

CONSOLIDATED FINANCIAL REPORT

**THE CORPORATION OF THE
TOWNSHIP OF COLEMAN**

DISTRICT OF TIMISKAMING

YEAR ENDED DECEMBER 31, 2015

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THE CORPORATION OF THE TOWNSHIP OF COLEMAN

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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 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.



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, 2015, 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, 2015, 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

Licensed Public Accountants
New Liskeard, Ontario
June 27, 2016

Kemp Elliott & Blair LLP

Chartered Professional Accountants

THE CORPORATION OF THE TOWNSHIP OF COLEMAN

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2015

FINANCIAL ASSETS

	2015	2014
Short-term investments – note 4	\$ 165,678	\$ 255,798
Taxes receivable	76,017	57,375
Accounts receivable	95,124	97,929
	<u>336,819</u>	<u>411,102</u>

LIABILITIES

Bank indebtedness – note 5	65,267	13,859
Accounts payable and accrued liabilities	129,202	131,017
Landfill closure and post-closure liability – note 6	60,000	55,000
Municipal debt – note 7	920,849	840,020
	<u>1,175,318</u>	<u>1,039,896</u>

NET DEBT (838,499) (628,794)

NON-FINANCIAL ASSETS

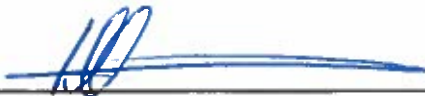
Tangible capital assets – note 14	<u>7,458,534</u>	<u>7,307,442</u>
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ACCUMULATED SURPLUS – note 8 \$ 6,620,035 \$ 6,678,648

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, 2015

	2015 Budget (Note 10)	2015 Actual	2014 Actual
REVENUES			
Operating revenues			
Municipal taxation	\$ 1,173,205	\$ 1,186,045	\$ 1,115,534
Water, septic and local improvement charges	47,118	35,392	36,018
User charges	101,445	94,192	101,634
Provincial grants	155,381	162,160	182,099
Federal grants	800	2,602	1,622
Investment income	-	5,491	4,419
Penalties and interest on taxes	29,800	31,493	29,259
Provincial Offences Act revenues	10,681	12,093	10,472
Land sales	40,000	35,771	47,804
Revenue from other municipalities	-	19,214	-
Loss on sale of tangible capital assets	-	-	(63,336)
Other	10,128	18,005	4,828
	<u>1,568,558</u>	<u>1,602,458</u>	<u>1,470,353</u>
Capital revenues			
Provincial grants	25,000	25,000	22,368
Federal grants	35,600	34,573	35,523
Other	-	-	5,000
	<u>60,600</u>	<u>59,573</u>	<u>62,891</u>
Total revenues	<u>1,629,158</u>	<u>1,662,031</u>	<u>1,533,244</u>
EXPENDITURES			
General government	376,782	419,339	424,681
Protection to persons and property	214,053	209,910	199,248
Transportation services	414,657	449,491	427,026
Environmental services	223,572	259,056	225,060
Health services	131,406	132,406	128,403
Social and family services	109,569	109,569	111,112
Recreation and cultural services	91,082	98,918	106,088
Planning and development	70,000	41,955	33,052
Total expenditures	<u>1,631,121</u>	<u>1,720,644</u>	<u>1,654,670</u>
ANNUAL DEFICIT	(1,963)	(58,613)	(121,426)
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>6,678,648</u>	<u>6,678,648</u>	<u>6,800,074</u>
ACCUMULATED SURPLUS, END OF YEAR – note 8	<u>\$ 6,676,685</u>	<u>\$ 6,620,035</u>	<u>\$ 6,678,648</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, 2015

	2015 Budget (Note 10)	2015 Actual	2014 Actual
ANNUAL DEFICIT	\$ (1,963)	\$ (58,613)	\$ (121,426)
Acquisition of tangible capital assets	(224,028)	(441,726)	(633,699)
Amortization of tangible capital assets	269,000	290,634	268,630
Loss on disposal of tangible capital assets	-	-	63,336
Proceeds on sale of tangible capital assets	-	-	8,601
Increase (decrease) in net debt	43,009	(209,705)	(414,558)
Net debt, beginning of year	(628,794)	(628,794)	(214,236)
NET DEBT, END OF YEAR	\$ (585,785)	\$ (838,499)	\$ (628,794)

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, 2015

OPERATIONS	2015	2014
Annual deficit	\$ (58,613)	\$ (121,426)
Charges not affecting cash –		
Amortization of tangible capital assets	290,634	268,630
Loss on disposal of tangible capital assets	-	63,336
	<u>232,021</u>	<u>210,540</u>
Other sources (uses) of cash –		
Change in taxes receivable	(18,642)	108
Change in accounts receivable	2,805	(39,988)
Change in accounts payable and accrued liabilities	(1,815)	50,542
Change in deferred revenue – other	-	(4,291)
Change in landfill closure and post-closure liability	5,000	5,000
	<u>(12,652)</u>	<u>11,371</u>
Total cash provided by operations	<u>219,369</u>	<u>221,911</u>
CAPITAL TRANSACTIONS		
Acquisition of tangible capital assets	(441,726)	(633,699)
Proceeds on sale of tangible capital assets	-	8,601
Total cash used for capital transactions	<u>(441,726)</u>	<u>(625,098)</u>
INVESTING TRANSACTIONS		
Acquisition of short-term investments	-	(3,995)
Redemption of short-term investments	90,120	-
Total cash provided by (used for) investing transactions	<u>90,120</u>	<u>(3,995)</u>
FINANCING TRANSACTIONS		
Municipal debt proceeds	411,060	448,296
Municipal debt repayments	(330,231)	(251,825)
Total cash provided by financing activities	<u>80,829</u>	<u>196,471</u>
DECREASE IN CASH	<u>(51,408)</u>	<u>(210,711)</u>
Cash (bank indebtedness), beginning of year	<u>(13,859)</u>	<u>196,852</u>
BANK INDEBTEDNESS, END OF YEAR	<u>\$ (65,267)</u>	<u>\$ (13,859)</u>
REPRESENTED BY		
Bank indebtedness	<u>\$ (65,267)</u>	<u>\$ (13,859)</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, 2015

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 Canada as prescribed for Ontario municipalities by the Ministry of Municipal Affairs.

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 Township's share of the accumulated surplus at the end of 2014 was \$24,164 (2015 information is not yet available).

THE CORPORATION OF THE TOWNSHIP OF COLEMAN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

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.

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, 2015

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>2015</u>	<u>2014</u>
	\$ 506,324	\$ 496,456

3. **Contributions to Joint Boards**

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

	<u>2015</u>	<u>2014</u>
Timiskaming Health Unit	\$ 25,879	\$ 24,506
District of Timiskaming Social Services Administration Board	\$ 199,990	\$ 198,903

4. **Short-term investments**

(At cost)

	<u>2015</u>	<u>2014</u>
CIBC – Money market pool (market value \$6,247)	\$ 6,252	\$ 15,016
CIBC – Bond pools (market value \$160,185)	159,426	240,782
	<u>\$ 165,678</u>	<u>\$ 255,798</u>

5. **Revolving line of credit**

The Township has a \$150,000 business operating line negotiated with CIBC with a balance outstanding of \$ 65,267 (2014 \$13,859). 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, 2015

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, 2015. 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>2015</u>	<u>2014</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.	\$ 152,901	\$ 192,671
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 the 10 years starting in 2012. There is no interest on the payments. Based on \$1,531,427 of road work completed as of December 31, 2015 and payments made of \$564,084 to date, we are reflecting the balance of \$767,948 as a long-term loan with Miller Paving due from 2016 to 2020.	767,948	544,916
CIBC loan repayable monthly principal payments of \$491.57 plus interest at 4% per annum. The debt relates to the purchase of a truck. The debt was fully paid in 2015.	-	23,104
CIBC loan repayable in monthly blended (principal and interest) payments of \$2,216.79 with interest at 3.58% per annum. The debt relates to the purchase of a fire truck. The debt was fully paid in 2015.	-	79,329
	<u>\$ 920,849</u>	<u>\$ 840,020</u>

THE CORPORATION OF THE TOWNSHIP OF COLEMAN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

7. **Municipal debt - continued**

Principal payments are due as follows:

2016	\$ 229,649
2017	231,150
2018	232,854
2019	211,360
2020	<u>15,836</u>
	<u>\$ 920,849</u>

Total interest paid is \$8,080 (2014 – \$11,986).

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	2015	2014
Working capital reserve	\$ 257,675	\$ 324,798
Playground equipment reserve	6,400	4,600
Bass Lake water and sewer reserve	2,000	1,000
Water reserve	18,224	13,559
Water operational deficit	(206,814)	(135,518)
Septic operational surplus	<u>4,865</u>	<u>2,787</u>
	82,350	211,226
Amounts to be recovered		
Municipal debt	<u>(920,849)</u>	<u>(840,020)</u>
Net debt	(838,499)	(628,794)
Non-financial assets		
Invested in tangible capital assets	<u>7,458,534</u>	<u>7,307,442</u>
	<u>\$ 6,620,035</u>	<u>\$ 6,678,648</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.

THE CORPORATION OF THE TOWNSHIP OF COLEMAN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

9. **Contingent liabilities and commitments - continued**

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 2015 were \$20,882 (2014 \$21,172). The plan had an actuarial deficit of \$7.1 billion at the end of 2014.

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 15. 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>2015</u>
Actual budget surplus for the year – note 15	\$ 2,844
Add: Budgeted debt principal repayments	40,165
Investment in tangible capital assets	224,028
Less: Estimated amortization	<u>(269,000)</u>
Budget deficit per statement of operations – page 4	<u>\$ (1,963)</u>

THE CORPORATION OF THE TOWNSHIP OF COLEMAN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

11. 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.

	2015	2014
Revenue – septic fees	\$ 1,680	\$ 1,680
– other	1,795	-
	<u>3,475</u>	<u>1,680</u>
Expenses – utilities	710	551
– other	687	-
	<u>1,397</u>	<u>551</u>
Surplus, for year	2,078	1,129
Surplus, beginning of year	2,787	1,658
Surplus, end of year	<u>\$ 4,865</u>	<u>\$ 2,787</u>

12. 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 this 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.

	2015	2014
<u>Revenue</u>		
Water fees (metered consumption)	\$ 4,690	\$ 5,316
Delivery	13,220	13,220
Reserve fees	4,666	4,666
Administration fees	1,181	1,181
Improvement charges	9,955	9,955
Penalty and interest on water charges	1,099	568
Contribution by Township of Coleman	19,516	-
	<u>54,327</u>	<u>34,906</u>
<u>Expenses</u>		
Payments to Town of Cobalt	20,736	20,736
Other operating expenses	52,098	28,250
Bad debt expense	847	2,018
Administration charges	1,181	1,181
Long-term debt – principal	39,770	38,242
– interest	6,326	8,433
	<u>120,958</u>	<u>98,860</u>
Annual deficit	(66,631)	(63,954)
Deficit, beginning of year	(121,959)	(58,005)
Deficit, end of year	<u>\$ (188,590)</u>	<u>\$ (121,959)</u>
Fund balance is made up of:		
Operating deficit	\$ (206,814)	\$ (135,518)
Reserve	18,224	13,559
	<u>\$ (188,590)</u>	<u>\$ (121,959)</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 \$94,815 which will be recovered as improvement charges are collected. The other \$93,775 of the deficit is operational.

THE CORPORATION OF THE TOWNSHIP OF COLEMAN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

13. 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, 2015

13. **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 Services	Total 2015	Total 2014
	\$	1,186,045	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,186,045	\$ 1,115,534
Operating revenues											
Municipal taxation											
Water, septic and local improvement charges					35,392					35,392	36,018
User charges	2,174	14,157	13,288	7,200			55,773	1,600		94,192	101,634
Provincial grants	150,500	364	2,342				6,715	2,239		162,160	182,089
Federal grants							1,408	1,194		2,602	1,622
Investment income	5,491									5,491	4,419
Penalties and interest on taxes	30,394			1,099						31,493	29,259
Provincial Offences Act revenues		12,093								12,093	10,472
Land sales	35,771									35,771	47,804
Revenue from other municipalities								19,214		19,214	-
Loss on sale of tangible capital assets											(63,336)
Other	4,129	417						13,459		18,005	4,828
Total revenues	1,414,504	27,031	15,630	43,691	-	-	-	77,355	24,247	1,602,458	1,470,353
Capital revenues											
Provincial grants			25,000							25,000	22,368
Federal grants			34,573							34,573	35,523
Other											5,000
Total revenues	1,414,504	27,031	75,203	43,691	-	-	-	77,355	24,247	1,662,031	1,533,244
Expenditures											
Wages and benefits	223,359	24,784	162,735	33,930				44,391	21,031	510,230	460,935
Long-term debt interest		1,509	245	6,326						8,080	11,986
Materials	70,104	42,052	113,677	8,672				22,749		257,254	274,642
Contracted services	92,021	102,108	24,829	124,235				17,189	20,924	381,306	343,847
Rents and financial expenses	3,989			2,005						5,994	23,370
External transfers	22,173					132,406	109,569	2,998		267,146	271,260
Amortization	7,693	39,457	148,005	83,888				11,591		290,634	268,630
Total expenditures	419,339	209,910	449,491	259,056	132,406	132,406	109,569	98,918	41,955	1,720,644	1,654,670
Annual surplus (deficit)	\$ 995,165	\$ (182,879)	\$ (374,288)	\$ (215,365)	\$ (132,406)	\$ (132,406)	\$ (109,569)	\$ (21,563)	\$ (17,708)	\$ (58,613)	\$ (121,426)

THE CORPORATION OF THE TOWNSHIP OF COLEMAN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

	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
14. Schedule of tangible capital assets							
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
Total	\$ 9,101,004	\$ 441,726	\$ 9,542,730	\$ 1,793,562	\$ 290,634	\$ 2,084,196	\$ 7,458,534

THE CORPORATION OF THE TOWNSHIP OF COLEMAN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

	2014				Ending Cost Dec 31, 2014	Opening Accumulated Amortization Dec 31, 2013	Accumulated Amortization on Disposals	Current Amortization	Ending Accumulated Amortization Dec 31, 2014	Net Assets Dec 31, 2014
	Original Cost Dec 31, 2013	Additions	Disposals	Depreciation						
14. Schedule of tangible capital assets – continued										
General										
Land	\$ 225,487	\$ -	\$ -	\$ 225,487	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 225,487
Buildings	722,564	-	-	722,564	91,375	-	14,451	105,826	616,738	
Vehicles	587,179	262,045	214,933	634,291	208,006	142,996	22,325	87,335	546,956	
Machinery and equipment	828,504	22,352	42,333	808,523	456,285	42,333	52,264	466,216	342,307	
Infrastructure										
Plants and facilities	4,248,662	-	-	4,248,662	266,165	-	83,036	349,201	3,899,461	
Roads	1,513,347	349,302	-	1,862,649	461,314	-	87,485	548,799	1,313,850	
Bridges and culverts	337,007	-	-	337,007	96,208	-	3,833	100,041	236,966	
Street lights	261,821	-	-	261,821	130,908	-	5,236	136,144	125,677	
Total	\$8,724,571	\$633,699	\$ 257,266	\$9,101,004	\$ 1,710,261	\$ 185,329	\$ 268,630	\$ 1,793,562	\$ 7,307,442	

THE CORPORATION OF THE TOWNSHIP OF COLEMAN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

15. 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 2015 budget.

REVENUES	2015 Budget	2015 Actual	2014 Actual
Operating revenues			
Municipal taxation	\$ 1,173,205	\$ 1,186,045	\$ 1,115,534
Water, septic and local improvement charges	47,118	35,392	36,018
User charges	101,445	94,192	101,634
Provincial grants	155,381	162,160	182,099
Federal grants	800	2,602	1,622
Investment income	-	5,491	4,419
Penalties and interest on taxes	29,800	31,493	29,259
Provincial Offences Act revenues	10,681	12,093	10,472
Land sales	40,000	35,771	47,804
Revenue from other municipalities	-	19,214	-
Other	10,128	18,005	13,429
	<u>1,568,558</u>	<u>1,602,458</u>	<u>1,542,290</u>
Capital revenues			
Provincial grants	25,000	25,000	22,368
Federal grants	35,600	34,573	35,523
Other	-	-	5,000
Long-term debt proceeds	-	411,060	448,297
	<u>60,600</u>	<u>470,633</u>	<u>511,188</u>
Total revenues	<u>1,629,158</u>	<u>2,073,091</u>	<u>2,053,478</u>
 EXPENDITURES			
Operating expenditures			
General government	366,782	411,646	418,368
Protection to persons and property	175,053	170,453	160,101
Transportation services	289,657	301,486	302,375
Environmental services	139,572	175,168	137,973
Health services	131,406	132,406	128,403
Social and family services	109,569	109,569	111,112
Recreation and cultural services	80,082	87,327	94,656
Planning and development	70,000	41,955	33,052
	<u>1,362,121</u>	<u>1,430,010</u>	<u>1,386,040</u>
Capital expenditures	224,028	441,726	633,699
Long-term debt repayments	40,165	330,231	251,825
Total expenditures	<u>1,626,314</u>	<u>2,201,967</u>	<u>2,271,564</u>
 Surplus (deficit) full budget base (budgeted to be transferred to (from) reserves)	 <u>\$ 2,844</u>	 <u>\$ (128,876)</u>	 <u>\$ (218,086)</u>