

**CONSOLIDATED FINANCIAL REPORT**

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

**DISTRICT OF TIMISKAMING**

**YEAR ENDED DECEMBER 31, 2020**

## INDEX

### THE CORPORATION OF THE MUNICIPALITY OF CHARLTON AND DACK

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## MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The accompanying financial statements of The Corporation of the Corporation of the Municipality of Charlton and Dack are the responsibility of the Corporation of the Municipality of Charlton and Dack's management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of The Chartered Professional Accountants of Canada. A summary of the significant accounting policies are described in Note 1 to the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

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

Council meets with Management and the external auditors to review the financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the financial statements.

The financial statements have been audited by Kemp Elliott & Blair LLP, independent external auditors appointed by the Corporation of the Municipality of Charlton and Dack. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Corporation of the Municipality of Charlton and Dack's financial statements.

DocuSigned by:

*Dan Thibeault*

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Clerk-Treasurer / Chief Administrative Officer  
Dan Thibeault

## **INDEPENDENT AUDITORS' REPORT**

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

### **Opinion**

We have audited the 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, 2020, and the consolidated statements of operations, 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 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, 2020, and the results of its operations, 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 *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Corporation of the Municipality of Charlton and Dack in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Corporation of the Municipality of Charlton and Dack's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation of the Municipality of Charlton and Dack or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation of the Municipality of Charlton and Dack's financial reporting process.

### **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

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

- \* Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- \* Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation of the Municipality of Charlton and Dack's internal control.
- \* Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- \* Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation of the Municipality of Charlton and Dack's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Corporation of the Municipality of Charlton and Dack to cease to continue as a going concern.
- \* Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Kemp Elliott & Blair LLP

*Kemp Elliott & Blair LLP*

Licensed Public Accountants  
New Liskeard, Ontario  
May 5, 2021

Chartered Professional Accountants

**THE CORPORATION OF THE MUNICIPALITY OF CHARLTON AND DACK**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

**AS AT DECEMBER 31, 2020**

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**FINANCIAL ASSETS**

	2020	2019
Cash	\$ 813,448	\$ 851,122
Taxes receivable	119,571	148,390
Accounts receivable	58,595	76,246
Long-term receivable – tile drainage – note 4	82,665	132,467
	<u>1,074,279</u>	<u>1,208,225</u>

**LIABILITIES**

Accounts payable and accrued liabilities	193,667	169,929
Deferred revenue – obligatory reserve funds – note 6	20,007	60,267
Deferred revenue – other – note 7	183,402	174,614
Landfill closure and post-closure liability – note 8	21,545	13,710
Municipal debt – tile drainage – note 4	82,665	132,467
Municipal debt – other – note 9	86,170	205,898
	<u>587,456</u>	<u>756,885</u>

**NET FINANCIAL ASSETS**

486,823                      451,340

**NON-FINANCIAL ASSETS**

Tangible capital assets – note 16	4,632,664	4,648,425
Inventories of supplies	8,660	10,840
	<u>4,641,324</u>	<u>4,659,265</u>

**ACCUMULATED SURPLUS – note 11**

\$ 5,128,147                      \$ 5,110,605

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Contingent liabilities - note 12

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

On behalf of Council:

DocuSigned by:

*Merrill Bond*

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DocuSigned by:

*Dan Heibeault*

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Clerk-Treasurer / Chief Administrative Officer

**THE CORPORATION OF THE MUNICIPALITY OF CHARLTON AND DACK**  
**CONSOLIDATED STATEMENT OF OPERATIONS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

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	2020 Budget (Note 10)	2020 Actual	2019 Actual
<b>REVENUES</b>			
Operating revenues			
Municipal taxation	\$ 647,400	\$ 636,106	\$ 635,541
Water user charges	170,241	169,929	168,259
User charges	38,766	55,020	317,969
Provincial grants	349,324	347,662	473,886
Federal grants	-	-	4,102
Revenue from other municipalities	318,100	246,414	102,780
Investment income	-	1,950	-
Penalties and interest on taxes	15,000	14,958	20,469
Provincial Offences Act revenues	4,800	4,408	9,484
Sale of Land	-	22,000	3,340
Loss on disposal of tangible capital assets	-	(3,330)	(35,607)
Other	11,528	5,340	38,632
	1,555,159	1,500,457	1,738,855
Capital revenues			
Provincial grants	50,000	50,000	56,640
Federal grants	80,000	82,059	40,000
Other	-	78,236	9,092
	130,000	210,295	105,732
Total revenues	1,685,159	1,710,752	1,844,587
<b>EXPENDITURES</b>			
General government	475,870	449,706	351,537
Protection to persons and property	142,438	135,646	153,484
Transportation services	624,069	593,830	436,116
Environmental services	291,017	299,455	271,819
Health services	95,625	97,151	78,999
Social and family services	72,605	68,969	70,074
Recreation and cultural services	52,309	40,481	80,213
Planning and development	6,300	7,972	14,313
Total expenditures	1,760,233	1,693,210	1,456,555
<b>ANNUAL SURPLUS (DEFICIT)</b>	(75,074)	17,542	388,032
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	5,110,605	5,110,605	4,722,573
<b>ACCUMULATED SURPLUS, END OF YEAR – note 11</b>	\$ 5,035,531	\$ 5,128,147	\$ 5,110,605

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

**THE CORPORATION OF THE MUNICIPALITY OF CHARLTON AND DACK**  
**CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

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	2020 Budget (Note 10)	2020 Actual	2019 Actual
<b>ANNUAL SURPLUS (DEFICIT)</b>	\$ (75,074)	\$ 17,542	\$ 388,032
Acquisition of tangible capital assets	(280,050)	(243,558)	(349,592)
Amortization of tangible capital assets	249,645	240,989	249,768
Consumption (acquisition) of inventories of supplies	-	2,180	(5,036)
Proceeds from disposal of tangible capital assets	15,000	15,000	-
Loss on disposal of tangible capital assets	-	3,330	35,607
Increase (decrease) in net financial assets	(90,479)	35,483	318,779
Net financial assets, beginning of year	451,340	451,340	132,561
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	<b>\$ 360,861</b>	<b>\$ 486,823</b>	<b>\$ 451,340</b>

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, 2020**

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<b>OPERATIONS</b>	<u>2020</u>	<u>2019</u>
Annual surplus	\$ 17,542	\$ 388,032
Charges not affecting cash –		
Amortization of tangible capital assets	240,989	249,768
Loss on sale of tangible capital assets	<u>3,330</u>	<u>35,607</u>
	<u>261,861</u>	<u>673,407</u>
Other sources (uses) of cash –		
Change in taxes receivable	28,819	(4,760)
Change in accounts receivable	17,651	228,360
Change in long-term receivable – tile drainage	49,802	1,765
Change in accounts payable and accrued liabilities	23,738	(25,832)
Change in deferred revenue – obligatory reserve funds	(40,260)	45,481
Change in deferred revenue – other	8,788	134,320
Change in landfill closure and post-closure liability	7,835	(3,780)
Change in inventories of supplies	<u>2,180</u>	<u>(5,036)</u>
	<u>98,553</u>	<u>370,518</u>
 Total cash provided by operations	 <u>360,414</u>	 <u>1,043,925</u>
 <b>CAPITAL TRANSACTIONS</b>		
Acquisition of tangible capital assets	(243,558)	(349,592)
Proceeds from sale of tangible capital assets	<u>15,000</u>	<u>-</u>
Total cash used for capital transactions	<u>(228,558)</u>	<u>(349,592)</u>
 <b>INVESTING TRANSACTIONS</b>		
Redemption of short-term investments	<u>-</u>	<u>118,083</u>
 <b>FINANCING TRANSACTIONS</b>		
Municipal debt proceeds – tile drainage	-	32,300
Municipal debt repayments – tile drainage	(49,802)	(34,065)
Municipal debt proceeds – other	-	60,135
Municipal debt repayments – other	<u>(119,728)</u>	<u>(167,998)</u>
Total cash used for financing transactions	<u>(169,530)</u>	<u>(109,628)</u>
 <b>INCREASE (DECREASE) IN CASH</b>	 <u>(37,674)</u>	 <u>702,788</u>
Cash, beginning of year	<u>851,122</u>	<u>148,334</u>
 <b>CASH, END OF YEAR</b>	 <u>\$ 813,448</u>	 <u>\$ 851,122</u>
 <b>REPRESENTED BY</b>		
Cash	<u>\$ 813,448</u>	<u>\$ 851,122</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, 2020

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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 Chartered Professional Accountants of Canada as prescribed for Ontario municipalities by the Ministry of Municipal Affairs and Housing.

**Use of estimates**

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

**Basis of consolidation**

The consolidated financial statements reflect financial assets, liabilities, operating revenues and expenditures, reserves and changes in investment in tangible capital assets of the 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 following joint local board is proportionally consolidated:

*The Englehart & Area Fire Department*

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.

**THE CORPORATION OF THE MUNICIPALITY OF CHARLTON AND DACK**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

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1. **Accounting policies – continued**  
**Non-consolidated entities – continued**

*Central Timiskaming Planning Board*

This joint local board provides planning 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 considered significant to the statements. The yearly requisition as well as the planning fee revenues are transferred to this organization and are expensed by the Municipality in its financial statements. The Municipality's share of the accumulated surplus at the end of 2020 was \$4,520 (2019 \$4,261).

*Temiskaming Municipal Services Association*

The Timiskaming Municipal Services Association provides the services of a Chief Building Officer to 21 municipalities. The operations of this organization are not proportionately consolidated into these statements because the Municipality does not have control. 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".

**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.

**Deferred revenue – obligatory reserve funds**

The Municipality receives Federal Gas Tax funding under the authority of the Federal legislation. These funds, by their nature, are restricted in their use and until applied to specific expenses, are recorded as deferred revenue. Amounts applied to qualifying expenses are recorded as revenue in the fiscal period they are expended.

# THE CORPORATION OF THE MUNICIPALITY OF CHARLTON AND DACK

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2020

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1. **Accounting policies – continued**

**Inventories of supplies**

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

**Revenue recognition**

*Government transfers (provincial and federal grants)*

Government transfers are transfers from senior levels of government that are not the result of an exchange transaction and are not expected to be repaid in the future. Government transfers without eligibility criteria or stipulations are recognized as revenue when the transfer is authorized. A transfer with eligibility criteria is recognized as revenue when the transfer is authorized and all eligibility criteria have been met. A transfer with or without eligibility criteria but with stipulation is recognized as revenue in the period the transfer is authorized and all eligibility criteria have been met, except where and to the extent that the transfer gives rise to an obligation that meets the definition of a liability. Government transfers that meet the definition of a liability are recognized as revenue as the liability is extinguished.

*Taxation and related revenues*

Property tax billings are prepared by the Municipality based on assessment rolls issued by the Municipal Property Assessment Corporation (“MPAC”). Tax rates are established annually by Council, incorporating amounts to be raised for local services and amounts the Municipality is required to collect on behalf of the Province of Ontario in respect of education taxes. A normal part of the assessment process is the issue of supplementary assessment rolls, which provide updated information with respect to changes in property assessment. Once a supplementary assessment roll is received, the Municipality determines the taxes applicable and renders supplementary tax billings. Taxation revenues are recorded when they meet the definition of an asset, the tax is authorized and the taxable event has occurred. Assessments and the related property taxes are subject to appeal. Tax adjustments as a result of appeals are recorded when the results of the appeal process are known.

The Municipality is entitled to collect interest and penalties on overdue taxes. These revenues are recorded in the period the interest and penalties are levied.

*Fees, service charges and other revenue*

Fees, service charges and other revenue are recognized when earned.

2. **Operations of school boards**

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

	2020	2019
	\$ 135,640	\$ 135,118

3. **Contributions to Joint Boards**

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

	2020	2019
Timiskaming District Health Unit	\$ 26,720	\$ 7,123
District of Timiskaming Social Services Administration Board	\$ 138,781	\$ 133,943
Central Timiskaming Planning Board	\$ 750	\$ 750

# THE CORPORATION OF THE MUNICIPALITY OF CHARLTON AND DACK

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2020

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, 2020 is \$82,665 (2019 \$132,467) and is reflected as municipal debt and long-term receivables on the “Consolidated Statement of Financial Position”.

5. **Bank indebtedness**

The Municipality has a \$100,000 business operating line negotiated with Northern Credit Union with a balance outstanding of \$nil (2019 - \$nil). Interest is at bank prime plus 0.5% (currently 2.95%).

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

Deferred revenue – obligatory reserve funds consist of the following:

	December 31 2019	Funds Received	Revenue Earned	December 31 2020
Federal Gas Tax	\$ 60,267	\$ 41,799	\$ 82,059	\$ 20,007

7. **Deferred revenue – other**

Deferred revenue – other consist of the following:

	December 31 2019	Funds Received	Revenue Earned	December 31 2020
Provincial grants	\$ 29,678	\$ 70,178	\$ 55,539	\$ 44,317
Insurance proceeds	144,936	-	78,236	66,700
Township of Chamberlain	-	83,666	11,281	72,385
	<u>\$ 174,614</u>	<u>\$ 153,844</u>	<u>\$ 145,056</u>	<u>\$ 183,402</u>

8. **Landfill closure and post-closure liability**

The liability for closure and post-closure of the landfill site has been recognized using the present value of the estimated closure and post-closure costs, based upon the usage of the site’s capacity. The total capacity of the site is 27,481 cubic meters. The approximate area that has been landfilled is 7,345 cubic meters, leaving an estimated remaining capacity of 20,136 cubic meters. The estimated life of the landfill site is 40 years and post-closure care is estimated to be required for 7 years from the date of site closure.

The discount factor used is 2.95% net of inflation of 2.2%. The liability as at December 31, 2020 is \$21,545 (2019 \$13,710). Estimated expenditures for closure and post-closure care are \$103,362 and \$24,675 respectively, for a total of \$128,037. The liability remaining to be recognized is \$106,492.

# THE CORPORATION OF THE MUNICIPALITY OF CHARLTON AND DACK

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2020

#### 9. Municipal debt

The balance of the municipal debt reported on the “Consolidated Statement of Financial Position” consists of the following loans:

	<u>2020</u>	<u>2019</u>
Term loan with Northern Credit Union paid in full during the year.	\$ -	\$ 100,231
Term loan with Northern Credit Union, payable in blended monthly installments of \$768 with interest at the bank’s prime lending rate plus 0.5% (currently 2.95%) final installment due April 2033. The debt relates to the replacement of the Clarksville water lines.	86,170	92,440
Term loan with OCWA paid in full during the year.	-	13,227
	<u>\$ 86,170</u>	<u>\$ 205,898</u>

Principal payments are due as follows:

2021	\$ 6,780
2022	6,982
2023	7,189
2024	7,403
2025	7,623
2025 +	<u>50,193</u>
	<u>\$ 86,170</u>

The debt is to be repaid from general municipal revenues. Total interest paid on the loans in 2020 was \$4,778 (2019 \$13,686).

#### 10. Budget

The Budget adopted by Council was not prepared on a basis consistent with that used to report actual result according to Public Sector Accounting Standards used on the Consolidated Statement of Operations on page 5. The budget was prepared on a modified accrual basis while Public Sector Accounting Standards now require a full accrual basis. The actual budget is reflected in note 18. 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>2020</u>
Actual budget deficit for the year – note 18	\$ (210,207)
Add: Investment in tangible capital assets	280,050
Long-term debt repayments	119,728
Less: Estimated amortization	(249,645)
Proceeds from sale of tangible capital assets	<u>(15,000)</u>
Budget deficit per statement of operations – page 5	<u>\$ (75,074)</u>

# THE CORPORATION OF THE MUNICIPALITY OF CHARLTON AND DACK

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2020

#### 11. **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.

	2020	2019
Reserves and deficits		
Working capital reserve	\$ 369,630	\$ 359,003
Modernization reserve	106,190	203,682
Cemetery reserve	32,204	32,035
Heritage Centre reserve	3,163	9,349
Clarksville water reserve	10,559	16,083
Bradley Subdivision water reserve (deficit)	2,795	(2,046)
Charlton water reserve	6,038	16,719
Fireworks reserve	3,845	3,845
Fire department reserve	25,935	14,568
Integrity commission investigation reserve	5,000	-
Covid-19 safe restart reserve	3,634	-
Parkland reserve	4,000	4,000
	<u>572,993</u>	<u>657,238</u>
Amounts to be recovered		
Unfinanced municipal debt	<u>(86,170)</u>	<u>(205,898)</u>
Net financial assets	<u>486,823</u>	<u>451,340</u>
Non-financial assets		
Invested in tangible capital assets	4,632,664	4,648,425
Inventories of supplies	8,660	10,840
	<u>4,641,324</u>	<u>4,659,265</u>
<b>Accumulated surplus</b>	<u>\$ 5,128,147</u>	<u>\$ 5,110,605</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.

#### 12. **Contingent liabilities**

##### **Non-consolidated Entities**

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

##### **Post-employment benefits**

Municipal 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.

# THE CORPORATION OF THE MUNICIPALITY OF CHARLTON AND DACK

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2020

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12. **Contingent liabilities - continued**

**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 consolidated financial statements. Contributions made by the Municipality to OMERS for 2020 were \$33,553 (2019 \$25,325). The plan had an actuarial deficit of \$3.2 billion at the end of 2020.

**Funding agreements**

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

**Legal contingencies**

Various statements of claim have been issued against the Municipality claiming damages. Damages, if any, cannot be estimated at this time and in any event, the Municipality is of the opinion that these claims would be unfounded or covered by insurance after application of a \$5,000 deductible per claim. Should any loss result, it would be charged to operations when the amount is ascertained.

13. **Cemetery donation**

In 2002, a donation from an estate 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, 2020 is \$32,204 (2019 \$32,035).

14. **Trust Funds**

Trust funds administered by the Municipality amounting to \$47,084 (2019 \$46,233) have not been included in the "Consolidated Statement of Financial Position" nor have their operations been included in the "Consolidated Statement of Operations".

15. **Segmented information**

The Corporation of the Municipality of Charlton and Dack is a diversified municipal government institution that provides a wide range of services to its citizens, including General Government Services, Protection Services, Transportation Services, Environmental Services, Health Services, Social and Family Services, Recreational and Cultural Services and Planning and Development Services. Service areas were created for the purpose of recording specific activities to attain certain objectives in accordance with regulations, restrictions or limitations.

Municipal services are provided by departments and their activities are reported in these service areas. Departments disclosed in the Segmented Information, along with the services they provide, are as follows:



# THE CORPORATION OF THE MUNICIPALITY OF CHARLTON AND DACK

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2020

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15. **Segmented information - continued**

**General Government Services**

General government services consists of departments that are responsible for adopting bylaws, adopting administrative policy, levying taxes; acquiring, disposing and managing municipal assets, ensuring effective financial management, monitoring performance and ensuring that high quality municipal service standards are met.

**Protection Services**

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

**Transportation Services**

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

**Environmental Services**

Environmental services include water services as well as garbage and recycling services.

**Health Services**

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

**Social and Family Services**

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

**Recreation and Cultural Services**

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

**Planning and Development Services**

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

**THE CORPORATION OF THE MUNICIPALITY OF CHARLTON AND DACK**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

15. **Segmented information – continued**

	General Government Services	Protection Services	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation and Cultural Services	Planning and Development Services	Total 2020	Total 2019
<b>Revenues</b>										
Operating revenues										
Municipal taxation	\$ 636,106	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 636,106	\$ 635,541
Water user charges	-	-	-	169,929	-	-	-	-	169,929	168,259
User charges	3,867	9,142	9,507	21,161	2,775	-	8,568	-	55,020	317,969
Provincial grants	340,677	-	-	-	-	-	6,985	-	347,662	473,886
Federal grants	-	-	-	-	-	-	-	-	-	4,102
Revenue from other municipalities	110,885	-	130,825	4,704	-	-	-	-	246,414	102,780
Investment income	1,950	-	-	-	-	-	-	-	1,950	-
Penalties and interest on taxes	14,958	-	-	-	-	-	-	-	14,958	20,469
Provincial Offences Act revenues	-	4,408	-	-	-	-	-	-	4,408	9,484
Sale of land	22,000	-	-	-	-	-	-	-	22,000	3,340
Loss on disposal of tangible capital assets	-	-	(3,330)	-	-	-	-	-	(3,330)	(35,607)
Other	114	4,226	-	-	-	-	-	1,000	5,340	38,632
	<u>1,130,557</u>	<u>17,776</u>	<u>137,002</u>	<u>195,794</u>	<u>2,775</u>	<u>-</u>	<u>15,553</u>	<u>1,000</u>	<u>1,500,457</u>	<u>1,738,855</u>
Capital revenues										
Provincial grants	-	-	50,000	-	-	-	-	-	50,000	56,640
Federal grants	-	-	82,059	-	-	-	-	-	82,059	40,000
Other	-	-	-	-	-	-	78,236	-	78,236	9,092
	<u>-</u>	<u>-</u>	<u>132,059</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>78,236</u>	<u>-</u>	<u>210,295</u>	<u>105,732</u>
<b>Total revenues</b>	<u>1,130,557</u>	<u>17,776</u>	<u>269,061</u>	<u>195,794</u>	<u>2,775</u>	<u>-</u>	<u>93,789</u>	<u>1,000</u>	<u>1,710,752</u>	<u>1,844,587</u>
<b>Expenditures</b>										
Wages and benefits	223,256	12,055	255,722	19,261	-	-	-	-	510,294	394,670
Long-term debt interest	-	-	1,635	3,143	-	-	-	-	4,778	13,686
Materials	53,902	9,747	184,741	65,139	200	-	22,746	7,026	343,501	268,063
Contracted services	163,838	11,100	11,968	133,791	-	-	3,441	-	324,138	288,018
Rents and financial expenses	2,408	-	-	-	-	-	-	-	2,408	6,453
External transfers	-	95,201	6,400	-	96,532	68,969	-	-	267,102	235,897
Amortization	6,302	7,543	133,364	78,121	419	-	14,294	946	240,989	249,768
<b>Total expenditures</b>	<u>449,706</u>	<u>135,646</u>	<u>593,830</u>	<u>299,455</u>	<u>97,151</u>	<u>68,969</u>	<u>40,481</u>	<u>7,972</u>	<u>1,693,210</u>	<u>1,456,555</u>
<b>Annual surplus (deficit)</b>	<u>\$ 680,851</u>	<u>\$ (117,870)</u>	<u>\$ (324,769)</u>	<u>\$ (103,661)</u>	<u>\$ (94,376)</u>	<u>\$ (68,969)</u>	<u>\$ 53,308</u>	<u>\$ (6,972)</u>	<u>\$ 17,542</u>	<u>\$ 388,032</u>

# THE CORPORATION OF THE MUNICIPALITY OF CHARLTON AND DACK

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2020

#### 16. Schedule of tangible capital assets

2020

	Opening Cost Dec 31, 2019	Additions	Disposals	Ending Cost Dec 31, 2020	Opening Accumulated Amortization Dec 31, 2019	Accumulated Amortization on Disposals	Current Amortization	Ending Accumulated Amortization Dec 31, 2020	Net Assets Dec 31, 2020
<b>General</b>									
Land	\$ 23,481	\$ -	-	\$ 23,481	\$ -	\$ -	\$ -	\$ -	\$ 23,481
Land improvements	49,720	-	-	49,720	21,846	-	1,598	23,444	26,276
Buildings	1,461,026	-	-	1,461,026	732,669	-	29,666	762,335	698,691
Automotive equipment	886,461	27,606	45,822	868,245	232,444	27,492	61,241	266,193	602,052
Equipment	1,821,608	5,657	17,980	1,809,285	1,593,834	17,980	28,560	1,604,414	204,871
<b>Infrastructure</b>									
Roads	835,511	132,059	-	967,570	338,565	-	38,281	376,846	590,724
Water distribution lines	2,409,707	-	-	2,409,707	717,753	-	48,195	765,948	1,643,759
Bridges and culverts	1,806,312	-	-	1,806,312	1,023,686	-	32,502	1,056,188	750,124
Municipal drains	47,342	-	-	47,342	31,946	-	946	32,892	14,450
Work-in-progress	-	78,236	-	78,236	-	-	-	-	78,236
<b>Total</b>	<b>\$ 9,341,168</b>	<b>\$ 243,558</b>	<b>\$ 63,802</b>	<b>\$ 9,520,924</b>	<b>\$ 4,692,743</b>	<b>\$ 45,472</b>	<b>\$ 240,989</b>	<b>\$ 4,888,260</b>	<b>\$ 4,632,664</b>

# THE CORPORATION OF THE MUNICIPALITY OF CHARLTON AND DACK

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2020

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

2019

	Opening Cost Dec 31, 2018	Additions	Disposals	Ending Cost Dec 31, 2019	Opening Accumulated Amortization Dec 31, 2018	Accumulated Amortization on Disposals	Current Amortization	Ending Accumulated Amortization Dec 31, 2019	Net Assets Dec 31, 2019
<b>General</b>									
Land	\$ 23,481	\$ -	-	\$ 23,481	\$ -	\$ -	\$ -	\$ -	\$ 23,481
Land improvements	49,720	-	-	49,720	20,248	-	1,598	21,846	27,874
Buildings	1,536,897	12,189	88,060	1,461,026	755,456	52,453	29,666	732,669	728,357
Automotive equipment	674,756	211,705	-	886,461	162,419	-	70,025	232,444	654,017
Equipment	1,787,541	34,067	-	1,821,608	1,559,997	-	33,837	1,593,834	227,774
<b>Infrastructure</b>									
Roads	755,511	80,000	-	835,511	305,566	-	32,999	338,565	496,946
Water distribution lines	2,409,707	-	-	2,409,707	669,558	-	48,195	717,753	1,691,954
Bridges and culverts	1,794,681	11,631	-	1,806,312	991,184	-	32,502	1,023,686	782,626
Municipal drains	47,342	-	-	47,342	31,000	-	946	31,946	15,396
<b>Total</b>	<b>\$ 9,079,636</b>	<b>\$ 349,592</b>	<b>\$ 88,060</b>	<b>\$ 9,341,168</b>	<b>\$ 4,495,428</b>	<b>\$ 52,453</b>	<b>\$ 249,768</b>	<b>\$ 4,692,743</b>	<b>\$ 4,648,425</b>

**THE CORPORATION OF THE MUNICIPALITY OF CHARLTON AND DACK**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

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17. **CHARLTON AND DACK WATERWORKS****Charlton Waterworks**

	2020	2019
<b>REVENUE</b>		
Water service charges and other water revenue	\$ 128,493	\$ 126,889
Proceeds from long-term debt	-	7,434
	128,493	134,323
<b>EXPENDITURES</b>		
Wages	690	-
Water transmission, distribution and repair	140,258	125,113
Long-term debt - principal	13,227	12,869
- interest	198	556
	154,373	138,538
<b>Annual deficit</b>	(25,880)	(4,215)
Transfer from modernization reserve	15,199	-
Reserve, beginning of year	16,719	20,934
<b>Reserve, end of year</b>	\$ 6,038	\$ 16,719

**Bradley Subdivision Waterworks**

	2020	2019
<b>REVENUE</b>		
Water service charges and other water revenue	\$ 24,599	\$ 23,386
<b>EXPENDITURES</b>		
Water transmission, distribution and repair	19,758	21,028
<b>Annual surplus</b>	4,841	2,358
Accumulated deficit, beginning of year	(2,046)	(4,404)
<b>Reserve (accumulated deficit), end of year</b>	\$ 2,795	\$ (2,046)

**THE CORPORATION OF THE MUNICIPALITY OF CHARLTON AND DACK**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

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17. **CHARLTON AND DACK WATERWORKS - continued****Clarksville Waterworks**

	2020	2019
<b>REVENUE</b>		
Water service charges and other water revenue	\$ 19,762	\$ 20,909
 <b>EXPENDITURES</b>		
Water transmission, distribution and repair	16,070	14,533
Long-term debt – principal	6,270	4,643
– interest	2,946	4,578
	25,286	23,754
 <b>Annual deficit</b>	(5,524)	(2,845)
Reserve, beginning of year	16,083	18,928
 <b>Reserve, end of year</b>	\$ 10,559	\$ 16,083

**THE CORPORATION OF THE MUNICIPALITY OF CHARLTON AND DACK**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

18. **Budgeting**

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

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

This modified statement of operations (budget based) is consistent with the budget format used and is presented here with the 2020 budget.

	2020 Budget	2020 Actual	2019 Actual
<b>REVENUES</b>			
Operating revenues			
Municipal taxation	\$ 647,400	\$ 636,106	\$ 635,541
Water user charges	170,241	169,929	168,259
User charges	38,766	55,020	317,969
Provincial grants	349,324	347,662	473,886
Federal grants	-	-	4,102
Revenue from other municipalities	318,100	246,414	102,780
Investment income	-	1,950	-
Penalties and interest on taxes	15,000	14,958	20,469
Provincial Offences Act revenues	4,800	4,408	9,484
Sale of land	-	22,000	3,340
Other	11,528	5,340	38,632
	<u>1,555,159</u>	<u>1,503,787</u>	<u>1,774,462</u>
Capital revenues			
Provincial grants	50,000	50,000	56,640
Federal grants	80,000	82,059	40,000
Other	-	78,236	9,092
Proceeds from long-term debt	-	-	60,135
Proceeds from sale of tangible capital assets	15,000	15,000	-
	<u>145,000</u>	<u>225,295</u>	<u>165,867</u>
Total revenues	<u>1,700,159</u>	<u>1,729,082</u>	<u>1,940,329</u>
<b>EXPENDITURES</b>			
Operating expenditures			
General government	469,570	443,404	345,235
Protection to persons and property	136,093	128,103	147,126
Transportation services	487,269	458,286	304,286
Environmental services	206,517	221,334	187,236
Health services	95,225	96,732	78,580
Social and family services	72,605	68,969	70,074
Recreation and cultural services	38,009	26,187	65,919
Planning and development	5,300	7,026	13,367
	<u>1,510,588</u>	<u>1,450,041</u>	<u>1,211,823</u>
Capital expenditures	280,050	243,558	349,592
Debt principal repayments	119,728	119,728	167,998
Total expenditures	<u>1,910,366</u>	<u>1,813,327</u>	<u>1,729,413</u>
<b>Surplus (deficit) - full budget base</b>	<u>\$ (210,207)</u>	<u>\$ (84,245)</u>	<u>\$ 210,916</u>

**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, 2020 and the statement of continuity for the year then ended.

We have not performed an audit or a review engagement in respect of these 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  
May 5, 2021

Chartered Professional 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, 2020**

	2020	2019
<b>FINANCIAL ASSETS</b>		
Due from the Corporation of the Municipality of Charlton and Dack	\$ 47,084	\$ 46,233
<b>FUND BALANCE</b>		
Perpetual care fund	\$ 47,084	\$ 46,233

**STATEMENT OF CONTINUITY****FOR THE YEAR ENDED DECEMBER 31, 2020**

	2020	2019
Balance, beginning of year	\$ 46,233	\$ 46,033
Perpetual Care receipts – note 2 re: sale of plots, headstone maintenance	851	200
<b>Balance, end of year</b>	<b>\$ 47,084</b>	<b>\$ 46,233</b>

**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, St. Stephen and Brentha cemeteries.