

**CONSOLIDATED FINANCIAL REPORT**

**THE CORPORATION OF THE  
CITY OF TEMISKAMING SHORES**

**DISTRICT OF TIMISKAMING**

**DECEMBER 31, 2020**

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## MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The accompanying financial statements of The Corporation of the City of Temiskaming Shores are the responsibility of the City of Temiskaming Shores' 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 City of Temiskaming Shores' 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.

The Corporate Services Committee 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.

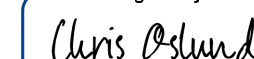
The financial statements have been audited by Kemp Elliott & Blair LLP, independent external auditors appointed by the City of Temiskaming Shores. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the City of Temiskaming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

DocuSigned by:



Mayor  
Carman Kidd

DocuSigned by:



City Manager  
Chris Oslund

## **INDEPENDENT AUDITORS' REPORT**

To the Members of Council, Inhabitants and Ratepayers  
of the Corporation of the City of Temiskaming Shores:

### **Opinion**

We have audited the consolidated financial statements of the Corporation of the City of Temiskaming Shores, which comprise the consolidated statement of financial position as at December 31, 2020, and the consolidated statements of operations, change in net financial assets (net debt) 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 City of Temiskaming Shores as at December 31, 2020, and the results of its operations, change in net financial assets (net debt) 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 City of Temiskaming Shores 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 City of Temiskaming Shores' 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 City of Temiskaming Shores 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 City of Temiskaming Shores' 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 City of Temiskaming Shores' 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 City of Temiskaming Shores' 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 City of Temiskaming Shores 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*

New Liskeard, Ontario  
June 1, 2021

**Kemp Elliott & Blair LLP**  
Chartered Professional Accountants  
Licensed Public Accountants

# THE CORPORATION OF THE CITY OF TEMISKAMING SHORES

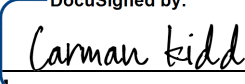
## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

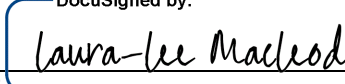
AS AT DECEMBER 31, 2020

	2020	2019
<b>FINANCIAL ASSETS</b>		
Cash	\$ 5,291,622	\$ 4,404,986
Short-term investments – note 5	2,498,320	3,381,326
Taxes receivable	1,519,696	998,720
Accounts receivable	2,094,194	1,616,704
Inventories for resale	2,778,715	2,833,774
Long-term receivables – note 10	-	12,009
	<u>14,182,547</u>	<u>13,247,519</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	2,146,435	3,447,356
Deferred revenue – other – note 7	520,365	154,685
Deferred revenue – obligatory reserve funds – note 8	306,578	845,869
Solid waste landfill closure and post-closure liabilities – note 9	1,612,885	1,743,704
Municipal debt – note 10	<u>10,437,763</u>	<u>10,049,891</u>
	<u>15,024,026</u>	<u>16,241,505</u>
Contingencies and commitments – note 12		
<b>NET FINANCIAL ASSETS (NET DEBT)</b>	(841,479)	(2,993,986)
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets – note 15	80,665,539	80,086,895
Inventories of supplies	101,702	62,136
Prepaid expenses	<u>257,179</u>	<u>212,584</u>
	<u>81,024,420</u>	<u>80,361,615</u>
<b>ACCUMULATED SURPLUS – note 11</b>	\$ 80,182,941	\$ 77,367,629

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

On behalf of Council:

DocuSigned by:  
  
 Mayor AB1A39C892A453...

DocuSigned by:  
  
 Treasurer 54C143D3C455...

# THE CORPORATION OF THE CITY OF TEMISKAMING SHORES

## CONSOLIDATED STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2020

	(Note 13) Budget 2020	Actual 2020	Actual 2019
<b>REVENUES</b>			
Municipal taxation	\$ 13,330,066	\$ 13,259,386	\$ 13,046,884
Water, sewer and waste diversion fees	5,189,386	5,127,887	5,335,103
Taxation from other governments	335,317	332,997	332,560
Provincial grants – operating	3,757,239	4,329,187	4,538,269
Provincial grants – capital	385,100	332,535	318,735
Federal grants – operating	1,201,695	565,313	1,003,748
Federal grants – capital	173,400	177,106	-
Federal gas tax	1,110,610	1,148,470	439,884
Charges to other municipalities	276,518	275,539	173,421
User charges	1,779,542	2,046,942	2,442,614
Investment income	147,550	137,068	227,037
Penalties and interest on taxes	105,000	167,665	164,532
Provincial Offences Act revenues	1,070,853	673,971	1,040,364
Other	230,651	299,201	367,998
Sale of land	-	165,024	(42,949)
Gain on disposal of tangible capital assets	-	213,035	69,597
Total revenues	29,092,927	29,251,326	29,457,797
<b>EXPENDITURES</b>			
General government	2,903,376	3,051,164	3,590,382
Protection to persons and property	4,346,189	3,934,442	4,206,685
Transportation services	6,414,430	5,997,947	6,515,428
Environmental services	6,759,407	6,428,810	6,648,739
Health services	1,794,135	1,767,952	1,359,508
Social and family services	1,169,255	1,169,254	1,277,814
Recreation and cultural services	3,224,664	3,150,360	3,469,756
Planning and development	2,045,724	936,085	1,616,037
Total expenditures	28,657,180	26,436,014	28,684,349
<b>ANNUAL SURPLUS</b>	435,747	2,815,312	773,448
Accumulated surplus, beginning of year	77,367,629	77,367,629	76,594,181
<b>ACCUMULATED SURPLUS, END OF YEAR – note 11</b>	<b>\$ 77,803,376</b>	<b>\$ 80,182,941</b>	<b>\$ 77,367,629</b>

The accompanying notes form an integral part of these financial statements

# THE CORPORATION OF THE CITY OF TEMISKAMING SHORES

## CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS (NET DEBT)

FOR THE YEAR ENDED DECEMBER 31, 2020

	(Note 13) Budget 2020	Actual 2020	Actual 2019
<b>ANNUAL SURPLUS</b>	\$ 435,747	\$ 2,815,312	\$ 773,448
Acquisition of tangible capital assets	(4,789,595)	(4,627,930)	(3,694,279)
Amortization of tangible capital assets	3,919,950	3,995,681	3,872,144
Gain on disposal of tangible capital assets	-	(213,035)	(69,597)
Proceeds on sale of tangible capital assets	-	266,640	99,668
	<u>(869,645)</u>	<u>(578,644)</u>	<u>207,936</u>
Consumption (acquisition) of supplies inventories	-	(39,566)	62,018
Consumption (acquisition) of prepaid expenses	-	(44,595)	(79,911)
	<u>-</u>	<u>(84,161)</u>	<u>(17,893)</u>
<b>Increase (decrease) in net financial assets (net debt)</b>	(433,898)	2,152,507	963,491
Net financial assets (net debt), beginning of year	<u>(2,993,986)</u>	<u>(2,993,986)</u>	<u>(3,957,477)</u>
<b>NET FINANCIAL ASSETS (NET DEBT), END OF YEAR</b>	<b>\$ (3,427,884)</b>	<b>\$ (841,479)</b>	<b>\$ (2,993,986)</b>

The accompanying notes form an integral part of these financial statements



# THE CORPORATION OF THE CITY OF TEMISKAMING SHORES

## CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2020

	2020	2019
<b>Operating activities</b>		
Annual surplus	\$ 2,815,312	\$ 773,448
Charges not affecting cash –		
Amortization	3,995,681	3,872,144
Gain on disposal of tangible capital assets	(213,035)	(69,597)
	<u>6,597,958</u>	<u>4,575,995</u>
Net change in non-cash working capital items –		
Taxes receivable	(520,976)	(76,048)
Accounts receivable	(477,490)	(261,731)
Inventories for resale	55,059	88,096
Inventories of supplies	(39,566)	62,018
Prepaid expenses	(44,595)	(79,911)
Accounts payable and accrued liabilities	(1,300,921)	684,630
Deferred revenue – other	365,680	51,595
Deferred revenue – obligatory reserve funds	(539,291)	845,869
Solid waste landfill closure and post-closure liabilities	(130,819)	(62,115)
	<u>(2,632,919)</u>	<u>1,252,403</u>
Cash provided by operating activities	<u>3,965,039</u>	<u>5,828,398</u>
<b>Capital activities</b>		
Acquisition of tangible capital assets	(4,627,930)	(3,694,279)
Proceeds on sale of tangible capital assets	266,640	99,668
Cash used for capital activities	<u>(4,361,290)</u>	<u>(3,594,611)</u>
<b>Financing activities</b>		
New debt issued	1,695,000	914,521
Debt repayments	(1,295,119)	(1,323,863)
Cash provided by (used for) financing activities	<u>399,881</u>	<u>(409,342)</u>
<b>Increase in cash</b>	<u>3,630</u>	<u>1,824,445</u>
Cash, beginning of year	<u>7,786,312</u>	<u>5,961,867</u>
<b>Cash, end of year</b>	<u>\$ 7,789,942</u>	<u>\$ 7,786,312</u>
<b>Represented by</b>		
Cash	\$ 5,291,622	\$ 4,404,986
Short-term investments	<u>2,498,320</u>	<u>3,381,326</u>
	<u>\$ 7,789,942</u>	<u>\$ 7,786,312</u>
<b>Supplemental cash flow information</b>		
Interest paid	\$ 301,674	\$ 331,115

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

# THE CORPORATION OF THE CITY OF TEMISKAMING SHORES

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2020

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The Corporation of the City of Temiskaming Shores is a City 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 City of Temiskaming Shores are the representation of management and council 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.

##### (a) (i) **Basis of Consolidation**

These consolidated statements reflect the financial assets, liabilities, revenues and expenditures, reserves, reserve funds and changes in investment in tangible capital assets and includes the activities of all committees of Council and the following boards, municipal enterprises and utilities which are under the control of Council:

Public Library Board	Cemetery Committee
Business Improvement Area	Police Services Board
Provincial Offences Act Office – Temiskaming Shores	
Temiskaming Shores Development Corporation	

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

##### (ii) **Other Entities**

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

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

###### **District of Timiskaming Social Services Administration Board**

###### **Timiskaming Health Unit**

Although these are joint local boards they run autonomously to provide those services mandated by the province. The City 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 City in its statements (note 3).

###### **Consolidated**

###### **Tri Town Transit System**

This joint local board is a cooperative effort by two municipalities to jointly provide public transit services. The City recognizes the full cost of the operations as an expenditure, all transit fares as revenue and the other municipality's contribution as a revenue.

##### (iii) **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 financial statements.

# THE CORPORATION OF THE CITY OF TEMISKAMING SHORES

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2020

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#### 1. Accounting Policies – continued

##### (iv) Trust Funds

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

##### (b) (i) 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 City based on assessment rolls issued by the Municipal Property Assessment Corporation ("MPAC") with the authority established under the Municipal Act, 2001, the Assessment Act, the Education Act, and other legislation. Tax rates are established annually by Council, incorporating amounts to be raised for local services and amounts the City 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 City 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 City 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.

##### (ii) Cash and cash equivalents

Cash consists of balances held at financial institutions and all cash equivalents consist of highly liquid financial instruments.

##### (iii) Inventories

Inventories held for resale, consisting of surplus land, is recorded at the lower of cost and net realizable value. Cost includes amounts for improvements to prepare the land for sale or servicing.

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

# THE CORPORATION OF THE CITY OF TEMISKAMING SHORES

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2020

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#### 1. Accounting Policies – continued

##### (iv) 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 to 30 years
Buildings	20 to 50 years
Machinery and equipment	10 to 30 years
Vehicles	5 to 15 years
Roads and sidewalks	15 to 30 years
Bridges and culverts	30 to 40 years
Water and sewer systems	30 to 50 years

Amortization is charged beginning in the month of acquisition and no amortization is charged in the year of disposal. Assets under construction are not amortized until the asset is in productive use.

The City has no capitalization threshold for land, a capitalization threshold of \$50,000 for appropriate pooled assets and \$5,000 for all other assets. Individual assets of lesser value may be capitalized if they are pooled, or because, collectively, they have significant value, or for operational purposes.

##### (v) Leases

Leases are classified as operating or capital leases. Leases that transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases and are recorded as a tangible capital asset and a liability. All other leases are accounted for as operating leases and the related payments are charged to expenses as incurred.

##### (vi) Deferred revenue – other

The City receives certain amounts pursuant to funding agreements that may only be used in the conduct of certain programs or in the delivery of specific services and transactions. These amounts are recorded as deferred revenue and are recognized as revenue in the fiscal year the eligibility criteria has been met except when stipulations are present and to the extent that the transfer gives rise to an obligation that meets the definition of a liability.

##### (vii) Deferred revenue – obligatory reserve funds

The City receives Gas Tax funding under the authority of Federal and Provincial 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.

##### (viii) Employee benefit plans

The contributions to a multi-employer, defined benefit pension plan are expensed when contributions are due. The contributions for post-employment benefits are expensed when contributions are due.

# THE CORPORATION OF THE CITY OF TEMISKAMING SHORES

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

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1. **Accounting Policies – continued**

(ix) **Use of estimates**

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

2. **Operations of School Boards**

Further to note 1(a) (iii), net municipal taxation and taxation from governments levied in 2020 on behalf of and payable to school boards totalled \$2,812,587 (2019 \$2,853,112).

3. **Contributions to Joint Boards**

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

	2020	2019
<b>Unconsolidated</b>		
District of Timiskaming Social Services Administration Board	\$ 2,306,602	\$ 2,253,234
Timiskaming Health Unit	454,401	121,128
	<u>2,761,003</u>	<u>2,374,362</u>
<b>Consolidated</b>		
Tri Town Transit System	<u>374,603</u>	<u>223,049</u>
	<u>\$ 3,135,606</u>	<u>\$ 2,597,411</u>

4. **Trust Funds**

Trust funds administered by the City amounting to \$516,774 (2019 \$507,714) have not been included in the Consolidated Statement of Financial Position nor have their operations been included in the Consolidated Statement of Operations.

5. **Short-term investments**

The short-term investments of \$2,498,320 (2019 \$3,381,326) are classified as held for trading due to their short-term nature and are recorded at market value.

6. **Short-term debt**

The City has an operating line loan agreement with its financial institution. There is a \$4,000,000 Operating line credit limit with interest at Prime minus 0.25%; a \$2,000,000 Revolving term line/lease at Prime and a Visa Business Card authorized up to \$750,000. The operating line is utilized from time to time to cover temporary cash shortfalls that may occur during the year.

As at December 31, 2020, the outstanding balance of the operating line was \$nil (2019 \$nil).

# THE CORPORATION OF THE CITY OF TEMISKAMING SHORES

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2020

#### 7. Deferred revenue – other

Deferred revenue, set aside for specific purposes by legislation, regulation or agreement as at December 31<sup>st</sup> is comprised of:

	December 31 2019	Funds Received	Revenue Earned	December 31 2020
AMO – Main Street Revitalization Initiative	\$ 47,909	\$ -	\$ 47,909	\$ -
Ontario Community Infrastructure Fund – Formula-based Component	-	336,592	66,876	269,716
Employment and Social Development Canada	-	100,000	-	100,000
Splashpad donations	96,776	42,793	68	139,501
Other	10,000	1,148	-	11,148
	<u>\$ 154,685</u>	<u>\$ 480,533</u>	<u>\$ 114,853</u>	<u>\$ 520,365</u>

Ontario Community Infrastructure Funds – Formula-based Component includes \$334,319 of funding plus \$2,273 interest.

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

Deferred revenue – obligatory reserve funds consist of the following:

	December 31 2019	Funds Received	Revenue Earned	December 31 2020
Federal Gas Tax	\$ 845,869	\$ 609,179	\$ 1,148,470	\$ 306,578
Provincial Gas Tax	-	136,937	136,937	-
	<u>\$ 845,869</u>	<u>\$ 746,116</u>	<u>\$ 1,285,407</u>	<u>\$ 306,578</u>

Federal Gas Tax funds includes \$601,871 received from AMO plus \$7,308 interest.

#### 9. Solid waste landfill closure and post-closure liabilities

The City owns and operates one active and one inactive landfill site. The liability for closure and post-closure of the landfill sites has been recognized using the present value of the estimated closure and post-closure costs, based upon the usage of the site's capacity. The total capacity of the Haileybury site is 452,221 cubic metres. The approximate area that has been landfilled is 416,400 cubic metres, leaving an estimated remaining capacity of 35,821 cubic metres. The estimated life of the landfill site is 1.67 years and post-closure care is estimated to be required for 25 years from the date of site closure. The total capacity of the New Lisheard site is 85,000 cubic metres, with no remaining capacity. Closure costs and post-closure care has not begun since the City is working on expansion of this site.

The discount factor used is 3.38% net of inflation of 0.7%. The liability as at December 31, 2020 is \$1,612,885 (2019 \$1,743,704). Estimated expenditures for closure and post-closure care are \$1,628,468. The liability remaining to be recognized is \$15,583.

The City has a reserve fund of \$2,209,431.

# THE CORPORATION OF THE CITY OF TEMISKAMING SHORES

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2020

#### 10. (a) **Tile Drainage Loans**

The municipality is liable for long-term liabilities with respect to tile drainage loans in the former Township of Dymond for which the responsibility for the payment of principal and interest has been assumed by specific ratepayers. The total amount outstanding as at December 31, 2020 is \$nil (2019 \$12,009) and is reflected as Municipal Debt and Long-term Receivables on the Consolidated Statement of Financial Position.

#### (b) **Municipal debt**

The balance of the municipal debt reported on the Statement of Financial Position is made up of the following:

	2020	2019
<u>Loans and debentures</u>		
Canada Mortgage and Housing Corporation (CMHC) debenture, repayable in annual payments of \$107,411.34 including interest at 3.97%, maturing December 2024.	\$ 390,167	\$ 478,580
Canada Mortgage and Housing Corporation (CMHC) debenture, repayable in annual payments of \$87,381.73 including interest at 3.59%, maturing December 2025.	393,529	464,245
Canada Mortgage and Housing Corporation (CMHC) debenture, repayable in annual payments of \$28,748.50 including interest at 3.42%, maturing September 2025.	130,096	153,591
Ontario Infrastructure and Lands Corporation (OILC) debenture, repayable in monthly payments of \$3,001.04 principal plus interest at 1.6%, maturing October 2021.	30,011	66,023
Ontario Infrastructure and Lands Corporation (OILC) debenture, repayable in monthly payments of \$8,791.67 principal plus interest at 2.46%, maturing December 2026.	633,000	738,500
Ontario Infrastructure and Lands Corporation (OILC) debenture, repayable in quarterly payments of \$10,421.75 principal plus interest at 2.51%, maturing October 2022.	83,374	125,061
Ontario Infrastructure and Lands Corporation (OILC) debenture, repayable in quarterly payments of \$13,545.15 principal plus interest at 2.95%, maturing October 2027.	379,264	433,445
Ontario Infrastructure and Lands Corporation (OILC) debenture, repayable in semi-annual payments of \$38,565.31 principal plus interest at 2.44%, maturing April 2025.	347,088	424,218

# THE CORPORATION OF THE CITY OF TEMISKAMING SHORES

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2020

#### 10. (b) Municipal debt - continued

	2020	2019
<u>Loans and debentures - continued</u>		
Ontario Infrastructure and Lands Corporation (OILC) debenture, repayable in quarterly payments of \$54,551.85 principal plus interest at 3.43%, maturing November 2037.	\$ 3,709,526	\$ 3,927,733
Ontario Infrastructure and Lands Corporation (OILC) debenture, repayable in quarterly payments of \$10,484.92 principal plus interest at 2.97%, maturing November 2027.	293,578	335,518
Ontario Infrastructure and Lands Corporation (OILC) debenture, repayable in quarterly payments of \$12,477.99 principal plus interest at 2.64%, maturing February 2023.	112,302	162,214
Ontario Infrastructure and Lands Corporation (OILC) debenture, repayable in semi-annual payments of \$27,450.00 principal plus interest at 3.04%, maturing April 2028.	411,750	466,650
Ontario Infrastructure and Lands Corporation (OILC) debenture, repayable in semi-annual payments of \$15,198.50 principal plus interest at 2.92%, maturing September 2023.	91,191	121,588
Ontario Infrastructure and Lands Corporation (OILC) debenture, repayable in semi-annual payments of \$29,163.51 principal plus interest at 3.03%, maturing August 2028.	466,616	524,943
Ontario Infrastructure and Lands Corporation (OILC) debenture, repayable in quarterly payments of \$41,013.75 principal plus interest at 3.02%, maturing November 2023.	492,165	656,220
Ontario Infrastructure and Lands Corporation (OILC) debenture, repayable in quarterly payments of \$10,550.00 principal plus interest at 2.98%, maturing February 2029.	348,150	390,350
Ontario Infrastructure and Lands Corporation (OILC) debenture, repayable in quarterly payments of \$12,313.03 principal plus interest at 2.17%, maturing September 2029.	430,956	480,208
Ontario Infrastructure and Lands Corporation (OILC) debenture, repayable in quarterly payments of \$21,187.50 principal plus interest at 2.02%, maturing December 2040.	1,695,000	-
Total loans and debentures	10,437,763	9,949,087



# THE CORPORATION OF THE CITY OF TEMISKAMING SHORES

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2020

#### 10. (b) Municipal debt - continued

	2020	2019
<u>Long term capital leases</u>		
Scotia Capital Lease, repayable in monthly payments of \$6,166.76 plus HST, including interest at prime, matured in May 2020.	\$ -	\$ 30,796
Scotia Capital Lease, repayable in monthly payments of \$6,496.79 plus HST, including interest at prime, matured in September 2020.	-	57,999
Total long term capital leases	-	88,795
Tile drainage amounts	-	12,009
Total municipal debt	<u>\$ 10,437,763</u>	<u>\$ 10,049,891</u>

Principal repayments due in the next five years are as follows:

	From Benefitting Landowners	From General Municipal Revenues Loans	From General Municipal Revenues Leases	Total
2021	\$ -	\$ 1,291,924	\$ -	\$ 1,291,924
2022	-	1,269,024	-	1,269,024
2023	-	1,197,280	-	1,197,280
2024	-	998,006	-	998,006
2025	-	859,974	-	859,974
Thereafter	-	4,821,555	-	4,821,555
	<u>\$ -</u>	<u>\$ 10,437,763</u>	<u>\$ -</u>	<u>\$ 10,437,763</u>

The long-term liabilities were approved by by-law. The annual principal and interest payments required to service these liabilities are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs.

In 2020, interest expense of \$301,674 (2019 \$331,115) has been reflected in the Consolidated Statement of Operations.

# THE CORPORATION OF THE CITY OF TEMISKAMING SHORES

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2020

#### 11. Accumulated surplus

The accumulated surplus is made up of the following:

	2020	2019
Reserves, surpluses and deficits		
Working capital reserve – general	\$ 4,233,564	\$ 2,951,983
Working capital reserve – environmental	1,435,738	1,516,972
Working capital reserve – business improvement area	52,165	53,576
Safe Restart Agreement reserve	434,847	-
Election expenses reserve	18,550	11,050
Fire equipment reserve	53,045	7,523
SWDF reserve	128,507	128,507
Cemetery reserve	21,876	30,066
Doctor recruitment reserve	20,594	11,957
Medical centre reserve	3,621	-
Bucke park reserve	22,110	-
Accessibility reserve	52,753	52,753
Fleet replacement reserve	271,531	351,615
Library reserve	6,000	6,000
PDAC reserve	139,112	124,560
Economic development reserve	134,234	63,496
Community development reserve	429,466	252,456
Solid waste landfill reserve fund	2,209,431	2,124,634
Amounts to be recovered	(10,437,763)	(10,037,881)
General municipal surplus	200	200
Capital deficit	(71,060)	(643,453)
	<u>(841,479)</u>	<u>(2,993,986)</u>
Non-financial assets		
Tangible capital assets	80,665,539	80,086,895
Inventories of supplies	101,702	62,136
Prepaid expenses	257,179	212,584
	<u>81,024,420</u>	<u>80,361,615</u>
	<u>\$ 80,182,941</u>	<u>\$ 77,367,629</u>

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.

#### 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 expenditures, provides the Change in Net Financial Assets (Net Debt) for the year.

# THE CORPORATION OF THE CITY OF TEMISKAMING SHORES

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2020

#### 12. Contingent liabilities and commitments

##### Non-Consolidated Entities

The City 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 City 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. The City's contributions equal the employee contributions to the plan. During the year ended December 31, 2020, the City contributed \$418,716 (2019 \$478,026) to the plan. As this is a multi-employer pension plan, the contributions by the City are recognized as an expenditure. No pension liability for this type of plan is recognized in the City's financial statements. As of December 31, 2020 OMERS had a funding deficit of \$3.2 billion (2019 \$3.4 billion) and Net Assets Available for Benefits of \$105.6 billion (2019 \$109.4 billion).

##### Post-Employment Benefits

City employees retiring do not receive any retirement allowance that either vests or accrues over the period of employment. Sick benefits, other than amounts that were carried over on amalgamation, do not accrue and are not vested. The City recognizes the expenses for sick time when the event obliges the City to pay. No other post-employment benefits are payable by the City.

##### Loan Guarantee

The City has guaranteed a loan of \$2,305,959 with TD Bank for Temiskaming Shores Seniors Housing Corporation (TSSHC). As the mayor is also on the board of TSSHC, it is considered a related party. However, the mayor does not represent the City while acting as a member of the board of TSSHC. The full amount of the loan has been drawn with no repayments as of December 31, 2020.

##### Legal contingency

There is a legal proceeding that has been brought against the City through the Integrity Commissioner's office. At this time, the costs to the City, which are not covered by insurance, are unknown.

#### 13. Budgeting

The City budgets to determine an appropriate tax rate based on all revenues, including proceeds on long-term debt, and all expenditures, including debt principal payments and the acquisition of tangible capital assets, but does not include amortization. The City reconciles this tax levy budget to the budget in accordance with Public Sector Accounting Standards.

	2020	2019
Tax levy budget deficit for the year – as below	\$ (729,017)	\$ (363,077)
Add: Capital expenditures	4,789,595	4,949,217
Debt repayments	1,295,119	1,328,024
Less: Amortization	(3,919,950)	(3,135,819)
New debt issued	(1,000,000)	(2,722,000)
Budget surplus per Consolidated Statement of Operations	<u>\$ 435,747</u>	<u>\$ 56,345</u>

# THE CORPORATION OF THE CITY OF TEMISKAMING SHORES

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2020

#### 13. Budgeting – continued

	Budget 2020	Actual 2020	Actual 2019
<b>REVENUES</b>			
Operating			
Municipal taxation	\$ 13,330,066	\$ 13,259,386	\$ 13,046,884
Water, sewer and waste diversion fees	5,189,386	5,127,887	5,335,103
Taxation from other governments	335,317	332,997	332,560
Provincial grants	3,757,239	4,329,187	4,538,269
Federal grants	1,201,695	565,313	1,003,748
Charges to other municipalities	276,518	275,539	173,421
User charges	1,779,542	2,046,942	2,442,614
Investment income	147,550	137,068	227,037
Penalties and interest on taxes	105,000	167,665	164,532
Provincial Offences Act revenues	1,070,853	673,971	1,040,364
Other	230,651	299,134	337,456
Sale of land	-	165,024	(42,949)
Proceeds on disposal of tangible capital assets	-	266,640	99,668
	<u>27,423,817</u>	<u>27,646,753</u>	<u>28,698,707</u>
Capital			
Provincial grants	385,100	332,535	318,735
Federal grants	173,400	177,106	-
Federal gas tax	1,110,610	1,148,470	439,884
Other	-	67	30,542
	<u>1,669,110</u>	<u>1,658,178</u>	<u>789,161</u>
New debt issued	<u>1,000,000</u>	<u>1,695,000</u>	<u>914,521</u>
Total revenues	<u>30,092,927</u>	<u>30,999,931</u>	<u>30,402,389</u>
<b>EXPENDITURES</b>			
Operating			
General government	2,752,066	2,924,093	3,520,959
Protection to persons and property	4,171,359	3,761,995	4,034,097
Transportation services	4,878,595	4,448,378	4,935,738
Environmental services	5,342,737	5,033,447	5,249,503
Health services	1,782,765	1,760,564	1,348,425
Social and family services	1,169,255	1,169,254	1,277,814
Recreation and cultural services	2,594,729	2,490,678	2,847,526
Planning and development	2,045,724	936,085	1,616,037
	<u>24,737,230</u>	<u>22,524,494</u>	<u>24,830,099</u>
Capital expenditures	4,789,595	4,627,930	3,694,279
Long-term debt repayments	1,295,119	1,295,119	1,323,863
Total expenditures	<u>30,821,944</u>	<u>28,447,543</u>	<u>29,848,241</u>
<b>Surplus (deficit), tax levy budget base</b>	<u>\$ (729,017)</u>	<u>\$ 2,552,388</u>	<u>\$ 554,148</u>
<b>Financed by</b>			
Transfer from (to) reserves	\$ 729,017	\$ (1,979,996)	\$ (1,072,748)
Deficit (surplus)	(295,119)	(172,511)	109,258
Net debt repayments (proceeds)	<u>295,119</u>	<u>(399,881)</u>	<u>409,342</u>
	<u>\$ 729,017</u>	<u>\$ (2,552,388)</u>	<u>\$ (554,148)</u>

# THE CORPORATION OF THE CITY OF TEMISKAMING SHORES

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2020

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#### 14. **Segmented information**

The Corporation of the City of Temiskaming Shores 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**

Police services, including the enforcement of laws, prevention of crime, and maintenance of peace, order, and security are provided to the City by agreement with the Ontario Provincial Police. Fire protection services are provided by way of a volunteer Fire Department, which provides fire suppression, fire prevention and education programs to residents. The City also enforces By-laws and offers dog control and property standards enforcement.

#### **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, as well as maintaining all Municipal vehicles and equipment.

#### **Environmental Services**

The environmental services include water and sewer services as well as waste disposal and waste diversion services. Water and Sewer services include the operation and distribution of water and networking sewer mains, storm sewers and pump stations.

The waste disposal and waste diversion services group are responsible for the delivery of municipal services including waste collection and disposal and waste diversion.

#### **Health Services**

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

#### **Social and Family Services**

The services are provided indirectly by the City through the District Social Services Administration Board and includes general assistance, childcare and social 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, including library services.

#### **Planning and Development**

The Planning and Development Department is responsible for preparing land use plans, bylaws and policies for sustainable development of the City and for reviewing and approving new development, as well as maintaining drainage systems.

# THE CORPORATION OF THE CITY OF TEMISKAMING SHORES

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2020

#### 14. 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	Total 2020	Total 2019
<b>REVENUES</b>										
Municipal taxation	\$ 13,259,386	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,259,386	\$ 13,046,884
Water, sewer and waste diversion fees	-	-	-	5,127,887	-	-	-	-	5,127,887	5,335,103
Taxation from other governments	332,997	-	-	-	-	-	-	-	332,997	332,560
Provincial grants – operating	3,900,509	29,427	142,377	205,000	3,920	-	40,700	7,254	4,329,187	4,538,269
Provincial grants – capital	-	-	332,535	-	-	-	-	-	332,535	318,735
Federal grants – operating	-	-	-	-	-	-	-	565,313	565,313	1,003,748
Federal grants – capital	-	-	177,106	-	-	-	-	-	177,106	-
Federal gas tax	-	-	1,148,470	-	-	-	-	-	1,148,470	439,884
Charges to other municipalities	16,410	86,325	60,318	64,961	-	-	22,975	24,550	275,539	173,421
User charges	64,782	274,242	272,179	587,839	177,123	-	565,652	105,125	2,046,942	2,442,614
Investment income	110,196	-	-	26,872	-	-	-	-	137,068	227,037
Penalties and interest on taxes	167,665	-	-	-	-	-	-	-	167,665	164,532
Provincial Offences Act revenues	-	673,971	-	-	-	-	-	-	673,971	1,040,364
Other	50,545	10,277	1,188	-	741	-	129,132	107,318	299,201	367,998
Sale of land	117,860	-	-	-	-	-	-	47,164	165,024	(42,949)
Gain on disposal of tangible capital assets	-	-	230,840	(2,934)	-	-	(14,871)	-	213,035	69,597
<b>Total revenues</b>	<b>18,020,350</b>	<b>1,074,242</b>	<b>2,365,013</b>	<b>6,009,625</b>	<b>181,784</b>	<b>-</b>	<b>743,588</b>	<b>856,724</b>	<b>29,251,326</b>	<b>29,457,797</b>
<b>EXPENDITURES</b>										
Wages and benefits	1,805,349	727,331	1,705,503	673,864	70,653	-	1,506,773	142,685	6,632,158	7,751,914
Long-term interest	-	23,449	66,249	198,763	-	-	13,213	-	301,674	331,115
Materials	700,955	196,155	1,591,072	1,798,829	60,829	-	880,022	737,641	5,965,503	7,159,943
Contracted services	359,207	2,570,091	1,045,988	2,361,991	37,333	-	81,546	55,759	6,511,915	6,705,062
Rents and financial expenses	13,987	13,585	-	-	-	-	9,124	-	36,696	61,471
External transfers	-	231,384	-	-	1,591,749	1,169,254	-	-	2,992,387	2,802,701
Amortization	171,666	172,447	1,589,135	1,395,363	7,388	-	659,682	-	3,995,681	3,872,143
<b>Total expenditures</b>	<b>3,051,164</b>	<b>3,934,442</b>	<b>5,997,947</b>	<b>6,428,810</b>	<b>1,767,952</b>	<b>1,169,254</b>	<b>3,150,360</b>	<b>936,085</b>	<b>26,436,014</b>	<b>28,684,349</b>
<b>Annual surplus (deficit)</b>	<b>\$ 14,969,186</b>	<b>\$ (2,860,200)</b>	<b>\$ (3,632,934)</b>	<b>\$ (419,185)</b>	<b>\$ (1,586,168)</b>	<b>\$ (1,169,254)</b>	<b>\$ (2,406,772)</b>	<b>\$ (79,361)</b>	<b>\$ 2,815,312</b>	<b>\$ 773,448</b>

# THE CORPORATION OF THE CITY OF TEMISKAMING SHORES

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2020

#### 15. Schedule of tangible capital assets

	Opening Cost Dec 31, 2019	Additions	Disposals	Ending Cost Dec 31, 2020	Opening Accumulated Amortization Dec 31, 2019	Current Amortization	Disposals	Ending Accumulated Amortization Dec 31, 2020	Net Dec 31, 2020
General									
Land	\$ 1,256,503	\$ -	\$ -	\$ 1,256,503	\$ -	\$ -	\$ -	\$ -	\$ 1,256,503
Land improvements	7,603,088	-	-	7,603,088	4,184,505	292,203	-	4,476,708	3,126,380
Buildings	20,145,832	2,403,301	138,625	22,410,508	7,487,234	444,900	95,276	7,836,858	14,573,650
Machinery and equipment	5,247,921	25,333	49,594	5,223,660	2,935,050	338,030	39,338	3,233,742	1,989,918
Vehicles	7,089,364	748,529	43,570	7,794,323	3,228,115	650,110	43,570	3,834,655	3,959,668
Construction in progress	1,348,524	29,742	598,837	779,429	-	-	-	-	779,429
Infrastructure									
Roads and sidewalks	27,691,596	1,058,431	306,254	28,443,773	19,660,084	799,411	306,254	20,153,241	8,290,532
Bridges and culverts	8,152,417	975,737	-	9,128,154	6,464,847	132,572	-	6,597,419	2,530,735
Water and sewer systems	65,037,591	957,441	(2,884)	65,997,916	20,616,525	1,338,455	(2,884)	21,957,864	44,040,052
Construction in progress	1,090,419	12,987	984,734	118,672	-	-	-	-	118,672
<b>Total</b>	<b>\$ 144,663,255</b>	<b>\$ 6,211,501</b>	<b>\$ 2,118,730</b>	<b>\$ 148,756,026</b>	<b>\$ 64,576,360</b>	<b>\$ 3,995,681</b>	<b>\$ 481,554</b>	<b>\$ 68,090,487</b>	<b>\$ 80,665,539</b>

Machinery and equipment include leased tangible capital assets with a cost of \$185,905 and accumulated amortization of \$98,116.

Vehicles include leased tangible capital assets with a cost of \$718,937 and accumulated amortization of \$328,279.

# THE CORPORATION OF THE CITY OF TEMISKAMING SHORES

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2020

15. **Schedule of tangible capital assets – continued**

	Opening Cost Dec 31, 2018	Additions	Disposals	Ending Cost Dec 31, 2019	Opening Accumulated Amortization Dec 31, 2018	Current Amortization	Disposals	Ending Accumulated Amortization Dec 31, 2019	Net Dec 31, 2019
<b>General</b>									
Land	\$ 1,250,821	\$ 5,682	\$ -	\$ 1,256,503	\$ -	\$ -	\$ -	\$ -	\$ 1,256,503
Land improvements	7,603,088	-	-	7,603,088	3,892,302	292,203	-	4,184,505	3,418,583
Buildings	20,031,799	114,033	-	20,145,832	7,066,580	420,654	-	7,487,234	12,658,598
Machinery and equipment	5,383,189	476,755	612,023	5,247,921	3,197,582	324,831	587,363	2,935,050	2,312,871
Vehicles	6,766,294	722,060	398,990	7,089,364	3,007,811	613,883	393,579	3,228,115	3,861,249
Construction in progress	713,991	634,834	301	1,348,524	-	-	-	-	1,348,524
<b>Infrastructure</b>									
Roads and sidewalks	27,355,346	700,304	364,054	27,691,596	19,276,756	747,382	364,054	19,660,084	8,031,512
Bridges and culverts	8,152,417	-	-	8,152,417	6,323,368	141,479	-	6,464,847	1,687,570
Water and sewer systems	64,812,645	224,946	-	65,037,591	19,284,813	1,331,712	-	20,616,525	44,421,066
Construction in progress	274,453	815,966	-	1,090,419	-	-	-	-	1,090,419
<b>Total</b>	<b>\$ 142,344,043</b>	<b>\$ 3,694,580</b>	<b>\$ 1,375,368</b>	<b>\$ 144,663,255</b>	<b>\$ 62,049,212</b>	<b>\$ 3,872,144</b>	<b>\$ 1,344,996</b>	<b>\$ 64,576,360</b>	<b>\$ 80,086,895</b>

Machinery and equipment include leased tangible capital assets with a cost of \$185,905 and accumulated amortization of \$82,624.

Vehicles include leased tangible capital assets with a cost of \$718,937 and accumulated amortization of \$267,953.



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## **NOTICE TO READER**

To the Members of Council, Inhabitants  
and Ratepayers of the Corporation  
of the CITY OF TEMISKAMING SHORES:

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 City of Temiskaming Shores 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*

New Liskeard, Ontario  
June 1, 2021

**Kemp Elliott & Blair LLP**  
Chartered Professional Accountants  
Licensed Public Accountants

(Unaudited – See Notice to Reader)

**THE CORPORATION OF THE CITY OF TEMISKAMING SHORES****TRUST FUNDS****STATEMENT OF FINANCIAL POSITION****AS AT DECEMBER 31, 2020**

	Cemetery Care and Maintenance	Library May Ball	2020 Total	2019 Total
<b>FINANCIAL ASSETS</b>				
Cash	\$ -	\$ 856	\$ 856	\$ 296
Investments - note 2	296,272	215,169	511,441	506,436
Due from City	4,477	-	4,477	982
	<u>\$ 300,749</u>	<u>\$ 216,025</u>	<u>\$ 516,774</u>	<u>\$ 507,714</u>
<b>LIABILITIES AND FUND EQUITY</b>				
Trust balance	\$ 300,749	\$ 216,025	\$ 516,774	\$ 507,714

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

Trust balance, beginning of year	\$ 292,249	\$ 215,465	\$ 507,714	\$ 507,569
<b>Revenues</b>				
Sale of plots	8,500	-	8,500	4,950
Donations	-	429	429	348
Interest earned/loss on investment	-	10,131	10,131	6,847
	<u>8,500</u>	<u>10,560</u>	<u>19,060</u>	<u>12,145</u>
<b>Expenditures</b>				
Transfer to own funds	-	10,000	10,000	12,000
<b>Trust balance, end of year</b>	<u>\$ 300,749</u>	<u>\$ 216,025</u>	<u>\$ 516,774</u>	<u>\$ 507,714</u>

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

(Unaudited – See Notice to Reader)

## **THE CORPORATION OF THE CITY OF TEMISKAMING SHORES**

### **TRUST FUNDS**

#### **NOTES TO THE FINANCIAL STATEMENTS**

#### **FOR THE YEAR ENDED DECEMBER 31, 2020**

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1. **Accounting Policy**

Trust fund activities are recorded on the cash basis of accounting with the exception of amounts due to or from the City.

2. **Investments**

The total investments of \$511,441 (2019 \$506,436) reported on the trust statement of financial position at cost, have a market value of \$511,441 (2019 \$506,436).

3. Interest earned by the Cemetery Care and Maintenance fund is transferred directly to the City and is not reflected on these statements.

## **INDEPENDENT AUDITORS' REPORT**

To the Members of Council, Inhabitants  
and Ratepayers of the Corporation  
of the City of Temiskaming Shores:

### **Opinion**

We have audited the financial statements of Temiskaming Shores Public Library Board, which comprise the statement of financial position as at December 31, 2020, and the statements of operations, change in net financial assets (net debt) 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 financial statements present fairly, in all material respects, the financial position of Temiskaming Shores Public Library Board as at December 31, 2020, and the results of its operations, change in net financial assets (net debt) 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 Financial Statements* section of our report. We are independent of Temiskaming Shores Public Library Board 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 Financial Statements**

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

In preparing the financial statements, management is responsible for assessing Temiskaming Shores Public Library Board'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 Temiskaming Shores Public Library Board or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Temiskaming Shores Public Library Board's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 Temiskaming Shores Public Library Board'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 Temiskaming Shores Public Library Board'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 Temiskaming Shores Public Library Board 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*

New Liskeard, Ontario  
June 1, 2021

**Kemp Elliott & Blair LLP**  
Chartered Professional Accountants  
Licensed Public Accountants

# THE CORPORATION OF THE CITY OF TEMISKAMING SHORES

## TEMISKAMING SHORES PUBLIC LIBRARY BOARD

### STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2020

	2020	2019
<b>FINANCIAL ASSETS</b>		
Petty cash	\$ 200	\$ 200
Due from own municipality	6,000	-
	<u>6,200</u>	<u>200</u>
<b>LIABILITIES</b>		
Due to own municipality	-	547,541
Municipal debt – note 2	1,695,000	-
	<u>1,695,000</u>	<u>547,541</u>
<b>NET FINANCIAL ASSETS (NET DEBT)</b>	(1,688,800)	(547,341)
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets – note 3	<u>2,085,819</u>	<u>948,057</u>
<b>ACCUMULATED SURPLUS – note 3</b>	\$ 397,019	\$ 400,716

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

# THE CORPORATION OF THE CITY OF TEMISKAMING SHORES

## TEMISKAMING SHORES PUBLIC LIBRARY BOARD

### STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2020

	Budget 2020	Actual 2020	Actual 2019
<b>REVENUES</b>			
Provincial grants	\$ 30,879	\$ 28,940	\$ 30,593
Own municipal grant	395,861	390,398	389,043
Other municipal grants	12,475	12,475	10,268
Fees and fines	8,239	7,322	11,765
Other	14,081	13,835	25,171
<b>Total revenues</b>	<b>461,535</b>	<b>452,970</b>	<b>466,840</b>
<b>EXPENDITURES</b>			
Salaries and benefits	365,619	339,637	368,045
Collection development and maintenance	36,200	32,868	40,904
Utilities	20,000	25,829	15,967
Repairs and maintenance	2,650	4,124	6,213
Office and supplies	12,275	11,748	16,608
Telephone	4,881	4,530	5,344
Miscellaneous	19,850	5,446	2,745
Training and travel	7,800	5,351	5,014
Amortization	-	27,134	8,013
<b>Total expenditures</b>	<b>469,275</b>	<b>456,667</b>	<b>468,853</b>
<b>ANNUAL DEFICIT</b>	<b>(7,740)</b>	<b>(3,697)</b>	<b>(2,013)</b>
Accumulated surplus, beginning of year	400,716	400,716	402,729
<b>ACCUMULATED SURPLUS, END OF YEAR – note 3</b>	<b>\$ 392,976</b>	<b>\$ 397,019</b>	<b>\$ 400,716</b>

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

# THE CORPORATION OF THE CITY OF TEMISKAMING SHORES

## TEMISKAMING SHORES PUBLIC LIBRARY BOARD

### STATEMENT OF CHANGE IN NET FINANCIAL ASSETS (NET DEBT)

FOR THE YEAR ENDED DECEMBER 31, 2020

	Budget 2020	Actual 2020	Actual 2019
<b>ANNUAL DEFICIT</b>	\$ (7,740)	\$ (3,697)	\$ (2,013)
Acquisition of tangible capital assets	(1,000,000)	(1,164,896)	(553,541)
Amortization of tangible capital assets	-	27,134	8,013
<b>Decrease in net financial assets</b>	(1,007,740)	(1,141,459)	(547,541)
Net financial assets (net debt), beginning of year	(547,341)	(547,341)	200
<b>NET FINANCIAL ASSETS (NET DEBT), END OF YEAR</b>	\$ (1,555,081)	\$ (1,688,800)	\$ (547,341)

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



# THE CORPORATION OF THE CITY OF TEMISKAMING SHORES

## TEMISKAMING SHORES PUBLIC LIBRARY BOARD

### STATEMENT OF CASH FLOWS

#### FOR THE YEAR ENDED DECEMBER 31, 2020

	2020	2019
<b>Operating activities</b>		
Annual deficit	\$ (3,697)	\$ (2,013)
Charges not affecting cash –		
Amortization	27,134	8,013
	<u>23,437</u>	<u>6,000</u>
Net change in non-cash working capital items –		
Due from own municipality	(6,000)	-
Due to own municipality	(547,541)	547,541
	<u>(553,541)</u>	<u>547,541</u>
Cash provided by (used for) operating activities	<u>(530,104)</u>	<u>553,541</u>
<b>Capital activities</b>		
Acquisition of tangible capital assets	<u>(1,164,896)</u>	<u>(553,541)</u>
Cash used for capital activities	<u>(1,164,896)</u>	<u>(553,541)</u>
<b>Financing activities</b>		
New debt issued	<u>1,695,000</u>	-
Cash provided by financing activities	<u>1,695,000</u>	-
<b>Increase in cash</b>	-	-
Cash, beginning of year	<u>200</u>	<u>200</u>
<b>Cash, end of year</b>	<u>\$ 200</u>	<u>\$ 200</u>
<b>Represented by</b>		
Petty cash	\$ 200	\$ 200

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

# THE CORPORATION OF THE CITY OF TEMISKAMING SHORES

## TEMISKAMING SHORES PUBLIC LIBRARY BOARD

### NOTES TO THE FINANCIAL STATEMENTS

#### FOR THE YEAR ENDED DECEMBER 31, 2020

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#### 1. Significant accounting policies

##### (a) Revenue recognition

Revenues are recognized as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

##### (b) 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 is amortized on a straight-line basis over their estimated useful lives as follows:

Buildings	50 years
Equipment	10 years

Amortization is charged on a monthly basis beginning in the month of acquisition. Assets under construction are not amortized until the asset is in productive use.

#### 2. Municipal debt

The balance of the municipal debt reported on the Statement of Financial Position is made up of the following:

	2020	2019
<u>Loans and debentures</u>		
Ontario Infrastructure and Lands Corporation (OILC) debenture, repayable in quarterly payments of \$21,187.50 principal plus interest at 2.02%, maturing December 2040.	\$ 1,695,000	\$ -

Principal repayments due in the next five years are as follows:

2021	\$ 84,750
2022	84,750
2023	84,750
2024	84,750
2025	84,750
Thereafter	<u>1,271,250</u>
	<u>\$ 1,695,000</u>

In 2020, interest expense of \$nil (2019 \$nil) has been reflected in the Statement of Operations.

# THE CORPORATION OF THE CITY OF TEMISKAMING SHORES

## TEMISKAMING SHORES PUBLIC LIBRARY BOARD

### NOTES TO THE FINANCIAL STATEMENTS

#### FOR THE YEAR ENDED DECEMBER 31, 2020

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#### 3. **Accumulated surplus**

The accumulated surplus is made up of the following:

	2020	2019
Operational surplus	\$ 200	\$ 200
Library reserve	6,000	6,000
Amounts to be reserved	(1,695,000)	-
Capital deficit	-	(553,541)
	<u>(1,688,800)</u>	<u>(547,341)</u>
Non-financial assets		
Tangible capital assets	<u>2,085,819</u>	<u>948,057</u>
	<u>\$ 397,019</u>	<u>\$ 400,716</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.

# THE CORPORATION OF THE CITY OF TEMISKAMING SHORES

## TEMISKAMING SHORES PUBLIC LIBRARY BOARD

### NOTES TO THE FINANCIAL STATEMENTS

#### FOR THE YEAR ENDED DECEMBER 31, 2020

#### 3. Schedule of tangible capital assets

	Opening Cost Dec 31, 2019	Additions	Disposals/ Adjustments	Ending Cost Dec 31, 2020	Opening Accumulated Amortization Dec 31, 2019	Current Amortization	Disposals/ Adjustments	Ending Accumulated Amortization Dec 31, 2020	Net Dec 31, 2020
Land	\$ 2,685	\$ -	\$ (26,615)	\$ 29,300	\$ -	\$ -	\$ -	\$ -	\$ 29,300
Buildings	421,833	1,666,272	(243,230)	2,331,335	52,033	26,764	(204,528)	283,325	2,048,010
Machinery and equipment	13,571	8,879	13,571	8,879	13,571	370	13,571	370	8,509
Construction in progress	575,572	-	575,572	-	-	-	-	-	-
<b>Total</b>	<b>\$ 1,013,661</b>	<b>\$ 1,675,151</b>	<b>\$ 319,298</b>	<b>\$ 2,369,514</b>	<b>\$ 65,604</b>	<b>\$ 27,134</b>	<b>\$ (190,957)</b>	<b>\$ 283,695</b>	<b>\$ 2,085,819</b>

	Opening Cost Dec 31, 2018	Additions	Disposals	Ending Cost Dec 31, 2019	Opening Accumulated Amortization Dec 31, 2018	Current Amortization	Disposals	Ending Accumulated Amortization Dec 31, 2019	Net Dec 31, 2019
Land	\$ 2,685	\$ -	\$ -	\$ 2,685	\$ -	\$ -	\$ -	\$ -	\$ 2,685
Buildings	421,833	-	-	421,833	44,020	8,013	-	52,033	369,800
Machinery and equipment	22,360	-	8,789	13,571	22,360	-	8,789	13,571	-
Construction in progress	22,031	553,541	-	575,572	-	-	-	-	575,572
<b>Total</b>	<b>\$ 468,909</b>	<b>\$ 553,541</b>	<b>\$ 8,789</b>	<b>\$ 1,013,661</b>	<b>\$ 66,380</b>	<b>\$ 8,013</b>	<b>\$ 8,789</b>	<b>\$ 65,604</b>	<b>\$ 948,057</b>

## **INDEPENDENT AUDITORS' REPORT**

To the Members of Council, Inhabitants  
and Ratepayers of the Corporation  
of the City of Temiskaming Shores:

### **Opinion**

We have audited the financial statements of the Corporation of the City Temiskaming Shores Business Improvement Area, which comprise the statement of financial position as at December 31, 2020, and the statement of operations for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation of the City Temiskaming Shores Business Improvement Area as at December 31, 2020, and the results of its operations 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 Financial Statements* section of our report. We are independent of the Corporation of the City Temiskaming Shores Business Improvement Area 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 Financial Statements**

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

In preparing the financial statements, management is responsible for assessing the Corporation of the City Temiskaming Shores Business Improvement Area'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 City Temiskaming Shores Business Improvement Area 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 City Temiskaming Shores Business Improvement Area's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 City Temiskaming Shores Business Improvement Area'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 City Temiskaming Shores Business Improvement Area'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 City Temiskaming Shores Business Improvement Area 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*

New Liskeard, Ontario  
June 1, 2021

**Kemp Elliott & Blair LLP**  
Chartered Professional Accountants  
Licensed Public Accountants

# THE CORPORATION OF THE CITY OF TEMISKAMING SHORES

## BUSINESS IMPROVEMENT AREA

### STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2020

	2020	2019
<b>FINANCIAL ASSETS</b>		
Due from own municipality	\$ 52,166	\$ 53,576
<b>NET FINANCIAL ASSETS AND ACCUMULATED SURPLUS</b>	\$ 52,166	\$ 53,576

### STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2020

	(Unaudited) Budget 2020	Actual 2020	Actual 2019
<b>REVENUES</b>			
Taxation	\$ 28,775	\$ 28,563	\$ 38,405
Other	-	-	10,000
<b>Total revenues</b>	28,775	28,563	48,405
<b>EXPENDITURES</b>			
Salaries, wages and employee benefits	15,042	7,870	9,751
Materials, supplies and services	25,200	17,808	6,365
Advertising and promotion	10,000	4,295	959
<b>Total expenditures</b>	50,242	29,973	17,075
<b>ANNUAL SURPLUS (DEFICIT)</b>	(21,467)	(1,410)	31,330
Accumulated surplus, beginning of year	53,576	53,576	22,246
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	\$ 32,109	\$ 52,166	\$ 53,576

### NOTES TO THE FINANCIAL STATEMENTS

1. **Revenue recognition**

Revenues are recognized as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

2. **Cash flows and change in net financial assets**

Required cash flow information is readily available from the Statement of Operations. The Business Improvement Area has no tangible capital assets, so the Statement of Change in net financial assets has not been included since the Annual Surplus reported on the Statement of Operations reflects the change in Net Financial Assets for the year.

## **INDEPENDENT AUDITORS' REPORT**

To the Members of Council, Inhabitants and Ratepayers  
of the Corporation of the City of Temiskaming Shores:

### **Qualified Opinion**

We have audited the financial statements of the Provincial Offences Act Office - City of Temiskaming Shores, which comprise the statement of financial position as at December 31, 2020, and the consolidated statements of operations and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Provincial Offences Act Office - City of Temiskaming Shores as at December 31, 2020, and its operations and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### **Basis for Qualified Opinion**

The financial records of the City of Temiskaming Shores Court Service Area are maintained and generated by the ICON system, maintained by the Province of Ontario. The scope of our audit did not include a review over the controls of this system nor was a service auditor's report made available to us.

Included in the revenue for the year ended December 31, 2020 are revenues of \$52,768 received on behalf of the City of Temiskaming Shores Court Service Area by other courts located throughout the Province of Ontario. The scope of our audit did not include a review of the systems or controls over cash collections and deposits at these other court locations.

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 Financial Statements* section of our report. We are independent of the Provincial Offences Act Office - City of Temiskaming Shores 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 Financial Statements**

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

In preparing the financial statements, management is responsible for assessing the Provincial Offences Act Office - City of Temiskaming Shores' 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 Provincial Offences Act Office - City of Temiskaming Shores or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Provincial Offences Act Office - City of Temiskaming Shores' financial reporting process.



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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 Provincial Offences Act Office - City of Temiskaming Shores' 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 Provincial Offences Act Office - City of Temiskaming Shores' 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 Provincial Offences Act Office - City of Temiskaming Shores 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*

New Liskeard, Ontario  
April 15, 2021

**Kemp Elliott & Blair LLP**  
Chartered Professional Accountants  
Licensed Public Accountants

# PROVINCIAL OFFENCES ACT OFFICE – CITY OF TEMISKAMING SHORES

## STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2020

	2020	2019
<b>FINANCIAL ASSETS</b>		
Cash	\$ 102,832	\$ 89,805
Accounts receivable	14,343	49,356
	<b>\$ 117,175</b>	<b>\$ 139,161</b>
<b>LIABILITIES</b>		
Victim surcharge payable - Province of Ontario	\$ 22,150	\$ 28,884
Accounts payable - other provincial offences act offices	3,144	9,977
- other payables and accrued liabilities	80,566	52,714
Municipal allocations payable	10,167	47,586
Deferred revenue	1,148	-
	<b>\$ 117,175</b>	<b>\$ 139,161</b>

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

# PROVINCIAL OFFENCES ACT OFFICE – CITY OF TEMISKAMING SHORES

## STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2020

	Budget 2020	Actual 2020	Actual 2019
<b>REVENUES</b>			
Fines, costs and fees			
Highway traffic	\$ 578,088	\$ 400,918	\$ 566,633
Liquor license	9,032	4,281	7,951
Provincial offences	189,685	104,369	181,154
Municipal by-law fines	7,019	5,575	5,716
Dedicated fines	12,926	13,100	15,420
Victim fine surcharge	144,122	92,959	143,800
Other provincial offences act offices	126,457	52,769	119,690
	1,067,329	673,971	1,040,364
Investment and other income	3,524	1,156	3,110
Total revenues	1,070,853	675,127	1,043,474
<b>EXPENDITURES</b>			
Salaries, wages and employee benefits	184,792	126,072	174,570
Materials			
Materials and supplies	15,625	12,712	18,212
Travel and conference	2,334	620	2,216
	17,959	13,332	20,428
Services			
Professional fees	101,982	52,595	86,497
Telephone and computer services	8,959	11,178	17,166
Collection fees	13,800	27,107	19,930
Provincial government cost recovery	104,616	43,447	90,479
	229,357	134,327	214,072
Rent and financial expenses			
Rent and administrative fees	66,720	111,126	81,466
Bank charges	8,299	7,630	7,131
	75,019	118,756	88,597
External transfers			
Fines collected on behalf of others			
Dedicated fines	12,926	13,100	15,420
Victim fine surcharge	144,122	92,959	143,800
Municipal by-law fines	7,019	6,548	5,038
Other provincial offences act offices	26,173	16,418	29,500
Transfer to municipalities	373,486	153,615	352,049
	563,726	282,640	545,807
Total expenditures	1,070,853	675,127	1,043,474
<b>Annual surplus</b>	\$ -	\$ -	\$ -

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

# PROVINCIAL OFFENCES ACT OFFICE – CITY OF TEMISKAMING SHORES

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2020

	2020	2019
<b>Operating activities</b>		
Net change in non-cash working capital items -		
Accounts receivable	\$ 35,013	\$ 376
Accounts payable and accrued liabilities	(23,134)	(51,119)
Deferred revenue	1,148	-
Cash used for operating activities and net change for the year	13,027	(50,743)
Cash, beginning of year	89,805	140,548
<b>Cash, end of year</b>	<b>\$ 102,832</b>	<b>\$ 89,805</b>

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

## NOTES TO THE FINANCIAL STATEMENTS

1. The City of Temiskaming Shores serves as the lead municipality in administering the Provincial Offences Act Office – City of Temiskaming Shores.
2. The activities of the Provincial Offences Act Office – City of Temiskaming Shores are reported on the accrual basis of accounting.
3. A Statement of Change in Net Financial Assets has not been included since the annual surplus reported on the Statement of Operations reflects the change in Net Financial Assets for the year.