

Consolidated Financial Statements of

**THE CORPORATION OF THE
MUNICIPALITY OF HURON SHORES**

Year ended December 31, 2013

THE CORPORATION OF THE MUNICIPALITY OF HURON SHORES

Consolidated Financial Statements

Year ended December 31, 2013

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Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of The Corporation of the Municipality of Huron Shores (the "Municipality") are the responsibility of the Municipality's management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of The Canadian Professional Accountants of Canada. A summary of the significant accounting policies are described in Note 1 to the consolidated financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Municipality's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by Management.

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

The consolidated financial statements have been audited by KPMG LLP, independent external auditors appointed by the Municipality. The accompanying Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the Municipality's consolidated financial statements.

Chief Administrative Officer

Treasurer



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Chartered Accountants
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INDEPENDENT AUDITORS' REPORT

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, 2013, the consolidated statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated 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 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 our 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, we consider 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 consolidated financial position of The Corporation of the Municipality of Huron Shores as at December 31, 2013, and its consolidated results of operations, its consolidated changes in net financial assets, and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.



Other Matter

The financial statements of The Corporation of the Municipality of Huron Shores for the year ended December 31, 2012, were audited by another chartered accountant who expressed an unmodified opinion on those statements dated May 8, 2013.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

May 28, 2014

Sault Ste. Marie, Canada

THE CORPORATION OF THE MUNICIPALITY OF HURON SHORES

Consolidated Statement of Financial Position

December 31, 2013, with comparative information for 2012

	2013	2012
Financial assets:		
Cash	\$ 178,452	\$ 413,985
Investments (note 3)	2,758,568	2,417,391
Taxes receivable	776,377	716,831
Accounts receivable (note 4)	436,831	190,212
	<u>4,150,228</u>	<u>3,738,419</u>
Financial liabilities:		
Accounts payable and accrued liabilities	200,457	194,649
Deferred revenue - general (note 5)	346,663	23,718
Deferred revenue - obligatory reserve funds (note 6)	190,567	323,117
Long-term liabilities (note 11)	83,052	30,646
Landfill closure and post-closure care liability (note 8)	933,279	877,692
Employee benefits and other liabilities (note 7)	20,229	19,443
	<u>1,774,247</u>	<u>1,469,265</u>
Net financial assets	2,375,981	2,269,154
Non-financial assets:		
Tangible capital assets (note 10)	9,852,849	9,340,608
Prepaid expenses	114,008	113,621
	<u>9,966,857</u>	<u>9,454,229</u>
Accumulated surplus (note 14)	<u>\$ 12,342,838</u>	<u>\$ 11,723,383</u>

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

THE CORPORATION OF THE MUNICIPALITY OF HURON SHORES

Consolidated Statement of Operations and Accumulated Surplus

Year ended December 31, 2013, with comparative information for 2012

	Budget	2013	2012
Revenues:			
Taxation (note 2)	\$ 2,449,179	\$ 2,521,218	\$ 2,460,642
User charges	78,428	119,030	121,038
Government transfers (note 15)	1,435,191	1,717,897	1,262,271
Other:			
Investment income	45,400	52,174	45,982
Penalties and interest on taxes	120,000	125,049	121,277
Donations and other	33,590	40,316	26,209
Total revenues	4,161,788	4,575,684	4,037,419
Expenses:			
Current operations:			
General government	739,506	736,064	892,437
Protection to persons and property	487,134	696,995	583,214
Transportation services	1,481,759	1,212,389	1,264,234
Environmental services	235,761	218,948	172,147
Health services	373,561	373,027	323,862
Social and family services and housing	447,248	447,248	475,576
Recreational and cultural services	179,273	210,413	196,830
Planning and development	109,380	61,145	27,411
Total expenses	4,053,622	3,956,229	3,935,711
Annual surplus	108,166	619,455	101,708
Accumulated surplus, beginning of the year	11,723,383	11,723,383	11,621,675
Accumulated surplus, end of year (note 14)	\$ 11,831,549	\$ 12,342,838	\$ 11,723,383

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

THE CORPORATION OF THE MUNICIPALITY OF HURON SHORES

Consolidated Statement of Change in Net Financial Assets

Year ended December 31, 2013, with comparative information for 2012

	Budget	2013	2012
Annual surplus	\$ 108,166	\$ 619,455	\$ 101,708
Acquisition of tangible capital assets	(685,624)	(929,567)	(380,379)
Amortization of tangible capital assets	-	417,326	401,378
	(577,458)	107,214	122,707
Change in prepaid expenses	-	(387)	(104,655)
Change in net financial assets	(577,458)	106,827	18,052
Net financial assets, beginning of the year	2,269,154	2,269,154	2,251,102
Net financial assets end of the year	\$ 1,691,696	\$ 2,375,981	\$ 2,269,154

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

THE CORPORATION OF THE MUNICIPALITY OF HURON SHORES

Consolidated Statement of Cash Flows

Year ended December 31, 2013, with comparative information for 2012

	2013	2012
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 619,455	\$ 101,708
Items not involving cash:		
Amortization of tangible capital assets	417,326	401,378
Increase in landfill liability	55,587	-
Increase in employee future benefits and other liabilities	786	3,866
	1,093,154	506,952
Change in non-cash assets and liabilities:		
(Increase) decrease in taxes receivable	(59,546)	26,503
(Increase) decrease in accounts receivable	(246,619)	45,269
Increase in prepaid expenses	(387)	(104,655)
Increase in accounts payable and accrued liabilities	5,808	24,456
Increase in deferred revenue - general	322,945	4,577
(Decrease) increase in deferred revenue - obligatory reserve fund	(132,550)	108,612
Net change in cash from operating activities	982,805	611,714
Financing activities:		
Principal repayments on net long-term liabilities	(34,594)	(29,261)
Proceeds from long-term liabilities	87,000	-
Net change in financing activities	52,406	(29,261)
Investing activities:		
Increase in investments	(1,110,593)	(508,917)
Proceeds from disposition of investments	769,416	-
Net change in cash from investing activities	(341,177)	(508,917)
Capital activities:		
Acquisition of tangible capital assets	(929,567)	(380,379)
Net change in cash	(235,533)	(306,843)
Cash, beginning of year	413,985	720,828
Cash, end of year	\$ 178,452	\$ 413,985

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

THE CORPORATION OF THE MUNICIPALITY OF HURON SHORES

Notes to Consolidated Financial Statements

Year ended December 31, 2013

The Corporation of the Municipality of Huron Shores is a municipality in the Province of Ontario, Canada. It conducts its operations guided by the provisions of provincial statutes such as the Municipal Act and other related legislation.

1. Significant accounting policies:

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

(a) Reporting entity:

- (i) These consolidated financial statements reflect the assets, liabilities, revenues and expenses and include the activities of all committees of Council and the following boards which are under the control of Council:

Huron Shores Cemetery Board
Huron Shores Public Library

All interfund and inter-organizational transactions and balances between these organizations are eliminated.

- (ii) The Municipality collects taxation revenue on behalf of the school boards.

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

- (iii) Trust funds and their related operations administered by the Municipality are not included in these financial statements but are reported on separately on the Trust Funds Financial Statements (Note 13).

(b) Basis of accounting:

The Municipality follows the accrual method 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 receipt of goods or services and/or the creation of a legal obligation to pay.

(c) Government transfers:

Government transfers are recognized in the 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 Consolidated Financial Statements

Year ended December 31, 2013

1. Significant accounting policies (continued):

(c) Tangible capital assets:

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

Asset	Useful Life - Years
Land improvements	25
Buildings	80
Fixtures, machinery and equipment	4 - 25
Vehicles	5 - 25
Library collection	7
Roads infrastructure	10 - 50
Bridges and culverts	20 - 50
Street lighting infrastructure	10

Landfill sites are amortized using the units of production method based upon capacity used during the year.

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

(i) Contributions of tangible capital assets:

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

(ii) Natural resources:

Natural resources that have not been purchased are not recognized as assets in the financial statements.

(iii) Works of art and cultural and historic assets:

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

(iv) Leased tangible capital assets:

Leases which transfer substantially all of 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 charged to expenses as incurred.

THE CORPORATION OF THE MUNICIPALITY OF HURON SHORES

Notes to Consolidated Financial Statements

Year ended December 31, 2013

1. Significant accounting policies (continued):

(e) Landfill liability:

The liability for closure of operational sites and post-closure care has been recognized based on estimated future expenses, estimated inflation and the usage of the site's capacity during the year.

(f) Use of estimates:

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Significant estimates include assumptions used in estimating the historical cost and useful lives of tangible capital assets, provisions for accrued liabilities, landfill liability and in performing actuarial valuations of employee future benefits. Actual results could differ from these estimates.

(g) Deferred revenue:

Deferred revenues represent grants, tax prepayments and other fees which have been collected, but for which the related projects, activities or services have yet to be performed. These amounts will be recognized as revenues in the fiscal year these activities are performed.

(h) Investments:

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

2. Tax revenues:

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 which was used by the Municipality in computing the property tax bills for 2013. However, the property tax revenue and tax receivables of the Municipality are subject to measurement uncertainty as a number of appeals submitted by ratepayers have yet to be heard.

The Municipality has established a contingency reserve for tax appeals and other items in the amount of \$538,833 (2012 - \$488,833). Any supplementary billing adjustments made necessary by the determination of such changes will be recognized in the fiscal year they are determined.

THE CORPORATION OF THE MUNICIPALITY OF HURON SHORES

Notes to Consolidated Financial Statements

Year ended December 31, 2013

3. Portfolio investments:

At December 31, 2013, \$2,758,568 (2012 - \$2,417,391) was held in guaranteed investment certificates carrying an effective interest rate between 1.30% and 2.20% and maturing within two years. Interest is receivable on an annual basis. Carrying value approximates market value.

4. Accounts receivable:

Accounts receivable consist of the following:

	2013	2012
HST recoverable	\$ 182,535	\$ 94,529
Province of Ontario	204,598	16,907
Receivable from school boards	–	255
Trade and miscellaneous	49,698	78,521
	<u>\$ 436,831</u>	<u>\$ 190,212</u>

5. Deferred revenue - general:

Deferred revenue, which is reported on the Consolidated Statement of Financial Position is further analyzed as follows:

	2013	2012
Tax prepayments	\$ 17,425	\$ 20,831
Deferred grant revenue	327,250	–
Deferred revenue other	1,988	2,887
	<u>\$ 346,663</u>	<u>\$ 23,718</u>

THE CORPORATION OF THE MUNICIPALITY OF HURON SHORES

Notes to Consolidated Financial Statements

Year ended December 31, 2013

6. Deferred revenue - obligatory reserve funds:

A requirement of the public sector accounting standards of the Chartered Professional Accountants of Canada, 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:

	2013	2012
Gas tax funds	\$ 190,567	\$ 319,174
Parkland and subdivider contributions	–	3,943
	\$ 190,567	\$ 323,117

7. Employee benefits and other liabilities:

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.

	2013	2012
Accumulated retirement allowances	\$ 10,412	\$ 10,900
Vacation pay	9,817	8,543
	\$ 20,229	\$ 19,443

8. Landfill closure and post-closure care liability:

The Environmental Protection Act sets out the regulatory requirements to properly close and maintain all active and inactive landfill sites. Under environmental law, there is a requirement for closure and post-closure care of solid waste landfill sites. This requirement is to be provided for over the estimated life of the landfill sites based on usage.

Landfill closure and post-closure care requirements have been defined in accordance with industry standards and include final covering and landscaping of the landfill, pumping of ground water and leachates from the site, and ongoing environmental monitoring, site inspection and maintenance. The reported liability is based on estimates and assumptions with respect to events extending over terms using the best information available to management. Future events may result in significant changes to the estimated total expenditures; capacity used or total capacity and the estimated liability, and would be recognized prospectively, as a change in estimate, when applicable.

THE CORPORATION OF THE MUNICIPALITY OF HURON SHORES

Notes to Consolidated Financial Statements

Year ended December 31, 2013

8. Solid waste management liabilities (continued):

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 liability is recorded based on the capacity of the landfill sites used to date. The recorded liability of \$933,279 (2012 - \$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	
			2013	2012
Day & Bright Township	2015	\$ 591,728	\$ 410,669	\$ 380,298
Thompson Township	2045	1,433,281	461,006	438,762
Village of Iron Bridge	2100	350,000	30,802	29,316
Thessalon Township	2100	350,000	30,802	29,316
Total		\$ 2,725,009	\$ 933,279	\$ 877,692

9. Collections for school boards:

The Municipality collected property taxes on behalf of area school boards as follows:

	2013	2012
English public	\$ 445,051	\$ 436,616
English separate	64,814	64,789
French public	3,678	3,344
French separate	16,458	16,269
	\$ 530,001	\$ 521,018

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 Consolidated Financial Statements

Year ended December 31, 2013

10. Tangible capital assets:

		2013										
		Land	Land improvements	Buildings	Fixtures, machinery and equipment	Vehicles	Library collection	Roads infrastructure	Bridges and culverts infrastructure	Street lighting infrastructure	Assets under construction	Total
Cost												
Balance, beginning of the 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
Additions/Transfers		-	-	43,868	76,229	332,660	(22,204)	241,113	216,081	-	41,820	929,567
Disposals		-	-	-	-	-	-	(36,081)	(14,975)	-	-	(51,056)
Balance, end of year	\$	994,795	86,098	1,642,493	622,817	1,933,440	-	10,812,729	3,089,839	309,972	63,345	\$ 19,555,528
Accumulated Amortization												
Balance, beginning of the year	\$	-	(16,201)	(310,031)	(265,528)	(746,628)	(11,313)	(6,259,032)	(1,451,862)	(275,814)	-	\$ (9,336,409)
Disposals/Transfers		-	-	-	(11,313)	-	11,313	36,081	14,975	-	-	51,056
Amortization expense		-	(3,697)	(24,263)	(46,562)	(82,684)	-	(204,723)	(48,910)	(6,487)	-	(417,326)
Balance, end of year	\$	-	(19,898)	(334,294)	(323,403)	(829,312)	-	(6,427,674)	(1,485,797)	(282,301)	-	\$ (9,702,679)
Net book value, end of year	\$	994,795	66,200	1,308,199	299,414	1,104,128	-	4,385,055	1,604,042	27,671	63,345	\$ 9,852,849
Net book value, beginning of year	\$	994,795	69,897	1,288,594	281,060	854,152	10,891	4,348,665	1,436,871	34,158	21,525	\$ 9,340,608

THE CORPORATION OF THE MUNICIPALITY OF HURON SHORES

Notes to Consolidated Financial Statements

Year ended December 31, 2013

10. Tangible capital assets (continued):

	2012										
	Land	Land improvements	Buildings	Fixtures, machinery and equipment	Vehicles	Library collection	Roads infrastructure	Bridges and culverts infrastructure	Street lighting infrastructure	Assets under construction	Total
Cost											
Balance, beginning of the 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
Additions/Transfers	-	10,078	47,785	61,385	-	2,596	202,777	34,233	-	21,525	380,379
Disposals	-	-	-	-	-	(3,141)	(31,528)	-	-	-	(34,669)
Balance, end of year	\$ 994,795	86,098	1,598,625	546,588	1,600,780	22,204	10,607,696	2,888,733	309,972	21,525	\$ 18,677,016
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)
Disposals/Transfers	-	-	-	-	-	3,141	31,528	-	-	-	34,669
Amortization expense	-	(3,440)	(23,551)	(39,636)	(81,316)	(3,211)	(196,810)	(46,927)	(6,487)	-	(401,378)
Balance, end of year	\$ -	(16,201)	(310,031)	(265,527)	(746,628)	(11,313)	(6,259,032)	(1,451,862)	(275,814)	-	\$ (9,336,408)
Net book value, end of year	\$ 994,795	69,897	1,288,594	281,061	854,152	10,891	4,348,664	1,436,871	34,158	21,525	\$ 9,340,608
Net book value, beginning of year	\$ 994,795	63,259	1,264,360	259,312	935,468	11,506	4,342,697	1,449,565	40,645	-	\$ 9,361,607

THE CORPORATION OF THE MUNICIPALITY OF HURON SHORES

Notes to Consolidated Financial Statements

Year ended December 31, 2013

10. Tangible capital assets (continued):

a) Assets under construction:

Assets under construction having a value of \$63,345 (2012 - \$21,525) have not been amortized. Amortization of these assets will commence when the asset is put into service.

During the year, the Municipality added \$41,820 (2012 - \$21,525) to assets under construction. No transfers were made from assets under construction to tangible capital assets during the current or previous year.

b) Contributed tangible capital assets:

Contributed capital assets have been recognized at fair market value at the date of contribution. No contributed assets were received during the current or previous year.

c) Write-down of tangible capital assets:

There were no write-downs of tangible capital assets during the current or previous year.

11. Long-term liabilities:

	2013	2012
Total long-term liabilities incurred by the Municipality	\$ 83,052	\$ 30,646

Principal payments due on long-term liabilities for the next five fiscal years are as follows:

	2014	2015	2016	2017	2018	2013	2012
						Total	Total
From general municipal revenue	\$ 16,201	\$ 16,861	\$ 17,548	\$ 18,263	\$ 14,179	\$ 83,052	\$ 30,646

The annual principal and interest payments required to service the long-term obligations of the Municipality are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.

THE CORPORATION OF THE MUNICIPALITY OF HURON SHORES

Notes to Consolidated Financial Statements

Year ended December 31, 2013

12. Pension agreement:

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.

The amount contributed to OMERS for 2013 was \$58,587 (2012 - \$48,081) is included as an expense on the consolidated statement of financial activities.

13. Trust Funds:

Trust Funds administered by the Municipality amounting to \$42,876 (2012 - \$42,919) have not been included on the consolidated statement of financial position nor have their operations been included in the consolidated statement of financial activities.

14. Accumulated surplus:

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

	2013	2012
Surplus:		
Invested in tangible capital assets	\$ 9,852,849	\$ 9,340,608
Operating surplus	151,159	104,221
Unfunded:		
Landfill closure costs	(933,279)	(877,692)
Net long-term liabilities	(83,052)	(30,646)
Employee benefits	(20,229)	(19,443)
Total surplus	8,967,448	8,517,048
Reserve funds set aside for specific purpose by Council:		
Capital	2,923,725	2,727,764
Cash flow reserves	451,665	478,571
Total reserve funds	3,375,390	3,206,335
	\$ 12,342,838	\$ 11,723,383

THE CORPORATION OF THE MUNICIPALITY OF HURON SHORES

Notes to Consolidated Financial Statements

Year ended December 31, 2013

15. Government transfers:

The Municipality recognizes the transfer of government funding as expenses or revenues in the period that the events giving rise to the transfer occurred. The transfers reported on the Statement of Operations are:

	2013	2012
Revenue:		
Provincial grants	\$ 1,462,527	\$ 1,250,001
Federal grants	236,903	8,375
Municipal	18,467	3,895
Total revenues	\$ 1,717,897	\$ 1,262,271

16. Public Sector Salary Disclosure:

During 2013, no employees were paid a salary, as defined in the Public Sector Salary Disclosure Act, 1996, of \$100,000 or more by the Municipality.

17. Comparative information:

Certain of the 2012 comparative information have been reclassified to conform to the current year presentation.

THE CORPORATION OF THE MUNICIPALITY OF HURON SHORES

Notes to Consolidated Financial Statements

Year ended December 31, 2013

18. Segmented information:

The Corporation of the Municipality of Huron Shores is a diversified municipal government institution that provides a wide range of services to its citizens, including General Government Services, Protection Services, Transportation Services, Environmental Services, Health Services, Social and Family Services, Recreational and Cultural Services and Planning and Development Services. Service areas were created for the purposes of recording specific activities to attain certain objectives in accordance with regulations, restrictions or limitations (see Schedule to note).

Municipal Services are provided by departments and their activities are reported in these Service Areas. Departments disclosed in the Segmented Information, along with the services they provide, are as follows:

General Government Services

The General Government Services 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 Services

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 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 Consolidated Financial Statements

Year ended December 31, 2013

18. Segmented information (continued):

Social and Family Services / Social Housing

Through the Algoma District Services Administration Board, the Municipality contributes to the 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 Consolidated Financial Statements

Year ended December 31, 2013

18. Segmented Information (continued):

	General Government Services	Protection Services	Transportation Services	Environmental Services	Health Services	Social & Family Services & Housing	Recreation & Cultural Services	Planning and Development	Total 2013
Revenues:									
Taxation	\$ 2,521,218	-	-	-	-	-	-	-	\$ 2,521,218
User charges	2,364	18,814	35,748	45,292	1,400	-	15,037	375	119,030
Government of Canada grants	236,004	-	-	-	-	-	899	-	236,903
Province of Ontario grants	1,407,616	221	-	12,310	-	-	42,380	-	1,462,527
Municipal grants	18,467	-	-	-	-	-	-	-	18,467
Other	201,911	-	-	-	1,027	-	14,601	-	217,539
	4,387,580	19,035	35,748	57,602	2,427	-	72,917	375	4,575,684
Expenses:									
Salaries, wages and benefits	481,059	99,549	349,640	63,776	-	-	60,569	-	1,054,593
Long-term debt charges	-	773	858	-	-	-	-	-	1,631
Rents and financial expenses	52,091	-	1,200	-	-	-	-	-	53,291
Operating materials and supplies	90,517	344,486	540,963	111,248	8,061	-	83,895	3,343	1,182,513
Contracted services	95,763	199,287	-	37,895	-	-	1,433	57,802	392,180
Transfer to other governments and the public	59,652	-	-	-	347,795	447,248	-	-	854,695
Amortization of tangible capital assets	16,034	53,215	304,228	153	244	-	43,452	-	417,326
	795,116	697,310	1,196,889	213,072	356,100	447,248	189,349	61,145	3,956,229
Annual surplus (deficit)	\$ 3,592,464	(678,275)	(1,161,141)	(155,470)	(353,673)	(447,248)	(116,432)	(60,770)	\$ 619,455

THE CORPORATION OF THE MUNICIPALITY OF HURON SHORES

Notes to Consolidated Financial Statements

Year ended December 31, 2013

18. Segmented Information (continued):

	General Government Services	Protection Services	Transportation Services	Environmental Services	Health Services	Social & Family Services & Housing	Recreation & Cultural Services	Planning and Development	Total 2012
Revenues:									
Taxation	\$ 2,460,642	-	-	-	-	-	-	-	\$ 2,460,642
User charges	3,183	55,790	39,310	11,448	1,000	-	9,532	775	121,038
Government of Canada grants	-	-	-	-	-	-	8,375	-	8,375
Province of Ontario grants	1,197,300	375	-	10,602	-	-	41,724	-	1,250,001
Municipal grants	3,895	-	-	-	-	-	-	-	3,895
Other	166,155	-	10,462	-	1,099	-	15,752	-	193,468
	3,831,175	56,165	49,772	22,050	2,099	-	75,383	775	4,037,419
Expenses:									
Salaries, wages and benefits	473,190	112,383	342,549	66,939	-	-	53,914	-	1,048,975
Long-term debt charges	-	2,158	-	-	-	-	-	-	2,158
Rents and financial expenses	135,422.00	-	1,200.00	-	-	-	-	-	136,622.00
Operating materials and supplies	155,992	178,298	608,917	65,397	1,217	8,419	88,323	15,363	1,121,926
Contracted services	108,911	235,770	-	34,921	-	-	1,314	12,048	392,964
Transfer to other governments and the public	50,527	-	-	-	309,267	466,394	5,500	-	831,688
Amortization of tangible capital assets	17,322	53,871	297,318	153	122	763	31,829	-	401,378
	941,364	582,480	1,249,984	167,410	310,606	475,576	180,880	27,411	3,935,711
Annual surplus (deficit)	\$ 2,889,811	(526,315)	(1,200,212)	(145,360)	(308,507)	(475,576)	(105,497)	(26,636)	\$ 101,708