

Consolidated Financial Statements of

**THE CORPORATION OF THE
MUNICIPALITY OF TEMAGAMI**

Year ended December 31, 2018

THE CORPORATION OF THE MUNICIPALITY OF TEMAGAMI

Consolidated Financial Statements

Year ended December 31, 2018

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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.

Treasurer/Administrator



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INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the consolidated financial statements of The Corporation of the Municipality of Temagami (the "Municipality"), which comprise:

- the consolidated statement of financial position as at December 31, 2018
- the consolidated statement of operations and accumulated surplus for the year then ended
- the consolidated statement of changes in net financial assets for the year then ended
- the consolidated statement of cash flows for the year then ended
- and the notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements")

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Municipality as at December 31, 2018, and its consolidated results of operations and its consolidated 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 responsibility under those standards are further described in the "**Auditors' Responsibilities for the Audit of the Financial Statements**" section of our auditors' report.

We are independent of the Municipality in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other 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.



Responsibility of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements, management is responsible for assessing the Municipality'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 Municipality or to cease operations or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the 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 risk of material misstatement of the 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, internal 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 purposes of expressing an opinion on the effectiveness of the Municipality'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 the events or conditions that may cast significant doubt on the Municipality's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the 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 our auditors' report. However, future events or conditions may cause the Municipality's to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities with the Group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Chartered Professional Accountants, Licensed Public Accountants

Sudbury, Canada

Date

THE CORPORATION OF THE MUNICIPALITY OF TEMAGAMI

Consolidated Statement of Financial Position

December 31, 2018, with comparative information for 2017

	2018	2017
Financial assets		
Cash	\$ 3,200,997	\$ 2,861,060
Taxes receivable	803,989	806,236
Accounts receivable (note 3)	353,331	467,185
	<u>4,358,317</u>	<u>4,134,481</u>
Financial liabilities		
Accounts payable and accrued liabilities (note 4)	880,608	676,047
Deferred revenue	38,355	15,500
Long-term debt (note 5)	640,776	758,295
Landfill closure liabilities (note 6)	114,700	112,900
	<u>1,674,439</u>	<u>1,562,742</u>
Net financial assets	2,683,878	2,571,739
Non-financial assets		
Tangible capital assets (note 7)	15,058,005	15,140,290
	<u>15,058,005</u>	<u>15,140,290</u>
Accumulated surplus (note 8)	\$ 17,741,883	\$ 17,712,029

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, 2018, with comparative information for 2017

	Budget 2018	Actual 2018	Actual 2017
	(note 11)		
Revenues:			
Operating revenues:			
Municipal taxation	\$ 3,810,131	\$ 3,818,285	\$ 3,750,244
User charges	733,673	729,222	726,019
Provincial grants	1,580,155	1,597,107	1,556,425
Federal grants	-	138,678	4,650
Investment income	20,000	39,041	17,322
Penalties and interest on taxes	90,000	80,934	90,612
Provincial Offences Act	13,000	12,858	13,556
Other	78,577	109,277	182,981
	6,325,536	6,525,402	6,341,809
Capital revenues:			
Provincial grants	295,127	50,000	50,000
Federal grants	190,049	53,510	221,086
	485,176	103,510	271,086
Total revenues	6,810,712	6,628,912	6,612,895
Expenses:			
General government	1,115,236	1,095,593	1,274,778
Protection to persons and property	750,835	760,410	764,990
Transportation services	888,497	1,142,454	1,004,456
Environmental services	765,238	1,189,405	1,089,457
Health services	683,618	693,712	616,627
Social and family services	1,121,293	1,121,292	1,105,388
Recreational and cultural services	357,274	395,836	367,750
Planning and development	193,701	200,356	169,133
Total expenses	5,875,692	6,599,058	6,392,579
Annual surplus	935,020	29,854	220,316
Accumulated surplus, beginning of year	17,712,029	17,712,029	17,491,713
Accumulated surplus, end of year	\$ 18,647,049	\$ 17,741,883	\$ 17,712,029

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

THE CORPORATION OF THE MUNICIPALITY OF TEMAGAMI

Consolidated Statement of Changes in Net Financial Assets

Year ended December 31, 2018, with comparative information for 2017

	2018	2017
Annual surplus	\$ 29,854	\$ 220,316
Acquisition of tangible capital assets	(805,037)	(1,547,733)
Amortization of tangible capital assets	844,159	895,094
Loss on disposition of tangible capital assets	15,663	145,000
Proceeds on sale of tangible capital assets	27,500	-
Change in net financial assets	112,139	(287,323)
Net financial assets, beginning of year	2,571,739	2,859,062
Net financial assets, end of year	\$ 2,683,878	\$ 2,571,739

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, 2018, with comparative information for 2017

	2018	2017
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 29,854	\$ 220,316
Items not involving cash:		
Amortization of tangible capital assets	844,159	895,094
Loss on disposition of tangible capital assets	15,663	145,000
Increase in landfill closure liabilities	1,800	1,800
	891,476	1,262,210
Change in non-cash assets and liabilities:		
Decrease (increase) in taxes receivable	2,247	(42,619)
Decrease in accounts receivable	113,854	480,045
Increase (decrease) in accounts payable and accrued liabilities	204,561	(341,332)
Increase in deferred revenue	22,855	15,500
Net change in cash from operating activities	1,234,993	1,373,804
Financing activities:		
Principal repayment on net long-term debt	(117,519)	(88,522)
Issuance of long-term debt	-	666,926
Net change in financing activities	(117,519)	578,404
Capital activities:		
Proceeds on sale of tangible capital assets	27,500	-
Acquisition of tangible capital assets	(805,037)	(1,547,733)
Net change in cash from capital activities	(777,537)	(1,547,733)
Net change in cash	339,937	404,475
Cash, beginning of year	2,861,060	2,456,585
Cash, end of year	\$ 3,200,997	\$ 2,861,060

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, 2018

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) Non-consolidated entities:

The following entities are not consolidated within the consolidated financial statements of the Municipality:

The District of Nipissing Social Services Administration Board
Temiskaming Health Unit

- (iii) 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 9).

- (iv) 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.

THE CORPORATION OF THE MUNICIPALITY OF TEMAGAMI

Notes to Consolidated Financial Statements

Year ended December 31, 2018

1. Significant accounting policies (continued):

(a) Reporting entity (continued):

(v) Revenue recognition:

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

A normal part of the assessment process is the issue of supplementary assessment rolls which provide updated information with respect to changes in property assessments. Assessments and related property taxes are subject to appeal by ratepayers. Tax adjustments as a result of supplementary assessment and appeals are estimated based on historical results.

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

Government transfers which include provincial and federal grants are recognized in the period that the events giving rise to the transfer have occurred as long as: the transfer is authorized; the eligibility criteria, if any, have been met and the amount can be reasonably estimated. Government transfers received before these criteria have been met are recorded in the accounts as deferred revenue and are recognized as revenue in the period in which all of these criteria are met.

User fees and other revenues are recognized when the services are performed or goods are delivered, collection of the relevant receivable is probable, persuasive evidence of an arrangement exists and fees are fixed or determinable. Amounts received for future services are deferred until the service is provided.

(b) Basis of accounting:

(i) Accrual 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, 2018

1. Significant accounting policies (continued):

(b) Basis of accounting (continued):

(ii) Pensions and employee benefits:

The Municipality accounts for its participation in the Ontario Municipal Employee Retirement Systems ("OMERS"), a multi-employer public sector pension fund, as a defined contribution plan.

Vacation entitlements are accrued for as entitlements are earned.

(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:

Grants, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used in the conduct of certain projects or the completion of specific work. In addition, certain fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred or the services are performed.

A requirement for local governments is that the obligatory reserve funds be reported as deferred revenue. This requirement is in place as provincial legislation and other agreements restrict how these funds may be used and under certain circumstances these funds may possibly be refunded. Given the restriction in use until spent on qualifying projects or expenses these amounts are deferred.

THE CORPORATION OF THE MUNICIPALITY OF TEMAGAMI

Notes to Consolidated Financial Statements

Year ended December 31, 2018

1. Significant accounting policies (continued):

(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.

(f) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year combined with the annual surplus provides the change in net financial assets for the year.

(g) Reserves:

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

(h) 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 consolidated 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. Contributions to non-consolidated entities:

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

	2018	2017
The District of Nipissing Social Services		
Administration Board	\$ 827,216	811,640
Temiskaming Health Unit	36,043	26,497
	\$ 863,259	838,137

THE CORPORATION OF THE MUNICIPALITY OF TEMAGAMI

Notes to Consolidated Financial Statements

Year ended December 31, 2018

3. Accounts receivable:

	2018	2017
Government of Canada - HST	\$ 95,564	106,551
Government of Canada - Grants	75,592	56,815
Province of Ontario - Grants	124,230	286,321
Other	87,945	47,498
Allowance for doubtful accounts	(30,000)	(30,000)
	\$ 353,331	467,185

4. Accounts payable and accrued liabilities:

	2018	2017
Trade and miscellaneous	\$ 721,204	554,346
Personnel related obligations	159,404	121,701
	\$ 880,608	676,047

5. Long-term debt:

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

	2018	2017
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	\$ 80,303	131,129
Bank of Nova Scotia demand loan payable \$5,558 monthly plus interest at prime plus 0%	560,473	627,166
	\$ 640,776	758,295

THE CORPORATION OF THE MUNICIPALITY OF TEMAGAMI

Notes to Consolidated Financial Statements

Year ended December 31, 2018

5. Long-term debt (continued):

Principal repayments on the municipal debt are as follows:

2019	\$	119,671
2020		94,017
2021		66,693
2022		66,693
Thereafter		293,702
		\$ 640,776

6. 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 \$114,700 (2017 - \$112,900). 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 \$150,000 to date to provide for these obligations.

THE CORPORATION OF THE MUNICIPALITY OF TEMAGAMI

Notes to Consolidated Financial Statements

Year ended December 31, 2018

7. Tangible capital assets:

Cost	Balance at December 31, 2017	Additions	Disposals	Balance at December 31, 2018
Land	\$ 144,542	-	-	144,542
Land improvements	2,430,405	-	-	2,430,405
Buildings	9,778,309	360,000	-	10,138,309
Vehicles	222,883	-	-	222,883
Equipment	5,240,757	23,191	-	5,263,948
Heavy equipment	2,197,930	27,500	(215,811)	2,009,619
Roads	3,544,156	120,098	-	3,664,254
Water distribution lines	3,849,902	-	-	3,849,902
Sewer lines	3,213,967	-	-	3,213,967
Assets under construction	-	274,248	-	274,248
Total	\$ 30,622,851	805,037	(215,811)	31,212,077

Accumulated Amortization	Balance at December 31, 2017	Disposals	Amortization	Balance at December 31, 2018
Land	\$ -	-	-	-
Land improvements	262,866	-	84,322	347,188
Buildings	2,676,628	-	230,539	2,907,167
Vehicles	194,337	-	10,325	204,662
Equipment	2,365,088	-	234,901	2,599,989
Heavy equipment	787,570	(172,648)	92,894	707,816
Roads	3,262,424	-	49,901	3,312,325
Water distribution lines	3,233,917	-	76,998	3,310,915
Sewer lines	2,699,731	-	64,279	2,764,010
Total	\$ 15,482,561	(172,648)	844,159	16,154,072

	Net book value, December 31, 2017	Net book value, December 31, 2018
Land	\$ 144,542	144,542
Land improvements	2,167,539	2,083,217
Buildings	7,101,681	7,231,142
Vehicles	28,546	18,221
Equipment	2,875,669	2,663,959
Heavy equipment	1,410,360	1,301,803
Roads	281,732	351,929
Water distribution lines	615,985	538,987
Sewer lines	514,236	449,957
Assets under construction	-	274,248
Total	\$ 15,140,290	15,058,005

THE CORPORATION OF THE MUNICIPALITY OF TEMAGAMI

Notes to Consolidated Financial Statements

Year ended December 31, 2018

7. Tangible capital assets (continued):

Cost	Balance at December 31, 2016	Additions	Disposals	Balance at December 31, 2017
Land	\$ 275,565	13,977	(145,000)	144,542
Land improvements	2,306,714	123,691	-	2,430,405
Buildings	9,584,664	193,645	-	9,778,309
Vehicles	222,883	-	-	222,883
Equipment	5,064,074	176,683	-	5,240,757
Heavy equipment	1,286,161	911,769	-	2,197,930
Roads	3,416,188	127,968	-	3,544,156
Water distribution lines	3,849,902	-	-	3,849,902
Sewer lines	3,213,967	-	-	3,213,967
Total	\$ 29,220,118	1,547,733	(145,000)	30,622,851

Accumulated Amortization	Balance at December 31, 2016	Disposals	Amortization	Balance at December 31, 2017
Land	\$ -	-	-	-
Land improvements	178,544	-	84,322	262,866
Buildings	2,452,874	-	223,754	2,676,628
Vehicles	184,012	-	10,325	194,337
Equipment	2,123,171	-	241,917	2,365,088
Heavy equipment	692,923	-	94,647	787,570
Roads	3,163,572	-	98,852	3,262,424
Water distribution lines	3,156,919	-	76,998	3,233,917
Sewer lines	2,635,452	-	64,279	2,699,731
Total	\$ 14,587,467	-	895,094	15,482,561

	Net book value, December 31, 2016	Net book value, December 31, 2017
Land	\$ 275,565	144,542
Land improvements	2,128,170	2,167,539
Buildings	7,131,790	7,101,681
Vehicles	38,871	28,546
Equipment	2,940,903	2,875,669
Heavy equipment	593,238	1,410,360
Roads	252,616	281,732
Water distribution lines	692,983	615,985
Sewer lines	578,515	514,236
Total	\$ 14,632,651	15,140,290

THE CORPORATION OF THE MUNICIPALITY OF TEMAGAMI

Notes to Consolidated Financial Statements

Year ended December 31, 2018

8. Accumulated surplus:

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

	2018	2017
Surplus (deficit):		
Invested in tangible capital assets	\$ 15,058,005	15,140,290
Amounts to be recovered:		
Unfinanced municipal debt – grinder pumps	(80,303)	(131,129)
Unfinanced municipal debt – grader and plow	(560,473)	(627,166)
Equity in tangible capital assets	14,417,229	14,381,995
Reserves set aside by Council for:		
Discretionary Capital Reserves:		
- Working capital	300,338	300,338
- Landfill closure costs	150,000	135,000
- Arena	50,474	35,074
- Public Works Complex	429,000	389,000
- Future Improvements Lake Temagami Access Road	193,000	210,000
- Lot Creation and Development	50,000	50,000
- Marten River Fire	157,000	110,000
- Official Plan Review	94,230	54,230
- Survey	21,291	21,291
- Temagami Fire	37,500	–
- Future IPM Town Road	125,000	50,000
- OMB Hearing	30,000	30,000
- Welcome Centre – Generator Primary EOC	50,000	25,000
- Loan Reserve	112,981	112,981
- Cemetery Columbarium / Memory Wall	4,313	4,313
- Community Improvement Plan	10,000	10,000
	1,815,127	1,537,227
Other Reserves:		
- Discretionary Operating	927,967	1,211,247
- Tax Rate Stabilization	267,031	267,031
- Operating Budget Contingency	45,717	45,717
- Water and Wastewater Stabilization	51,901	51,901
- Dedicated Water and Wastewater Capital	216,911	216,911
	1,509,527	1,792,807
Total reserves	3,324,654	3,330,034
Accumulated surplus	\$ 17,741,883	17,712,029

THE CORPORATION OF THE MUNICIPALITY OF TEMAGAMI

Notes to Consolidated Financial Statements

Year ended December 31, 2018

9. Operations of school boards:

Further to note 1(a)(iii), the property taxes collected on behalf of the school boards are \$1,966,846 (2017 - \$1,946,593).

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 2018 was \$99,372 (2017 - \$99,640) for current service and is included as an expense in the consolidated statement of operations and accumulated surplus.

At December 31, 2018, the OMERS pension plan had total assets of \$111.9 billion (2017 - \$105.7 billion) and an accumulated deficit of \$2.9 million (2017 – surplus of \$605 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:

Annual surplus per budget approved by Council	\$ –
Less:	
Internal reserve transfers	(736,539)
Add:	
Investment in tangible capital assets	1,671,559
Surplus per revised budget	\$ 935,020

THE CORPORATION OF THE MUNICIPALITY OF TEMAGAMI

Notes to Consolidated Financial Statements

Year ended December 31, 2018

12. Public Sector Salary Disclosure:

During 2018, 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 2018 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, 2018

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 (continued)

Year ended December 31, 2018

	General Government Services	Protection Services	Transportation Services	Environmental Services	Health Services	Social & Family Services	Recreation & Cultural Services	Planning and Development	Total 2018
Revenues:									
Operating revenues:									
User charges	\$ 49,806	77,779	504	544,553	5,305	-	15,191	36,084	729,222
Provincial grants	879,451	-	7,316	37,796	644,343	-	28,201	-	1,597,107
Federal grants	-	-	-	75,592	-	-	41,911	21,175	138,678
Investment income	39,041	-	-	-	-	-	-	-	39,041
Penalties and interest on taxes	80,934	-	-	-	-	-	-	-	80,934
Provincial Offences Act	-	12,858	-	-	-	-	-	-	12,858
Other	25,295	6,978	46,238	3,500	-	-	19,040	8,226	109,277
Capital revenues:									
Provincial grants	-	-	50,000	-	-	-	-	-	50,000
Federal grants	53,510	-	-	-	-	-	-	-	53,510
Total revenues	1,128,037	97,615	104,058	661,441	649,648	-	104,343	65,485	2,810,627
Expenses:									
Salaries, wages and benefits	446,453	157,874	523,919	46,911	587,463	-	138,638	127,783	2,029,041
Long-term debt interest	-	-	21,224	4,967	472	-	-	-	26,663
Materials	350,604	125,216	331,551	173,166	65,856	-	149,623	37,485	1,233,501
Contracted services	161,278	436,322	41,097	598,292	-	-	8,037	32,594	1,277,620
Rents and financial	15,067	-	-	-	-	-	-	-	15,067
External transfers	-	-	-	-	36,049	1,121,292	-	-	1,157,341
Amortization of tangible capital assets	122,191	40,998	209,000	366,069	3,872	-	99,538	2,494	844,162
Loss on disposition of tangible capital assets	-	-	15,663	-	-	-	-	-	15,663
Total expenses	1,095,593	760,410	1,142,454	1,189,405	693,712	1,121,292	395,836	200,356	6,599,058
Funded through:									
Taxation									3,818,285
Annual surplus									\$ 29,854

THE CORPORATION OF THE MUNICIPALITY OF TEMAGAMI

Schedule to Note 14 - Segmented Information (continued)

Year ended December 31, 2018

	General Government Services	Protection Services	Transportation Services	Environmental Services	Health Services	Social & Family Services	Recreation & Cultural Services	Planning and Development	Total 2017
Revenues:									
Operating revenues:									
User charges	\$ 34,150	45,302	279	585,966	2,684	-	15,564	42,074	726,019
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	10,415	182,981
Capital revenues:									
Provincial grants	-	-	50,000	-	-	-	-	-	50,000
Federal grants	197,948	-	-	-	-	-	-	23,138	221,086
Total revenues	1,297,390	63,522	77,525	645,115	639,403	-	64,069	75,627	2,862,651
Expenses:									
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
Capital expenditures	-	-	-	-	-	-	-	-	-
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
Total expenses	1,274,778	764,990	1,004,456	1,089,457	616,627	1,105,388	367,750	169,133	6,392,579
Funded through:									
Taxation									3,750,244
Annual surplus									\$ 220,316