

CONSOLIDATED FINANCIAL REPORT

2015

**THE CORPORATION OF THE
CITY OF TEMISKAMING SHORES**

DISTRICT OF TIMISKAMING

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THE CORPORATION OF THE CITY OF TEMISKAMING SHORES

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MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The accompanying financial statements of The Corporation of the City of Temiskaming Shores are the responsibility of the City of Temiskaming Shores' 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 financial statements. The preparation of 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 City of Temiskaming Shores' 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 financial statements. These systems are monitored and evaluated by Management.

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

The financial statements have been audited by Kemp Elliott & Blair LLP, independent external auditors appointed by the City of Temiskaming Shores. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the City of Temiskaming Shores' financial statements.



Mayor
Carman Kidd



City Manager
Chris Oslund

INDEPENDENT AUDITORS' REPORT

To the Members of Council, Inhabitants
and Ratepayers of the Corporation
of the City of Temiskaming Shores:

We have audited the accompanying consolidated financial statements of the Corporation of the City of Temiskaming Shores, which comprise the consolidated statement of financial position as at December 31, 2015, and the consolidated statement of operations, consolidated statement of change in net financial assets (net debt) and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management and Council's Responsibility for the Financial Statements

Management and council are responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management and council determine 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 financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 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 financial position of the Corporation of the City of Temiskaming Shores as at December 31, 2015, and its operations, change in net financial assets (net debt) and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Kemp Elliott & Blair LLP

Kemp Elliott & Blair LLP

Licensed Public Accountants
New Liskeard, Ontario
June 9, 2016

Chartered Professional Accountants

THE CORPORATION OF THE CITY OF TEMISKAMING SHORES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

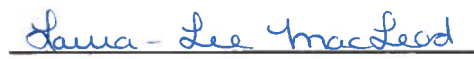
AS AT DECEMBER 31, 2015

	2015	2014
FINANCIAL ASSETS		
Cash	\$ 491,766	\$ 1,761,921
Short-term investments – note 5	3,387,711	3,354,253
Taxes receivable	811,202	796,832
Accounts receivable	3,464,121	2,310,577
Inventories for resale	2,801,875	1,708,010
Long-term receivables – note 10	59,676	71,961
	<u>11,016,351</u>	<u>10,003,554</u>
LIABILITIES		
Short-term debt – note 6	2,000,000	-
Accounts payable and accrued liabilities	5,470,225	3,012,626
Deferred revenue – other – note 7	269,640	781,940
Deferred revenue – obligatory reserve funds – note 8	390,116	1,051,398
Solid waste landfill closure and post-closure liabilities – note 9	2,120,201	2,357,244
Municipal debt – note 10	3,360,049	3,348,846
	<u>13,610,231</u>	<u>10,552,054</u>
Contingencies and commitments – note 12		
NET FINANCIAL ASSETS (NET DEBT)	(2,593,880)	(548,500)
NON-FINANCIAL ASSETS		
Tangible capital assets – note 15	66,958,731	60,314,041
Inventories of supplies	100,117	58,673
Prepaid expenses	164,895	167,095
	<u>67,223,743</u>	<u>60,539,809</u>
ACCUMULATED SURPLUS – note 11	\$ 64,629,863	\$ 59,991,309

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

On behalf of Council:


 Mayor


 Treasurer

THE CORPORATION OF THE CITY OF TEMISKAMING SHORES

CONSOLIDATED STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2015

	(Note 13) Budget 2015	Actual 2015	Actual 2014
REVENUES			
Municipal taxation	\$ 12,090,691	\$ 12,076,037	\$ 12,045,130
Water, sewer and waste diversion fees	4,056,175	4,074,853	3,861,742
Taxation from other governments	328,959	331,122	360,996
Provincial grants – operating	4,322,676	4,530,069	4,319,924
Provincial grants – capital	5,070,918	3,259,192	1,227,477
Federal grants – operating	397,500	511,946	245,255
Federal grants – capital	1,260,257	923,979	359,648
Federal gas tax	1,071,600	1,006,407	(101,953)
Charges to other municipalities	113,734	108,287	221,917
User charges	2,045,926	2,043,137	1,837,186
Investment income	151,650	152,600	209,727
Penalties and interest on taxes	145,000	159,804	163,391
Provincial Offences Act revenues	1,360,889	1,476,560	1,237,566
Other	418,050	239,750	686,030
Gain (loss) on disposal of tangible capital assets	-	38,784	(298,618)
Total revenues	32,834,025	30,932,527	26,375,418
EXPENDITURES			
General government	2,690,638	2,835,633	2,850,361
Protection to persons and property	4,367,255	4,661,504	4,497,590
Transportation services	6,062,451	5,770,842	5,222,143
Environmental services	5,217,878	5,450,100	5,780,954
Health services	1,791,633	1,656,351	1,662,145
Social and family services	1,321,564	1,346,815	1,387,007
Recreation and cultural services	2,961,667	3,065,569	2,989,834
Planning and development	1,398,995	1,507,159	912,978
Total expenditures	25,812,081	26,293,973	25,303,012
ANNUAL SURPLUS	7,021,944	4,638,554	1,072,406
Accumulated surplus, beginning of year	59,991,309	59,991,309	58,918,903
ACCUMULATED SURPLUS, END OF YEAR – note 11	\$ 67,013,253	\$ 64,629,863	\$ 59,991,309

The accompanying notes form an integral part of these financial statements

THE CORPORATION OF THE CITY OF TEMISKAMING SHORES
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS (NET DEBT)
FOR THE YEAR ENDED DECEMBER 31, 2015

	(Note 13) Budget 2015	Actual 2015	Actual 2014
ANNUAL SURPLUS	\$ 7,021,944	\$ 4,638,554	\$ 1,072,406
Acquisition of tangible capital assets	(13,133,309)	(9,397,548)	(4,805,326)
Amortization of tangible capital assets	2,346,907	2,748,731	2,439,928
Loss on disposal of tangible capital assets	-	(38,784)	298,618
Proceeds on sale of tangible capital assets	-	42,911	27,888
	<u>(10,786,402)</u>	<u>(6,644,690)</u>	<u>(2,038,892)</u>
Consumption of supplies inventories	-	(41,444)	32,632
Consumption (acquisition) of prepaid expenses	-	2,200	(16,411)
	<u>-</u>	<u>(39,244)</u>	<u>16,221</u>
Decrease in net financial assets (net debt)	(3,764,458)	(2,045,380)	(950,265)
Net financial assets (net debt), beginning of year	<u>(548,500)</u>	<u>(548,500)</u>	<u>401,765</u>
NET FINANCIAL ASSETS (NET DEBT), END OF YEAR	\$ (4,312,958)	\$ (2,593,880)	\$ (548,500)

The accompanying notes form an integral part of these financial statements

THE CORPORATION OF THE CITY OF TEMISKAMING SHORES

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2015

	2015	2014
Operating activities		
Annual surplus	\$ 4,638,554	\$ 1,072,406
Charges not affecting cash –		
Amortization	2,748,731	2,439,928
Gain (loss) on disposal of tangible capital assets	(38,784)	298,618
	<u>7,348,501</u>	<u>3,810,952</u>
Net change in non-cash working capital items –		
Taxes receivable	(14,370)	187,392
Accounts receivable	(1,153,544)	(990,202)
Inventories for resale	(1,093,865)	26,756
Inventories of supplies	(41,444)	32,633
Prepaid expenses	2,200	(16,411)
Accounts payable and accrued liabilities	2,457,599	423,665
Deferred revenue – other	(512,300)	(445,842)
Deferred revenue – obligatory reserve funds	(661,282)	743,291
Employee benefits payable	-	(15,568)
Solid waste landfill closure and post-closure liabilities	(237,043)	127,481
	<u>(1,254,049)</u>	<u>73,195</u>
Cash provided by operating activities	<u>6,094,452</u>	<u>3,884,147</u>
Capital activities		
Acquisition of tangible capital assets	(9,397,548)	(4,805,326)
Proceeds on sale of tangible capital assets	42,911	27,888
Cash used for capital activities	<u>(9,354,637)</u>	<u>(4,777,438)</u>
Financing activities		
Short-term debt advance	2,000,000	-
New debt issued	709,176	169,605
Debt repayments	(685,688)	(564,470)
Cash provided by (used for) financing activities	<u>2,023,488</u>	<u>(394,865)</u>
Decrease in cash	<u>(1,236,697)</u>	<u>(1,288,156)</u>
Cash, beginning of year	<u>5,116,174</u>	<u>6,404,330</u>
Cash, end of year	<u>\$ 3,879,477</u>	<u>\$ 5,116,174</u>
Represented by		
Cash	\$ 491,766	\$ 1,761,921
Short-term investments	3,387,711	3,354,253
	<u>\$ 3,879,477</u>	<u>\$ 5,116,174</u>
Supplemental cash flow information		
Interest paid	\$ 109,543	\$ 111,475

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

THE CORPORATION OF THE CITY OF TEMISKAMING SHORES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

The Corporation of the City of Temiskaming Shores is a City in the Province of Ontario, Canada. It conducts its operations guided by the provisions of provincial statutes such as the Municipal Act 2001, Provincial Offences Act and other related legislation.

1. Accounting Policies

The consolidated financial statements of the Corporation of the City of Temiskaming Shores are the representation of management and council prepared in accordance with generally accepted accounting principles for local government as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants Canada as prescribed for Ontario municipalities by the Ministry of Municipal Affairs.

(a) (i) Basis of Consolidation

These consolidated statements reflect the assets, liabilities, operating revenues and expenditures, changes in investment in tangible capital assets, reserve funds and reserves and includes the activities of all committees of Council and the following boards, municipal enterprises and utilities which are under the control of Council:

Public Library Board	Cemetery Committee
Business Improvement Area	Police Services Board
Enterprise Temiskaming	Water Supply System
Provincial Offences Act Office – Temiskaming Shores	

All interfund assets and liabilities and sources of financing and expenditures have been eliminated.

(ii) Other Entities

Non-consolidated

The following local boards, joint local boards, municipal enterprises and utilities are not consolidated:

District of Timiskaming Social Services Administration Board

Timiskaming Health Unit

Although these are joint local boards they run autonomously to provide those services mandated by the province. The City has no control over these programs or their financing. These joint local boards are not proportionately consolidated. The yearly requisitions of these boards are expensed by the City in its statements (note 3).

Consolidated

Tri Town Transit System

This joint local board is a cooperative effort by two municipalities to jointly provide public transit services. The City recognizes the full cost of the operations as an expenditure, all transit fares as revenue and the other municipality's contribution as a revenue.

THE CORPORATION OF THE CITY OF TEMISKAMING SHORES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

1. (a) **Accounting Policies – continued**

(iii) **Accounting for School Board Transactions**

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

(iv) **Trust Funds**

Trust funds and their related operations administered by the City are not consolidated, but are reported separately on the Trust Funds Statement of Continuity and Statement of Financial Position.

(b) (i) **Revenue recognition**

Government transfers (provincial and federal grants)

Government transfers are transfers from senior levels of government that are not the result of an exchange transaction and are not expected to be repaid in the future. Government transfers without eligibility criteria or stipulations are recognized as revenue when the transfer is authorized. A transfer with eligibility criteria is recognized as revenue when the transfer is authorized and all eligibility criteria have been met. A transfer with or without eligibility criteria but with stipulation is recognized as revenue in the period the transfer is authorized and all eligibility criteria have been met, except where and to the extent that the transfer gives rise to an obligation that meets the definition of a liability. Government transfers that meet the definition of a liability are recognized as revenue as the liability is extinguished.

Taxation and related revenues

Property tax billings are prepared by the City based on assessment rolls issued by the Municipal Property Assessment Corporation ("MPAC"). Tax rates are established annually by Council, incorporating amounts to be raised for local services and amounts the City is required to collect on behalf of the Province of Ontario in respect of education taxes. A normal part of the assessment process is the issue of supplementary assessment rolls, which provide updated information with respect to changes in property assessment. Once a supplementary assessment roll is received, the City determines the taxes applicable and renders supplementary tax billings. Taxation revenues are recorded when they meet the definition of an asset, the tax is authorized and the taxable event has occurred. Assessments and the related property taxes are subject to appeal. Tax adjustments as a result of appeals are recorded when the results of the appeal process are known.

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

Fees, service charges and other revenue

Fees, service charges and other revenue are recognized when earned.

(ii) **Cash and cash equivalents**

Cash consists of balances held at financial institutions and all cash equivalents consist of highly liquid financial instruments.

(iii) **Inventories**

Inventories held for resale, consisting of surplus land, is recorded at the lower of cost and net realizable value. Cost includes amounts for improvements to prepare the land for sale or servicing. Inventories held for consumption are recorded at the lower of cost or replacement cost.

THE CORPORATION OF THE CITY OF TEMISKAMING SHORES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

1. (b) (iv) **Tangible capital assets**

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

Land improvements	20 to 30 years
Buildings	20 to 50 years
Machinery and equipment	10 to 30 years
Vehicles	5 to 15 years
Roads and sidewalks	15 to 30 years
Bridges and culverts	30 to 40 years
Water and sewer systems	30 to 50 years

Amortization is charged beginning in the month of acquisition and no amortization is charged in the year of disposal. Assets under construction are not amortized until the asset is in productive use.

The City has no capitalization threshold for land, a capitalization threshold of \$50,000 for appropriate pooled assets and \$5,000 for all other assets. Individual assets of lesser value may be capitalized if they are pooled, or because, collectively, they have significant value, or for operational purposes.

(v) **Deferred revenue – other**

The City receives certain amounts pursuant to funding agreements that may only be used in the conduct of certain programs or in the delivery of specific services and transactions. These amounts are recorded as deferred revenue and are recognized as revenue in the fiscal year the eligibility criteria has been met except when stipulations are present and to the extent that the transfer gives rise to an obligation that meets the definition of a liability.

(vi) **Deferred revenue – obligatory reserve funds**

The City receives Gas Tax funding under the authority of Federal and Provincial legislation. These funds, by their nature, are restricted in their use and until applied to specific expenses, are recorded as deferred revenue. Amounts applied to qualifying expenses are recorded as revenue in the fiscal period they are expended.

(vii) **Employee benefit plans**

The contributions to a multi-employer, defined benefit pension plan are expensed when contributions are due.

The contributions for post-employment benefits are expensed when contributions are due.

(viii) **Use of estimates**

Management has made estimates and assumptions that affect the amounts reported in preparing these financial statements. Significant areas requiring the use of management estimates relate to the determination of allowances for uncollectable taxes, tangible capital assets historical cost, estimated useful life and related amortization and landfill post-closure costs.

THE CORPORATION OF THE CITY OF TEMISKAMING SHORES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

2. **Operations of School Boards**

Further to note 1(a) (iii), net municipal taxation and taxation from governments levied in 2015 on behalf of and payable to school boards totalled \$3,013,885 (2014 \$3,059,785).

3. **Contributions to Joint Boards**

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

	2015	2014
Unconsolidated		
District of Timiskaming Social Services Administration Board	\$ 2,313,964	\$ 2,368,803
Timiskaming Health Unit	438,697	445,120
Cochrane/Timiskaming Waste Management Board	-	111,228
	<u>2,752,661</u>	<u>2,925,151</u>
Consolidated		
Tri Town Transit System	<u>192,226</u>	<u>199,703</u>
	<u>\$ 2,944,887</u>	<u>\$ 3,124,854</u>

4. **Trust Funds**

Trust funds administered by the City amounting to \$490,387 (2014 \$468,570) have not been included in the Consolidated Statement of Financial Position nor have their operations been included in the Consolidated Statement of Operations.

5. **Short-term investments**

The short-term investments of \$3,387,711 (2014 \$3,354,253) are classified as held for trading due to their short-term nature and are recorded at market value.

6. **Short-term debt**

The City has an operating line loan agreement with its financial institution. There is a \$2,000,000 Operating line credit limit with interest at Prime minus 0.25%; a \$2,000,000 Revolving term line/lease at Prime and a Visa Business Card authorized up to \$750,000. The operating line is utilized from time to time to cover temporary cash shortfalls that may occur during the year.

As at December 31, 2015, the outstanding balance of the operating line was \$2,000,000 (2014 \$nil).

7. **Deferred revenue – other**

Deferred revenue, set aside for specific purposes by legislation, regulation or agreement as at December 31st is comprised of:

	2015	2014
FedNor – Dymond Industrial Park	\$ -	\$ 494,184
Ministry of Health – Healthy Kids Community Challenge	60,051	-
Timiskaming Health Unit	24,375	-
FedNor – PDAC conference	110,706	184,591
MTCS – Cultural plan	21,410	71,515
Enterprise Temiskaming	21,812	22,150
Other	<u>31,286</u>	<u>9,500</u>
	<u>\$ 269,640</u>	<u>\$ 781,940</u>

THE CORPORATION OF THE CITY OF TEMISKAMING SHORES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

8. **Deferred revenue – obligatory reserve funds**

Deferred revenue – obligatory reserve funds consist of the following:

	2015	2014
Provincial Gas Tax	\$ -	\$ 263,238
Federal Gas Tax	390,116	788,160
	<u>\$ 390,116</u>	<u>\$ 1,051,398</u>

9. **Solid waste landfill closure and post-closure liabilities**

The City owns and operates one active and one inactive landfill site. The liability for closure and post-closure of the landfill sites has been recognized using the present value of the estimated closure and post-closure costs, based upon the usage of the site's capacity. The total capacity of the Haileybury site is 452,080 cubic metres. The approximate area that has been landfilled is 413,394 cubic metres, leaving an estimated remaining capacity of 38,686 cubic metres. The estimated life of the landfill site is 4.5 years and post-closure care is estimated to be required for 25 years from the date of site closure. The total capacity of the New Liskeard site is 85,000 cubic metres. The approximate area that has been landfilled is 85,000 cubic metres, leaving no remaining capacity. The estimated life of the landfill site before closure costs will have to be incurred is 4 years and post-closure care is estimated to be required for 25 years from the date of site closure.

The discount factor used is 2.78% net of inflation of 1.5%. The liability as at December 31, 2015 is \$2,120,201 (2014 \$2,357,244). Estimated expenditures for closure and post-closure care are \$2,980,619. The liability remaining to be recognized is \$860,418.

The City has a reserve fund of \$1,279,831 for the Haileybury landfill site.

10. (a) **Tile Drainage Loans**

The municipality is liable for long-term liabilities with respect to tile drainage loans in the former Township of Dymond for which the responsibility for the payment of principal and interest has been assumed by specific ratepayers. The total amount outstanding as at December 31, 2015 is \$59,676 (2014 \$71,961) and is reflected as Municipal Debt and Long-term Receivables on the Consolidated Statement of Financial Position.

THE CORPORATION OF THE CITY OF TEMISKAMING SHORES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

10. (b) Net Long-term Liabilities

The balance of the net long-term liabilities reported on the Statement of Financial Position is made up of the following:

	<u>2015</u>	<u>2014</u>
Ontario Infrastructure Projects Corporation (OIPC) debenture, repayable in semi-annual payments of \$73,279.12 including interest at 2.34%, maturing June 2018.	\$ 353,878	\$ 489,766
Canada Mortgage and Housing Corporation (CMHC) debenture, repayable in annual payments of \$107,411.34 including interest at 3.97%, maturing December 2024.	799,732	872,505
Canada Mortgage and Housing Corporation (CMHC) debenture, repayable in annual payments of \$87,381.73 including interest at 3.59%, maturing December 2025.	723,434	782,716
Canada Mortgage and Housing Corporation (CMHC) debenture, repayable in annual payments of \$28,748.50 including interest at 3.42%, maturing September 2025.	240,057	259,916
Ontario Infrastructure and Lands Corporation (OILC) debenture, repayable in semi-annual payments of \$134,127.28 principal plus interest at 2.22%, maturing April 2017.	402,382	670,636
Scotia Capital Lease, repayable in monthly payments of \$2,952.45 plus HST, including interest at 3%, maturing in August 2019.	126,634	158,674
Scotia Capital Lease, repayable in monthly payments of \$6,031.11 plus HST, including interest at 2.7%, maturing in May 2020.	307,898	-
Scotia Capital Lease, repayable in monthly payments of \$6,354.85 plus HST, including interest at 2.7%, maturing in September 2020.	346,358	-
Lease/purchase agreement for the Cow/Chamber of Commerce property in the former Township of Dymond, bearing no interest, repayable in annual principal payments of \$6,096. This loan was paid out during the year.	-	42,672
	<u>3,300,373</u>	<u>3,276,885</u>
Tile drainage amounts	<u>59,676</u>	<u>71,961</u>
Total municipal debt	<u>\$ 3,360,049</u>	<u>\$ 3,348,846</u>

THE CORPORATION OF THE CITY OF TEMISKAMING SHORES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

10. (b) **Net Long-term Liabilities – continued**

Principal repayments due in the next five years are as follows:

	From Benefitting Landowners	From General Municipal Revenues	Total
2016	\$ 13,023	\$ 735,434	\$ 748,457
2017	11,780	614,370	626,150
2018	9,456	420,447	429,903
2019	10,024	346,134	356,158
2020	10,625	270,195	280,820
Thereafter	4,768	913,793	918,561
	<u>\$ 59,676</u>	<u>\$ 3,300,373</u>	<u>\$ 3,360,049</u>

The long-term liabilities were 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.

In 2015, interest expense of \$109,543 (2014 \$111,475) has been reflected in the Consolidated Statement of Operations.

11. **Accumulated surplus**

The accumulated surplus is made up of the following:

	2015	2014
Reserves, surpluses and deficits		
Working capital reserve – general	\$ 1,154,872	\$ 833,621
Working capital reserve – environmental	450,736	2,036,698
Working capital reserve – business improvement area	35,586	29,570
Election expenses reserve	7,951	451
Cemetery reserve	9,308	-
Doctor recruitment reserve	31,607	28,080
Recreation programs and facilities reserve	23,291	24,138
Great West Life ASO reserve	50,000	50,000
Insurance deductible reserve	27,803	27,803
Transit reserve	89,718	90,073
PDAC reserve	53,396	-
Solid waste landfill reserve	1,279,831	1,416,389
Long-term debt retirement reserve	-	32,101
Amounts to be recovered	(4,682,347)	(4,923,517)
General municipal surplus	78,998	93,026
Capital deficit	(1,204,630)	(286,933)
	<u>(2,593,880)</u>	<u>(548,500)</u>
Non-financial assets		
Tangible capital assets	66,958,731	60,314,041
Inventories of supplies	100,117	58,673
Prepaid expenses	164,895	167,095
	<u>67,223,743</u>	<u>60,539,809</u>
	<u>\$ 64,629,863</u>	<u>\$ 59,991,309</u>

THE CORPORATION OF THE CITY OF TEMISKAMING SHORES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

11. **Accumulated surplus – continued**

Reserves represent an appropriation of surplus for a specific purpose, determined by council, are non-statutory and subject to change by council at any time.

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 expenditures, provides the Change in Net Financial Assets (Net Debt) for the year.

12. **Contingent liabilities and commitments**

Non-consolidated entities

The City is contingently liable for the deficits and long-term debt of the non-consolidated entities.

Ontario Municipal Employees Retirement Fund

All permanent, full-time employees of the City are eligible to be members of the Ontario Municipal Employees Retirement System ("OMERS"), a multi-employer pension plan. The plan provides defined pension benefits to employees based on their length of service and rates of pay. The City's contributions equal the employee contributions to the plan. During the year ended December 31, 2015, the City contributed \$424,638 (2014 \$405,189) to the plan. As this is a multi-employer pension plan, the contributions by the City are recognized as an expenditure. No pension liability for this type of plan is recognized in the City's financial statements. As of December 31, 2015 OMERS had a funding deficit of \$7 billion (2014 \$7.1 billion) and Net Assets Available for Benefits of \$77.2 billion (2014 \$72.1 billion).

Post-employment Benefits

City employees retiring do not receive any retirement allowance that either vests or accrues over the period of employment. Sick benefits, other than amounts that were carried over on amalgamation, do not accrue and are not vested. The City recognizes the expenses for sick time when the event obliges the City to pay. No other post-employment benefits are payable by the City.

13. **Budgeting**

The City budgets to determine an appropriate tax rate based on all revenues, including proceeds on long-term debt, and all expenditures, including debt principal payments and the acquisition of tangible capital assets, but do not include amortization. The City reconciles this tax levy budget to the budget in accordance with Public Sector Accounting Standards.

	2015	2014
Tax levy budget deficit for the year – as below	\$ (2,388,366)	\$ (472,457)
Add: Capital expenditures	13,133,309	5,893,640
Debt repayments	774,461	596,213
Less: Estimated amortization	(2,346,907)	(2,061,917)
New debt issued	(2,150,553)	(1,433,850)
	<u>\$ 7,021,944</u>	<u>\$ 2,521,629</u>
Budget surplus per Consolidated Statement of Operations	<u>\$ 7,021,944</u>	<u>\$ 2,521,629</u>

THE CORPORATION OF THE CITY OF TEMISKAMING SHORES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

13. Budgeting – continued

REVENUES	Budget 2015	Actual 2015	Actual 2014
Operating			
Municipal taxation	\$ 12,090,691	\$ 12,076,037	\$ 12,045,130
Water, sewer and waste diversion fees	4,056,175	4,074,853	3,861,742
Taxation from other governments	328,959	331,122	360,996
Provincial grants	4,322,676	4,530,069	4,319,924
Federal grants	397,500	511,946	245,255
Charges to other municipalities	113,734	108,287	89,363
User charges	2,045,926	2,043,137	1,837,186
Investment income	151,650	152,600	209,727
Penalties and interest on taxes	145,000	159,804	163,391
Provincial Offences Act revenues	1,360,889	1,476,560	1,237,566
Other	418,050	239,750	686,030
Proceeds on disposal of tangible capital assets	-	42,911	27,888
	<u>25,431,250</u>	<u>25,747,076</u>	<u>25,084,198</u>
Capital			
Provincial grants	5,070,918	3,259,192	1,227,477
Federal grants	1,260,257	923,979	359,648
Federal gas tax	1,071,600	1,006,407	(101,953)
Charges to other municipalities	-	-	132,554
	<u>7,402,775</u>	<u>5,189,578</u>	<u>1,617,726</u>
New debt issued	2,150,553	709,176	169,605
Total revenues	<u>34,984,578</u>	<u>31,645,830</u>	<u>26,871,529</u>
EXPENDITURES			
Operating			
General government	2,549,933	2,665,215	2,722,671
Protection to persons and property	4,247,595	4,534,774	4,372,290
Transportation services	5,339,037	4,873,283	4,417,545
Environmental services	4,254,845	4,415,792	4,804,872
Health services	1,783,528	1,648,529	1,654,040
Social and family services	1,321,564	1,346,815	1,387,007
Recreation and cultural services	2,573,270	2,592,919	2,575,456
Planning and development	1,395,402	1,507,159	912,978
	<u>23,465,174</u>	<u>23,584,486</u>	<u>22,846,859</u>
Capital expenditures	13,133,309	9,397,548	4,805,326
Long-term debt repayments	774,461	685,688	564,470
Total expenditures	<u>37,372,944</u>	<u>33,667,722</u>	<u>28,216,655</u>
Deficit, tax levy budget base	<u>\$ (2,388,366)</u>	<u>\$ (2,021,892)</u>	<u>\$ (1,345,126)</u>
Financed by			
Transfer from reserves	\$ 2,388,366	\$ 2,021,892	\$ 1,345,126

THE CORPORATION OF THE CITY OF TEMISKAMING SHORES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

14. **Segmented information**

The Corporation of the City of Temiskaming Shores 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 purpose of recording specific activities to attain certain objectives in accordance with regulations, restrictions or limitations.

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

The Public Works department is responsible for the delivery of municipal public works services related to planning, design, construction, cleaning, repair, snow removal and signage of roadway systems.

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 pump stations.

The Garbage and Recycling Services Group are responsible for the delivery of municipal services including garbage collection and recycling.

Health Services

The City funds a range of public health services through the Health Unit and provides cemetery services.

Social and Family Services

The services are provided indirectly by the City through the District Social Services Administration 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 City and for reviewing and approving new development, as well as maintaining drainage systems.

THE CORPORATION OF THE CITY OF TEMISKAMING SHORES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

14. Segmented information – continued

REVENUES	General Government Services		Protection Services	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation and Cultural Services		Planning and Development	Total 2015	Total 2014
	\$							\$				
Municipal taxation	\$ 12,076,037	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,076,037	\$ 12,045,130
Water, sewer and waste diversion fees	-	-	-	4,074,853	-	-	-	-	-	-	4,074,853	3,861,742
Taxation from other governments	331,122	-	-	-	-	-	-	-	-	-	331,122	360,996
Provincial grants – operating	3,743,100	100,550	100,550	72,653	33,699	33,699	25,251	66,538	334,869	4,530,069	4,319,924	
Provincial grants – capital	-	-	-	361,689	2,310,138	-	-	587,365	-	-	3,259,192	1,227,477
Federal grants – operating	-	-	-	4,805	-	-	-	-	507,141	-	511,946	245,255
Federal grants – capital	-	-	-	286,614	-	-	-	637,365	-	-	923,979	359,648
Federal gas tax	-	-	-	1,006,407	-	-	-	-	-	-	1,006,407	(101,953)
Charges to other municipalities	-	31,800	31,800	25,350	35,470	-	-	9,742	5,925	108,287	221,917	1,837,186
User charges	73,199	126,955	126,955	344,924	229,047	248,441	-	799,430	221,141	2,043,137	1,837,186	
Investment income	152,600	-	-	-	-	-	-	-	-	-	152,600	209,727
Penalties and interest on taxes	159,804	-	-	-	-	-	-	-	-	-	159,804	163,391
Provincial Offences Act revenues	-	1,476,560	1,476,560	-	-	-	-	-	-	-	1,476,560	1,237,566
Other	52,842	24,271	24,271	9,078	1,098	1,961	-	56,500	94,000	239,750	686,030	
Gain (loss) on disposal of tangible capital assets	38,784	-	-	-	-	-	-	-	-	-	38,784	(298,618)
Total revenues	16,627,488	1,760,136	2,192,276	6,723,259	284,101	25,251	2,156,940	1,163,076	30,932,527	26,375,418		
EXPENDITURES												
Wages and benefits	1,576,326	852,275	1,688,358	529,265	86,705	22,103	1,590,058	341,111	6,686,201	6,624,800		
Long-term interest	740	9,764	30,152	66,220	-	-	2,667	-	109,543	111,475		
Materials	492,354	196,850	2,254,763	1,558,741	104,520	3,148	954,366	864,640	6,429,382	6,390,400		
Contracted services	587,068	2,705,022	849,730	2,261,566	26,208	-	33,604	300,908	6,764,106	6,260,103		
Rents and financial expenses	10,927	15,681	8,636	-	-	-	12,224	-	47,668	59,011		
External transfers	-	755,182	-	-	1,431,096	1,321,564	-	500	3,508,342	3,417,302		
Amortization	168,218	126,730	939,003	1,034,308	7,822	-	472,650	-	2,748,731	2,439,921		
Total expenditures	2,835,633	4,661,504	5,770,842	5,450,100	1,656,351	1,346,815	3,065,569	1,507,159	26,293,973	25,303,012		
Annual surplus (deficit)	\$ 13,791,855	\$ (2,901,368)	\$ (3,578,566)	\$ 1,273,159	\$ (1,372,250)	\$ (1,321,564)	\$ (908,629)	\$ (344,083)	\$ 4,638,554	\$ 1,072,406		

THE CORPORATION OF THE CITY OF TEMISKAMING SHORES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

15. Schedule of tangible capital assets

	Opening Cost Dec 31, 2014	Additions	Disposals	Ending Cost Dec 31, 2015	Opening		Current		Ending		Net Dec 31, 2015
					Accumulated Amortization Dec 31, 2014	Amortization	Amortization	Disposals	Accumulated Amortization Dec 31, 2015		
General											
Land	\$ 1,158,516	\$ -	\$ -	\$ 1,158,516	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,158,516
Land improvements	5,106,839	1,386,841	-	6,493,680	2,885,519	200,934	200,934	-	3,086,453	3,407,227	3,407,227
Buildings	16,384,247	1,469,153	-	17,853,400	5,552,726	350,268	350,268	-	5,902,994	11,950,406	11,950,406
Machinery and equipment	4,516,669	106,718	6,004	4,617,383	2,618,424	257,442	257,442	4,353	2,871,513	1,745,870	1,745,870
Vehicles	4,121,550	1,627,081	436,544	5,312,087	2,619,527	321,704	321,704	434,627	2,506,604	2,805,483	2,805,483
Construction in progress	1,322,741	183,930	993,263	513,408	-	-	-	-	-	-	513,408
Infrastructure											
Roads and sidewalks	22,696,463	2,745,216	184,744	25,256,935	18,176,635	444,260	444,260	184,744	18,436,151	6,820,784	6,820,784
Bridges and culverts	8,161,200	111,936	120,719	8,152,417	5,829,622	164,820	164,820	120,719	5,873,723	2,278,694	2,278,694
Water and sewer systems	45,882,938	1,122,140	10,265	46,994,813	15,020,815	1,009,303	1,009,303	9,706	16,020,412	30,974,401	30,974,401
Construction in progress	3,666,146	4,346,591	2,708,795	5,303,942	-	-	-	-	-	-	5,303,942
Total	\$ 113,017,309	\$ 13,099,606	\$ 4,460,334	\$ 121,656,581	\$ 52,703,268	\$ 2,748,731	\$ 2,748,731	\$ 754,149	\$ 54,697,850	\$ 66,958,731	

THE CORPORATION OF THE CITY OF TEMISKAMING SHORES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

15. Schedule of tangible capital assets – continued

General	Opening Cost Dec 31, 2013	Additions	Disposals	Ending Cost Dec 31, 2014	Opening		Current		Ending		Net Dec 31, 2014
					Accumulated Amortization Dec 31, 2013	Cost	Amortization	Disposals	Accumulated Amortization Dec 31, 2014	Net Dec 31, 2014	
Land	\$ 1,158,660	\$ 2	146	\$ 1,158,516	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,158,516
Land improvements	4,785,247	583,617	262,025	5,106,839	2,799,622	157,928	72,031	2,885,519	2,221,320	2,221,320	2,221,320
Buildings	15,235,404	1,172,513	23,670	16,384,247	5,253,999	313,244	14,517	5,552,726	10,831,521	10,831,521	10,831,521
Machinery and equipment	4,549,710	338,953	371,994	4,516,669	2,604,828	229,585	215,989	2,618,424	1,898,245	1,898,245	1,898,245
Vehicles	4,272,858	39,541	190,849	4,121,550	2,478,018	292,817	151,308	2,619,527	1,502,023	1,502,023	1,502,023
Construction in progress	1,385,289	1,014,414	1,076,962	1,322,741	-	-	-	-	-	-	1,322,741
Infrastructure											
Roads and sidewalks	21,028,299	1,865,932	197,768	22,696,463	18,060,362	314,041	197,768	18,176,635	4,519,828	4,519,828	4,519,828
Bridges and culverts	8,161,200	-	-	8,161,200	5,665,735	163,887	-	5,829,622	2,331,578	2,331,578	2,331,578
Water and sewer systems	43,342,899	2,721,909	181,870	45,882,938	14,219,594	968,426	167,205	15,020,815	30,862,123	30,862,123	30,862,123
Construction in progress	5,437,740	1,237,576	3,009,170	3,666,146	-	-	-	-	-	-	3,666,146
Total	\$ 109,357,306	\$ 8,974,457	\$ 5,314,454	\$ 113,017,309	\$ 51,082,158	\$ 2,439,928	\$ 818,818	\$ 52,703,268	\$ 60,314,041	\$ 60,314,041	\$ 60,314,041

NOTICE TO READER

To the Members of Council, Inhabitants
and Ratepayers of the Corporation
of the CITY OF TEMISKAMING SHORES:

On the basis of information provided by management, we have compiled the statement of financial position of the Trust Funds of the Corporation of the City of Temiskaming Shores as at December 31, 2015 and the statement of continuity for the year then ended.

We have not performed an audit or a review engagement in respect of these financial statements and, accordingly, we express no assurance thereon.

Readers are cautioned that these statements may not be appropriate for their purposes.

Kemp Elliott & Blair LLP

Kemp Elliott & Blair LLP

Licensed Public Accountants
New Liskeard, Ontario
June 9, 2016

Chartered Professional Accountants

(Unaudited – See Notice to Reader)

THE CORPORATION OF THE CITY OF TEMISKAMING SHORES**TRUST FUNDS****STATEMENT OF FINANCIAL POSITION****AS AT DECEMBER 31, 2015**

	Cemetery Care and Maintenance	Library May Ball	2015 Total	2014 Total
FINANCIAL ASSETS				
Cash	\$ -	\$ 7,178	\$ 7,178	\$ 10,473
Investments - note 2	247,197	234,121	481,318	456,245
Due from City	8,150	-	8,150	1,851
	<u>\$ 255,347</u>	<u>\$ 241,299</u>	<u>\$ 496,646</u>	<u>\$ 468,569</u>
LIABILITIES AND FUND EQUITY				
Deferred revenue	\$ -	\$ 6,259	\$ 6,259	\$ -
Trust balance	255,347	235,040	490,387	468,569
	<u>\$ 255,347</u>	<u>\$ 241,299</u>	<u>\$ 496,646</u>	<u>\$ 468,569</u>

STATEMENT OF CONTINUITY**FOR THE YEAR ENDED DECEMBER 31, 2015**

Trust balance, beginning of year	\$ 247,237	\$ 221,332	\$ 468,569	\$ 472,022
Revenues				
Sale of plots	8,110	-	8,110	6,488
Interest earned/loss on investment	-	34,039	34,039	(29)
	<u>8,110</u>	<u>34,039</u>	<u>42,149</u>	<u>6,459</u>
Expenditures				
Transfer to own funds	-	20,331	20,331	9,912
Trust balance, end of year	<u>\$ 255,347</u>	<u>\$ 235,040</u>	<u>\$ 490,387</u>	<u>\$ 468,569</u>

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

(Unaudited – See Notice to Reader)

THE CORPORATION OF THE CITY OF TEMISKAMING SHORES

TRUST FUNDS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

1. **Accounting Policy**
Trust fund activities are recorded on the cash basis of accounting with the exception of amounts due to or from the City.
2. **Investments**
The total investments of \$481,318 (2014 \$456,245) reported on the trust statement of financial position at cost, have a market value of \$481,318 (2014 \$456,245).
3. Interest earned by the Cemetery Care and Maintenance fund is transferred directly to the City and is not reflected on these statements.

INDEPENDENT AUDITORS' REPORT

To the Members of Council, Inhabitants
and Ratepayers of the Corporation
of the City of Temiskaming Shores:

We have audited the accompanying financial statements of the Temiskaming Shores Public Library Board, which comprise the statement of financial position as at December 31, 2015, and the statements of operations, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management and Council's Responsibility for the Financial Statements

Management and council are responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management and council determine 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 financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 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 financial statements present fairly, in all material respects, the financial position of the Temiskaming Shores Public Library Board as at December 31, 2015, and its operations, change in net financial assets and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Kemp Elliott & Blair LLP

Kemp Elliott & Blair LLP

Chartered Professional Accountants

Licensed Public Accountants
New Liskeard, Ontario
June 9, 2016

THE CORPORATION OF THE CITY OF TEMISKAMING SHORES

TEMISKAMING SHORES PUBLIC LIBRARY BOARD

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2015

	<u>2015</u>	<u>2014</u>
FINANCIAL ASSETS		
Petty cash	\$ 200	\$ 200
Investments	918	820
	<u>1,118</u>	<u>1,020</u>
NET FINANCIAL ASSETS	1,118	1,020
NON-FINANCIAL ASSETS		
Tangible capital assets – note 3	<u>138,266</u>	<u>61,492</u>
ACCUMULATED SURPLUS – note 2	<u>\$ 139,384</u>	<u>\$ 62,512</u>

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

THE CORPORATION OF THE CITY OF TEMISKAMING SHORES

TEMISKAMING SHORES PUBLIC LIBRARY BOARD

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2015

	Budget 2015	Actual 2015	Actual 2014
REVENUES			
Provincial grants	\$ 28,734	\$ 40,707	\$ 36,555
Own municipal grant	463,741	462,022	407,587
Other municipal grants	9,764	9,042	11,248
Fees and fines	9,600	9,972	10,968
Other	25,978	25,097	18,975
Total revenues	537,817	546,840	485,333
EXPENDITURES			
Salaries and benefits	350,699	357,905	393,072
Collection development and maintenance	61,478	58,602	46,634
Utilities	20,000	18,054	19,843
Office and supplies	10,900	20,311	11,450
Telephone	3,840	2,884	3,194
Miscellaneous	7,500	4,018	4,960
Training and travel	5,400	4,313	3,339
Amortization	2,574	3,881	4,332
Total expenditures	462,391	469,968	486,824
ANNUAL SURPLUS (DEFICIT)	75,426	76,872	(1,491)
Accumulated surplus, beginning of year	62,512	62,512	64,003
ACCUMULATED SURPLUS, END OF YEAR – note 2	\$ 137,938	\$ 139,384	\$ 62,512

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

THE CORPORATION OF THE CITY OF TEMISKAMING SHORES

TEMISKAMING SHORES PUBLIC LIBRARY BOARD

STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2015

	Budget 2015	Actual 2015	Actual 2014
ANNUAL SURPLUS (DEFICIT)	\$ 75,426	\$ 76,872	\$ (1,491)
Acquisition of tangible capital assets	(78,000)	(80,655)	(8,789)
Amortization of tangible capital assets	2,574	3,881	10,192
Increase (decrease) in net financial assets	-	98	(88)
Net financial assets, beginning of year	1,020	1,020	1,108
NET FINANCIAL ASSETS, END OF YEAR	\$ 1,020	\$ 1,118	\$ 1,020

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

THE CORPORATION OF THE CITY OF TEMISKAMING SHORES

TEMISKAMING SHORES PUBLIC LIBRARY BOARD

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2015

	2015	2014
Operating activities		
Annual surplus (deficit)	\$ 76,872	\$ (1,491)
Charges not affecting cash – Amortization	3,881	10,192
	<u>80,753</u>	<u>8,701</u>
Cash provided by operating activities	<u>80,753</u>	<u>8,701</u>
Capital activities		
Acquisition of tangible capital assets	<u>(80,655)</u>	<u>(8,789)</u>
Cash used for capital activities	<u>(80,655)</u>	<u>(8,789)</u>
Increase (decrease) in cash	98	(88)
Cash, beginning of year	<u>1,020</u>	<u>1,108</u>
Cash, end of year	<u>\$ 1,118</u>	<u>\$ 1,020</u>
Represented by		
Petty cash	\$ 200	\$ 200
Investments	<u>918</u>	<u>820</u>
	<u>\$ 1,118</u>	<u>\$ 1,020</u>

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

THE CORPORATION OF THE CITY OF TEMISKAMING SHORES

TEMISKAMING SHORES PUBLIC LIBRARY BOARD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

1. **Significant accounting policies**

(a) **Revenue recognition**

Revenues are recognized as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

(b) **Tangible capital assets**

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

Buildings	50 years
Equipment	10 years

Amortization is charged on a monthly basis beginning in the month of acquisition. Assets under construction are not amortized until the asset is in productive use.

2. **Accumulated surplus**

The accumulated surplus is made up of the following:

	<u>2015</u>	<u>2014</u>
Operational surplus	\$ 1,118	\$ 1,020
Non-financial assets		
Tangible capital assets	<u>138,266</u>	<u>61,492</u>
	<u>\$ 139,384</u>	<u>\$ 62,512</u>

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 for the year.

THE CORPORATION OF THE CITY OF TEMISKAMING SHORES

TEMISKAMING SHORES PUBLIC LIBRARY BOARD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

3. **Schedule of tangible capital assets**

	Opening Cost Dec 31, 2014	Additions Dec 31, 2015	Ending Cost Dec 31, 2015	Opening Accumulated Amortization Dec 31, 2014	Current Amortization Dec 31, 2015	Amortization Adjustment	Ending Accumulated Amortization Dec 31, 2015	Net Dec 31, 2015
Land	\$ 2,685	\$ -	\$ 2,685	\$ -	\$ -	\$ -	\$ -	\$ 2,685
Buildings	82,039	80,655	162,694	27,457	1,352	-	28,809	133,885
Machinery and equipment	22,360	-	22,360	18,135	2,529	-	20,664	1,696
Total	\$ 107,084	\$ 80,655	\$ 187,739	\$ 45,592	\$ 3,881	\$ -	\$ 49,473	\$ 138,266

	Opening Cost Dec 31, 2013	Additions Dec 31, 2014	Ending Cost Dec 31, 2014	Opening Accumulated Amortization Dec 31, 2013	Current Amortization Dec 31, 2014	Amortization Adjustment	Ending Accumulated Amortization Dec 31, 2014	Net Dec 31, 2014
Land	\$ 2,685	\$ -	\$ 2,685	\$ -	\$ -	\$ -	\$ -	\$ 2,685
Buildings	82,039	-	82,039	26,240	1,217	-	27,457	54,582
Machinery and equipment	13,571	8,789	22,360	9,160	3,115	5,860	18,135	4,225
Total	\$ 98,295	\$ 8,789	\$ 107,084	\$ 35,400	\$ 4,332	\$ 5,860	\$ 45,592	\$ 61,492

INDEPENDENT AUDITORS' REPORT

To the Members of Council, Inhabitants
and Ratepayers of the Corporation
of the City of Temiskaming Shores:

We have audited the accompanying financial statements of the Corporation of the City of Temiskaming Shores Business Improvement Area, which comprise the statement of financial position as at December 31, 2015, and the statement of operations for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management and Council's Responsibility for the Financial Statements

Management and council are responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management and council determine 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 financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 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 financial statements present fairly, in all material respects, the financial position of the Corporation of the City of Temiskaming Shores Business Improvement Area as at December 31, 2015, and its operations for the year then ended in accordance with Canadian public sector accounting standards.

Kemp Elliott & Blair LLP

Kemp Elliott & Blair LLP

Licensed Public Accountants
New Liskeard, Ontario
June 9, 2016

Chartered Professional Accountants

THE CORPORATION OF THE CITY OF TEMISKAMING SHORES

BUSINESS IMPROVEMENT AREA

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2015

	2015	2014
FINANCIAL ASSETS		
Due from own municipality	\$ 35,585	\$ 29,570
NET FINANCIAL ASSETS AND ACCUMULATED SURPLUS	\$ 35,585	\$ 29,570

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2015

	Budget 2015	Actual 2015	Actual 2014
REVENUES			
Taxation	\$ -	\$ 31,727	\$ 31,441
Federal grant	-	15,702	-
Other	-	1,925	7,520
Total revenues	-	49,354	38,961
EXPENDITURES			
Salaries, wages and employee benefits	-	18,321	8,742
Materials, supplies and services	-	2,567	19,677
Advertising and promotion	-	21,951	19,369
External transfers	-	500	-
Total expenditures	-	43,339	47,788
ANNUAL SURPLUS (DEFICIT)	-	6,015	(8,827)
Accumulated surplus, beginning of year	29,570	29,570	38,397
ACCUMULATED SURPLUS, END OF YEAR	\$ 29,570	\$ 35,585	\$ 29,570

NOTES TO THE FINANCIAL STATEMENTS

1. Revenue recognition

Revenues are recognized as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

2. Cash flows and change in net financial assets

Required cash flow information is readily available from the Statement of Operations. The Business Improvement Area has no tangible capital assets, so the Statement of Change in net financial assets has not been included since the Annual Surplus reported on the Statement of Operations reflects the change in Net Financial Assets for the year.

INDEPENDENT AUDITORS' REPORT

To the Members of Council, Inhabitants
and Ratepayers of the Corporation
of the CITY OF TEMISKAMING SHORES

We have audited the accompanying financial statements of the Provincial Offences Act Office – The Corporation of the City of Temiskaming Shores, which comprise the statement of financial position as at December 31, 2015 and the statements of operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 financial statements.

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

Basis for Qualified Opinion

The financial records of The Corporation of the City of Temiskaming Shores Court Service Area are maintained and generated by the ICON system, maintained by the Province of Ontario. The scope of our audit did not include a review over the controls of this system nor was a service auditor's report made available to us.

Included in the revenue for the year ended December 31, 2015 are revenues of \$216,494 received on behalf of The Corporation of the City of Temiskaming Shores Court Service Area by other courts located throughout the Province of Ontario. The scope of our audit did not include a review of the systems or controls over cash collections and deposits at these other court locations.

Qualified Opinion

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion paragraphs, these financial statements present fairly, in all material respects, the financial position of the Provincial Offences Act Office – The Corporation of the City of Temiskaming Shores as at December 31, 2015 and its operations and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Licensed Public Accountants
New Liskeard, Ontario
May 5, 2016

KEMP ELLIOTT & BLAIR LLP

Kemp Elliott & Blair LLP

Chartered Professional Accountants

**PROVINCIAL OFFENCES ACT OFFICE - THE CORPORATION OF THE
CITY OF TEMISKAMING SHORES**

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2015

	<u>2015</u>	<u>2014</u>
FINANCIAL ASSETS		
Cash	\$ 215,812	\$ 221,492
Accounts receivable	<u>71,450</u>	<u>50,210</u>
	\$ 287,262	\$ 271,702
LIABILITIES		
Victim surcharge payable - Province of Ontario	\$ 82,284	\$ 72,243
Accounts payable - other provincial offences act offices	14,034	11,834
- other payables and accrued liabilities	20,611	81,863
Municipal allocations payable	<u>170,333</u>	<u>105,762</u>
	\$ 287,262	\$ 271,702

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

PROVINCIAL OFFENCES ACT OFFICE – THE CORPORATION OF THE CITY OF TEMISKAMING SHORES

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2015

REVENUES	(Unaudited)		
	Budget 2015	Actual 2015	Actual 2014
Fines, costs and fees			
Home court			
Highway traffic	\$ 878,174	\$ 788,493	\$ 654,126
Liquor license	34,665	18,682	24,680
Provincial offences	231,098	194,288	168,747
Municipal by-law fines	14,232	13,246	13,384
Dedicated fines	10,743	26,610	11,255
Victim fine surcharge	177,637	218,747	179,918
Other provincial offences act offices	11,555	216,494	185,456
	<u>1,358,104</u>	<u>1,476,560</u>	<u>1,237,566</u>
Investment income	2,785	2,989	2,904
Total revenues	<u>1,360,889</u>	<u>1,479,549</u>	<u>1,240,470</u>
EXPENDITURES			
Salaries, wages and employee benefits	<u>171,112</u>	<u>174,025</u>	<u>165,296</u>
Materials			
Office supplies	7,260	12,979	10,078
Materials	3,530	6,118	3,269
Telephone	7,004	17,526	6,758
Travel and conference	3,266	2,225	3,625
	<u>21,060</u>	<u>38,848</u>	<u>23,730</u>
Services			
Legal and auditing	67,412	78,134	67,726
Witness fees	3,534	1,642	2,041
Interpreter's fees	8,651	5,080	4,894
Restitution	90	-	90
Collection fees	28,463	23,215	24,340
Provincial government cost recovery	67,303	87,020	73,906
	<u>175,453</u>	<u>195,091</u>	<u>172,997</u>
Rent and financial expenses			
Rent and administrative fees	67,477	73,175	86,076
Bank charges	7,810	10,501	8,233
	<u>75,287</u>	<u>83,676</u>	<u>94,309</u>
External transfers			
Fines collected on behalf of others			
Dedicated fines	10,743	26,610	11,255
Victim fine surcharge	177,637	218,747	179,918
Municipal by-law fines	14,232	15,095	14,652
Other provincial offences act offices	97,179	46,150	43,049
Transfer to municipalities	618,186	681,307	535,264
	<u>917,977</u>	<u>987,909</u>	<u>784,138</u>
Total expenditures	<u>1,360,889</u>	<u>1,479,549</u>	<u>1,240,470</u>
Annual surplus	\$ -	\$ -	\$ -

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

**PROVINCIAL OFFENCES ACT OFFICE - THE CORPORATION OF THE
CITY OF TEMISKAMING SHORES**

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>2015</u>	<u>2014</u>
Operating activities		
Net change in non-cash working capital items –		
Accounts receivable	\$ (21,240)	\$ (2)
Accounts payable and accrued liabilities	<u>15,560</u>	<u>22,356</u>
Cash provided by (used for) operating activities and net change for the year	(5,680)	22,354
Cash, beginning of year	<u>221,492</u>	<u>199,138</u>
Cash, end of year	<u>\$ 215,812</u>	<u>\$ 221,492</u>
Represented by		
Cash	<u>\$ 215,812</u>	<u>\$ 221,492</u>

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

NOTES TO THE FINANCIAL STATEMENTS

1. The City of Temiskaming Shores serves as the lead municipality in administering the Provincial Offences Act Office – City of Temiskaming Shores.
2. The activities of the Provincial Offences Act Office – City of Temiskaming Shores are reported on the accrual basis of accounting.
3. A Statement of Change in net financial assets has not been included since the annual surplus reported on the Statement of Operations reflects the change in Net Financial Assets for the year.