



THE CORPORATION OF THE MUNICIPALITY OF TEMAGAMI  
SPECIAL COUNCIL MEETING  
AGENDA

Tuesday, November 13, 2018, 4:30 P.M.

Welcome Center

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An audio recording of the Open Session of this meeting is being made and will be available through the Municipal Website as a public service to further enhance access to municipal government services and to continue to promote open and transparent government. As a visitor, your presence may be recorded and your name and address may be revealed during certain parts of the Council meeting.

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Pages

1. PURPOSE OF THIS SPECIAL MEETING

IS FOR COUNCIL TO: Receive and approve the 2017 Financial Statements from the Auditors.

2. CALL TO ORDER AND ROLL CALL

3. ADOPTION OF THE AGENDA

Draft Motion:

BE IT RESOLVED THAT the Special Council Meeting Agenda dated November 13, 2018 be adopted as presented / amended.

4. DECLARATION OF CONFLICT OR PECUNIARY INTEREST AND GENERAL NATURE THEREOF

5. CLOSED SESSION

6. DELEGATIONS/ PRESENTATIONS

6.1 Presentation from the KPMG, Tiffany Ceccheto

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Draft Motion:

BE IT RESOLVED THAT the Council of the Municipality of Temagami receive the 2017 Audit Report from KPMG; AND FURTHER THAT Council approve the 2017 Audited Financial Statements.

7. STAFF REPORTS

8. UNFINISHED BUSINESS

9. NEW BUSINESS

10. ADJOURNMENT

Draft Motion:

BE IT RESOLVED THAT this meeting adjourn at p.m.



# Corporation of the Municipality of Temagami

**Financial Statement Review and Year-End Audit Report**

**November 13, 2018**

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# Auditors' Report

### INDEPENDENT AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers of  
The Corporation of the Municipality of Temagami

We have audited the accompanying consolidated financial statements of The Corporation of the Municipality of Temagami, which comprise the consolidated statement of financial position as at December 31, 2017, the consolidated statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

#### *Management's Responsibility for the Consolidated Financial Statements*

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

#### *Auditors' Responsibility*

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

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

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

#### *Opinion*

In our opinion, the consolidated financial statements present fairly, in all material respects the consolidated financial position of The Corporation of the Municipality of Temagami as at December 31, 2017, and its results of operations, its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Professional Accountants, Licensed Public Accountants

Sudbury, Canada

November 13, 2018

- Unqualified or clean audit opinion
- Highest level of financial assurance available under the Canadian Auditing Standards
- Materiality for the engagement was set at \$187,000 with a posting threshold of \$9,000
- Statements are in draft pending Council approval

# Statement of Financial Position

## THE CORPORATION OF THE MUNICIPALITY OF TEMAGAMI

Consolidated Statement of Financial Position

December 31, 2017, with comparative information for 2016

	2017	2016
<b>Financial assets</b>		
Cash	\$ 2,861,060	\$ 2,456,585
Taxes receivable	806,236	763,617
Accounts receivable (note 2)	467,185	947,230
	<u>4,134,481</u>	<u>4,167,432</u>
<b>Financial liabilities</b>		
Accounts payable and accrued liabilities (note 3)	676,047	1,017,379
Deferred revenue	15,500	-
Long-term debt (note 4)	758,295	179,891
Landfill closure liabilities (note 5)	112,900	111,100
	<u>1,562,742</u>	<u>1,308,370</u>
Net financial assets	2,571,739	2,859,062
<b>Non-financial assets</b>		
Tangible capital assets (note 6)	15,140,290	14,632,651
	<u>15,140,290</u>	<u>14,632,651</u>
Accumulated surplus (note 7)	\$ 17,712,029	\$ 17,491,713

### Highlights

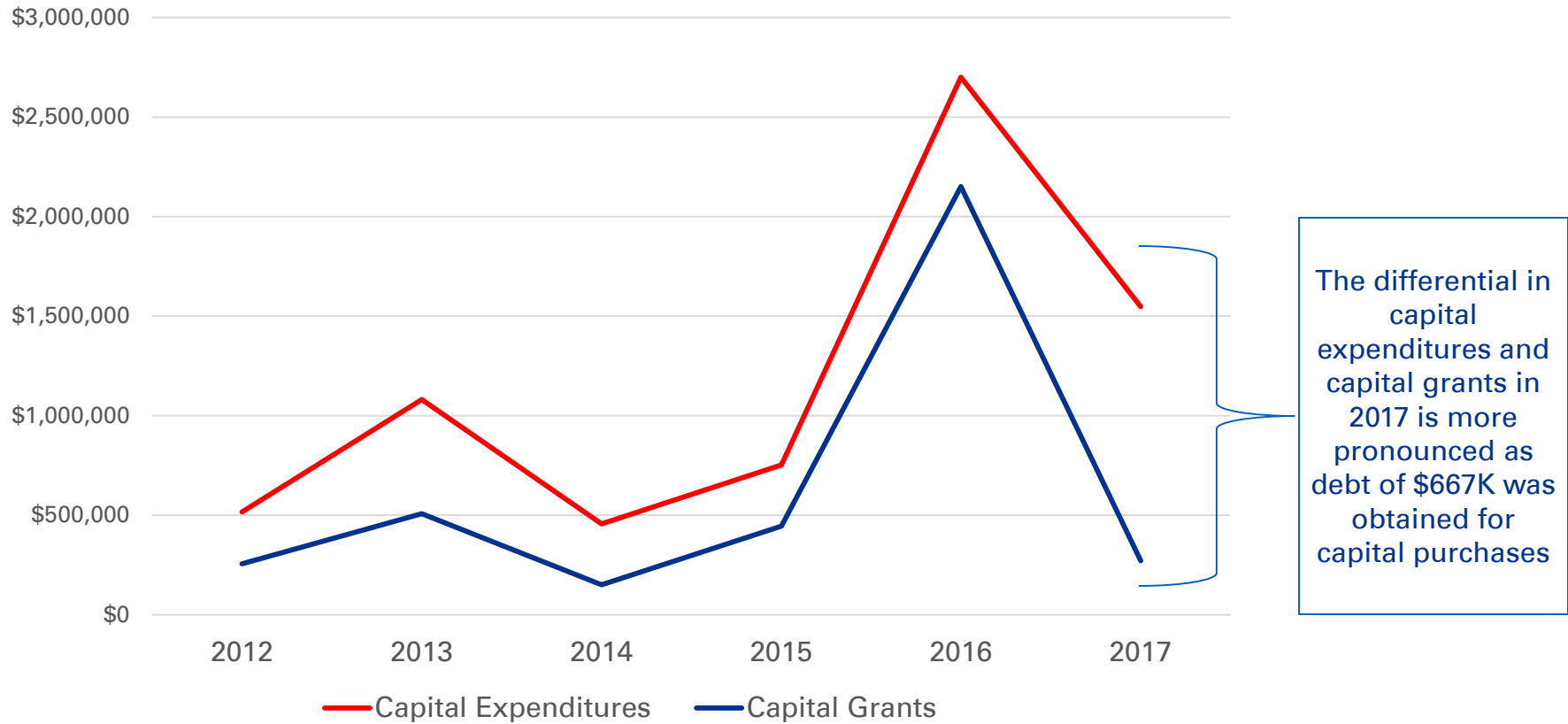
- Cash increase given the operating surplus in 2017
- Taxes receivable increase relates to an increase in the prior year taxes receivable (no collectability issues at the current time). New arrears policy to be implemented in 2019.
- Account receivable decrease given the OCIF grant for Spruce Drive was outstanding at the end of 2016 (\$406K) No further grant receivables outstanding at the end of 2017
- Accounts payable decrease given completion of the Spruce Drive project (prior year accruals of \$200K for this project)
- Deferred revenue relates to LiveFit funding received to be spent in 2018
- Long-term debt increased as a result new debt financing for the purchase of road maintenance equipment

# Composition of Taxes Receivable

	2017	2017 %	2016 %
2017 taxation year	\$241,738	29.1%	31.4%
2016 taxation year	\$132,454	15.9%	17.0%
2015 and prior taxation years	\$305,995	36.8%	34.9%
Interest and penalties	\$152,059	18.3%	16.7%
<b>Total</b>	<b>\$832,246</b>		

# Significant Tangible Capital Asset Additions

# Capital Additions and Grants



# Statement of Operations

	Budget 2017	Actual 2017	Actual 2016
	(note 11)		
Revenues:			
Operating revenues:			
Municipal taxation	\$ 3,735,430	\$ 3,750,244	\$ 3,645,708
User charges	715,535	726,019	731,552
Provincial grants	1,558,208	1,556,425	1,612,286
Federal grants	8,000	4,650	6,200
Investment income	14,500	17,322	19,812
Penalties and interest on taxes	95,000	90,612	111,784
Provincial Offences Act	13,000	13,556	19,535
Other	127,134	182,981	181,126
	6,266,807	6,341,809	6,328,003
Capital revenues:			
Provincial grants	219,749	50,000	1,782,543
Federal grants	313,214	221,086	368,506
	532,963	271,086	2,151,049
<b>Total revenues</b>	<b>6,799,770</b>	<b>6,612,895</b>	<b>8,479,052</b>
Expenses:			
Current operations:			
General government	1,047,399	1,274,778	1,094,892
Protection to persons and property	755,825	764,990	735,903
Transportation services	737,357	1,004,456	1,086,977
Environmental services	695,800	1,089,457	1,068,375
Health services	681,465	616,627	635,142
Social and family services	1,097,447	1,105,388	1,071,892
Recreational and cultural services	371,592	367,750	413,055
Planning and development	192,958	169,133	136,568
<b>Total expenses</b>	<b>5,579,843</b>	<b>6,392,579</b>	<b>6,242,804</b>
<b>Annual surplus</b>	<b>1,219,927</b>	<b>220,316</b>	<b>2,236,248</b>
<b>Accumulated surplus, beginning of year</b>	<b>17,491,713</b>	<b>17,491,713</b>	<b>15,255,465</b>
<b>Accumulated surplus, end of year</b>	<b>\$ 18,711,640</b>	<b>\$ 17,712,029</b>	<b>\$ 17,491,713</b>

## Highlights

- Taxation increase of \$105K
  - No significant changes to note in the year
- User charges – consistent with the prior year
- Province of Ontario
  - OMPF \$890K
  - DSSAB Funding \$634K
  - Other small grants totaling \$32,300
- Capital revenues:
  - Federal Gas Tax - \$51K
  - Fednor / NOHFC Funding - \$146K (docks and waterfront)
  - Provincial OCIF Funding - \$50K
- Other revenue
  - Increase fees for recycling, interest and fines, donations and other miscellaneous items

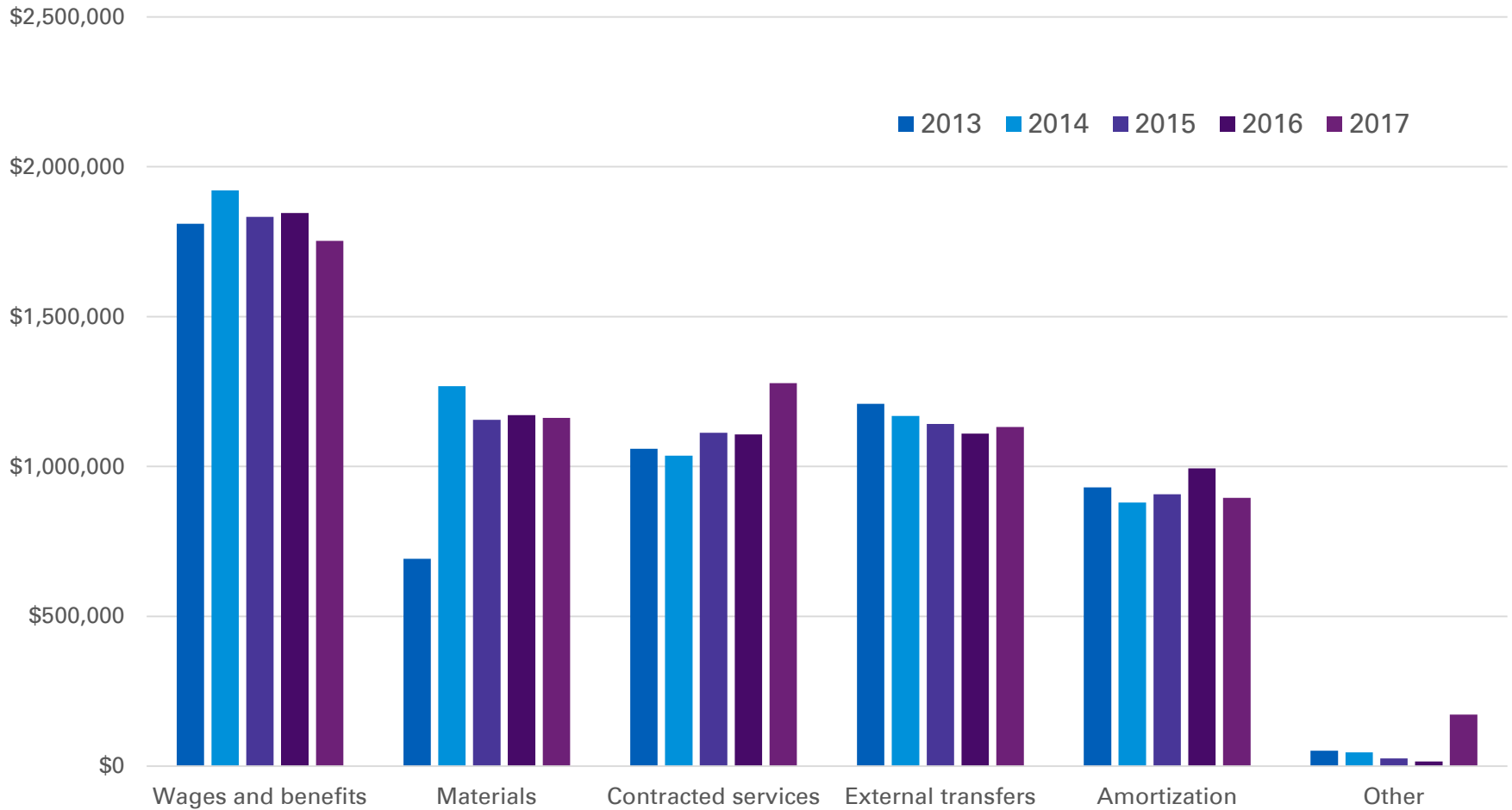


# Operating Expenses

	Reported Expenses			Budgeted Expenses	Variance
	Reported	Amortization	Adjusted		
General	\$1,274,778	(\$117,375)	\$1,157,403	\$1,047,399	\$110,004
Protection	\$764,990	(\$46,479)	\$718,511	\$755,825	(\$37,314)
Transportation	\$1,004,456	(\$261,578)	\$742,878	\$737,357	\$5,521
Environmental	\$1,089,457	(\$372,138)	\$717,319	\$685,800	\$31,519
Health	\$616,627	(\$3,872)	\$612,755	\$681,465	(\$68,710)
Social & Family	\$1,105,388	-	\$1,105,388	\$1,097,447	\$7,941
Recreation & Culture	\$367,750	(\$91,158)	\$276,592	\$371,592	(\$95,000)
Planning and Development	\$169,133	(\$2,494)	\$166,639	\$192,958	(\$26,319)
<b>Total</b>	<b>\$6,392,579</b>	<b>(\$895,094)</b>	<b>\$5,497,485</b>	<b>\$5,569,843</b>	

- Variance in general government relates to a \$145K loss on disposition of capital assets included within 2017 operating expenses (without the loss variance would be \$34,996 under budget)
- Remaining expenses comparable or under budget compared to the prior year

# Operating Expenses



# Matters for Communication

## **Audit is complete pending:**

- Council approval of financial statements
- Receipt of signed representation letter

No significant difficulties encountered during the course of our audit procedures

- No changes to our planned audit approach
- No disagreements or difficulties with management

No unadjusted audit differences above our posting threshold

No significant internal control weaknesses noted



# Thank you



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The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

Consolidated Financial Statements of

**THE CORPORATION OF THE  
MUNICIPALITY OF TEMAGAMI**

Year ended December 31, 2017

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# THE CORPORATION OF THE MUNICIPALITY OF TEMAGAMI

Consolidated Financial Statements

Year ended December 31, 2017

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## **Management's Responsibility for the Consolidated Financial Statements**

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

The Municipality's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in 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.

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

The consolidated financial statements have been audited by KPMG LLP, independent external auditors appointed by the Municipality. The accompanying Independent Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the Municipality's consolidated financial statements.

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Treasurer/Administrator





KPMG LLP  
Claridge Executive Centre  
144 Pine Street  
Sudbury Ontario P3C 1X3  
Canada  
Telephone (705) 675-8500  
Fax (705) 675-7586

## INDEPENDENT AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers of  
The Corporation of the Municipality of Temagami

We have audited the accompanying consolidated financial statements of The Corporation of the Municipality of Temagami, which comprise the consolidated statement of financial position as at December 31, 2017, the consolidated statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

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### *Auditors' Responsibility*

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

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

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



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*Opinion*

In our opinion, the consolidated financial statements present fairly, in all material respects the consolidated financial position of The Corporation of the Municipality of Temagami as at December 31, 2017, and its results of operations, its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Professional Accountants, Licensed Public Accountants

Sudbury, Canada  
November 13, 2018

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Consolidated Statement of Financial Position

December 31, 2017, with comparative information for 2016

	2017	2016
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	15,140,290	14,632,651
Accumulated surplus (note 7)	\$ 17,712,029	\$ 17,491,713

The accompanying notes are an integral part of this consolidated financial statements.

# THE CORPORATION OF THE MUNICIPALITY OF TEMAGAMI

## Consolidated Statement of Operations and Accumulated Surplus

Year ended December 31, 2017, with comparative information for 2016

	Budget 2017	Actual 2017	Actual 2016
	(note 11)		
Revenues:			
Operating revenues:			
Municipal taxation	\$ 3,735,430	\$ 3,750,244	\$ 3,645,708
User charges	715,535	726,019	731,552
Provincial grants	1,558,208	1,556,425	1,612,286
Federal grants	8,000	4,650	6,200
Investment income	14,500	17,322	19,812
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Provincial Offences Act	13,000	13,556	19,535
Other	127,134	182,981	181,126
	6,266,807	6,341,809	6,328,003
Capital revenues:			
Provincial grants	219,749	50,000	1,782,543
Federal grants	313,214	221,086	368,506
	532,963	271,086	2,151,049
<b>Total revenues</b>	<b>6,799,770</b>	<b>6,612,895</b>	<b>8,479,052</b>
Expenses:			
Current operations:			
General government	1,047,399	1,274,778	1,094,892
Protection to persons and property	755,825	764,990	735,903
Transportation services	737,357	1,004,456	1,086,977
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<b>Total expenses</b>	<b>5,579,843</b>	<b>6,392,579</b>	<b>6,242,804</b>
<b>Annual surplus</b>	<b>1,219,927</b>	<b>220,316</b>	<b>2,236,248</b>
Accumulated surplus, beginning of year	17,491,713	17,491,713	15,255,465
<b>Accumulated surplus, end of year</b>	<b>\$ 18,711,640</b>	<b>\$ 17,712,029</b>	<b>\$ 17,491,713</b>

The accompanying notes are an integral part of this consolidated financial statements.

# THE CORPORATION OF THE MUNICIPALITY OF TEMAGAMI

## Consolidated Statement of Change in Net Financial Assets

Year ended December 31, 2017, with comparative information for 2016

	2017	2016
Annual surplus	\$ 220,316	\$ 2,236,248
Acquisition of tangible capital assets	(1,547,733)	(2,700,519)
Amortization of tangible capital assets	895,094	993,622
Loss on disposition of tangible capital assets	145,000	10,615
Proceeds on sale of tangible capital assets	-	1,385
Change in net financial assets	(287,323)	541,351
Net financial assets, beginning of year	2,859,062	2,317,711
Net financial assets, end of year	\$ 2,571,739	\$ 2,859,062

The accompanying notes are an integral part of this consolidated financial statements.

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# THE CORPORATION OF THE MUNICIPALITY OF TEMAGAMI

## Consolidated Statement of Cash Flows

Year ended December 31, 2017, with comparative information for 2016

	2017	2016
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 220,316	\$ 2,236,248
Items not involving cash:		
Amortization of tangible capital assets	895,094	993,622
Loss on disposition of tangible capital assets	145,000	10,615
Increase in landfill closure liabilities	1,800	1,790
	<u>1,262,210</u>	<u>3,242,275</u>
Change in non-cash assets and liabilities:		
Decrease (increase) in taxes receivable	(42,619)	138,722
Decrease (increase) in accounts receivable	480,045	(366,976)
Increase (decrease) in accounts payable and accrued liabilities	(341,332)	283,458
Increase (decrease) in deferred revenue	15,500	(907,323)
Increase (decrease) in deferred revenue - obligatory	-	(86,494)
Net change in cash from operating activities	<u>1,373,804</u>	<u>2,303,662</u>
Financing activities:		
Principal repayment on net long-term debt	(88,522)	(46,781)
Issuance of long-term debt	666,926	-
Net change in financing activities	<u>578,404</u>	<u>(46,781)</u>
Capital activities:		
Proceeds on sale of tangible capital assets	-	1,385
Acquisition of tangible capital assets	(1,547,733)	(2,700,519)
Net change in cash from capital activities	<u>(1,547,733)</u>	<u>(2,699,134)</u>
Net change in cash	404,475	(442,253)
Cash, beginning of year	2,456,585	2,898,838
Cash, end of year	<u>\$ 2,861,060</u>	<u>\$ 2,456,585</u>

The accompanying notes are an integral part of this consolidated financial statements.

# THE CORPORATION OF THE MUNICIPALITY OF TEMAGAMI

Notes to Consolidated Financial Statements

Year ended December 31, 2017

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The Corporation of the Municipality of Temagami (the "Municipality") is a municipality in the Province of Ontario, Canada. It conducts its operations guided by the provisions of provincial statutes such as the Municipal Act and other related legislation.

## 1. Significant accounting policies:

The consolidated financial statements of the Municipality are prepared by management in accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board and the Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by the Municipality are as follows:

### (a) Reporting entity:

- (i) These consolidated financial statements reflect the assets, liabilities, revenues and expenses and include the activities of all committees of Council and the following boards which are under the control of Council:

- Parks and Recreation Committee
- Committee of Adjustment
- Planning and Advisory Committee
- Water Supply System
- Temagami Community Library
- Cemetery Board
- Temagami Ambulance Service

All interfund and inter-organizational transactions and balances between these organizations are eliminated.

- (ii) The Municipality collects taxation revenue on behalf of the school boards.

The taxation, other revenues, expenses, assets and liabilities with respect to the operations of the school boards are not reflected in the municipal fund balances on these financial statements (note 8).

- (iii) Trust funds and their related operations administered by the Municipality are not included in these financial statements but are reported on separately on the Trust Funds Financial Statements (note 9).

### (b) Basis of accounting:

Sources of financing and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay. Amounts applied to specific operating and capital projects are recorded as revenue in the fiscal period in which the funds are expended on these projects.

# THE CORPORATION OF THE MUNICIPALITY OF TEMAGAMI

Notes to Consolidated Financial Statements

Year ended December 31, 2017

## 1. Significant accounting policies (continued):

### (c) Tangible capital assets:

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, design, construction, development, improvement or betterment of the tangible capital asset. The cost, less residual value, of the tangible capital assets, excluding land and landfill sites, are amortized on a straight-line basis over their estimated useful lives as follows:

Asset	Useful Life - Years
Buildings	10 - 50
Heavy equipment	10 - 25
Vehicles	10 - 25
Equipment	5 - 20
Roads	10 - 30
Water distribution lines	40 - 50
Sewer lines	40 - 50
Land improvements	10 - 50

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 available for productive use.

### (d) Deferred revenues:

Deferred revenues represent cash received for which the related services or inspections have yet to be performed or eligibility criteria have not been met. These amounts will be recognized as revenues in the fiscal year the services are performed and eligibility criteria have been met.

### (e) Landfill liability:

The liability for closure of operational sites and post-closure care has been recognized based on estimated future expenses, estimated inflation and the usage of the site's capacity during the year.



# THE CORPORATION OF THE MUNICIPALITY OF TEMAGAMI

Notes to Consolidated Financial Statements

Year ended December 31, 2017

## 1. Significant accounting policies (continued):

### (f) Use of estimates:

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the periods specified. Significant items subject to such estimates and assumptions include the valuation allowances for taxes and accounts receivable, the carrying value of tangible capital assets and provisions for accrued liabilities and landfill closure liabilities.

Actual results could differ from those estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the year in which they become known.

## 2. Accounts receivable:

	2017	2016
Government of Canada - HST	\$ 106,551	62,312
Government of Canada - Grants	56,815	25,685
Province of Ontario - Grants	286,321	615,147
Other	47,498	274,086
Allowance for doubtful accounts	(30,000)	(30,000)
	\$ 467,185	947,230

## 3. Accounts payable and accrued liabilities:

	2017	2016
Trade and miscellaneous	\$ 554,346	892,198
Personnel related obligations	121,701	125,181
	\$ 676,047	1,017,379

# THE CORPORATION OF THE MUNICIPALITY OF TEMAGAMI

Notes to Consolidated Financial Statements

Year ended December 31, 2017

#### 4. Long-term debt:

Municipal debt reported on the consolidated statement of financial position is made up of the following:

	2017	2016
Debenture with the Ontario Infrastructure Projects Corporation bearing interest at 4.19% and payable in semi-annual blended payments of \$27,897, due May 2020	\$ 131,129	179,891
Bank of Nova Scotia demand loan payable \$5,558 monthly plus interest at prime plus 0%	627,166	-
	<b>\$ 758,295</b>	<b>179,891</b>

Principal repayments on the municipal debt are as follows:

2018	\$ 117,519
2019	119,671
2020	94,017
2021	66,693
Thereafter	360,395
	<b>\$ 758,295</b>

#### 5. Landfill closure liabilities:

The Environmental Protection Act sets out the regulatory requirements to properly close and maintain all active and inactive landfill sites. Under environmental law, there is a requirement for closure and post-closure care of solid waste landfill sites. This requirement is to be provided for over the estimated life of the landfill sites based on usage.

Landfill closure and post-closure care requirements have been defined in accordance with industry standards and include final covering and landscaping of the landfill, pumping of ground water and leachates from the site, and ongoing environmental monitoring, site inspection and maintenance. The reported liability is based on estimates and assumptions with respect to events extending over terms using the best information available to management. Future events may result in significant changes to the estimated total expenditures; capacity used or total capacity and the estimated liability, and would be recognized prospectively, as a change in estimate, when applicable.

Estimated total expenditures represent the sum of the discounted future cash flows for closure and post-closure care activities discounted at the risk-free rate adjusted for the effect of the Municipality's credit standing of 3.0%. The estimated total landfill closure and post-closure care expenditures are calculated to be \$112,900 (2016 - \$111,100). The estimated liability for these expenditures is recognized as the landfill site's capacity is used.

The estimated remaining capacity of the landfill sites is 40,012 cubic meters. The Municipality has established a reserve of \$135,000 to date to provide for these obligations.

# THE CORPORATION OF THE MUNICIPALITY OF TEMAGAMI

Notes to Consolidated Financial Statements

Year ended December 31, 2017

## 6. Tangible capital assets:

Cost	Balance at December 31, 2016	Additions	Disposals	Balance at December 31, 2017
Land	\$ 275,565	-	(145,000)	130,565
Land improvements	312,726	114,217	-	426,943
Buildings	9,584,664	184,424	-	9,769,088
Vehicles	222,883	8,673	-	231,556
Equipment	5,064,074	137,154	-	5,201,228
Heavy equipment	1,286,161	911,769	-	2,197,930
Roads	5,410,176	191,496	-	5,601,672
Water distribution lines	3,849,902	-	-	3,849,902
Sewer lines	3,213,967	-	-	3,213,967
<b>Total</b>	<b>\$ 29,220,118</b>	<b>1,547,733</b>	<b>(145,000)</b>	<b>30,622,851</b>

Accumulated Amortization	Balance at December 31, 2016	Disposals	Amortization	Balance at December 31, 2017
Land	\$ -	-	-	-
Land improvements	178,544	-	18,074	196,618
Buildings	2,452,874	-	223,755	2,676,629
Vehicles	184,012	-	11,193	195,205
Equipment	2,123,171	-	238,586	2,361,757
Heavy equipment	692,923	-	91,872	784,795
Roads	3,163,572	-	170,337	3,333,909
Water distribution lines	3,156,919	-	76,998	3,233,917
Sewer lines	2,635,452	-	64,279	2,699,731
<b>Total</b>	<b>\$ 14,587,467</b>	<b>-</b>	<b>895,094</b>	<b>15,482,561</b>

	Net book value, December 31, 2016	Net book value, December 31, 2017
Land	\$ 275,565	130,565
Land improvements	134,182	230,325
Buildings	7,131,790	7,092,459
Vehicles	38,871	36,351
Equipment	2,940,903	2,839,471
Heavy equipment	593,238	1,413,135
Roads	2,246,604	2,267,763
Water distribution lines	692,983	615,985
Sewer lines	578,515	514,236
<b>Total</b>	<b>\$ 14,632,651</b>	<b>15,140,290</b>

# THE CORPORATION OF THE MUNICIPALITY OF TEMAGAMI

Notes to Consolidated Financial Statements

Year ended December 31, 2017

## 6. Tangible capital assets (continued):

Cost	Balance at December 31, 2015	Additions	Disposals	Balance at December 31, 2016
Land	\$ 112,244	163,321	-	275,565
Land improvements	304,411	8,315	-	312,726
Buildings	9,144,659	440,005	-	9,584,664
Vehicles	222,883	-	-	222,883
Equipment	4,969,184	94,890	-	5,064,074
Heavy equipment	1,306,161	-	(20,000)	1,286,161
Roads	3,416,188	1,993,988	-	5,410,176
Water distribution lines	3,849,902	-	-	3,849,902
Sewer lines	3,213,967	-	-	3,213,967
<b>Total</b>	<b>\$ 26,539,599</b>	<b>2,700,519</b>	<b>(20,000)</b>	<b>29,220,118</b>

Accumulated Amortization	Balance at December 31, 2015	Disposals	Amortization	Balance at December 31, 2016
Land	\$ -	-	-	-
Land improvements	98,756	-	79,788	178,544
Buildings	2,236,023	-	216,851	2,452,874
Vehicles	170,285	-	13,727	184,012
Equipment	1,900,955	-	222,216	2,123,171
Heavy equipment	625,062	(8,000)	75,861	692,923
Roads	2,919,670	-	243,902	3,163,572
Water distribution lines	3,079,921	-	76,998	3,156,919
Sewer lines	2,571,173	-	64,279	2,635,452
<b>Total</b>	<b>\$ 13,601,845</b>	<b>(8,000)</b>	<b>993,622</b>	<b>14,587,467</b>

	Net book value, December 31, 2015	Net book value, December 31, 2016
Land	\$ 112,244	275,565
Land improvements	205,655	134,182
Buildings	6,908,636	7,131,790
Vehicles	52,598	38,871
Equipment	3,068,229	2,940,903
Heavy equipment	681,099	593,238
Roads	496,518	2,246,604
Water distribution lines	769,981	692,983
Sewer lines	642,794	578,515
<b>Total</b>	<b>\$ 12,937,754</b>	<b>14,632,651</b>

# THE CORPORATION OF THE MUNICIPALITY OF TEMAGAMI

Notes to Consolidated Financial Statements

Year ended December 31, 2017

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## 6. Tangible capital assets: - IN EXCEL

DRAFT

# THE CORPORATION OF THE MUNICIPALITY OF TEMAGAMI

Notes to Consolidated Financial Statements

Year ended December 31, 2017

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**6. Tangible capital assets (continued): in excel**

DRAFT

# THE CORPORATION OF THE MUNICIPALITY OF TEMAGAMI

Notes to Consolidated Financial Statements

Year ended December 31, 2017

## 7. Accumulated surplus:

Accumulated surplus consists of individual fund surplus and reserves and reserve funds as follows:

	2017	2016
Surplus (deficit):		
Invested in tangible capital assets	\$ 15,140,290	14,632,651
Amounts to be recovered:		
Unfinanced municipal debt – grinder pumps	(131,129)	(179,891)
Unfinanced municipal debt – grader and plow	(627,166)	–
Equity in tangible capital assets	14,381,995	14,452,760
Reserves set aside by Council for:		
Discretionary Capital Reserves:		
- Working capital	300,338	1,020,338
- Landfill closure costs	135,000	120,000
- Arena	35,074	35,074
- Public Works Complex	389,000	227,000
- Future Improvements Lake Temagami Access Road	210,000	160,000
- Lot Creation and Development	50,000	50,000
- Marten River Fire	110,000	90,000
- Official Plan Review	54,230	54,230
- Survey	21,291	21,291
- Temagami Fire	–	160,000
- Future IPM Town Road	50,000	–
- OMB Hearing	30,000	30,000
- Welcome Centre – Generator Primary EOC	25,000	25,000
- Loan Reserve	112,981	112,981
- Cemetery Columbarium / Memory Wall	4,313	4,313
- Community Improvement Plan	10,000	–
	1,537,227	2,110,227
Other Reserves:		
- Discretionary Operating	1,211,247	457,166
- Tax Rate Stabilization	267,031	167,031
- Operating Budget Contingency	45,717	45,717
- Water and Wastewater Stabilization	51,901	51,901
- Dedicated Water and Wastewater Capital	216,911	206,911
	1,792,807	928,726
Total reserves	3,330,034	3,038,953
Accumulated surplus	\$ 17,712,029	17,491,713

# THE CORPORATION OF THE MUNICIPALITY OF TEMAGAMI

Notes to Consolidated Financial Statements

Year ended December 31, 2017

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## 8. Operations of school boards:

Further to note 1 (a) (ii), the property taxes collected on behalf of the school boards are \$1,946,593 (2016 - \$1,989,224).

## 9. Trust Funds:

Trust Funds administered by the Municipality amounting to \$36,468 (2016 - \$36,468) have not been included on the consolidated statement of financial position nor have their operations been included in the consolidated statement of operations and accumulated surplus.

## 10. Pension agreement:

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

The amount contributed to OMERS for 2017 was \$99,640 (2016 - \$94,060) for current service and is included as an expense in the consolidated statement of operations and accumulated surplus.

At December 31, 2017, the OMERS pension plan had total assets of \$105.7 billion (2016 - \$98.7 billion) and an accumulated surplus of \$605 million (2016 – deficit of \$2.3 billion).

## 11. Budget figures:

The budget adopted by Council was not prepared on a basis consistent with that used to report actual results according to Public Sector Accounting Standards. As a result, the budget figures presented in the consolidated statement of operations and accumulated surplus and change in net financial assets represent the financial plan adopted by Council with adjustment as follows:

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Annual surplus per budget approved by Council	\$	–
Less:		
Internal reserve transfers		(483,415)
Add:		
Investment in tangible capital assets		1,614,580
Debt principal repayments		88,762
Surplus per revised budget	\$	1,219,927

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# THE CORPORATION OF THE MUNICIPALITY OF TEMAGAMI

Notes to Consolidated Financial Statements

Year ended December 31, 2017

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## 12. Public Sector Salary Disclosure:

During 2017, one employee was paid a salary, as defined in the Public Sector Salary Disclosure Act, 1996, of \$100,000 or more by the Municipality.

## 13. Comparative information:

Certain of the 2016 comparative information have been reclassified to conform to the current year presentation.

## 14. Segmented information:

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

Municipal Services are provided by departments and their activities are reported in these Service Areas. Departments disclosed in the Segmented Information, along with the services they provide, are as follows:

### General Government Services

The Departments within General Government Services are responsible for adopting bylaws; adopting administrative policy; levying taxes; acquiring, disposing and managing Municipal assets; ensuring effective financial management; monitoring performance and ensuring that high quality Municipal Service standards are met.

### Protection Services

Services provided in this segment include the enforcement of laws, prevention of crime, and maintenance of peace, order, and security by protecting life, property and the environment through the provision of emergency response, thus ensuring safe homes and safe communities.

### Transportation Services

Areas of responsibility include planning, design, construction, cleaning, repair, snow removal and signage.

# THE CORPORATION OF THE MUNICIPALITY OF TEMAGAMI

Notes to Consolidated Financial Statements

Year ended December 31, 2017

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## 14. Segmented information (continued):

### **Environmental Services**

The environmental services include water and sewer services as well as garbage and recycling services.

Water and Sewer services include the operation and distribution of water and networking sewer mains, storm sewers and the pump station.

### **Health Services**

The Municipality funds a range of public health services and provides cemetery services through the health unit.

### **Social and Family Services**

The services are provided indirectly by the Municipality through the District Social Services Board and include family and children's services and housing services.

### **Recreation and Cultural Services**

The Department is responsible for providing, facilitating the development of, and maintaining high quality parks, recreational facilities, and cultural services.

### **Planning and Development**

The Planning and Development Department is responsible for preparing land use plans, bylaws and policies for sustainable development of the Municipality and for reviewing and approving new development.

# THE CORPORATION OF THE MUNICIPALITY OF TEMAGAMI

Schedule to Note 14 - Segmented Information

Year ended December 31, 2017

	General Government Services	Protection Services	Transportation Services	Environmental Services	Health Services	Social & Family Services	Recreation & Cultural Services	Planning and Development	Total 2017
<b>Revenues:</b>									
<b>Operating revenues:</b>									
User charges	\$ 34,150	45,302	279	585,966	2,684	-	15,564	11,920	695,865
Provincial grants	899,443	-	-	-	634,122	-	22,860	-	1,556,425
Federal grants	-	-	-	-	-	-	4,650	-	4,650
Investment income	17,322	-	-	-	-	-	-	-	17,322
Penalties and interest on taxes	90,612	-	-	-	-	-	-	-	90,612
Provincial Offences Act	-	13,556	-	-	-	-	-	-	13,556
Other	57,915	4,664	27,246	59,149	2,597	-	20,995	40,569	213,135
<b>Capital revenues:</b>									
Provincial grants	-	-	50,000	-	-	-	-	-	50,000
Federal grants	197,948	-	-	-	-	-	-	23,138	221,086
<b>Total revenues</b>	<b>1,297,390</b>	<b>63,522</b>	<b>77,525</b>	<b>645,115</b>	<b>639,403</b>	<b>-</b>	<b>64,069</b>	<b>75,627</b>	<b>2,862,651</b>
<b>Expenses:</b>									
Salaries, wages and benefits	463,729	70,892	409,626	58,911	530,393	-	113,930	105,829	1,753,310
Long-term debt interest	-	-	12,473	7,032	1,225	-	-	-	20,730
Materials	371,513	119,726	287,356	143,623	54,065	-	156,523	29,380	1,162,186
Contracted services	171,012	527,893	33,423	507,753	575	-	6,139	31,430	1,278,225
Rents and financial	6,149	-	-	-	-	-	-	-	6,149
External transfers	-	-	-	-	26,497	1,105,388	-	-	1,131,885
Amortization of tangible capital assets	117,375	46,479	261,578	372,138	3,872	-	91,158	2,494	895,094
Loss on disposition of tangible capital assets	145,000	-	-	-	-	-	-	-	145,000
<b>Total expenses</b>	<b>1,274,778</b>	<b>764,990</b>	<b>1,004,456</b>	<b>1,089,457</b>	<b>616,627</b>	<b>1,105,388</b>	<b>367,750</b>	<b>169,133</b>	<b>6,392,579</b>
<b>Funded through:</b>									
Taxation									3,750,244
<b>Annual surplus</b>									<b>\$ 220,316</b>

# THE CORPORATION OF THE MUNICIPALITY OF TEMAGAMI

Schedule to Note 14 - Segmented Information

Year ended December 31, 2017

	General Government Services	Protection Services	Transportation Services	Environmental Services	Health Services	Social & Family Services	Recreation & Cultural Services	Planning and Development	Total 2016
<b>Revenues:</b>									
<b>Operating revenues:</b>									
User charges	\$ 31,706	111,541	466	551,530	2,642	-	15,877	17,790	731,552
Provincial grants	966,800	-	-	-	614,049	-	31,437	-	1,612,286
Federal grants	-	-	-	-	-	-	6,200	-	6,200
Investment income	19,812	-	-	-	-	-	-	-	19,812
Penalties and interest on taxes	111,784	-	-	-	-	-	-	-	111,784
Provincial Offences Act	-	19,535	-	-	-	-	-	-	19,535
Other	143,122	11,344	3,029	4,938	2,387	-	8,567	7,739	181,126
<b>Capital revenues:</b>									
Provincial grants	134,269	-	1,648,274	-	-	-	-	-	1,782,543
Federal grants	226,188	-	-	-	-	-	-	142,318	368,506
<b>Total revenues</b>	<b>1,633,681</b>	<b>142,420</b>	<b>1,651,769</b>	<b>556,468</b>	<b>619,078</b>	<b>-</b>	<b>62,081</b>	<b>167,847</b>	<b>4,833,344</b>
<b>Expenses:</b>									
Salaries, wages and benefits	488,254	134,945	352,284	67,489	590,161	-	142,978	69,852	1,845,963
Long-term debt interest	4	-	-	9,013	-	-	-	-	9,017
Materials	390,779	128,592	302,064	168,414	3,277	-	152,733	25,454	1,171,313
Contracted services	109,735	438,023	33,529	460,224	280	-	26,065	38,768	1,106,624
Rents and financial	6,821	-	-	-	-	-	-	-	6,821
External transfers	-	-	-	-	37,552	1,071,892	-	-	1,109,444
Amortization of tangible capital assets	99,299	34,343	399,100	363,235	3,872	-	91,279	2,494	993,622
<b>Total expenses</b>	<b>1,094,892</b>	<b>735,903</b>	<b>1,086,977</b>	<b>1,068,375</b>	<b>635,142</b>	<b>1,071,892</b>	<b>413,055</b>	<b>136,568</b>	<b>6,242,804</b>
<b>Funded through:</b>									
Taxation									3,645,708
<b>Annual surplus</b>									<b>\$ 2,236,248</b>