

Consolidated Financial Statements of

**THE CORPORATION OF THE  
MUNICIPALITY OF TEMAGAMI**

Year ended December 31, 2019

# THE CORPORATION OF THE MUNICIPALITY OF TEMAGAMI

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Year ended December 31, 2019

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

The accompanying consolidated financial statements of The Corporation of the Municipality of Temagami (the "Municipality") are the responsibility of the Municipality'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 Canada. A summary of the significant accounting policies are described in Note 1 to the consolidated financial statements. The preparation of consolidated 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 Municipality'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 consolidated financial statements. These systems are monitored and evaluated by Management.

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

The consolidated financial statements have been audited by KPMG LLP, independent external auditors appointed by the Municipality. The accompanying Independent Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the Municipality's consolidated financial statements.

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Treasurer/Administrator



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## INDEPENDENT AUDITORS' REPORT

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

### ***Opinion***

We have audited the consolidated financial statements of The Corporation of the Municipality of Temagami (the "Municipality"), which comprise:

- the consolidated statement of financial position as at December 31, 2019
- the consolidated statement of operations and accumulated surplus for the year then ended
- the consolidated statement of changes in net financial assets for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements")

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Municipality as at December 31, 2019, and its consolidated results of operations and its consolidated 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 responsibility under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' 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 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.



### ***Responsibility 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 the 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 risk 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, internal 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 purposes 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 the 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 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 Municipality's 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities with the Group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

*KPMG LLP*

Chartered Professional Accountants, Licensed Public Accountants

Sudbury, Canada

June 25, 2020

# THE CORPORATION OF THE MUNICIPALITY OF TEMAGAMI

Consolidated Statement of Financial Position

December 31, 2019, with comparative information for 2018

	2019	2018
<b>Financial assets</b>		
Cash	\$ 3,296,352	\$ 3,200,997
Taxes receivable	936,533	803,989
Accounts receivable (note 3)	197,569	353,331
	<u>4,430,454</u>	<u>4,358,317</u>
<b>Financial liabilities</b>		
Accounts payable and accrued liabilities (note 4)	676,432	880,608
Deferred revenue	341,170	38,355
Long-term debt (note 5)	521,105	640,776
Landfill closure liabilities (note 6)	157,900	114,700
	<u>1,696,607</u>	<u>1,674,439</u>
Net financial assets	2,733,847	2,683,878
<b>Non-financial assets</b>		
Tangible capital assets (note 7)	15,038,062	15,058,005
Accumulated surplus (note 8)	<u>\$ 17,771,909</u>	<u>\$ 17,741,883</u>

The accompanying notes are an integral part of this consolidated financial statements.

# THE CORPORATION OF THE MUNICIPALITY OF TEMAGAMI

## Consolidated Statement of Operations and Accumulated Surplus

Year ended December 31, 2019, with comparative information for 2018

	Budget 2019	Actual 2019	Actual 2018
	(note 11)		
Revenues:			
Operating revenues:			
Municipal taxation	\$ 3,907,461	\$ 3,921,679	\$ 3,818,285
User charges	934,788	828,524	707,263
Provincial grants	2,083,733	1,667,335	1,597,107
Federal grants	22,400	34,376	138,678
Investment income	116,000	55,730	39,041
Penalties and interest on taxes	-	87,020	80,934
Provincial Offences Act	-	11,088	12,858
Other	26,500	106,655	131,236
	7,090,882	6,712,407	6,525,402
Capital revenues:			
Provincial grants	61,840	53,867	50,000
Federal grants	122,966	103,166	53,510
	184,806	157,033	103,510
<b>Total revenues</b>	<b>7,275,688</b>	<b>6,869,440</b>	<b>6,628,912</b>
Expenses:			
General government	1,209,075	1,161,227	1,095,593
Protection to persons and property	810,177	856,319	754,584
Transportation services	1,128,014	1,120,438	1,148,280
Environmental services	1,120,873	1,198,025	1,189,405
Health services	721,037	687,949	693,712
Social and family services	1,171,026	1,163,407	1,121,292
Recreational and cultural services	423,121	398,300	395,836
Planning and development	268,720	253,749	200,356
<b>Total expenses</b>	<b>6,852,043</b>	<b>6,839,414</b>	<b>6,599,058</b>
<b>Annual surplus</b>	<b>423,645</b>	<b>30,026</b>	<b>29,854</b>
<b>Accumulated surplus, beginning of year</b>	<b>17,741,883</b>	<b>17,741,883</b>	<b>17,712,029</b>
<b>Accumulated surplus, end of year</b>	<b>\$ 18,165,528</b>	<b>\$ 17,771,909</b>	<b>\$ 17,741,883</b>

The accompanying notes are an integral part of this consolidated financial statements.



# THE CORPORATION OF THE MUNICIPALITY OF TEMAGAMI

## Consolidated Statement of Changes in Net Financial Assets

Year ended December 31, 2019, with comparative information for 2018

	2019	2018
Annual surplus	\$ 30,026	\$ 29,854
Acquisition of tangible capital assets	(970,149)	(805,037)
Amortization of tangible capital assets	915,919	844,159
Loss on disposition of tangible capital assets	44,173	15,663
Proceeds on sale of tangible capital assets	30,000	27,500
Change in net financial assets	49,969	112,139
Net financial assets, beginning of year	2,683,878	2,571,739
Net financial assets, end of year	\$ 2,733,847	\$ 2,683,878

The accompanying notes are an integral part of this consolidated financial statements.

# THE CORPORATION OF THE MUNICIPALITY OF TEMAGAMI

## Consolidated Statement of Cash Flows

Year ended December 31, 2019, with comparative information for 2018

	2019	2018
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 30,026	\$ 29,854
Items not involving cash:		
Amortization of tangible capital assets	915,919	844,159
Loss on disposition of tangible capital assets	44,173	15,663
Increase in landfill closure liabilities	43,200	1,800
	1,033,318	891,476
Change in non-cash assets and liabilities:		
Decrease (increase) in taxes receivable	(132,544)	2,247
Decrease in accounts receivable	155,762	113,854
Increase (decrease) in accounts payable and accrued liabilities	(204,176)	204,561
Increase in deferred revenue	302,815	22,855
Net change in cash from operating activities	1,155,175	1,234,993
Financing activities:		
Principal repayment on net long-term debt	(119,671)	(117,519)
Net change in financing activities	(119,671)	(117,519)
Capital activities:		
Proceeds on sale of tangible capital assets	30,000	27,500
Acquisition of tangible capital assets	(970,149)	(805,037)
Net change in cash from capital activities	(940,149)	(777,537)
Net change in cash	95,355	339,937
Cash, beginning of year	3,200,997	2,861,060
Cash, end of year	\$ 3,296,352	\$ 3,200,997

The accompanying notes are an integral part of this consolidated financial statements.

# THE CORPORATION OF THE MUNICIPALITY OF TEMAGAMI

Notes to Consolidated Financial Statements

Year ended December 31, 2019

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The Corporation of the Municipality of Temagami (the "Municipality") 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 and other related legislation.

## 1. Significant accounting policies:

The consolidated financial statements of the Municipality are prepared by management in accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board and the Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by the Municipality are as follows:

### (a) Reporting entity:

- (i) These consolidated financial statements reflect the assets, liabilities, revenues and expenses and include the activities of all committees of Council and the following boards which are under the control of Council:

- Parks and Recreation Committee
  - Committee of Adjustment
  - Planning and Advisory Committee
  - Water Supply System
  - Temagami Community Library
  - Cemetery Board
  - Temagami Ambulance Service

All interfund and inter-organizational transactions and balances between these organizations are eliminated.

- (ii) Non-consolidated entities:

The following entities are not consolidated within the consolidated financial statements of the Municipality:

- The District of Nipissing Social Services Administration Board
  - Temiskaming Health Unit

- (iii) The Municipality collects taxation revenue on behalf of the school boards.

The taxation, other revenues, expenses, assets and liabilities with respect to the operations of the school boards are not reflected in the municipal fund balances on these financial statements (note 9).

- (iv) Trust funds and their related operations administered by the Municipality are not included in these financial statements but are reported on separately on the Trust Funds Financial Statements.

# THE CORPORATION OF THE MUNICIPALITY OF TEMAGAMI

Notes to Consolidated Financial Statements

Year ended December 31, 2019

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## 1. Significant accounting policies (continued):

### (a) Reporting entity (continued):

#### (v) Revenue recognition:

Property tax billings are prepared by the Municipality based on assessment rolls issued by the Municipal Property Assessment Corporation. Tax rates are established annually by Council, incorporating amounts to be raised for local services and amount 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 assessments. Assessments and related property taxes are subject to appeal by ratepayers. Tax adjustments as a result of supplementary assessment and appeals are estimated based on historical results.

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

Government transfers which include provincial and federal grants are recognized in the period that the events giving rise to the transfer have occurred as long as: the transfer is authorized; the eligibility criteria, if any, have been met and the amount can be reasonable estimated. Government transfers received before these criteria have been met are recorded in the accounts as deferred revenue and are recognized as revenue in the period in which all of these criteria are met.

User fees and other revenues are recognized when the services are performed or goods are delivered, collection of the relevant receivable is probable, persuasive evidence of an arrangement exists and fees are fixed or determinable. Amounts received for future services are deferred until the service is provided.

### (b) Basis of accounting:

#### (i) Accrual accounting:

Sources of financing and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay. Amounts applied to specific operating and capital projects are recorded as revenue in the fiscal period in which the funds are expended on these projects.

# THE CORPORATION OF THE MUNICIPALITY OF TEMAGAMI

Notes to Consolidated Financial Statements

Year ended December 31, 2019

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## 1. Significant accounting policies (continued):

### (b) Basis of accounting (continued):

#### (ii) Pension plan and employee benefits:

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

Vacation entitlements are accrued for as entitlements are earned.

### (c) Tangible capital assets:

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

Asset	Useful Life - Years
Buildings	10 - 50
Heavy equipment	10 - 25
Vehicles	10 - 25
Equipment	5 - 20
Roads	10 - 30
Water distribution lines	40 - 50
Sewer lines	40 - 50
Land improvements	10 - 50

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Landfill sites are amortized using the units of production method based upon capacity used during the year.

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.

# THE CORPORATION OF THE MUNICIPALITY OF TEMAGAMI

Notes to Consolidated Financial Statements

Year ended December 31, 2019

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## 1. Significant accounting policies (continued):

### (d) Deferred revenues:

Grants, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used in the conduct of certain projects or the completion of specific work. In addition, certain fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred or the services are performed.

A requirement for local governments is that the obligatory reserve funds be reported as deferred revenue. This requirement is in place as provincial legislation and other agreements restrict how these funds may be used and under certain circumstances these funds may possibly be refunded. Given the restriction in use until spent on qualifying projects or expenses these amounts are deferred.

### (e) Landfill liability:

The liability for closure of operational sites and post-closure care has been recognized based on estimated future expenses, estimated inflation and the usage of the site's capacity during the year.

### (f) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for 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 combined with the annual surplus provides the change in net financial assets for the year.

### (g) Reserves:

Certain amounts, as approved by Council, are set aside in reserves for future operating and capital purposes. Transfers to and/or from reserves are recorded as an adjustment to the respective fund when approved.

### (h) Use of estimates:

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the periods specified. Significant items subject to such estimates and assumptions include the valuation allowances for taxes and accounts receivable, the carrying value of tangible capital assets and provisions for accrued liabilities and landfill closure liabilities.

Actual results could differ from those estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the year in which they become known.

# THE CORPORATION OF THE MUNICIPALITY OF TEMAGAMI

Notes to Consolidated Financial Statements

Year ended December 31, 2019

## 2. Contributions to non-consolidated entities:

Further to note 1(a)(ii), the following contributions were made by the Municipality to these entities:

	2019	2018
The District of Nipissing Social Services		
Administration Board	\$ 870,786	827,216
Temiskaming Health Unit	36,738	36,043
	\$ 907,524	863,259

## 3. Accounts receivable:

	2019	2018
Government of Canada - HST	\$ 120,121	95,564
Government of Canada - Grants	–	75,592
Province of Ontario - Grants	43,216	124,230
Other	64,232	87,945
Allowance for doubtful accounts	(30,000)	(30,000)
	\$ 197,569	353,331

## 4. Accounts payable and accrued liabilities:

	2019	2018
Trade and miscellaneous	\$ 521,849	721,204
Personnel related obligations	154,583	159,404
	\$ 676,432	880,608

## 5. Long-term debt:

Municipal debt reported on the consolidated statement of financial position is made up of the following:

	2019	2018
Debenture with the Ontario Infrastructure Projects Corporation bearing interest at 4.19% and payable in semi-annual blended payments of \$27,897, due May 2020	\$ 27,325	80,303
Bank of Nova Scotia demand loan payable \$5,558 monthly plus interest at prime plus 0%	493,780	560,473
	\$ 521,105	640,776

# THE CORPORATION OF THE MUNICIPALITY OF TEMAGAMI

Notes to Consolidated Financial Statements

Year ended December 31, 2019

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## 5. Long-term debt (continued):

Principal repayments on the municipal debt are as follows:

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2020	\$	94,017
2021		66,693
2022		66,693
2023		66,693
Thereafter		227,009
	\$	521,105

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## 6. Landfill closure liabilities:

The Environmental Protection Act sets out the regulatory requirements to properly close and maintain all active and inactive landfill sites. Under environmental law, there is a requirement for closure and post-closure care of solid waste landfill sites. This requirement is to be provided for over the estimated life of the landfill sites based on usage.

Landfill closure and post-closure care requirements have been defined in accordance with industry standards and include final covering and landscaping of the landfill, pumping of ground water and leachates from the site, and ongoing environmental monitoring, site inspection and maintenance. The reported liability is based on estimates and assumptions with respect to events extending over terms using the best information available to management. Future events may result in significant changes to the estimated total expenditures; capacity used or total capacity and the estimated liability, and would be recognized prospectively, as a change in estimate, when applicable.

Estimated total expenditures represent the sum of the discounted future cash flows for closure and post-closure care activities discounted at the risk-free rate adjusted for the effect of the Municipality's credit standing of 4.19%. The estimated total landfill closure and post-closure care expenditures are calculated to be \$157,900 (2018 - \$114,700). The estimated liability for these expenditures is recognized as the landfill site's capacity is used.

The estimated remaining capacity of the landfill sites is 51,858 cubic meters. The Municipality has established a reserve of \$150,000 to date to provide for these obligations.



# THE CORPORATION OF THE MUNICIPALITY OF TEMAGAMI

Notes to Consolidated Financial Statements

Year ended December 31, 2019

## 7. Tangible capital assets:

Cost	Balance at December 31, 2018	Additions	Disposals	Balance at December 31, 2019
Land	\$ 144,542	-	-	144,542
Land improvements	2,430,405	68,605	-	2,499,010
Buildings	10,138,309	21,720	-	10,160,029
Vehicles	222,883	-	-	222,883
Equipment	5,263,948	536,354	-	5,800,302
Heavy equipment	2,009,619	181,500	(154,527)	2,036,592
Roads	3,664,254	325,143	-	3,989,397
Water distribution lines	3,849,902	-	-	3,849,902
Sewer lines	3,213,967	-	-	3,213,967
Assets under construction	274,248	127,908	(291,081)	111,075
<b>Total</b>	<b>\$ 31,212,077</b>	<b>1,261,230</b>	<b>(445,608)</b>	<b>32,027,699</b>

Accumulated Amortization	Balance at December 31, 2018	Disposals	Amortization	Balance at December 31, 2019
Land	\$ -	-	-	-
Land improvements	347,188	-	95,940	443,128
Buildings	2,907,167	-	230,975	3,138,142
Vehicles	204,662	-	6,025	210,687
Equipment	2,599,989	-	281,237	2,881,226
Heavy equipment	707,816	(80,354)	100,763	728,225
Roads	3,312,325	-	59,702	3,372,027
Water distribution lines	3,310,915	-	76,998	3,387,913
Sewer lines	2,764,010	-	64,279	2,828,289
<b>Total</b>	<b>\$ 16,154,072</b>	<b>(80,354)</b>	<b>915,919</b>	<b>16,989,637</b>

	Net book value, December 31, 2018	Net book value, December 31, 2019
Land	\$ 144,542	144,542
Land improvements	2,083,217	2,055,882
Buildings	7,231,142	7,021,887
Vehicles	18,221	12,196
Equipment	2,663,959	2,919,076
Heavy equipment	1,301,803	1,308,367
Roads	351,929	617,370
Water distribution lines	538,987	461,989
Sewer lines	449,957	385,678
Assets under construction	274,248	111,075
<b>Total</b>	<b>\$ 15,058,005</b>	<b>15,038,062</b>

# THE CORPORATION OF THE MUNICIPALITY OF TEMAGAMI

Notes to Consolidated Financial Statements

Year ended December 31, 2019

## 7. Tangible capital assets (continued):

Cost	Balance at December 31, 2017	Additions	Disposals	Balance at December 31, 2018
Land	\$ 144,542	-	-	144,542
Land improvements	2,430,405	-	-	2,430,405
Buildings	9,778,309	360,000	-	10,138,309
Vehicles	222,883	-	-	222,883
Equipment	5,240,757	23,191	-	5,263,948
Heavy equipment	2,197,930	27,500	(215,811)	2,009,619
Roads	3,544,156	120,098	-	3,664,254
Water distribution lines	3,849,902	-	-	3,849,902
Sewer lines	3,213,967	-	-	3,213,967
Assets under construction	-	274,248	-	274,248
<b>Total</b>	<b>\$ 30,622,851</b>	<b>805,037</b>	<b>(215,811)</b>	<b>31,212,077</b>

Accumulated Amortization	Balance at December 31, 2017	Disposals	Amortization	Balance at December 31, 2018
Land	\$ -	-	-	-
Land improvements	262,866	-	84,322	347,188
Buildings	2,676,628	-	230,539	2,907,167
Vehicles	194,337	-	10,325	204,662
Equipment	2,365,088	-	234,901	2,599,989
Heavy equipment	787,570	(172,648)	92,894	707,816
Roads	3,262,424	-	49,901	3,312,325
Water distribution lines	3,233,917	-	76,998	3,310,915
Sewer lines	2,699,731	-	64,279	2,764,010
<b>Total</b>	<b>\$ 15,482,561</b>	<b>(172,648)</b>	<b>844,159</b>	<b>16,154,072</b>

	Net book value, December 31, 2017	Net book value, December 31, 2018
Land	\$ 144,542	144,542
Land improvements	2,167,539	2,083,217
Buildings	7,101,681	7,231,142
Vehicles	28,546	18,221
Equipment	2,875,669	2,663,959
Heavy equipment	1,410,360	1,301,803
Roads	281,732	351,929
Water distribution lines	615,985	538,987
Sewer lines	514,236	449,957
Assets under construction	-	274,248
<b>Total</b>	<b>\$ 15,140,290</b>	<b>15,058,005</b>

# THE CORPORATION OF THE MUNICIPALITY OF TEMAGAMI

Notes to Consolidated Financial Statements

Year ended December 31, 2019

## 8. Accumulated surplus:

Accumulated surplus consists of individual fund surplus and reserves and reserve funds as follows:

	2019	2018
Surplus (deficit):		
Invested in tangible capital assets	\$ 15,038,062	15,058,005
Amounts to be recovered:		
Unfinanced municipal debt – grinder pumps	(27,325)	(80,303)
Unfinanced municipal debt – grader and plow	(493,780)	(560,473)
Equity in tangible capital assets	14,516,957	14,417,229
Reserves set aside by Council for:		
Discretionary Capital Reserves:		
- Working capital	390,000	300,338
- Landfill closure costs	150,000	150,000
- Arena	65,474	50,474
- Public Works Complex	509,400	429,000
- Future Improvements Lake Temagami Access Road	183,000	193,000
- Lot Creation and Development	–	50,000
- Marten River Fire	207,000	157,000
- Official Plan Review	94,230	94,230
- Survey	–	21,291
- Temagami Fire	40,500	37,500
- Future IPM Town Road	236,095	125,000
- OMB Hearing	–	30,000
- Welcome Centre – Generator Primary EOC	50,000	50,000
- Loan Reserve	112,981	112,981
- Cemetery Columbarium / Memory Wall	4,313	4,313
- Community Improvement Plan	10,000	10,000
- Library	15,489	–
- Ambulance Building	11,847	–
- Cannabis	10,000	–
	2,090,329	1,815,127
Other Reserves:		
- Discretionary Operating	692,880	927,967
- Tax Rate Stabilization	267,031	267,031
- Operating Budget Contingency	–	45,717
- Water and Wastewater Stabilization	–	51,901
- Dedicated Water and Wastewater Capital	204,712	216,911
	1,164,623	1,509,527
Total reserves	3,254,952	3,324,654
Accumulated surplus	\$ 17,771,909	17,741,883

# THE CORPORATION OF THE MUNICIPALITY OF TEMAGAMI

Notes to Consolidated Financial Statements

Year ended December 31, 2019

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## 9. Operations of school boards:

Further to note 1(a)(iii), the property taxes collected on behalf of the school boards are \$1,980,799 (2018 - \$1,966,846).

## 10. Pension agreement:

OMERS provides pension services to more than 500,000 active and retired members and approximately 1,000 employers. Each year an independent actuary determines the funding status of OMERS Primary Pension Plan (the "Plan") by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial valuation of the Plan was conducted at December 31, 2019. The results of this valuation disclosed total going concern actuarial liabilities of \$107,687 million (2018 - \$100,081 million) in respect of benefits accrued for service with total going concern actuarial assets at that date of \$104,290 million (2018 - \$95,890 million) indicating a going concern actuarial deficit of \$3,397 million (2018 - \$5,403 million). Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees and the Authority's share is not determinable. As a result, the Municipality does not recognize any share of the OMERS pension surplus or deficit.

The amount contributed to OMERS for 2019 was \$105,666 (2018 - \$99,372) and is included as an expense in the consolidated statement of operations and accumulated surplus.

## 11. Budget figures:

The budget adopted by Council was not prepared on a basis consistent with that used to report actual results according to Public Sector Accounting Standards. As a result, the budget figures presented in the consolidated statement of operations and accumulated surplus and change in net financial assets represent the financial plan adopted by Council with adjustment as follows:

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Annual deficit per budget approved by Council	\$ (723,415)
Less:	
Internal reserve transfers	(222,712)
Add:	
Investment in tangible capital assets	1,369,772
Surplus per revised budget	\$ 423,645

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# THE CORPORATION OF THE MUNICIPALITY OF TEMAGAMI

Notes to Consolidated Financial Statements

Year ended December 31, 2019

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## 12. Public Sector Salary Disclosure:

During 2019, two employees were paid a salary, as defined in the Public Sector Salary Disclosure Act, 1996, of \$100,000 or more by the Municipality.

## 13. Comparative information:

Certain of the 2019 comparative information have been reclassified to conform to the current year presentation.

## 14. Subsequent event:

Subsequent to December 31, 2019, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial, market and social dislocating impact. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on the Municipality is not known at this time.

## 15. Segmented information:

The Municipality of Temagami 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 purposes of recording specific activities to attain certain objectives in accordance with regulations, restrictions or limitations (see Schedule to note).

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

### **General Government Services**

The Departments within General Government Services 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**

Services provided in this segment include 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**

Areas of responsibility include planning, design, construction, cleaning, repair, snow removal and signage.

# THE CORPORATION OF THE MUNICIPALITY OF TEMAGAMI

Notes to Consolidated Financial Statements

Year ended December 31, 2019

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## 15. Segmented information (continued):

### **Environmental Services**

The environmental services include water and sewer services as well as garbage and recycling services.

Water and Sewer services include the operation and distribution of water and networking sewer mains, storm sewers and the pump station.

### **Health Services**

The Municipality funds a range of public health services and provides cemetery services through the health unit.

### **Social and Family Services**

The services are provided indirectly by the Municipality through the District Social Services Board and include family and children's services and housing services.

### **Recreation and Cultural Services**

The Department is responsible for providing, facilitating the development of, and maintaining high quality parks, recreational facilities, and cultural services.

### **Planning and Development**

The Planning and Development Department is 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 TEMAGAMI

Schedule to Note 15 - Segmented Information (continued)

Year ended December 31, 2019

	General Government Services	Protection Services	Transportation Services	Environmental Services	Health Services	Social & Family Services	Recreation & Cultural Services	Planning and Development	Total 2019
Revenues:									
Operating revenues:									
User charges	\$ 57,576	27,894	19,081	696,153	5,424	-	16,766	5,630	828,524
Provincial grants	1,006,943	-	-	7,392	644,364	-	8,636	-	1,667,335
Federal grants	-	-	-	14,785	-	-	12,200	7,391	34,376
Investment income	55,730	-	-	-	-	-	-	-	55,730
Penalties and interest on taxes	87,020	-	-	-	-	-	-	-	87,020
Provincial Offences Act	-	11,088	-	-	-	-	-	-	11,088
Other	27,953	3,991	12,549	227	-	-	26,293	35,642	106,655
Capital revenues:									
Provincial grants	-	-	53,867	-	-	-	-	-	53,867
Federal grants	103,166	-	-	-	-	-	-	-	103,166
<b>Total revenues</b>	<b>1,338,388</b>	<b>42,973</b>	<b>85,497</b>	<b>718,557</b>	<b>649,788</b>	<b>-</b>	<b>63,895</b>	<b>48,663</b>	<b>2,947,761</b>
Expenses:									
Salaries, wages and benefits	421,772	145,004	497,740	42,139	571,907	-	146,890	130,877	1,956,329
Long-term debt interest	-	-	20,755	2,815	2,158	-	-	-	25,728
Materials	363,446	148,711	267,250	127,604	72,924	-	122,721	61,935	1,164,591
Contracted services	227,561	512,507	57,060	642,915	350	-	28,716	58,443	1,527,552
Rents and financial	5,505	-	-	-	-	-	-	-	5,505
External transfers	-	-	-	-	36,738	1,163,407	-	-	1,200,145
Amortization of tangible capital assets	142,943	50,097	233,988	382,552	3,872	-	99,973	2,494	915,919
Loss on disposition of tangible capital assets	-	-	43,645	-	-	-	-	-	43,645
<b>Total expenses</b>	<b>1,161,227</b>	<b>856,319</b>	<b>1,120,438</b>	<b>1,198,025</b>	<b>687,949</b>	<b>1,163,407</b>	<b>398,300</b>	<b>253,749</b>	<b>6,839,414</b>
Funded through:									
Taxation									3,921,679
<b>Annual surplus</b>									<b>\$ 30,026</b>

# THE CORPORATION OF THE MUNICIPALITY OF TEMAGAMI

Schedule to Note 15 - Segmented Information (continued)

Year ended December 31, 2019

	General Government Services	Protection Services	Transportation Services	Environmental Services	Health Services	Social & Family Services	Recreation & Cultural Services	Planning and Development	Total 2018
Revenues:									
Operating revenues:									
User charges	\$ 34,626	77,779	15,684	544,553	5,305	-	15,191	14,125	707,263
Provincial grants	872,451	-	7,316	37,796	651,343	-	28,201	-	1,597,107
Federal grants	-	-	-	75,592	-	-	41,911	21,175	138,678
Investment income	39,041	-	-	-	-	-	-	-	39,041
Penalties and interest on taxes	80,934	-	-	-	-	-	-	-	80,934
Provincial Offences Act	-	12,858	-	-	-	-	-	-	12,858
Other	25,295	6,978	46,238	3,500	-	-	19,040	30,185	131,236
Capital revenues:									
Provincial grants	-	-	50,000	-	-	-	-	-	50,000
Federal grants	53,510	-	-	-	-	-	-	-	53,510
<b>Total revenues</b>	<b>1,105,857</b>	<b>97,615</b>	<b>119,238</b>	<b>661,441</b>	<b>656,648</b>	<b>-</b>	<b>104,343</b>	<b>65,485</b>	<b>2,810,627</b>
Expenses:									
Salaries, wages and benefits	446,453	152,068	529,726	46,911	587,463	-	138,639	127,783	2,029,043
Long-term debt interest	-	-	21,224	4,967	472	-	-	-	26,663
Materials	350,604	125,196	331,571	173,166	65,856	-	149,622	37,485	1,233,500
Contracted services	161,278	436,322	41,097	598,292	-	-	8,037	32,594	1,277,620
Rents and financial	15,067	-	-	-	-	-	-	-	15,067
External transfers	-	-	-	-	36,049	1,121,292	-	-	1,157,341
Amortization of tangible capital assets	122,191	40,998	209,000	366,069	3,872	-	99,538	2,494	844,162
Loss on disposition of tangible capital assets	-	-	15,662	-	-	-	-	-	15,662
<b>Total expenses</b>	<b>1,095,593</b>	<b>754,584</b>	<b>1,148,280</b>	<b>1,189,405</b>	<b>693,712</b>	<b>1,121,292</b>	<b>395,836</b>	<b>200,356</b>	<b>6,599,058</b>
Funded through:									
Taxation									3,818,285
<b>Annual surplus</b>									<b>\$ 29,854</b>