

**CORPORATION OF THE
TOWN OF DEEP RIVER**

Consolidated Financial Statements
For the Year Ended December 31, 2020

MANAGEMENT REPORT

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements of the **Corporation of the Town of Deep River** are the responsibility of the Town's management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

A summary of the significant accounting policies are described in Note 1 to the consolidated financial statements. The preparation of the consolidated financial statements necessarily involves the use of estimates based on management's judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

Town 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 Finance Committee meets with management and the external auditors to review the consolidated financial statements and discuss any significant reporting or internal control matters prior to the Council's approval of the consolidated financial statements.

The consolidated financial statements have been audited by Dean ~ Sinclair, Chartered Professional Accountants, an independent external auditor appointed by the Town. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Town's consolidated financial statements.



Chief Administrative Officer

October 20, 2021
Deep River, Ontario



Treasurer

October 20, 2021
Deep River, Ontario

CORPORATION OF THE TOWN OF DEEP RIVER

Consolidated Financial Statements

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INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers of the
CORPORATION OF THE TOWN OF DEEP RIVER

Opinion

We have audited the consolidated financial statements of the **CORPORATION OF THE TOWN OF DEEP RIVER** which comprise the consolidated statement of financial position as at December 31, 2020 and the consolidated statements of operations, change in net financial assets (net debt) and cash flows for the year then ended, and notes to the 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 financial position of **CORPORATION OF THE TOWN OF DEEP RIVER** as at December 31, 2020 and the results of its consolidated operations, changes in net financial assets (net debt) and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Town in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Town'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 Town or to cease operations, or has no realistic alternative but to do so.

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

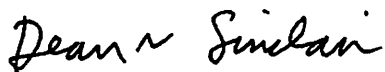
Auditor's Responsibility for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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:

- 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 Town's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Town's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 Town to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Town to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.



Chartered Professional Accountants
Licensed Public Accountants

Pembroke, Ontario
October 20, 2021

CORPORATION OF THE TOWN OF DEEP RIVER
Consolidated Statement of Financial Position
As At December 31, 2020

	2020	2019
FINANCIAL ASSETS		
Cash (Note 2)	\$ 2,928,765	\$ 2,737,964
Investments (Note 3)	650,383	620,288
Taxes receivable	344,773	332,667
Trade and other receivables	421,632	426,441
Loans receivable (Note 4)	74,030	20,396
Inventories for resale	8,490	8,737
	<u>\$ 4,428,073</u>	<u>\$ 4,146,493</u>
LIABILITIES		
Loan payable	\$ -	\$ 8,057
Accounts payable and accrued liabilities	1,174,441	1,129,188
Deferred revenue - general	188,614	8,912
Deferred revenue - obligatory (Schedule 3)	471,544	343,169
Long term liabilities (Note 5)	8,841,029	9,266,697
Employee benefits and post-employment liabilities (Note 6)	1,612,361	1,614,084
Landfill closure and post-closure liabilities (Note 7)	504,040	223,813
	<u>12,792,029</u>	<u>12,593,920</u>
NET FINANCIAL ASSETS (NET DEBT)	<u>(8,363,956)</u>	<u>(8,447,427)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets - net (Schedule 4)	32,908,104	34,004,669
Inventory of supplies	7,006	4,613
Prepaid expenses	9,800	40,115
	<u>32,924,910</u>	<u>34,049,397</u>
ACCUMULATED SURPLUS (Schedule 5)	<u>\$ 24,560,954</u>	<u>\$ 25,601,970</u>

See accompanying notes and schedules.

6.

CORPORATION OF THE TOWN OF DEEP RIVER
Consolidated Statement of Operations
For the Year Ended December 31, 2020

	2020	2020	2019
	Budget	Actual	Actual
	(Note 17)		
REVENUES (Note 9)			
Taxation and payments in lieu	\$ 6,911,852	\$ 7,015,011	\$ 6,675,557
User charges	3,689,768	3,418,099	3,172,644
Government transfers	554,362	521,490	1,221,400
Deferred revenue earned - Schedule 3	-	-	305,280
Other	193,722	212,997	267,611
	11,349,704	11,167,597	11,642,492
EXPENDITURES			
General government	1,330,900	1,349,361	1,328,490
Protection to persons and property	3,250,028	3,504,576	2,742,910
Transportation services	1,346,521	1,180,667	1,286,657
Environmental services	3,243,045	4,323,753	3,707,946
Health services	21,700	31,849	15,131
Recreation and cultural services	1,723,560	1,795,736	1,936,921
Planning and development	68,910	22,671	84,848
	10,984,664	12,208,613	11,102,903
ANNUAL SURPLUS (DEFICIT)	365,040	(1,041,016)	539,589
ACCUMULATED SURPLUS, beginning of year	25,601,970	25,601,970	25,062,381
ACCUMULATED SURPLUS, end of year	\$ 25,967,010	\$ 24,560,954	\$ 25,601,970

See accompanying notes and schedules.

7.

CORPORATION OF THE TOWN OF DEEP RIVER
Consolidated Statement of Change in Net Financial Assets (Net Debt)
For the Year Ended December 31, 2020

	2020	2019
	Actual	Actual
ANNUAL SURPLUS (DEFICIT)	\$ (1,041,016)	\$ 539,589
Amortization of tangible capital assets	1,833,544	1,793,403
Acquisition of tangible capital assets	(736,979)	(760,349)
Loss on disposal of tangible capital assets	-	9,531
Changes in level of supplies inventories	(2,393)	488
Changes in level of prepaid expenses	30,315	(30,417)
CHANGE IN NET FINANCIAL ASSETS (NET DEBT)	83,471	1,552,245
NET FINANCIAL ASSETS (NET DEBT), beginning of year	(8,447,427)	(9,999,672)
NET FINANCIAL ASSETS (NET DEBT), end of year	\$ (8,363,956)	\$ (8,447,427)

See accompanying notes and schedules.

8.

CORPORATION OF THE TOWN OF DEEP RIVER
Consolidated Statement of Cash Flows
For the Year Ended December 31, 2020

	2020	2019
CASH FROM OPERATING ACTIVITIES		
Annual surplus (deficit)	\$ (1,041,016)	\$ 539,589
Adjustments for items not affecting cash		
Amortization of tangible capital assets	1,833,544	1,793,403
Loss on disposal of tangible capital assets	-	9,531
Changes in non-cash working capital		
Taxes receivable	(12,106)	(83,157)
Trade and other receivables	(49,262)	79,023
Loan receivable	437	9,604
Inventories for resale	247	(983)
Inventory of supplies	(2,393)	488
Prepaid expenses	30,315	(30,417)
Accounts payable and accrued liabilities	45,253	369,518
Employee benefits and post-employment liabilities	(1,723)	(731,387)
Landfill closure and post-closure liabilities	280,227	(2,908)
Deferred revenue - general	179,702	(40,849)
Deferred revenue - obligatory	128,375	(34,222)
Loan payable	(8,057)	8,057
	1,383,543	1,885,290
CASH FROM (USED IN) FINANCING ACTIVITIES		
Payments on long term liabilities	(448,468)	(418,789)
Proceeds from long term liabilities	22,800	-
	(425,668)	(418,789)
CASH (USED IN) INVESTING ACTIVITIES		
Investments	(30,095)	(24,113)
Purchase of tangible capital assets	(736,979)	(760,349)
	(767,074)	(784,462)
INCREASE IN CASH	190,801	682,039
CASH, beginning of year	2,737,964	2,055,925
CASH, end of year	\$ 2,928,765	\$ 2,737,964

See accompanying notes and schedules.

9.

CORPORATION OF THE TOWN OF DEEP RIVER
Consolidated Schedule of Continuity of Reserves
For the Year Ended December 31, 2020

SCHEDULE 1

	BALANCE	REVENUES					TRANSFERS				BALANCE
	Beginning of Year	Interest Earned	From Operations	Other	Total	To Operations	To Capital	Other	Total	End of Year	
Reserves											
Acquisition of capital assets	\$ 1,565	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,565	
Sick leave and payroll contingency	165,490	-	28,279	-	28,279	-	-	-	-	193,769	
Legal contingency	48,526	-	-	-	-	-	-	-	-	48,526	
Waterworks	194,168	-	18,627	-	18,627	10,800	137,557	-	148,357	64,438	
Sewer	399,783	-	17,333	-	17,333	-	17,523	-	17,523	399,593	
Working funds	50,000	-	-	-	-	-	-	-	-	50,000	
Recreation facilities	1,333	-	-	-	-	-	-	-	-	1,333	
Insurance claims	46,720	-	-	-	-	-	-	-	-	46,720	
WSIB	72,964	-	-	-	-	-	-	-	-	72,964	
Physician recruitment	11,610	-	-	-	-	-	-	-	-	11,610	
Living legacy	4,425	-	-	-	-	-	-	-	-	4,425	
Asset replacement	255,552	-	-	-	-	4,989	40,296	-	45,285	210,267	
Landfill closure	73,673	-	-	-	-	-	-	-	-	73,673	
Recreation	10,135	-	-	-	-	-	-	-	-	10,135	
Marina capital	13,070	-	4,057	-	4,057	-	9,500	-	9,500	7,627	
Capital contingency	79,304	-	-	-	-	-	-	-	-	79,304	
Restricted donations	3,500	-	-	-	-	-	-	-	-	3,500	
Airport Runway	15,000	-	5,000	-	5,000	-	-	-	-	20,000	
Elections	4,000	-	4,000	-	4,000	-	-	-	-	8,000	
Service modernization	507,786	-	-	-	-	-	-	-	-	507,786	
	1,958,604	-	77,296	-	77,296	15,789	204,876	-	220,665	1,815,235	
Reserve Funds (Schedule 2)	764,287	33,819	13,016	-	46,835	1,437	314,827	-	316,264	494,858	
Total Reserves and Reserve Funds	\$2,722,891	\$ 33,819	\$ 90,312	\$ -	\$ 124,131	\$ 17,226	\$ 519,703	\$ -	\$ 536,929	\$2,310,093	

10. See accompanying notes and schedules.

CORPORATION OF THE TOWN OF DEEP RIVER
Consolidated Statement of Continuity of Reserve Funds
For the Year Ended December 31, 2020

SCHEDULE 2

	BALANCE	REVENUES				TRANSFERS				BALANCE
	Beginning of Year	Interest Earned	From Operations	Other	Total	To Operations	To Capital	Other	Total	End of Year
Reserve Funds										
Capital asset replacement	\$ 371,737	\$ 15,257	\$ -	\$ -	\$ 15,257	\$ -	\$ 314,827	\$ -	\$ 314,827	\$ 72,167
Hydro sale proceeds	342,024	15,871	13,016	-	28,887	-	-	-	-	370,911
Humanitarian donations	3,511	36	-	-	36	-	-	-	-	3,547
Airport operations	45,886	2,335	-	-	2,335	-	-	-	-	48,221
Main Street Revitalization	1,129	320	-	-	320	1,437	-	-	1,437	12
	\$ 764,287	\$ 33,819	\$ 13,016	\$ -	\$ 46,835	\$ 1,437	\$ 314,827	\$ -	\$ 316,264	\$ 494,858

CORPORATION OF THE TOWN OF DEEP RIVER
Consolidated Schedule of Deferred Revenue - Obligatory
For the Year Ended December 31, 2020

SCHEDULE 3

	BALANCE	REVENUES				TRANSFERS				BALANCE
	Beginning of Year	Interest on Investments	From Government Operating	Transfers	Total	To Operating	To Capital	Other	Total	End of Year
Deferred Revenue Obligatory Reserve Funds										
Gas tax rebates	\$ 343,169	\$ 3,723	\$ 124,652	\$ -	\$ 128,375	\$ -	\$ -	\$ -	\$ -	\$ 471,544

Corporation of the Town of Deep River
Consolidated Schedule of Tangible Capital Assets
For the Year Ended December 31, 2020

Schedule 4

	BY ASSET CLASS												Totals	
	General						Infrastructure							
	Land	Buildings	Vehicles	Equipment	Computer Equipment	Other	Roads	Plants & Facilities	Underground & Other	Other Structures	Assets Under Construction	2020	2019	
Cost														
Balance, Beginning of year	\$ 1,640,434	\$ 9,155,156	\$ 3,166,314	\$ 1,026,397	\$ 16,863	\$ 1,126,611	\$ 4,592,174	\$ 20,621,508	\$ 17,450,213	\$ 2,866,342	\$ 15,480	\$ 61,677,492	\$ 61,163,347	
Add:														
Additions during year	-	289,822	58,125	122,043	23,881	39,813	52,068	137,557	-	-	29,150	752,459	8,644,234	
Less:														
Disposals during year	-	-		(4,861)	(13,927)	(49,498)	(12,753)	-	-	-	(15,480)	(96,519)	(8,130,089)	
Balance, End of year	1,640,434	9,444,978	3,224,439	1,143,579	26,817	1,116,926	4,631,489	20,759,065	17,450,213	2,866,342	29,150	62,333,432	61,677,492	
Accumulated Amortization														
Balance, Beginning of year	-	4,634,983	2,141,896	704,076	16,863	946,641	2,921,456	11,299,387	3,691,912	1,315,609	-	27,672,823	26,116,093	
Add:														
Amortization during the year	-	208,045	160,555	61,576	11,941	53,275	95,201	841,466	300,805	100,680	-	1,833,544	1,793,403	
Less:														
Reduction on disposals	-	-	-	(4,861)	(13,927)	(49,498)	(12,753)	-			-	(81,039)	(236,673)	
Balance, End of year	-	4,843,028	2,302,451	760,791	14,877	950,418	3,003,904	12,140,853	3,992,717	1,416,289	-	29,425,328	27,672,823	
Net Book Value of Tangible Capital Assets	\$ 1,640,434	\$ 4,601,950	\$ 921,988	\$ 382,788	\$ 11,940	\$ 166,508	\$ 1,627,585	\$ 8,618,212	\$ 13,457,496	\$ 1,450,053	\$ 29,150	\$ 32,908,104	\$ 34,004,669	
BY FUNCTIONAL CLASSIFICATION														
	General Government	Police	Fire	Roads	Other Transportation	Water Supply	Sewer	Waste Management	Recreation	Planning Other	Assets Under Construction	2020	2019	
Cost														
Balance, Beginning of year	\$ 2,536,340	\$ 326,611	\$ 1,291,555	\$ 7,001,033	\$ 1,251,237	\$ 27,074,266	\$ 11,337,220	\$ 125,796	\$ 10,383,579	\$ 334,375	\$ 15,480	\$ 61,677,492	\$ 61,163,347	
Add:														
Additions during year	179,972	47,976	-	178,510	32,105	-	137,557	816	146,373		29,150	752,459	8,644,234	
Less:														
Disposals during year	(13,927)	-		(12,753)				-	(54,359)		(15,480)	(96,519)	(8,130,089)	
Balance, End of year	2,702,385	374,587	1,291,555	7,166,790	1,283,342	27,074,266	11,474,777	126,612	10,475,593	334,375	29,150	62,333,432	61,677,492	
Accumulated Amortization														
Balance, Beginning of year	1,426,114	297,829	822,597	4,445,844	812,918	9,202,200	5,836,498	42,981	4,746,138	39,704	-	27,672,823	26,116,093	
Add:														
Amortization during the year	83,683	22,737	60,536	206,171	31,623	815,970	338,801	1,737	264,101	8,185		1,833,544	1,793,403	
Less:														
Reduction on disposals	(13,927)			(12,753)				-	(54,359)			(81,039)	(236,673)	
Balance, End of year	1,495,870	320,566	883,133	4,639,262	844,541	10,018,170	6,175,299	44,718	4,955,880	47,889	-	29,425,328	27,672,823	
Net Book Value of Tangible Capital Assets	\$ 1,206,515	\$ 54,021	\$ 408,422	\$ 2,527,528	\$ 438,801	\$ 17,056,096	\$ 5,299,478	\$ 81,894	\$ 5,519,713	\$ 286,486	\$ 29,150	\$ 32,908,104	\$ 34,004,669	

CORPORATION OF THE TOWN OF DEEP RIVER
Consolidated Schedule of Accumulated Surplus
For the Year Ended December 31, 2020

SCHEDULE 5

	2020	2019
RESERVE FUNDS - Schedule 2		
Capital asset replacement	\$ 72,167	\$ 371,737
Hydro sale proceeds	370,911	342,024
Humanitarian donations	3,547	3,511
Airport operations	48,221	45,886
Main Street Revitalization	12	1,129
Total	494,858	764,287
RESERVES - Schedule 1		
Acquisition of capital assets	5,065	5,065
Sick leave and payroll contingency	193,769	165,490
Legal contingency	48,526	48,526
Waterworks	64,438	194,168
Sewer	399,593	399,783
Working funds	50,000	50,000
Recreation facilities	1,333	1,333
Insurance claims	46,720	46,720
WSIB	72,964	72,964
Physician recruitment	11,610	11,610
Living legacy	4,425	4,425
Asset replacement	210,267	255,552
Landfill closure	73,673	73,673
Recreation	10,135	10,135
Marina capital	7,627	13,070
Capital contingency	79,304	79,304
Airport Runway	20,000	15,000
Elections	8,000	4,000
Service modernization	507,786	507,786
Total	1,815,235	1,958,604
Total - Reserves and Reserve Funds	2,310,093	2,722,891
SURPLUSES		
Invested in tangible capital assets	23,883,317	24,640,789
General revenue fund	460,068	28,279
Landfill operations board	23,877	47,908
Unfunded		
• Employment benefits and post-employment liabilities	(1,612,361)	(1,614,084)
• Landfill closure and post-closure liabilities	(504,040)	(223,813)
Total Surpluses	22,250,861	22,879,079
ACCUMULATED SURPLUS	\$ 24,560,954	\$ 25,601,970

See accompanying notes and schedules.

14.

Corporation of the Town of Deep River
Consolidated Schedule of Segmented Disclosure
For the Year Ended December 31, 2020

Schedule 6

	General Government		Protection		Transportation		Environment		Health		Recreation		Planning		Totals	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Revenues																
Taxation	\$ 1,117,499	\$ 1,045,920	\$ 3,093,250	\$ 3,108,715	\$ 1,119,993	\$ 1,005,422	\$ 455,419	\$ 465,931	\$ 9,068	\$ (5,488)	\$ 1,216,647	\$ 1,044,238	\$ 3,134	\$ 10,819	\$ 7,015,011	\$ 6,675,557
User charges	10,192	7,389	184,214	145,110	22,171	28,965	2,871,858	2,501,534	13,057	16,944	316,607	472,702	-	-	3,418,099	3,172,644
Government transfers	441,200	844,186	19,058	29,776	32,476	200,649	11,819	135,248	-	-	13,501	11,541	3,436	-	521,490	1,221,400
Other income	132,371	156,040	-	-	46,284	21,725	10,137	36,148	-	-	24,205	53,698	-	-	212,997	267,611
Deferred revenue earned	-	-	-	-	-	305,280	-	-	-	-	-	-	-	-	-	305,280
	1,701,262	2,053,535	3,296,522	3,283,601	1,220,924	1,562,041	3,349,233	3,138,861	22,125	11,456	1,570,960	1,582,179	6,570	10,819	11,167,597	11,642,492
Expenses																
Salaries, wages and benefits	824,227	866,172	2,450,379	1,668,762	604,244	632,345	67,685	134,707	10,919	6,201	966,930	986,146	5,641	4,999	4,930,025	4,299,332
Interest on long term liabilities	-	-	-	-	2,921	3,170	285,416	311,919	-	-	73,262	75,457	-	-	361,599	390,546
Materials and supplies	445,830	403,713	145,907	176,204	327,522	405,398	762,506	724,770	4,085	8,930	458,699	579,071	16,827	22,376	2,161,376	2,320,462
Contracted services	7,621	5,107	798,347	797,152	-	-	2,066,308	1,401,445	16,845	-	5,393	4,907	203	57,473	2,894,717	2,266,084
External transfers	-	-	-	-	-	-	-	-	-	-	27,351	33,075	-	-	27,351	33,075
Interfunctional adjustments	(12,000)	(12,000)	26,670	27,070	-	-	(14,670)	(15,070)	-	-	-	-	-	-	-	-
Amortization	83,683	65,498	83,273	73,722	245,980	245,744	1,156,508	1,150,175	-	-	264,101	258,265	-	-	1,833,545	1,793,404
	1,349,361	1,328,490	3,504,576	2,742,910	1,180,667	1,286,657	4,323,753	3,707,946	31,849	15,131	1,795,736	1,936,921	22,671	84,848	12,208,613	11,102,903
Net Revenue (Expenses)	\$ 351,901	\$ 725,045	\$ (208,054)	\$ 540,691	\$ 40,257	\$ 275,384	\$ (974,520)	\$ (569,085)	\$ (9,724)	\$ (3,675)	\$ (224,776)	\$ (354,742)	\$ (16,101)	\$ (74,029)	\$ (1,041,016)	\$ 539,589

CORPORATION OF THE TOWN OF DEEP RIVER
Notes to the Consolidated Financial Statements
For the Year Ended December 31, 2020

The **CORPORATION OF THE TOWN OF DEEP RIVER** is an incorporated municipality in the Province of Ontario. Its operations are guided by the provisions of provincial statutes such as the *Municipal Act*, *Municipal Affairs Act* and related legislation.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Corporation of the Town of Deep River are the representation of management prepared in accordance with local government accounting standards established by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada.

REPORTING ENTITY

- (a) The consolidated financial statements reflect the assets, liabilities, revenues and expenditures, reserves, reserve funds and cash flows of the Town and include the activities of all committees of Council and the following boards and utilities which are under the control of Council:

- Deep River Public Library Board
- Deep River Waterworks

The municipality is also a member of two joint local boards which are accounted for using the proportionate consolidation method whereby the municipality's proportionate share of revenues, expenditures, assets and liabilities are included in the accounts after elimination of the proportionate share of inter-entity transactions:

	Proportionate Share
• North Renfrew Landfill Operations Board	52.00 %
• Pembroke and Area Airport Commission	7.795 %

Inter-organizational transactions and balances have been eliminated in the preparation of these financial statements.

(b) **Accounting for County and School Board Transactions**

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

(c) **Trust Funds**

Trust funds and their related operations administered by the municipality are not consolidated, but are reported separately in the Trust Funds Statement of Financial Activities and Fund Balances and the Trust Funds Statement of Financial Position.

BASIS OF ACCOUNTING

(a) **Accrual Basis of Accounting**

The financial statements have been prepared using the accrual basis of accounting. The accrual basis of accounting recognizes revenues in the period in which transactions or events occurred that gave rise to the revenues; expenditures are recognized in the period the goods and services are acquired and a liability is incurred or transfers are due.

CORPORATION OF THE TOWN OF DEEP RIVER
Notes to the Consolidated Financial Statements
For the Year Ended December 31, 2020

1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(b) Cash

Cash is defined as cash on hand, cash on deposit and short-term deposits with maturity dates of less than 90 days, net of cheques issued and outstanding at the reporting date.

(c) Revenue Recognition

Property tax billings are prepared by the Municipality based on an assessment roll prepared by the Municipal Property Assessment Corporation ("MPAC"), an agency of the Ontario government. Any supplementary billing adjustments made necessary by assessment appeals submitted by the ratepayers and changes to assessed value reflecting new construction are recognized in the year they are determined.

User charges and fees are recognized as revenue in the year the goods and services are provided.

Investment income is recognized as it is earned. Investment income earned on federal gas tax reserve funds is recorded as deferred revenue and included in Municipal revenues in the year that they are applied to qualifying capital expenditures.

Government transfers are recognized as revenue in the year in which the events giving rise to the transfer occur, providing the transfers are authorized, any eligible criteria have been met, and reasonable estimates of the amounts can be made.

(d) Inventories for Resale

Inventories for resale are valued at the lower of cost and net realizable value with cost determined on a first-in, first-out basis.

CORPORATION OF THE TOWN OF DEEP RIVER
Notes to the Consolidated Financial Statements
For the Year Ended December 31, 2020

1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(e) Non-Financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year, and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the Change in Net Financial Assets (Net Debt) for the year.

Tangible Capital Assets

Tangible capital assets are recorded at cost, which includes all amounts that are directly attributable to the 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:

<u>Assets</u>	<u>Useful Life-Years</u>
Buildings	10-50
Vehicles	4-20
Equipment	10-20
Computer equipment	2
Other	5-7
Roads	20-40
Plants and facilities	20-80
Underground and other networks	50-75
Other structures	15-25

Landfill sites are amortized using the units of production method based upon capacity used during the year.

Annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is in service.

The Town has a capitalization threshold so that individual tangible capital assets of lesser value are expensed, unless they are pooled because, collectively, they have significant value, or for operational reasons.

Certain assets have been assigned a nominal value of one Canadian dollar because of the difficulty of determining a tenable valuation. The most significant of such assets are the Town's road allowances and most Town lands.

Contributions of Tangible Capital Assets

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and are also recorded as revenue. Similarly, transfers of assets to third parties are recorded as an expense equal to the net book value of the asset as of the date of transfer.

Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

CORPORATION OF THE TOWN OF DEEP RIVER
Notes to the Consolidated Financial Statements
For the Year Ended December 31, 2020

1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Inventories

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

(f) Pension and Employee Benefits

The Town expenses its contributions to the Ontario Municipal Employees Retirement System ("OMERS"), a multi-employer public sector pension fund, when contributions are due.

Employee benefits include vacation entitlement, sick leave benefits and certain post-employment benefits. Vacation entitlements and sick leave benefits are accrued as entitlements are earned. Other post-employment benefits are subject to actuarial valuations and are accrued in accordance with the projected benefit method, prorated on service and management's best estimate of salary escalation and retirement ages of employees. Any actuarial gains and losses related to past service of employees are amortized over the expected average remaining service life of the employee groups.

(g) Deferred Revenue - Obligatory

Government transfers of gas taxes are reported as deferred revenue – obligatory in the Consolidated Statement of Financial Position. These amounts will be recognized as revenues in the period in which related expenditures are incurred.

(h) Investments

Investments consist of bond and money market mutual funds and are recorded at market value.

(i) Use of Estimates

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts in the financial statements and accompanying notes. Due to the inherent uncertainty in making estimates, actual results could differ from these estimates. Management makes accounting estimates when determining the estimated useful life of the Corporation's tangible assets, its allowances for doubtful accounts, the carrying value of its inventory, the accrued liabilities for employee benefits and solid waste landfill closure and post-closure care. Actual results could differ from those estimates.

(j) Segment Disclosures

The municipality adopted the Public Sector Accounting Board standard requiring financial information to be provided on a segmented basis (PSAB 2700). Municipal services have been segmented by grouping activities that have similar service objectives (by function). Revenues that are directly related to the costs of the function have been attributed to each segment.

2. CASH

Cash and investments in the amount of \$966,402 (2019 - \$1,107,458) have been restricted to support reserve funds and deferred revenue - obligatory.

CORPORATION OF THE TOWN OF DEEP RIVER

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2020

3. INVESTMENTS

	2020	2019
Investment in Public Sector Group of Funds		
• Canadian Government Bond Portfolio	\$ 619,514	\$ 588,386
Mutual funds	30,869	31,902
	\$ 650,383	\$ 620,288

The book value of the investments is \$681,854 (2019 - \$664,430).

4. LOANS RECEIVABLE

	2020	2019
Loan receivable from Community Skiway Inc. (Mount Martin Ski Hill), interest at the Bank of Canada prime rate, due annually, secured by a chattel mortgage on Mount Martin Ski Hill equipment (Prime rate at December 31, 2020 – 2.45%). The loan is due September 2028 but the Town has the option to demand repayment in full any time after September 2023 on six months written notice.	\$ 19,959	\$ 20,396
Loan receivable from Weesoe Community Communication Technologies for the purpose of providing expanded and enhanced internet for the Town, interest payable monthly at the Royal Bank of Canada's prime rate, secured by a general security agreement. The Town approved a maximum loan of \$500,000 under this agreement. The final loan amount was \$302,199 which was converted to a fixed rate loan on August 31, 2021, receivable over a five-year period in semi-annual instalments of \$32,293 including interest at 2.45% per annum.	54,071	-
	\$ 74,030	\$ 20,396

CORPORATION OF THE TOWN OF DEEP RIVER
Notes to the Consolidated Financial Statements
For the Year Ended December 31, 2020

5. LONG TERM LIABILITIES

- (a) The balance of long-term liabilities reported on the Consolidated Statement of Financial Position is made up of the following:

	2020	2019
Prime minus 0.85% non-revolving term loan, maturing June 2022, repayable in blended monthly instalments of \$19,940	\$ 1,493,506	\$ 1,699,715
5.42% debentures, maturing September 2049, repayable in blended semi-annual instalments of \$129,685	3,770,622	3,823,467
4.12% debentures, maturing December 2025, repayable in blended semi-annual instalments of \$31,693	283,798	333,937
2.9% debentures, maturing November 2036, repayable in blended semi-annual instalments of \$43,871	1,116,863	1,171,035
3.5% debentures, maturing September 2047, repayable in blended semi-annual instalments of \$32,464	1,128,135	1,152,926
3.14% debentures, maturing December 2037, repayable in semi-annual instalments of \$30,156 plus interest	1,025,305	1,085,617
Town share of Pembroke and Area Airport Commission debentures, interest at 2.47%, maturing May 2040, repayable in semi-annual instalments of \$585 plus interest	22,800	-
	\$ 8,841,029	\$ 9,266,697

- (b) Principal payments on long term liabilities are estimated as follows:

2021	\$ 467,852
2022	479,121
2023	490,784
2024	502,823
2025	515,360
Thereafter	6,385,089
	\$ 8,841,029

CORPORATION OF THE TOWN OF DEEP RIVER
Notes to the Consolidated Financial Statements
For the Year Ended December 31, 2020

5. LONG TERM LIABILITIES (cont'd)

The long-term liabilities in (a) 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 repayment limit prescribed by the Ministry of Municipal Affairs.

- (c) Total interest charges for Town long term liabilities reported on the Consolidated Statement of Operations are \$361,599 (2019 - \$390,546).

Of the total charges shown above, \$75,894 (2019 - \$78,628) was paid from general revenues of the Town, \$245,141 (2019 - \$249,963) was recovered from the water supply operation and \$40,564 (2019 - \$61,955) was recovered from the sanitary sewer operation. These amounts are included on the Consolidated Statement of Operation, classified under the appropriate functional expenditure headings.

6. EMPLOYEE BENEFITS AND POST EMPLOYMENT LIABILITIES

	2020	2019
Accrued vacation pay benefits	\$ 93,753	\$ 84,621
Sick leave (Note 6 (a))	538,501	572,668
Post-employment benefits (Note 6 (b))	856,918	835,446
WSIB (Note 6 (c))	123,189	121,349
	<u>\$ 1,612,361</u>	<u>\$ 1,614,084</u>

(a) SICK LEAVE BENEFITS

Under the sick leave benefit plans, unused sick leave can accumulate and employees may become entitled to a cash payment when they leave the municipality's employment. An amount of \$65,298 (2019 - \$115,205) was paid to employees who left the municipality's employment during the current year. Reserves in the amount of \$193,769 (2019 - \$165,490) have been established to provide for these liabilities and are reported on the Consolidated Statement of Financial Position.

(b) POST EMPLOYMENT BENEFITS

The Town has defined benefit plans providing various post-retirement medical and life insurance benefits.

The liability and expense for 2020 is based on an actuarial valuation performed as at December 31, 2017 and forecasted for 2020.

CORPORATION OF THE TOWN OF DEEP RIVER
Notes to the Consolidated Financial Statements
For the Year Ended December 31, 2020

6. **EMPLOYEE BENEFITS AND POST EMPLOYMENT LIABILITIES (cont'd)**

Information about the plan is as follows:

Accrued benefit liability

	2020	2019
Accrued benefit liability as at beginning of year	\$ 835,446	\$ 811,215
Current service cost	49,743	48,248
Interest cost	26,840	26,265
Amortization of actuarial gain/loss	3,889	4,118
Contributions/benefits paid during the year	(59,000)	(54,400)
Accrued benefit liability as at end of year	\$ 856,918	\$ 835,446

Reconciliation of accrued benefit obligation

	2020	2019
Accrued benefit obligation as at beginning of year	\$ 870,446	\$ 850,333
Benefits accrued during year	49,743	48,248
Benefits paid during year	(59,000)	(54,400)
Interest on accrued benefit obligation during year	26,840	26,265
Accrued benefit obligation as at end of year	\$ 888,029	\$ 870,446

Discount rate	3.1%
Assumed dental cost trend rate	4.0%

The assumed health care cost trend rate was 10%, decreasing by 1% annually to 5%.

(c) **WORKPLACE SAFETY & INSURANCE BOARD (WSIB)**

As a Schedule 2 employer, the Town funds its obligations to the WSIB on a "pay as you go" basis. The future benefit costs recorded at the year end are based on calculations prepared by the WSIB. No independent actuarial valuation is considered necessary.

CORPORATION OF THE TOWN OF DEEP RIVER

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2020

7. LANDFILL CLOSURE AND POST-CLOSURE LIABILITIES

The Town operates a landfill site that now receives only construction and demolition waste. Currently the landfill site is estimated to be 75% filled and has a remaining volume of approximately 80,000 m³. The estimated remaining life of the site at the current level of usage is 20 years. The estimated required period of post-closure care is 25 years. These financial statements recognize a liability for closure and post-closure care to the extent that the site has been used to date. Since costs are to be incurred in the future they have been discounted at 3.5%. Currently a liability of \$447,000 has been accrued. The present value of estimated total expenditures is approximately \$596,000. The liability remaining to be recognized is \$149,000. A reserve in the amount of \$73,673 has been established to provide for this liability and is reported on the Consolidated Statement of Financial Position.

The Town is also a joint member of the North Renfrew Landfill Operations Board which owns and operates one open landfill site. Currently, the landfill site is estimated to be 52% filled and has a remaining volume of 94,628 m³. At the current rate of usage, the landfill site is expected to close in 22 years or as early as December 2042. The Board is liable for closing costs of this landfill site and post-closure costs for monitoring, reporting, site reconnaissance and maintenance on an annual basis for a period of at least four years following the closure of the site. The present value of the expected closure and post-closure costs have been reported as a liability in the Consolidated Statement of Financial Position. The liability was estimated using a discount factor of 3.45% and is accrued based on site usage. Currently a liability of \$109,692 (Town share - \$57,040) has been accrued. The present value of estimated expenditures for closure and post-closure care is \$210,946 (Town share - \$109,692). The liability remaining to be recognized is \$101,254 (Town share - \$52,652).

8. CONTAMINATED SITES LIABILITY

The Town has adopted PS3260 Liability for Contaminated Sites. The Town has not identified any liabilities as at December 31, 2020 (2019 - Nil) as a result of this standard.

CORPORATION OF THE TOWN OF DEEP RIVER**Notes to the Consolidated Financial Statements**

For the Year Ended December 31, 2020

9. REVENUES

	2020	2020	2019
	Budget	Actual	Actual
Taxation			
Residential and farm taxation	\$ 5,862,384	\$ 5,838,357	\$ 5,652,543
Commercial, industrial and business taxation	1,017,584	1,017,586	968,385
Taxation from other governments	3,120,856	3,269,594	3,175,663
	10,000,824	10,125,537	9,796,591
Deduct: amounts received or receivable for			
County and school boards	(3,088,972)	(3,110,526)	(3,121,034)
	6,911,852	7,015,011	6,675,557
User Charges	3,689,768	3,418,099	3,172,644
Government Transfers			
Government of Canada	3,658	26,846	89,029
Province of Ontario	532,204	477,098	1,115,161
Other municipalities	18,500	17,546	17,210
	554,362	521,490	1,221,400
Deferred Revenue Earned	-	-	305,280
Other			
Investment income	48,096	62,260	72,643
Penalties and interest on taxes	50,000	50,962	43,118
Donations	10,475	9,452	28,694
CNL capital cost recovery	-	-	21,840
Other	85,151	90,323	110,847
Loss on disposal of tangible capital assets	-	-	(9,531)
	193,722	212,997	267,611
	\$ 11,349,704	\$ 11,167,597	\$ 11,642,492

CORPORATION OF THE TOWN OF DEEP RIVER
Notes to the Consolidated Financial Statements
For the Year Ended December 31, 2020

10. EXPENDITURES BY OBJECT

The Consolidated Statement of Operations presents the consolidated expenditures by function. The following classifies those same expenditures by object.

	2020	2019
Salaries, wages and employee benefits	\$ 4,946,924	\$ 4,299,332
Interest on long term liabilities	361,310	390,546
Transfers to external organizations	27,351	33,075
Materials, contracted services, rents and financial expenses	5,039,483	4,586,546
Amortization	1,833,545	1,793,404
	\$ 12,208,613	\$ 11,102,903

11. PENSION AGREEMENT

The Corporation of the Town of Deep River, on behalf of its eligible employees, is a participant in the Ontario Municipal Employees Retirement System (OMERS). OMERS is a defined benefit pension plan, fully funded by equal contributions from participating employers and employees, and by the investment earnings of the OMERS Fund. OMERS pensions are calculated using a defined benefit formula, taking into account length of service and average annual wage that is designed to integrate with the pension payable from the Canada Pension Plan.

Because OMERS is a multi-employer pension plan. The Corporation of the Town of Deep River does not recognize any share of the pension plan deficit of \$7.66 billion (2019 – surplus of \$1.53 billion) based on the total fair market value of the plans's assets, as this is a joint responsibility of all Ontario municipalities and their employees.

The amount contributed to OMERS for 2020 was \$330,697 (2019 - \$348,753) for current service and is included as an expenditure on the Consolidated Statement of Operations. At December 31, 2020 there is no liability for past service under this agreement.

12. FINANCIAL INSTRUMENTS

The Municipality's financial instruments consist of cash, investments, taxes receivable, trade and other receivables, loan receivable, accounts payable and accrued liabilities, loan payable and long-term liabilities.

It is management's opinion that the Municipality is not exposed to significant interest or currency risks arising from these financial instruments. The Town is subject to credit risk with respect to taxes receivable, water and sewer receivables and trade and other receivables. Credit risk arises from the possibility that taxpayers and entities to which the Town provides services may experience financial difficulty and be unable to fulfill their obligations. It is management's opinion that the large number and diversity of taxpayers and users minimizes the credit risk.

CORPORATION OF THE TOWN OF DEEP RIVER

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2020

13. JOINT LOCAL BOARDS

The Town is a member of two joint local boards as follows:

Pembroke and Area Airport Commission

The Pembroke and Area Airport Commission was established in 1968 under the *Municipal Act* and on June 25, 1992 was continued as a body corporation by special legislation of the province of Ontario. The Commission's primary function is the management of the Pembroke and Area Airport.

The Town's proportionate share of contributions to the Commission is 7.795% (2019 - 7.952%). The only transactions the Town had with the Commission during the year was the annual municipal levy of \$6,945 (2019 - \$6,748). This transaction is in the normal course of operations and measured at its exchange amount.

Summary financial information for the year ended December 31, 2020 and the Town's proportionate share are as follows:

	Total	Town's Share
Net financial assets	\$ 312,750	\$ 24,379
Non-financial assets	3,864,591	301,245
Accumulated surplus	4,177,341	325,624
Revenue	408,451	31,841
Expenditures	392,397	30,589
Annual surplus	\$ 16,054	\$ 1,252

North Renfrew Landfill Operations Board

The North Renfrew Landfill Operations Board is a joint local board which was formed to direct the operation of the Bagg's Road Landfill.

The Town's proportionate share of contributions to the Board is 52% (2019 - 52%). The Town made operating contributions to the Board in the amount of \$99,462 (2019 - \$152,290).

These transactions are in the normal course of operations and measured at their exchange amount.

Summary financial information for the year ended December 31, 2020 and the Town's proportionate share are as follows:

	Total	Town's Share
Net financial assets (debt)	\$ (82,152)	\$ (38,428)
Non-financial assets	52,208	27,147
Accumulated (deficit)	(29,944)	(11,281)
Revenue	225,512	117,267
Expenses	312,400	162,448
Annual (deficit)	\$ (86,888)	\$ (45,181)

CORPORATION OF THE TOWN OF DEEP RIVER

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2020

14. CONTRACTUAL OBLIGATIONS AND COMMITMENTS

The Town has entered into a fire protection services agreement with Canadian Nuclear Laboratories Ltd. for the period June 1, 2018 to March 31, 2021 at an annual amount of \$690,000 plus HST. As at December 31, 2020, the unpaid portion of this contract amounted to approximately \$172,520 plus HST.

The Town has entered into a contract in the amount of \$1,993,320 including HST for the collection, handling and processing of recyclables and the collection and disposal of residential and commercial waste for the period October 1, 2018 to September 30, 2023 with an option to renew the contract for an additional two years at the amount of \$415,277 per year including HST. As at December 31, 2020, the unpaid portion of this contract amounted to approximately \$1,103,445 including HST.

The Town has an agreement with the Ontario Clean Water Agency (OCWA) to manage, operate and maintain the drinking water system and the wastewater treatment system. The agreement is for an initial five-year term commencing January 1, 2017 and renewable for five additional five-year terms if agreed to by the parties. The cost for 2020 was \$1,720,919. The agreement can be terminated by either the Town or OCWA by giving at least 365 days notice in writing.

The Town has awarded a five-year contract effective April 1, 2016 for the provision of landfill operation services for the Miller Road Construction and Demolition Waste Disposal Site for an annual fee of \$62,160 plus HST increasing by approximately 1.9% in each year of the contract. As at December 31, 2020, the unpaid portion of this contract amounted to approximately \$16,750 plus HST.

The North Renfrew Landfill Operations Board has entered into a contract in the amount of \$1,938,000 plus HST for the operation of the North Renfrew (Baggs Road) Solid Waste Disposal Site for the period from August 1, 2013 to July 31, 2023. As at December 31, 2020, the unpaid portion of this contract amounts to \$500,650 plus HST. The Board has also entered into a contract in the estimated amount of \$80,500 plus HST for the monitoring and reporting of the North Renfrew (Baggs Road) Solid Waste Disposal Site for the period from March 2018 to February 2021 and an additional agreement at an estimated amount of \$89,000 plus HST for the period March 2021 to February 2026. As at December 31, 2020 the estimated unpaid portion of these contracts amounted to \$93,472 plus HST.

The Town has agreed to provide a loan for the purpose of providing expanded and enhanced internet as described in Note 4 to the financial statements.

15. TRUST FUNDS

Trust funds administered by the Town totalling \$347,694 (2019 - \$328,854) are presented in separate trust fund financial statements. As such, balances held in trust by the Town for the benefit of others have not been included in the Consolidated Statement of Financial Position nor have their operations been included in the Consolidated Statement of Operations.

CORPORATION OF THE TOWN OF DEEP RIVER

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2020

16. CONTINGENT LIABILITIES

The Town is the subject of a legal proceeding related to employment issues. Management believes that the ultimate settlement amount, if any, cannot be reasonably determined at this time. In addition, the nature of municipal activities is such that there may be litigation pending or in prospect at any time. Management believes that the Town has valid defences and appropriate insurance coverages in place. In the event any claims are successful, management believes that such claims are not expected to have a material effect on the Town's financial position. Any adjustments, arising from these matters, will be recorded in future years.

17. BUDGET FIGURES

The operating budget approved by Town Council for 2020 is reflected on the Consolidated Statement of Operations. The budgets established for capital investment in tangible capital assets are on a project-oriented basis, the costs of which may be carried out over one or more years and, therefore, may not be comparable with current year's actual expenditure amounts. As well, the Town does not in some cases include tangible capital asset amounts in the annual budget as they do not require immediate funding. Budget figures have been reclassified for the purposes of these financial statements to comply with PSAB reporting requirements. The budget figures are unaudited.

18. SEGMENTED DISCLOSURES

The Town of Deep River provides a range of services to its ratepayers. For each segment as reported in Schedule 6, revenues and expenses represent amounts that are directly attributable to the segment. Amounts not directly attributable to a segment are reported in general government. The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in Note 1.

19. OPERATIONS

In March 2020, the World Health Organization declared a global pandemic due to the novel coronavirus (COVID-19). The situation is constantly evolving, and the measures put in place are having multiple impacts on local, provincial, national and global economies. The Town's delivery of services has been altered but the overall effect of these events on the Town and its operations is too uncertain to be estimated at this time. The impacts will be accounted for when they are known and may be assessed.