

THE CORPORATION OF THE TOWNSHIP OF MOONBEAM

**INDEPENDENT AUDITOR'S REPORT AND
CONSOLIDATED FINANCIAL STATEMENTS**

DECEMBER 31, 2019

MANAGEMENT'S REPORT

The accompanying consolidated financial statements of the Corporation of the Township of Moonbeam are the responsibility of management and have been prepared in compliance with legislation and in accordance with Canadian Public Sector Accounting Standards established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. A summary of the significant accounting policies are described in the notes to the financial statements. The preparation of the consolidated financial statements necessarily involves the use of estimates based on management's judgments, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

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 consolidated financial statements. These systems are monitored and evaluated by management.

The Council meets with management to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval.

The consolidated financial statements have been audited by Baker Tilly HKC, independent external auditors appointed by the Council. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the consolidated financial statements.

Brigitte Gravel, Acting Clerk Treasurer

Moonbeam, Ontario

December 9, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers of the Corporation of the Township of Moonbeam

Opinion

We have audited the accompanying consolidated financial statements of The Corporation of the Township of Moonbeam, which comprise the consolidated statement of financial position as at December 31, 2019, and the consolidated statement of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the corporation as at December 31, 2019, and the results of its consolidated operations and accumulated surplus, changes in net financial assets and its 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 Auditor's Responsibilities for the Audit of the consolidated financial statements section of our report. We are independent of the corporation in accordance with the ethical requirements that are relevant to our audit of the consolidated 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.

INDEPENDENT AUDITOR'S REPORT, (CONT'D)

Other Information

The consolidated financial statements of the Corporation of the Township of Moonbeam for the year ended December 31, 2018 were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on December 19, 2019.

Responsibilities of Management and Those Charged with Governance for the 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 consolidated 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'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 or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the corporation's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 consolidated 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:

INDEPENDENT AUDITOR'S REPORT, (CONT'D)

- ♦ Identify and assess the risks of material misstatement of the consolidated 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'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 managements' 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 ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the consolidated 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 the auditor's report. However, future events or conditions may cause the corporation 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.

Baker Tilly HKC

Chartered Professional Accountants
Licenced Public Accountants
December 9, 2020

THE CORPORATION OF THE TOWNSHIP OF MOONBEAM
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019

CONSOLIDATED FINANCIAL STATEMENT

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THE CORPORATION OF THE TOWNSHIP OF MOONBEAM

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2019

	2019 Actual	2018 (Restated - See Note 3)
FINANCIAL ASSETS		
Cash	\$ 3,589,642	\$ 3,604,378
Short term investments	369,734	363,911
Accounts receivable (Note 7)	800,621	545,112
Taxes receivable (Note 8)	331,526	288,136
	<u>5,091,523</u>	<u>4,801,537</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 10)	621,398	387,989
Deferred revenue - obligatory reserve funds (Note 11)	207,001	1,012,766
Long-term debt (Note 12)	51,974	98,012
	<u>880,373</u>	<u>1,498,767</u>
NET FINANCIAL ASSETS	<u>4,211,150</u>	<u>3,302,770</u>
NON-FINANCIAL ASSETS		
Prepaid expenses	3,617	3,341
Tangible capital assets (Note 13)	7,794,687	6,506,604
	<u>7,798,304</u>	<u>6,509,945</u>
ACCUMULATED SURPLUS (Note 14)	<u>\$ 12,009,454</u>	<u>\$ 9,812,715</u>

COMMITMENTS (Note 15)

CONTINGENCY (Note 16)

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

THE CORPORATION OF THE TOWNSHIP OF MOONBEAM
CONSOLIDATED STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2019

	Budget	2019	2018
	(Note 19)	Actual	(Restated - See Note 3)
REVENUES (page 23)			
Taxation	\$ 2,315,852	\$ 2,322,840	\$ 2,200,804
User charges	215,186	216,176	210,967
Government transfers - operations	1,074,246	1,076,272	1,094,721
Other revenues	226,213	228,431	193,425
	<u>3,831,497</u>	<u>3,843,719</u>	<u>3,699,917</u>
EXPENSES (pages 24 - 30)			
General government services	585,929	524,539	543,366
Protection services	373,394	397,046	463,173
Transportation services	879,801	905,906	754,795
Environmental services	477,096	471,165	530,453
Health, social and family services	432,489	419,744	396,212
Recreation and cultural services	570,221	480,794	464,382
Planning and development services	111,370	101,635	108,199
	<u>3,430,300</u>	<u>3,300,829</u>	<u>3,260,580</u>
EXCESS OF REVENUES OVER EXPENSES	401,197	542,890	439,337
GOVERNMENT TRANSFERS - CAPITAL	<u>2,122,528</u>	<u>1,653,849</u>	<u>96,809</u>
ANNUAL SURPLUS	<u>\$ 2,523,725</u>	2,196,739	536,146
ACCUMULATED SURPLUS, BEGINNING OF YEAR		<u>9,812,715</u>	<u>9,276,569</u>
ACCUMULATED SURPLUS, END OF YEAR (Note 14)		<u>\$ 12,009,454</u>	<u>\$ 9,812,715</u>

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

THE CORPORATION OF THE TOWNSHIP OF MOONBEAM
CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
DECEMBER 31, 2019

	2019	2018
	Actual	(Restated - See Note 3)
ANNUAL SURPLUS	\$ 2,196,739	\$ 536,146
TANGIBLE CAPITAL ASSETS ACTIVITIES		
Acquisition of tangible capital assets	(1,680,081)	(309,702)
Amortization of tangible capital assets	391,998	306,826
	<u>(1,288,083)</u>	<u>(2,876)</u>
NON-FINANCIAL ASSETS ACTIVITY		
Change in prepaid expenses	<u>(276)</u>	4,835
	<u>(276)</u>	4,835
INCREASE IN NET ASSETS	908,380	538,105
NET ASSETS, BEGINNING OF YEAR	<u>3,302,770</u>	<u>2,764,665</u>
NET ASSETS, END OF YEAR	<u>\$ 4,211,150</u>	<u>\$ 3,302,770</u>

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

THE CORPORATION OF THE TOWNSHIP OF MOONBEAM
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2019

	2019	2018
	Actual	(Restated - See Note 3)
OPERATING ACTIVITIES		
Annual surplus	\$ 2,196,739	\$ 536,146
Items non affecting cash:		
Amortization of tangible capital assets	391,998	306,826
Changes in:		
Accounts receivable	(255,508)	(146,992)
Taxes receivable	(43,390)	1,122
Accounts payable and accrued liabilities	233,408	(16,511)
Deferred revenue	(874,620)	845,146
Deferred revenue - obligatory reserve funds	68,855	2,128
Prepaid expenses	(276)	4,835
	<u>1,717,206</u>	<u>1,532,700</u>
CAPITAL ACTIVITY		
Acquisition of tangible capital assets	<u>(1,680,081)</u>	<u>(309,702)</u>
FINANCING ACTIVITY		
Principal payments on long-term debt	<u>(46,038)</u>	<u>(44,257)</u>
INCREASE (DECREASE) IN CASH POSITION	(8,913)	1,178,741
CASH POSITION, BEGINNING OF YEAR	<u>3,968,289</u>	<u>2,789,548</u>
CASH POSITION, END OF YEAR	<u>\$ 3,959,376</u>	<u>\$ 3,968,289</u>
CASH CONSISTS OF:		
Cash	\$ 3,589,642	\$ 3,604,378
Short term investments	369,734	363,911
	<u>\$ 3,959,376</u>	<u>\$ 3,968,289</u>

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

THE CORPORATION OF THE TOWNSHIP OF MOONBEAM

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2019

1. NATURE OF OPERATIONS

The Corporation of the Township of Moonbeam (the “municipality”) is a municipality in the Province of Ontario and operates under the provisions of the Community Charter. It conducts its operations guided by the provisions of provincial statutes such as the Municipal Act and other related legislation.

2. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the municipality are prepared in accordance with Canadian Public Sector Accounting Standards, as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by the municipality are as follows:

CONSOLIDATION

These consolidated statements reflect the financial assets, liabilities, revenues and expenses of the municipality and include the activities of all committees of the Council and the following boards, which are under the control of the Council: the Public Library Board and the Moonbeam Economic Development Corporation.

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

NON-CONSOLIDATED JOINT LOCAL BOARDS

The following joint local boards are not consolidated:

District of Cochrane Social Services Administration Board
Porcupine Health Unit

ACCOUNTING FOR SCHOOL BOARD TRANSACTIONS

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

TRUST FUNDS

Trust funds and their related operations administered by the Township are not included in these financial statements and additional information is provided in note 4.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand and in financial institutions and short-term guaranteed investment certificates.

THE CORPORATION OF THE TOWNSHIP OF MOONBEAM

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2019

2. SIGNIFICANT ACCOUNTING POLICIES, (CONT'D)

DEFERRED REVENUE

Grants, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used in the conduct of certain projects or the completion of specific work. In addition, certain 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 or the services are performed.

A requirement of Canadian Public Sector Accounting Standards is that the obligatory reserve funds be reported as deferred revenue. This requirement is in place as provincial legislation and other agreements restrict how these funds be used and under certain circumstances these funds may possibly be refunded.

ACCUMULATED SURPLUS

Certain amounts of surpluses, as approved by the Council, are set aside in reserves for future operations and capital purposes. Transfers to and/or from reserves are recorded as an adjustment to the respective reserve when approved.

NON-FINANCIAL ASSETS

Non-financial assets are not available to discharge existing liabilities and are held for 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 combined with the annual surplus (deficit) provides the change in net financial assets (debt) for the year.

Tangible Capital Assets

Under Canadian public sector accounting standards guidelines, tangible capital assets are recorded at historical cost which includes all amounts that are directly attributable to acquisition, construction, development or settlement of the asset and amortized over their estimated useful life. Tangible capital assets are defined as non-financial assets with an estimated useful life greater than 1 year, held for use in the production or supply of goods and services, not held for resale, in continuous use, and valued in excess of an established financial threshold. The cost, less residual value, if any, of the tangible capital assets is amortized on a straight-line basis, over the expected useful life of the assets as follows:

THE CORPORATION OF THE TOWNSHIP OF MOONBEAM

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2019

2. SIGNIFICANT ACCOUNTING POLICIES, (CONT'D)

TANGIBLE CAPITAL ASSETS, (CONT'D)

GENERAL

Land improvements	7 to 50 years
Building	25 to 50 years
Vehicles, machinery and equipment	10 to 25 years
Furniture and fixtures	10 years
Computers	5 years

INFRASTRUCTURE

Roads	7 to 50 years
Water and sewer system	50 years

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

Contribution of Tangible Capital Assets

Tangible Capital Assets received as contributions are recorded at their fair market value at the date of receipt.

REVENUE RECOGNITION

Taxation Revenue

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. The Municipal Council establishes the tax rates annually and incorporate amounts to be raised for local services and on behalf of the School Boards in respect of education taxes. From time to time property assessments are adjusted by MPAC through the reconsideration process or by the Assessment Review Board through the appeal process. Additional assessments, referred to as supplementary and omitted assessments can also be issued by MPAC in accordance with the Assessment Act. These adjustments and additional assessments are processed by the municipality upon receipt and recognized in the fiscal year they are determined. All property taxes are secured by the land and pose minimal collection risk.

THE CORPORATION OF THE TOWNSHIP OF MOONBEAM

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2019

2. SIGNIFICANT ACCOUNTING POLICIES, (CONT'D)

REVENUE RECOGNITION, (CONT'D)

Government Transfers

Government transfer revenues 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. All other transfers are recognized as revenue in the period the transfer is authorized and all eligibility criteria have been met, except when and to the extent that any stipulations give rise to an obligation that meets the definition of a liability for the municipality. The municipality also provides transfers to individuals or organizations. These transfers are recognized as expenses once they are authorized and eligibility criteria, if any, are met.

User Charges

User charges relate to various programs, and fees imposed on specific activities. Revenue is recognized when the activity is performed or when the services are rendered.

Other Revenues

Other revenues, such as fines and penalties and others are recognized in the year that the event giving rise to the revenues occur and the revenues are earned.

MEASUREMENT UNCERTAINTY

The preparation of financial statements in conformity with Canadian Public Sector Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial position and the reported amounts of revenues and expenses during the year. Estimates are used when accounting for items and matters such as allowance for uncollectible taxes and other accounts receivable, useful life of tangible capital assets, accrued liabilities and contingencies. Actual results could differ from those estimates.

THE CORPORATION OF THE TOWNSHIP OF MOONBEAM

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2019

3. RESTATEMENT OF PREVIOUSLY REPORTED CONSOLIDATED FINANCIAL STATEMENTS

The prior year's financial information has been restated to reflect a correction of errors or unreconciled balances. Some expenses were also reclassified to the proper segments. The 2018 comparative year's financial information has been restated and reclassified as follows:

	December 31, 2018 as Previously Reported	Prior year adjustment	Reclassification	December 31, 2018 as Restated
Financial position				
Cash/investments	\$ 3,968,289	\$ -	\$ -	\$ 3,968,289
Accounts receivable	555,045	9,933	-	545,112
Taxes receivable	271,018	(17,118)	-	288,136
Accounts payable	(387,989)	-	-	(387,989)
Deferred revenue - obligatory reserve funds	(1,097,375)	(84,609)	-	(1,012,766)
Long-term debt	(98,012)	-	-	(98,012)
Prepaid expenses	3,341	-	-	3,341
Tangible capital assets	6,405,002	(101,602)	-	6,506,604
Accumulated surplus, end of year	\$ 9,619,319	\$ (193,396)	\$ -	\$ 9,812,715
Statement of operations				
Taxation	\$ (2,183,687)	\$ (17,117)	\$ -	\$ (2,200,804)
User charges	(210,967)	-	-	(210,967)
Gov. transfers-operating	(1,094,721)	-	-	(1,094,721)
Other revenues	(208,710)	-	15,285	(193,425)
Gov. transfers - capital	(75,000)	(21,809)	-	(96,809)
General gov. services	561,447	(32,309)	14,228	543,366
Protection services	507,600	6,530	(50,957)	463,173
Transportation services	745,456	-	9,339	754,795
Environmental services	592,166	(61,732)	19	530,453
Health, social and family services	434,012	(37,800)	-	396,212
Rec. and cultural services	516,192	-	(51,810)	464,382
Planning and dev. services	44,303	-	63,896	108,199
	\$ (371,909)	\$ (164,237)	\$ -	\$ (536,146)
Accumulated surplus, beginning of year	\$ 9,247,410	\$ (29,159)	\$ -	\$ 9,276,569

THE CORPORATION OF THE TOWNSHIP OF MOONBEAM

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2019

4. TRUST FUNDS

Trust funds administered by the municipality amounting to \$141,964 (2018 - \$133,856) have not been included on the Consolidated Statements of Financial Position nor have their operations been included in these financial statements.

5. OPERATIONS OF SCHOOL BOARDS

Further to note 2 "Accounting for School Board Transactions", the taxation, other revenues and expenses relating to the school boards are comprised of the following:

	Public	Separate	2019	2018
Revenues raised and transferred to boards:				
Regular tax levy	\$ 240,742	\$ 242,933	\$ 483,675	\$ 483,570
Supplementary tax levy	1,248	2,164	3,412	1,170
Write-offs and adjustments	(407)	(1,124)	(1,531)	-
	<u>\$ 241,583</u>	<u>\$ 243,973</u>	<u>\$ 485,556</u>	<u>\$ 484,740</u>

6. CONTRIBUTION TO NON-CONSOLIDATED JOINT LOCAL BOARDS

Further to note 2 "Non-Consolidated Joint Local Boards", the following contributions were made by the municipality to these entities:

	Budget (Note 19)	2019 Actual	2018 Actual
Porcupine Health Unit	\$ 44,047	\$ 44,047	\$ 37,943
District of Cochrane Social Services Administration Board	326,903	313,428	263,998
	<u>\$ 370,950</u>	<u>\$ 357,475</u>	<u>\$ 301,941</u>

The municipality is contingently liable for its share of any accumulated deficits as at the end of the year.

THE CORPORATION OF THE TOWNSHIP OF MOONBEAM

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2019

7. ACCOUNTS RECEIVABLE

	2019 Actual	2018 (Restated - See Note 3)
Accounts receivable	\$ 75,322	\$ 64,340
Province of Ontario	301,955	299,437
Government of Canada	275,574	134,432
Other	147,770	46,903
	<u>\$ 800,621</u>	<u>\$ 545,112</u>

8. TAXES RECEIVABLE

	2019 Actual	2018 (Restated- see Note 3)
Current year	\$ 114,932	\$ 105,386
Prior years and penalties and interest	322,817	288,973
Less: Allowance for doubtful accounts	<u>(106,223)</u>	<u>(106,223)</u>
	<u>\$ 331,526</u>	<u>\$ 288,136</u>

9. BANK INDEBTEDNESS

The municipality has two authorized line of credits, one for \$400,000 bearing interest at prime plus 1% and the other for \$10,000 bearing interest at prime plus 3.45% and both are secured by general receivables. At the end of the current year and at the end of the previous year, there are no amounts drawn from neither line of credits.

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2019	2018
Trade and accrued expenses	\$ 366,825	\$ 120,298
Payroll related	127,732	141,261
School boards	122,800	123,739
Other	4,041	2,691
	<u>\$ 621,398</u>	<u>\$ 387,989</u>

THE CORPORATION OF THE TOWNSHIP OF MOONBEAM

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2019

11. DEFERRED REVENUE - OBLIGATORY RESERVE FUNDS

Revenues received that should be used in the next year and have been set aside for specific purposes by legislation, regulation or agreement are included in deferred revenue. These revenues may only be used in the conduct of certain programs or in the completion of specific work.

Details of these deferred revenue and obligatory reserve funds amounts are as follows:

	Balance, beginning (Restated - See Note 3)	Received	Utilized	Balance, ending
DEFERRED REVENUE				
Economic development	\$ 10,000	\$ -	\$ -	\$ 10,000
Municipal taxes	29,860	2,341	-	32,201
OCIF Leonard Avenue	876,961	-	876,961	-
	916,821	2,341	876,961	42,201
OBLIGATORY RESERVE FUNDS				
Federal gas tax	95,945	147,226	78,371	164,800
	\$ 1,012,766	\$ 149,567	\$ 955,332	\$ 207,001

THE CORPORATION OF THE TOWNSHIP OF MOONBEAM

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2019

12. LONG-TERM DEBT

	2019	2018
Caisse populaire Alliance Limitée debenture incurred by the Township to cover cost of capital project and equipment, bearing interest at 3.95% payable in blended monthly interest and principal payments of \$4,090, secured by a borrowing resolution, due January 2021	\$ 51,974	\$ 98,012
The principal repayments due are as follows:		
2020	\$ 47,888	
2021	4,086	
	\$ 51,974	

During the year, the municipality paid the following long-term debt charges:

	2019	2018
Principal payments	\$ 46,038	\$ 44,257
Interest charges	3,044	4,824
	\$ 49,082	\$ 49,081

The long-term liabilities issued in the name of the municipality have been approved by by-law. The annual principal and interest payments required to service these liabilities are within the annual debt repayments limit presented by the Ministry of Municipal Affairs and Housing.

THE CORPORATION OF THE TOWNSHIP OF MOONBEAM

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2019

13. TANGIBLE CAPITAL ASSETS

Cost	Balance at December 31, 2018 (Restated - See Note 3)	Additions	Disposals	Balance at December 31, 2019
Land	\$ 3,526	\$ -	\$ -	\$ 3,526
Land improvements - cost	1,753,199	-	-	1,753,199
Buildings	3,300,014	74,536	-	3,374,550
Vehicles, machinery and equipment	3,396,442	116,456	-	3,512,898
Furniture and fixtures	21,900	-	-	21,900
Computers	81,877	8,273	-	90,150
Roads	4,251,349	37,062	-	4,288,411
Water system	227,352	-	-	227,352
Sewer system	2,262,173	1,443,754	-	3,705,927
	\$ 15,297,832	\$ 1,680,081	\$ -	\$ 16,977,913

Accumulated Amortization	Balance at December 31, 2018	Disposals	Amortization expense	Balance at December 31, 2019
Land improvements	\$ 1,611,499	\$ -	\$ 8,669	\$ 1,620,168
Buildings	1,259,280	-	69,794	1,329,074
Vehicles, machinery and equipment	1,763,956	-	173,073	1,937,029
Furniture and fixtures	17,712	-	1,396	19,108
Computers	79,045	-	4,293	83,338
Roads	2,949,392	-	58,085	3,007,477
Water system	183,284	-	2,397	185,681
Sewer system	927,060	-	74,291	1,001,351
	\$ 8,791,228	\$ -	\$ 391,998	\$ 9,183,226

THE CORPORATION OF THE TOWNSHIP OF MOONBEAM

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2019

13. TANGIBLE CAPITAL ASSETS, (CONT'D)

Net book value	Balance at December 31, 2018 (Restated - See Note 3)	Balance at December 31, 2019
Land	\$ 3,526	\$ 3,526
Land improvements - cost	141,700	133,031
Buildings	2,040,735	2,045,477
Vehicles, machinery and equipment	1,632,486	1,575,869
Furniture and fixtures	4,188	2,792
Computers	2,832	6,812
Roads	1,301,956	1,280,933
Water system	44,068	41,671
Sewer system	1,335,113	2,704,576
	\$ 6,506,604	\$ 7,794,687

THE CORPORATION OF THE TOWNSHIP OF MOONBEAM

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2019

14. ACCUMULATED SURPLUS

Accumulated surplus consist of the following:

	2019	2018
	Actual	(Restated - See Note 3)
RESERVES SET ASIDE FOR SPECIFIC PURPOSES BY THE COUNCIL		
Working funds	\$ 149,851	\$ 286,526
Purchase of tires	43,272	29,772
Fire equipment	52,700	27,700
Street lights	50,000	65,000
Remi Lake	4,377	4,377
Sidewalks	509	509
Official plan	5,571	5,571
Water and sewer services	30,000	30,000
Road repairs	41,395	41,395
Bear wise program	3,996	3,996
Nature trails	210,000	160,000
Canada Day	2,000	2,000
MEDC	7,000	7,000
Hoist and fuel tank	40,000	40,000
Shuttle tanker	3,000	3,000
Recruitment of doctors	10,000	5,000
Claims and recoveries	9,572	9,572
Riding Association	5,000	5,000
Kapuskasing pool	100,000	100,000
Moonbeam's 100th anniversary	15,000	10,000
Well No. 3	121,950	60,000
MMAH Modernization fund	343,000	-
Fire chief vehicle	10,000	-
	<u>1,258,193</u>	<u>896,418</u>
INVESTED IN TANGIBLE CAPITAL ASSETS		
Tangible capital assets - net book value	7,794,687	6,506,604
General surplus	2,956,574	2,409,693
	<u>\$ 12,009,454</u>	<u>\$ 9,812,715</u>

THE CORPORATION OF THE TOWNSHIP OF MOONBEAM

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2019

15. COMMITMENTS

The municipality has entered into the following long-term agreements:

- (i) Heart and Soul Foundation - The municipality is committed to pay \$1,233/year as a pledge for a period of 20 years. At December 31, 2019, there are 3 years left to pay.
- (ii) Xerox Canada Ltd - The municipality is committed to pay \$3,496/year for the lease of a photocopier for a period of 5.5 years. At December 31, 2019, there are 4 years left to pay.
- (iii) Sensenbrenner Hospital CT Scan - The municipality is committed to pay \$10,000/year as a pledge for a period of 4 years. At December 31, 2019, there are 3 years left to pay.
- (iv) Ministry of Natural Resources and Forests (MNRF) - Agreement starting on April 1st, 2019 and ending April 2023 to provide forest fire protection at an annual cost of \$4,225 in the first year and indexed to inflation in subsequent years.

16. CONTINGENCY

The municipality along with the Town of Kapuskasing manages and operates the Kapuskasing-Moonbeam Landfill Site Management Board (the Board). The net cost of the site was shared on a usage basis at the following rates:

	2019	2018
LANDFILL		
Town of Kapuskasing	43 %	42 %
Township of Moonbeam	6 %	5 %
Rayonier Advanced Materials Inc. (previously Tembec Inc.)	51 %	53 %
RECYCLING		
Town of Kapuskasing	82 %	83 %
Township of Moonbeam	18 %	17 %

The following represents a summary of the net debt due by the Board at December 31:

	2019	2018
FINANCIAL ASSETS		
Cash and investments	\$ 1,826,972	\$ 2,076,356
Accounts receivable	503,371	348,152
	<u>2,330,343</u>	<u>2,424,508</u>
LIABILITIES		
Accounts payable	121,363	334,403
Landfill closure and post-closure liability	2,517,872	2,417,487
	<u>2,639,235</u>	<u>2,751,890</u>
NET DEBT	<u>\$ (308,892)</u>	<u>\$ (327,382)</u>

THE CORPORATION OF THE TOWNSHIP OF MOONBEAM

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2019

16. CONTINGENCY, (CONT'D)

Canadian Public Sector Accounting Standards and guidelines provided by the Ministry of Municipal Affairs require that landfill operators accrue for the future costs of landfill closure and post-closure on an annual basis. The Board is liable for the closing of this landfill site and post-closure costs for monitoring, reporting and maintenance on an annual basis for an estimated period of 25 years following the closure of the site. Closure and post-closure costs include final covering and landscaping, testing of ground water, environmental monitoring, site inspections and site maintenance. The annual charge should be calculated by dividing the estimated closure costs by the estimated life of the landfill (volumetric capacity or years of service remaining) and charging that amount to operations.

The expected remaining life of the landfill is 10 years and the total estimated capacity of the landfill site is approximately 960,000 metric tons. Cumulative metric tons to date amount to approximately 525,000.

The latest estimate provides for a liability of \$2,517,872 (2018 - \$2,417,487) and a current charge of \$100,385 (2018 - \$105,605). The estimated total liability is based on the sum of discounted cash flows for closure and post-closure activities for 25 years after closure using a discount rate of 3%.

	Total	Moonbeam's share at 6%
Provision for landfill closure and post-closure costs	\$ 100,385	\$ 6,023
Landfill closure and post-closure liability	\$ 2,517,872	\$ 151,072

The Board's net debt as at December 31, 2019 is \$308,892 (2018 - \$327,382). Neither the provision for the future costs or the net debt have been reflected in these financial statements.

17. RELATED PARTY DISCLOSURES AND INTER-ENTITY TRANSACTIONS

In the normal course of its transactions, the municipality has entered in service or purchase agreements with related parties and/or inter-entities.

Transactions carried out by the municipality with related parties and/or inter-entities are carried out at their exchange value. Following the analysis of Standard PS 220 and PS 3420, no additional disclosure is required.

THE CORPORATION OF THE TOWNSHIP OF MOONBEAM

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2019

18. SEGMENTED INFORMATION

The municipality is a municipal government institution that provides a range of services to its citizens. Municipal services are reported by function and their activities are separately disclosed in the Schedule of Segmented Information (pages 21 - 22). The nature of the segments and the activities they encompass are as follows:

General Government services

General government consists of the activities of Council and general financial and administrative management of the municipality and its programs and services.

Protection Services

Protection services include police and fire services.

Transportation Services

Transportation services include construction and maintenance of the municipality's roads and bridges, winter control and street lighting.

Environmental Services

This function is responsible for providing water and sewer services to certain areas within the municipality. It is also responsible for providing waste collection, waste disposal and recycling services.

Health Services

Health services consists of the activities of the cemetery and other medical services.

Social and Family Services

This function provides general assistance for social and family services.

Recreation and Cultural Services

Recreation and cultural services provide indoor and outdoor recreational facilities and programs and library services.

Planning and Development Services

The planning and development services function manages commercial, industrial and residential development within the municipality.

THE CORPORATION OF THE TOWNSHIP OF MOONBEAM

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2019

18. SEGMENTED INFORMATION, (CONT'D)

The accounting policies used in these segments are the same as those described in note 2. For each reported segment, revenues and expenses represent amounts that are directly attributable to each segment. Tax revenues are reported as part of General Government.

19. BUDGET AMOUNTS

The 2019 budget for the municipality was adopted by Council on June 5th, 2019. It was not prepared on a basis consistent with Public Sector Accounting Standards that were used to report actual results. The budget was prepared on a modified accrual basis while Public Sector Accounting Standards require a full accrual basis. These budget figures treated all tangible capital asset purchases as expenses, did not include amortization expense on tangible capital assets, treated repayment of the principal portion of the long-term debt as expenses and included transfers from reserves. As a result, the budget figures presented on the Consolidated Statement of Operations and Accumulated Surplus are adjusted as follows:

Approved budget:

Budgeted Annual Surplus	\$ -
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Adjustments:

Transfers to reserves	346,777
Tangible capital assets expenses	2,127,201
Principal payment on long-term debt	49,747
	<hr/>

Budgeted Annual Surplus per financial statements	\$ 2,523,725
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20. COMPARATIVE FIGURES

The prior year Consolidated Financial Statements have been reclassified, where applicable, to conform to the presentation used in the current year. These changes do not affect prior year surplus/deficit.

21. SUBSEQUENT EVENTS

On March 11, 2020, the World Health Organization categorized COVID-19 as a pandemic. The potential economic effects within the corporation's environment and in the global markets, possible disruption in supply chains, and measures being introduced at various levels of government to curtail the spread of the virus (such as travel restrictions, closures of non-essential municipal and private operations, imposition of quarantines and social distancing) will have a material impact on the Municipality's operations. The extent of the future impact of this outbreak and related containment measures on the corporation's operations cannot be reliably estimated at this time.

THE CORPORATION OF THE TOWNSHIP OF MOONBEAM

SEGMENTED INFORMATION

DECEMBER 31, 2019

	General Government Services	Protection Services	Trans- portation Services	Environ- mental Services	Health, Social and Family Services	Recreation and Cultural Services	Planning and Development Services	2019 Actual	2018 (Restated - See Note 3)
REVENUES									
Taxation	\$ 2,322,840	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,322,840	\$ 2,200,804
User charges	-	-	-	216,176	-	-	-	216,176	210,967
Government transfers - operations	979,500	-	78,371	-	-	14,201	4,200	1,076,272	1,094,721
Other revenues	215,035	-	-	-	-	8,605	4,791	228,431	193,425
	<u>3,517,375</u>	<u>-</u>	<u>78,371</u>	<u>216,176</u>	<u>-</u>	<u>22,806</u>	<u>8,991</u>	<u>3,843,719</u>	<u>3,699,917</u>
EXPENSES									
Salaries and benefits	258,139	40,986	330,070	173,340	3,176	230,128	-	1,035,839	1,021,060
Materials	223,284	68,507	461,580	171,403	5,380	169,548	71,649	1,171,351	1,268,181
Contracted services	27,588	7,477	-	-	6,427	-	29,986	71,478	105,557
Interest on long- term debt	-	883	1,400	-	-	761	-	3,044	4,824
External transfers	-	223,018	-	-	404,102	-	-	627,120	575,698
Amortization	15,528	56,175	112,856	126,422	659	80,357	-	391,997	285,260
	<u>524,539</u>	<u>397,046</u>	<u>905,906</u>	<u>471,165</u>	<u>419,744</u>	<u>480,794</u>	<u>101,635</u>	<u>3,300,829</u>	<u>3,260,580</u>

THE CORPORATION OF THE TOWNSHIP OF MOONBEAM

SEGMENTED INFORMATION

DECEMBER 31, 2019

	General Government Services	Protection Services	Trans- portation Services	Environ- mental Services	Health, Social and Family Services	Recreation and Cultural Services	Planning and Development Services	2019 Actual	2018 (Restated - See Note 3)
REVENUES OVER EXPENSES (EXPENSES OVER REVENUES)	2,992,836	(397,046)	(827,535)	(254,989)	(419,744)	(457,988)	(92,644)	542,890	439,337
OTHER									
Government transfers - capital	-	-	-	1,653,849	-	-	-	1,653,849	96,809
ANNUAL SURPLUS (DEFICIT)	\$ 2,992,836	\$ (397,046)	\$ (827,535)	\$ 1,398,860	\$ (419,744)	\$ (457,988)	\$ (92,644)	\$ 2,196,739	\$ 536,146

THE CORPORATION OF THE TOWNSHIP OF MOONBEAM

SCHEDULE OF REVENUES

DECEMBER 31, 2019

	Budget (Note 19)	2019 Actual	2018 (Restated - See Note 3)
TAXATION			
Municipal Taxation	\$ 2,273,452	\$ 2,273,016	\$ 2,137,441
Education Taxation	484,574	485,556	484,740
Municipal Supplementary Taxation	15,000	28,381	40,139
Municipal Write-offs	(6,000)	(13,044)	(11,771)
	<u>2,767,026</u>	<u>2,773,909</u>	<u>2,650,549</u>
Payments in Lieu of Taxes	33,400	34,487	34,995
TOTAL LEVIED	2,800,426	2,808,396	2,685,544
LESS: LEVIED FOR SCHOOL BOARDS	(484,574)	(485,556)	(484,740)
	<u>2,315,852</u>	<u>2,322,840</u>	<u>2,200,804</u>
USER CHARGES	<u>215,186</u>	<u>216,176</u>	<u>210,967</u>
GOVERNMENT TRANSFERS - OPERATIONS			
Ontario Municipal Partnership Funds	964,500	964,500	995,300
Library	5,058	5,058	5,058
Employment projects	20,000	9,143	22,942
Ontario Cannabis Legalization Implementation Fund	10,000	15,000	-
Economic development	-	4,200	-
Federal gas tax fund	74,688	78,371	71,421
	<u>1,074,246</u>	<u>1,076,272</u>	<u>1,094,721</u>
OTHER REVENUES			
Penalty and interest on taxes	55,500	48,401	44,195
Licences, permits and fines	34,400	12,154	12,960
Provincial Offences Act	21,025	25,540	19,864
Interest on investment	17,000	37,505	28,716
Rentals	6,000	4,419	6,196
Sales and other	92,288	100,412	81,494
	<u>226,213</u>	<u>228,431</u>	<u>193,425</u>
TOTAL REVENUES	<u>\$ 3,831,497</u>	<u>\$ 3,843,719</u>	<u>\$ 3,699,917</u>

THE CORPORATION OF THE TOWNSHIP OF MOONBEAM

SCHEDULE OF EXPENSES

DECEMBER 31, 2019

	Budget (Note 19)	2019 Actual	2018 (Restated - See Note 3)
GENERAL GOVERNMENT SERVICES			
MEMBERS OF COUNCIL			
Salaries and benefits	\$ 36,260	\$ 37,305	\$ 28,925
Materials	21,188	21,176	16,209
	<u>57,448</u>	<u>58,481</u>	<u>45,134</u>
GENERAL ADMINISTRATION			
Salaries and benefits	201,116	220,834	248,380
Materials	242,083	167,956	179,106
Contracted services	27,588	27,588	27,222
	<u>470,787</u>	<u>416,378</u>	<u>454,708</u>
MUNICIPAL BUILDING			
Materials	<u>57,694</u>	<u>34,152</u>	<u>32,881</u>
AMORTIZATION			
	<u>-</u>	<u>15,528</u>	<u>10,643</u>
	<u>\$ 585,929</u>	<u>\$ 524,539</u>	<u>\$ 543,366</u>

THE CORPORATION OF THE TOWNSHIP OF MOONBEAM

SCHEDULE OF EXPENSES

DECEMBER 31, 2019

	Budget (Note 19)	2019 Actual	2018 (Restated - See Note 3)
PROTECTION SERVICES			
FIRE			
Salaries and benefits	\$ 48,220	\$ 40,986	\$ 53,380
Materials	84,031	62,992	91,742
Contracted services	4,500	4,224	23,756
Interest on long-term debt	-	883	1,399
	<u>136,751</u>	<u>109,085</u>	<u>170,277</u>
POLICING			
External transfers	<u>224,758</u>	<u>223,018</u>	<u>227,130</u>
	-	-	-
EMERGENCY MEASURES			
Contracted Services	<u>2,885</u>	<u>3,253</u>	<u>2,848</u>
CONSERVATION AUTHORITY			
Materials	<u>9,000</u>	<u>5,515</u>	<u>6,820</u>
AMORTIZATION			
	<u>-</u>	<u>56,175</u>	<u>56,098</u>
	<u>\$ 373,394</u>	<u>\$ 397,046</u>	<u>\$ 463,173</u>

THE CORPORATION OF THE TOWNSHIP OF MOONBEAM

SCHEDULE OF EXPENSES

DECEMBER 31, 2019

	Budget	2019	2018
	(Note 19)	Actual	(Restated - See Note 3)
TRANSPORTATION SERVICES			
ROADWAYS			
Salaries and benefits	\$ 328,173	\$ 330,070	\$ 327,803
Materials	526,628	439,832	330,347
Interest on long-term debt	-	1,400	2,219
	<u>854,801</u>	<u>771,302</u>	<u>660,369</u>
STREET LIGHTING			
Materials	<u>25,000</u>	<u>21,748</u>	<u>30,695</u>
AMORTIZATION			
	<u>-</u>	<u>112,856</u>	<u>63,731</u>
	<u>\$ 879,801</u>	<u>\$ 905,906</u>	<u>\$ 754,795</u>

THE CORPORATION OF THE TOWNSHIP OF MOONBEAM

SCHEDULE OF EXPENSES

DECEMBER 31, 2019

	Budget	2019	2018
	(Note 19)	Actual	(Restated - See Note 3)
ENVIRONMENTAL SERVICES			
SANITARY SEWER SYSTEM			
Materials	\$ 36,300	\$ 7,897	\$ 30,727
Contracted services	8,000	-	8,000
	<u>44,300</u>	<u>7,897</u>	<u>38,727</u>
WATERWORKS SYSTEM			
Salaries and benefits	69,621	71,712	68,763
Materials	132,465	102,310	117,949
Contracted services	8,000	-	8,000
	<u>210,086</u>	<u>174,022</u>	<u>194,712</u>
WASTE COLLECTION AND DISPOSAL			
Salaries and benefits	97,288	101,628	96,561
Materials	125,422	61,196	106,379
	<u>222,710</u>	<u>162,824</u>	<u>202,940</u>
AMORTIZATION	<u>-</u>	<u>126,422</u>	<u>94,074</u>
	<u>\$ 477,096</u>	<u>\$ 471,165</u>	<u>\$ 530,453</u>

THE CORPORATION OF THE TOWNSHIP OF MOONBEAM

SCHEDULE OF EXPENSES

DECEMBER 31, 2019

	Budget (Note 19)	2019 Actual	2018 (Restated - See Note 3)
HEALTH, SOCIAL AND FAMILY SERVICES			
HEALTH SERVICES			
PUBLIC HEALTH SERVICES			
External transfers	\$ 44,047	\$ 44,047	\$ 37,943
AMBULANCE SERVICES			
External transfers	110,554	110,554	106,025
CEMETERIES			
Salaries and benefits	5,550	3,176	2,711
Materials	2,935	5,380	39,757
Amortization	-	659	659
	8,485	9,215	43,127
HOSPITAL			
Contracted Services	6,427	6,427	4,517
SOCIAL AND FAMILY SERVICES			
GENERAL ASSISTANCE			
External transfers	216,349	202,874	157,973
ASSISTANCE TO AGED PERSONS			
External transfers	46,627	46,627	46,627
	\$ 432,489	\$ 419,744	\$ 396,212

THE CORPORATION OF THE TOWNSHIP OF MOONBEAM

SCHEDULE OF EXPENSES

DECEMBER 31, 2019

	Budget (Note 19)	2019 Actual	2018 (Restated - See Note 3)
RECREATION AND CULTURAL SERVICES			
RECREATION PROGRAMS			
Salaries and benefits	\$ 129,531	\$ 115,048	\$ 76,985
Materials	59,244	25,251	30,277
	<u>188,775</u>	<u>140,299</u>	<u>107,262</u>
RECREATION FACILITIES			
Salaries and benefits	39,135	22,851	29,033
Materials	196,140	119,885	151,530
Amortization	-	59,143	55,210
	<u>235,275</u>	<u>201,879</u>	<u>235,773</u>
LIBRARY			
Salaries and benefits	102,169	92,229	88,523
Materials	44,002	24,412	26,774
Interest on long-term debt	-	761	1,206
Amortization	-	21,214	4,844
	<u>146,171</u>	<u>138,616</u>	<u>121,347</u>
	<u>\$ 570,221</u>	<u>\$ 480,794</u>	<u>\$ 464,382</u>

THE CORPORATION OF THE TOWNSHIP OF MOONBEAM

SCHEDULE OF EXPENSES

DECEMBER 31, 2019

	Budget	2019	2018
	(Note 19)	Actual	(Restated - See Note 3)
PLANNING AND DEVELOPMENT SERVICES			
PLANNING AND ZONING			
Materials	\$ 79,370	\$ 71,649	\$ 76,984
Contracted Services	32,000	29,986	31,215
	<u>\$ 111,370</u>	<u>\$ 101,635</u>	<u>\$ 108,199</u>