

**CONSOLIDATED FINANCIAL REPORT**

**2014**

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

**DISTRICT OF TIMISKAMING**

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

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## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated financial statements of the CORPORATION OF THE MUNICIPALITY OF CHARLTON AND DACK, which comprise the consolidated statement of financial position as at December 31, 2014, and the consolidated statement of operations, consolidated statement of change in net financial assets and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management and Council's Responsibility for the Consolidated financial statements

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

### Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

### Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the CORPORATION OF THE MUNICIPALITY OF CHARLTON AND DACK as at December 31, 2014, and its operations, change in net financial assets and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Kemp Elliott & Blair LLP

*Kemp Elliott & Blair LLP*

Licensed Public Accountants  
New Liskeard, Ontario  
March 23, 2015

Chartered Professional Accountants

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

**AS AT DECEMBER 31, 2014**

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**FINANCIAL ASSETS**

	2014	2013
Cash	\$ 61,666	\$ 179,244
Short-term investments - note 4	100,000	-
Taxes receivable	103,896	81,461
Accounts receivable	103,116	85,584
Long-term receivable - tile drainage - note 5	166,041	115,056
	<u>534,719</u>	<u>461,345</u>

**LIABILITIES**

Accounts payable and accrued liabilities	88,841	92,738
Deferred revenue - obligatory reserve funds - note 7	45,892	48,071
Landfill closure and post-closure liability - note 8	15,640	13,790
Municipal debt - tile drainage - note 5	166,041	115,056
Municipal debt - other - note 9	53,400	73,347
	<u>369,814</u>	<u>343,002</u>

**NET FINANCIAL ASSETS**

164,905                      118,343

**NON-FINANCIAL ASSETS**

Tangible capital assets - note 16	<u>3,080,532</u>	<u>3,106,618</u>
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**ACCUMULATED SURPLUS - note 11**

\$ 3,245,437                      \$ 3,224,961

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Contingent liabilities and commitments - note 12

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

On behalf of Council:

  
 Reeve

  
 Clerk-Treasurer

# THE CORPORATION OF THE MUNICIPALITY OF CHARLTON AND DACK

## CONSOLIDATED STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2014

	2014 Budget (Unaudited) (Note 10)	2014 Actual	2013 Actual
<b>REVENUES</b>			
Operating revenues			
Municipal taxation	\$ 503,054	\$ 500,398	\$ 458,061
Water user charges	135,229	132,377	123,580
User charges	40,000	51,091	46,045
Provincial grants	261,746	263,143	302,226
Federal grants	-	2,471	51,149
Investment income	614	978	1,195
Penalties and interest on taxes	13,500	16,257	11,347
Provincial Offences Act revenues	14,500	11,770	13,947
Other	15,051	38,593	21,588
	<u>983,694</u>	<u>1,017,078</u>	<u>1,029,138</u>
Capital revenues			
Provincial grants	180,836	115,231	22,647
Federal grants	50,000	42,542	-
	<u>230,836</u>	<u>157,773</u>	<u>22,647</u>
Total revenues	<u>1,214,530</u>	<u>1,174,851</u>	<u>1,051,785</u>
<b>EXPENDITURES</b>			
General government	208,003	214,217	231,980
Protection to persons and property	85,558	92,744	82,965
Transportation services	386,023	381,221	406,473
Environmental services	235,243	220,429	233,905
Health services	88,143	90,296	87,716
Social and family services	74,054	74,054	76,307
Recreation and cultural services	61,757	76,744	79,508
Planning and development	6,500	4,670	6,817
Total expenditures	<u>1,145,281</u>	<u>1,154,375</u>	<u>1,205,671</u>
<b>ANNUAL SURPLUS (DEFICIT)</b>	69,249	20,476	(153,886)
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<u>3,224,961</u>	<u>3,224,961</u>	<u>3,378,847</u>
<b>ACCUMULATED SURPLUS, END OF YEAR – note 11</b>	<u>\$ 3,294,210</u>	<u>\$ 3,245,437</u>	<u>\$ 3,224,961</u>

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

**THE CORPORATION OF THE MUNICIPALITY OF CHARLTON AND DACK**  
**CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

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	2014 Budget (Unaudited) (Note 10)	2014 Actual	2013 Actual
<b>ANNUAL SURPLUS (DEFICIT)</b>	\$ 69,249	\$ 20,476	\$ (153,886)
Acquisition of tangible capital assets	(230,836)	(165,337)	(74,612)
Amortization of tangible capital assets	187,117	191,423	187,116
Proceeds from sale of tangible capital assets	-	-	23,013
Loss on sale of tangible capital	-	-	6,288
Increase (decrease) in net financial assets	25,530	46,562	(12,081)
Net financial assets, beginning of year	118,343	118,343	130,424
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	<b>\$ 143,873</b>	<b>\$ 164,905</b>	<b>\$ 118,343</b>

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

**THE CORPORATION OF THE MUNICIPALITY OF CHARLTON AND DACK**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

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<b>OPERATIONS</b>	2014	2013
Annual surplus (deficit)	\$ 20,476	\$ (153,886)
Charges not affecting cash -		
Amortization	191,423	187,116
Loss on sale of tangible capital assets	-	6,288
	211,899	39,518
Other sources (uses) of cash -		
Change in taxes receivable	(22,435)	(398)
Change in accounts receivable	(17,532)	(46,060)
Change in accounts payable and accrued liabilities	(3,897)	(70,912)
Change in deferred revenue - obligatory reserve funds	(2,179)	48,071
Change in landfill closure and post-closure	1,850	1,750
Change in long-term receivable - tile drainage	(50,985)	10,753
	(95,178)	(56,796)
Total cash provided by (used for) operations	116,721	(17,278)
<b>CAPITAL TRANSACTIONS</b>		
Acquisition of tangible capital assets	(165,337)	(74,612)
Proceeds from sale of tangible capital assets	-	23,013
Total cash used for capital transactions	(165,337)	(51,599)
<b>FINANCING TRANSACTIONS</b>		
Municipal debt proceeds - tile drainage	63,400	-
Municipal debt repayments - tile drainage	(12,415)	(10,753)
Municipal debt repayments	(19,947)	-
Municipal debt proceeds	-	40,457
Total cash provided by financing transactions	31,038	29,704
<b>DECREASE IN CASH</b>	(17,578)	(39,173)
Cash, beginning of year	179,244	218,417
<b>CASH, END OF YEAR</b>	\$ 161,666	\$ 179,244
<b>REPRESENTED BY</b>		
Cash	\$ 61,666	\$ 179,244
Short-term investments	100,000	-
	\$ 161,666	\$ 179,244

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

**THE CORPORATION OF THE MUNICIPALITY OF CHARLTON AND DACK**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

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

**1. Accounting policies**

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

**Use of estimates**

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

**Basis of consolidation**

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

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

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

**Non-consolidated entities**

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

*Timiskaming District Health Unit*  
*District of Timiskaming Social Services Administration Board*

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

*Cochrane/Timiskaming Waste Management Board*

This joint local board is a cooperative effort by 16 municipalities to jointly recycle waste materials. The operations of this board are not proportionately consolidated into these statements as they are not considered to be significant to the statements. The yearly requisition of this board is expensed by the Municipality in its statements. The Municipality has withdrawn from the board effective December 31, 2014.

*Englehart and Area Fire Department*

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



# THE CORPORATION OF THE MUNICIPALITY OF CHARLTON AND DACK

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**FOR THE YEAR ENDED DECEMBER 31, 2014**

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1. **Accounting policies – continued**  
**Non-consolidated entities - continued**  
*Central Timiskaming Planning Board*

This joint local board provides planning services to the Municipalities of Englehart, Evanturel, Chamberlain and Charlton and Dack. This joint local board is not proportionally consolidated as the overall impact would not be material to the statements. The yearly requisition as well as the planning fee revenues are transferred to this organization and are expensed by the Municipality in its statements.

*Timiskaming Municipal Building Association Chief Building Officer*

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

**Accounting for school board transactions**

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

**Trust funds**

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

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

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

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

# THE CORPORATION OF THE MUNICIPALITY OF CHARLTON AND DACK

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**FOR THE YEAR ENDED DECEMBER 31, 2014**

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1. **Accounting policies – continued**

**Deferred revenue - obligatory reserve funds**

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

**Revenue recognition**

*Government transfers (provincial and federal grants)*

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

*Taxation and related revenues*

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

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

*Fees, service charges and other revenue*

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

2. **Operations of school boards**

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

	2014	2013
	<u>116,204</u>	<u>113,510</u>
	\$ 116,204	\$ 113,510

# THE CORPORATION OF THE MUNICIPALITY OF CHARLTON AND DACK

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2014

#### 3. Contributions to Joint Boards

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

	<u>2014</u>	<u>2013</u>
Timiskaming District Health Unit	\$ 26,780	\$ 26,780
District of Timiskaming Social Services Administration Board	\$ 126,992	\$ 126,292
Cochrane Timiskaming Waste Management Board	\$ 6,302	\$ 6,028
Englehart and Area Fire Department	\$ 24,612	\$ 23,450

#### 4. Short-term investments

	<u>2014</u>	<u>2013</u>
(At cost)		
Guaranteed Income Certificate (GIC) with CIBC	\$ 100,000	\$ -

Current year balance consists of one GIC scheduled to mature on May 22, 2015 and is earning interest at 1.2% per annum.

#### 5. Long-term receivable and Municipal debt - tile drainage

The municipality is liable for long-term liabilities with respect to tile drainage loans for which the responsibility for the payment of principal and interest has been assumed by specific ratepayers. The total amount outstanding as at December 31, 2014 is \$166,041 (2013 \$115,056) and is reflected as Municipal debt and Long-term receivables on the "Consolidated Statement of Financial Position".

#### 6. Revolving line of credit

The Municipality has a \$100,000 business operating line negotiated with the Bank of Nova Scotia with a balance outstanding of \$nil (2013 - \$nil). Interest is at bank prime plus 1% (currently 4%).

#### 7. Deferred revenue – obligatory reserve funds

Deferred revenue – obligatory reserve funds consist of the following:

	<u>December 31 2013</u>	<u>Funds Received</u>	<u>Revenue Earned</u>	<u>December 31 2014</u>
Federal Gas Tax	\$ 48,071	\$ 40,363	\$ (42,542)	\$ 45,892

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

These obligations relate to the recognition of closure and post-closure costs. The Municipality's estimated liability for these expenses is recognized as the landfill site's capacity is used. The reported liability represents the portion of the estimated total expenses recognized as at December 31, 2014. The liability and annual expense is calculated based on the ratio of current usage to the total capacity of the site and the discounted estimated future cash flows associated with closure and post-closure activities. The yearly increase in the estimated liability is designed to ensure that the total estimated costs of closure and post-closure activities are reflected as an obligation at the time of closure of the landfill site. The costs and life expectancy were last reviewed in a study done in 2006. At that time the landfill site was expected to reach capacity in approximately 2031 and have closure and post-closure costs estimated at \$37,000.

# THE CORPORATION OF THE MUNICIPALITY OF CHARLTON AND DACK

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2014

#### 9. Municipal debt

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

	<u>2014</u>	<u>2013</u>
Term loan with CIBC, payable in monthly installments of \$834 plus interest at the bank's prime lending rate plus 0.5% (currently 3.5%), final installment due March 2016. The debt relates to the purchase of a back hoe.	\$ 12,874	\$ 22,882
Term loan with CIBC, payable in monthly installments of \$396 plus interest at the bank's prime lending rate plus 0.5% (currently 3.5%), final installment due August 2018. The debt relates to the purchase of a dump truck.	17,447	22,205
Term loan with CIBC, payable in monthly installments of \$471 plus interest at the bank's prime lending rate plus 0.5% (currently 3.5%), final installment due January 2019. The debt relates to the purchase of a pickup truck.	<u>23,079</u>	<u>28,260</u>
	<u>\$ 53,400</u>	<u>\$ 73,347</u>

Principal payments are due as follows:

2015	\$ 20,418
2016	13,276
2017	10,410
2018	8,824
2019	<u>472</u>
	<u>\$ 53,400</u>

All of this debt is to be repaid from general municipal revenues. Total interest paid on the loans in 2014 was \$2,186 (2013 \$1,277).

#### 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 3. The budget was prepared on a modified accrual basis while Public Sector Accounting Standards now require a full accrual basis. The actual budget is reflected in note 18. It expenses all tangible capital expenditures, does not include amortization expense, reflects proceeds of long-term debt as a revenue, principal repayments of long-term debt as an expense and the full proceeds from the sale of tangible capital assets as a revenue. As a result, the budget figures presented in the consolidated statements of operations and change in net financial assets represent the financial plan adopted by Council with adjustments as follows:

	<u>2014</u>
Actual budget surplus for the year – note 18	\$ 5,111
Add: Investment in tangible capital assets	230,836
Long-term debt repayments	20,419
Less: Estimated amortization	<u>(187,117)</u>
Budget deficit per statement of operations – page 3	<u>\$ 69,249</u>

# THE CORPORATION OF THE MUNICIPALITY OF CHARLTON AND DACK

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**FOR THE YEAR ENDED DECEMBER 31, 2014**

### 11. Accumulated surplus

Reserves represent an appropriation of surplus for a specific purpose, determined by council, are non-statutory and subject to change by council at any time.

	2014	2013
Reserves and deficits		
Working capital reserve	\$ 239,072	\$ 226,492
Cemetery reserve	37,489	36,764
Fireworks reserve	2,040	5,755
Recreation reserve	924	424
Clarksville water reserve	1,629	2,129
Bradley Subdivision water operational deficit	(10,592)	(10,867)
Charlton water operational deficit	(52,257)	(69,007)
	218,305	191,690
Amounts to be recovered		
Unfinanced municipal debt	(53,400)	(73,347)
Net financial assets	164,905	118,343
Non-financial assets		
Invested in tangible capital assets	3,080,532	3,106,618
<b>Accumulated surplus</b>	<b>\$ 3,245,437</b>	<b>\$ 3,224,961</b>

### Non-financial assets

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

### 12. Contingent liabilities and commitments

#### Non-consolidated Entities

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

#### Post-employment benefits

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

#### Ontario Municipal Employees Retirement Fund

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

#### Funding agreements

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

# THE CORPORATION OF THE MUNICIPALITY OF CHARLTON AND DACK

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2014

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13. **Cemetery donation**

In 2002 a donation from the estate of David Russell Basil for \$46,695 was received. These funds are to be used for cemetery related costs only and have been placed in a reserve for that purpose. Interest is credited to the reserve and specific cemetery related expenses are paid out by the reserve. The reserve balance at December 31, 2014 is \$37,489 (2013 \$36,764).

14. **Trust Funds**

Trust funds administered by the Municipality amounting to \$35,098 (2013 \$33,688) have not been included in the "Consolidated Statement of Financial Position" nor have their operations been included in the "Consolidated Statement of Operations".

15. **Segmented information**

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

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

**General Government Services**

The Departments within General Government Services are responsible for adopting bylaws; adopting administrative policy; levying taxes; acquiring, disposing and managing Municipal assets; ensuring effective financial management; monitoring performance and ensuring that high quality Municipal Service standards are met.

**Protection Services**

Services provided in this segment include the enforcement of laws, prevention of crime, and maintenance of peace, order, and security by protecting life, property and the environment through the provision of emergency response, thus ensuring safe homes and safe communities.

**Transportation Services**

The Public Works department is 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**

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

Water services include the operation and distribution of water. The Garbage and Recycling Services Group are responsible for the delivery of municipal services including garbage collection and recycling.

**Health Services**

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

# THE CORPORATION OF THE MUNICIPALITY OF CHARLTON AND DACK

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**FOR THE YEAR ENDED DECEMBER 31, 2014**

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15. **Segmented information - continued**

**Social and Family Services**

The services are provided indirectly by the Municipality through the District Social Services Administration 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 CHARLTON AND DACK**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

		Recreation and Planning								
		Social and			and		Development			
		Family		Cultural		Services				
		Services		Services		Development				
		2014		2014		2014				
		2013		2013		2013				
		2014		2014		2014				
		2013		2013		2013				
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**THE CORPORATION OF THE MUNICIPALITY OF CHARLTON AND DACK**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2014**

16. **Schedule of tangible capital assets**

	<b>2014</b>							
	Opening Cost Dec. 31, 2013	Additions	Dec. 31, 2014	Ending Cost Dec. 31, 2014	Opening Accumulated Amortization Dec. 31, 2013	Current Amortization Dec. 31, 2014	Ending Accumulated Amortization Dec. 31, 2014	Net Assets Dec. 31, 2014
<b>General</b>								
Land	\$ 19,434	-	\$ 19,434	\$ -	-	-	-	\$ 19,434
Land improvements	49,720	-	49,720	49,720	12,260	1,597	13,857	35,863
Buildings	1,505,702	7,564	1,513,266	1,513,266	589,801	33,949	623,750	889,516
Automotive equipment	564,498	-	564,498	564,498	196,986	27,995	224,981	339,517
Equipment	1,485,620	-	1,485,620	1,485,620	1,312,927	53,711	1,366,638	118,982
<b>Infrastructure</b>								
Roads	540,512	50,010	590,522	590,522	167,205	23,192	190,397	400,125
Water distribution lines	997,629	-	997,629	997,629	541,551	19,953	561,504	436,125
Bridges and culverts	1,577,387	107,763	1,685,150	1,685,150	834,228	30,079	864,307	820,843
Municipal drains	47,342	-	47,342	47,342	26,268	947	27,215	20,127
<b>Total</b>	<b>\$ 6,787,844</b>	<b>\$ 165,337</b>	<b>\$ 6,953,181</b>	<b>\$ 6,953,181</b>	<b>\$ 3,681,226</b>	<b>\$ 191,423</b>	<b>\$ 3,872,649</b>	<b>\$ 3,080,532</b>

**THE CORPORATION OF THE MUNICIPALITY OF CHARLTON AND DACK**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

	2013									
	Opening Cost Dec 31, 2012	Additions	Disposals	Ending Cost Dec 31, 2013	Opening Accumulated Amortization Dec 31, 2012	Accumulated Amortization on Disposals	Current Amortization	Ending Accumulated Amortization Dec 31, 2013	Net Assets Dec 31, 2013	
<b>16. Schedule of tangible capital assets – continued</b>										
<b>General</b>										
Land	\$ 17,129	\$ 2,305	\$ -	\$ 19,434	\$ -	\$ -	\$ -	\$ -	\$ 19,434	
Land improvements	49,720	-	-	49,720	10,663	-	1,597	12,260	37,460	
Buildings	1,505,702	-	-	1,505,702	556,003	-	33,798	589,801	915,901	
Automotive equipment	581,538	49,660	66,700	564,498	206,391	37,399	27,994	196,986	367,512	
Equipment	1,462,973	22,647	-	1,485,620	1,259,216	-	53,711	1,312,927	172,693	
<b>Infrastructure</b>										
Roads	540,512	-	-	540,512	146,013	-	21,192	167,205	373,307	
Water distribution lines	997,629	-	-	997,629	521,598	-	19,953	541,551	456,078	
Bridges and culverts	1,577,387	-	-	1,577,387	806,304	-	27,924	834,228	743,159	
Municipal drains	47,342	-	-	47,342	25,321	-	947	26,268	21,074	
<b>Total</b>	<b>\$ 6,779,932</b>	<b>\$ 74,612</b>	<b>\$ 66,700</b>	<b>\$ 6,787,844</b>	<b>\$ 3,531,509</b>	<b>\$ 37,399</b>	<b>\$ 187,116</b>	<b>\$ 3,681,226</b>	<b>\$ 3,106,618</b>	

**THE CORPORATION OF THE MUNICIPALITY OF CHARLTON AND DACK**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

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

	<u>2014</u>	<u>2013</u>
<b>REVENUE</b>		
Water service charges	\$ 117,748	\$ 110,205
 <b>EXPENDITURES</b>		
Wages	2,375	675
Water transmission, distribution and repair	105,523	111,412
Bad debt expense (recovery)	<u>(6,900)</u>	<u>6,900</u>
	<u>100,998</u>	<u>118,987</u>
 Annual surplus (deficit)	 16,750	 (8,782)
Accumulated deficit, beginning of year	<u>(69,007)</u>	<u>(60,225)</u>
 <b>Accumulated deficit, end of year</b>	 <b>\$ (52,257)</b>	 <b>\$ (69,007)</b>

**User Information**

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

	<u>2014</u>	<u>2013</u>
Single hook-ups	105	106
Double hook-ups	1	1
Commercial	5	5
School	1	1
Church	1	1
Agricultural	1	-
Vacant lot charge	48	-

**THE CORPORATION OF THE MUNICIPALITY OF CHARLTON AND DACK**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2014**

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17. **CHARLTON AND DACK WATERWORKS - continued****Bradley Subdivision Waterworks**

	<u>2014</u>	<u>2013</u>
<b>REVENUE</b>		
Water service charges and other water revenue	\$ 8,625	\$ 8,624
<b>EXPENDITURE</b>		
Water transmission, distribution and repair	8,000	8,075
Wages	350	-
	<u>8,350</u>	<u>8,075</u>
<b>Annual surplus</b>	275	549
Accumulated deficit, beginning of year	<u>(10,867)</u>	<u>(11,416)</u>
<b>Accumulated deficit, end of year</b>	<u>\$ (10,592)</u>	<u>\$ (10,867)</u>

**User information**

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

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**Clarksville Waterworks**

	<u>2014</u>	<u>2013</u>
<b>REVENUE</b>		
Water service charges and other water revenue	\$ 6,004	\$ 4,750
<b>EXPENDITURE</b>		
Water transmission, distribution and repair	5,967	6,066
Wages	537	274
	<u>6,504</u>	<u>6,340</u>
<b>Annual deficit – transferred from reserve</b>	(500)	(1,590)
Reserve, beginning of year	<u>2,129</u>	<u>3,719</u>
<b>Reserve, end of year</b>	<u>\$ 1,629</u>	<u>\$ 2,129</u>

**User information**

The Clarksville Water Line Operations are for services provided to 17 system users.

# THE CORPORATION OF THE MUNICIPALITY OF CHARLTON AND DACK

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2014

#### 18. **Budgeting**

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

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

This modified statement of operations (budget based) is consistent with the budget format used and is presented here with the 2014 budget.

	2014 Budget (Unaudited)	2014 Actual	2013 Actual
<b>REVENUES</b>			
Operating revenues			
Municipal taxation	\$ 503,054	\$ 500,398	\$ 458,061
Water user charges	135,229	132,377	123,580
User charges	40,000	51,091	46,045
Provincial grants	261,746	263,143	302,226
Federal grants	-	2,471	51,149
Investment income	614	978	1,195
Penalties and interest on taxes	13,500	16,257	11,347
Provincial Offences Act revenues	14,500	11,770	13,947
Other	15,051	38,593	50,889
	<u>983,694</u>	<u>1,017,078</u>	<u>1,058,439</u>
Capital revenues			
Provincial grants	180,836	115,231	22,647
Federal grants	50,000	42,542	-
Proceeds from long-term debt	-	-	52,051
	<u>230,836</u>	<u>157,773</u>	<u>74,698</u>
Total revenues	<u>1,214,530</u>	<u>1,174,851</u>	<u>1,133,137</u>
<b>EXPENDITURES</b>			
Operating expenditures			
General government	203,549	209,764	227,524
Protection to persons and property	85,558	92,744	82,965
Transportation services	304,592	295,483	325,042
Environmental services	154,102	139,289	152,764
Health services	87,723	89,877	87,297
Social and family services	74,054	74,054	76,307
Recreation and cultural services	42,086	57,072	59,836
Planning and development	6,500	4,670	6,820
	<u>958,164</u>	<u>962,953</u>	<u>1,018,555</u>
Capital expenditures	230,836	165,337	74,612
Debt principal repayments	20,419	19,947	11,594
Total expenditures	<u>1,209,419</u>	<u>1,148,237</u>	<u>1,104,761</u>
<b>Surplus full budget base</b>	<u>\$ 5,111</u>	<u>\$ 26,614</u>	<u>\$ 28,376</u>

## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statement of the CORPORATION OF THE MUNICIPALITY OF CHARLTON AND DACK LIBRARY BOARD, which comprises the statement of operations for the year ended December 31, 2014.

### Management and Council's Responsibility for the Financial Statement

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

### Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

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

### Opinion

In our opinion, the financial statement presents fairly, in all material respects, the operations of the CORPORATION OF THE MUNICIPALITY OF CHARLTON AND DACK LIBRARY BOARD for the year ended December 31, 2014 in accordance with Canadian public sector accounting standards.

KEMP ELLIOTT & BLAIR LLP

*Kemp Elliott & Blair LLP*

Chartered Professional Accountants

Licensed Public Accountants  
New Liskeard, Ontario  
March 23, 2015

**THE CORPORATION OF THE MUNICIPALITY OF CHARLTON AND DACK****LIBRARY BOARD****STATEMENT OF OPERATIONS****FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>2014</u>	<u>2013</u>
<b>REVENUES</b>		
Provincial grant	\$ 1,446	\$ 1,446
Municipal contribution	<u>10,959</u>	<u>10,434</u>
	<u>\$ 12,405</u>	<u>\$ 11,880</u>
<b>EXPENDITURE</b>		
Transfer to the Town of Englehart Public Library	<u>\$ 12,405</u>	<u>\$ 11,880</u>

**NOTE TO THE FINANCIAL STATEMENT**

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

**NOTICE TO READER**

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

On the basis of information provided by management, we have compiled the statement of financial position of the CEMETERY TRUST FUND of the CORPORATION OF THE MUNICIPALITY OF CHARLTON AND DACK as at December 31, 2014 and the statement of continuity for the year then ended.

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

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

KEMP ELLIOTT & BLAIR LLP

*Kemp Elliott & Blair LLP*

Chartered Professional Accountants

Licensed Public Accountants  
New Liskeard, Ontario  
March 23, 2015



(Unaudited – See Notice to Reader)

**THE CORPORATION OF THE MUNICIPALITY OF CHARLTON AND DACK****CHARLTON AND DACK DISTRICT CEMETERIES****PERPETUAL CARE TRUST FUND****STATEMENT OF FINANCIAL POSITION****AS AT DECEMBER 31, 2014**

<b>FINANCIAL ASSETS</b>	<u>2014</u>	<u>2013</u>
Due from the Corporation of the Municipality of Charlton and Dack	\$ 2,353	\$ 1,758
Short-term deposits	<u>32,745</u>	<u>31,930</u>
	<u>\$ 35,098</u>	<u>\$ 33,688</u>
<b>LIABILITIES</b>		
Perpetual care fund	<u>\$ 35,098</u>	<u>\$ 33,688</u>

**STATEMENT OF CONTINUITY****FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>2014</u>	<u>2013</u>
Balance, beginning of year	\$ 33,688	\$ 31,708
Perpetual Care receipts – note 2 re: sale of plots, headstone maintenance	<u>1,410</u>	<u>1,980</u>
<b>Balance, end of year</b>	<u>\$ 35,098</u>	<u>\$ 33,688</u>

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

Accounting is on a cash basis

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

**2. Perpetual Care Receipts**

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