



Consolidated Financial Statements

**The Corporation of the Municipality of
Huron Shores**

December 31, 2012

Contents

	Page
Independent Auditor's Report	1-2
Consolidated Statement of Financial Position	3
Consolidated Statement of Operations	4
Consolidated Statement of Accumulated Surplus	5
Consolidated Statement of Changes in Net Financial Assets	6
Consolidated Statement of Cash Flows	7
Notes to the Consolidated Financial Statements	8-21



Independent auditor's report

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To the Members of Council, Inhabitants and Ratepayers of

The Corporation of the Municipality of Huron Shores

We have audited the accompanying consolidated financial statements of The Corporation of the Municipality of Huron Shores, which comprise the consolidated statement of financial position as at December 31, 2012, the consolidated statements of operations, accumulated surplus, changes in net financial assets, 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 consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's 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 auditors' 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 Municipality of Huron Shores as at December 31, 2012, and the results of its operations, changes in net assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Sault Ste. Marie, Canada

May 8, 2013



Chartered accountants

Licensed public accountants

The Corporation of the Municipality of Huron Shores

Consolidated Statement of Financial Position

As at December 31

2012

2011

Financial assets

Cash and cash equivalents	\$ 413,985	\$ 720,828
Portfolio investments (Note 2)	2,417,391	1,908,474
Taxes receivable	716,831	743,334
Accounts receivable (Note 3)	<u>190,212</u>	<u>235,481</u>
	<u>3,738,419</u>	<u>3,608,117</u>

Liabilities

Accounts payable and accrued liabilities	194,649	170,193
Deferred revenue – general (Note 4)	23,718	19,141
Deferred revenue – obligatory reserve funds (Note 5)	323,117	214,505
Long-term liabilities (Note 13)	30,646	59,907
Landfill closure and post-closure care liability (Note 7)	877,692	877,692
Employee benefits and other liabilities (Note 6)	<u>19,443</u>	<u>15,577</u>
	<u>1,469,265</u>	<u>1,357,015</u>

Net financial assets

<u>2,269,154</u>	<u>2,251,102</u>
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Non-financial assets

Prepaid expenses	113,621	8,966
Tangible capital assets (Note 12)	<u>9,340,608</u>	<u>9,361,607</u>
	<u>9,454,229</u>	<u>9,370,573</u>

Accumulated surplus

<u>\$ 11,723,383</u>	<u>\$ 11,621,675</u>
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On behalf of Municipal Council

_____ Mayor _____ Councillor

See accompanying notes to the consolidated financial statements.

The Corporation of the Municipality of Huron Shores

Consolidated Statement of Operations

For the Year Ended December 31	Budget (Note 20)	2012	2011
Revenue			
Taxation (Note 8)	\$ 2,426,208	\$ 2,460,642	\$ 2,366,451
User charges (Note 10)	91,080	121,038	90,981
Government transfers (Note 11)	1,354,777	1,262,271	1,351,087
Other			
Investment income	51,200	45,982	45,641
Penalties and interest on taxes	117,000	121,277	117,513
Loss on disposal of tangible assets	-	-	(296)
Donations and other	<u>9,320</u>	<u>26,209</u>	<u>35,825</u>
	<u>4,049,585</u>	<u>4,037,419</u>	<u>4,007,202</u>
Expenses			
General government	912,095	892,437	593,941
Protection to persons and property	595,224	583,214	560,496
Transportation services	1,554,153	1,264,234	1,241,048
Environmental services	217,048	172,147	403,837
Health services	344,615	323,862	317,914
Social and family services and housing	500,973	475,576	463,951
Recreational and cultural services	334,815	196,830	203,659
Planning and development	<u>50,780</u>	<u>27,411</u>	<u>49,121</u>
	<u>4,509,703</u>	<u>3,935,711</u>	<u>3,833,069</u>
Annual surplus (deficit)	<u>(460,118)</u>	<u>101,708</u>	<u>174,133</u>
Accumulated surplus			
Beginning of the year	<u>11,621,675</u>	<u>11,621,675</u>	<u>11,447,542</u>
End of the year	<u>\$ 11,161,557</u>	<u>\$ 11,723,383</u>	<u>\$ 11,621,675</u>

See accompanying notes to the consolidated financial statements.

The Corporation of the Municipality of Huron Shores

Consolidated Statement of Accumulated Surplus

For the Year Ended December 31

2012

2011

Accumulated surplus

Consists of

Reserves set aside for specific purposes by Council

Cash flow reserves	\$ 478,571	\$ 628,791
Reserves for capital purposes	<u>2,727,764</u>	<u>2,385,544</u>
	<u>3,206,335</u>	<u>3,014,335</u>

Surpluses

Invested in tangible capital assets	9,340,608	9,361,607
Operating surplus	74,602	171,727
Library operating surplus	29,619	27,182
Unfunded		
Landfill closure and post closure liabilities	(877,692)	(877,692)
Net long-term liabilities	(30,646)	(59,907)
Post-employment benefits	<u>(19,443)</u>	<u>(15,577)</u>
	<u>8,517,048</u>	<u>8,607,340</u>

Accumulated surplus	<u>\$ 11,723,383</u>	<u>\$ 11,621,675</u>
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See accompanying notes to the consolidated financial statements.

The Corporation of the Municipality of Huron Shores

Consolidated Statement of Changes in Net Financial Assets

For the Year Ended December 31	Budget (Note 20)	2012	2011
Annual surplus (deficit)	\$ (460,118)	\$ 101,708	\$ 174,133
Acquisition of tangible capital assets	(595,003)	(380,379)	(595,003)
Amortization of tangible capital assets	383,534	401,378	383,534
Loss on sale of tangible capital assets	<u>-</u>	<u>-</u>	<u>296</u>
	(671,587)	122,707	(37,040)
Use of (acquisition of) prepaid expenses, net	<u>-</u>	<u>(104,655)</u>	<u>4,676</u>
Increase in net financial assets	(671,587)	18,052	32,364
Net financial assets			
Beginning of the year	<u>2,269,154</u>	<u>2,251,102</u>	<u>2,283,466</u>
End of the year	<u>\$ 1,597,567</u>	<u>\$ 2,269,154</u>	<u>\$ 2,251,102</u>

See accompanying notes to the consolidated financial statements.

The Corporation of the Municipality of Huron Shores

Consolidated Statement of Cash Flows

For the Year Ended December 31

2012

2011

Increase (decrease) in cash and cash equivalents

Operating transactions

Annual surplus	\$	101,708	\$	174,133
Non-cash items				
Amortization		401,378		383,534
Loss of sale of tangible capital assets		-		296
Change in:				
Taxes receivable		26,503		(68,810)
Accounts receivable		45,269		483,176
Prepaid expenses		(104,655)		4,676
Other financial assets		-		25,873
Accounts payable and accrued liabilities		24,456		(73,987)
Deferred revenue – general		4,577		(3,253)
Deferred revenue – obligatory reserve funds		108,612		106,138
Employee benefits and other liabilities		3,866		2,874
Landfill closure and post-closure care liability		-		247,586

611,714 1,282,236

Investing transactions

Purchase of portfolio investments	<u>(508,917)</u>	<u>(4,049)</u>
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Capital transactions

Purchase of tangible capital assets	<u>(380,379)</u>	<u>(595,003)</u>
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Financing transactions

Repayment of long term debt	<u>(29,261)</u>	<u>(27,941)</u>
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Change in cash and cash equivalents

(306,843) 655,243

Cash and cash equivalents

Beginning of the year	<u>720,828</u>	<u>65,585</u>
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End of the year	<u>\$ 413,985</u>	<u>\$ 720,828</u>
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See accompanying notes to the consolidated financial statements.

The Corporation of the Municipality of Huron Shores

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2012

1. Significant accounting policies

The consolidated financial statements of The Corporation of the Municipality of Huron Shores (the Municipality) are prepared by management in accordance with the accounting principles for local governments, as recommended by the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the Municipality are as follows:

(a) Reporting entity

The consolidated financial statements reflect the assets, liabilities, revenues, expenses and changes accumulated surplus of the reporting entity. The reporting entity is comprised of all organizations, committees and local boards accountable for the administration of their financial affairs and resources to the Municipality and which are owned or controlled by the Municipality. These financial statements include the fully consolidated entities of Huron Shores Cemetery Board and Huron Shores Public Library Board.

All interfund assets and liabilities and sources of financing and expenses have been eliminated with the exception of loans or advances between reserve funds and any other fund of the Municipality and the resulting interest income and expenses.

Under PSAB standards, the Municipality reports only its share of assets, liabilities and results of operations of any government partnerships in which it participates. The Municipality does not participate in any government partnerships.

Trust funds and their related operations administered by the Municipality are not included in these financial statements (Note 15).

(b) Basis of accounting

The Municipality follows the accrual basis of accounting for revenues and expenses. Revenues are normally recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of goods or services and/or the creation of a legal obligation to pay.

(c) Government transfers

Government transfers are recognized in the consolidated financial statements as revenues in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amounts can be made.

The Corporation of the Municipality of Huron Shores

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2012

1. Significant accounting policies (continued)

(d) Cash and cash equivalents

Cash and short-term investments are represented by cash on hand, cash on deposit in chartered banks and investments that mature in three months or less.

(e) Portfolio investments

Portfolio investments are comprised of guaranteed income certificates and are valued at cost.

(f) 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 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.

i) Tangible capital assets

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

Land improvements	25 years
Buildings	80 years
Fixtures, machinery and equipment	4 to 25 years
Vehicles	5 to 25 years
Library collection	7 years
Roads infrastructure	10 to 50 years
Bridges and culverts infrastructure	20 to 50 years
Street lighting infrastructure	10 years

Annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

ii) Contributions of tangible capital assets

Tangible capital assets received as contributions are recorded at their fair market value at the date of receipt and are also recorded as revenue.

iii) Leased tangible capital assets

Leases which transfer substantially all the benefits and risks incidental to ownership of property are accounted for as leased tangible capital assets. All other leases are accounted for as operating leases and the related payments are expenses as incurred.

The Corporation of the Municipality of Huron Shores

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2012

1. Significant accounting policies (continued)

(f) Non financial assets (continued)

iv) Works of art and cultural and historic assets

Works of art and cultural and historic assets are not recorded as assets in these consolidated financial statements.

v) Interest capitalization

Borrowing costs incurred as a result of the acquisition, construction and production of an asset that takes a substantial period of time to prepare for its intended use are capitalized as part of the cost of the asset. Capitalization of interest costs commenced when the expenses are being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use are in progress. Capitalization is suspended during periods in which active development is interrupted. Capitalization ceases when substantially all of the activities necessary to prepare the asset for its intended use are complete. If only minor modifications are outstanding, this indicates that substantially all of the activities are complete.

(g) Deferred revenue

Deferred revenue represents property tax pre-payments, user charges and fees which have been collected but for which the related services have yet to be performed. These amounts will be recognized as revenue in the fiscal year the services are performed.

Unexpended funds received by the Municipality for parkland and subdivider contributions are reported as deferred revenue and will be recognized as revenue in the fiscal year in which the eligible expenses are incurred.

(h) Use of estimates

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the period. Significant estimates include assumptions used in estimating provisions for accrued liabilities, landfill closure and post-closure liability and employee future benefits. Actual results could differ from these estimates.

(i) Reserves for future expenses

Certain amounts, as approved by Municipal Council, are set aside in reserves and reserve funds for future operations and capital expenses. Reserve and reserve fund balances are included in accumulated surplus.

The Corporation of the Municipality of Huron Shores

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2012

1. Significant accounting policies (continued)

(j) Taxation

Property tax billings are prepared by the Municipality based on assessment rolls issued by the Municipal Property Assessment Corporation ("MPAC"). Tax rates are established annually by Municipal Council, incorporating amounts to be raised for local services and amounts the Municipality is required to collect on behalf of the Province of Ontario in respect of education taxes. Realty taxes are billed based on the assessment rolls provided by MPAC. Taxation revenues are recorded at the time tax billings are issued.

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 roll is received, the Municipality determines the taxes applicable and renders supplementary tax billings. Assessments of the related property taxes are subject to appeal. Any supplementary billing adjustments made necessary by the determination of such changes will be recognized in the fiscal year they are determined and the effect shared with the school boards, as appropriate.

(k) School board transactions

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

(l) Employee benefits and other liabilities

Employee future benefits and other obligations for retirement and post-employment benefits are reported in the Consolidated Statement of Financial Position. The accrued benefit obligations are determined using management's best estimates of expected investment yields, wage and salary escalation, mortality rates, termination and retirement ages. The actuarial gain or loss is amortized over the expected average remaining life expectancy of the members of the employee groups.

2. Portfolio investments

2012

2011

Portfolio investments are comprised of:

Guaranteed investment certificates

\$ 2,417,391

\$ 1,908,474

Guaranteed investment certificates carry an effective interest rate between 1.15% and 2.25% and mature within two years. Interest is receivable on an annual basis. Carrying value approximates market value.

The Corporation of the Municipality of Huron Shores

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2012

3. Accounts receivable	<u>2012</u>	<u>2011</u>
HST receivable	\$ 94,529	\$ 121,222
Provincial receivables	16,907	60,143
Receivable from school boards	255	15
Other receivables	<u>78,521</u>	<u>54,101</u>
	<u>\$ 190,212</u>	<u>\$ 235,481</u>

4. Deferred revenue – general	<u>2012</u>	<u>2011</u>
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Deferred revenue, which is reported on the Consolidated Statement of Financial Position is further analysed as follows:

Tax pre-payments	\$ 20,831	\$ 11,632
Other deferred revenue	<u>2,887</u>	<u>7,509</u>
	<u>\$ 23,718</u>	<u>\$ 19,141</u>

5. Deferred revenue – obligatory reserve funds	<u>2012</u>	<u>2011</u>
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A requirement of the public sector accounting principles of the Canadian Institute of Chartered Accountants, is that obligatory reserve funds be reported as deferred revenue. This requirement is in place as legislation restricts how these funds may be used and under certain circumstances these funds may possibly be refunded. The balances in the obligatory funds of the Municipality are as follows:

Parkland and subdivider contributions	\$ 3,943	\$ 3,943
Gas tax funds	<u>319,174</u>	<u>210,562</u>
	<u>\$ 323,117</u>	<u>\$ 214,505</u>

6. Employee benefits and other liabilities	<u>2012</u>	<u>2011</u>
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The Municipality provides certain employee benefits which will require funding in future periods. Employees may become entitled to a cash payment when they leave the Municipality's employment based on total years of service.

Accumulated retirement allowances	\$ 10,900	\$ 10,132
Vacation pay	<u>8,543</u>	<u>5,445</u>
	<u>\$ 19,443</u>	<u>\$ 15,577</u>

The Corporation of the Municipality of Huron Shores

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2012

7. Landfill closure and post-closure care liability

The liability for site restoration and abandonment of the four waste disposal sites is based on the Municipality's proportionate share of the present value of future cash flows associated with closure costs. The change in the liability is recorded based on the capacity of the landfill sites used to date. The recorded liability of \$877,692 (2011: \$877,692) is based on the total estimated cash outflow in the future, an inflation rate of 3%, 25 years of post closure care for all sites, and the following assumptions:

Site location	Expected closure date	Expected closure and post closure costs	Closure and post closure liability
Day & Bright Township	2015	\$ 594,686	\$ 380,298
Thompson Township	2045	1,448,412	438,762
Village of Iron Bridge	2100	315,000	29,316
Thessalon Township	2100	315,000	29,316
Total		\$ 2,673,098	\$ 877,692

The Municipality has established reserve funds to mitigate the future impact of this obligation. The balance of the Landfill Closure and Post-Closure Reserve Fund is \$316,864 (2011: \$234,119).

8. Taxation

	<u>2012</u>	<u>2011</u>
Real property	\$ 2,399,154	\$ 2,306,536
Payments in lieu of taxes	<u>61,488</u>	<u>59,915</u>
	<u>\$ 2,460,642</u>	<u>\$ 2,366,451</u>
Residential	\$ 2,185,387	\$ 2,091,257
Multi-residential	<u>2,022</u>	<u>2,118</u>
Commercial and industrial	<u>245,739</u>	<u>246,861</u>
Farmlands	<u>25,347</u>	<u>24,438</u>
Managed forests	<u>2,146</u>	<u>1,777</u>
Net taxes available for municipal purposes	<u>\$ 2,460,642</u>	<u>\$ 2,366,451</u>

9. Collections for school boards

	<u>2012</u>	<u>2011</u>
Total taxation, user charges and development charges received or receivable on behalf of the school boards were as follows:		
English public	\$ 436,616	\$ 424,022
English separate	<u>64,789</u>	<u>66,794</u>
French public	<u>3,344</u>	<u>4,315</u>
French separate	<u>16,269</u>	<u>15,805</u>
	<u>\$ 521,018</u>	<u>\$ 510,936</u>

The Municipality is required to levy and collect taxes on behalf of the school boards. These taxes are remitted to the school boards at the amounts levied. The taxes levied over (under) the amounts requisitioned are recorded as accounts payable (receivable).

The Corporation of the Municipality of Huron Shores

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2012

10. User charges	<u>Budget</u>	<u>2012</u>	<u>2011</u>
User fees and service charges			
General government	\$ 1,600	\$ 2,371	\$ 2,437
Protection to persons and property	6,900	43,550	14,238
Transportation services	30,630	38,710	32,261
Environmental services	8,000	11,448	7,900
Health services	1,800	1,000	2,500
Recreation and cultural services	9,880	6,753	11,212
Planning and development	1,000	775	1,375
	<u>59,810</u>	<u>104,607</u>	<u>71,923</u>
Licenses and permits			
General government	350	812	448
Protection to persons and property	10,150	12,240	13,359
	<u>10,500</u>	<u>13,052</u>	<u>13,807</u>
Rents and leases			
General government	200	-	200
Transportation services	600	600	600
Recreation and cultural services	19,970	2,779	4,451
	<u>20,770</u>	<u>3,379</u>	<u>5,251</u>
	<u>\$ 91,080</u>	<u>\$ 121,038</u>	<u>\$ 90,981</u>
11. Government transfers	<u>Budget</u>	<u>2012</u>	<u>2011</u>
Government of Canada			
Transportation services	\$ 104,050	\$ -	\$ 7,964
Recreation and cultural services	-	8,375	2,497
	<u>104,050</u>	<u>8,375</u>	<u>10,461</u>
Province of Ontario			
General government	1,197,300	1,197,300	1,235,264
Protection to persons and property	1,000	375	-
Transportation services	-	-	46,830
Environmental services	9,361	10,602	11,236
Recreation and cultural services	30,066	41,724	29,093
	<u>1,237,727</u>	<u>1,250,001</u>	<u>1,322,423</u>
Municipal grant			
Protection to persons and property	13,000	3,895	18,203
	<u>\$ 1,354,777</u>	<u>\$ 1,262,271</u>	<u>\$ 1,351,087</u>

The Corporation of the Municipality of Huron Shores

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2012

12. Tangible capital assets

The following classifies the tangible capital assets by object:

	Land	Land improvements	Buildings	Fixtures, machinery and equipment	Vehicles	Library collection	Roads infrastructure	Bridges and culverts infrastructure	Street lighting infrastructure	Assets under construction	2012 Total	2011 Total
Cost												
Balance, beginning of year	994,795	76,020	1,550,840	485,203	1,600,780	22,749	10,436,447	2,854,500	309,972	-	18,331,306	17,765,048
Additions during the year	-	10,078	47,785	61,385	-	2,596	202,778	34,233	-	21,525	380,378	595,003
Disposals during the year	-	-	-	-	-	(3,141)	(31,528)	-	-	-	(34,669)	(28,745)
Transfers	-	-	-	-	-	-	-	-	-	-	-	-
Balance, end of year	994,795	86,098	1,598,625	546,588	1,600,780	22,204	10,607,697	2,888,733	309,972	21,525	18,677,017	18,331,306
Accumulated Amortization												
Balance, beginning of the year	-	12,761	286,480	225,891	665,312	11,243	6,093,750	1,404,935	269,327	-	8,969,699	8,614,614
Amortization during the year	-	3,440	23,551	39,636	81,316	3,211	196,810	46,927	6,487	-	401,377	383,534
Disposals during the year	-	-	-	-	-	(3,141)	(31,528)	-	-	-	(34,669)	(28,449)
Transfers	-	-	-	-	-	-	-	-	-	-	-	-
Balance, end of year	-	16,201	310,031	265,528	746,628	11,313	6,259,032	1,451,862	275,814	-	9,336,409	8,969,699
Net book value	994,795	69,897	1,288,594	281,060	854,152	10,891	4,348,665	1,436,871	34,158	-	9,340,608	9,361,607

The Corporation of the Municipality of Huron Shores

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2012

12. Tangible capital assets (continued)

2012

The following classifies the tangible capital assets by department:

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>
General government	\$ 1,223,642	\$ 172,571	\$ 1,051,071
Protective services	1,119,667	387,377	732,290
Transportation services	14,869,779	8,475,723	6,394,055
Environmental services	38,102	1,773	36,329
Health services	7,246	122	7,124
Social and family services and housing	72,820	15,707	57,113
Recreation and cultural services	1,296,930	269,827	1,027,103
Planning and development	48,831	13,308	35,523
	<u>\$ 18,677,017</u>	<u>\$ 9,336,409</u>	<u>\$ 9,340,608</u>

2011

The following classifies the tangible capital assets by department:

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>
General government	\$ 1,214,580	\$ 155,249	\$ 1,059,331
Protective services	1,110,150	335,459	774,691
Transportation services	14,615,096	8,209,933	6,405,163
Environmental services	38,102	1,620	36,482
Health services	3,587	-	3,587
Social and family services and housing	72,820	14,944	57,876
Recreation and cultural services	1,228,140	241,139	987,001
Planning and development	48,831	11,355	37,476
	<u>\$ 18,331,306</u>	<u>\$ 8,969,699</u>	<u>\$ 9,361,607</u>

13. Long-term liabilities

The balance of long-term liabilities reported on the consolidated statement of financial position is made up of bank borrowings for the purpose of purchasing tangible capital assets for the fire department which was incurred in November of 2008. The non-revolving term facility requires blended payments of \$2,618.31 per month, is being amortized over a 5 year period, and has an interest rate of 4.63%. The long-term liability matures on December 1, 2013. The balance of the long-term liability is \$30,646 at year end (2011: \$59,907).

Principal repayments in the next year are due as follows:

2013	\$ 30,646
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The Corporation of the Municipality of Huron Shores

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2012

13. Long-term liabilities (continued)

Interest expense on the long-term liabilities amounted to \$2,158 in the year (2011: \$3,479). The interest expense is included in the protection to persons and property expenses on the consolidated statement of operations.

The Municipality has available an operating loan of \$100,000 (2011: \$100,000) for which the Municipality has provided a general security agreement of which \$ nil (2011: \$ nil) was borrowed at year end. Interest on the loan is calculated at bank prime (4.00% at year end).

14. Pension agreements

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

Contributions to OMERS are made at rates ranging from 7.4% to 14.1% depending on the proposed retirement age and the level of earnings. As a result \$54,225 (2011 - \$46,020) was contributed to OMERS for current service, of which \$27,113 (2011 - \$23,010) represents the employees' portion.

15. Trust funds

The Trust Funds administered by the Municipality amounting to \$42,919 (2011: \$42,219) has not been included in the Consolidated Statement of Financial Position nor have these operations been included in the Consolidated Statement of Operations.

16. Measurement uncertainty

Property tax billings are prepared by the Municipality based on an assessment roll prepared by the Municipal Property Assessment Corporation ("MPAC"), an agency of the Ontario government. All assessed property values in the Municipality were reviewed and new values established based on a common valuation date that was used by the Municipality in computing the property tax bills. However, the property tax revenue and tax receivables of the Municipality are subject to measurement uncertainty as a number of appeals submitted by taxpayers have yet to be heard. Any adjustments made necessary by the determination of such changes will be recognized in the fiscal year they are determined and the effect shared with the school boards, as appropriate.

17. Financial instruments

Financial instruments of the Municipality consist of cash and cash equivalents, portfolio investments, taxes receivable, accounts receivable, accounts payable and accrued liabilities, and long-term liabilities. The book value of these financial instruments approximates carrying value as the instruments are either current in nature or bear interest at market rates.

The Corporation of the Municipality of Huron Shores

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2012

18. Contributions to unconsolidated joint boards

	<u>2012</u>	<u>2011</u>
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The following contributions were made by the Municipality to these boards:

Algoma Health Unit	\$ 52,637	\$ 54,080
Algoma District Services Administration Board	<u>273,133</u>	<u>270,914</u>
	<u>\$ 324,994</u>	<u>\$ 324,994</u>

19. Segmented information

The Municipality is a diversified local government institution that provides a wide range of services to its citizens. For management reporting purposes, Municipal operations and activities are organized and reported by department.

Municipal services are provided by departments and their activities are reported in the consolidated financial statements. Certain departments that have been separately disclosed in the segmented information, along with the services they provide are as follows:

General government

The general government department oversees the delivery of all government services. The department is responsible for ensuring that there are adequate policies and procedures in place to safeguard assets and to properly report financial activities. In addition, this department includes the governance activities of Council.

Protection to persons and property

Protection to persons and property is comprised of police, fire/emergency, by-law enforcement and building inspections departments. The mandate of the police department is to ensure the safety of the lives and property of citizens, preserve peace and good order; prevent crimes from occurring; detect offenders; and enforce the law. The fire/emergency department is responsible to provide fire suppression service; fire prevention programs; training and education related to prevention, detection or extinguishment of fires. The by-law enforcement and building inspection department ensures properties are in compliance with applicable legislation, by-laws, building standards and construction codes.

Transportation services

The transportation department is responsible for the delivery of Municipal public works services related to the planning, development and maintenance of roadway systems, winter control and street lighting.

Environmental services

The environmental department is involved only with the disposal of solid waste. The department provides waste minimization programs and facilities for solid waste disposal and diversion.

Health services

Through the Algoma Health Unit, the Municipality contributes to public health services and education and through the Algoma District Services Administration Board, to ambulance services. In addition, this department oversees the care and maintenance of municipal cemeteries.

The Corporation of the Municipality of Huron Shores

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2012

19. Segmented information (continued)

Social and family services and housing

Through the Algoma District Services Administration Board, the Municipality contributes to social assistance payments, child care services and social housing. In addition, the Municipality provides alternative residential services for seniors.

Recreation and cultural services

The recreation and cultural department provides public services that contribute to neighbourhood development and sustainability through the provision of recreation and leisure services such as parks, rink facilities, fitness and sports programs. It provides public services that contribute to healthy communities through partnerships, promotion, prevention, protection and enforcement. The department also contributes towards the information needs of the Municipality's citizens through the provision of library services.

Planning and development

The planning and development department provides a diverse bundle of services. It manages development for business, interests, environmental concerns, heritage matters and neighbourhoods through planning and community development activities. It facilitates economic development by providing services for the approval of all land development plans.

For each reported segment, revenues and expenses include both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in the summary of significant accounting policies.

The Corporation of the Municipality of Huron Shores

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2012

19. Segmented information (continued)

	General government	Protection to person and property	Transportation services	Environmental services	Health services	Social and family services and housing	Recreation and cultural services	Planning and development	2012 Total	2011 Total
Revenue										
Taxation	\$ 2,460,642	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,460,642	\$ 2,366,451
User charges, licenses and fees	3,183	55,790	39,310	11,448	1,000	-	9,532	775	121,038	90,981
Grants – Federal	-	-	-	-	-	-	8,375	-	8,375	10,461
Grants – Provincial	1,197,300	375	-	10,602	-	-	41,724	-	1,250,001	1,322,423
Grants - Municipal	3,895	-	-	-	-	-	-	-	3,895	18,203
Sale of land and assets	-	-	-	-	-	-	-	-	-	-
Loss on disposal of tangible assets	-	-	-	-	-	-	-	-	-	(296)
Other	166,155	-	10,462	-	1,099	-	15,752	-	193,468	198,979
	3,831,175	56,165	49,772	22,050	2,099	-	75,383	775	4,037,419	4,007,202
Expenses										
Salaries, wages and employee benefits	473,190	112,383	342,549	66,939	-	-	53,914	-	1,048,975	976,168
Rents and financial expenses	135,422	-	1,200	-	-	-	-	-	136,622	69,035
Long term debt	-	2,158	-	-	-	-	-	-	2,158	3,479
Operating materials and supplies	155,992	178,298	608,917	65,397	835	8,419	88,323	15,363	1,121,544	1,239,364
Contracted services	108,911	235,770	-	34,921	-	-	1,314	12,048	392,964	348,958
External transfers to others	50,527	-	-	-	309,649	466,394	5,500	-	832,070	812,531
Amortization	17,322	53,871	297,318	153	122	763	31,829	-	401,378	383,534
	941,364	582,480	1,249,984	167,410	310,606	475,576	180,880	27,411	3,935,711	3,833,069
Annual surplus (deficit)	\$ 2,889,811	\$ (526,315)	\$ (1,200,212)	\$ (145,360)	\$ (308,507)	\$ (475,576)	\$ (105,497)	\$ (26,636)	\$ 101,708	\$ 174,133

The Corporation of the Municipality of Huron Shores

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2012

20. Budget figures

The operating budget approved by the Municipal Council for 2012 is reflected on the Consolidated Statement of Operations and Accumulated Surplus with the changes noted below. The budget established for capital investment in tangible capital assets are on a project-oriented basis, the costs of which may be incurred over a number of years and therefore may not be comparable with the current year's actual expenses. The Municipality does not budget activity within reserves and reserve funds, with the exception being those transactions which affect either operations or capital investments. Budget figures have been restated to be comparable with the PSAB reporting reflected in the actual results.

The budgets originally approved by Council for 2012, adjusted as noted below, are reflected in the statement of operations and statement of change in net financial assets.

- a) An amount for amortization expense has been added and is based on management's best estimate of amortization expense determined at the beginning of the year. Amortization expense was not included in the original Council approved budget.
- b) An amount for acquisition of tangible capital assets has been added to the statement of changes in net financial assets based on budgeted capital expenditures in the original budgets approved by Council.

21. Contingencies

The Municipality is involved from time to time in litigation, which arises in the normal course of business. In respect of any outstanding claims, the Municipality believes that insurance coverage is adequate and that no material exposure exists on the eventual settlement of such litigation, therefore no provision has been made in the accompanying financial statements.

22. Comparative figures

Certain comparative figures have been reclassified to conform with the presentation adopted in the current year.