

APR 14 2016

**CONSOLIDATED FINANCIAL REPORT**

**THE CORPORATION OF THE  
TOWN OF LATCHFORD**

**DISTRICT OF TIMISKAMING**

**YEAR ENDED DECEMBER 31, 2015**

## INDEX

### THE CORPORATION OF THE TOWN OF LATCHFORD

|  | <b>Page Number</b> |
|--|--------------------|
| Management's Responsibility for the Financial Statements | 1                  |
| Auditors' Report   | 2                  |
| Consolidated Statement of Financial Position             | 3                  |
| Consolidated Statement of Operations                     | 4                  |
| Consolidated Statement of Change in Net Debt             | 5                  |
| Consolidated Statement of Cash Flows                     | 6                  |
| Notes to the Consolidated Financial Statements           | 7 - 19             |

## MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

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

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

The financial statements have been audited by Kemp Elliott & Blair LLP, independent external auditors appointed by the Town of Latchford. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Town of Latchford's financial statements.



---

Chief Financial Officer  
Lise Remillard

## **INDEPENDENT AUDITORS' REPORT**

To the Members of Council, Inhabitants  
and Ratepayers of the Corporation  
of the Town of Latchford:

We have audited the accompanying consolidated financial statements of the CORPORATION OF THE TOWN OF LATCHFORD, which comprise the consolidated statement of financial position as at December 31, 2015, and the consolidated statement of operations, consolidated statement of change in net debt and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management and Council's Responsibility for the Consolidated financial statements**

Management and council are responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management and council determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the CORPORATION OF THE TOWN OF LATCHFORD as at December 31, 2015, and its operations, change in net debt and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Kemp Elliott & Blair LLP

*Kemp Elliott & Blair LLP*

Licensed Public Accountants  
New Liskeard, Ontario  
April 14, 2016

Chartered Professional Accountants

**THE CORPORATION OF THE TOWN OF LATCHFORD**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2015**

---


| <b>FINANCIAL ASSETS</b>                              | 2015             | 2014             |
|--|------------------|------------------|
| Cash   | \$ -             | \$ 201,344       |
| Taxes receivable                                     | 144,256          | 143,772          |
| Accounts receivable                                  | 50,546           | 54,112           |
|  | 194,802          | 399,228          |
| <br><b>LIABILITIES</b>                               |                  |                  |
| Bank indebtedness – note 5                           | 51,276           | -                |
| Accounts payable and accrued liabilities             | 122,250          | 356,747          |
| Deferred revenue – other – note 6                    | 59,962           | 59,962           |
| Deferred revenue – obligatory reserve fund – note 7  | 105,500          | 98,996           |
| Landfill closure and post-closure liability – note 8 | 230,000          | 230,000          |
| Municipal debt – note 9                              | 813,619          | 866,005          |
|  | 1,382,607        | 1,611,710        |
| <br><b>NET DEBT</b>                                  | <br>(1,187,805)  | <br>(1,212,482)  |
| <br><b>NON-FINANCIAL ASSETS</b>                      |                  |                  |
| Tangible capital assets – note 14                    | 4,065,178        | 4,235,185        |
| <br><b>ACCUMULATED SURPLUS – note 10</b>             | <br>\$ 2,877,373 | <br>\$ 3,022,703 |

Contingent liabilities and commitments – note 12

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

On behalf of Council:

  
 \_\_\_\_\_  
 Mayor

  
 \_\_\_\_\_  
 Chief Financial Officer

# THE CORPORATION OF THE TOWN OF LATCHFORD

## CONSOLIDATED STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2015

| REVENUES  | 2015                | 2015                | 2014                |
|---|---------------------|---------------------|---------------------|
|   | Budget<br>(Note 2)  | Actual              | Actual              |
| Operating revenues                                |                     |                     |                     |
| Municipal taxation                                | \$ 684,837          | \$ 681,092          | \$ 671,998          |
| Water and sewer user charges                      | 187,866             | 172,589             | 175,352             |
| User charges                                      | 41,495              | 65,925              | 34,448              |
| Revenue from other municipalities                 | 9,000               | 13,752              | 10,045              |
| Provincial grants                                 | 348,355             | 333,202             | 314,463             |
| Federal grants                                    | 25,848              | 59,998              | 6,828               |
| Penalties and interest on taxes                   | 14,500              | 22,071              | 16,425              |
| Provincial Offences Act revenues                  | 6,790               | 7,839               | 6,788               |
| Gain on disposal of tangible capital assets       | -                   | 7,201               | 289                 |
| Other   | 60,905              | 8,425               | 27,338              |
|   | <u>1,379,596</u>    | <u>1,372,094</u>    | <u>1,263,974</u>    |
| Capital revenues                                  |                     |                     |                     |
| Provincial grants                                 | 25,000              | 16,717              | 20,488              |
| Federal grants                                    | -                   | 7,123               | -                   |
|   | <u>25,000</u>       | <u>23,840</u>       | <u>20,488</u>       |
| Total revenues                                    | <u>1,404,596</u>    | <u>1,395,934</u>    | <u>1,284,462</u>    |
| <b>EXPENDITURES</b>                               |                     |                     |                     |
| General government                                | 365,481             | 411,043             | 348,766             |
| Protection to persons and property                | 130,768             | 122,857             | 123,159             |
| Transportation services                           | 214,211             | 218,330             | 211,410             |
| Environmental services                            | 363,755             | 421,972             | 289,390             |
| Health services                                   | 161,400             | 156,203             | 154,770             |
| Social and family services                        | 76,989              | 76,769              | 82,082              |
| Recreation and cultural services                  | 70,880              | 73,195              | 72,505              |
| Planning and development                          | 6,267               | 60,895              | 15,857              |
| Total expenditures                                | <u>1,389,751</u>    | <u>1,541,264</u>    | <u>1,297,939</u>    |
| <b>ANNUAL SURPLUS (DEFICIT)</b>                   | 14,845              | (145,330)           | (13,477)            |
| <b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>     | <u>3,022,703</u>    | <u>3,022,703</u>    | <u>3,036,180</u>    |
| <b>ACCUMULATED SURPLUS, END OF YEAR – note 10</b> | <u>\$ 3,037,548</u> | <u>\$ 2,877,373</u> | <u>\$ 3,022,703</u> |

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

# THE CORPORATION OF THE TOWN OF LATCHFORD

## CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

**FOR THE YEAR ENDED DECEMBER 31, 2015**

|   | 2015<br>Budget<br>(Note 2) | 2015<br>Actual        | 2014<br>Actual        |
|---|----------------------------|-----------------------|-----------------------|
| <b>ANNUAL SURPLUS (DEFICIT)</b>               | \$ 14,845                  | \$ (145,330)          | \$ (13,477)           |
| Acquisition of tangible capital assets        | (25,000)                   | (23,840)              | (57,069)              |
| Amortization of tangible capital assets       | 193,000                    | 192,949               | 193,535               |
| Gain on sale of tangible capital assets       | -                          | (7,201)               | (289)                 |
| Proceeds from sale of tangible capital assets | 1,700                      | 8,099                 | 4,960                 |
| Decrease in net debt                          | 184,545                    | 24,677                | 127,660               |
| Net debt, beginning of year                   | (1,212,482)                | (1,212,482)           | (1,340,142)           |
| <b>NET DEBT, END OF YEAR</b>                  | <b>\$ (1,027,937)</b>      | <b>\$ (1,187,805)</b> | <b>\$ (1,212,482)</b> |

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

# THE CORPORATION OF THE TOWN OF LATCHFORD

## CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2015

|   | 2015               | 2014              |
|---|--------------------|-------------------|
| <b>Operations</b>                                     |                    |                   |
| Annual deficit  | \$ (145,330)       | \$ (13,477)       |
| Charges not affecting cash –                          |                    |                   |
| Amortization  | 192,949            | 193,535           |
| Gain on sale of tangible capital assets               | (7,201)            | (289)             |
|   | <u>40,418</u>      | <u>179,769</u>    |
| Other sources (uses) of cash –                        |                    |                   |
| Change in taxes receivable                            | (484)              | (91,964)          |
| Change in accounts receivable                         | 3,566              | 64,778            |
| Change in accounts payable and accrued liabilities    | (234,497)          | (113,258)         |
| Change in deferred revenue – other                    | -                  | (6,078)           |
| Change in deferred revenue – obligatory reserve fund  | 6,504              | 21,838            |
| Change in landfill closure and post-closure liability | -                  | (36,000)          |
|   | <u>(224,911)</u>   | <u>(160,684)</u>  |
| Total cash provided by (used for) operations          | <u>(184,493)</u>   | <u>19,085</u>     |
| <b>Capital transactions</b>                           |                    |                   |
| Acquisition of tangible capital assets                | (23,840)           | (57,069)          |
| Proceeds from sale of tangible capital assets         | 8,099              | 4,960             |
| Total cash used for capital transactions              | <u>(15,741)</u>    | <u>(52,109)</u>   |
| <b>Financing transactions</b>                         |                    |                   |
| Municipal debt principal repayments                   | <u>(52,386)</u>    | <u>(50,877)</u>   |
| <b>Decrease in cash</b>                               | (252,620)          | (83,901)          |
| Cash, beginning of year                               | <u>201,344</u>     | <u>285,245</u>    |
| <b>Cash (bank indebtedness), end of year</b>          | <u>\$ (51,276)</u> | <u>\$ 201,344</u> |
| <b>Represented by</b>                                 |                    |                   |
| Cash (bank indebtedness)                              | <u>\$ (51,276)</u> | <u>\$ 201,344</u> |

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



# THE CORPORATION OF THE TOWN OF LATCHFORD

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2015

---

The Corporation of the Town of Latchford is a town in the Province of Ontario, Canada. It conducts its operations guided by the provisions of provincial statutes such as the Municipal Act 2001, Provincial Offences Act and other related legislation.

#### 1. **Accounting policies**

The consolidated financial statements of the Corporation of the Town of Latchford are the representation of management and council and are prepared in accordance with generally accepted accounting principles for local government as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants Canada as prescribed for Ontario municipalities by the Ministry of Municipal Affairs.

#### **Use of estimates**

Management has made estimates and assumptions that affect the amounts reported in preparing these consolidated financial statements. Significant areas requiring the use of management estimates relate to the determination of tangible capital assets historical cost, estimated useful life and related amortization and landfill post-closure costs.

#### **Basis of consolidation**

The consolidated financial statements reflect financial assets, liabilities, operating revenues and expenditures, reserves and changes in investment in tangible capital assets of the Town and include the activities of all committees of Council and corporations fully owned and controlled by the Town which are:

The Corporation of the Town of Latchford Medical Centre  
Communities of the Montreal River Power Corp.

All interfund assets and liabilities and sources of financing and expenditures have been eliminated.

#### **Non-consolidated entities**

The following local boards, joint local boards, municipal enterprises and utilities are not consolidated:

*Timiskaming District Health Unit*  
*District of Timiskaming Social Services Administration Board*

Although these are joint local boards they run autonomously to provide those services mandated by the Province. The Town has no control over these programs or their financing. These joint local boards are not proportionately consolidated. The yearly requisitions of these boards are expensed by the Town in its statements.

*Timiskaming Municipal Building Association Chief Building Officer*

The Timiskaming Municipal Building Association Chief Building Officer is a joint cost sharing arrangement for 21 Municipalities. The operations of this board are not proportionately consolidated into these statements because the Town does not have voting control of the board. Building Permit revenues are transferred to this organization. The Town's share of the accumulated surplus at the end of 2014 was \$3,667 (2015 information was not yet available).

#### **Accounting for school board transactions**

The taxation, other revenues, expenditures, assets and liabilities with respect to the operations of the school boards are not reflected in these statements.

# THE CORPORATION OF THE TOWN OF LATCHFORD

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2015

---

#### 1. Accounting policies – continued

##### Tangible capital assets

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

|                         |                |
|-------------------------|----------------|
| Land improvements       | 15 to 30 years |
| Buildings               | 50 years       |
| Vehicles                | 10 to 25 years |
| Machinery and equipment | 5 to 30 years  |
| Roads and bridges       | 7 to 75 years  |
| Water and sewer mains   | 50 years       |

A full year of amortization is charged in the year of acquisition and no amortization is charged in the year of disposal. Assets under construction are not amortized until the asset is available for use.

The Town has no capitalization threshold for land and buildings, a capitalization threshold of \$10,000 for infrastructure systems and \$2,500 for all other assets. Individual assets of lesser value are expensed, unless they are pooled, because, collectively, they have significant value.

##### Deferred revenue – other

The Town receives certain amounts pursuant to funding agreements that may only be used in the conduct of certain programs or in the delivery of specific services and transactions. These amounts are recorded as deferred revenue and are recognized as revenue in the fiscal year the eligibility criteria has been met except when stipulations are present and to the extent that the transfer give rise to an obligation that meets the definition of a liability.

##### Deferred revenue – obligatory reserve funds

The Town receives Federal Gas Tax funding under the authority of the Federal legislation. These funds, by their nature, are restricted in their use and until applied to specific expenses, are recorded as deferred revenue. Amounts applied to qualifying expenses are recorded as revenue in the fiscal period they are expended.

##### Revenue recognition

###### *Government transfers (provincial and federal grants)*

Government transfers are transfers from senior levels of government that are not the result of an exchange transaction and are not expected to be repaid in the future. Government transfers without eligibility criteria or stipulations are recognized as revenue when the transfer is authorized. A transfer with eligibility criteria is recognized as revenue when the transfer is authorized and all eligibility criteria have been met. A transfer with or without eligibility criteria but with stipulation is recognized as revenue in the period the transfer is authorized and all eligibility criteria have been met, except where and to the extent that the transfer gives rise to an obligation that meets the definition of a liability. Government transfers that meet the definition of a liability are recognized as revenue as the liability is extinguished.

# THE CORPORATION OF THE TOWN OF LATCHFORD

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2015

---

1. **Accounting policies – continued**  
**Revenue recognition – continued**

*Taxation and related revenues*

Property tax billings are prepared by the Town based on assessment rolls issued by the Municipal Property Assessment Corporation ("MPAC"). Tax rates are established annually by Council, incorporating amounts to be raised for local services and amounts the Town is required to collect on behalf of the Province of Ontario in respect of education taxes. A normal part of the assessment process is the issue of supplementary assessment rolls, which provide updated information with respect to changes in property assessment. Once a supplementary assessment roll is received, the Town determines the taxes applicable and renders supplementary tax billings. Taxation revenues are recorded when they meet the definition of an asset, the tax is authorized and the taxable event has occurred. Assessments and the related property taxes are subject to appeal. Tax adjustments as a result of appeals are recorded when the results of the appeal process are known.

The Town is entitled to collect interest and penalties on overdue taxes. These revenues are recorded in the period the interest and penalties are levied.

*Fees, service charges and other revenue*

Fees, service charges and other revenue are recognized when earned.

2. **Budget**

The Budget adopted by Council was not prepared on a basis consistent with that used to report actual results according to Public Sector Accounting Standards used on the Consolidated Statement of Operations on page 4. The budget was prepared on a modified accrual basis while Public Sector Accounting Standards now require a full accrual basis. The actual budget is reflected in note 15. It expenses all tangible capital expenditures, does not include amortization expense, reflects proceeds of long-term debt as a revenue, principal repayments of long-term debt as an expense and the full proceeds from the sale of tangible capital assets as a revenue. As a result, the budget figures presented in the consolidated statements of operations and change in net financial assets represent the financial plan adopted by Council with adjustments as follows:

|   | <u>2015</u>      |
|---|------------------|
| Actual budget surplus for the year – note 15        | \$ 30            |
| Add: Budgeted debt principal repayments             | 184,515          |
| Investment in tangible capital assets               | 25,000           |
| Less: Estimated amortization                        | (193,000)        |
| Proceeds from sale of tangible capital assets       | <u>(1,700)</u>   |
| Budget surplus per statement of operations – page 4 | <u>\$ 14,845</u> |

3. **Operations of school boards**

Further to note 1, the taxation levied on behalf of and due to the school boards is:

|  | <u>2015</u>       | <u>2014</u>       |
|--|-------------------|-------------------|
|  | <u>\$ 519,772</u> | <u>\$ 524,782</u> |

# THE CORPORATION OF THE TOWN OF LATCHFORD

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2015

4. **Contributions to Joint Boards**

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

|  | <u>2015</u> | <u>2014</u> |
|--|-------------|-------------|
| Timiskaming District Health Unit                             | \$ 15,348   | \$ 15,860   |
| District of Timiskaming Social Services Administration Board | \$ 135,321  | \$ 140,587  |

5. **Revolving line of credit**

The Town has a \$250,000 business operating line negotiated with the Bank of Nova Scotia with a balance outstanding of \$51,276 (2014 - \$nil). Interest is at bank prime plus 0.5% (currently 3.2%).

6. **Deferred revenue – other**

Deferred revenue – other consists of the following:

|                       | <u>December 31<br/>2014</u> | <u>Funds<br/>Received</u> | <u>Revenue<br/>Earned</u> | <u>December 31<br/>2015</u> |
|-----------------------|-----------------------------|---------------------------|---------------------------|-----------------------------|
| Provincial government | \$ 56,255                   | \$ -                      | \$ -                      | \$ 56,255                   |
| Other                 | 3,707                       | -                         | -                         | 3,707                       |
|                       | <u>\$ 59,962</u>            | <u>\$ -</u>               | <u>\$ -</u>               | <u>\$ 59,962</u>            |

7. **Deferred revenue – obligatory reserve funds**

Deferred revenue – obligatory reserve funds consist of the following:

|                 | <u>December 31<br/>2014</u> | <u>Funds<br/>Received</u> | <u>Revenue<br/>Earned</u> | <u>December 31<br/>2015</u> |
|-----------------|-----------------------------|---------------------------|---------------------------|-----------------------------|
| Federal Gas Tax | \$ 98,996                   | \$ 24,041                 | \$ 17,537                 | \$ 105,500                  |

8. **Landfill closure and post-closure liabilities**

The landfill site is expected to reach capacity in approximately 2030 and have closure and post-closure costs estimated at \$230,000. A liability for the full cost of closure and post-closure costs has already been reflected in the consolidated statement of financial position.

# THE CORPORATION OF THE TOWN OF LATCHFORD

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2015

| 9. <b>Municipal debt</b>   | 2015       | 2014       |
|--|------------|------------|
| Term loan with the Bank of Nova Scotia, payable in monthly installments of \$1,875 plus interest at the bank's prime lending rate plus 1% (currently 3.7%), final installment due July 31, 2017. The debt relates to the construction of the recreation centre.                        | \$ 148,125 | \$ 170,625 |
| A 30 year serial debenture with Ontario Infrastructure, payable in semi-annual blended (principal and interest) payments of \$12,138 with interest at 5.24% per annum and the debenture matures October 15, 2038. The debt relates to improvements to the water treatment plant        | 322,286    | 329,393    |
| A 20 year serial debenture with Ontario Infrastructure, payable in semi-annual blended (principal and interest) payments of \$17,171 with interest at 5.03% per annum and the debenture matures October 16, 2028. The debt relates to paving of roads and purchase of roads equipment. | 324,818    | 342,164    |
| Demand loan with Royal Bank of Canada, payable in monthly installments of \$559 plus interest at a rate of 5.99%, final installment due December 23, 2018. The debt relates to the purchase of a new pick-up truck.  | 18,390     | 23,823     |
|  | \$ 813,619 | \$ 866,005 |

Total interest paid on the loans in 2015 is \$41,502 (2014 - \$44,228).

Principal installments required to be paid over the next five years are as follows:

|        |            |
|--------|------------|
| 2016   | \$ 53,982  |
| 2017   | 158,789    |
| 2018   | 34,930     |
| 2019   | 29,899     |
| 2020   | 31,441     |
| 2021 + | 504,578    |
|        | \$ 813,619 |

# THE CORPORATION OF THE TOWN OF LATCHFORD

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**FOR THE YEAR ENDED DECEMBER 31, 2015**

---

10. **Accumulated surplus**

Reserves represent an appropriation of surplus for a specific purpose, determined by council, are non-statutory and subject to change by council at that time.

|  |                     |                     |
|--|---------------------|---------------------|
| Reserves, surpluses and deficits       | 2015                | 2014                |
| Lot repayment reserve                  | \$ 15,000           | \$ 15,000           |
| Water reserve                          | -                   | 457                 |
| Roads reserve                          | 30,496              | 30,496              |
| Equipment reserve                      | 20,253              | 20,253              |
| Latchford Public Library Board surplus | 6,306               | 8,076               |
| General municipal deficit              | (446,241)           | (420,759)           |
|  | (374,186)           | (346,477)           |
| Amounts to be recovered                |                     |                     |
| Unfinanced municipal debt              | (813,619)           | (866,005)           |
| Net debt                               | (1,187,805)         | (1,212,482)         |
| Non-financial assets                   |                     |                     |
| Invested in tangible capital assets    | 4,065,178           | 4,235,185           |
| <b>Accumulated surplus</b>             | <b>\$ 2,877,373</b> | <b>\$ 3,022,703</b> |

**Non-financial assets**

Non-financial assets are not available to discharge existing liabilities. Amounts invested in tangible capital assets are held for use in the provision of services. They have useful lives extending beyond the current year, and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the Change in Net Financial Assets (Debt) for the year.

11. **Comparative information**

Certain comparative information has been reclassified to conform to the financial statement presentation adopted in the current year. The changes do not affect the prior annual deficit.

12. **Contingent liabilities and commitments**

**Non-Consolidated Entities**

The Town is contingently liable for the deficits and long-term debt of the non-consolidated entities.

**Ontario Municipal Employees Retirement Fund**

All permanent, full-time employees of the Town are eligible to be members of the Ontario Municipal Employees Retirement System ("OMERS"), a multi-employer pension plan. The plan provides defined pension benefits to employees based on their length of service and rates of pay.

As this is a multi-employer pension plan, the contributions by the Town are recognized as an expenditure. No pension liability for this type of plan is recognized in the Town's consolidated financial statements. Contributions made by the Town to OMERS for 2015 were \$18,787 (2014 - \$16,217). The plan had an actuarial deficit of \$7.1 billion at the end of 2014.

# THE CORPORATION OF THE TOWN OF LATCHFORD

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**FOR THE YEAR ENDED DECEMBER 31, 2015**

---

### 12. **Contingent liabilities and commitments - continued**

#### **Legal contingencies**

Various other statements of claim have been issued against the Town claiming damages. Damages, if any, cannot be estimated at this time and in any event, the Town is of the opinion that these claims would be unfounded or covered by insurance after application of a \$5,000 to \$10,000 deductible per claim. Should any loss result, it would be charged to operations when the amount is ascertained.

#### **Funding agreements**

Under the terms of various funding agreements, the Town could have provincial and federal grants become repayable if it is determined that funding was applied towards ineligible costs or if other terms of the agreements were not met. At year end management is of the opinion that all conditions have been met and funding was applied towards eligible costs.

### 13. **Segmented information**

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

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

#### **General Government Services**

General Government services consists of departments that are responsible for adopting bylaws; adopting administrative policy; levying taxes; acquiring, disposing and managing municipal assets; ensuring effective financial management; monitoring performance and ensuring that high quality municipal service standards are met.

#### **Protection Services**

Protection services consists of departments that are responsible for the enforcement of laws, prevention of crime, and maintenance of peace, order, and security by protecting life, property and the environment through the provision of emergency response, thus ensuring safe homes and safe communities.

#### **Transportation Services**

Transportation services consists of departments that are responsible for the delivery of municipal public works services related to planning, design, construction, cleaning, repair, snow removal and signage of roadway systems.

# THE CORPORATION OF THE TOWN OF LATCHFORD

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**FOR THE YEAR ENDED DECEMBER 31, 2015**

---

13. **Segmented information - continued**

**Environmental Services**

Environmental services include water and sewer services as well as garbage and recycling services.

Water and Sewer services include the operation and distribution of water and networking sewer mains and storm sewers.

The Garbage and Recycling services are responsible for the delivery of municipal services including garbage collection and recycling.

**Health Services**

The Town funds a range of public health services through the Timiskaming Health Unit and provides ambulance services through the District Social Services Administration Board.

**Social and Family Services**

The Town funds a range of family and social services through the District Social Services Administration Board which includes social housing, childcare and general assistance.

**Recreation and Cultural Services**

Recreation and Cultural services consists of departments that are responsible for providing, facilitating the development of, and maintaining high quality parks, recreational facilities, and cultural services.

**Planning and Development Services**

Planning and Development services consists of departments that are responsible for preparing land use plans, bylaws and policies for sustainable development of the Town and for reviewing and approving new development.



**THE CORPORATION OF THE TOWN OF LATCHFORD**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2015**

**13. Segmented information - continued**

| Revenues                                       | General                |                        |                            |                           |                    |                                  |   | Total<br>2015 | Total<br>2014 |
|--|------------------------|------------------------|----------------------------|---------------------------|--------------------|----------------------------------|---|---------------|---------------|
|  | Government<br>Services | Protection<br>Services | Transportation<br>Services | Environmental<br>Services | Health<br>Services | Social and<br>Family<br>Services | Recreation<br>and<br>Cultural<br>Services |               |               |
| Operating revenues                             | \$ 681,092             | \$ -                   | \$ -                       | \$ -                      | \$ -               | \$ -                             | \$ -                                      | \$ 681,092    | \$ 671,998    |
| Municipal taxation                             | -                      | -                      | -                          | 172,589                   | -                  | -                                | -   | 172,589       | 175,352       |
| Water and sewer user charges                   | -                      | -                      | -                          | 40,796                    | -                  | -                                | -   | 40,796        | 34,448        |
| User charges                                   | 4,706                  | 3,917                  | 5,598                      | 1,077                     | 6,000              | -                                | 10,908                                    | 65,925        | 10,045        |
| Revenue from other municipalities              | -                      | -                      | 3,000                      | 8,283                     | 85,850             | -                                | 2,875                                     | 13,752        | 314,463       |
| Provincial grants                              | 232,522                | 170                    | -                          | 6,513                     | -                  | -                                | 1,449                                     | 333,202       | 59,998        |
| Federal grants                                 | 1,200                  | -                      | 5,350                      | -                         | -                  | -                                | -   | 22,071        | 16,425        |
| Penalties and interest on taxes                | 22,071                 | -                      | -                          | -                         | -                  | -                                | -   | 7,839         | 6,788         |
| Provincial Offences Act revenues               | -                      | 7,839                  | -                          | -                         | -                  | -                                | -   | -             | -             |
| Gain on disposal<br>of tangible capital assets | 7,201                  | -                      | -                          | -                         | -                  | -                                | -   | -             | 289           |
| Other  | 6,861                  | -                      | 1,238                      | -                         | -                  | -                                | 300                                       | 8,425         | 27,338        |
| Capital revenues                               | 955,653                | 11,926                 | 15,186                     | 229,258                   | 91,850             | -                                | 15,532                                    | 1,372,094     | 1,263,974     |
| Provincial grants                              | -                      | -                      | -                          | 16,717                    | -                  | -                                | -   | 16,717        | 20,488        |
| Federal grants                                 | -                      | -                      | -                          | -                         | -                  | -                                | 7,123                                     | 7,123         | -             |
| Total revenues                                 | 955,653                | 11,926                 | 15,186                     | 245,975                   | 91,850             | -                                | 22,655                                    | 1,395,934     | 1,284,462     |
| Expenditures                                   | 191,881                | 14,167                 | 93,517                     | 62,039                    | 54,566             | -                                | 6,340                                     | 422,510       | 423,483       |
| Wages and benefits                             | -                      | -                      | 18,275                     | 17,168                    | -                  | -                                | 6,058                                     | 41,501        | 44,228        |
| Long-term debt interest                        | -                      | -                      | 49,650                     | 152,358                   | 27,737             | -                                | 22,677                                    | 383,680       | 276,832       |
| Materials                                      | 112,596                | 16,808                 | 13,468                     | 101,135                   | -                  | -                                | -   | 307,393       | 202,993       |
| Contracted services                            | 48,074                 | 85,675                 | -                          | -                         | -                  | -                                | -   | 42,562        | 16,281        |
| Rents and financial expenses                   | 42,562                 | -                      | -                          | -                         | -                  | -                                | -   | 150,669       | 140,587       |
| External transfers                             | -                      | -                      | 43,420                     | 89,272                    | 73,900             | 76,769                           | -   | 192,949       | 193,535       |
| Amortization                                   | 15,930                 | 6,207                  | -                          | -                         | -                  | -                                | 38,120                                    | -             | -             |
| Total expenditures                             | 411,043                | 122,857                | 218,330                    | 421,972                   | 156,203            | 76,769                           | 73,195                                    | 1,541,264     | 1,297,939     |
| Annual surplus (deficit)                       | \$ 544,610             | \$ (110,931)           | \$ (203,144)               | \$ (175,997)              | \$ (64,353)        | \$ (76,769)                      | \$ (50,540)                               | \$ (145,330)  | \$ (13,477)   |

**THE CORPORATION OF THE TOWN OF LATCHFORD**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

14. Schedule of tangible capital assets

|                         | 2015                             |                  |               |                     |                     |  |                         |                     |                                       |                     |                       |
|-------------------------|----------------------------------|------------------|---------------|---------------------|---------------------|--|-------------------------|---------------------|---------------------------------------|---------------------|-----------------------|
|                         | Original<br>Cost<br>Dec 31, 2014 | Additions        | Disposals     | Dec 31, 2015        | Ending<br>Cost      | Opening<br>Accumulated<br>Amortization<br>Dec 31, 2014 | Current<br>Amortization | Dec 31, 2015        | Ending<br>Accumulated<br>Amortization | Dec 31, 2015        | Net<br>Assets<br>2015 |
| General                 |                                  |                  |               |                     |                     |  |                         |                     |                                       |                     |                       |
| Land                    | \$ 138,977                       | \$ -             | \$ 898        | \$ 138,079          | \$ -                | \$ -   | \$ -                    | \$ -                | \$ -                                  | \$ -                | \$ 138,079            |
| Land improvements       | 165,270                          | -                | -             | 165,270             | 91,420              | 91,420   | 4,582                   | 96,002              | 96,002                                | 96,002              | 69,268                |
| Buildings               | 1,987,876                        | 7,123            | -             | 1,994,999           | 701,445             | 701,445  | 41,126                  | 742,571             | 742,571                               | 742,571             | 1,252,428             |
| Machinery and equipment | 2,219,364                        | 16,717           | -             | 2,236,081           | 716,128             | 716,128  | 81,032                  | 797,160             | 797,160                               | 797,160             | 1,438,921             |
| Vehicles                | 401,724                          | -                | -             | 401,724             | 189,630             | 189,630  | 15,172                  | 204,802             | 204,802                               | 204,802             | 196,922               |
| Infrastructure          |                                  |                  |               |                     |                     |  |                         |                     |                                       |                     |                       |
| Roads and bridges       | 956,645                          | -                | -             | 956,645             | 274,339             | 274,339  | 27,970                  | 302,309             | 302,309                               | 302,309             | 654,336               |
| Water main              | 727,430                          | -                | -             | 727,430             | 487,098             | 487,098  | 14,549                  | 501,647             | 501,647                               | 501,647             | 225,783               |
| Sewer main              | 425,896                          | -                | -             | 425,896             | 327,937             | 327,937  | 8,518                   | 336,455             | 336,455                               | 336,455             | 89,441                |
| <b>Total</b>            | <b>\$ 7,023,182</b>              | <b>\$ 23,840</b> | <b>\$ 898</b> | <b>\$ 7,046,124</b> | <b>\$ 2,787,997</b> | <b>\$ 2,787,997</b>                                    | <b>\$ 192,949</b>       | <b>\$ 2,980,946</b> | <b>\$ 2,980,946</b>                   | <b>\$ 4,065,178</b> |                       |

**THE CORPORATION OF THE TOWN OF LATCHFORD**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

14. Schedule of tangible capital assets – continued

2014

|                         | Original<br>Cost<br>Dec 31, 2013 | Additions        | Disposals        | Ending<br>Cost<br>Dec 31, 2014 | Opening Accumulated Amortization |                 | Ending<br>Accumulated<br>Amortization<br>Dec 31, 2014 | Net<br>Assets<br>2014 |
|-------------------------|----------------------------------|------------------|------------------|--------------------------------|----------------------------------|-----------------|---|-----------------------|
|                         |                                  |                  |                  |                                | Dec 31, 2013                     | Disposals       |   |                       |
| General                 |                                  |                  |                  |                                |                                  |                 |   |                       |
| Land                    | \$ 108,977                       | \$ 30,000        | \$ -             | \$ 138,977                     | \$ -                             | \$ -            | \$ -  | \$ 138,977            |
| Land improvements       | 165,270                          | -                | -                | 165,270                        | 86,837                           | -               | 91,420  | 73,850                |
| Buildings               | 1,987,876                        | -                | -                | 1,987,876                      | 660,460                          | -               | 701,445   | 1,286,431             |
| Machinery and equipment | 2,198,072                        | 22,490           | 1,198            | 2,219,364                      | 635,336                          | 1,198           | 716,128   | 1,503,236             |
| Vehicles                | 407,527                          | 4,579            | 10,382           | 401,724                        | 180,398                          | 5,711           | 189,630   | 212,094               |
| Infrastructure          |                                  |                  |                  |                                |                                  |                 |   |                       |
| Roads and bridges       | 956,645                          | -                | -                | 956,645                        | 246,369                          | -               | 274,339   | 682,306               |
| Water main              | 727,430                          | -                | -                | 727,430                        | 472,549                          | -               | 487,098   | 240,332               |
| Sewer main              | 425,896                          | -                | -                | 425,896                        | 319,422                          | -               | 327,937   | 97,959                |
| <b>Total</b>            | <b>\$ 6,977,693</b>              | <b>\$ 57,069</b> | <b>\$ 11,580</b> | <b>\$ 7,023,182</b>            | <b>\$ 2,601,371</b>              | <b>\$ 6,909</b> | <b>\$ 2,787,997</b>                                   | <b>\$ 4,235,185</b>   |

# THE CORPORATION OF THE TOWN OF LATCHFORD

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2015

#### 15. Budgeting

The Town budgets to determine an appropriate tax rate based on all budgeted revenues and expenditures.

The consolidated statement of operations on page 4 has been modified here to exclude amortization and to include tangible capital asset expenditures and the principal repayments on long-term debt.

This modified statement of operations (budget based) is consistent with the budget format used and is presented here with the 2015 budget.

|   | 2015<br>Budget   | 2015<br>Actual     | 2014<br>Actual   |
|---|------------------|--------------------|------------------|
| <b>REVENUES</b>                                   |                  |                    |                  |
| Operating revenues                                |                  |                    |                  |
| Municipal taxation                                | \$ 684,837       | \$ 681,092         | \$ 671,998       |
| Water and sewer user charges                      | 187,866          | 172,589            | 175,352          |
| User charges                                      | 41,495           | 65,925             | 34,448           |
| Revenue from other municipalities                 | 9,000            | 13,752             | 10,045           |
| Provincial grants                                 | 348,355          | 333,202            | 314,463          |
| Federal grants                                    | 25,848           | 59,998             | 6,828            |
| Penalties and interest on taxes                   | 14,500           | 22,071             | 16,425           |
| Provincial Offences Act revenues                  | 6,790            | 7,839              | 6,788            |
| Proceeds from disposal of tangible capital assets | 1,700            | 8,099              | 4,960            |
| Other   | 60,905           | 8,425              | 27,338           |
|   | <u>1,381,296</u> | <u>1,372,992</u>   | <u>1,268,645</u> |
| Capital revenues                                  |                  |                    |                  |
| Provincial grants                                 | 25,000           | 16,717             | 20,488           |
| Federal grants                                    | -                | 7,123              | -                |
| Total revenues                                    | <u>1,406,296</u> | <u>1,396,832</u>   | <u>1,289,133</u> |
| <b>EXPENDITURES</b>                               |                  |                    |                  |
| Operating expenditures                            |                  |                    |                  |
| General government                                | 349,481          | 395,113            | 332,961          |
| Protection to persons and property                | 123,768          | 116,650            | 115,967          |
| Transportation services                           | 171,211          | 174,910            | 168,105          |
| Environmental services                            | 275,755          | 332,700            | 201,400          |
| Health services                                   | 161,400          | 156,203            | 154,770          |
| Social and family services                        | 76,989           | 76,769             | 82,082           |
| Recreation and cultural services                  | 31,880           | 35,075             | 33,262           |
| Planning and development                          | 6,267            | 60,895             | 15,857           |
|   | <u>1,196,751</u> | <u>1,348,315</u>   | <u>1,104,404</u> |
| Long-term debt repayment                          | 184,515          | 52,387             | 50,877           |
| Capital expenditures                              | 25,000           | 23,840             | 57,069           |
| Total expenditures                                | <u>1,406,266</u> | <u>1,424,542</u>   | <u>1,212,350</u> |
| <b>Surplus (deficit) full budget base</b>         | <u>\$ 30</u>     | <u>\$ (27,710)</u> | <u>\$ 76,783</u> |

# THE CORPORATION OF THE TOWN OF LATCHFORD

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2015

16. **Water and Wastewater System**

The Town's operations include the running of a Water and Wastewater facility for some properties in the Town. This schedule is not prepared according to PSAB accounting and is operational. It excludes amortization, includes capital revenue and expenses, and includes proceeds and repayments of long-term debt.

|  | <u>2015</u>         | <u>2014</u>        |
|--|---------------------|--------------------|
| <b>Revenue</b>   |                     |                    |
| Water and sewer user fees                                      | \$ 176,721          | 175,352            |
| Provincial grants - operating                                  | 8,283               | -                  |
| Federal grants - operating                                     | 6,513               | -                  |
| Provincial grants - capital                                    | <u>16,717</u>       | <u>19,989</u>      |
|  | <u>208,234</u>      | <u>195,341</u>     |
| <b>Expenses</b>  |                     |                    |
| Wages and benefits   | 56,832              | 63,798             |
| Materials  | 152,240             | 87,577             |
| Contracted services  | 76,140              | 31,816             |
| Long-term debt - interest                                      | 17,168              | 17,526             |
| - principal  | 7,107               | 6,749              |
| Capital expenditures   | <u>16,717</u>       | <u>22,279</u>      |
|  | <u>326,204</u>      | <u>229,745</u>     |
| <b>Annual deficit (recovered from Town's general revenues)</b> | <u>\$ (117,970)</u> | <u>\$ (34,404)</u> |