

Consolidated Financial Statements of

**THE CORPORATION OF THE  
TOWN OF SMOOTH ROCK FALLS**

Year ended December 31, 2015



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## INDEPENDENT AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers of  
the Corporation of the Town of Smooth Rock Falls

We have audited the accompanying consolidated financial statements of **The Corporation of the Town of Smooth Rock Falls** which comprise the consolidated statement of financial position as at December 31, 2015, the consolidated statements of operations, change in net financial assets (debt) 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on 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, these consolidated financial statements present fairly, in all material respects, the financial position of The Corporation of the Town of Smooth Rock Falls as at December 31, 2015 and its consolidated results of operations, its consolidated changes in net financials assets (debt) and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

*KPMG LLP*

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Chartered Professional Accountants, Licensed Public Accountants

April 4, 2016  
Sudbury, Canada

## **Management's Responsibility for the Consolidated Financial Statements**

The accompanying consolidated financial statements of The Corporation of the Town of Smooth Rock Falls (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 consolidated 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.



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Luc Denault  
Chief Administrative Officer

# THE CORPORATION OF THE TOWN OF SMOOTH ROCK FALLS

Consolidated Financial Statements

Year ended December 31, 2015

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## Consolidated Financial Statements

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# THE CORPORATION OF THE TOWN OF SMOOTH ROCK FALLS

Consolidated Statement of Financial Position

December 31, 2015, with comparative information for 2014

	2015	2014
<b>Financial assets:</b>		
Cash and cash equivalents	\$ 2,513,688	\$ 2,317,696
Due from Government of Canada	260,571	62,862
Due from Province of Ontario	300,000	32,576
Taxes and user charges receivable (note 2)	169,482	169,321
Accounts receivable	51,088	94,308
Long-term investments (note 4)	208,965	1,315,096
Long-term receivables (note 5)	26,545	29,494
	<u>3,530,339</u>	<u>4,021,353</u>
<b>Financial liabilities:</b>		
Accounts payable and accrued liabilities	1,281,850	510,402
Accrued post-retirement benefit obligations (note 6)	77,905	80,710
Deferred revenue (note 7)	5,125	974,618
Deferred revenue - obligatory reserve funds (note 7)	146,795	159,611
Landfill closure and post-closure liability (note 8)	776,000	754,000
Long-term debt (note 9)	1,310,754	169,216
	<u>3,598,429</u>	<u>2,648,557</u>
Net financial assets (debt)	(68,090)	1,372,796
<b>Non-financial assets:</b>		
Tangible capital assets (note 10)	17,941,678	14,907,069
Prepaid expenses	55,953	53,837
	<u>17,997,631</u>	<u>14,960,906</u>
Commitments (note 14)		
<b>Accumulated surplus</b> (note 11)	<u>\$ 17,929,541</u>	<u>\$ 16,333,702</u>

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

On behalf of the Council:



Mayor

# THE CORPORATION OF THE TOWN OF SMOOTH ROCK FALLS

## Consolidated Statement of Operations

Year ended December 31, 2015, with comparative information for 2014

	2015 Budget	2015 Actual	2014 Actual
<b>Revenues:</b>			
Taxation	\$ 2,261,041	\$ 2,266,333	\$ 2,237,120
Fees and user charges	651,785	768,154	722,697
Province of Ontario grants	827,990	2,728,388	1,037,081
Government of Canada grants	326,250	635,059	111,380
Investment income	28,000	48,013	42,902
Other	336,140	249,040	398,722
<b>Total revenues</b>	<b>4,431,206</b>	<b>6,694,987</b>	<b>4,549,902</b>
<b>Expenses:</b>			
Environmental services	809,330	1,172,239	1,286,207
Transportation services	687,430	1,167,271	939,126
General government	804,810	1,151,622	927,723
Recreation and cultural services	601,140	699,876	618,925
Protection to persons and property	405,930	420,920	363,844
Social and family services	266,290	257,602	237,530
Planning and development	155,040	173,469	80,582
Health services	42,210	56,149	55,842
<b>Total expenses</b>	<b>3,772,180</b>	<b>5,099,148</b>	<b>4,509,779</b>
<b>Annual surplus</b>	<b>659,026</b>	<b>1,595,839</b>	<b>40,123</b>
Accumulated surplus, beginning of year	16,333,702	16,333,702	16,293,579
<b>Accumulated surplus, end of year (note 11)</b>	<b>\$ 16,992,728</b>	<b>\$ 17,929,541</b>	<b>\$ 16,333,702</b>

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

# THE CORPORATION OF THE TOWN OF SMOOTH ROCK FALLS

## Consolidated Statement of Change in Net Financial Assets (Debt)

Year ended December 31, 2015, with comparative information for 2014

	2015 Budget	2015 Actual	2014 Actual
Annual surplus	\$ 659,026	\$ 1,595,839	\$ 40,123
Acquisition of tangible capital assets	(349,210)	(4,024,222)	(720,298)
Amortization of tangible capital assets	-	989,613	908,249
Loss (gain) on disposal of tangible capital assets	-	(530)	8,500
Proceeds on disposal of tangible capital assets	-	530	7,029
Use of prepaid expenses	-	53,837	57,261
Acquisition of prepaid expenses	-	(55,953)	(53,837)
	(349,210)	(3,036,725)	206,904
<b>Change in net financial assets (debt)</b>	<b>309,816</b>	<b>(1,440,886)</b>	<b>247,027</b>
Net financial assets, beginning of year	1,372,796	1,372,796	1,125,769
<b>Net financial assets (debt), end of year</b>	<b>\$ 1,682,612</b>	<b>\$ (68,090)</b>	<b>\$ 1,372,796</b>

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



# THE CORPORATION OF THE TOWN OF SMOOTH ROCK FALLS

## 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	\$ 1,595,839	\$ 40,123
Items not involving cash:		
Amortization of tangible capital assets	989,613	908,249
Loss (gain) on disposal of tangible capital assets	(530)	8,500
Proceeds on disposal of tangible capital assets	530	7,029
Change in post-retirement benefit obligations	(2,805)	(1,811)
Change in landfill closure and post-closure liability	22,000	89,000
	2,604,647	1,051,090
Change in non-cash assets and liabilities:		
Increase in taxes and user charges receivable	(162)	(42,115)
Decrease (increase) in due from Province of Ontario	(267,424)	16,274
Decrease (increase) in due from Government of Canada	(197,709)	2,877
Decrease (increase) in accounts receivable	43,220	(24,915)
Decrease (increase) in prepaid expenses	(2,116)	3,424
Increase in accounts payable and accrued liabilities	771,449	61,793
Increase (decrease) in deferred revenue	(969,493)	974,618
Increase (decrease) in deferred revenue - obligatory reserve funds	(12,816)	8,455
Net change in cash from operating activities	1,969,596	2,051,501
Capital activities:		
Cash used to acquire tangible capital assets	(4,024,222)	(720,298)
Net change in cash from capital activities	(4,024,222)	(720,298)
Financing activities:		
Repayment of long-term debt	(36,265)	(12,105)
Long-term debt issued	1,177,802	181,321
Net change in cash from financing activities	1,141,537	169,216
Investing activities:		
Decrease (increase) in long-term investments	1,106,132	(814,189)
Decrease (increase) in long-term receivable	2,949	(29,494)
Net change in cash from investing activities	1,109,081	(843,683)
<b>Net change in cash and cash equivalents</b>	<b>195,992</b>	<b>656,736</b>
Cash and cash equivalents, beginning of year	2,317,696	1,660,960
<b>Cash and cash equivalents, end of year</b>	<b>\$ 2,513,688</b>	<b>\$ 2,317,696</b>

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

# THE CORPORATION OF THE TOWN OF SMOOTH ROCK FALLS

Notes to Consolidated Financial Statements

Year ended December 31, 2015

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The Corporation of the Town of Smooth Rock Falls (the "Municipality") is a single-tier municipal corporation located in Northern Ontario. It conducts its operations guided by the provisions of provincial statutes such as the Municipal Act, Municipal Affairs 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 by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by the Municipality are as follows:

### (a) Reporting entity:

These consolidated financial statements reflect the assets, liabilities, revenues, expenses and fund balances 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 consolidated financial statements include the Smooth Rock Falls Public Library Board.

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

### (b) Basis of accounting:

Sources of financing and expenses are reported on the accrual basis of accounting.

The accrual basis of accounting recognizes revenues as they become available and measurable. Expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

# THE CORPORATION OF THE TOWN OF SMOOTH ROCK FALLS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2015

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## 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, construction, development 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	15
Buildings	20 - 40
Vehicles	5 - 10
Equipment	3 - 20
Roads, bridges and culverts	15 - 50
Water and sewer	15 - 50

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.

### (d) Revenue recognition:

The Municipality prepared tax billings based on assessment rolls issued by Municipal Property Assessment Corporation, in accordance with rates established and approved annually by Council and the Province of Ontario. Taxation revenue is recognized in the period in which the taxes are levied.

# THE CORPORATION OF THE TOWN OF SMOOTH ROCK FALLS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2015

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## 1. Significant accounting policies (continued):

### (d) Revenue recognition (continued):

Government transfers are recognized in the period in which the events giving rise to the transfer occurred, provided that the transfer is authorized and the amount can be reasonably estimated. Government grants are recognized when approved to the extent the related expenses have been incurred and collection can be reasonably assured.

User fees and other revenues are recognized when the services are performed or goods are delivered, collection of the relevant receivable is probable, persuasive evidence of an arrangement exists and fees are fixed or determinable. Amounts received for future services are deferred until the service is provided.

### (e) Use of estimates:

The preparation of the consolidated financial statements in conformity with Canadian public sector accounting standards 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 dates of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting periods. Significant items subject to such estimates and assumptions include valuation allowances for taxes and user charges receivable, accounts receivable, accrued post-retirement benefit obligations and estimating provisions for accrued liabilities and landfill closure and post-closure liabilities. Actual results could differ from those estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the year in which they become known.

In addition, the Municipality's implementation of the Public Sector Accounting Handbook PS3150 has required management to make estimates of historical cost and useful lives of tangible capital assets.

### (f) School Boards:

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 these consolidated financial statements.

### (g) Solid waste management liabilities:

The liability for closure of operational site 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.

# THE CORPORATION OF THE TOWN OF SMOOTH ROCK FALLS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2015

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## 1. Significant accounting policies (continued):

(h) Pensions and employee benefits:

The Municipality accounts for its participation in the Ontario Municipal Employee Retirement System ("OMERS"), a multi-employer public sector pension fund, as a defined contribution plan. Vacation entitlements are accrued for as entitlements are earned.

## 2. Taxes and user charges receivable:

	2015	2014
Current	\$ 108,740	\$ 121,052
Past due	46,050	37,664
Penalties and interest	14,692	10,605
	<u>\$ 169,482</u>	<u>\$ 169,321</u>

## 3. Credit facilities:

The Municipality has available a \$750,000 (2014 - \$750,000) demand line of credit. This unsecured line of credit bears interest at the bank's prime rate. At December 31, 2015 \$Nil (2014 - \$Nil) has been drawn against this facility.

The Municipality also has available a \$375,000 (2014 - \$375,000) demand line of credit for capital projects. This unsecured line of credit bears interest at the bank's prime rate. At December 31, 2015 \$Nil (2014 - \$Nil) has been drawn against this facility.

## 4. Long-term investments:

These investments consist of mutual funds held with Royal Bank Investment Savings and are adjusted to market value at December 31, 2015.

## 5. Long-term receivable:

A long-term receivable in the amount of \$26,545 (2014 - \$29,494) is outstanding from the Smooth Rock Falls Economic Development Corporation for reimbursement of their portion of the Fifth Street Paved Shoulder Project. The receivable is unsecured, interest-free, and is repayable over 10 years.

# THE CORPORATION OF THE TOWN OF SMOOTH ROCK FALLS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2015

## 6. Accrued post-retirement benefits obligations:

The Municipality provides certain employee benefits which will require funding in future periods.

The Municipality does not have an accumulating sick leave plan that permits usage of sick leave accumulated in prior years or permits payout upon termination, death or retirement. The Municipality provides post-retirement non-pension benefits to eligible employees in retirement. The Municipality pays the entire cost of the benefit program. The benefits are provided until the retiree's 65th birthday, or death, whichever comes first.

An actuarial estimate of future liabilities has been completed using the most recent actuarial valuation dated June 17, 2013 and forms the basis for the estimated liability reported in these consolidated financial statements.

The following table sets out the continuity of the accrued benefit obligation.

	2015	2014
Accrued benefit obligation, beginning of year	\$ 80,710	\$ 82,521
Add: Benefit/service cost	3,280	3,092
Add: Interest	3,376	3,501
Less: Benefit payments	(10,366)	(9,309)
Add: Amortization of actuarial loss	905	905
<b>Accrued benefit obligation, end of year</b>	<b>\$ 77,905</b>	<b>\$ 80,710</b>
Unamortized actuarial gains, beginning of year	\$ 7,236	\$ 8,141
Amortization - current year	905	905
<b>Unamortized actuarial gains, end of year</b>	<b>\$ 6,331</b>	<b>\$ 7,236</b>

The significant actuarial assumptions adopted in measuring the Municipality's accrued benefit obligations are as follows:

	2015	2014
Discount rate	4.00%	4.00%
Inflation rate	2.00%	2.00%
Salary escalation	3.00%	3.00%
Dental premium rates	4.00%	4.00%
Travel premium rates	4.00%	4.00%
Health care premium rates	Escalate at 0% in 2013, 5.67% in 2014 reducing to 4.00% in 2019 vs 2018 and 4.00% thereafter.	

# THE CORPORATION OF THE TOWN OF SMOOTH ROCK FALLS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2015

## 7. Deferred revenues:

(a) Deferred revenue:

The continuity of transactions within the deferred revenue are as described below:

	December 31, 2014	Contributions received	Amounts taken to revenue	December 31, 2015
Small Rural and Northern Municipal Infrastructure Fund (7th and 8th Cr.)	\$ 974,618	\$ 900,000	\$(1,874,618)	\$ -
Planning Board Funding Allocation Program (Zoning By-Law)	-	21,157	(16,032)	5,125
	\$ 974,618	\$ 921,157	\$(1,890,650)	\$ 5,125

(b) Deferred revenue - Obligatory Reserve Funds

The continuity of transactions within the obligatory reserve funds are as described below:

	December 31, 2014	Contributions received	Interest received	Amounts taken to revenue	December 31, 2015
Federal gas tax reserves	\$ 159,611	\$ 79,685	\$ -	\$ (92,501)	\$ 146,795

## 8. Landfill closure and post-closure 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 remaining life of the landfill site 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, ongoing environmental monitoring, site inspection and maintenance. The reported liability is based on estimates and assumptions with respect to events extending over a twenty-five year period using the best information available to management. Future events may result in significant changes to the estimated total expenses, 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 TOWN OF SMOOTH ROCK FALLS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2015

## 8. Landfill closure and post-closure liability (continued):

Estimated total expenses represent the sum of the discounted future cash flows for closure and post-closure care activities discounted at Municipality's average long-term borrowing rate of 1.76% (2014 - 2.89%). The estimated total landfill closure and post-closure care expenses are calculated to be \$844,000. The estimated liability for these expenses is recognized as the landfill site's capacity is used. At December 31, 2015 an amount of \$776,000 (2014 - \$754,000) with respect to landfill closure and post-closure liabilities has been accrued.

The estimated remaining capacity of the landfill site is 8% of its total estimated capacity and its estimated remaining life is approximately 3 years. The period for post-closure care is estimated to be 25 years.

## 9. Net long-term debt:

The balance of long-term debt is comprised of the following:

	2015	2014
Loan payable to Infrastructure Ontario (IO), payable in monthly installments of interest only at a variable rate provided by the Ontario Financing Authority, due in 2036	\$ 1,177,803	\$ -
Loan payable to Infrastructure Ontario (IO), payable in semi-annual installments of blended principal and interest at a rate of 2.03%, due in 2019	84,736	108,947
Loan payable to Infrastructure Ontario (IO), payable in semi-annual installments of blended principal and interest at a rate of 2.0%, due in 2019	48,215	60,269
	<b>\$ 1,310,754</b>	<b>\$ 169,216</b>

The principal repayments payable in the next five years are as follows:

2016	\$ 79,412
2017	80,773
2018	82,177
2019	71,521
2020	48,856
Thereafter	948,015



# THE CORPORATION OF THE TOWN OF SMOOTH ROCK FALLS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2015

## 10. Tangible capital assets:

Cost	Balance at December 31, 2014	Transfers	Additions	Disposals	Balance at December 31, 2015
Land	\$ 244,342	\$ -	\$ 5,000	\$ -	\$ 249,342
Land improvements	196,589	-	-	-	196,589
Buildings	11,342,565	-	128,664	-	11,471,229
Vehicles	601,515	-	-	-	601,515
Equipment	3,137,432	-	29,145	-	3,166,577
Roads, bridges and culverts	10,544,706	-	3,861,413	-	14,406,119
Water and sewer	8,438,677	-	-	-	8,438,677
<b>Total</b>	<b>\$ 34,505,826</b>	<b>\$ -</b>	<b>\$ 4,024,222</b>	<b>\$ -</b>	<b>\$ 38,530,048</b>

Accumulated amortization	Balance at December 31, 2014	Disposals	Amortization expense	Balance at December 31, 2015
Land improvements	\$ 114,589	\$ -	\$ 7,454	\$ 122,043
Buildings	5,326,844	-	234,061	5,560,905
Vehicles	156,518	-	51,817	208,335
Equipment	2,240,858	-	117,467	2,358,325
Roads, bridges and culverts	6,670,303	-	414,091	7,084,394
Water and sewer	5,089,645	-	164,723	5,254,368
<b>Total</b>	<b>\$ 19,598,757</b>	<b>\$ -</b>	<b>\$ 989,613</b>	<b>\$ 20,588,370</b>

	Net book value December 31, 2014	Net book value December 31, 2015
Land	\$ 244,342	\$ 249,342
Land improvements	82,000	74,546
Buildings	6,015,721	5,910,324
Vehicles	444,997	393,180
Equipment	896,574	808,252
Roads, bridges and culverts	3,874,403	7,321,725
Water and sewer	3,349,032	3,184,309
<b>Total</b>	<b>\$ 14,907,069</b>	<b>\$ 17,941,678</b>

# THE CORPORATION OF THE TOWN OF SMOOTH ROCK FALLS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2015

## 10. Tangible capital assets (continued):

Cost	Balance at December 31, 2014	Transfers	Additions	Disposals	Balance at December 31, 2015
Land	\$ 244,342	\$ -		\$ -	\$ 244,342
Land improvements	196,589	-	-	-	196,589
Buildings	11,231,077	-	111,488	-	11,342,565
Vehicles	578,952	-	22,563	-	601,515
Equipment	2,856,518	-	304,806	(23,892)	3,185,216
Roads, bridges and culverts	10,263,265	-	281,441	-	10,544,706
Water and sewer	8,438,677	-	-	-	8,438,677
<b>Total</b>	<b>\$ 33,809,420</b>	<b>\$ -</b>	<b>\$ 720,298</b>	<b>\$ (23,892)</b>	<b>\$ 34,553,610</b>

Accumulated amortization	Balance at December 31, 2013	Disposals	Amortization expense	Balance at December 31, 2014
Land improvements	\$ 107,135	\$ -	\$ 7,454	\$ 114,589
Buildings	5,089,083	-	237,761	5,326,844
Vehicles	100,714	-	55,804	156,518
Equipment	2,106,154	(8,363)	143,067	2,240,858
Roads, bridges and culverts	6,377,175	-	293,128	6,670,303
Water and sewer	4,918,610	-	171,035	5,089,645
<b>Total</b>	<b>\$ 18,698,871</b>	<b>\$ (8,363)</b>	<b>\$ 908,249</b>	<b>\$ 19,598,757</b>

	Net book value December 31, 2013	Net book value December 31, 2014
Land	\$ 244,342	\$ 244,342
Land improvements	89,454	82,000
Buildings	6,141,994	6,015,721
Vehicles	478,238	444,997
Equipment	750,364	944,358
Roads, bridges and culverts	3,886,090	3,874,403
Water and sewer	3,520,067	3,349,032
<b>Total</b>	<b>\$ 15,110,549</b>	<b>\$ 14,954,853</b>

# THE CORPORATION OF THE TOWN OF SMOOTH ROCK FALLS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2015

## 11. Accumulated surplus:

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

	2015	2014
Surplus:		
Invested in tangible capital assets	\$ 16,630,942	\$ 14,737,853
General deficit	(196,406)	-
Unfunded:		
Employee benefit obligations	(77,905)	(80,710)
Landfill closure costs	(776,000)	(754,000)
<b>Total surplus</b>	<b>15,580,631</b>	<b>13,903,143</b>
Reserves set aside for specific purpose by Council:		
Working funds	99,488	99,487
Fire Hall	10,000	10,000
Parks	17,259	17,259
Administration	154,268	187,470
Road infrastructure	333,337	337,026
Mattagami Centre	10,000	10,000
Outdoor Pool	10,000	10,000
Town Hall	20,000	20,000
Community Hall	10,000	10,000
Landfill	481,436	481,436
Arena	25,000	25,000
Land Development	50,000	50,000
Public Works	88,760	88,760
Water Infrastructure	362,742	383,860
Sewer Infrastructure	152,675	152,675
Solid Waste Management	164,054	164,054
Waste Water Treatment Plant	159,891	183,532
Marketing	100,000	100,000
Tax Stabilization	100,000	100,000
	<b>2,348,910</b>	<b>2,430,559</b>
<b>Accumulated surplus</b>	<b>\$ 17,929,541</b>	<b>\$ 16,333,702</b>

# THE CORPORATION OF THE TOWN OF SMOOTH ROCK FALLS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2015

## 12. Budget:

The chart below reconciles the approved operating and capital budgets of the Municipality to the budget figures reported on the Consolidated Statement of Operations.

Approved budget:	
Total expenses per budget	\$ 4,431,206
Less:	
Capital	(349,210)
Transfers to reserves	(309,816)
	3,772,180
Budget per financial statements	\$ 3,772,180

## 13. Contributions to Unconsolidated Joint Boards:

The following contributions were made by the Municipality to these joint boards:

	2015	2014
Porcupine Health Unit	\$ 42,210	\$ 43,354
District of Cochrane Social Services Administration Board	254,969	234,897
	\$ 297,179	\$ 278,251

## 14. Commitments:

With respect to the sewage and water works systems servicing the municipality, the following charges for operating costs which were billed to the Municipality by Ontario Clean Water Agency, the service provider for these systems, are included in the consolidated statement of operations:

	2015	2014
Sewage disposal system	\$ 153,821	\$ 159,428
Waterworks system	257,545	251,749
	\$ 411,366	\$ 411,177

The Municipality has entered into an agreement that expires on December 31, 2020 with the Ontario Clean Water Agency to provide water and sewer maintenance service for an annual cost of approximately \$408,852. The cost of the services is adjusted annually for inflation and for any additional items resulting from a change in the scope of services.

# THE CORPORATION OF THE TOWN OF SMOOTH ROCK FALLS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2015

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## 14. Commitments (continued):

The Municipality has entered into a police services contract with the Province of Ontario for the provision of police services within municipal boundaries. The contract is effective until December 31, 2020. During the year, \$251,662 (2014 - \$228,345) was expended on police services.

Following amalgamation of the Township of Kendry with the Town of Smooth Rock Falls, the Municipality became responsible for an agreement with the Ministry of the Environment for the installation of sewage rate on benefiting property owners and also a service connection charge over a period of 40 years.

## 15. Pension agreements:

The Municipality makes contributions to the Ontario Municipal Employee Retirement Fund (OMERS) (the "Plan"), which is a multi-employer plan, on behalf of 11 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 2015 was \$70,758 (2014 - \$60,897) for current service.

## 16. Operations of school boards:

During the year, the following taxation revenue was raised and remitted to the school boards:

	2015	2014
Taxation	\$ 532,945	\$ 530,665

## 17. Trust Funds:

The Trust Funds administered by the Municipality amounting to \$34,626 (2014 - \$31,897) have not been included on the consolidated statement of financial position nor have their operations been included on the consolidated statement of operations.

# THE CORPORATION OF THE TOWN OF SMOOTH ROCK FALLS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2015

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## 18. Public sector salary disclosure:

During 2015, one employee was paid a salary, as defined in the Public Sector Salary Disclosure Act, 1996, of \$100,000 or more by the Municipality.

## 19. Segmented information:

The Municipality provides a range of services to its citizens, including police, fire, transportation, recreational and environmental. For management reporting purposes the Municipality's operations and activities are organized and reported by department. Funds were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations.

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

- (a) General Government: Includes corporate services and governance of the Municipality. General government is responsible for human resource management. Support to Council for policy development, by-law development in compliance with the Municipal Act, tax billing and collection responsibilities, financial management reporting, monitoring and overall budget status is provided as well as frontline reception and customer service.
- (b) Protection Services: Includes policing, fire protection, protective inspection and control and emergency measures. The mandate of the police services contract 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. Fire protection includes detection, extinguishing and suppression services; and prevention education and training programs. Inspection and control includes building inspection, by-law enforcement and dog control services.
- (c) Transportation Services: This department provides the winter and summer maintenance, the repair and the construction of the municipal roads system including bridges and culverts.
- (d) Environmental Services: Includes the management and maintenance of water and wastewater system, the landfill site, transfer stations, and the waste collection system that serves the Municipality.
- (e) Health Services: The Municipality provides ambulance services through the District Social Services Board, Cemetery Services and a range of public health services through the Sudbury and District Health Unit.

# THE CORPORATION OF THE TOWN OF SMOOTH ROCK FALLS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2015

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## 19. Segmented information (continued):

- (f) Social and Family Services: The services are provided indirectly by the Municipality through the District Social Services Board and include family and children's services, housing services and seniors clubs.
- (g) Recreation and Cultural Services: Provides recreation and leisure programs and facilities, including community halls, libraries, parks, recreation fields and arena. It also provides building maintenance services to all municipal facilities.
- (h) Planning and Development: Manages rural development for business interest, environmental concerns, heritage matters, local neighbourhoods and community development. It facilitates economic development by providing services for the approval of all land development plans, the application and enforcement of the zoning by-law and official plan, and the provision of geographic information services.

For each segment separately reported in the schedule below, the segment revenue and expenditures represent 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. These municipal services are funded primarily by taxation such as property tax revenue. Taxation and payments-in-lieu of taxes are apportioned to these services based on the net surplus. Certain government transfers, transfer from other funds, and other revenue have been apportioned based on a percentage of budgeted expenses.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 1.

# THE CORPORATION OF THE TOWN OF SMOOTH ROCK FALLS

## Note 19 - Segmented Information

Year ended December 31, 2015

	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation and Cultural Services	Planning and Development	2015 Total
<b>Revenues:</b>									
Fees and user charges	\$ 8,895	-	-	674,490	15,599	-	67,370	1,800	768,154
Province of Ontario grants	782,235	6,764	1,913,370	-	-	-	22,064	3,955	2,728,388
Government of Canada grants	635,059	-	-	-	-	-	-	-	635,059
Investment income	48,013	-	-	-	-	-	-	-	48,013
Other	124,945	-	189	18,750	-	-	105,156	-	249,040
	1,599,147	6,764	1,913,559	693,240	15,599	-	194,590	5,755	4,428,654
<b>Expenses:</b>									
Salaries, wages and benefits	506,239	60,610	378,830	96,899	3,740	-	216,076	78,874	1,341,268
Materials	508,084	43,788	248,064	295,464	8,055	-	339,984	38,223	1,481,662
Contracted services	117,740	271,810	59,680	466,485	43,004	254,969	12,220	56,372	1,282,280
Rents, financial expenses and other	525	-	3,800	-	-	-	-	-	4,325
Amortization of tangible capital assets	19,034	44,712	476,897	313,391	1,350	2,633	131,596	-	989,613
	1,151,622	420,920	1,167,271	1,172,239	56,149	257,602	699,876	173,469	5,099,148
<b>Excess (deficiency) of revenues over expenses</b>	447,525	(414,156)	746,288	(478,999)	(40,550)	(257,602)	(505,286)	(167,714)	(670,494)
<b>Funded through:</b>									
Taxation									2,266,333
<b>Annual surplus</b>									\$ 1,595,839



# THE CORPORATION OF THE TOWN OF SMOOTH ROCK FALLS

## Note 19 - Segmented Information

Year ended December 31, 2014

	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation and Cultural Services	Planning and Development	2014 Total
<b>Revenues:</b>									
Fees and user charges	\$ 1,386	-	-	638,565	10,561	-	69,685	2,500	722,697
Province of Ontario grants	890,543	12,306	125,382	-	-	-	4,895	3,955	1,037,081
Government of Canada grants	111,380	-	-	-	-	-	-	-	111,380
Investment income	42,902	-	-	-	-	-	-	-	42,902
Other	82,281	31,523	29,495	19,010	-	-	236,413	-	398,722
	1,128,492	43,829	154,877	657,575	10,561	-	310,993	6,455	2,312,782
<b>Expenses:</b>									
Salaries, wages and benefits	414,134	38,355	330,839	256,080	4,043	-	201,185	-	1,244,636
Materials	288,468	33,863	211,772	233,246	-	-	260,765	10,336	1,038,450
Contracted services	203,501	244,170	39,472	448,236	48,976	234,897	26,464	70,246	1,315,962
Rents, financial expenses and other	-	-	1,238	-	1,244	-	-	-	2,482
Amortization of tangible capital assets	21,620	47,456	355,805	348,645	1,579	2,633	130,511	-	908,249
	927,723	363,844	939,126	1,286,207	55,842	237,530	618,925	80,582	4,509,779
<b>Excess (deficiency) of revenues over expenses</b>	200,769	(320,015)	(784,249)	(628,632)	(45,281)	(237,530)	(307,932)	(74,127)	(2,196,997)
<b>Funded through:</b>									
Taxation									2,237,120
<b>Annual surplus</b>									\$ 40,123



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## AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

To the Members of Council, Inhabitants and Ratepayers of the Corporation of the Town of Smooth Rock Falls

We have audited and reported separately herein on the consolidated financial statements of the **Corporation of the Town of Smooth Rock Falls** as at and for the year ended December 31, 2015 in accordance with Canadian generally accepted auditing standards.

Our audit was conducted for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole in accordance with Canadian generally accepted auditing standards. The current year's supplementary information included in the Schedule of Library Board Operations is presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion is fairly stated, in all material respects, in relation to the basic consolidated financial statements taken as a whole.

Chartered Professional Accountants, Licensed Public Accountants

April 4, 2016  
Sudbury, Canada

# THE CORPORATION OF THE TOWN OF SMOOTH ROCK FALLS

## Schedule of Library Board Operations

Year ended December 31, 2015, with comparative information for 2014

	Budget 2015	Actual 2015	Actual 2014
<b>Revenue:</b>			
Municipal contribution	\$ 70,700	45,647	61,249
Other	5,440	23,405	5,810
	<u>76,140</u>	<u>69,052</u>	<u>67,059</u>
<b>Expenses:</b>			
Salaries and wages	42,000	42,134	39,154
Employee benefits	11,680	8,400	6,920
Books	9,500	8,846	9,322
Office and other	9,460	6,704	7,772
Professional fees	1,000	1,000	1,000
Telephone	2,500	1,968	2,891
	<u>76,140</u>	<u>69,052</u>	<u>67,059</u>
<b>Excess of revenue over expenses</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>