

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

Financial Report

December 31, 2017

Management's Responsibility for the Consolidated Financial Statements	
Independent Auditor's Report	
Consolidated Statement of Financial Position	1
Consolidated Statement of Operations	2
Consolidated Statement of Accumulated Surplus	3
Consolidated Statement of Cash Flows	4
Consolidated Statement of Change in Net Debt	5
Notes to the Consolidated Financial Statements	6-19
Cemetery Care and Maintenance Fund	
Independent Auditor's Report	
Statement of Continuity	22
Statement of Financial Position	22
Note to the Financial Statements	23

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.

Chief Administrative Officer & Acting Treasurer
July 11, 2018

Deputy Treasurer
July 11, 2018

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, 2017, 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)

Basis for Qualified Opinion

The Corporation of the Municipality of St.- Charles' taxes receivable is carried at \$226,550 on the consolidated statement of financial position as at December 31, 2017. We were unable to obtain sufficient appropriate audit evidence about the amount of these taxes receivable as at December 31, 2017 because of significant discrepancies in comparison to the taxes arrears listing. Consequently, we were unable to determine whether any adjustments might be necessary to taxes receivable, excess of revenues over expenditures, assets and accumulated surplus.

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, 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, 2017, and its financial performance and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Sudbury, Ontario
July 11, 2018

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, 2017

	<u>2017</u>	<u>2016</u>
Financial Assets		
Cash	\$ 566,365	\$ 343,522
Taxes receivable	226,550	376,701
Accounts receivable - Province of Ontario	16,875	5,401
- Federal	54,314	31,175
- Other	161,760	119,740
Land held for sale	<u>95,140</u>	<u>95,140</u>
	<u>1,121,004</u>	<u>971,679</u>
Liabilities		
Bank indebtedness	-	29,029
Line of credit (note 4)	-	3,523
Accounts payable and accrued liabilities	379,021	330,467
Deferred revenues (note 5)	6,866	33,497
Deferred revenue - obligatory reserve funds	66,555	25,534
Municipal debt (note 6)	619,001	725,909
Landfill closure and post-closure (note 7)	<u>227,145</u>	<u>220,685</u>
	<u>1,298,588</u>	<u>1,368,644</u>
Net Debt	<u>(177,584)</u>	<u>(396,965)</u>
Non-Financial Assets		
Tangible capital assets (note 8)	2,920,872	3,052,038
Prepaid expenses	<u>7,290</u>	<u>1,348</u>
	<u>2,928,162</u>	<u>3,053,386</u>
Accumulated Surplus (note 9)	<u>\$ 2,750,578</u>	<u>\$ 2,656,421</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, 2017

	<u>2017</u> Budget (Unaudited)	<u>2017</u> Actual	<u>2016</u> Actual
Revenues			
Net taxation	\$ 2,211,328	\$ 2,211,058	\$ 2,099,267
Government grants and transfers	1,027,366	1,057,408	863,391
User charges	28,728	45,658	68,071
Other	<u>219,184</u>	<u>232,663</u>	<u>258,809</u>
	<u>3,486,606</u>	<u>3,546,787</u>	<u>3,289,538</u>
Expenses			
General government	887,568	945,741	719,530
Protection to persons and property	529,189	643,315	514,915
Transportation services	724,887	649,203	670,418
Environmental services	295,412	284,549	279,261
Health services	335,450	341,804	333,349
Social and family services	149,472	136,343	128,795
Recreation and cultural services	442,166	410,066	492,613
Planning and development	<u>50,394</u>	<u>41,609</u>	<u>93,391</u>
	<u>3,414,538</u>	<u>3,452,630</u>	<u>3,232,272</u>
Excess of Revenues Over Expenses	<u><u>\$ 72,068</u></u>	<u><u>\$ 94,157</u></u>	<u><u>\$ 57,266</u></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, 2017

	<u>2017</u>	<u>2016</u>
Accumulated Surplus, Beginning of Year	\$ 2,656,421	\$ 2,599,155
Excess of revenues over expenses	<u>94,157</u>	<u>57,266</u>
Accumulated Surplus, End of Year	<u>\$ 2,750,578</u>	<u>\$ 2,656,421</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, 2017

	<u>2017</u>	<u>2016</u>
Net Inflow (Outflow) of Cash and Cash Equivalents Related to the Following Activities:		
Operating		
Excess of Revenues Over Expenses	\$ <u>94,157</u>	\$ <u>57,266</u>
Non-cash charges to operations:		
Amortization of tangible capital assets	224,393	221,808
Loss on disposal or transfer of tangible capital assets	5,014	32,079
Landfill closure and post-closure costs	<u>6,460</u>	<u>-</u>
	<u>235,867</u>	<u>253,887</u>
Change in non-cash working capital balances related to operations	<u>130,520</u>	<u>143,239</u>
Cash provided by operating transactions	<u>460,544</u>	<u>454,392</u>
Capital		
Acquisitions of tangible capital assets	(98,241)	(36,331)
Proceeds on disposal of tangible capital assets	<u>-</u>	<u>47,400</u>
Cash provided by (applied to) capital transactions	<u>(98,241)</u>	<u>11,069</u>
Financing		
Municipal debt repaid	<u>(106,908)</u>	<u>(123,667)</u>
Increase in Cash	255,395	341,794
Cash and Cash Equivalents (Deficiency), Beginning of Year	<u>310,970</u>	<u>(30,824)</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 566,365</u></u>	<u><u>\$ 310,970</u></u>
Cash and Cash Equivalents Consists of:		
Cash	\$ <u>566,365</u>	\$ 343,522
Bank indebtedness	-	(29,029)
Line of credit	<u>-</u>	<u>(3,523)</u>
	<u><u>\$ 566,365</u></u>	<u><u>\$ 310,970</u></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, 2017

	<u>2017</u> <u>Budget</u> (Unaudited)	<u>2017</u> <u>Actual</u>	<u>2016</u> <u>Actual</u>
Excess of Revenues Over Expenses	\$ 72,068	\$ 94,157	\$ 57,266
Amortization of tangible capital assets	219,225	224,393	221,808
Proceeds on disposal of tangible capital assets	-	-	47,400
Change in prepaid expenses	-	(5,942)	5,722
Loss on disposal or transfer of tangible capital assets	-	5,014	32,079
Acquisition of tangible capital assets	<u>(98,500)</u>	<u>(98,241)</u>	<u>(36,331)</u>
Decrease In Net Debt	192,793	219,381	327,944
Net Debt, Beginning of Year	<u>(396,965)</u>	<u>(396,965)</u>	<u>(724,909)</u>
Net Debt, End of Year	<u><u>\$ (204,172)</u></u>	<u><u>\$ (177,584)</u></u>	<u><u>\$ (396,965)</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, 2017

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, 2017

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, 2017

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, 2017

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, 2017

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, 2017

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. The 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, 2017

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, 2017 is \$400,000 (2016 - \$396,477).

5. Deferred Revenues

	<u>2017</u>	<u>2016</u>
Ministry of Tourism, Culture and Sport	\$ -	\$ 18,000
Age-Friendly Community Initiative	-	11,766
Other	<u>6,866</u>	<u>3,731</u>
	<u>\$ 6,866</u>	<u>\$ 33,497</u>

6. Municipal Debt

	<u>2017</u>	<u>2016</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
Loan payable (Wellness Centre) in monthly instalments of \$6,752 including interest at a rate of 4.40%, final instalment due May 2022, unsecured	372,635	435,750
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	127,130	139,398
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>119,236</u>	<u>129,872</u>
	<u>\$ 619,001</u>	<u>\$ 725,909</u>

The Corporation of the Municipality of St.-Charles
Notes to the Consolidated Financial Statements
December 31, 2017

6. Municipal Debt (Continued)

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

2018	\$	89,695
2019		93,531
2020		97,532
2021		101,706
2022		117,984
Thereafter		<u>118,553</u>
	\$	<u><u>619,001</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 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 \$213,493 (2016 - \$220,685 including closure costs). The liability recorded at December 31, 2017 is \$213,493 (2016 - \$220,685) 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 (2016 - \$1,624,824). The liability recorded at December 31, 2017 is \$13,652 (2016 - \$ -) 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 Corporation of the Municipality of St.-Charles
Notes to the Consolidated Financial Statements
December 31, 2017

7. Landfill Closure and Post-Closure (Continued)

The estimated remaining capacity of the current cell is 99.16% of its total estimated capacity or 295,030 cubic meters and its estimated remaining life is 246 years.

During the year, the municipality approved a transfer into the landfill site closure reserve in the amount of \$6,600 (2016 - \$6,600) for site closure expenses. The landfill site closure reserve is now \$13,224 (2016 - \$ 6,600).

The Corporation of the Municipality of St.-Charles
Notes to the Consolidated Financial Statements
December 31, 2017

8. Tangible Capital Assets

	Cost			Accumulated amortization				Net Book Value of Tangible Capital Assets		
	Balance, beginning of year	Additions	Disposals and transfers	Balance, end of year	Balance, beginning of year	Amortization	Disposals and transfers	Balance, end of year	December 31, 2017	December 31, 2016
Land	\$ 265,624	\$ -	\$ -	\$ 265,624	\$ -	\$ -	\$ -	\$ -	\$ 265,624	\$ 265,624
Buildings	2,910,232	58,205	-	2,968,437	1,917,943	55,310	-	1,973,253	995,184	992,289
Roads	1,393,347	-	5,014	1,388,333	857,650	18,381	-	876,031	512,302	535,697
Equipment	1,241,858	20,188	-	1,262,046	894,792	58,714	-	953,506	308,540	347,066
Vehicles	1,261,110	-	-	1,261,110	541,246	64,650	-	605,896	655,214	719,864
Sewer and wastewater systems	1,580,692	19,848	-	1,600,540	1,389,194	27,338	-	1,416,532	184,008	191,498
	<u>\$ 8,652,863</u>	<u>\$ 98,241</u>	<u>\$ 5,014</u>	<u>\$ 8,746,090</u>	<u>\$ 5,600,825</u>	<u>\$ 224,393</u>	<u>\$ -</u>	<u>\$ 5,825,218</u>	<u>\$ 2,920,872</u>	<u>\$ 3,052,038</u>

The Corporation of the Municipality of St.-Charles
Notes to the Consolidated Financial Statements
December 31, 2017

9. Accumulated Surplus

	<u>2017</u>	<u>2016</u>
Surpluses		
Invested in tangible capital assets	\$ 2,920,872	\$ 3,052,038
General surplus	26,654	-
Unfunded		
Municipal debt	(619,001)	(725,909)
Landfill closure and post-closure	(227,145)	(220,685)
	<u>2,101,380</u>	<u>2,105,444</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	319,389	267,503
Contingencies	135,852	105,259
Protection services	46,170	46,076
Environmental services	27,018	26,883
Parks and recreation	18,604	20,025
Youth outdoor playground	11,032	-
Landfill site closure	13,224	6,600
Library	23,265	23,987
	<u>594,554</u>	<u>496,333</u>
Total Reserve Funds	<u>594,554</u>	<u>496,333</u>
	<u>\$ 2,750,578</u>	<u>\$ 2,656,421</u>

10. Commitments

Premises

Under the terms of operating leases for premises expiring in September 2018, the Municipality is committed to make the following minimum payments:

2018	<u>\$ 21,871</u>
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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.

The Corporation of the Municipality of St.-Charles
Notes to the Consolidated Financial Statements
December 31, 2017

11. Contingencies (Continued)

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>2017</u>	<u>2016</u>
Manitoulin - Sudbury District Services Board	\$ 381,681	\$ 369,382
Sudbury and District Health Unit	52,584	46,983
Sudbury East Planning Board	<u>19,820</u>	<u>18,734</u>
	<u>\$ 454,085</u>	<u>\$ 435,099</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 2017 is \$50,944 (2016 - \$45,750) and is included as an expense on the Consolidated Statement of Operations.

On January 1, 2017, the yearly maximum pension earnings increased to \$55,300 from \$54,900 in 2016. The contributions are calculated at a rate of 9.0% (2016 - 9.0%) for the amount up to the yearly maximum pension earnings stated above and at a rate of 14.6% (2016 - 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 \$50,411 (2016 - \$48,911) 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, 2017

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	\$ 3,477,084
Library's approved budget	53,538
Adjustment for municipal contribution to library upon consolidation	<u>(44,016)</u>

Total Revenues

3,486,606

Expenses

Municipality's approved budget	3,405,016
Library's approved budget	53,538
Adjustment for municipal contribution to library upon consolidation	<u>(44,016)</u>

Total Expenses

3,414,538

Excess of Revenues over Expenses

\$ 72,068

The Corporation of the Municipality of St.-Charles
Notes to the Consolidated Financial Statements
December 31, 2017

16. Segmented Information

	2017									2016	
	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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,211,058	\$ 2,211,058	\$ 2,099,267
Government grants and transfers											
Federal	11,353	-	38,519	1,175	-	-	-	-	-	51,047	44,296
Provincial	50,000	-	10,572	33,495	3,500	-	75,723	-	738,700	911,990	783,781
Other	-	94,371	-	-	-	-	-	-	-	94,371	35,314
	<u>61,353</u>	<u>94,371</u>	<u>49,091</u>	<u>34,670</u>	<u>3,500</u>	<u>-</u>	<u>75,723</u>	<u>-</u>	<u>738,700</u>	<u>1,057,408</u>	<u>863,391</u>
User charges	<u>3,888</u>	<u>-</u>	<u>12,452</u>	<u>3,501</u>	<u>2,362</u>	<u>-</u>	<u>23,455</u>	<u>-</u>	<u>-</u>	<u>45,658</u>	<u>68,071</u>
Other	<u>147,542</u>	<u>15,476</u>	<u>14,048</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,565</u>	<u>-</u>	<u>34,032</u>	<u>232,663</u>	<u>258,809</u>
	<u>212,783</u>	<u>109,847</u>	<u>75,591</u>	<u>38,171</u>	<u>5,862</u>	<u>-</u>	<u>120,743</u>	<u>-</u>	<u>2,983,790</u>	<u>3,546,787</u>	<u>3,289,538</u>
Expenses											
Salaries, wages and benefits	426,412	188,705	321,545	24,085	1,298	-	169,950	21,096	-	1,153,091	1,056,548
Interest on municipal debt	17,679	-	9,477	-	-	-	-	-	-	27,156	31,374
Materials, contracted services, rents and financial expenses and external transfers	480,397	435,140	279,025	179,511	299,666	136,343	217,395	20,513	-	2,047,990	1,922,542
Amortization	21,253	19,470	39,156	80,953	40,840	-	22,721	-	-	224,393	221,808
	<u>945,741</u>	<u>643,315</u>	<u>649,203</u>	<u>284,549</u>	<u>341,804</u>	<u>136,343</u>	<u>410,066</u>	<u>41,609</u>	<u>-</u>	<u>3,452,630</u>	<u>3,232,272</u>
Excess of Revenues Over Expenses (Expenses Over Revenues)	<u>\$ (732,958)</u>	<u>\$ (533,468)</u>	<u>\$ (573,612)</u>	<u>\$ (246,378)</u>	<u>\$ (335,942)</u>	<u>\$ (136,343)</u>	<u>\$ (289,323)</u>	<u>\$ (41,609)</u>	<u>\$ 2,983,790</u>	<u>\$ 94,157</u>	<u>\$ 57,266</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, 2017 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, 2017, and its financial performance for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Sudbury, Ontario
July 11, 2018

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, 2017

	<u>2017</u>	<u>2016</u>
Balance, beginning of year	\$ 48,911	\$ 47,643
Sale of plots and marker installations	1,300	1,050
Interest	<u>200</u>	<u>218</u>
	50,411	48,911
Expense	<u>-</u>	<u>-</u>
Balance, end of year	<u>\$ 50,411</u>	<u>\$ 48,911</u>

Cemetery Care and Maintenance Fund - Statement of Financial Position
December 31, 2017

	<u>2017</u>	<u>2016</u>
Financial Assets		
Cash	\$ 49,118	\$ 47,861
Due from Municipality of St.-Charles	<u>1,293</u>	<u>1,050</u>
	50,411	48,911
Liabilities	<u>-</u>	<u>-</u>
Net Financial Assets	50,411	48,911
Non-Financial Assets	<u>-</u>	<u>-</u>
Accumulated Surplus	<u>\$ 50,411</u>	<u>\$ 48,911</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, 2017

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.