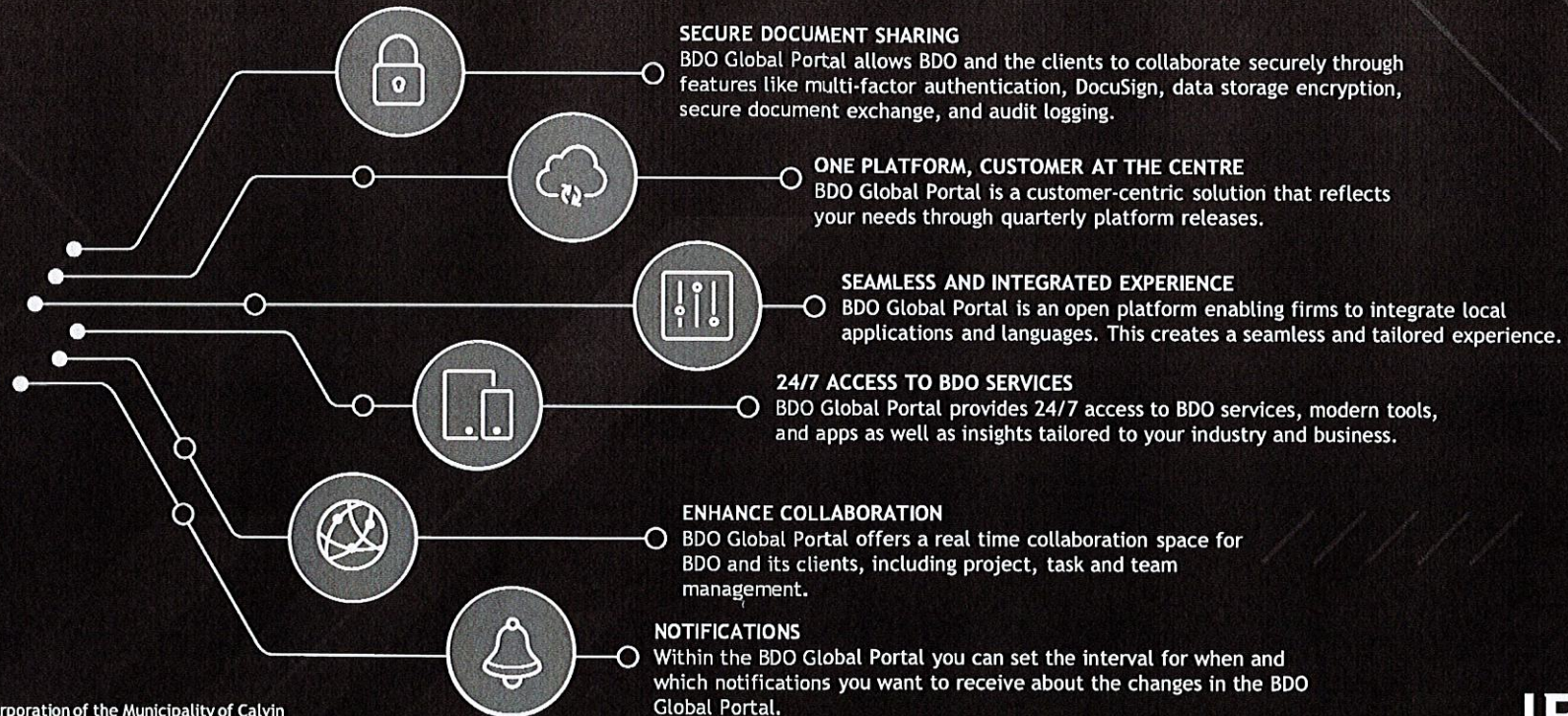
Through a strategic alliance with Microsoft and the introduction of new technology, this global, cloud-based application can now streamline and focus the audit process in even more ways for BDO professionals and their clients.





BDO Global Portal

BDO Global Portal transforms and enhances your digital experience with your BDO advisors. Available at any time, Portal enables you to access all services, tools, apps, and information and to collaborate with your advisors in a seamless way through a flexible, appealing, and secure environment.



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For the year ended December 31, 2022



Recommended Resource

Staying in the know with knowledge and perspective

Key changes to financial reporting



When the rules of reporting change, you may need to fine-tune how to present financial statements and govern the organization.

[ACCESS OUR KNOWLEDGE CENTRE](#)

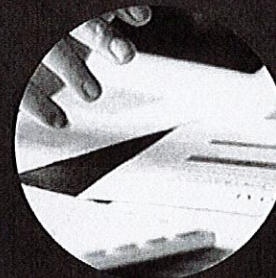
The latest tax pointers



Corporate. Commodity. Transfer pricing. International tax. Government programs. Together they add up to immense differences on the organization's bottom line. Our tax collection keeps you current.

[STAY ON TOP OF TAXES](#)

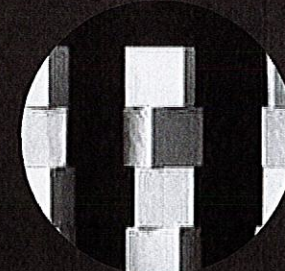
Trending topics



As a community of advisors with the best interests of our clients in mind, we keep our ear to the ground to bring insights and perspectives related to key business trends to you.

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Asset Retirement Obligations (ARO): A Practical Approach to Section PS 3280



This publication will walk through a practical approach to applying Section PS 3280 including: identification, recognition and measurement of an obligation, and the different options available to entities on transition.

[READ ARTICLE](#)



Recommended Resource

Staying in the know with knowledge and perspective

Key changes to financial reporting



When the rules of reporting change, you may need to fine-tune how to present financial statements and govern the organization.

[ACCESS OUR KNOWLEDGE CENTRE](#)

The latest tax pointers



Corporate. Commodity. Transfer pricing. International tax. Government programs. Together they add up to immense differences on the organization's bottom line. Our tax collection keeps you current.

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Asset Retirement Obligations (ARO): A Practical Approach to Section PS 3280



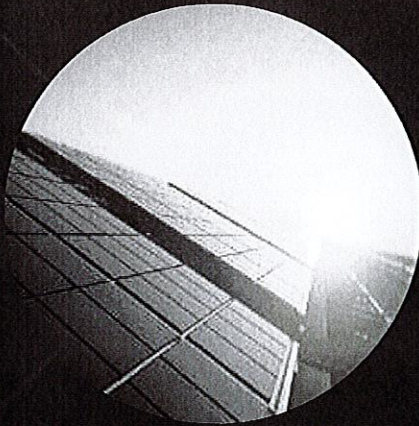
This publication will walk through a practical approach to applying Section PS 3280 including: identification, recognition and measurement of an obligation, and the different options available to entities on transition.

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For the year ended December 31, 2022

Spotlight on ESG



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Spotlight on public sector

For the year ended December 31, 2022



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Public sector Insights



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For the year ended December 31, 2022

Appendices

- ▶ Appendix A: Independent auditor's report
- ▶ Appendix B: Representation letter
- ▶ Appendix C: Independence letter

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For the year ended December 31, 2022

Appendix A: Independent auditor's report

Independent Auditor's Report

To the Members of Council, Inhabitants and Ratepayers of the The Corporation of the Municipality of Calvin

Opinion

We have audited the financial statements of The Corporation of the Municipality of Calvin (the Municipality), which comprise the statement of financial position as at December 31, 2022, the statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Municipality as at December 31, 2022, and its results of operations, its change in net financial assets 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 *Auditor's Responsibilities for the Audit of the 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 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.

Other Matters

The financial statements of the Corporation of the Municipality of Calvin for the year ended December 31, 2021 were audited by another licensed public accountant who expressed an unmodified opinion on those financial statements dated June 16, 2022.

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

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

In preparing the financial statements, management is responsible for assessing the 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 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 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 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 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

North Bay, Ontario
January 23, 2024

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For the year ended December 31, 2022



Appendix B: Representation letter

The Corporation of the Municipality of Calvin
1355 Peddler's Drive RR#2
Mattawa, Ontario P0H 1V0

January 23, 2024

BDO Canada LLP
Chartered Professional Accountants
101 McIntyre St W, Suite 301
North Bay, Ontario, P1B 2Y5

This representation letter is provided in connection with your audit of the financial statements of The Corporation of the Municipality of Calvin for the year ended December 31, 2022, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with Canadian Public Sector Accounting Standards.

We confirm that to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Financial Statements

We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated January 31, 2023, for the preparation of the financial statements in accordance with Canadian Public Sector Accounting Standards; in particular, the financial statements are fairly presented in accordance therewith.

- The methods, significant assumptions, and data used in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement and/or disclosure that are reasonable in accordance with Canadian Public Sector Accounting Standards.
- Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of Canadian Public Sector Accounting Standards.
- All events subsequent to the date of the financial statements and for which Canadian Public Sector Accounting Standards require adjustment or disclosure have been adjusted or disclosed.
- The financial statements of the entity use appropriate accounting policies that have been properly disclosed and consistently applied.
- We have reviewed and approved all journal entries recommended by the practitioners during the audit. A list of the journal entries is attached to the representation letter.

Information Provided

- We have provided you with:
 - access to all information of which we are aware that is relevant to the preparation of the financial statements, such as records, documentation and other matters;
 - additional information that you have requested from us for the purpose of the audit; and
 - unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
- We are responsible for the design, implementation and maintenance of internal controls to prevent, detect and correct fraud and error, and have communicated to you all deficiencies in internal control of which we are aware.

- All transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.
- We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.

Fraud and Error

- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the entity and involves:
 - management;
 - employees who have significant roles in internal control; or
 - others where the fraud could have a material effect on the financial statements.
- We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators, or others.

General Representations

- Where the value of any asset has been impaired, an appropriate provision has been made in the financial statements or has otherwise been disclosed to you.
- We have provided you with significant assumptions that in our opinion are reasonable and appropriately reflect our intent and ability to carry out specific courses of action on behalf of the entity when relevant to the use of fair value measurements or disclosures in the financial statements.
- We confirm that there are no derivatives or off-balance sheet financial instruments held at year end that have not been properly recorded or disclosed in the financial statements.
- Except as disclosed in the financial statements, there have been no changes to title, control over assets, liens or assets pledged as security for liabilities or collateral.
- The entity has complied with all provisions in its agreements related to debt and there were no defaults in principal or interest, or in the covenants and conditions contained in such agreements.
- There have been no plans or intentions that may materially affect the recognition, measurement, presentation or disclosure of assets and liabilities (actual and contingent).
- The nature of all material uncertainties have been appropriately measured and disclosed in the financial statements, including all estimates where it is reasonably possible that the estimate will change in the near term and the effect of the change could be material to the financial statements.

- There were no direct contingencies or provisions (including those associated with guarantees or indemnification provisions), unusual contractual obligations nor any substantial commitments, whether oral or written, other than in the ordinary course of business, which would materially affect the financial statements or financial position of the entity, except as disclosed in the financial statements.

Other Representations Where the Situation Exists

- We have informed you of all known actual or possible litigation and claims, whether or not they have been discussed with legal counsel. When applicable, these litigation and claims have been accounted for and disclosed in the financial statements.

Yours truly,

Signature

Position

Signature

Position

The Corporation of the Municipality of Calvin
 Summary of Unadjusted Misstatements
 December 31, 2022

Description of Misstatement	Identified Misstatements	Projections of Identified Misstatements	Estimates	Proposed Adjustments			
				Assets Dr(Cr)	Liabilities Dr(Cr)	Opening R/E Dr(Cr)	Income Dr(Cr)
Likely Aggregate Misstatements Before Effect of Previous Year's Errors and Estimates	-	-	-	-	-	-	-
Effect of Previous Year's Errors				-	-	-	-
Likely Aggregate Misstatements				-	-	-	-

Details of why no adjustment has been made to the financial statements for the above items:

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For the year ended December 31, 2022

Appendix C: Independence letter



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www.bdo.ca

BDO Canada LLP
101 McIntyre Street West
Suite 301
North Bay, Ontario
P1B 2Y5

January 23, 2024

Members of Council and Mayor
The Corporation of the Municipality of Calvin

Dear Mayor and Council Members:

We have been engaged to audit the financial statements of The Corporation of the Municipality of Calvin (the "Municipality") for the year ended December 31, 2022.

Canadian generally accepted auditing standards require that we communicate at least annually with you regarding all relationships between the Municipality and our Firm that, in our professional judgment, may reasonably be thought to bear on our independence.

In determining which relationships to report, the standards require us to consider independence rules and interpretations of the CPA profession and relevant legislation.

We have prepared the following comments to facilitate our discussion with you regarding independence matters arising to January 23, 2024.

We are aware of the following relationships between the Municipality and us that, in our professional judgment, may reasonably be thought to have influenced our independence. The following relationships represent matters that have occurred to January 23, 2024.

- We have provided assistance in the preparation of the financial statements, including adjusting journal entries and/or bookkeeping services. These services created a self-review threat to our independence since we subsequently expressed an opinion on whether the financial statements presented fairly, in all material respects, the financial position, results of operations and cash flows in accordance with Canadian Public Sector Accounting Standards.
- We, therefore, required that the following safeguards be put in place related to the above:
 - Management provided us with a trial balance prior to completion of our audit.
 - Management created the source data for all the accounting entries.
 - Management developed any underlying assumptions required with respect to the accounting treatment and measurement of the entries.
 - Management reviewed advice and comments provided and undertook their own analysis considering the Municipality's circumstances and generally accepted accounting principles.
 - Management reviewed and approved all journal entries prepared by us, as well as changes to financial statement presentation and disclosure.
 - Members of our Firm providing accounting support services did not participate on the audit engagement team.



- Someone other than the preparer reviewed the proposed journal entries and financial statements.
The total fees charged to the Municipality for assurance and non-assurance services were \$12,500 and \$5,000 respectively since our firm was engaged to January 23, 2024.

This letter is intended solely for the use of the Mayor and Council Members, management and those charged with governance of Municipality and should not be used for any other purpose.

Yours truly,

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants