

**The Corporation of the
Municipality of St.-Charles**

Financial Report

December 31, 2016

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Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of The Corporation of the Municipality of St.-Charles (the "Municipality") are the responsibility of the Municipality's management and have been prepared in accordance with Canadian Public Sector Accounting Standards.

The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Municipality's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in accordance with generally accepted accounting principles established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management. Council meets with management and the external auditor to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

The consolidated financial statements have been audited by Collins Barrow SNT LLP, independent external auditor appointed by the Municipality. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Municipality's consolidated financial statements.

Interim Chief Administrative Officer
April 19, 2017

Deputy Treasurer
April 19, 2017

Independent Auditor's Report

To the Members of Council, Inhabitants and Ratepayers of The Corporation of the Municipality of St.-Charles

We have audited the accompanying consolidated financial statements of The Corporation of the Municipality of St.-Charles, which comprise the consolidated statement of financial position as at December 31, 2016, and the consolidated statements of operations, accumulated surplus, cash flows and change in net debt for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's Responsibility

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

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

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

Independent Auditor's Report (Continued)

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of The Corporation of the Municipality of St.-Charles as at December 31, 2016, and its financial performance and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Sudbury, Ontario
April 19, 2017

Collins Barrow SNT LLP

CHARTERED PROFESSIONAL ACCOUNTANTS,
LICENSED PUBLIC ACCOUNTANTS

The Corporation of the Municipality of St.-Charles
Consolidated Statement of Financial Position
December 31, 2016

	<u>2016</u>	<u>2015</u>
Financial Assets		
Cash	\$ 343,522	\$ 560,406
Taxes receivable	376,701	349,856
Accounts receivable - Province of Ontario	5,401	123,471
- Federal	31,175	201,001
- Other	119,740	50,637
Land held for sale	<u>95,140</u>	<u>95,140</u>
	<u>971,679</u>	<u>1,380,511</u>
Liabilities		
Bank indebtedness	29,029	235,689
Line of credit (note 4)	3,523	355,541
Accounts payable and accrued liabilities	330,467	378,436
Deferred revenues (note 5)	33,497	40,793
Deferred revenue - obligatory reserve funds	25,534	17,719
Municipal debt (note 6)	725,909	849,576
Landfill closure and post-closure (note 7)	<u>220,685</u>	<u>227,666</u>
	<u>1,368,644</u>	<u>2,105,420</u>
Net Debt	<u>(396,965)</u>	<u>(724,909)</u>
Non-Financial Assets		
Tangible capital assets (note 8)	3,052,038	3,316,994
Prepaid expenses	<u>1,348</u>	<u>7,070</u>
	<u>3,053,386</u>	<u>3,324,064</u>
Accumulated Surplus (note 9)	<u>\$ 2,656,421</u>	<u>\$ 2,599,155</u>

Commitments (note 10)
Contingencies (note 11)

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



The Corporation of the Municipality of St.-Charles
Consolidated Statement of Operations
For The Year Ended December 31, 2016

	2016 Budget <small>(Unaudited)</small>	2016 Actual	2015 Actual
Revenues			
Net taxation	\$ 2,067,361	\$ 2,099,267	\$ 1,786,405
Government grants and transfers	889,185	863,391	1,088,441
User charges	67,403	68,071	53,676
Other	<u>248,237</u>	<u>258,809</u>	<u>232,246</u>
	<u>3,272,186</u>	<u>3,289,538</u>	<u>3,160,768</u>
Expenses			
General government	766,871	719,530	809,320
Protection to persons and property	525,241	514,915	496,144
Transportation services	641,192	670,418	664,461
Environmental services	280,661	279,261	267,239
Health services	330,850	333,349	317,515
Social and family services	149,334	128,795	136,701
Recreation and cultural services	499,479	492,613	466,809
Planning and development	<u>98,453</u>	<u>93,391</u>	<u>108,553</u>
	<u>3,292,081</u>	<u>3,232,272</u>	<u>3,266,742</u>
Excess of Revenues Over Expenses (Expenses Over Revenues)	<u>\$ (19,895)</u>	<u>\$ 57,266</u>	<u>\$ (105,974)</u>

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

The Corporation of the Municipality of St.-Charles
Consolidated Statement of Accumulated Surplus
For The Year Ended December 31, 2016

	<u>2016</u>	<u>2015</u>
Accumulated Surplus, Beginning of Year	\$ 2,599,155	\$ 2,705,129
Excess of revenues over expenses (expenses over revenues)	<u>57,266</u>	<u>(105,974)</u>
Accumulated Surplus, End of Year	<u><u>\$ 2,656,421</u></u>	<u><u>\$ 2,599,155</u></u>

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

The Corporation of the Municipality of St.-Charles
Consolidated Statement of Cash Flows
For The Year Ended December 31, 2016

	<u>2016</u>	<u>2015</u>
Net Inflow (Outflow) of Cash and Cash Equivalents Related to the Following Activities:		
Operating		
Excess of Revenues Over Expenses (Expenses Over Revenues)	<u>\$ 57,266</u>	<u>\$ (105,974)</u>
Non-cash charges to operations:		
Amortization of tangible capital assets	221,808	225,219
Loss (gain) on disposal of tangible capital assets	<u>32,079</u>	<u>(2,766)</u>
	<u>253,887</u>	<u>222,453</u>
Change in non-cash working capital balances related to operations	<u>143,239</u>	<u>(703,537)</u>
Cash provided by (applied to) operating transactions	<u>454,392</u>	<u>(587,058)</u>
Capital		
Acquisitions of tangible capital assets	(36,331)	(280,995)
Proceeds on disposal of tangible capital assets	<u>47,400</u>	<u>4,226</u>
Cash provided by (applied to) capital transactions	<u>11,069</u>	<u>(276,769)</u>
Financing		
Municipal debt repaid	<u>(123,667)</u>	<u>(119,493)</u>
Increase (Decrease) in Cash	341,794	(983,320)
Cash and Cash Equivalents (Deficiency), Beginning of Year	<u>(30,824)</u>	<u>952,496</u>
Cash and Cash Equivalents (Deficiency), End of Year	<u>\$ 310,970</u>	<u>\$ (30,824)</u>
Cash and Cash Equivalents (Deficiency) Consists of:		
Cash	\$ 343,522	\$ 560,406
Bank indebtedness	(29,029)	(235,689)
Line of credit	<u>(3,523)</u>	<u>(355,541)</u>
	<u>\$ 310,970</u>	<u>\$ (30,824)</u>

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

The Corporation of the Municipality of St.-Charles
Consolidated Statement of Change in Net Debt
For The Year Ended December 31, 2016

	<u>2016</u> <u>Budget</u> (Unaudited)	<u>2016</u> <u>Actual</u>	<u>2015</u> <u>Actual</u>
Excess of Revenues Over Expenses (Expenses Over Revenues)	\$ (19,895)	\$ 57,266	\$ (105,974)
Amortization of tangible capital assets	213,709	221,808	225,219
Proceeds on disposal of tangible capital assets	-	47,400	4,226
Change in prepaid expenses	-	5,722	(7,070)
Loss (gain) on disposal of tangible capital assets	-	32,079	(2,766)
Acquisition of tangible capital assets	<u>(31,085)</u>	<u>(36,331)</u>	<u>(280,995)</u>
Increase (Decrease) In Net Debt	162,729	327,944	(167,360)
Net Debt, Beginning of Year	<u>(724,909)</u>	<u>(724,909)</u>	<u>(557,549)</u>
Net Debt, End of Year	<u><u>\$ (562,180)</u></u>	<u><u>\$ (396,965)</u></u>	<u><u>\$ (724,909)</u></u>

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

The Corporation of the Municipality of St.-Charles
Notes to the Consolidated Financial Statements
December 31, 2016

1. Significant Accounting Policies

The consolidated financial statements of the Municipality are the representations of management prepared in accordance with accounting policies recommended by the Public Sector Accounting Board and the Chartered Professional Accountants of Canada. Since precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. These estimates have been made using careful judgments.

(a) Basis of Consolidation

- (i) These consolidated statements reflect the financial assets, liabilities, non-financial assets, accumulated surplus, revenues and expenses of all committees of Council and of The Corporation of the Municipality of St.-Charles Public Library Board.

All interfund assets and liabilities and revenues and expenses have been eliminated.

- (ii) Non-Consolidated Entities

The following joint local boards are not consolidated:

Manitoulin - Sudbury District Services Board
 Sudbury and District Health Unit
 Sudbury East Planning Board

- (iii) Accounting for School Board Transactions

The Municipality is required to collect and remit education support levies in respect of residential and other properties on behalf of the area school boards. The Municipality has no jurisdiction or control over the school board operations. Therefore, the taxation, other revenues, expenses, assets and liabilities with respect to the operations of the school boards are not reflected in the accumulated surplus of these consolidated financial statements.

- (iv) Cemetery Care and Maintenance Fund

The Cemetery Care and Maintenance Fund and its related operations administered by the Municipality are not consolidated, but are reported separately on the Cemetery Care and Maintenance Fund Statement of Continuity and Statement of Financial Position.

The Corporation of the Municipality of St.-Charles
Notes to the Consolidated Financial Statements
December 31, 2016

1. Significant Accounting Policies (Continued)

(b) Basis of Accounting

(i) Accrual Basis

The accrual basis of accounting recognizes revenues as they become available and measurable; expenses 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.

(ii) Cash and Cash Equivalents

The Municipality's policy is to disclose bank balances under cash and cash equivalents, including bank overdrafts with balances that fluctuate frequently from being positive to overdrawn and term deposits with maturities of three months from the date of acquisition or less or those that can be readily convertible to cash.

(iii) Land Held for Resale

Land held for resale consisting of surplus land is recorded at the lower of cost and net realizable value.

(iv) Reserves and Reserve Funds

Certain amounts, as approved by municipal council, are set aside in reserves and reserve funds for future operating and capital purposes. Transfers to and/or from reserves and reserve funds are an adjustment to the respective fund when approved.

(v) Landfill Closure and Post-Closure

The estimated costs to close and maintain solid waste landfill sites are based on estimated future expenses in current dollars, adjusted for estimated inflation, and are charged to operations as the landfill site's capacity is used.

(vi) Deferred Revenues

Deferred revenue represent government transfers, contributions and other amounts that are received from third parties pursuant to legislation, regulation or agreement and may only be used in the conduct of certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred, services performed, or the tangible capital assets are acquired.

The Corporation of the Municipality of St.-Charles
Notes to the Consolidated Financial Statements
December 31, 2016

1. Significant Accounting Policies (Continued)

(b) Basis of Accounting (Continued)

(vii) Deferred Revenues - Obligatory Reserve Funds

The Municipality receives certain sub-divider contributions and other revenues under the authority of 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) Segmented Information

The Municipality reports its segmented information on functional areas and programs in its consolidated financial statements similar to reporting reflected as part of the Ontario Financial Information Return. These functional areas represent segments for the Municipality:

General Government

General government is comprised of Council, administration, and Ontario Property Assessment.

Protection to persons and property

Protection is comprised of police, fire and other protective services.

Transportation Services

Transportation services are responsible for road maintenance, culverts, bridges, winter control, street signs and streetlights.

Environmental Services

Environmental services include wastewater treatment and waste and recycling services.

Health Services

Health services include public health services and cemetery services.

Social and Family Services

Social and family services include social assistance, long-term care, paramedic services, social housing and child care services.

Recreation and Cultural Services

Recreation and cultural services include parks and recreation, recreation facilities, culture and library.

Planning and Development

Planning and development manages development for residential and business interests as well as services related to the Municipality's economic development programs.

The Corporation of the Municipality of St.-Charles

Notes to the Consolidated Financial Statements

December 31, 2016

1. Significant Accounting Policies (Continued)

(b) Basis of Accounting (Continued)

(ix) 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 Consolidated Change in Net Debt for the year.

(i) *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	30 years
Roads	5, 20, 30 and 40 years
Equipment	10 and 20 years
Vehicles	20 and 10 years
Sewer and wastewater systems	40 years

Assets under construction are not amortized until the asset is available for productive use.

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and also are recorded as revenue.

(x) Taxation and Other Revenues

Property tax billings are prepared by the Municipality based on assessment rolls issued by the Municipal Property Assessment Corporation ("MPAC") and in accordance with the provisions of the Municipal Act, 2001. Tax rates are established annually by Council, incorporating amounts to be raised for local services and amounts the Municipality is required to collect on behalf of the Province of Ontario in respect of education taxes.

A normal part of the assessment process is the issue of supplementary assessment rolls which provide updated information with respect to changes in property assessment. Once a supplementary assessment roll is received, the Municipality determines the taxes applicable and renders supplementary tax billings. Taxation revenues are recorded at the time tax billings are issued.

The Corporation of the Municipality of St.-Charles
Notes to the Consolidated Financial Statements
December 31, 2016

1. Significant Accounting Policies (Continued)

(b) Basis of Accounting (Continued)

(x) Taxation and Other Revenues (Continued)

Assessment and the related property taxes are subject to appeal. Tax adjustments as a result of appeals are recorded when the result of the appeal process is known or based on management's best estimates.

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

User charges and other revenue are recognized as revenue when earned.

(xi) Government Transfers

Government transfers are recognized in the consolidated financial statements in the period in which events giving rise to the transfer occurs, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made, except when and to the extent that stipulations associated with the transfer give rise to a liability. If a liability is created, the satisfaction of the transfer stipulations by the recipient government determines the timing of the recognition of the transfer as revenue.

(xii) Use of Estimates

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. These estimates are based on management's best knowledge of current events and actions that the Municipality may undertake in the future.

The Corporation of the Municipality of St.-Charles

Notes to the Consolidated Financial Statements

December 31, 2016

2. Future Accounting Pronouncements

Section PS 3450 - Financial Instruments, establishes recognition, measurement, and disclosure requirements for derivative and non-derivative financial instruments for public sector entities. The standard requires fair value measurement of derivatives and portfolio investments that are equity instruments quoted in an active market. All other non-derivative financial instruments will be measured at cost or amortized cost. A government can elect to record other financial assets or liabilities on a fair value basis, if they manage and evaluate the asset and liability groups on that basis. Unrealized gains and losses are represented in the new statement of re-measurement gains and losses. New requirements clarify when financial liabilities can be de-recognized. Disclosure of the nature and extent of risks arising from holding financial instruments is also required. This section is effective for fiscal years beginning on or after April 1, 2019. Early adoption is permitted.

Section PS 2601 - Foreign Currency Translation, was issued in June 2011 and replaces the existing Section PS 2600. This standard has been revised to ensure consistency with the financial instruments standard. The standard requires that non-monetary items denominated in foreign currency that are included in the fair value category are adjusted to reflect the exchange rate at the financial statement date. Unrealized exchange gains and losses are presented in the new statement of re-measurement gains and losses. This section is effective for fiscal years beginning on or after April 1, 2019. Early adoption is permitted.

Section PS 1201 - Financial Statement Presentation, was issued in June 2011. This standard requires entities to present a new statement of re-measurement gains and losses separate from the statement of operations. This new statement includes unrealized gains and losses arising from re-measurement of financial instruments and items denominated in foreign currencies and any other comprehensive income that arises when a government includes the results of government business enterprises and partnerships. This section is effective for fiscal years beginning on or after April 1, 2019 and applies when PS 2601 and PS 3450 are adopted.

3. Measurement Uncertainty

Certain items recognized in the financial statements are subject to measurement uncertainty. The recognized amounts of such items are based on the Municipality's best information and judgment.

- The amounts recorded for landfill closure and post-closure care depend on estimates of usage, remaining life and capacity. The provision for future closure and post-closure costs also depends on estimates of such costs.
- The amounts recorded for amortization and opening costs of tangible capital assets are based on estimates of useful life, residual values and valuation rates.

By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

The Corporation of the Municipality of St.-Charles
Notes to the Consolidated Financial Statements
December 31, 2016

4. Line of Credit

The Municipality has an operating line of credit available to a maximum of \$400,000 to address operating requirements. This line of credit bears interest at the bank's prime lending rate, is unsecured and is due on demand. The unused amount at December 31, 2016 is \$396,477 (2015 - \$44,459).

5. Deferred Revenues

	<u>2016</u>	<u>2015</u>
Ministry of Tourism, Culture and Sport	\$ 18,000	\$ 22,073
Age-Friendly Community Initiative	11,766	14,989
Other	<u>3,731</u>	<u>3,731</u>
	<u>\$ 33,497</u>	<u>\$ 40,793</u>

6. Municipal Debt

	<u>2016</u>	<u>2015</u>
Debenture (Victoria Resurfacing), payable in semi-annual instalments of \$21,094 including interest at a rate of 1.96%, final instalment due March 2017, unsecured	\$ 20,889	\$ 62,061
Loan payable (Wellness Centre) in monthly instalments of \$6,752 including interest at a rate of 4.40%, final instalment due May 2017, unsecured	435,750	496,153
Debenture (Victoria Culvert), payable in semi-annual instalments of \$8,936 including interest at a rate of 4.11%, final instalment due June 2026, unsecured	139,398	151,177
Debenture (Casimir Culvert), payable in semi-annual instalments of \$7,297 including interest at a rate of 3.11%, final instalment due March 2027, unsecured	<u>129,872</u>	<u>140,185</u>
	<u>\$ 725,909</u>	<u>\$ 849,576</u>

The Corporation of the Municipality of St.-Charles
Notes to the Consolidated Financial Statements
December 31, 2016

6. Municipal Debt (Continued)

Principal instalments required to be paid over the next five years are as follows:

2017	\$	479,543
2018		23,747
2019		24,621
2020		25,528
2021		26,470
Thereafter		<u>146,000</u>
	\$	<u><u>725,909</u></u>

7. Landfill Closure and Post-Closure

Under environmental law, there is a requirement for closure and post-closure care of solid waste landfill sites. This requirement is to be provided for over the estimated remaining life of the landfill site based on usage. The reported liability is based on estimates and assumptions with respect to events extending over an extended period using the best information available to management. Future events may result in significant changes to the estimated total expenses, capacity used or total capacity and the estimated liability, and would be recognized prospectively, as a change in estimate, when applicable.

The current landfill site includes two cells: the old cell, which has reached capacity, and the current landfill cell opened in 2015. Post-closure care activities for the old cell include regular inspection of the cover layer and annual groundwater and surface water monitoring and are expected to occur for approximately 25 years from date of closure. The estimated cost for remaining post-closure care expenses is calculated to be \$220,685 (2015 - \$227,666 including closure costs). The liability recorded at December 31, 2016 is \$220,685 (2015 - \$227,666) and represents the present value of future cash flows associated with the post-closure costs for the old cell discounted using the Municipality's estimated average borrowing rate of 3.0%.

The current landfill cell is expected to reach capacity in approximately 2263. Closure will involve covering the site with topsoil and vegetation, drainage control, and installing groundwater monitoring wells. Post-closure care activities will include regular inspection of the cover layer and annual groundwater and surface water monitoring and are expected to occur for approximately 25 years. The estimated cost for closure of the current landfill cell and post-closure care expenses is calculated to be \$1,624,824 (2015 - \$1,624,824). The liability recorded at December 31, 2016 is \$ - (2015 - \$ -) and represents the present value of future cash flows associated with the closure and the post-closure costs for the new cell discounted using the Municipality's estimated average borrowing rate of 3.0%.

The estimated remaining capacity of the current cell is 99.56% of its total estimated capacity or 297,530 cubic meters and its estimated remaining life is 247 years.

The Corporation of the Municipality of St.-Charles
Notes to the Consolidated Financial Statements
December 31, 2016

7. Landfill Closure and Post-Closure (Continued)

During the year, the municipality approved a transfer into the landfill site closure reserve in the amount of \$6,600 (2015 - \$245,299 transfer out) for site closure expenses. The landfill site closure reserve is now \$6,600 (2015 - \$ -).

The Corporation of the Municipality of St.-Charles
Notes to the Consolidated Financial Statements
December 31, 2016

8. Tangible Capital Assets

	<u>Cost</u>			<u>Accumulated amortization</u>				<u>Net Book Value of Tangible Capital Assets</u>		
	<u>Balance, beginning of year</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance, end of year</u>	<u>Balance, beginning of year</u>	<u>Amortization</u>	<u>Disposals</u>	<u>Balance, end of year</u>	<u>December 31, 2016</u>	<u>December 31, 2015</u>
Land	\$ 265,624	\$ -	\$ -	\$ 265,624	\$ -	\$ -	\$ -	\$ -	\$ 265,624	\$ 265,624
Buildings	2,910,232	-	-	2,910,232	1,864,573	53,370	-	1,917,943	992,289	1,045,659
Roads	1,369,955	23,392	-	1,393,347	839,484	18,166	-	857,650	535,697	530,471
Equipment	1,228,919	12,939	-	1,241,858	848,688	46,104	-	894,792	347,066	380,231
Vehicles	1,418,754	-	157,644	1,261,110	554,760	64,651	78,165	541,246	719,864	863,994
Sewer and wastewater systems	1,580,692	-	-	1,580,692	1,349,677	39,517	-	1,389,194	191,498	231,015
	<u>\$ 8,774,176</u>	<u>\$ 36,331</u>	<u>\$ 157,644</u>	<u>\$ 8,652,863</u>	<u>\$ 5,457,182</u>	<u>\$ 221,808</u>	<u>\$ 78,165</u>	<u>\$ 5,600,825</u>	<u>\$ 3,052,038</u>	<u>\$ 3,316,994</u>

The Corporation of the Municipality of St.-Charles
Notes to the Consolidated Financial Statements
December 31, 2016

9. Accumulated Surplus

	<u>2016</u>	<u>2015</u>
Surpluses		
Invested in tangible capital assets	\$ 3,052,038	\$ 3,316,994
General deficit	-	(318,462)
Unfunded		
Municipal debt	(725,909)	(849,576)
Landfill closure and post-closure	(220,685)	(227,666)
	<u>2,105,444</u>	<u>1,921,290</u>
Reserves set aside for specific purposes		
Working capital	<u>54,644</u>	<u>54,644</u>
Reserve Funds set aside for specific purposes		
Infrastructure renewal	267,503	337,214
Contingencies	105,259	196,108
Protection services	46,076	45,981
Environmental services	26,883	26,748
Parks and recreation	20,025	-
Landfill site closure	6,600	-
Library	23,987	17,170
	<u>496,333</u>	<u>623,221</u>
Total Reserve Funds	<u>496,333</u>	<u>623,221</u>
	<u>\$ 2,656,421</u>	<u>\$ 2,599,155</u>

10. Commitments

Premises

Under the terms of operating leases for premises expiring in September 2017, the Municipality is committed to make the following minimum payments:

2017	\$ <u>21,527</u>
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Wastewater services

Under the terms of an operating service agreement for the operation of the St.-Charles Wastewater Treatment Facility expiring December 2017, the Municipality is committed to make the following minimum payments:

2017	\$ <u>19,981</u>
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The Corporation of the Municipality of St.-Charles
Notes to the Consolidated Financial Statements
December 31, 2016

11. Contingencies

The Municipality is involved in certain legal matters and litigations, the outcomes of which are not presently determinable. The gain or loss, if any, from these legal matters and litigations will be accounted for in the periods in which they are resolved.

Council is of the opinion that it is unlikely that any liability, to the extent not provided by insurance or otherwise, would be material in relation to the Municipality's consolidated financial position.

12. Contributions to Unconsolidated Joint Boards

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

	<u>2016</u>	<u>2015</u>
Manitoulin - Sudbury District Services Board	\$ 369,382	\$ 366,412
Sudbury and District Health Unit	46,983	45,564
Sudbury East Planning Board	<u>18,734</u>	<u>18,563</u>
	<u>\$ 435,099</u>	<u>\$ 430,539</u>

13. Pension Agreements

The Municipality makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of 12 members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay.

The amount contributed to OMERS in 2016 is \$45,750 (2015 - \$52,592) and is included as an expense on the Consolidated Statement of Operations.

On January 1, 2016, the yearly maximum pension earnings increased to \$54,900 from \$53,600 in 2015. The contributions are calculated at a rate of 9.0% (2015 - 9.0%) for the amount up to the yearly maximum pension earnings stated above and at a rate of 14.6% (2015 - 14.6%) for the amount above the yearly maximum pension earnings.

14. Cemetery Care and Maintenance Fund

The Cemetery Care and Maintenance Fund administered by the Municipality amounting to \$48,911 (2015 - \$47,643) have not been included in the Consolidated Statement of Financial Position nor have their operations been included in the Consolidated Statement of Operations.

The Corporation of the Municipality of St.-Charles
Notes to the Consolidated Financial Statements
December 31, 2016

15. Budget Figures

Budget figures have been provided for comparison purposes and have been derived from the budget approved by Council. The budget figures are unaudited.

The chart below reconciles the approved budget with the budget figures as presented in these consolidated financial statements.

Revenues

Municipality's approved budget	\$ 3,216,674
Library's approved budget	<u>55,512</u>

Total Revenues

3,272,186

Expenses

Municipality's approved budget	3,237,869
Library's approved budget	<u>54,212</u>

Total Expenses

3,292,081

Excess of Expenses over Revenues

\$ (19,895)

The Corporation of the Municipality of St.-Charles
Notes to the Consolidated Financial Statements
December 31, 2016

16. Segmented Information

	2016									2015	
	General Government	Protection to persons and property	Transportation services	Environmental services	Health services	Social and family services	Recreation and cultural services	Planning and development	Other	Total	Total
Revenues											
Net taxation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,099,267	\$ 2,099,267	\$ 1,786,405
Government grants and transfers											
Federal	-	-	70,138	(35,998)	-	-	10,156	-	-	44,296	163,542
Provincial	-	-	-	(39,384)	-	-	31,236	70,929	721,000	783,781	886,463
Other	-	35,314	-	-	-	-	-	-	-	35,314	38,436
	-	35,314	70,138	(75,382)	-	-	41,392	70,929	721,000	863,391	1,088,441
User charges	2,818	-	36,326	4,308	6,293	-	18,326	-	-	68,071	53,676
Other	171,889	10,788	-	-	-	-	45,242	-	30,890	258,809	232,246
	174,707	46,102	106,464	(71,074)	6,293	-	104,960	70,929	2,851,157	3,289,538	3,160,768
Expenses											
Salaries, wages and benefits	359,420	107,449	299,839	26,138	2,490	-	216,719	44,493	-	1,056,548	1,050,650
Interest on municipal debt	20,401	-	10,973	-	-	-	-	-	-	31,374	36,278
Materials, contracted services, rents and financial expenses and external transfers	323,140	387,996	319,473	172,556	290,019	128,795	251,665	48,898	-	1,922,542	1,954,595
Amortization	16,569	19,470	40,133	80,567	40,840	-	24,229	-	-	221,808	225,219
	719,530	514,915	670,418	279,261	333,349	128,795	492,613	93,391	-	3,232,272	3,266,742
Excess of Revenues Over Expenses (Expenses Over Revenues)	<u>\$ (544,823)</u>	<u>\$ (468,813)</u>	<u>\$ (563,954)</u>	<u>\$ (350,335)</u>	<u>\$ (327,056)</u>	<u>\$ (128,795)</u>	<u>\$ (387,653)</u>	<u>\$ (22,462)</u>	<u>\$ 2,851,157</u>	<u>\$ 57,266</u>	<u>\$ (105,974)</u>

Independent Auditor's Report

To the Members of Council, Inhabitants and Ratepayers of The Corporation of the Municipality of St.-Charles

We have audited the statement of financial position of the Cemetery Care and Maintenance Fund of The Corporation of the Municipality of St.-Charles as at December 31, 2016 and the statement of continuity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's Responsibility

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

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

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

Independent Auditor's Report (Continued)

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Cemetery Care and Maintenance Fund of The Corporation of the Municipality of St.-Charles as at December 31, 2016, and its financial performance for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Sudbury, Ontario
April 19, 2017

Collins Barrow SNT LLP

CHARTERED PROFESSIONAL ACCOUNTANTS,
LICENSED PUBLIC ACCOUNTANTS

The Corporation of the Municipality of St.-Charles
Cemetery Care and Maintenance Fund - Statement of Continuity
For The Year Ended December 31, 2016

	<u>2016</u>	<u>2015</u>
Balance, beginning of year	\$ 47,643	\$ 46,618
Sale of plots and marker installations	1,050	810
Interest	<u>218</u>	<u>215</u>
	48,911	47,643
Expense	<u>-</u>	<u>-</u>
Balance, end of year	<u>\$ 48,911</u>	<u>\$ 47,643</u>

Cemetery Care and Maintenance Fund - Statement of Financial Position
December 31, 2016

	<u>2016</u>	<u>2015</u>
Financial Assets		
Cash	\$ 47,861	\$ 44,003
Due from Municipality of St.-Charles	<u>1,050</u>	<u>3,640</u>
	48,911	47,643
Liabilities	<u>-</u>	<u>-</u>
Net Financial Assets	48,911	47,643
Non-Financial Assets	<u>-</u>	<u>-</u>
Accumulated Surplus	<u>\$ 48,911</u>	<u>\$ 47,643</u>

The accompanying note is an integral part of these financial statements.

The Corporation of the Municipality of St.-Charles
Cemetery Care and Maintenance Fund - Note to the Financial Statements
December 31, 2016

1. Accounting Policies

Basis of Accounting

Capital receipts and income are reported on the cash basis of accounting.

Expenses are reported on the cash basis of accounting with the exception of administrative and capital expenses which are reported on the accrual basis of accounting, which recognizes expenses as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.