

CONSOLIDATED FINANCIAL REPORT

2013

**THE CORPORATION OF THE
MUNICIPALITY OF CHARLTON AND DACK**

DISTRICT OF TIMISKAMING

INDEX

THE CORPORATION OF THE MUNICIPALITY OF CHARLTON AND DACK

	Page Number
Auditors' Report	1
Consolidated Statement of Financial Position	2
Consolidated Statement of Operations	3
Consolidated Statement of Changes in Net Financial Assets	4
Consolidated Statement of Cash Flows	5
Notes to the consolidated financial statements	6 - 17
Library Board	
- Auditors' Report	18
- Statement of Operations	19
- Note to the financial statement	19
Cemetery Trust Fund	
- Notice to Reader	20
- Statement of Financial Position and Statement of Continuity	21
- Notes to the Financial Statements	21

INDEPENDENT AUDITORS' REPORT

To the Members of Council, Inhabitants
and Ratepayers of the Corporation
of the Municipality of Charlton and Dack:

We have audited the accompanying consolidated financial statements of the CORPORATION OF THE MUNICIPALITY OF CHARLTON AND DACK, which comprise the consolidated statement of financial position as at December 31, 2013, and the consolidated statement of operations, consolidated statement of changes in net financial assets and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management and Council's Responsibility for the Consolidated financial statements

Management and council are 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 and council determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the CORPORATION OF THE MUNICIPALITY OF CHARLTON AND DACK as at December 31, 2013, and its operations, changes in net financial assets and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Kemp Elliott & Blair LLP

Kemp Elliott & Blair LLP

Licensed Public Accountants
New Liskeard, Ontario
March 24, 2014

Chartered Accountants

THE CORPORATION OF THE MUNICIPALITY OF CHARLTON AND DACK

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2013

FINANCIAL ASSETS

	2013	2012
Cash	\$ 179,244	\$ 218,417
Taxes receivable	81,461	81,063
Accounts receivable	85,584	39,524
Long term receivable - tile drainage - note 4	115,056	125,809
	<u>461,345</u>	<u>464,813</u>

LIABILITIES

Accounts payable and accrued liabilities	140,809	163,650
Landfill closure and post closure liability - note 5	13,790	12,040
Municipal debt - tile drainage - note 4	115,056	125,809
Municipal debt - other - note 6	73,347	32,890
	<u>343,002</u>	<u>334,389</u>

NET FINANCIAL ASSETS

118,343 130,424

NON-FINANCIAL ASSETS

Tangible capital assets - note 13	<u>3,106,618</u>	<u>3,248,423</u>
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ACCUMULATED SURPLUS - note 8

\$ 3,224,961 \$ 3,378,847

Contingent liabilities and commitments - note 9

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

On behalf of Council:



 Reeve



 Clerk-Treasurer

THE CORPORATION OF THE MUNICIPALITY OF CHARLTON AND DACK

CONSOLIDATED STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2013

	2013 Budget (Unaudited) (Note 7)	2013 Actual	2012 Actual
REVENUES			
Operating revenues			
Municipal taxation	\$ 459,324	\$ 458,061	\$ 427,270
Water user fees	123,924	123,580	118,206
User charges	29,485	46,045	45,915
Provincial grants	300,011	302,226	298,076
Federal grants	55,000	51,149	1,200
Investment income	-	1,195	1,343
Penalties and interest on taxes	12,000	11,347	12,408
Provincial Offences Act revenues	14,000	13,947	14,615
Other	24,700	21,588	15,592
	<u>1,018,444</u>	<u>1,029,138</u>	<u>934,625</u>
Capital revenues			
Provincial grants	23,200	22,647	24,268
Total revenues	<u>1,041,644</u>	<u>1,051,785</u>	<u>958,893</u>
EXPENDITURES			
General government	227,792	231,980	217,023
Protection to persons and property	78,630	82,965	79,529
Transportation services	422,605	406,473	291,819
Environmental services	224,110	233,905	216,315
Health services	85,948	87,716	78,047
Social and family services	76,307	76,307	73,997
Recreation and cultural services	58,868	79,508	68,619
Planning and development	7,000	6,817	7,254
Total expenditures	<u>1,181,260</u>	<u>1,205,671</u>	<u>1,032,603</u>
ANNUAL DEFICIT	(139,616)	(153,886)	(73,710)
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>3,378,847</u>	<u>3,378,847</u>	<u>3,452,557</u>
ACCUMULATED SURPLUS, END OF YEAR – note 8	<u>\$ 3,239,231</u>	<u>\$ 3,224,961</u>	<u>\$ 3,378,847</u>

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

THE CORPORATION OF THE MUNICIPALITY OF CHARLTON AND DACK
CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2013

	2013 Budget (Unaudited) (Note 7)	2013 Actual	2012 Actual
ANNUAL DEFICIT	\$ (217,398)	\$ (153,886)	\$ (73,710)
Acquisition of tangible capital assets	(23,200)	(74,612)	(74,059)
Amortization of tangible capital assets	182,586	187,116	182,586
Proceeds from sale of tangible capital assets	22,100	23,013	-
Loss on sale of tangible capital	-	6,288	-
Increase (decrease) in net financial assets	(35,912)	(12,081)	34,817
Net financial assets, beginning of year	130,424	130,424	95,607
NET FINANCIAL ASSETS, END OF YEAR	\$ 94,512	\$ 118,343	\$ 130,424

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

THE CORPORATION OF THE MUNICIPALITY OF CHARLTON AND DACK

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2013

OPERATIONS	2013	2012
Annual deficit	\$ (153,886)	\$ (73,710)
Charges not affecting cash -		
Amortization	187,116	182,586
Loss on sale of tangible capital assets	6,288	-
	<u>39,518</u>	<u>108,876</u>
Other sources (uses) of cash -		
Change in taxes receivable	(398)	(1,764)
Change in accounts receivable	(46,060)	(7,935)
Change in accounts payable and accrued liabilities	(22,841)	26,272
Change in landfill closure and post closure	1,750	1,750
Change in long term receivable - tile drainage	10,753	(81,154)
	<u>(56,796)</u>	<u>(62,831)</u>
Total cash provided by (used for) operations	<u>(17,278)</u>	<u>46,045</u>
CAPITAL TRANSACTIONS		
Acquisition of tangible capital assets	(74,612)	(74,059)
Proceeds from sale of tangible capital assets	23,013	-
Total cash used for capital transactions	<u>(51,599)</u>	<u>(74,059)</u>
FINANCING TRANSACTIONS		
Municipal debt proceeds (repayments) - tile drainage - net	(10,753)	81,154
Municipal debt proceeds – net of repayments	40,457	32,890
Total cash provided by financing transactions	<u>29,704</u>	<u>114,044</u>
INCREASE (DECREASE) IN CASH	<u>(39,173)</u>	<u>86,030</u>
Cash, beginning of year	<u>218,417</u>	<u>132,387</u>
CASH, END OF YEAR	<u>\$ 179,244</u>	<u>\$ 218,417</u>
REPRESENTED BY		
Cash	<u>\$ 179,244</u>	<u>\$ 218,417</u>

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

THE CORPORATION OF THE MUNICIPALITY OF CHARLTON AND DACK

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2013

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

1. Accounting policies

The consolidated financial statements of the Corporation of the Municipality of Charlton and Dack are the representation of management and council and are prepared in accordance with generally accepted accounting principles for local government as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants as prescribed for Ontario municipalities by the Ministry of Municipal Affairs.

Use of estimates

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

Basis of consolidation

The consolidated financial statements reflect financial assets, liabilities, operating revenues and expenditures, reserves and changes in investment in tangible capital assets of the Municipality and include the activities of all committees of Council which are:

The Corporation of the Municipality of Charlton and Dack District Cemeteries
 The Corporation of the Municipality of Charlton and Dack Waterworks
 The Corporation of the Municipality of Charlton and Dack Library Board

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

Non-consolidated entities

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

Timiskaming District Health Unit
District of Timiskaming Social Services Administration Board

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

Cochrane/Timiskaming Waste Management Board

This joint local board is a cooperative effort by 16 municipalities to jointly recycle waste materials. The operations of this board are not proportionately consolidated into these statements as they are not considered to be significant to the statements. The yearly requisition of this board is expensed by the Municipality in its statements.

Englehart and Area Fire Department

This joint local board provides fire protection services to the Municipalities of Englehart, Evanturel, Chamberlain, and Charlton and Dack. This joint local board is not proportionally consolidated as the overall impact would not be material to these statements. The yearly requisition of the board is expensed by the Municipality in its statements.

THE CORPORATION OF THE MUNICIPALITY OF CHARLTON AND DACK

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2013

1. **Accounting policies - continued**

Timiskaming Municipal Building Association Chief Building Officer

The Timiskaming Municipal Building Association Chief Building Officer is a joint cost sharing arrangement for 21 Municipalities. The operations of this board are not proportionately consolidated into these statements as they are not considered to be significant to the statements. Building Permit revenues are transferred to this organization.

Accounting for school board transactions

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

Trust funds

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

Basis of accounting

Revenues and expenses are reported on the accrual basis of accounting. Taxes are recognized as revenue in the year they are levied. Federal and Provincial grants are recognized as revenue when eligibility criteria have been met (if any). Fees and service charges revenue is recognized when earned. Expenses are recorded in the period in which the goods or services are acquired or relate to and a liability is incurred.

Tangible capital assets

Tangible capital assets are recorded at cost, which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Land improvements	20 - 50 years
Buildings	50 years
Equipment	10 years
Automotive equipment	10 - 25 years
Roads	10 - 30 years
Underground networks	50 years
Bridges and culverts	25 - 75 years

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

The Municipality has a capitalization threshold of \$10,000, so that individual capital assets of lesser value are expensed, unless they are pooled because, collectively, they have significant value.

2. **Operations of school boards**

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

	2013	2012
	<u>\$ 113,510</u>	<u>\$ 112,098</u>

THE CORPORATION OF THE MUNICIPALITY OF CHARLTON AND DACK
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

3. **Contributions to Joint Boards**

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

	<u>2013</u>	<u>2012</u>
Timiskaming District Health Unit	\$ 26,780	\$ 25,213
District of Timiskaming Social Services Administration Board	\$ 126,292	\$ 116,614
Cochrane Timiskaming Waste Management Board	\$ 6,028	\$ 5,733
Englehart and Area Fire Department	\$ 23,450	\$ 23,919

4. **Long term receivable and Municipal debt - tile drainage**

The municipality is liable for long term liabilities with respect to tile drainage loans for which the responsibility for the payment of principal and interest has been assumed by specific ratepayers. The total amount outstanding as at December 31, 2013 is \$115,056 (2012 \$125,809) and is reflected as Municipal debt and Long term receivables on the "Consolidated Statement of Financial Position".

5. **Landfill closure and post closure liability**

These obligations relate to the recognition of closure and post closure costs. The Municipality's estimated liability for these expenses is recognized as the landfill site's capacity is used. The reported liability represents the portion of the estimated total expenses recognized as at December 31, 2013. The liability and annual expense is calculated based on the ratio of current usage to the total capacity of the site and the discounted estimated future cash flows associated with closure and post closure activities. The yearly increase in the estimated liability is designed to ensure that the total estimated costs of closure and post closure activities are reflected as an obligation at the time of closure of the landfill site. The costs and life expectancy were last reviewed in a study done in 2006. At that time the landfill site was expected to reach capacity in approximately 2031 and have closure and post closure costs estimated at \$37,000.

6. **Municipal debt**

The balance of the municipal debt reported on the "Consolidated Statement of Financial Position" consists of three loans:

	<u>2013</u>	<u>2012</u>
A bank loan used to finance roads equipment is repayable in monthly principal payments of \$834 plus interest at prime rate plus 0.5% per annum.	\$ 22,882	\$ 32,890
A bank loan used to finance roads equipment is repayable in monthly principal payments of \$397 plus interest at prime rate plus 0.5% per annum.	22,205	-
A bank loan used to finance roads equipment is repayable in monthly principal payments of \$471 plus interest at prime rate plus 0.5% per annum.	<u>28,260</u>	<u>-</u>
	<u>\$ 73,347</u>	<u>\$ 32,890</u>

THE CORPORATION OF THE MUNICIPALITY OF CHARLTON AND DACK
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

6. **Municipal debt - continued**

Principal payments are due as follows:

2014	\$ 20,418
2015	20,418
2016	13,276
2017	10,410
2018	<u>8,825</u>
	<u>\$ 73,347</u>

All of this debt is to be repaid from general municipal revenues. Total interest paid in 2013 was \$1,277 (2012 \$747).

7. **Budget**

The Budget adopted by Council was not prepared on a basis consistent with that used to report actual result according to Public Sector Accounting Standards used on the Consolidated Statement of Operations on page 3. The budget was prepared on a modified accrual basis while Public Sector Accounting Standards now require a full accrual basis. The actual budget is reflected in note 16. It expenses all tangible capital expenditures, does not include amortization expense, reflects proceeds of long term debt as a revenue, principal repayments of long term debt as an expense and the full proceeds from the sale of tangible capital assets as a revenue. As a result, the budget figures presented in the consolidated statements of operations and change in net financial assets represent the financial plan adopted by Council with adjustments as follows:

	<u>2013</u>
Actual budget surplus for the year – note 16	\$ 6,187
Add: Investment in tangible capital assets	23,200
Long term debt repayments	13,583
Less: Amortization (estimated)	<u>(182,586)</u>
Budget deficit per statement of operations – page 3	<u>\$ (139,616)</u>

THE CORPORATION OF THE MUNICIPALITY OF CHARLTON AND DACK

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2013

8. Accumulated surplus

Reserves represent an appropriation of surplus for a specific purpose, determined by council, are non-statutory and subject to change by council at any time. Operational surpluses (deficits) are PSAB surpluses or deficits adjusted for amortization changes, allocations to and from reserves, proceeds / repayments of long term debt and expensing of tangible capital asset additions.

	<u>2013</u>	<u>2012</u>
Reserves, surpluses and deficits		
Working capital reserve	\$ 226,492	\$ 190,951
Cemetery reserve	36,764	36,039
Fireworks reserve	5,755	2,599
Recreation reserve	424	1,647
Clarksville water reserve	2,129	3,719
Bradley Subdivision water operational deficit	(10,867)	(11,416)
Charlton water operational deficit	<u>(69,007)</u>	<u>(60,225)</u>
	191,690	163,314
Amounts to be recovered		
Municipal debt – roads	<u>(73,347)</u>	<u>(32,890)</u>
Net financial assets	118,343	130,424
Non-financial assets		
Invested in tangible capital assets	<u>3,106,618</u>	<u>3,248,423</u>
Accumulated surplus	<u>\$ 3,224,961</u>	<u>\$ 3,378,847</u>

Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year, and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the Change in Net Financial Assets for the year.

9. Contingent liabilities and commitments

Non Consolidated Entities

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

Post employment benefits

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

Ontario Municipal Employees Retirement Fund

All permanent, full-time employees of the Municipality are eligible to be members of the Ontario Municipal Employees Retirement System ("OMERS"), a multi-employer pension plan. The plan provides defined pension benefits to employees based on their length of service and rates of pay. As this is a multi-employer pension plan, the contributions by the Municipality are recognized as an expenditure. No pension liability for this type of plan is recognized in the Municipality's financial statements.

THE CORPORATION OF THE MUNICIPALITY OF CHARLTON AND DACK

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2013

10. **Cemetery donation**

In 2002 a donation from the estate of David Russell Basil for \$46,695 was received. These funds are to be used for cemetery related costs only and have been placed in a reserve for that purpose. Interest is credited to the reserve and specific cemetery related expenses are paid out by the reserve. The reserve balance at December 31, 2013 is \$36,764 (2012 \$36,039).

11. **Trust Funds**

Trust funds administered by the Municipality amounting to \$36,688 (2012 \$31,708) have not been included in the "Consolidated Statement of Financial Position" nor have their operations been included in the "Consolidated Statement of Operations".

12. **Credit facility**

The Municipality has a revolving line of credit established with CIBC available to a maximum of \$100,000. Interest is at bank prime plus 1%. The line of credit was not in use at December 31, 2013.

THE CORPORATION OF THE MUNICIPALITY OF CHARLTON AND DACK
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

	2013									
	Opening Cost Dec 31, 2012	Additions	Disposals	Ending Cost Dec 31, 2013	Opening Accumulated Amortization Dec 31, 2012	Disposals	Amortization	Current Amortization	Ending Accumulated Amortization Dec 31, 2013	Net Assets Dec 31, 2013
13. Schedule of tangible capital assets										
General										
Land	\$ 17,129	\$ 2,305	-	\$ 19,434	\$ -	-	\$ -	-	\$ -	\$ 19,434
Land improvements	49,720	-	-	49,720	10,663	-	-	1,597	12,260	37,460
Buildings	1,505,702	-	-	1,505,702	556,003	-	-	33,798	589,801	915,901
Automotive equipment	581,538	49,660	66,700	564,498	206,391	37,399	-	27,994	196,986	367,512
Equipment	1,462,973	22,647	-	1,485,620	1,259,216	-	-	53,711	1,312,927	172,693
Infrastructure										
Roads	540,512	-	-	540,512	146,013	-	-	21,192	167,205	373,307
Water distribution lines	997,629	-	-	997,629	521,598	-	-	19,953	541,551	456,078
Bridges and culverts	1,577,387	-	-	1,577,387	806,304	-	-	27,924	834,228	743,159
Municipal drains	47,342	-	-	47,342	25,321	-	-	947	26,268	21,074
Total	\$ 6,779,932	\$ 74,612	\$ 66,700	\$ 6,787,844	\$ 3,531,509	\$ 37,399	\$ 187,116	\$ 3,681,226	\$ 3,106,618	

THE CORPORATION OF THE MUNICIPALITY OF CHARLTON AND DACK
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2013

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

	2012		2011		2010		Net Assets Dec 31, 2012
	Opening Cost Dec 31, 2011	Additions Dec 31, 2012	Ending Cost Dec 31, 2012	Opening Accumulated Amortization Dec 31, 2011	Current Amortization Dec 31, 2012	Ending Accumulated Amortization Dec 31, 2012	
General							
Land	\$ 17,129	\$ -	\$ 17,129	\$ -	\$ -	\$ -	\$ 17,129
Land improvements	49,720	-	49,720	9,066	1,597	10,663	39,057
Buildings	1,505,702	-	1,505,702	522,205	33,798	556,003	949,699
Automotive equipment	533,711	47,827	581,538	180,661	25,730	206,391	375,147
Equipment	1,462,973	-	1,462,973	1,207,768	51,448	1,259,216	203,757
Infrastructure							
Roads	514,280	26,232	540,512	124,822	21,191	146,013	394,499
Water distribution lines	997,629	-	997,629	501,645	19,953	521,598	476,031
Bridges and culverts	1,577,387	-	1,577,387	778,381	27,923	806,304	771,083
Municipal drains	47,342	-	47,342	24,375	946	25,321	22,021
Total	\$ 6,705,873	\$ 74,059	\$ 6,799,932	\$ 3,348,923	\$ 182,586	\$ 3,531,509	\$ 3,248,423

THE CORPORATION OF THE MUNICIPALITY OF CHARLTON AND DACK
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

14. **Schedule of expenditure by object**

	Wages	Interest	Materials	Contracted Services	Rents and Financial Expenses	External Transfers	Amortization	Total 2013	Total 2012
General government	\$ 114,449	\$ -	\$ 39,743	\$ 67,364	\$ 5,971	\$ -	\$ 4,453	\$ 231,980	\$ 217,023
Protection to persons and property	-	-	-	37,041	-	45,924	-	82,965	79,529
Transportation services	127,517	1,277	185,780	10,468	-	-	81,431	406,473	291,819
Environmental services	10,389	-	37,140	98,335	6,900	-	81,141	233,905	216,315
Health services	-	-	9,525	-	-	77,772	419	87,716	78,047
Social and family services	-	-	-	-	-	76,307	-	76,307	73,997
Recreation and cultural services	2,662	-	42,442	14,732	-	-	19,672	79,508	68,619
Planning and development	-	-	6,817	-	-	-	-	6,817	7,254
Total	\$ 255,017	\$ 1,277	\$ 321,447	\$ 227,940	\$ 12,871	\$ 200,003	\$ 187,116	\$ 1,205,671	\$ 1,032,603

THE CORPORATION OF THE MUNICIPALITY OF CHARLTON AND DACK
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

15. **CHARLTON AND DACK WATERWORKS****Charlton Waterworks****REVENUE**

	2013	2012
Water service charges	\$ 110,205	\$ 106,606
Province of Ontario – OSWAP	-	14,419
	<u>110,205</u>	<u>121,025</u>

EXPENDITURES

Wages	675	1,520
Insurance	-	750
Water transmission, distribution and repair	111,412	100,340
Bad debts	6,900	-
	<u>118,987</u>	<u>102,610</u>

Annual surplus (deficit)	(8,782)	18,415
Accumulated deficit, beginning of year	<u>(60,225)</u>	<u>(78,640)</u>
Accumulated deficit, end of year	\$ (69,007)	\$ (60,225)

User Information

The Charlton Water Operations provides services to multiple users each year.

	2013	2012
Single hook-ups	106	105
Double hook-ups	1	1
Commercial	5	5
School	1	1
Church	1	2

THE CORPORATION OF THE MUNICIPALITY OF CHARLTON AND DACK
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

15. CHARLTON AND DACK WATERWORKS - continued

Bradley Subdivision Waterworks

REVENUE	<u>2013</u>	<u>2012</u>
Water service charges and other water revenue	\$ 8,624	\$ 6,600
Province of Ontario – OSWAP	-	2,711
	<u>8,624</u>	<u>9,311</u>
EXPENDITURE		
Water transmission, distribution and repair	8,075	8,813
Wages	-	152
	<u>8,075</u>	<u>8,965</u>
Annual surplus	549	346
Accumulated deficit, beginning of year	<u>(11,416)</u>	<u>(11,762)</u>
Accumulated deficit, end of year	<u>\$ (10,867)</u>	<u>\$ (11,416)</u>

User information

The Bradley Subdivision Water Operations are for services provided to 23 households.

Clarksville Waterworks

REVENUE	<u>2013</u>	<u>2012</u>
Water service charges and other water revenue	\$ 4,750	\$ 5,000
EXPENDITURE		
Water transmission, distribution and repair	6,066	5,000
Wages	274	-
	<u>6,340</u>	<u>5,000</u>
Annual deficit – transferred from reserve	(1,590)	-
Reserve, beginning of year	<u>3,719</u>	<u>3,719</u>
Reserve, end of year	<u>\$ 2,129</u>	<u>\$ 3,719</u>

User information

The Clarksville Water Line Operations are for services provided to 16 system users.

THE CORPORATION OF THE MUNICIPALITY OF CHARLTON AND DACK

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2013

16. Budgeting

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

The consolidated statement of operations on page 3 has been modified here to exclude amortization and to include tangible capital asset expenditures and the principal repayments on long term debt.

This modified statement of operations (budget based) is consistent with the budget format used and is presented here with the 2013 budget.

	2013 (Unaudited) Budget	2013 Actual	2012 Actual
REVENUES			
Operating revenues			
Municipal taxation	\$ 459,324	\$ 458,061	\$ 427,270
Water user fees	123,924	123,580	118,206
User charges	29,485	46,045	45,915
Provincial grants	300,011	302,226	298,076
Federal grants	55,000	51,149	1,200
Investment income	-	1,195	1,343
Penalties and interest on taxes	12,000	11,347	12,408
Provincial Offences Act revenues	14,000	13,947	14,615
Other	24,700	50,889	15,592
	<u>1,018,444</u>	<u>1,058,439</u>	<u>934,625</u>
Capital revenues			
Provincial grants	23,200	22,647	-
Federal grants	-	-	24,268
Proceeds from long term debt	-	52,051	38,728
	<u>23,200</u>	<u>74,698</u>	<u>62,996</u>
Total revenues	<u>1,041,644</u>	<u>1,133,137</u>	<u>997,621</u>
EXPENDITURES			
Operating expenditures			
General government	223,338	227,524	212,569
Protection to persons and property	78,630	82,965	79,529
Transportation services	343,440	325,042	212,653
Environmental services	142,969	152,764	135,174
Health services	85,529	87,297	77,628
Social and family services	76,307	76,307	73,997
Recreation and cultural services	41,461	59,836	51,212
Planning and development	7,000	6,820	7,255
	<u>998,674</u>	<u>1,018,555</u>	<u>850,017</u>
Capital expenditures	23,200	74,612	74,059
Debt principal repayments	13,583	11,594	5,838
Total expenditures	<u>1,035,457</u>	<u>1,104,761</u>	<u>929,914</u>
Surplus full budget base	<u>\$ 6,187</u>	<u>\$ 28,376</u>	<u>\$ 67,707</u>

INDEPENDENT AUDITORS' REPORT

To the Members of Council, Inhabitants
and Ratepayers of the Corporation
of the MUNICIPALITY OF CHARLTON AND DACK:

We have audited the accompanying financial statement of the CORPORATION OF THE MUNICIPALITY OF CHARLTON AND DACK LIBRARY BOARD, which comprises the statement of operations for the year ended December 31, 2013.

Management and Council's Responsibility for the Financial Statement

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

Auditors' Responsibility

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statement presents fairly, in all material respects, the operations of the CORPORATION OF THE MUNICIPALITY OF CHARLTON AND DACK LIBRARY BOARD for the year ended December 31, 2013 in accordance with Canadian public sector accounting standards.

KEMP ELLIOTT & BLAIR LLP

Kemp Elliott & Blair LLP

Licensed Public Accountants
New Liskeard, Ontario
March 24, 2014

Chartered Accountants

THE CORPORATION OF THE MUNICIPALITY OF CHARLTON AND DACK

LIBRARY BOARD

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>2013</u>	<u>2012</u>
REVENUES		
Provincial grant	\$ 1,446	\$ 1,446
Municipal contribution	10,434	-
User charges	<u>-</u>	<u>10,080</u>
	<u>\$ 11,880</u>	<u>\$ 11,526</u>
EXPENDITURE		
Transfer to Town of Englehart Public Library	<u>\$ 11,880</u>	<u>\$ 11,526</u>

NOTE TO THE FINANCIAL STATEMENT

The Library Board has no assets, liabilities of fund balance.

NOTICE TO READER

To the Members of Council, Inhabitants
and Ratepayers of the Corporation
of the MUNICIPALITY OF CHARLTON AND DACK:

On the basis of information provided by management, we have compiled the statement of financial position of the CEMETERY TRUST FUND of the CORPORATION OF THE MUNICIPALITY OF CHARLTON AND DACK as at December 31, 2013 and the statement of continuity for the year then ended.

We have not performed an audit or a review engagement in respect of these consolidated financial statements and, accordingly, we express no assurance thereon.

Readers are cautioned that these statements may not be appropriate for their purposes.

KEMP ELLIOTT & BLAIR LLP

Kemp Elliott & Blair LLP

Licensed Public Accountants
New Liskeard, Ontario
March 24, 2014

Chartered Accountants

(Unaudited – See Notice to Reader)

THE CORPORATION OF THE MUNICIPALITY OF CHARLTON AND DACK**CHARLTON AND DACK DISTRICT CEMETERIES****PERPETUAL CARE TRUST FUND****STATEMENT OF FINANCIAL POSITION****AS AT DECEMBER 31, 2013**

FINANCIAL ASSETS	2013	2012
Due from the Corporation of the Municipality of Charlton and Dack	\$ 1,758	\$ -
Short term deposits	31,930	31,883
	<u>\$ 33,688</u>	<u>\$ 31,883</u>
LIABILITIES		
Due to The Corporation of the Municipality of Charlton and Dack	\$ -	\$ 175
Perpetual care fund	33,688	31,708
	<u>\$ 33,688</u>	<u>\$ 31,883</u>

STATEMENT OF CONTINUITY**FOR THE YEAR ENDED DECEMBER 31, 2013**

	2013	2012
Balance, beginning of year	\$ 31,708	\$ 30,749
Perpetual Care receipts – note 2		
re: sale of plots, headstone maintenance	1,980	959
Balance, end of year	<u>\$ 33,688</u>	<u>\$ 31,708</u>

NOTES TO THE FINANCIAL STATEMENTS**1. Accounting Policies**

Accounting is on a cash basis

Interest earned by the fund each year is transferred to the revenue fund of the Corporation of the Municipality of Charlton and Dack and is not reported in the Cemetery Trust Funds statements.

2. Perpetual Care Receipts

The perpetual care fund reflects only receipts held and maintained by the Municipality which looks after the Charlton and St. Stephens's cemetery. All amounts transferred to the Public Trustee, who looks after the Brentha cemetery, are not reflected in these statements.