

**CONSOLIDATED FINANCIAL REPORT**

**THE CORPORATION OF THE  
TOWNSHIP OF COLEMAN**

**DISTRICT OF TIMISKAMING**

**YEAR ENDED DECEMBER 31, 2020**

## INDEX

### THE CORPORATION OF THE TOWNSHIP OF COLEMAN

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## MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The accompanying financial statements of the Corporation of the Township of Coleman are the responsibility of the Corporation of the Township of Coleman's management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of The Chartered Professional Accountants of Canada. A summary of the significant accounting policies are described in Note 1 to the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Corporation of the Township of Coleman's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements. These systems are monitored and evaluated by Management.

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

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

DocuSigned by:

*Patrick Cormier*

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Clerk-Treasurer  
Patrick Cormier

## **INDEPENDENT AUDITORS' REPORT**

To the Members of Council, Inhabitants and Ratepayers  
of the Corporation of the Township of Coleman:

### **Opinion**

We have audited the consolidated financial statements of the Corporation of the Township of Coleman, which comprise the consolidated statement of financial position as at December 31, 2020, and the consolidated statements of operations, change in net financial assets (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 Township of Coleman as at December 31, 2020, and the results of its operations, change in net financial assets (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 Township of Coleman 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 Township of Coleman'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 Township of Coleman 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 Township of Coleman's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation of the Township of Coleman'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 Township of Coleman'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 Township of Coleman to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Kemp Elliott & Blair LLP

*Kemp Elliott & Blair LLP*

Licensed Public Accountants  
New Liskeard, Ontario  
November 22, 2021

Chartered Professional Accountants

# THE CORPORATION OF THE TOWNSHIP OF COLEMAN

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2020

### FINANCIAL ASSETS

	2020	2019
Cash	\$ 593,891	\$ 650,873
Short-term investments – note 4	175,389	173,691
Taxes receivable	105,348	105,325
Accounts receivable	186,105	147,882
Inventories held for resale	3,775	3,775
	<u>1,064,508</u>	<u>1,081,546</u>

### LIABILITIES

Accounts payable and accrued liabilities	293,106	358,935
Landfill closure and post-closure liability – note 6	73,053	71,572
Deferred revenue – other – note 8	49,544	38,555
Municipal debt – note 7	543,943	585,369
	<u>959,646</u>	<u>1,054,431</u>

### NET FINANCIAL ASSETS

	<u>104,862</u>	<u>27,115</u>
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### NON-FINANCIAL ASSETS

Tangible capital assets – note 15	7,107,800	7,009,144
Inventories of supplies	24,991	24,193
	<u>7,132,791</u>	<u>7,033,337</u>


### ACCUMULATED SURPLUS – note 9


	\$ 7,237,653	\$ 7,060,452
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Contingent liabilities and commitments – note 10

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

On behalf of Council:

DocuSigned by:  
  
 AF1FC411BDB5475...  
 Mayor

DocuSigned by:  
  
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 Clerk- treasurer

# THE CORPORATION OF THE TOWNSHIP OF COLEMAN

## CONSOLIDATED STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2020

	2020 Budget (Note 11)	2020 Actual	2019 Actual
<b>REVENUES</b>			
Operating revenues			
Municipal taxation	\$ 1,398,345	\$ 1,397,387	\$ 1,342,595
Water, septic and local improvement charges	38,594	35,343	34,643
User charges	33,320	57,156	79,598
Provincial grants	179,766	228,641	420,544
Federal grants	5,800	10,271	6,581
Investment income	-	997	1,618
Penalties and interest on taxes	15,100	11,289	16,871
Provincial Offences Act revenues	12,500	3,823	8,226
Gain on disposal of tangible capital assets	-	26,965	-
Land sales	5,500	5,966	-
Other	6,113	5,114	4,094
	<u>1,695,038</u>	<u>1,782,952</u>	<u>1,914,770</u>
Capital revenues			
Provincial grants	136,367	50,000	60,213
Federal grants	126,100	36,100	74,838
	<u>262,467</u>	<u>86,100</u>	<u>135,051</u>
Total revenues	<u>1,957,505</u>	<u>1,869,052</u>	<u>2,049,821</u>
<b>EXPENDITURES</b>			
General government	456,733	438,092	447,026
Protection to persons and property	245,119	249,142	253,333
Transportation services	568,830	506,211	536,171
Environmental services	256,505	197,437	213,153
Health services	138,439	143,005	114,967
Social and family services	102,713	98,327	100,276
Recreation and cultural services	84,384	52,550	76,702
Planning and development	15,600	7,087	13,890
Total expenditures	<u>1,868,323</u>	<u>1,691,851</u>	<u>1,755,518</u>
<b>ANNUAL SURPLUS</b>	89,182	177,201	294,303
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<u>7,060,452</u>	<u>7,060,452</u>	<u>6,766,149</u>
<b>ACCUMULATED SURPLUS, END OF YEAR – note 9</b>	<u>\$ 7,149,634</u>	<u>\$ 7,237,653</u>	<u>\$ 7,060,452</u>

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

## THE CORPORATION OF THE TOWNSHIP OF COLEMAN

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

FOR THE YEAR ENDED DECEMBER 31, 2020

	2020 Budget (Note 11)	2020 Actual	2019 Actual
<b>ANNUAL SURPLUS</b>	\$ 89,182	\$ 177,201	\$ 294,303
Acquisition of tangible capital assets	(449,172)	(471,545)	(235,267)
Amortization of tangible capital assets	330,000	339,815	330,049
Gain on disposal of tangible capital assets	-	(26,965)	-
Proceeds from disposal of tangible capital assets	-	60,039	-
Acquisition of inventories of supplies	-	(798)	(6,596)
Increase (decrease) in net financial assets	(29,990)	77,747	382,489
Net financial assets (debt), beginning of year	27,115	27,115	(355,374)
<b>NET FINANCIAL ASSETS (DEBT), END OF YEAR</b>	<b>\$ (2,875)</b>	<b>\$ 104,862</b>	<b>\$ 27,115</b>

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



# THE CORPORATION OF THE TOWNSHIP OF COLEMAN

## CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2020

<b>OPERATIONS</b>	2020	2019
Annual surplus	\$ 177,201	\$ 294,303
Charges not affecting cash –		
Amortization of tangible capital assets	339,815	330,049
Gain on disposal of tangible capital assets	(26,965)	-
	<u>490,051</u>	<u>624,352</u>
Other sources (uses) of cash –		
Change in taxes receivable	(23)	(14,507)
Change in accounts receivable	(38,223)	173,910
Change in inventories held for resale	-	(3,775)
Change in accounts payable and accrued liabilities	(65,829)	(8,433)
Change in inventories of supplies	(798)	(6,596)
Change in landfill closure and post-closure liability	1,481	1,572
Change in deferred revenue	10,989	28,485
	<u>(92,403)</u>	<u>170,656</u>
Total cash provided by operations	<u>397,648</u>	<u>795,008</u>
<b>CAPITAL TRANSACTIONS</b>		
Acquisition of tangible capital assets	(471,545)	(235,267)
Proceeds from disposal of tangible capital assets	60,039	-
Total cash used for capital transactions	<u>(411,506)</u>	<u>(235,267)</u>
<b>INVESTING TRANSACTIONS</b>		
Acquisition of short-term investments	<u>(1,698)</u>	<u>(1,855)</u>
<b>FINANCING TRANSACTIONS</b>		
Municipal debt proceeds	166,660	174,750
Municipal debt repayments	(208,086)	(231,351)
Total cash used for financing transactions	<u>(41,426)</u>	<u>(56,601)</u>
<b>INCREASE (DECREASE) IN CASH</b>	(56,982)	501,285
Cash, beginning of year	<u>650,873</u>	<u>149,588</u>
<b>CASH, END OF YEAR</b>	<u>\$ 593,891</u>	<u>\$ 650,873</u>
<b>REPRESENTED BY</b>		
Cash	<u>\$ 593,891</u>	<u>\$ 650,873</u>

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

# THE CORPORATION OF THE TOWNSHIP OF COLEMAN

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2020

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The Corporation of the Township of Coleman is a township 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 Township of Coleman are the representation of management and council and are prepared in accordance with generally accepted accounting principles for local government as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada as prescribed for Ontario municipalities by the Ministry of Municipal Affairs and Housing.

#### **Use of estimates**

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

#### **Basis of consolidation**

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

The Corporation of the Township of Coleman Water Supply System  
The Corporation of the Township of Coleman Communal Septic System

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 Township 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 Township in its statements.

*Temiskaming Municipal Services Association*

The Timiskaming Municipal Services Association provides the services of a Chief Building Officer to 21 municipalities. The operations of this organization are not proportionately consolidated into these statements because the Township does not have control. 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.

# THE CORPORATION OF THE TOWNSHIP OF COLEMAN

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2020

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#### 1. Accounting policies – continued

##### Short-term investments

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

##### Inventories held for resale

Inventories held for resale are recorded at the lower of cost or replacement cost and consists of land and buildings vested to the Township.

##### 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:

Buildings	50 years
Vehicles	10 to 25 years
Machinery and equipment	10 to 25 years
Bridges and culverts	25 to 27 years
Roads	7 to 30 years
Plants and facilities	50 years
Street lights	50 years

A full year of amortization is charged in the year after 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 Township has no capitalization threshold for land and buildings, a capitalization threshold of \$10,000 for infrastructure systems and \$2,500 for all other assets. Individual assets of lesser value may be capitalized if they are pooled, or because, collectively, they have significant value.

##### Inventories of supplies

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

##### Deferred revenue – other

The Township receives certain amounts pursuant to funding agreements that may only be used in the conduct of certain programs or in the delivery of specific 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 give rise to an obligation that meets the definition of a liability.

##### 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.

# THE CORPORATION OF THE TOWNSHIP OF COLEMAN

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2020

1. **Accounting policies – continued**  
**Revenue recognition – continued**

*Taxation and related revenues*

Property tax billings are prepared by the Township 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 Township 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 Township 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 Township 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:

	<u>2020</u>	<u>2019</u>
	\$ 515,097	\$ 521,227

3. **Contributions to Joint Boards**

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

	<u>2020</u>	<u>2019</u>
Timiskaming Health Unit	\$ 28,842	\$ 7,688
District of Timiskaming Social Services Administration Board	\$ 200,425	\$ 195,664

4. **Short-term investments**

	<u>2020</u>	<u>2019</u>
(At cost)		
CIBC – Money market pool (market value \$19,322)	\$ 19,330	\$ 19,971
CIBC – Bond pools (market value \$161,660)	156,059	153,720
	<u>\$ 175,389</u>	<u>\$ 173,691</u>

5. **Revolving line of credit**

The Township has a \$150,000 business operating line negotiated with CIBC with a balance outstanding of \$nil (2019 - \$nil). Interest is at bank prime plus 1% (currently 3.45%).

# THE CORPORATION OF THE TOWNSHIP OF COLEMAN

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2020

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

The liability for closure and post-closure of the landfill site has been recognized using the present value of the estimated closure and post-closure costs, based upon the usage of the site's capacity. The total capacity of the site is 100,000 cubic meters. The approximate area that has been landfilled is 44,936 cubic meters, leaving an estimated remaining capacity of 55,064 cubic meters. The estimated life of the landfill site is 65 years and post-closure care is estimated to be required for 21 years from the date of site closure.

The discount factor used is 3.45% net of inflation of 2.2%. The liability as at December 31, 2020 is \$73,053 (2019 \$71,572). Estimated expenditures for closure and post-closure care are \$219,400 and \$165,900 respectively, for a total of \$385,300. The liability remaining to be recognized is \$312,247.

#### 7. Municipal debt

The balance of the municipal debt reported on the "Consolidated Statement of Financial Position" is made up of all long-term liabilities, incurred by the Township and outstanding at the end of the year.

	<u>2020</u>	<u>2019</u>
GMAC loan repayable in monthly blended (principal and interest) payments of \$886 with interest at 4.99% per annum and matures in July 2022. The debt is for the purchase of a new truck.	\$ 15,335	\$ 24,941
In 2012, the Township entered into a contract with Miller Paving to improve the township roads. Miller Paving will improve the roads at a total contract price of \$2,674,302 over 14 years. The Township will pay Miller Paving a total of \$191,337 per year (quarterly payments of \$47,834) over 14 years starting in 2012. There is no interest on the payments. Based on \$2,212,669 of road work completed as of December 31, 2020 and payments made of \$1,705,489 to date, we are reflecting the balance of \$507,180 as a long-term loan with Miller Paving due from 2021 to 2023.	507,180	531,857
Ontario Northland loan repayable in annual principal payments of \$7,143 with interest at 0% per annum and matures January 2023. The debt relates to the railway crossing upgrade.	<u>21,428</u>	<u>28,571</u>
	<u>\$ 543,943</u>	<u>\$ 585,369</u>

Principal payments are due as follows:

2021	\$ 208,576
2022	203,720
2023	<u>131,647</u>
	<u>\$ 543,943</u>

Total interest paid is \$1,027 (2019 \$2,816).

# THE CORPORATION OF THE TOWNSHIP OF COLEMAN

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2020

#### 8. Deferred revenue – other

Deferred revenue – other consists of the following:

	December 31 2019		Funds Received		Revenue Earned		December 31 2020
Provincial grants	\$ 38,555	\$	60,989	\$	50,000	\$	49,544

#### 9. Accumulated surplus

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

Reserves, deficits and surpluses		2020		2019
Working capital reserve	\$	995,892	\$	984,892
Playground equipment reserve		15,400		13,600
Bass Lake water and sewer reserve		7,000		6,000
Water reserve – note 13		41,416		36,692
Modernization reserve		3,895		-
Safe Restart funding reserve		38,300		-
Water operational deficit – note 13		(456,475)		(436,136)
Septic operational surplus – note 12		3,377		7,436
		648,805		612,484
Amounts to be recovered				
Unfinanced municipal debt		(543,943)		(585,369)
Net financial assets		104,862		27,115
Non-financial assets				
Invested in tangible capital assets		7,107,800		7,009,144
Invested in inventories of supplies		24,991		24,193
		7,132,791		7,033,337
	\$	7,237,653	\$	7,060,452

#### 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 (Debt) for the year.

# THE CORPORATION OF THE TOWNSHIP OF COLEMAN

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2020

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#### 10. **Contingent liabilities and commitments**

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

The Township 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 Township 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 Township are recognized as an expenditure. No pension liability for this type of plan is recognized in the Township's consolidated financial statements. Contributions made by the Township to OMERS for 2020 were \$19,980 (2019 \$21,044). The plan had an actuarial deficit of \$3.2 billion at the end of 2020.

##### **Post-employment benefits**

Township 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 Township recognizes the expense for sick time when the event obliges the Township to pay. No other post-employment benefits are payable by the Township.

##### **Funding agreements**

Under the terms of various funding agreements, the Township 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.

##### **Legal contingencies**

A statement of claim has been issued against the Township claiming damages. Damages, if any, cannot be estimated at this time and in any event, the Township is of the opinion that this claim would be unfounded or covered by insurance after application of a deductible. Should any loss result, it would be charged to operations when the amount is ascertained.

# THE CORPORATION OF THE TOWNSHIP OF COLEMAN

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2020

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#### 11. Budget

The Budget adopted by Council was not prepared on a basis consistent with that used to report actual result according to Public Sector Accounting Standards used on the Consolidated Statement of Operations on page 5. The budget was prepared on a modified accrual basis while Public Sector Accounting Standards now require a full accrual basis. The actual budget is reflected in note 16. 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 debt represent the financial plan adopted by Council with adjustments as follows:

	<u>2020</u>
Actual budget deficit for the year – note 16	\$ (238,200)
Add: Budgeted debt principal repayments	208,210
Investment in tangible capital assets	449,172
Less: Estimated amortization	<u>(330,000)</u>
Budget surplus per statement of operations – page 5	<u>\$ 89,182</u>

#### 12. Operation of the Communal Septic System

The Township pays the expenses and in turn charges septic fees to 14 users of a communal septic system. This schedule is operational. It is not prepared according to PSAB standards. Amortization is not reflected and the full capital cost is reflected.

	<u>2020</u>	<u>2019</u>
Revenue – septic fees	\$ 2,016	\$ 2,016
Expenses – utilities	357	368
– other	5,718	1,038
	<u>6,075</u>	<u>1,406</u>
Annual surplus (deficit)	(4,059)	610
Surplus, beginning of year	7,436	<u>6,826</u>
Surplus, end of year	<u>\$ 3,377</u>	<u>\$ 7,436</u>



# THE CORPORATION OF THE TOWNSHIP OF COLEMAN

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2020

#### 13. Operation of the Water System

The Township pays the Town of Cobalt (who supplies water for 47 (2019, 48) users in the Township) and other expenses related to the provision of water. The Township in turn collects water user charges from the 47 users. This schedule is operational. It is not prepared according to PSAB standards. Amortization is not reflected and the full capital cost is reflected.

<u>Revenue</u>	2020	2019
Water fees (metered consumption)	\$ 4,815	\$ 4,284
Delivery	12,933	12,933
Reserve fees	4,723	4,568
Administration fees	1,181	1,156
Improvement charges	9,675	9,685
Penalty and interest on water charges	251	372
Contribution by Township of Coleman	-	3,257
	<u>33,578</u>	<u>36,255</u>
<u>Expenses</u>		
Contract - Town of Cobalt	20,736	20,736
Other operating expenses	9,826	29,074
Administration charges	1,181	1,156
Long-term debt – principal	-	23,733
– interest	-	282
Capital expenditures	6,360	-
Contribution to Township of Coleman	11,090	-
	<u>49,193</u>	<u>74,981</u>
Annual deficit	(15,615)	(38,726)
Deficit, beginning of year	<u>(399,444)</u>	<u>(360,718)</u>
Deficit, end of year	<u>\$ (415,059)</u>	<u>\$ (399,444)</u>
Fund balance is made up of:		
Operating deficit	\$ (456,475)	(436,136)
Reserve	<u>41,416</u>	<u>36,692</u>
	<u>\$ (415,059)</u>	<u>\$ (399,444)</u>

The Township has allowed ratepayers to pay the improvement charges related to the water system upgrades over 30 years, whereas, the water system paid the long-term debt to the bank over 10 years. This has caused a deficit of \$209,872 which will be recovered as improvement charges are collected. The other \$205,187 of the deficit is operational.

# THE CORPORATION OF THE TOWNSHIP OF COLEMAN

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2020

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14. **Segmented information**

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

Municipal services are provided by departments and their activities are reported in these service areas. Departments disclosed in the segmented information, along with the services they provide, are as follows:

**General Government Services**

General government services consists of departments that are responsible for adopting bylaws, adopting administrative policy, levying taxes, acquiring, disposing and managing municipal assets, ensuring effective financial management, monitoring performance and ensuring that high quality municipal service standards are met.

**Protection Services**

Protection services consists of departments that are responsible for the enforcement of laws, prevention of crime, and maintenance of peace, order, and security by protecting life, property and the environment through the provision of emergency response, thus ensuring safe homes and safe communities.

**Transportation Services**

Transportation services consists of departments that are responsible for the delivery of municipal public works services related to planning, design, construction, cleaning, repair, snow removal and signage of roadway systems.

**Environmental Services**

Environmental services include water, sewer, garbage and recycling services. Water and sewer services include the operation and distribution of water mains and a communal septic system. The garbage and recycling services are responsible for the delivery of municipal services including garbage collection and recycling.

**Health Services**

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

**Social and Family Services**

The Township funds a range of family and social services through the District Social Services Administration Board which includes social housing, childcare and general assistance.

**Recreation and Cultural Services**

Recreation and cultural services consists of departments that are responsible for providing, facilitating the development of, and maintaining high quality parks, recreational facilities, and cultural services.

**Planning and Development Services**

Planning and development services consists of departments that are responsible for preparing land use plans, bylaws and policies for sustainable development of the Township and for reviewing and approving new development.

# THE CORPORATION OF THE TOWNSHIP OF COLEMAN

## NOTES TO THE CONSOLIDATED 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 Services	Total 2020	Total 2019
<b>Revenues</b>										
Operating revenues										
Municipal taxation	\$ 1,397,387	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,397,387	\$ 1,342,595
Water, septic and local improvement charges	-	-	-	35,343	-	-	-	-	35,343	34,643
User charges	2,490	6,140	2,430	8,292	-	-	37,804	-	57,156	79,598
Provincial grants	164,600	48,300	-	14,243	-	-	1,498	-	228,641	420,544
Federal grants	-	-	6,610	-	-	-	3,661	-	10,271	6,581
Investment income	997	-	-	-	-	-	-	-	997	1,618
Penalties and interest on taxes	11,038	-	-	251	-	-	-	-	11,289	16,871
Provincial Offences Act revenues	-	3,823	-	-	-	-	-	-	3,823	8,226
Gain on sale of tangible capital assets	-	-	26,965	-	-	-	-	-	26,965	-
Land sales	5,966	-	-	-	-	-	-	-	5,966	-
Other	2,874	-	-	-	-	-	2,240	-	5,114	4,094
	1,585,352	58,263	36,005	58,129	-	-	45,203	-	1,782,952	1,914,770
Capital revenues										
Provincial grants	-	-	50,000	-	-	-	-	-	50,000	60,213
Federal grants	-	-	36,100	-	-	-	-	-	36,100	74,838
<b>Total revenues</b>	<b>1,585,352</b>	<b>58,263</b>	<b>122,105</b>	<b>58,129</b>	<b>-</b>	<b>-</b>	<b>45,203</b>	<b>-</b>	<b>1,869,052</b>	<b>2,049,821</b>
<b>Expenditures</b>										
Wages and benefits	219,879	19,894	163,409	31,357	-	-	4,694	-	439,233	484,023
Long-term debt interest	-	-	1,027	-	-	-	-	-	1,027	1,775
Materials	65,424	36,358	125,880	3,115	-	-	17,468	-	248,245	235,650
Contracted services	132,623	161,369	6,964	77,376	-	-	14,417	7,087	399,836	461,632
Rents and financial expenses	2,465	427	522	-	-	-	250	-	3,664	14,223
External transfers	11,150	-	5,551	-	143,005	98,327	1,998	-	260,031	228,166
Amortization	6,551	31,094	202,858	85,589	-	-	13,723	-	339,815	330,049
<b>Total expenditures</b>	<b>438,092</b>	<b>249,142</b>	<b>506,211</b>	<b>197,437</b>	<b>143,005</b>	<b>98,327</b>	<b>52,550</b>	<b>7,087</b>	<b>1,691,851</b>	<b>1,755,518</b>
<b>Annual surplus (deficit)</b>	<b>\$ 1,147,260</b>	<b>\$ (190,879)</b>	<b>\$ (384,106)</b>	<b>\$ (139,308)</b>	<b>\$ (143,005)</b>	<b>\$ (98,327)</b>	<b>\$ (7,347)</b>	<b>\$ (7,087)</b>	<b>\$ 177,201</b>	<b>\$ 294,303</b>

# THE CORPORATION OF THE TOWNSHIP OF COLEMAN

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2020

15. Schedule of tangible capital assets

2020

	Original Cost Dec 31, 2019	Additions	Disposals	Ending Cost Dec 31, 2020	Opening Accumulated Amortization Dec 31, 2019	Accumulated Amortization on Disposals	Current Amortization	Accumulated Amortization Dec 31, 2020	Ending Net Assets Dec 31, 2020
<b>General</b>									
Land	\$ 225,487	\$ -	\$ -	\$ 225,487	\$ -	\$ -	\$ -	\$ -	\$ 225,487
Buildings	837,273	8,210	-	845,483	175,881	-	16,745	192,626	652,857
Vehicles	676,861	285,344	55,122	907,083	249,390	22,048	28,918	256,260	650,823
Machinery and equipment	854,647	11,331	-	865,978	627,741	-	32,352	660,093	205,885
<b>Infrastructure</b>									
Plants and facilities	4,376,308	-	-	4,376,308	767,411	-	85,589	853,000	3,523,308
Roads	2,799,658	166,660	-	2,966,318	1,274,274	-	166,922	1,441,196	1,525,122
Bridges and culverts	353,536	-	-	353,536	119,426	-	4,053	123,479	230,057
Street lights	261,821	-	-	261,821	162,324	-	5,236	167,560	94,261
<b>Total</b>	<b>\$10,385,591</b>	<b>\$ 471,545</b>	<b>\$ 55,122</b>	<b>\$10,802,014</b>	<b>\$ 3,376,447</b>	<b>\$ 22,048</b>	<b>\$ 339,815</b>	<b>\$ 3,694,214</b>	<b>\$ 7,107,800</b>

# THE CORPORATION OF THE TOWNSHIP OF COLEMAN

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2020

15. Schedule of tangible capital assets – continued

2019

	Original Cost Dec 31, 2018	Additions	Ending Cost Dec 31, 2019	Opening Accumulated Amortization Dec 31, 2018	Current Amortization	Ending Accumulated Amortization Dec 31, 2019	Net Assets Dec 31, 2019
<b>General</b>							
Land	\$ 225,487	\$ -	\$ 225,487	\$ -	\$ -	\$ -	\$ 225,487
Buildings	812,485	24,788	837,273	159,632	16,249	175,881	661,392
Vehicles	668,887	7,974	676,861	215,257	34,133	249,390	427,471
Machinery and equipment	826,892	27,755	854,647	598,223	29,518	627,741	226,906
<b>Infrastructure</b>							
Plants and facilities	4,376,308	-	4,376,308	681,822	85,589	767,411	3,608,897
Roads	2,624,908	174,750	2,799,658	1,119,003	155,271	1,274,274	1,525,384
Bridges and culverts	353,536	-	353,536	115,373	4,053	119,426	234,110
Street lights	261,821	-	261,821	157,088	5,236	162,324	99,497
<b>Total</b>	<b>\$ 10,150,324</b>	<b>\$ 235,267</b>	<b>\$ 10,385,591</b>	<b>\$ 3,046,398</b>	<b>\$ 330,049</b>	<b>\$ 3,376,447</b>	<b>\$ 7,009,144</b>

# THE CORPORATION OF THE TOWNSHIP OF COLEMAN

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2020

#### 16. Budgeting

The Township budgets to determine an appropriate tax rate based on all budgeted revenues and expenditures including debt principal payments.

The consolidated statement of operations on page 5 has been modified here to exclude amortization and to include tangible capital asset expenditures and the principal repayments on long-term debt.

This modified statement of operations (budget based) is consistent with the budget format used and is presented here with the 2020 budget.

<b>REVENUES</b>	2020	2020	2019
	Budget	Actual	Actual
Operating revenues			
Municipal taxation	\$ 1,398,345	\$ 1,397,387	\$ 1,342,595
Water, septic and local improvement charges	38,594	35,343	34,643
User charges	33,320	57,156	79,598
Provincial grants	179,766	228,641	420,544
Federal grants	5,800	10,271	6,581
Investment income	-	997	1,618
Penalties and interest on taxes	15,100	11,289	16,871
Provincial Offences Act revenues	12,500	3,823	8,226
Land sales	5,500	5,966	-
Other	6,113	5,114	4,094
	<u>1,695,038</u>	<u>1,755,987</u>	<u>1,914,770</u>
Capital revenues			
Provincial grants	136,367	50,000	60,213
Federal grants	126,100	36,100	74,838
Proceeds from disposal of tangible capital assets	-	60,039	-
Proceeds from long-term debt	-	166,660	174,750
	<u>262,467</u>	<u>312,799</u>	<u>309,801</u>
Total revenues	<u>1,957,505</u>	<u>2,068,786</u>	<u>2,224,571</u>
 <b>EXPENDITURES</b>			
Operating expenditures			
General government	453,733	431,541	444,088
Protection to persons and property	214,119	218,048	222,536
Transportation services	372,830	304,151	346,304
Environmental services	170,505	111,848	127,564
Health services	138,439	143,005	114,967
Social and family services	102,713	98,327	100,276
Recreation and cultural services	70,384	38,827	62,440
Planning and development	15,600	7,087	13,890
	<u>1,538,323</u>	<u>1,352,834</u>	<u>1,432,065</u>
Capital expenditures	449,172	471,545	235,267
Long-term debt repayments	208,210	208,085	231,351
Total expenditures	<u>2,195,705</u>	<u>2,032,464</u>	<u>1,898,683</u>
<b>Surplus (deficit) – full budget base (budgeted to be transferred to (from) reserves)</b>	<u>\$ (238,200)</u>	<u>\$ 36,322</u>	<u>\$ 325,888</u>