

**CONSOLIDATED FINANCIAL REPORT**

**THE CORPORATION OF THE  
TOWNSHIP OF COLEMAN**

**DISTRICT OF TIMISKAMING**

**YEAR ENDED DECEMBER 31, 2016**

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## **MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

The accompanying financial statements of The Corporation of the Township of Coleman are the responsibility of the Township of Coleman'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 of 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 Township of Coleman'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 financial statements. These systems are monitored and evaluated by Management.

Council 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 Township of Coleman. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Township of Coleman's financial statements.



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Chief Administrative Officer  
Logan Belanger

## **INDEPENDENT AUDITORS' REPORT**

To the Members of Council, Inhabitants  
and Ratepayers of the Corporation  
of the TOWNSHIP OF COLEMAN:

We have audited the accompanying consolidated financial statements of THE CORPORATION OF THE TOWNSHIP OF COLEMAN, which comprise the consolidated statement of financial position as at December 31, 2016, and the consolidated statement of operations, consolidated statement of change in 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 consolidated financial statements**

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

### **Auditors' Responsibility**

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

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

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

### **Opinion**

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of THE CORPORATION OF THE TOWNSHIP OF COLEMAN as at December 31, 2016, and its operations, change in 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*

Chartered Professional Accountants

Licensed Public Accountants  
New Liskeard, Ontario  
April 3, 2017

# THE CORPORATION OF THE TOWNSHIP OF COLEMAN

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2016

### FINANCIAL ASSETS

	2016	2015
Cash	\$ 103,051	\$ -
Short-term investments – note 4	168,197	165,678
Taxes receivable	79,049	76,017
Accounts receivable	188,504	95,124
	<u>538,801</u>	<u>336,819</u>

### LIABILITIES

Bank indebtedness – note 5	-	65,267
Accounts payable and accrued liabilities	311,387	129,202
Landfill closure and post-closure liability – note 6	65,000	60,000
Municipal debt – note 7	1,063,796	920,849
	<u>1,440,183</u>	<u>1,175,318</u>

### NET DEBT

(901,382)                      (838,499)

### NON-FINANCIAL ASSETS

Tangible capital assets – note 16	7,470,717	7,458,534
Inventories of supplies	22,045	9,986
	<u>7,492,762</u>	<u>7,468,520</u>

### ACCUMULATED SURPLUS – note 8

\$ 6,591,380                      \$ 6,630,021

Contingent liabilities and commitments – note 9

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

On behalf of Council:

  
\_\_\_\_\_  
Mayor

  
\_\_\_\_\_  
Chief Administrative Officer

# THE CORPORATION OF THE TOWNSHIP OF COLEMAN

## CONSOLIDATED STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2016

	2016 Budget (Note 10)	2016 Actual	2015 Actual
<b>REVENUES</b>			
Operating revenues			
Municipal taxation	\$ 1,271,215	\$ 1,250,447	\$ 1,186,045
Water, septic and local improvement charges	47,754	35,084	35,392
User charges	88,500	187,682	94,192
Provincial grants	159,698	168,914	162,160
Federal grants	2,000	5,626	2,602
Investment income	-	2,803	5,491
Penalties and interest on taxes	31,000	13,978	13,057
Provincial Offences Act revenues	10,000	12,445	12,093
Land sales	-	-	35,771
Revenue from other municipalities	1,000	-	19,214
Other	10,000	7,184	18,005
	<u>1,621,167</u>	<u>1,684,163</u>	<u>1,584,022</u>
Capital revenues			
Provincial grants	-	25,000	25,000
Federal grants	35,600	36,301	34,573
	<u>35,600</u>	<u>61,301</u>	<u>59,573</u>
Total revenues	<u>1,656,767</u>	<u>1,745,464</u>	<u>1,643,595</u>
<b>EXPENDITURES</b>			
General government	386,355	436,950	400,903
Protection to persons and property	227,148	235,767	209,910
Transportation services	469,450	525,093	449,491
Environmental services	230,802	211,720	259,056
Health services	135,421	135,420	132,406
Social and family services	108,397	108,397	109,569
Recreation and cultural services	100,905	88,624	98,918
Planning and development	62,013	42,134	41,955
Total expenditures	<u>1,720,491</u>	<u>1,784,105</u>	<u>1,702,208</u>
<b>ANNUAL DEFICIT</b>	(63,724)	(38,641)	(58,613)
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<u>6,630,021</u>	<u>6,630,021</u>	<u>6,688,634</u>
<b>ACCUMULATED SURPLUS, END OF YEAR – note 8</b>	<u>\$ 6,566,297</u>	<u>\$ 6,591,380</u>	<u>\$ 6,630,021</u>

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

# THE CORPORATION OF THE TOWNSHIP OF COLEMAN

## CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

**FOR THE YEAR ENDED DECEMBER 31, 2016**

	2016 Budget (Note 10)	2016 Actual	2015 Actual
<b>ANNUAL DEFICIT</b>	\$ (63,724)	\$ (38,641)	\$ (58,613)
Acquisition of tangible capital assets	(206,337)	(322,345)	(441,726)
Amortization of tangible capital assets	291,000	310,162	290,634
Acquisition of inventories of supplies	-	(12,059)	-
Increase (decrease) in net debt	20,939	(62,883)	(209,705)
Net debt, beginning of year	(838,499)	(838,499)	(628,794)
<b>NET DEBT, END OF YEAR</b>	<b>\$ (817,560)</b>	<b>\$ (901,382)</b>	<b>\$ (838,499)</b>

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

# THE CORPORATION OF THE TOWNSHIP OF COLEMAN

## CONSOLIDATED STATEMENT OF CASH FLOWS

**FOR THE YEAR ENDED DECEMBER 31, 2016**

<b>OPERATIONS</b>	<u>2016</u>	<u>2015</u>
Annual deficit	\$ (38,641)	\$ (58,613)
Charges not affecting cash –		
Amortization of tangible capital assets	<u>310,162</u>	<u>290,634</u>
	<u>271,521</u>	<u>232,021</u>
Other sources (uses) of cash –		
Change in taxes receivable	(3,032)	(18,642)
Change in accounts receivable	(93,380)	2,805
Change in accounts payable and accrued liabilities	182,186	(1,815)
Change in inventories of supplies	(12,059)	-
Change in landfill closure and post-closure liability	<u>5,000</u>	<u>5,000</u>
	<u>78,715</u>	<u>(12,652)</u>
Total cash provided by operations	<u>350,236</u>	<u>219,369</u>
<b>CAPITAL TRANSACTIONS</b>		
Acquisition of tangible capital assets	<u>(322,345)</u>	<u>(441,726)</u>
<b>INVESTING TRANSACTIONS</b>		
Redemption (acquisition) of short-term investments	<u>(2,519)</u>	<u>90,120</u>
<b>FINANCING TRANSACTIONS</b>		
Municipal debt proceeds	372,344	411,060
Municipal debt repayments	<u>(229,398)</u>	<u>(330,231)</u>
Total cash provided by financing transactions	<u>142,946</u>	<u>80,829</u>
<b>INCREASE (DECREASE) IN CASH</b>	168,318	(51,408)
Bank indebtedness, beginning of year	<u>(65,267)</u>	<u>(13,859)</u>
<b>CASH (BANK INDEBTEDNESS), END OF YEAR</b>	<u>\$ 103,051</u>	<u>\$ (65,267)</u>
<b>REPRESENTED BY</b>		
Cash (bank indebtedness)	<u>\$ 103,051</u>	<u>\$ (65,267)</u>

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



# THE CORPORATION OF THE TOWNSHIP OF COLEMAN

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2016

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The Corporation of the Township of Coleman is a township 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 Township of Coleman are the representation of management and council and are 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 of Canada as prescribed for Ontario municipalities by the Ministry of Municipal Affairs and Housing.

#### **Use of estimates**

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

#### **Basis of consolidation**

The consolidated financial statements reflect financial assets, liabilities, operating revenues and expenditures, reserves and changes in investment in tangible capital assets of the Township and include the activities of all committees of Council which are:

The Corporation of the Township of Coleman Water Supply System  
The Corporation of the Township of Coleman Communal Septic System

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

#### **Non-consolidated entities**

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

*Timiskaming District Health Unit*  
*District of Timiskaming Social Services Administration Board*

Although these are joint local boards they run autonomously to provide those services mandated by the Province. The Township 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 Township in its statements.

*Timiskaming Municipal Building Association Chief Building Officer*

The Timiskaming Municipal Building Association Chief Building Officer is a joint cost sharing arrangement for 21 municipalities. The operations of this board are not proportionately consolidated into these statements because the Township does not have voting control of the board. Building Permit revenues are transferred to this organization.

# THE CORPORATION OF THE TOWNSHIP OF COLEMAN

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2016

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1. **Accounting policies – continued**

**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 statements.

**Short-term investments**

Short-term investments are recorded at cost. Investment income earned on surplus funds is reported as revenue in the period earned.

**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:

Buildings	50 years
Vehicles	10 to 25 years
Machinery and equipment	10 to 25 years
Bridges and culverts	25 to 27 years
Roads	7 to 30 years
Plants and facilities	50 years
Street lights	50 years

A full year of amortization is charged in the year after acquisition and no amortization is charged in the year of disposal. Assets under construction are not amortized until the asset is available for use.

The Township has no capitalization threshold for land and buildings, a capitalization threshold of \$10,000 for infrastructure systems and \$2,500 for all other assets. Individual assets of lesser value may be capitalized if they are pooled, or because, collectively, they have significant value.

**Inventories of supplies**

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

**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.

# THE CORPORATION OF THE TOWNSHIP OF COLEMAN

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2016

1. **Accounting policies – continued**  
**Revenue recognition – continued**

*Taxation and related revenues*

Property tax billings are prepared by the Township 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 Township 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 Township 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 Township 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.

2. **Operations of school boards**

Further to note 1, the taxation levied on behalf of and due to the school boards is:

	<u>2016</u>	<u>2015</u>
	\$ 518,505	\$ 506,324

3. **Contributions to Joint Boards**

Further to note 1, the following contributions were made by the Municipality to these boards:

	<u>2016</u>	<u>2015</u>
Timiskaming Health Unit	\$ 25,879	\$ 25,879
District of Timiskaming Social Services Administration Board	\$ 201,833	\$ 199,990

4. **Short-term investments**

(At cost)

	<u>2016</u>	<u>2015</u>
CIBC – Money market pool (market value \$9,016)	\$ 9,018	\$ 6,252
CIBC – Bond pools (market value \$157,897)	159,179	159,426
	<u>\$ 168,197</u>	<u>\$ 165,678</u>

5. **Revolving line of credit**

The Township has a \$150,000 business operating line negotiated with CIBC with a balance outstanding of \$nil (2015 - \$65,267). Interest is at bank prime plus 1% (currently 3.7%).

# THE CORPORATION OF THE TOWNSHIP OF COLEMAN

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2016

#### 6. Landfill closure and post-closure liability

These obligations relate to the recognition of closure and post-closure liability. The Township's estimated liability for these expenses is recognized as the landfill site's capacity is used. The reported liability represents the portion of the estimated total expenses recognized as at December 31, 2016. The liability and annual expense is calculated based on the ratio of current usage to the total capacity of the site and the discounted estimated future cash flows associated with closure and post-closure activities.

The yearly increase in the estimated liability is designed to ensure that the total estimated costs of closure and post-closure activities are reflected as an obligation at the time of closure of the landfill site. The costs and life expectancy were last reviewed in a study done in 2015. Based on new regulations by the Ministry of Environment, the landfill is currently at capacity but the engineering firm is recommending an expansion which would allow an additional 69 years left before closure/post-closure would be required. Total closure/post-closure costs are estimated at \$385,300 assuming the expansion. The engineer is of the opinion that the license to allow the expansion will be provided with no anticipated problems.

#### 7. Municipal debt

The balance of the municipal debt reported on the "Consolidated Statement of Financial Position" is made up of all long-term liabilities, incurred by the Township and outstanding at the end of the year.

	<u>2016</u>	<u>2015</u>
CIBC loan repayable in monthly blended (principal and interest) payments of \$3,889 with interest at 3.95% per annum and matures in July 2021. The debt relates to improvements to the water system.	\$ 111,531	\$ 152,901

In 2012, the Township entered into a contract with Miller Paving to improve the township roads. Miller Paving will improve the roads at a total contract price of \$1,880,281 over five years. The Township will pay Miller Paving a total of \$188,028 per year (quarterly payments of \$47,007) over 10 years starting in 2012. There is no interest on the payments. Based on \$1,842,405 of road work completed as of December 31, 2016 and payments made of \$940,140 to date, we are reflecting the balance of \$902,265 as a long-term loan with Miller Paving due from 2017 to 2021.	902,265	767,948
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Ontario Northland loan repayable in annual principal payments of \$7,143 with interest at 0% per annum and matures January 2023. The debt relates to the railway crossing upgrade.	<u>50,000</u>	-
	<u>\$ 1,063,796</u>	<u>\$ 920,849</u>

Principal payments are due as follows:

2017	\$ 238,293
2018	239,997
2019	218,754
2020	195,171
2021	157,296
2022 +	<u>14,285</u>
	<u>\$ 1,063,796</u>

Total interest paid is \$5,296 (2015 – \$8,080).

# THE CORPORATION OF THE TOWNSHIP OF COLEMAN

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2016

#### 8. Accumulated surplus

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.

Reserves, deficits and surpluses	2016	2015
Working capital reserve	\$ 387,828	\$ 257,675
Playground equipment reserve	8,200	6,400
Bass Lake water and sewer reserve	3,000	2,000
Water reserve	22,890	18,224
Water operational deficit – note 14	(265,438)	(206,814)
Septic operational surplus – note 13	5,934	4,865
	<u>162,414</u>	<u>82,350</u>
Amounts to be recovered		
Municipal debt	<u>(1,063,796)</u>	<u>(920,849)</u>
Net debt	<u>(901,382)</u>	<u>(838,499)</u>
Non-financial assets		
Invested in tangible capital assets	7,470,717	7,458,534
Invested in inventories of supplies	22,045	9,986
	<u>7,492,762</u>	<u>7,468,520</u>
	<u>\$ 6,591,380</u>	<u>\$ 6,630,021</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 Debt for the year.

#### 9. Contingent liabilities and commitments

##### Non-consolidated Entities

The Township 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 Township 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.

As this is a multi-employer pension plan, the contributions by the Township are recognized as an expenditure. No pension liability for this type of plan is recognized in the Township's consolidated financial statements. Contributions made by the Township to OMERS for 2016 were \$21,056 (2015 \$20,882). The plan had an actuarial deficit of \$7 billion at the end of 2015.

# THE CORPORATION OF THE TOWNSHIP OF COLEMAN

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

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### 9. Contingent liabilities and commitments - continued

#### Post-employment benefits

Township employees retiring do not receive any retirement allowance that either vests or accrues over the period of employment. Sick benefits do not accrue and are not vested. The Township recognizes the expense for sick time when the event obliges the Township to pay. No other post-employment benefits are payable by the Township.

#### Funding agreements

Under the terms of various funding agreements, the Township could have provincial and federal grants become repayable if it is determined that funding was applied towards ineligible costs or if other terms of the agreements were not met. At year end management is of the opinion that all conditions have been met and funding was applied towards eligible costs.

#### Legal contingencies

A statement of claim has been issued against the Township claiming damages. Damages, if any, cannot be estimated at this time and in any event, the Township is of the opinion that this claim would be unfounded or covered by insurance after application of a deductible. Should any loss result, it would be charged to operations when the amount is ascertained.

### 10. Budget

The Budget adopted by Council was not prepared on a basis consistent with that used to report actual result according to Public Sector Accounting Standards used on the Consolidated Statement of Operations on page 4. The budget was prepared on a modified accrual basis while Public Sector Accounting Standards now require a full accrual basis. The actual budget is reflected in note 17. It expenses all tangible capital expenditures, does not include amortization expense, reflects proceeds of long-term debt as a revenue, principal repayments of long-term debt as an expense and the full proceeds from the sale of tangible capital assets as a revenue. As a result, the budget figures presented in the consolidated statements of operations and change in net debt represent the financial plan adopted by Council with adjustments as follows:

	<u>2016</u>
Actual budget deficit for the year – note 17	\$ (20,426)
Add: Budgeted debt principal repayments	41,365
Investment in tangible capital assets	206,337
Less: Estimated amortization	<u>(291,000)</u>
Budget deficit per statement of operations – page 4	<u>\$ (63,724)</u>

# THE CORPORATION OF THE TOWNSHIP OF COLEMAN

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2016

11. **Correction of prior period**

The Township has inventory of supplies which had not previously been reported. This error was discovered in the current year and has been corrected retroactively. As a result, the December 31, 2015 figures, presented for comparative purposes, have been restated from those previously reported as follows:

	As previously reported	Increase (decrease)	As restated
Statement of Financial Position			
Inventories of supplies	\$ -	\$ 9,986	\$ 9,986
Non-financial assets	7,458,534	9,986	7,468,520
Statement of Operations			
Annual deficit	(58,613)	-	(58,613)
Accumulated surplus, beginning of year	6,678,648	9,986	6,688,634

12. **Comparative information**

Certain comparative information has been reclassified to conform to the financial statement presentation adopted in the current year. The changes do not affect the prior annual deficit.

13. **Operation of the Communal Septic System**

The Township pays the expenses and in turn charges septic fees to 14 users of a communal septic system. This schedule is operational. It is not prepared according to PSAB standards. Amortization is not reflected and the full capital cost is reflected.

	2016	2015
Revenue – septic fees	\$ 1,680	\$ 1,680
– other	-	1,795
	<u>1,680</u>	<u>3,475</u>
Expenses – utilities	315	710
– other	296	687
	<u>611</u>	<u>1,397</u>
Annual surplus	1,069	2,078
Surplus, beginning of year	<u>4,865</u>	<u>2,787</u>
Surplus, end of year	<u>\$ 5,934</u>	<u>\$ 4,865</u>

**THE CORPORATION OF THE TOWNSHIP OF COLEMAN**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

14. **Operation of the Water System**

The Township pays the Town of Cobalt (who supplies water for 49 users in the Township) and other expenses related to the provision of water. The Township in turn collects water user charges from the 49 users. This schedule is operational. It is not prepared according to PSAB standards. Amortization is not reflected and the full capital cost is reflected.

<u>Revenue</u>	<u>2016</u>	<u>2015</u>
Water fees (metered consumption)	\$ 4,383	\$ 4,690
Delivery	13,220	13,220
Reserve fees	4,666	4,666
Administration fees	1,181	1,181
Improvement charges	9,954	9,955
Penalty and interest on water charges	1,112	1,099
Contribution by Township of Coleman	2,873	19,516
	<u>37,389</u>	<u>54,327</u>
 <u>Expenses</u>		
Payments to Town of Cobalt	20,736	20,736
Other operating expenses	22,024	52,098
Bad debt expense	740	847
Administration charges	1,181	1,181
Long-term debt – principal	41,370	39,770
– interest	5,296	6,326
	<u>91,347</u>	<u>120,958</u>
 Annual deficit	(53,958)	(66,631)
Deficit, beginning of year	(188,590)	(121,959)
 Deficit, end of year	<u>\$ (242,548)</u>	<u>\$ (188,590)</u>
 Fund balance is made up of:		
Operating deficit	\$ (265,438)	\$ (206,814)
Reserve	22,890	18,224
	<u>\$ (242,548)</u>	<u>\$ (188,590)</u>

The Township has allowed ratepayers to pay the improvement charges related to the water system upgrades over 30 years, whereas, the water system is repaying the long-term debt to the bank over 10 years. This has caused a deficit of \$131,526 which will be recovered as improvement charges are collected. The other \$111,022 of the deficit is operational.



# THE CORPORATION OF THE TOWNSHIP OF COLEMAN

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2016

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15. **Segmented information**

The Corporation of the Township of Coleman 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**

General government services consists of departments that 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**

Protection services consists of departments that are responsible for 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**

Transportation services consists of departments that are 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**

Environmental services include water, sewer, garbage and recycling services. Water and sewer services include the operation and distribution of water mains and a communal septic system. The garbage and recycling services are responsible for the delivery of municipal services including garbage collection and recycling.

**Health Services**

The Township funds a range of public health services through the Timiskaming Health Unit and provides ambulance services through the District Social Services Administration Board.

**Social and Family Services**

The Township funds a range of family and social services through the District Social Services Administration Board which includes social housing, childcare and general assistance.

**Recreation and Cultural Services**

Recreation and cultural services consists of departments that are responsible for providing, facilitating the development of, and maintaining high quality parks, recreational facilities, and cultural services.

**Planning and Development Services**

Planning and development services consists of departments that are responsible for preparing land use plans, bylaws and policies for sustainable development of the Township and for reviewing and approving new development.

**THE CORPORATION OF THE TOWNSHIP OF COLEMAN**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2016**

15. **Segmented information – continued**

	General Government Services	Protection Services	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation and Cultural Services	Planning and Development Services	Total 2016	Total 2015
<b>Revenues</b>										
Operating revenues	\$ 1,250,447	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,250,447	\$ 1,186,045
Municipal taxation										
Water, septic and local improvement charges	-	-	-	35,084	-	-	-	-	35,084	35,392
User charges	2,143	10,207	15,512	107,310	-	-	46,910	5,600	187,682	94,192
Provincial grants	156,200	-	-	6,120	-	-	4,373	2,221	168,914	162,160
Federal grants	-	-	-	-	-	-	4,227	1,399	5,626	2,602
Investment income	2,803	-	-	-	-	-	-	-	2,803	5,491
Penalties and interest on taxes	12,866	-	-	1,112	-	-	-	-	13,978	13,057
Provincial Offences Act revenues	-	12,445	-	-	-	-	-	-	12,445	12,093
Land sales	-	-	-	-	-	-	-	-	-	35,771
Revenue from other municipalities	-	-	-	-	-	-	-	-	-	19,214
Other	1,904	-	-	-	-	-	5,280	-	7,184	18,005
	1,426,363	22,652	15,512	149,626	-	-	60,790	9,220	1,684,163	1,584,022
<b>Capital revenues</b>										
Provincial grants	-	-	25,000	-	-	-	-	-	25,000	25,000
Federal grants	-	-	36,301	-	-	-	-	-	36,301	34,573
Total revenues	1,426,363	22,652	76,813	149,626	-	-	60,790	9,220	1,745,464	1,643,595
<b>Expenditures</b>										
Wages and benefits	227,537	22,977	169,322	31,302	-	-	31,913	-	483,051	510,230
Long-term debt interest	-	-	-	5,296	-	-	-	-	5,296	8,080
Materials	59,754	37,312	115,080	7,274	-	-	25,226	-	244,646	238,818
Contracted services	132,166	144,681	59,918	84,814	-	-	15,090	42,134	478,803	381,306
Rents and financial expenses	3,368	-	-	-	-	-	-	-	3,368	5,994
External transfers	10,964	-	-	-	135,420	108,397	3,998	-	258,779	267,146
Amortization	3,161	30,797	180,773	83,034	-	-	12,397	-	310,162	290,634
Total expenditures	436,950	235,767	525,093	211,720	135,420	108,397	88,624	42,134	1,784,105	1,702,208
<b>Annual surplus (deficit)</b>	\$ 989,413	\$ (213,115)	\$ (448,280)	\$ (62,094)	\$ (135,420)	\$ (108,397)	\$ (27,834)	\$ (32,914)	\$ (38,641)	\$ (58,613)

# THE CORPORATION OF THE TOWNSHIP OF COLEMAN

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2016

	2016						
	Original Cost Dec 31, 2015	Additions	Ending Cost Dec 31, 2016	Opening Accumulated Amortization Dec 31, 2015	Current Amortization Dec 31, 2016	Ending Accumulated Amortization Dec 31, 2016	Net Assets Dec 31, 2016
16. Schedule of tangible capital assets							
General							
Land	\$ 225,487	\$ -	\$ 225,487	-	-	-	\$ 225,487
Buildings	753,230	-	753,230	120,890	15,064	135,954	617,276
Vehicles	634,291	-	634,291	109,660	36,114	145,774	488,517
Machinery and equipment	808,523	-	808,523	516,584	28,703	545,287	263,236
Infrastructure							
Plants and facilities	4,248,662	-	4,248,662	432,237	83,036	515,273	3,733,389
Roads	2,273,709	322,345	2,596,054	659,571	138,176	797,747	1,798,307
Bridges and culverts	337,007	-	337,007	103,874	3,833	107,707	229,300
Street lights	261,821	-	261,821	141,380	5,236	146,616	115,205
<b>Total</b>	<b>\$ 9,542,730</b>	<b>\$ 322,345</b>	<b>\$ 9,865,075</b>	<b>\$ 2,084,196</b>	<b>\$ 310,162</b>	<b>\$ 2,394,358</b>	<b>\$ 7,470,717</b>

**THE CORPORATION OF THE TOWNSHIP OF COLEMAN**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

	2015						
	Original Cost Dec 31, 2014	Additions Dec 31, 2015	Ending Cost Dec 31, 2015	Opening Accumulated Amortization Dec 31, 2014	Current Amortization Dec 31, 2015	Ending Accumulated Amortization Dec 31, 2015	Net Assets Dec 31, 2015
<b>16. Schedule of tangible capital assets – continued</b>							
General							
Land	\$ 225,487	\$ -	\$ 225,487	\$ -	\$ -	\$ -	\$ 225,487
Buildings	722,564	30,666	753,230	105,826	15,064	120,890	632,340
Vehicles	634,291	-	634,291	87,335	22,325	109,660	524,631
Machinery and equipment	808,523	-	808,523	466,216	50,368	516,584	291,939
Infrastructure							
Plants and facilities	4,248,662	-	4,248,662	349,201	83,036	432,237	3,816,425
Roads	1,862,649	411,060	2,273,709	548,799	110,772	659,571	1,614,138
Bridges and culverts	337,007	-	337,007	100,041	3,833	103,874	233,133
Street lights	261,821	-	261,821	136,144	5,236	141,380	120,441
<b>Total</b>	<b>\$ 9,101,004</b>	<b>\$ 441,726</b>	<b>\$ 9,542,730</b>	<b>\$ 1,793,562</b>	<b>\$ 290,634</b>	<b>\$ 2,084,196</b>	<b>\$ 7,458,534</b>

# THE CORPORATION OF THE TOWNSHIP OF COLEMAN

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2016

#### 17. Budgeting

The Township budgets to determine an appropriate tax rate based on all budgeted revenues and expenditures including debt principal payments.

The consolidated statement of operations on page 4 has been modified here to exclude amortization and to include tangible capital asset expenditures and the principal repayments on long-term debt.

This modified statement of operations (budget based) is consistent with the budget format used and is presented here with the 2016 budget.

<b>REVENUES</b>	2016 Budget	2016 Actual	2015 Actual
Operating revenues			
Municipal taxation	\$ 1,271,215	\$ 1,250,447	\$ 1,186,045
Water, septic and local improvement charges	47,754	35,084	35,392
User charges	88,500	187,682	94,192
Provincial grants	159,698	168,914	162,160
Federal grants	2,000	5,626	2,602
Investment income	-	2,803	5,491
Penalties and interest on taxes	31,000	13,978	13,057
Provincial Offences Act revenues	10,000	12,445	12,093
Land sales	-	-	35,771
Revenue from other municipalities	1,000	-	19,214
Other	10,000	7,184	18,005
	<u>1,621,167</u>	<u>1,684,163</u>	<u>1,584,022</u>
Capital revenues			
Provincial grants	-	25,000	25,000
Federal grants	35,600	36,301	34,573
Proceeds from long-term debt	-	372,344	411,060
	<u>35,600</u>	<u>433,645</u>	<u>470,633</u>
Total revenues	<u>1,656,767</u>	<u>2,117,808</u>	<u>2,054,655</u>
<b>EXPENDITURES</b>			
Operating expenditures			
General government	378,355	433,789	393,210
Protection to persons and property	188,148	204,970	170,453
Transportation services	321,450	356,409	301,486
Environmental services	146,802	128,686	175,168
Health services	135,421	135,420	132,406
Social and family services	108,397	108,397	109,569
Recreation and cultural services	88,905	76,227	87,327
Planning and development	62,013	42,134	41,955
	<u>1,429,491</u>	<u>1,486,032</u>	<u>1,411,574</u>
Capital expenditures	206,337	322,345	441,726
Long-term debt repayments	41,365	229,398	330,231
Total expenditures	<u>1,677,193</u>	<u>2,037,775</u>	<u>2,183,531</u>
<b>Surplus (deficit) full budget base</b>			
<b>(budgeted to be transferred to (from) reserves)</b>	<b>\$ (20,426)</b>	<b>\$ 80,033</b>	<b>\$ (128,876)</b>