

Consolidated Financial Statements of

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

Year ended December 31, 2015

THE CORPORATION OF THE MUNICIPALITY OF HURON SHORES

Consolidated Financial Statements

Year ended December 31, 2015

	Page
Management's Responsibility for the Consolidated Financial Statements	
Independent Auditors' Report	
Consolidated Statement of Financial Position	1
Consolidated Statement of Operations and Accumulated Surplus	2
Consolidated Statement of Change in Net Financial Assets	3
Consolidated Statement of Cash Flows	4
Notes to Consolidated Financial Statements	5 - 20

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 Chartered 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 judgment, 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 Independent Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the Municipality's consolidated financial statements.

Chief Administrative Officer

Treasurer



KPMG LLP
111 Elgin Street, Suite 200
Sault Ste. Marie ON P6A 6L6
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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, 2015, 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, 2015, 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

June 8, 2016

Sault Ste. Marie, Canada

THE CORPORATION OF THE MUNICIPALITY OF HURON SHORES

Consolidated Statement of Financial Position

December 31, 2015, with comparative information for 2014

	2015	2014
Financial assets:		
Cash	\$ 146,837	\$ -
Investments (note 3)	2,531,165	3,264,106
Taxes receivable	772,605	639,447
Accounts receivable (note 4)	1,333,050	438,606
	<u>4,783,657</u>	<u>4,342,159</u>
Financial liabilities:		
Bank indebtedness	\$ -	174,483
Accounts payable and accrued liabilities	256,093	262,517
Deferred revenue - general (note 5)	464,449	223,708
Deferred revenue - obligatory reserve funds (note 6)	361,262	297,446
Long-term liabilities (note 11)	148,419	193,865
Landfill closure and post-closure care liability (note 8)	659,376	651,723
Employee benefits and other liabilities (note 7)	23,352	21,461
	<u>1,912,951</u>	<u>1,825,203</u>
Net financial assets	2,870,706	2,516,956
Non-financial assets:		
Tangible capital assets (note 10)	11,577,334	10,674,057
Prepaid expenses	118,512	121,261
	<u>11,695,846</u>	<u>10,795,318</u>
Accumulated surplus (note 14)	<u>\$ 14,566,552</u>	<u>\$ 13,312,274</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, 2015, with comparative information for 2014

	Budget (note 17)	2015	2014
Revenues:			
Taxation (note 2)	\$ 2,662,228	\$ 2,662,318	\$ 2,552,538
User charges	98,044	122,367	118,468
Government transfers (note 15)	2,505,075	2,469,564	1,991,665
Other:			
Investment income	70,800	72,280	71,390
Penalties and interest on taxes	126,000	131,478	127,104
Donations and other	21,850	43,829	8,881
Total revenues	5,483,997	5,501,836	4,870,046
Expenses:			
Current operations:			
General government	921,218	907,223	1,056,829
Protection to persons and property	687,613	668,542	595,001
Transportation services	2,319,568	1,364,525	1,338,870
Environmental services	204,641	225,479	(135,683)
Health services	393,623	393,113	381,000
Social and family services and housing	442,704	442,703	440,703
Recreational and cultural services	218,069	163,932	152,008
Library services	49,118	48,813	37,561
Planning and development	46,580	33,228	34,321
Total expenses	5,283,134	4,247,558	3,900,610
Annual surplus	200,863	1,254,278	969,436
Accumulated surplus, beginning of year	13,312,274	13,312,274	12,342,838
Accumulated surplus, end of year	\$ 13,513,137	\$ 14,566,552	\$ 13,312,274

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, 2015, with comparative information for 2014

	Budget (note 17)	2015	2014
Annual surplus	\$ 200,863	\$ 1,254,278	\$ 969,436
Acquisition of tangible capital assets	(1,377,098)	(1,377,098)	(1,274,818)
Amortization of tangible capital assets	473,821	473,821	449,455
Loss on disposal of tangible capital assets	-	-	4,155
	(702,414)	351,001	148,228
Change in prepaid expenses	-	2,749	(7,253)
Change in net financial assets	(702,414)	353,750	140,975
Net financial assets, beginning of year	2,516,956	2,516,956	2,375,981
Net financial assets end of year	\$ 1,814,542	\$ 2,870,706	\$ 2,516,956

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, 2015, with comparative information for 2014

	2015	2014
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 1,254,278	\$ 969,436
Items not involving cash:		
Amortization of tangible capital assets	473,821	449,455
Increase in landfill closure and post-closure care liability	7,653	(281,556)
Loss on disposal of tangible capital assets	-	4,155
Increase in employee benefits and other liabilities	1,891	1,232
	1,737,643	1,142,722
Change in non-cash assets and liabilities:		
(Increase) decrease in taxes receivable	(133,158)	136,930
Increase in accounts receivable	(894,444)	(1,775)
Decrease (increase) in prepaid expenses	2,749	(7,253)
(Decrease) increase in accounts payable and accrued liabilities	(6,424)	62,060
Increase (decrease) in deferred revenue - general	240,741	(122,955)
Increase in deferred revenue - obligatory reserve fund	63,816	106,879
Net change in cash from operating activities	1,010,923	1,316,608
Financing activities:		
Principal repayments on net long-term liabilities	(45,446)	(39,187)
Proceeds from long-term liabilities	-	150,000
Net change in financing activities	(45,446)	110,813
Investing activities:		
Increase in investments	(1,881,165)	(2,554,606)
Proceeds from disposition of investments	2,614,106	2,049,068
Net change in cash from investing activities	732,941	(505,538)
Capital activities:		
Acquisition of tangible capital assets	(1,377,098)	(1,274,818)
Net change in cash	321,320	(352,935)
Cash, beginning of year	(174,483)	178,452
Cash (bank indebtedness), end of year	\$ 146,837	\$ (174,483)

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, 2015

The Corporation of the Municipality of Huron Shores (the "Municipality") 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 Municipality are prepared by management in accordance with Canadian generally accepted accounting principles for local governments as recommended of 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 consolidated financial statements.

- (iii) Trust funds and their related operations administered by the Municipality are not included in these consolidated 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 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 Consolidated Financial Statements

Year ended December 31, 2015

1. Significant accounting policies (continued):

(d) 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 consolidated 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 consolidated 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, 2015

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 revenue 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 2015. 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 \$687,133 (2014 - \$619,133). 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, 2015

3. Portfolio investments:

At December 31, 2015, \$2,531,165 (2014 - \$3,264,106) was held in guaranteed investment certificates carrying an effective interest rate between 1.40% and 2.35% with maturity dates ranging from May 2016 to June 2017. Interest is receivable on an annual basis or on maturity. Carrying value approximates market value.

4. Accounts receivable:

Accounts receivable consist of the following:

	2015	2014
Province of Ontario	\$ 986,186	\$ 189,596
HST recoverable	288,768	187,211
Trade and miscellaneous	58,096	61,799
	\$ 1,333,050	\$ 438,606

5. Deferred revenue - general:

Deferred revenue, which is reported on the consolidated statement of financial position is further analyzed as follows:

	2015	2014
Tax prepayments	\$ 21,224	\$ 21,127
Deferred grant revenue	441,237	200,593
Deferred revenue other	1,988	1,988
	\$ 464,449	\$ 223,708

Continuity of deferred revenue - general is as follows:

	2015	2014
Balance, beginning of year:	\$ 223,708	\$ 346,663
Contributions	469,808	204,295
	693,516	550,958
Contributions used	(229,067)	(327,250)
Balance, end of year	\$ 464,449	\$ 223,708

THE CORPORATION OF THE MUNICIPALITY OF HURON SHORES

Notes to Consolidated Financial Statements

Year ended December 31, 2015

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:

	2015	2014
Gas tax funds	\$ 361,262	\$ 297,446

Continuity of deferred revenue – obligatory reserve funds is as follows:

	2015	2014
Balance, beginning of year:	\$ 297,446	\$ 190,567
Contributions	99,780	105,556
Interest	3,530	2,978
	400,756	299,101
Contributions used	(39,494)	(1,655)
Balance, end of year	\$ 361,262	\$ 297,446

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.

	2015	2014
Accumulated retirement allowances	\$ 11,010	\$ 10,464
Vacation pay	12,342	10,997
	\$ 23,352	\$ 21,461

THE CORPORATION OF THE MUNICIPALITY OF HURON SHORES

Notes to Consolidated Financial Statements

Year ended December 31, 2015

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 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 \$659,377 (2014 - \$651,723) 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	
			2015	2014
Day & Bright Township	2016	\$ 483,106	311,378	\$ 311,378
Thompson Township	2026	569,729	335,260	328,097
Village of Iron Bridge	2100	288,900	7,218	6,941
Thessalon Township	2106	282,600	5,520	5,307
Total		\$ 1,624,335	659,376	\$ 651,723

THE CORPORATION OF THE MUNICIPALITY OF HURON SHORES

Notes to Consolidated Financial Statements

Year ended December 31, 2015

9. Collections for school boards:

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

	2015	2014
English public	\$ 444,846	\$ 441,860
English separate	64,936	66,259
French public	3,904	3,914
French separate	15,073	14,907
	<hr/>	<hr/>
	\$ 528,759	\$ 526,940

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, 2015

10. Tangible capital assets:

	2015									
	Land	Land improvements	Buildings	Fixtures, machinery and equipment	Vehicles	Roads infrastructure	Bridges and culverts infrastructure	Street lighting infrastructure	Assets under construction	Total
Cost										
Balance, beginning of the year	\$ 994,795	90,371	1,707,051	692,263	2,223,470	10,887,166	3,824,010	328,389	42,974	\$ 20,790,489
Additions/Transfers	-	-	31,259	12,504	-	909,024	383,596	-	40,715	1,377,098
Disposals	-	-	-	-	-	(91,790)	(50,825)	-	-	(142,615)
Balance, end of year	\$ 994,795	90,371	1,738,310	704,767	2,223,470	11,704,400	4,156,781	328,389	83,689	\$ 22,024,972
Accumulated Amortization										
Balance, beginning of the year	\$ -	(23,713)	(359,658)	(368,964)	(923,339)	(6,632,604)	(1,518,593)	(289,561)	-	\$ (10,116,432)
Disposals/Transfers	-	-	-	-	-	91,790	50,825	-	-	142,615
Amortization expense	-	(3,934)	(26,382)	(43,786)	(99,828)	(213,852)	(77,964)	(8,075)	-	(473,821)
Balance, end of year	\$ -	(27,647)	(386,040)	(412,750)	(1,023,167)	(6,754,666)	(1,545,732)	(297,636)	-	\$ (10,447,638)
Net book value, end of year	\$ 994,795	62,724	1,352,270	292,017	1,200,303	4,949,734	2,611,049	30,753	83,689	\$ 11,577,334
Net book value, beginning of year	\$ 994,795	66,658	1,347,393	323,299	1,300,131	4,254,562	2,305,417	38,828	42,974	\$ 10,674,057

THE CORPORATION OF THE MUNICIPALITY OF HURON SHORES

Notes to Consolidated Financial Statements

Year ended December 31, 2015

10. Tangible capital assets (continued):

		2014											
		Land	Land improvements	Buildings	Fixtures, machinery and equipment	Vehicles	Roads infrastructure	Bridges and culverts infrastructure	Street lighting infrastructure	Assets under construction	Total		
Cost													
Balance, beginning of the 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	
Additions/Transfers		-	4,273	64,558	69,446	290,030	74,437	774,028	18,417	(20,371)		1,274,818	
Disposals		-	-	-	-	-	-	(39,857)	-	-		(39,857)	
Balance, end of year	\$	994,795	90,371	1,707,051	692,263	2,223,470	10,887,166	3,824,010	328,389	42,974	\$	20,790,489	
Accumulated Amortization													
Balance, beginning of the year	\$	-	(19,898)	(334,294)	(323,403)	(829,312)	(6,427,674)	(1,485,797)	(282,301)	-	\$	(9,702,679)	
Disposals/Transfers		-	-	-	-	-	-	35,702	-	-		35,702	
Amortization expense		-	(3,815)	(25,364)	(45,561)	(94,027)	(204,930)	(68,498)	(7,260)	-		(449,455)	
Balance, end of year	\$	-	(23,713)	(359,658)	(368,964)	(923,339)	(6,632,604)	(1,518,593)	(289,561)	-	\$	(10,116,432)	
Net book value, end of year	\$	994,795	66,658	1,347,393	323,299	1,300,131	4,254,562	2,305,417	38,828	42,974	\$	10,674,057	
Net book value, beginning 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	

THE CORPORATION OF THE MUNICIPALITY OF HURON SHORES

Notes to Consolidated Financial Statements

Year ended December 31, 2015

10. Tangible capital assets (continued):

a) Assets under construction:

Assets under construction having a value of \$83,689 (2014 – \$42,974) have not been amortized. Amortization of these assets will commence when the asset is put into service.

During the year, the Municipality added \$40,715 (2014 – \$18,659) to assets under construction. Transfers of \$Nil (2014 – \$39,030) were made from assets under construction to tangible capital assets during the 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:

	2015	2014
Total long-term liabilities incurred by the Municipality	\$ 148,419	\$ 193,865

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

	2016	2017	2018	2019	2015	2014
					Total	Total
From general municipal revenue	\$ 47,296	\$49,223	\$46,396	\$5,504	\$148,419	\$ 193,865

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, 2015

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 2014 was \$66,053 (2014 - \$61,854) is included as an expense on the consolidated statement of financial activities.

13. Trust Funds:

Trust Funds administered by the Municipality amounting to \$48,519 (2014 - \$43,969) have not been included on the consolidated statement of financial position nor have their operations been included in the consolidated statement of operations and accumulated surplus.

14. Accumulated surplus:

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

	2015	2014
Surplus:		
Invested in tangible capital assets	\$ 11,577,334	\$ 10,674,057
Operating surplus	148,745	234,623
Unfunded:		
Landfill closure costs	(659,376)	(651,723)
Net long-term liabilities	(148,419)	(193,865)
Employee benefits	(23,352)	(21,461)
Total surplus	10,894,932	10,041,631
Reserve funds set aside for specific purpose by Council:		
Capital	3,319,482	2,933,143
Cash flow reserves	352,138	337,500
Total reserve funds	3,671,620	3,270,643
	\$ 14,566,552	\$ 13,312,274

THE CORPORATION OF THE MUNICIPALITY OF HURON SHORES

Notes to Consolidated Financial Statements

Year ended December 31, 2015

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:

	2015	2014
Revenue:		
Provincial grants	\$ 2,422,660	\$ 1,981,510
Federal grants	39,591	-
Municipal	7,313	10,155
Total revenues	\$ 2,469,564	\$ 1,991,665

16. Public Sector Salary Disclosure:

During 2015, 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. Budget figures:

The operating budget approved by Council for 2015 was prepared for the purpose of establishing the estimated revenues and expenses for fiscal 2015. The budget established does not include a budget for the amortization of tangible capital assets and includes allocations from reserves.

The budget figures presented in the statement of operations and accumulated surplus and the statement of change in net financial assets (debt) have been restated to be comparable with the Canadian public sector accounting standards. A reconciliation of the Council approved budget and the budget presented in these financial statements is presented below:

Adopted budget:	
Budget annual surplus for the year	\$ -
Adjustments to adopted budget:	
Provided from reserves	(1,003,052)
Provided for reserves	361,727
Amortization of tangible capital assets	(473,821)
Acquisition of tangible capital assets	1,316,009
Restated budgeted annual deficit	\$ 200,863

THE CORPORATION OF THE MUNICIPALITY OF HURON SHORES

Notes to Consolidated Financial Statements

Year ended December 31, 2015

18. Comparative information:

Certain 2014 comparative information have been reclassified to conform to the current year presentation.

19. Segmented information:

The Municipality 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.

THE CORPORATION OF THE MUNICIPALITY OF HURON SHORES

Notes to Consolidated Financial Statements

Year ended December 31, 2015

19. Segmented information (continued):

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.

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.

Library Services

The library department provides public services that contribute 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, 2015

19. Segmented Information (continued):

	General Government Services	Protection Services	Transportation Services	Environmental Services	Health Services	Social & Family Services & Housing	Recreation & Cultural Services	Library Services	Planning and Development	Total 2015
Revenues:										
Taxation	\$ 2,662,318	-	-	-	-	-	-	-	-	\$ 2,662,318
User charges	2,419	43,050	35,621	13,621	6,350	-	18,810	411	2,085	122,367
Government of Canada grants	99,781	-	-	-	-	-	-	-	-	99,781
Province of Ontario grants	2,315,774	1,332	-	18,903	-	-	6,071	20,390	-	2,362,470
Municipal grants	7,313	-	-	-	-	-	-	-	-	7,313
Other	228,348	-	1,862	-	1,251	-	16,126	-	-	247,587
	5,315,953	44,382	37,483	32,524	7,601	-	41,007	20,801	2,085	5,501,836
Expenses:										
Salaries, wages and benefits	509,381	122,968	356,850	76,769	-	-	32,950	27,345	-	1,126,263
Long-term debt charges	-	4,560	2,366	-	-	-	-	-	-	6,926
Rents and financial	70,278	-	1,201	-	-	-	-	-	-	71,479
Operating materials and supplies	198,154	162,672	629,974	98,809	7,790	-	72,489	14,586	19,436	1,203,910
Contracted services	113,323	313,395	-	45,283	-	-	-	1,432	13,792	487,225
Transfer to other governments and the public	1,600	749	20,278	4,465	385,079	442,703	23,060	-	-	877,934
Amortization of tangible capital assets	14,487	64,198	353,856	153	244	-	35,433	5,450	-	473,821
	907,223	668,542	1,364,525	225,479	393,113	442,703	163,932	48,813	33,228	4,247,558
Annual surplus (deficit)	\$ 4,408,730	(624,160)	(1,327,042)	(192,955)	(385,512)	(442,703)	(122,925)	(28,012)	(31,143)	\$ 1,254,278

THE CORPORATION OF THE MUNICIPALITY OF HURON SHORES

Notes to Consolidated Financial Statements

Year ended December 31, 2015

19. Segmented Information (continued):

	General Government Services	Protection Services	Transportation Services	Environmental Services	Health Services	Social & Family Services & Housing	Recreation & Cultural Services	Library Services	Planning and Development	Total 2014
Revenues:										
Taxation	\$ 2,552,538	-	-	-	-	-	-	-	-	\$ 2,552,538
User charges	1,169	39,685	38,326	17,262	250	-	19,626	-	2,150	118,468
Province of Ontario grants	1,929,700	250	-	13,109	-	-	26,684	11,767	-	1,981,510
Municipal grants	10,155	-	-	-	-	-	-	-	-	10,155
Other	197,636	-	-	-	858	-	8,685	196	-	207,375
	4,691,198	39,935	38,326	30,371	1,108	-	54,995	11,963	2,150	4,870,046
Expenses:										
Salaries, wages and benefits	499,671	122,317	342,561	71,930	-	-	30,053	25,016	-	1,091,548
Long-term debt charges	-	4,637	3,026	-	-	-	-	-	-	7,663
Rents and financial	249,840	-	1,200	-	-	-	-	-	-	251,040
Operating materials and supplies	188,719	146,636	639,785	(257,840)	3,486	-	60,860	6,087	13,643	801,376
Contracted services	104,337	262,731	-	44,109	-	-	1,433	-	20,678	433,288
Transfer to other governments and the public	400	749	18,653	5,965	377,270	440,703	22,500	-	-	866,240
Amortization of tangible capital assets	13,862	57,931	333,645	153	244	-	37,162	6,458	-	449,455
	1,056,829	595,001	1,338,870	(135,683)	381,000	440,703	152,008	37,561	34,321	3,900,610
Annual surplus (deficit)	\$ 3,634,369	(555,066)	(1,300,544)	166,054	(379,892)	(440,703)	(97,013)	(25,598)	(32,171)	\$ 969,436

THE CORPORATION OF THE MUNICIPALITY OF HURON SHORES

Notes to Consolidated Financial Statements

Year ended December 31, 2015

20. Change in accounting policies:

The Municipality has implemented Public Sector Accounting Board ("PSAB") section 3260 Liability for contaminated sites. Section 3260 requires governments to record a liability in their financial statements if they have a contaminated site that meets the requirements set out in the standard. The standard defines contamination as the introduction into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The standard generally applies to sites that are not in productive use. Sites that are in productive use are only considered contaminated if there was an unexpected event that resulted in contamination. This change has been applied retroactively without the restatement of prior periods.

The adoption of this standard did not have an impact on the Municipality's financial statements.