

Consolidated Financial Statements of

**THE CORPORATION OF THE
MUNICIPALITY OF TEMAGAMI**

Year ended December 31, 2020

THE CORPORATION OF THE MUNICIPALITY OF TEMAGAMI

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Year ended December 31, 2020

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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.

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, 2020
- 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, 2020, 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.

Chartered Professional Accountants, Licensed Public Accountants

Sudbury, Canada

July 8, 2021

THE CORPORATION OF THE MUNICIPALITY OF TEMAGAMI

Consolidated Statement of Financial Position

December 31, 2020, with comparative information for 2019

	2020	2019
Financial assets		
Cash	\$ 3,452,757	\$ 3,296,352
Taxes receivable	955,418	936,533
Accounts receivable (note 3)	191,473	197,569
	<u>4,599,648</u>	<u>4,430,454</u>
Financial liabilities		
Accounts payable and accrued liabilities (note 4)	445,928	676,432
Deferred revenue	181,630	341,170
Long-term debt (note 5)	427,088	521,105
Landfill closure liabilities (note 6)	258,200	157,900
	<u>1,312,846</u>	<u>1,696,607</u>
Net financial assets	3,286,802	2,733,847
Non-financial assets		
Tangible capital assets (note 7)	14,769,215	15,038,062
Accumulated surplus (note 8)	<u>\$ 18,056,017</u>	<u>\$ 17,771,909</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, 2020, with comparative information for 2019

	Budget 2020	Actual 2020	Actual 2019
	(note 11)		
Revenues:			
Operating revenues:			
Municipal taxation	\$ 4,080,255	\$ 3,976,472	\$ 3,921,679
User charges	1,029,622	901,608	828,524
Provincial grants	2,052,297	1,973,102	1,667,335
Federal grants	20,000	48,893	34,376
Investment income	125,000	23,755	55,730
Penalties and interest on taxes	-	105,936	87,020
Provincial Offences Act	-	5,153	11,088
Other	24,000	150,424	106,655
	7,331,174	7,185,343	6,712,407
Capital revenues:			
Provincial grants	53,867	53,168	53,867
Federal grants	53,510	48,659	103,166
	107,377	101,827	157,033
Total revenues	7,438,551	7,287,170	6,869,440
Expenses:			
General government	1,366,912	1,187,783	1,161,227
Protection to persons and property	826,920	795,265	856,319
Transportation services	1,079,735	1,101,820	1,120,438
Environmental services	1,346,990	1,326,256	1,198,025
Health services	796,200	701,831	687,949
Social and family services	1,279,286	1,281,726	1,163,407
Recreational and cultural services	504,050	385,117	398,300
Planning and development	391,000	223,264	253,749
Total expenses	7,591,093	7,003,062	6,839,414
Annual surplus (deficit)	(152,542)	284,108	30,026
Accumulated surplus, beginning of year	17,771,909	17,771,909	17,741,883
Accumulated surplus, end of year	\$ 17,619,367	\$ 18,056,017	\$ 17,771,909

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, 2020, with comparative information for 2019

	2020	2019
Annual surplus	\$ 284,108	\$ 30,026
Acquisition of tangible capital assets	(706,296)	(970,149)
Amortization of tangible capital assets	975,143	915,919
Loss on disposition of tangible capital assets	-	44,173
Proceeds on sale of tangible capital assets	-	30,000
Change in net financial assets	552,955	49,969
Net financial assets, beginning of year	2,733,847	2,683,878
Net financial assets, end of year	\$ 3,286,802	\$ 2,733,847

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, 2020, with comparative information for 2019

	2020	2019
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 284,108	\$ 30,026
Items not involving cash:		
Amortization of tangible capital assets	975,143	915,919
Loss on disposition of tangible capital assets	-	44,173
Increase in landfill closure liabilities	100,300	43,200
	<u>1,359,551</u>	<u>1,033,318</u>
Change in non-cash assets and liabilities:		
Increase in taxes receivable	(18,885)	(132,544)
Decrease in accounts receivable	6,096	155,762
Decrease in accounts payable and accrued liabilities	(230,504)	(204,176)
Increase (decrease) in deferred revenue	(159,540)	302,815
Net change in cash from operating activities	<u>956,718</u>	<u>1,155,175</u>
Financing activities:		
Principal repayment on net long-term debt	(94,017)	(119,671)
Net change in financing activities	<u>(94,017)</u>	<u>(119,671)</u>
Capital activities:		
Proceeds on sale of tangible capital assets	-	30,000
Acquisition of tangible capital assets	(706,296)	(970,149)
Net change in cash from capital activities	<u>(706,296)</u>	<u>(940,149)</u>
Net change in cash	156,405	95,355
Cash, beginning of year	3,296,352	3,200,997
Cash, end of year	<u>\$ 3,452,757</u>	<u>\$ 3,296,352</u>

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, 2020

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 (continued)

Year ended December 31, 2020

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 (continued)

Year ended December 31, 2020

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

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 (continued)

Year ended December 31, 2020

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 (continued)

Year ended December 31, 2020

2. Contributions to non-consolidated entities:

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

	2020	2019
The District of Nipissing Social Services		
Administration Board	\$ 933,954	870,786
Temiskaming Health Unit	39,889	36,738
	\$ 973,843	907,524

3. Accounts receivable:

	2020	2019
Government of Canada - HST	\$ 78,845	120,121
Province of Ontario - Grants	50,603	43,216
Other	72,025	64,232
Allowance for doubtful accounts	(10,000)	(30,000)
	\$ 191,473	197,569

4. Accounts payable and accrued liabilities:

	2020	2019
Trade and miscellaneous	\$ 356,781	521,849
Personnel related obligations	89,147	154,583
	\$ 445,928	676,432

5. Long-term debt:

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

	2020	2019
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
Bank of Nova Scotia demand loan payable \$5,558 monthly plus interest at prime plus 0%, due May 2027	427,088	493,780
	\$ 427,088	521,105

THE CORPORATION OF THE MUNICIPALITY OF TEMAGAMI

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2020

5. Long-term debt (continued):

Principal repayments on the municipal debt are as follows:

2021	\$	66,693
2022		66,693
2023		66,693
2024		66,693
Thereafter		160,316
	\$	427,088

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 \$258,200 (2019 - \$157,900). 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 31,150 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, 2020

7. Tangible capital assets:

Cost	Balance at December 31, 2019	Additions	Disposals	Balance at December 31, 2020
Land	\$ 144,542	-	-	144,542
Land improvements	2,755,548	154,258	-	2,909,806
Buildings	10,160,029	49,721	-	10,209,750
Vehicles	222,883	70,283	-	293,166
Equipment	5,800,302	237,090	(33,100)	6,004,292
Heavy equipment	2,036,592	-	-	2,036,592
Roads	3,732,859	158,838	-	3,891,697
Water distribution lines	3,213,967	-	-	3,213,967
Sewer distribution lines	3,849,902	-	-	3,849,902
Assets under construction	111,075	39,848	(3,742)	147,181
Total	\$ 32,027,699	710,038	(36,842)	32,700,895

Accumulated Amortization	Balance at December 31, 2019	Disposals	Amortization	Balance at December 31, 2020
Land	\$ -	-	-	-
Land improvements	443,128	-	102,904	546,032
Buildings	3,138,142	-	231,819	3,369,961
Vehicles	210,687	-	13,053	223,740
Equipment	2,881,226	(33,100)	302,934	3,151,060
Heavy equipment	728,225	-	100,763	828,988
Roads	3,372,027	-	82,393	3,454,420
Water distribution lines	2,828,289	-	64,279	2,892,568
Sewer distribution lines	3,387,913	-	76,998	3,464,911
Total	\$ 16,989,637	(33,100)	975,143	17,931,680

	Net book value, December 31, 2019	Net book value, December 31, 2020
Land	\$ 144,542	144,542
Land improvements	2,312,420	2,363,774
Buildings	7,021,887	6,839,789
Vehicles	12,196	69,426
Equipment	2,919,076	2,853,232
Heavy equipment	1,308,367	1,207,604
Roads	360,832	437,277
Water distribution lines	385,678	321,399
Sewer distribution lines	461,989	384,991
Assets under construction	111,075	147,181
Total	\$ 15,038,062	14,769,215

THE CORPORATION OF THE MUNICIPALITY OF TEMAGAMI

Notes to Consolidated Financial Statements

Year ended December 31, 2020

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	325,143	-	2,755,548
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	68,605	-	3,732,859
Water distribution lines	3,213,967	-	-	3,213,967
Sewer distribution lines	3,849,902	-	-	3,849,902
Assets under construction	274,248	127,908	(291,081)	111,075
Total	\$ 31,212,077	1,261,230	(445,608)	32,027,699

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	2,764,010	-	64,279	2,828,289
Sewer distribution lines	3,310,915	-	76,998	3,387,913
Total	\$ 16,154,072	(80,354)	915,919	16,989,637

	Net book value, December 31, 2018	Net book value, December 31, 2019
Land	\$ 144,542	144,542
Land improvements	2,083,217	2,312,420
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	360,832
Water distribution lines	449,957	385,678
Sewer distribution lines	538,987	461,989
Assets under construction	274,248	111,075
Total	\$ 15,058,005	15,038,062

THE CORPORATION OF THE MUNICIPALITY OF TEMAGAMI

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2020

8. Accumulated surplus:

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

	2020	2019
Surplus (deficit):		
Invested in tangible capital assets	\$ 14,769,215	15,038,062
Amounts to be recovered:		
Unfinanced municipal debt – grinder pumps	-	(27,325)
Unfinanced municipal debt – grader and plow	(427,088)	(493,780)
Equity in tangible capital assets	\$14,342,127	14,516,957
Reserves set aside by Council for:		
Discretionary Capital Reserves:		
- Working capital	390,000	390,000
- Landfill closure costs	150,000	150,000
- Arena	80,474	65,474
- Public Works Complex	509,400	509,400
- Future Improvements Lake Temagami Access Road	193,000	183,000
- Marten River Fire	257,000	207,000
- Official Plan Review	94,230	94,230
- Temagami Fire	80,500	40,500
- Future IPM Town Road	251,095	236,095
- 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	37,579	15,489
- Ambulance Building	20,820	11,847
- Cannabis	10,000	10,000
- COVID Funding	113,056	-
- Big Conoe	100	-
	2,364,548	2,090,329
Other Reserves:		
- Discretionary Operating	757,863	692,880
- Tax Rate Stabilization	267,031	267,031
- Dedicated Water and Wastewater Capital	294,448	204,712
- Ambulance Operating	30,000	-
	1,349,342	1,164,623
Total reserves	3,713,890	3,254,952
Accumulated surplus	\$ 18,056,017	17,771,909

THE CORPORATION OF THE MUNICIPALITY OF TEMAGAMI

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2020

9. Operations of school boards:

Further to note 1(a)(iii), the property taxes collected on behalf of the school boards are \$1,951,572 (2019 - \$1,980,799).

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 \$113,055 million (2019 - \$107,687 million) in respect of benefits accrued for service with total going concern actuarial assets at that date of \$109,844 million (2019 - \$104,290 million) indicating a going concern actuarial deficit of \$3,211 million (2019 - \$3,397 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 2020 was \$103,425 (2019 - \$105,666) 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:

Annual deficit per budget approved by Council	\$ -
Less:	
Internal reserve transfers	(221,791)
Add:	
Investment in tangible capital assets	69,249
Deficit per revised budget	\$ (152,542)

THE CORPORATION OF THE MUNICIPALITY OF TEMAGAMI

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2020

12. Public Sector Salary Disclosure:

During 2020, 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 2020 comparative information have been reclassified to conform to the current year presentation.

14. Financial instruments:

The Municipality is exposed to various risks through its financial instruments. The following analysis provides information about the Municipality's risk exposure and concentration as of December 31, 2020.

(a) Credit risk:

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Municipality is exposed to credit risk from customers and ratepayers. The Municipality has a significant number of customers and ratepayers which minimizes concentration of credit risk. Further, the Municipality has available to it a tax registration process to recover unpaid municipal taxes by way of forced transfer of properties with multi-year arrears.

(b) Liquidity risk:

Liquidity risk is the risk that the Municipality cannot repay its obligations when they become due to its creditors. The Municipality is exposed to this risk relating to its accounts payable and accrued liabilities and long-term debt.

The Municipality reduces its exposure to liquidity risk by monitoring cash activities and expected outflow through extensive budgeting and maintaining enough cash and credit facilities available to repay creditors as they become due. In the opinion of management the liquidity risk exposure to the Municipality is low.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

(c) Interest rate risk:

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Municipality manages exposure through its normal operating and financing activities. The Municipality is exposed to various risks through its financial instruments.

THE CORPORATION OF THE MUNICIPALITY OF TEMAGAMI

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2020

14. Financial instruments (continued):

(d) Other risks:

The Municipality's main sources of revenue are government operating grants, taxation revenue and user charges. In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This resulted in the Canadian and Provincial governments enacting emergency measures to combat the spread of the virus. The Municipality halted most in-person activity for a period of time and moved to delivery on non-essential services in a virtual environment. All essential services remained provided through in-person service delivery based on recommendations from Public Health Ontario. In the summer of 2020, certain in person services restarted with the organization currently utilizing a hybrid model for the delivery of services in compliance with Public Health regulations.

In response to the adverse impact the pandemic has had on certain revenue streams, the Municipality has undertaken certain cost cutting measures. The Provincial government has provided financial relief in the form of grants totaling \$175,600.

The impact of COVID-19 is expected to negatively impact operations for a duration that cannot be reasonably predicted. The further overall operational and financial impact is highly dependent on the duration of COVID-19, including the potential occurrence of additional waves of the pandemic, and could be affected by other factors that are currently not known at this time. Management is actively monitoring the effect of the pandemic on its financial condition, liquidity, operations, suppliers, and workforce. Given the daily evolution of the pandemic and the global responses to curb its spread, the Municipality is not able to fully estimate the effects of the pandemic on its results of operations, financial condition, or liquidity 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.

THE CORPORATION OF THE MUNICIPALITY OF TEMAGAMI

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2020

15. Segmented information (continued):

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.

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, 2020

	General Government Services	Protection Services	Transportation Services	Environmental Services	Health Services	Social & Family Services	Recreation & Cultural Services	Planning and Development	Total 2020
Revenues:									
Operating revenues:									
User charges	\$ 56,391	53,395	18,444	733,374	13,903	-	19,303	6,798	901,608
Provincial grants	1,249,013	-	-	-	677,098	-	8,636	38,355	1,973,102
Federal grants	-	-	-	-	-	-	23,184	25,709	48,893
Investment income	23,755	-	-	-	-	-	-	-	23,755
Penalties and interest on taxes	105,936	-	-	-	-	-	-	-	105,936
Provincial Offences Act	-	5,153	-	-	-	-	-	-	5,153
Other	34,041	24,409	10,286	315	-	-	27,445	53,928	150,424
Capital revenues:									
Provincial grants	-	-	53,168	-	-	-	-	-	53,168
Federal grants	48,659	-	-	-	-	-	-	-	48,659
Total revenues	1,517,795	82,957	81,898	733,689	691,001	-	78,568	124,790	3,310,698
Expenses:									
Salaries, wages and benefits	421,412	144,857	484,788	43,898	567,932	-	166,829	143,031	1,972,747
Long-term debt interest	-	-	13,067	572	1,375	-	-	-	15,014
Materials	474,073	106,464	299,999	280,370	88,261	-	102,342	4,343	1,355,852
Contracted services	144,546	489,203	29,748	611,638	-	-	9,108	73,396	1,357,639
Rents and financial	5,052	-	-	-	-	-	-	-	5,052
External transfers	-	-	-	-	39,889	1,281,726	-	-	1,321,615
Amortization of tangible capital assets	142,700	54,741	274,218	389,778	4,374	-	106,838	2,494	975,143
Total expenses	1,187,783	795,265	1,101,820	1,326,256	701,831	1,281,726	385,117	223,264	7,003,062
Funded through:									
Taxation									3,976,472
Annual surplus									\$ 284,108

THE CORPORATION OF THE MUNICIPALITY OF TEMAGAMI

Schedule to Note 15 - Segmented Information (continued)

Year ended December 31, 2020

	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
Total revenues	1,338,388	42,973	85,497	718,557	649,788	-	63,895	48,663	2,947,761
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
Total expenses	1,161,227	856,319	1,120,438	1,198,025	687,949	1,163,407	398,300	253,749	6,839,414
Funded through:									
Taxation									3,921,679
Annual surplus									\$ 30,026