

CONSOLIDATED FINANCIAL REPORT

**THE CORPORATION OF THE
TOWN OF ENGLEHART**

DISTRICT OF TIMISKAMING

YEAR ENDED DECEMBER 31, 2020

INDEX

THE CORPORATION OF THE TOWN OF ENGLEHART

	Page Number
Management's Responsibility for the Financial Statements	1
Auditors' Report	2 - 3
Consolidated Statement of Financial Position	4
Consolidated Statement of Operations	5
Consolidated Statement of Change in Net Financial Assets	6
Consolidated Statement of Cash Flows	7
Notes to the Consolidated Financial Statements	8 - 23
Trust Funds	
– Notice to Reader	24
– Statement of Continuity and Statement of Financial Position	25
– Notes to the Financial Statements	26

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The accompanying financial statements of The Corporation of the Town of Englehart are the responsibility of the Corporation of the Town of Englehart'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 is 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 Town of Englehart'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 Town of Englehart. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Corporation of the Town of Englehart's financial statements.

DocuSigned by:

Malorie Robinson

CB06FB043F0B4E6...

Treasurer

Malorie Robinson

INDEPENDENT AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers
of The Corporation of the Town of Englehart:

Opinion

We have audited the consolidated financial statements of The Corporation of the Town of Englehart, 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 Town of Englehart 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 Town of Englehart 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 Town of Englehart'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 Town of Englehart 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 Town of Englehart'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 Town of Englehart'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 Town of Englehart'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 Town of Englehart 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
November 24, 2021

Chartered Professional Accountants

THE CORPORATION OF THE TOWN OF ENGLEHART

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2020

FINANCIAL ASSETS

	2020	2019
Cash	\$ 1,195,259	\$ 2,217,866
Short-term investments – note 4	1,665,799	651,139
Taxes receivable	276,009	298,719
Accounts receivable	282,180	256,389
Long-term receivables – note 5	8,000	16,000
	<u>3,427,247</u>	<u>3,440,113</u>

LIABILITIES

Accounts payable and accrued liabilities	180,661	397,386
Deferred revenue – other	-	38,954
Deferred revenue – obligatory reserve funds	-	95,486
Landfill closure and post-closure liability – note 6	570,000	566,000
Municipal debt – note 7	147,365	237,765
Deficiency in Government Business Partnership – note 8	57,171	38,449
	<u>955,197</u>	<u>1,374,040</u>

NET FINANCIAL ASSETS

	<u>2,472,050</u>	<u>2,066,073</u>
--	------------------	------------------

NON-FINANCIAL ASSETS

Inventories of supplies	14,200	14,200
Tangible capital assets – note 14	17,553,548	17,660,635
	<u>17,567,748</u>	<u>17,674,835</u>


ACCUMULATED SURPLUS – note 9

	\$ 20,039,798	\$ 19,740,908
--	---------------	---------------

Contingent liabilities and commitments – note 12

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

On behalf of Council:

DocuSigned by:

 41894DB37110470...
 Mayor

DocuSigned by:

 CB06FB643F8B4E6...
 Treasurer

THE CORPORATION OF THE TOWN OF ENGLEHART

CONSOLIDATED STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2020

	2020 Budget (Note 10)	2020 Actual	2019 Actual
REVENUES			
Operating revenues			
Municipal taxation	\$ 1,757,844	\$ 1,857,080	\$ 1,809,787
Water, sewer and garbage charges	700,000	690,907	718,277
User charges	110,183	164,544	166,712
Provincial grants	956,456	966,265	1,196,999
Federal grants	12,000	18,611	15,004
Revenue from other municipalities	32,133	27,133	29,523
Investment income	20,500	42,680	54,304
Penalties and interest on taxes	50,000	56,464	53,602
Provincial Offences Act revenues	20,000	9,504	20,448
Gain on sale of tangible capital assets	-	22,885	-
Loss from Government Business Partnership	-	(18,722)	(19,802)
Other	116,649	140,498	75,393
	<u>3,775,765</u>	<u>3,977,849</u>	<u>4,120,247</u>
Capital revenues			
Provincial grants	103,099	104,757	60,125
Federal Grants	176,735	188,371	93,822
	<u>279,834</u>	<u>293,128</u>	<u>153,947</u>
Total revenues	<u>4,055,599</u>	<u>4,270,977</u>	<u>4,274,194</u>
EXPENDITURES			
General government	416,572	497,731	525,709
Protection to persons and property	381,125	382,169	365,320
Transportation services	790,768	784,058	755,541
Environmental services	888,658	878,108	877,171
Health services	229,962	241,818	168,828
Social and family services	162,600	160,028	162,077
Recreation and cultural services	857,310	899,703	844,465
Planning and development	115,800	128,472	96,085
Total expenditures	<u>3,842,795</u>	<u>3,972,087</u>	<u>3,795,196</u>
ANNUAL SURPLUS	212,804	298,890	478,998
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>19,740,908</u>	<u>19,740,908</u>	<u>19,261,910</u>
ACCUMULATED SURPLUS, END OF YEAR – note 9	<u>\$ 19,953,712</u>	<u>\$ 20,039,798</u>	<u>\$ 19,740,908</u>

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

THE CORPORATION OF THE TOWN OF ENGLEHART
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2020

	2020 Budget (Note 10)	2020 Actual	2019 Actual
ANNUAL SURPLUS	\$ 212,804	\$ 298,890	\$ 478,998
Acquisition of tangible capital assets	(714,500)	(552,502)	(335,268)
Amortization of tangible capital assets	632,215	650,589	632,367
Proceeds from disposition of tangible capital assets	-	31,885	-
Gain on sale of tangible capital assets	-	(22,885)	-
Acquisition of inventories of supplies	-	-	(5,200)
Increase in net financial assets	130,519	405,977	770,897
Net financial assets, beginning of year	<u>2,066,073</u>	<u>2,066,073</u>	1,295,176
NET FINANCIAL ASSETS, END OF YEAR	<u>\$ 2,196,592</u>	<u>\$ 2,472,050</u>	<u>\$ 2,066,073</u>

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

THE CORPORATION OF THE TOWN OF ENGLEHART

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2020

OPERATIONS	<u>2020</u>	<u>2019</u>
Annual surplus	\$ 298,890	\$ 478,998
Charges not affecting cash		
Amortization of tangible capital assets	650,589	632,367
Gain on sale of tangible capital assets	(22,885)	-
Loss from Government Business Partnership	18,722	19,802
	<u>945,316</u>	<u>1,131,167</u>
Other sources (uses) of cash		
Change in taxes receivable	22,710	57,758
Change in long-term receivables	8,000	8,000
Change in accounts receivable	(25,791)	43,107
Change in inventories of supplies	-	(5,200)
Change in accounts payable and accrued liabilities	(216,725)	148,001
Change in deferred revenue – other	(38,954)	-
Change in deferred revenue – obligatory reserve funds	(95,486)	95,486
Change in landfill closure and post-closure liabilities	4,000	10,000
Cash provided (used) by operating activities	<u>(342,246)</u>	<u>357,152</u>
Total cash provided by operations	<u>603,070</u>	<u>1,488,319</u>
CAPITAL TRANSACTIONS		
Acquisition of tangible capital assets	(552,502)	(335,268)
Proceeds from sale of tangible capital assets	31,885	-
Total cash used for capital transactions	<u>(520,617)</u>	<u>(335,268)</u>
INVESTING TRANSACTIONS		
Acquisition of short-term investments	<u>(1,014,660)</u>	<u>(11,715)</u>
FINANCING TRANSACTIONS		
Municipal debt repayments	<u>(90,400)</u>	<u>(90,400)</u>
INCREASE (DECREASE) IN CASH	(1,022,607)	1,050,936
Cash, beginning of year	<u>2,217,866</u>	<u>1,166,930</u>
CASH, END OF YEAR	<u>\$ 1,195,259</u>	<u>2,217,866</u>
REPRESENTED BY		
Cash	<u>\$ 1,195,259</u>	<u>\$ 2,217,866</u>

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

THE CORPORATION OF THE TOWN OF ENGLEHART

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

The Corporation of the Town of Englehart is a town 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 Town of Englehart 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 liability.

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 Town and include the activities of all committees of Council which are:

Englehart and Area Public Library Board
 Englehart Water System
 Englehart Sewer System

Englehart and Area Historical Museum
 Englehart Cemetery Board
 Englehart Garbage System

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.

Government Business Partnership

Government Business Partnership comprises of the corporation Englehart Solar Inc. and is accounted for by the modified equity method. Under the modified equity method, the business partnership's accounting principles are not adjusted to conform to those of the Town and inter-organization transactions and balances (if any) are not 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*

THE CORPORATION OF THE TOWN OF ENGLEHART

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

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

Although these are joint local boards they run autonomously to provide those services mandated by the Province. The Town 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 Town in its statements.

Temiskaming Municipal Services Association

The Temiskaming 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 Town does not have control. Building Permit revenues are transferred to this organization.

Central Timiskaming Planning Board

This joint local board provides planning services to the municipalities of Englehart, Evanturel, Chamberlain and Charlton & 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 Town in its financial statements. The Town's share of the accumulated surplus at the end of 2020 was \$4,520 (2019 \$4,261).

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 operations administered by the Town are not consolidated, but are reported separately on the "Trust Funds Statement of Continuity" and "Statement of Financial Position".

Short-term investments

Short-term investments are recorded at cost. Investment income earned on surplus funds is reported as revenue in the period earned.

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	25 years
Buildings	50 years
Equipment	10 years
Heavy equipment	10 to 25 years
Light trucks	10 years
Culverts	50 years
Roads	7 to 30 years
Underground networks	50 years

THE CORPORATION OF THE TOWN OF ENGLEHART

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

1. **Accounting policies - continued**

Tangible capital assets - continued

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 town has no capitalization threshold for land and building, a capitalization threshold of \$10,000 for infrastructure systems and \$2,500 for all other assets. Individual assets of lesser value may be capitalized if they are pooled, or because, collectively, they have significant value.

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 Town 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 Town 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 Town 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 Town 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.

THE CORPORATION OF THE TOWN OF ENGLEHART

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

2. **Operations of school boards**

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

2020	2019
<u>\$ 331,914</u>	<u>\$ 347,366</u>

3. **Contributions to Joint Boards**

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

	2020	2019
Timiskaming Health Unit	<u>\$ 65,684</u>	<u>\$ 17,509</u>
District of Timiskaming Social Services Administration Board	<u>\$ 305,733</u>	<u>\$ 294,913</u>

4. **Short-term investments**

	Market Value 2020	Cost 2020	Cost 2019
Investments held through CIBC Asset Management:			
Imperial Money Market Pool	\$ 129,825	\$ 129,856	\$ 72,219
Imperial Short-term Bond Pool	516,069	516,833	286,466
Imperial Canadian Bond Pool	454,684	438,212	234,291
Imperial International Bond Pool	47,074	45,785	23,938
Guaranteed income certificates – Northern Credit Union	<u>535,113</u>	<u>535,113</u>	<u>34,225</u>
	<u>\$ 1,682,765</u>	<u>\$ 1,665,799</u>	<u>\$ 651,139</u>

The GICs held at the Northern Credit Union of \$535,113 (2019 \$34,225) consists of four GICs with varying maturity dates between April, 2021 and September, 2023 and earning interest from 1.3% to 2.9% per annum. Three GIC's totalling \$35,113 (2019 \$34,225) belong to the Englehart Public Library Board.

5. **Long-term receivables**

The District School Board Ontario North East has committed to a donation towards the building of the new arena. This donation of \$120,000 is to be paid at a rate of \$8,000 per year for 15 years starting in 2007. This receivable bears no interest.

6. **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 on the usage of the site's capacity. The total capacity of the site is 100,000 cubic meters. The approximate area that has been landfilled is 53,500 cubic meters, leaving an estimated remaining capacity of 46,500 cubic meters. The estimated life of the landfill site is 31 years and post-closure care is estimated to be required for 25 years from the date of site closure.

The discount factor used is 2.9% net of inflation of 2.2%. The liability as at December 31, 2020 is \$570,000 (2019 \$566,000). Estimated expenditures for closure and post-closure care are \$953,174 and \$363,725 respectively, for a total of \$1,316,899. The liability remaining to be recognized is \$746,599.

THE CORPORATION OF THE TOWN OF ENGLEHART

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

7.	Municipal debt	<u>2020</u>	<u>2019</u>
	CIBC loan repayable in monthly payments of \$3,367 plus interest at prime plus 1% (currently 3.45%) and matures in January, 2021. The debt relates to the purchase of a sander truck.	\$ 2,258	\$ 42,658
	CIBC loan repayable in monthly payments of \$4,167 plus interest at prime plus 1% (currently 3.45%) and matures in November, 2023. The debt relates to the purchase of a loader.	<u>145,107</u>	<u>195,107</u>
		<u>\$ 147,365</u>	<u>\$ 237,765</u>

This debt is to be paid from general municipal revenues.

Principal payments are due as follows:

2021	\$ 52,258
2022	50,000
2023	<u>45,107</u>
	<u>\$ 147,365</u>

Total interest paid on this loan in 2020 was \$7,772 (2019 \$14,617).

8. Government Business Partnership

The Corporation of the Town of Englehart is the 50% owner of all of the issued capital of the corporation Englehart Solar Inc. (Énergie Kapuskasing Energy Inc. is the other partner owning 50% of the total issued capital).

Englehart Solar Inc. was incorporated under the Ontario Business Corporations Act on October 29, 2012 pursuant to section 142 of the Electricity Act (Ontario). The corporation's principal activity is the ownership, administration and management of solar power generating projects for the purpose of generating, transmitting, distributing and retailing electricity.

This corporation is accounted for on a modified equity basis in these consolidated financial statements.

(a) The deficiency in Government Business Partnership consists of the following:

	<u>2020</u>	<u>2019</u>
Purchase of share capital (50 Class B shares)	\$ 50	\$ 50
Town's share of accumulated deficit	<u>(57,221)</u>	<u>(38,499)</u>
	<u>\$ (57,171)</u>	<u>\$ (38,449)</u>

THE CORPORATION OF THE TOWN OF ENGLEHART

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

8. Government Business Partnership – continued

- (b) The following schedules provide condensed supplementary financial information for the year ended December 31, 2020:

	<u>2020</u>	<u>2019</u>
<u>Financial position</u>		
Current assets	\$ 374,741	\$ 372,212
Capital assets	846,465	906,342
Future income taxes	<u>15,902</u>	<u>11,000</u>
Total assets	<u>\$ 1,237,108</u>	<u>\$ 1,289,554</u>
Current liabilities	\$ 5,916	7,838
Due to related parties	237,404	187,936
Current portion of long-term debt	65,077	62,548
Long-term debt	<u>1,043,053</u>	<u>1,108,130</u>
Total liabilities	<u>1,351,450</u>	<u>1,366,452</u>
Capital stock	100	100
Accumulated deficit	<u>(114,442)</u>	<u>(76,998)</u>
Total liabilities and accumulated deficits	<u>\$ 1,237,108</u>	<u>\$ 1,289,554</u>
<u>Statement of loss</u>		
Sale of energy	\$ 127,408	\$ 119,985
Cost of sales	(3,981)	(3,247)
Expenses	(165,773)	(161,905)
Future recovery of income taxes	<u>4,902</u>	<u>5,563</u>
Net loss	<u>\$ (37,444)</u>	<u>\$ (39,604)</u>

- (c) Related party transactions between the Corporation of the Town of Englehart and its Government Business Partnership are as follows:

- 1) The Corporation of the Town of Englehart has an accounts payable of \$50 (2019 \$50) for the purchase of their portion of the share capital included in the consolidated statement of financial position.
- 2) The Corporation of the Town of Englehart has guaranteed its share of the equity loan (10%) of the corporation which amounts to \$ 110,813 (2019 \$ 117,068).

THE CORPORATION OF THE TOWN OF ENGLEHART

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

9. **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, surpluses and deficits		
Working capital reserve	\$ 1,720,452	\$ 1,621,879
Museum elevator reserve	43,565	43,565
Library reserve	76,068	90,670
Fire Department reserve	56,872	31,945
Recreation reserve	5,000	5,000
Fire reserve (Englehart only)	85,000	75,000
Office renovations reserve	150,000	150,000
Museum operating reserve	8,052	8,052
Roads equipment reserve	120,000	100,000
Waterworks system surplus – note 16	292,918	106,621
Sanitary sewer system surplus – note 17	88,465	68,140
Garbage services surplus – note 18	30,244	41,465
Government Business Partnership deficit – note 8	(57,221)	(38,499)
	<u>2,619,415</u>	<u>2,303,838</u>
Amounts to be recovered		
Unfinanced municipal debt	(147,365)	(237,765)
	<u>2,472,050</u>	<u>2,066,073</u>
Net financial assets		
Non-financial assets		
Inventories of supplies	14,200	14,200
Invested in tangible capital assets	17,553,548	17,660,635
	<u>17,567,748</u>	<u>17,674,835</u>
Accumulated surplus	<u>\$ 20,039,798</u>	<u>\$ 19,740,908</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.

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 15. 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:

THE CORPORATION OF THE TOWN OF ENGLEHART

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

10.	Budget – continued	<u>2020</u>
	Actual budget surplus for the year – note 15	\$ 40,519
	Add: Budgeted debt principal repayments	90,000
	Investment in tangible capital assets	714,500
	Less: Estimated amortization	<u>(632,215)</u>
	Budget surplus per statement of operations – page 5	<u>\$ 212,804</u>

11. Trust Funds

Trust funds administered by the Town amounting to \$188,253 (2019 \$186,743) have not been included in the "Consolidated Statement of Financial Position" nor have their operations been included in the "Consolidated Statement of Operations".

12. Contingent liabilities and commitments

Non-consolidated Entities

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

Ontario Municipal Employees Retirement Fund

All permanent, full-time employees of the Town 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 Town are recognized as an expenditure. No pension liability for this type of plan is recognized in the Town's consolidated financial statements. Contributions made by the Town to OMERS for 2020 were \$67,685 (2019 \$57,390). The plan had an actuarial deficit of \$3.2 billion at the end of 2020.

Post-employment benefits

Town employees retiring do not receive any retirement allowance that either vests or accrues over the period of employment. Sick benefits accrue but do not vest. The liability expected for future sick benefits are not significant to these consolidated financial statements. The Town recognizes the expense for sick time when the event obliges the Town to pay. No other post-employment benefits are payable by the Town.

Funding agreements

Under the terms of various funding agreements, the Town 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.

THE CORPORATION OF THE TOWN OF ENGLEHART

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

13. **Segmented information**

The Corporation of the Town of Englehart 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:

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 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 and storm sewers. The garbage and recycling services group are responsible for the delivery of municipal services including garbage collection and recycling.

Health Services

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

Social and Family Services

The Town 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 Town and for reviewing and approving new development.

THE CORPORATION OF THE TOWN OF ENGLEHART

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

13. 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
Revenues										
Operating revenues										
Municipal taxation	\$ 1,857,080	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,857,080	\$ 1,809,787
Water, sewer and garbage charges	-	-	-	690,907	-	-	-	-	690,907	718,277
User charges	6,102	21,468	-	-	9,378	-	127,596	-	164,544	166,712
Provincial grants	905,000	-	-	26,350	-	-	34,915	-	966,265	1,196,999
Federal grants	-	-	-	-	-	-	18,611	-	18,611	15,004
Revenue from other municipalities	-	-	-	-	-	-	27,133	-	27,133	29,523
Investment income	38,758	-	-	-	2,953	-	969	-	42,680	54,304
Penalties and interest on taxes	56,464	-	-	-	-	-	-	-	56,464	53,602
Provincial Offences Act revenues	9,504	-	-	-	-	-	-	-	9,504	20,448
Gain on sale of tangible capital assets	-	-	22,885	-	-	-	-	-	22,885	-
Loss from Government Business										
Partnership	(18,722)	-	-	-	-	-	-	-	(18,722)	(19,802)
Other	35,503	5,909	518	32,663	-	-	65,905	-	140,498	75,393
	<u>2,889,689</u>	<u>27,377</u>	<u>23,403</u>	<u>749,920</u>	<u>12,331</u>	<u>-</u>	<u>275,129</u>	<u>-</u>	<u>3,977,849</u>	<u>4,120,247</u>
Capital revenues										
Provincial grants	-	-	64,593	-	-	-	40,164	-	104,757	60,125
Federal grants	-	-	108,381	-	-	-	79,990	-	188,371	93,822
	<u>-</u>	<u>-</u>	<u>172,974</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>120,154</u>	<u>-</u>	<u>293,128</u>	<u>153,947</u>
Total revenues	<u>2,889,689</u>	<u>27,377</u>	<u>196,377</u>	<u>749,920</u>	<u>12,331</u>	<u>-</u>	<u>395,283</u>	<u>-</u>	<u>4,270,977</u>	<u>4,274,194</u>
Expenditures										
Wages and benefits	240,023	26,437	407,390	28,141	17,626	-	332,888	77,111	1,129,616	1,126,281
Long-term debt interest	-	-	7,772	-	-	-	-	-	7,772	14,617
Materials	123,263	27,064	217,316	198,698	12,209	-	382,439	51,361	1,012,350	976,159
Contracted services	107,473	312,126	-	301,837	-	-	-	-	721,436	650,121
Rents and financial expenses	17,721	-	46,986	402	-	-	-	-	65,109	69,430
External transfers	-	-	13,799	-	211,388	160,028	-	-	385,215	326,221
Amortization	9,251	16,542	90,795	349,030	595	-	184,376	-	650,589	632,367
Total expenditures	<u>497,731</u>	<u>382,169</u>	<u>784,058</u>	<u>878,108</u>	<u>241,818</u>	<u>160,028</u>	<u>899,703</u>	<u>128,472</u>	<u>3,972,087</u>	<u>3,795,196</u>
Annual surplus (deficit)	<u>\$ 2,391,958</u>	<u>\$ (354,792)</u>	<u>\$ (587,681)</u>	<u>\$ (128,188)</u>	<u>\$ (229,487)</u>	<u>\$ (160,028)</u>	<u>\$ (504,420)</u>	<u>\$ (128,472)</u>	<u>\$ 298,890</u>	<u>\$ 478,998</u>

THE CORPORATION OF THE TOWN OF ENGLEHART

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

14. Schedule of tangible capital assets

2020

	Opening Cost Dec 31, 2019	Additions	Disposals	Transfers	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
General										
Land	\$ 211,762	\$ -	\$ -	\$ -	\$ 211,762	\$ -	\$ -	\$ -	\$ -	\$ 211,762
Land improvements	94,067	-	-	-	94,067	36,008	-	3,377	39,385	54,682
Buildings	7,634,392	107,704	-	7,958	7,750,054	2,465,033	-	154,031	2,619,064	5,130,990
Equipment	2,192,397	134,189	-	-	2,326,586	1,235,588	-	121,812	1,357,400	969,186
Heavy equipment	1,081,479	90,271	121,829	-	1,049,921	453,135	112,829	36,337	376,643	673,278
Light Trucks	363,052	-	18,535	-	344,517	212,144	18,535	21,993	215,602	128,915
Infrastructure										
Culverts	7,779	-	-	-	7,779	624	-	156	780	6,999
Roads	1,198,336	194,896	-	-	1,393,232	525,523	-	32,834	558,357	834,875
Underground networks	15,163,668	-	-	-	15,163,668	5,366,200	-	280,049	5,646,249	9,517,419
Assets under construction	7,958	25,442	-	(7,958)	25,442	-	-	-	-	25,442
Total	\$ 27,954,890	\$ 552,502	\$ 140,364	\$ -	\$28,367,028	\$10,294,255	\$ 131,364	\$ 650,589	\$10,813,480	\$17,553,548

THE CORPORATION OF THE TOWN OF ENGLEHART

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

14. Schedule of tangible capital assets – continued

2019

	Opening Cost Dec 31, 2018	Additions	Ending Cost Dec 31, 2019	Opening Accumulated Amortization Dec 31, 2018	Current Amortization	Ending Accumulated Amortization Dec 31, 2019	Net Assets Dec 31, 2019
General							
Land	\$ 211,762	\$ -	\$ 211,762	\$ -	\$ -	\$ -	\$ 211,762
Land improvements	94,067	-	94,067	32,631	3,377	36,008	58,059
Buildings	7,625,232	9,160	7,634,392	2,313,269	151,764	2,465,033	5,169,359
Equipment	2,114,249	78,148	2,192,397	1,120,854	114,734	1,235,588	956,809
Heavy equipment	1,030,902	50,577	1,081,479	421,432	31,703	453,135	628,344
Light trucks	323,440	39,612	363,052	187,897	24,247	212,144	150,908
Infrastructure							
Culverts	7,779	-	7,779	468	156	624	7,155
Roads	1,060,684	137,652	1,198,336	499,186	26,337	525,523	672,813
Underground networks	15,151,507	12,161	15,163,668	5,086,151	280,049	5,366,200	9,797,468
Assets under construction	-	7,958	7,958	-	-	-	7,958
Total	27,619,622	\$ 335,268	\$ 27,954,890	\$ 9,661,888	\$ 632,367	\$ 10,294,255	\$ 17,660,635

THE CORPORATION OF THE TOWN OF ENGLEHART

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

15. Budgeting

The Town 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.

REVENUES	2020	2020	2019
	Budget	Actual	Actual
Operating revenues			
Municipal taxation	\$ 1,757,844	\$ 1,857,080	\$ 1,809,787
Water, sewer and garbage charges	700,000	690,907	718,277
User charges	110,183	164,544	166,712
Provincial grants	956,456	966,265	1,196,999
Federal grants	12,000	18,611	15,004
Revenue from other municipalities	32,133	27,133	29,523
Investment income	20,500	42,680	54,304
Penalties and interest on taxes	50,000	56,464	53,602
Provincial Offences Act revenues	20,000	9,504	20,448
Proceeds from sale of tangible capital assets	-	31,885	-
Loss from Government Business Partnership	-	(18,722)	(19,802)
Other	116,649	140,498	75,393
	<u>3,775,765</u>	<u>3,986,849</u>	<u>4,120,247</u>
Capital revenues			
Provincial grants	103,099	104,757	60,125
Federal grants	176,735	188,371	93,822
	<u>279,834</u>	<u>293,128</u>	<u>153,947</u>
Total revenues	<u>4,055,599</u>	<u>4,279,977</u>	<u>4,274,194</u>
EXPENDITURES			
Operating expenditures			
General government	412,672	488,480	521,805
Protection to persons and property	367,210	365,627	351,377
Transportation services	706,368	693,263	676,357
Environmental services	530,958	529,078	519,339
Health services	229,362	241,223	168,233
Social and family services	162,600	160,028	162,077
Recreation and cultural services	685,610	715,327	672,756
Planning and development	115,800	128,472	96,085
	<u>3,210,580</u>	<u>3,321,498</u>	<u>3,168,029</u>
Capital expenditures	714,500	552,502	335,268
Long-term debt repayment	90,000	90,400	90,400
	<u>804,500</u>	<u>642,902</u>	<u>425,668</u>
Total expenditures	<u>4,015,080</u>	<u>3,964,400</u>	<u>3,593,697</u>
Surplus – full budget base			
(budgeted to be transferred to reserves)	<u>\$ 40,519</u>	<u>\$ 315,577</u>	<u>\$ 680,497</u>

THE CORPORATION OF THE TOWN OF ENGLEHART

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

16. **Water system - Schedule of Operations and Continuity of Surplus**

This statement is not prepared according to PSAB. It is operational. It excludes depreciation, includes capital expenses and includes proceeds and repayment of long-term debt.

	2020	2019
Revenues		
Fees and service charges	\$ 411,953	\$ 386,386
Expenditures		
Wages and benefits	3,730	36,432
Materials, utilities, supplies and maintenance	90,692	101,090
Contracted services	131,234	139,460
Capital expenditures	-	2,783
Total expenditures	<u>225,656</u>	<u>279,765</u>
Annual surplus	186,297	106,621
Transfer from working capital reserve	-	222,054
Surplus (deficit), beginning of year	<u>106,621</u>	<u>(222,054)</u>
Surplus, end of year	<u>\$ 292,918</u>	<u>\$ 106,621</u>

THE CORPORATION OF THE TOWN OF ENGLEHART

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

17. **Sewer system - Schedule of Operations and Continuity of Surplus**

This statement is not prepared according to PSAB. It is operational. It excludes depreciation, includes capital revenue and expenses and includes proceeds and repayment of long-term debt.

	2020	2019
Revenues		
Fees and service charges	\$ 154,908	\$ 154,133
Expenditures		
Wages and benefits	-	4,015
Materials, utilities, supplies and maintenance	58,176	27,653
Contracted services	50,563	43,344
Equipment rental	402	1,603
Capital expenditures	25,442	9,378
Total expenditures	134,583	85,993
Annual Surplus	20,325	68,140
Transfer from working capital reserve	-	980,664
Surplus (deficit), beginning of year	68,140	(980,664)
Surplus, end of year	\$ 88,465	\$ 68,140

THE CORPORATION OF THE TOWN OF ENGLEHART

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

18. **Garbage Services - Schedule of Operations and Continuity of Surplus**

This statement is not prepared according to PSAB. It is operational. It excludes depreciation, includes capital revenue and expenses and includes proceeds and repayment of long-term debt.

	2020	2019
Revenues		
Fees and service charges	\$ 156,709	\$ 180,068
Provincial grant	26,350	27,140
Total revenues	<u>183,059</u>	<u>207,208</u>
Expenditures		
Collection wages and benefits	24,410	7,355
Collection contracted services	28,888	23,380
Other collection costs	9,742	8,328
Recycling fees	76,503	70,840
Disposal wages and benefits	-	1,804
Disposal materials and supplies	36,089	26,586
Disposal contracted services	14,648	17,450
Dump closure costs	4,000	10,000
Total expenditures	<u>194,280</u>	<u>165,743</u>
Annual Surplus (deficit)	(11,221)	41,465
Transfer from working capital reserve	-	489,766
Surplus (deficit), beginning of year	41,465	(489,766)
Surplus, end of year	<u>\$ 30,244</u>	<u>\$ 41,465</u>

NOTICE TO READER

To the Members of Council, Inhabitants
and Ratepayers of the
Corporation of the Town of Englehart:

On the basis of information provided by management, we have compiled the Statement of Financial Position of the Trust Funds of the Corporation of the Town of Englehart 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

Chartered Professional Accountants
Licensed Public Accountants
New Liskeard, Ontario
November 24, 2021

(Unaudited - See Notice to Reader)

THE CORPORATION OF THE TOWN OF ENGLEHART**TRUST FUNDS****STATEMENT OF CONTINUITY****FOR THE YEAR ENDED DECEMBER 31, 2020**

	Swimming Pool	Ontario Home Renewal Plan	Cemetery Perpetual Care	2020 Total	2019 Total
Fund balance, beginning of the year	\$ 15,600	\$ 21,515	\$ 149,628	\$ 186,743	\$ 181,283
Capital receipts	-	-	1,510	1,510	5,460
Balance, end of the year	\$ 15,600	\$ 21,515	\$ 151,138	\$ 188,253	\$ 186,743

STATEMENT OF FINANCIAL POSITION**AS AT DECEMBER 31, 2020**

FINANCIAL ASSETS	2020	2019
Investments – note 2	\$ 168,181	\$ 161,227
Due from The Corporation of the Town of Englehart	-	4,001
Loans receivable – note 4	21,515	21,515
	\$ 189,696	\$ 186,793

LIABILITIES AND FUND BALANCE

Due to the Corporation of the Town of Englehart	\$ 1,443	\$ -
Fund balance	188,253	186,793
	\$ 189,696	\$ 186,793

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

(Unaudited - See Notice to Reader)

THE CORPORATION OF THE TOWN OF ENGLEHART

TRUST FUNDS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

1. **Accounting Policies**

The activities of the trust funds are reported on the cash basis of accounting with the exception of amounts due to or from the Town and Province.

2. **Investments**

The total investments of \$168,181 (2019 \$161,227) are reported at cost and have a market value of \$168,181 (2019 \$161,227) at the end of the year.

3. **Interest**

Interest earned by the Swimming Pool Trust Fund and Cemetery Perpetual Care Trust Fund are transferred directly to the Town's operations and are not reflected on this statement.

4. **Ontario Home Renewal Program**

The Ontario Home Renewal Program was established by the Ontario Ministry of Housing in 1973 to provide grants for municipalities to make loans to assist owner occupants to repair, rehabilitate and improve their homes to local property standards. The program was discontinued in July 1993. Collection is the only activity of the fund and funds collected are to be returned to the Province in the subsequent year, less a 5% administration fee.

Ontario Home Renewal Program loans receivable at December 31, 2020 comprise of repayable loans of \$21,515 (2019 \$21,515) and forgivable loans of \$1,000 (2019 \$1,000). Loan forgiveness is earned and recorded at a rate of up to \$600 per year of continued ownership and occupancy. In the event of the sale or lease of the home or in the event of the homeowner ceasing to occupy the home, the balances of the repayable loan and the unearned forgivable loan immediately become due and payable by the homeowner.