

Consolidated Financial Statements of

**THE CORPORATION OF THE
MUNICIPALITY OF TEMAGAMI**

Year ended December 31, 2013

THE CORPORATION OF THE MUNICIPALITY OF TEMAGAMI

Consolidated Financial Statements

Year ended December 31, 2013

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Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of The Corporation of the Municipality of Temagami (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 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 Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the Municipality's consolidated financial statements.

Chief Administrative Officer

Treasurer



KPMG LLP
Chartered Accountants
Claridge Executive Centre
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Sudbury ON P3E 4R6

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INDEPENDENT AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers of
The Corporation of the Municipality of Temagami

We have audited the accompanying consolidated financial statements of **The Corporation of the Municipality of Temagami**, which comprise the consolidated statement of financial position as at December 31, 2013, the consolidated statements of operations, change in net financial assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects the consolidated financial position of The Corporation of the Municipality of Temagami as at December 31, 2013, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.



Comparative Information

The financial statements of The Corporation of the Municipality of Temagami as at and for the year ended December 31, 2012 were audited by another auditor who expressed an unmodified opinion on those statements on April 4, 2013.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

April 10, 2014

Sudbury, Canada

THE CORPORATION OF THE MUNICIPALITY OF TEMAGAMI

Consolidated Statement of Financial Position

December 31, 2013, with comparative information for 2012

	2013	2012
Financial assets:		
Cash	\$ 1,987,176	\$ 1,825,658
Taxes receivable	736,847	569,861
Accounts receivable (note 2)	174,617	172,628
	<u>2,898,640</u>	<u>2,568,147</u>
Financial liabilities:		
Accounts payable and accrued liabilities (note 3)	741,081	390,120
Deferred revenue - general	70,520	50,337
Deferred revenue - obligatory	2,402	59,318
Municipal debt (note 4)	522,638	701,251
Landfill closure liabilities (note 5)	95,000	505,000
	<u>1,431,641</u>	<u>1,706,026</u>
Net financial assets	1,466,999	862,121
Non-financial assets:		
Tangible capital assets (note 6)	13,580,252	13,437,889
	<u>13,580,252</u>	<u>13,437,889</u>
Accumulated surplus (note 7)	<u>\$ 15,047,251</u>	<u>\$ 14,300,010</u>

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

THE CORPORATION OF THE MUNICIPALITY OF TEMAGAMI

Consolidated Statement of Operations and Accumulated Surplus

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

	Budget 2013	Actual 2013	Actual 2012
Revenues:			
Operating revenues:			
Municipal taxation	\$ 3,263,949	\$ 3,291,516	\$ 3,234,402
User charges	652,109	679,658	694,503
Provincial grants	1,205,747	1,830,644	1,801,320
Federal grants	1,920	1,208	8,000
Investment income	14,500	21,468	11,997
Penalties and interest on taxes	72,000	84,995	73,239
Provincial Offences Act revenues	68,348	17,076	19,399
Other	63,466	67,591	39,375
Gain (loss) on sale of tangible capital assets	-	(3,774)	10,000
	5,342,039	5,990,382	5,892,235
Capital revenues:			
Provincial grants	283,659	383,050	122,700
Federal grants	320,852	121,356	113,371
Donations	-	3,356	18,947
	604,511	507,762	255,018
Total revenues	5,946,550	6,498,144	6,147,253
Expenses:			
Current operations:			
General government	945,110	1,024,311	880,678
Protection to persons and property	689,743	635,430	668,702
Transportation services	681,909	1,109,933	1,146,134
Environmental services	595,517	570,821	1,419,441
Health services	152,612	734,442	814,831
Social and family services	1,169,565	1,169,565	1,088,863
Recreational and cultural services	269,536	358,557	326,113
Planning and development	207,178	147,844	203,250
Total expenses	4,711,170	5,750,903	6,548,012
Annual surplus (deficit)	1,235,380	747,241	(400,759)
Accumulated surplus, beginning of the year	15,101,776	14,300,010	14,700,769
Accumulated surplus, end of year	\$ 16,337,156	\$ 15,047,251	\$ 14,300,010

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

THE CORPORATION OF THE MUNICIPALITY OF TEMAGAMI

Consolidated Statement of Change in Net Financial Assets

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

	Budget 2013	Actual 2013	Actual 2012
Annual surplus (deficit)	\$ 1,235,380	\$ 747,241	\$ (400,759)
Acquisition of tangible capital assets	(1,548,367)	(1,081,175)	(515,915)
Amortization of tangible capital assets	-	930,374	897,527
Loss (gain) on sale of tangible capital assets	-	3,774	(10,000)
Proceeds on sale of tangible capital assets	20,000	4,664	10,000
Change in net financial assets	(292,987)	604,878	(19,147)
Net financial asset, beginning of the year	862,121	862,121	881,268
Net financial asset, end of the year	\$ 569,134	\$ 1,466,999	\$ 862,121

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

THE CORPORATION OF THE MUNICIPALITY OF TEMAGAMI

Consolidated Statement of Cash Flows

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

	2013	2012
Cash provided by (used in):		
Operating activities:		
Annual surplus (deficit)	\$ 747,241	\$ (400,759)
Items not involving cash:		
Amortization of tangible capital assets	930,374	897,527
Loss (gain) on sale of tangible capital assets	3,774	(10,000)
Increase (decrease) in landfill closure liabilities	(410,000)	505,000
	<u>1,271,389</u>	<u>991,768</u>
Change in non-cash assets and liabilities:		
Increase in taxes receivable	(166,986)	(77,528)
Decrease (increase) in accounts receivable	(1,989)	5,955
Increase (decrease) in accounts payable and accrued liabilities	350,961	(18,832)
Increase in deferred revenue - general	20,183	-
Increase in deferred revenue - obligatory	(56,916)	-
	<u>1,416,642</u>	<u>901,363</u>
Net change in cash from operating activities		
Financing activities:		
Principal repayments on net long-term liabilities	(178,613)	(178,735)
	<u>(178,613)</u>	<u>(178,735)</u>
Capital activities:		
Proceeds on sale of tangible capital assets	4,664	10,000
Acquisition of tangible capital assets	(1,081,175)	(515,915)
	<u>(1,076,511)</u>	<u>(505,915)</u>
Net change in cash	161,518	216,713
Cash, beginning of year	1,825,658	1,608,945
Cash, end of year	\$ 1,987,176	\$ 1,825,658

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

THE CORPORATION OF THE MUNICIPALITY OF TEMAGAMI

Notes to Consolidated Financial Statements

Year ended December 31, 2013

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

1. Significant accounting policies:

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

(a) Reporting entity:

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

- Parks and Recreation Committee
- Water Supply System
- Planning Board
- Temagami Community Library
- Cemetery Board
- Temagami Ambulance Service

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

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

The taxation, other revenues, expenses, assets and liabilities with respect to the operations of the school boards are not reflected in the municipal fund balances on these financial statements (Note 8).

- (iii) Trust funds and their related operations administered by the Municipality are not included in these financial statements but are reported on separately on the Trust Funds Financial Statements (Note 9).

(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 are earned 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. Amounts applied to specific operating and capital projects are recorded as revenue in the fiscal period in which the funds are expended on these projects.

THE CORPORATION OF THE MUNICIPALITY OF TEMAGAMI

Notes to Consolidated Financial Statements

Year ended December 31, 2013

1. Significant accounting policies (continued):

(c) Tangible capital assets:

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

Asset	Useful Life - Years
Buildings	10 - 50
Heavy equipment	10 - 25
Vehicles	10 - 25
Equipment	5 - 20
Roads	10 - 30
Water distribution lines	40 - 50
Sewer lines	40 - 50
Land improvements	10 - 50

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

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

(i) Contributions of tangible capital assets

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

(ii) Natural resources

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

(iii) Works of art and cultural and historic assets

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

(d) Deferred revenues:

Deferred revenues represent cash received for which the related services or inspections have yet to be performed or eligibility criteria have not been met. These amounts will be recognized as revenues in the fiscal year the services are performed and eligibility criteria have been met.

THE CORPORATION OF THE MUNICIPALITY OF TEMAGAMI

Notes to Consolidated Financial Statements

Year ended December 31, 2013

1. Significant accounting policies (continued):

(e) Landfill liability:

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

(f) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the periods specified. Significant items subject to such estimates and assumptions include the valuation allowances for taxes and accounts receivable, the carrying value of tangible capital assets and provisions for accrued liabilities and landfill 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.

(g) Investments:

Investments are carried at market value.

2. Accounts receivable:

Accounts receivable consist of the following:

	2013	2012
Government of Canada	\$ 96,300	\$ 75,609
Province of Ontario	50,605	15,636
Other	27,712	81,383
	<u>\$ 174,617</u>	<u>\$ 172,628</u>

THE CORPORATION OF THE MUNICIPALITY OF TEMAGAMI

Notes to Consolidated Financial Statements

Year ended December 31, 2013

3. Accounts payable and accrued liabilities:

Accounts payable and accrued liabilities consist of the following:

	2013	2012
Trade and miscellaneous	\$ 695,805	\$ 333,470
Employee benefits obligation	45,275	56,650
	<u>\$ 741,080</u>	<u>\$ 390,120</u>

4. Municipal debt:

Long-term liabilities reported on the consolidated statement of financial position are made up of the following:

	2013	2012
Bank loan payable in monthly installment of \$4,167 plus interest at bank prime rate, due February 2018	\$ 37,027	\$ 87,031
Bank loan payable in monthly installment of \$7,125 plus interest at bank prime, due December 2015 (water system debt)	171,000	256,500
Debenture with the Ontario Infrastructure Projects Corporation bearing interest at 4.19% and payable in semi-annual blended payments of \$27,897, due May 2020	314,611	355,920
A debt at 0% interest, monthly payments of \$300, paid in May 2013	-	1,800
	<u>\$ 522,638</u>	<u>\$ 701,251</u>

Principal due within each of the next five years on municipal debt are as follows:

2014	\$ 165,585
2015	130,381
2016	46,781
2017	48,762
2018	50,826
Thereafter	80,303
	<u>\$ 522,638</u>

THE CORPORATION OF THE MUNICIPALITY OF TEMAGAMI

Notes to Consolidated Financial Statements

Year ended December 31, 2013

5. Landfill closure liabilities:

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

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

Estimated total expenditures represent the sum of the discounted future cash flows for closure and post-closure care activities discounted at the risk-free rate adjusted for the effect of the Municipality's credit standing of 3.0%. The estimated total landfill closure and post-closure care expenditures are calculated to be \$95,000 (2012 - \$505,000). The estimated liability for these expenditures is recognized as the landfill site's capacity is used.

The estimated remaining capacity of the landfill sites is 41,505 cubic meters. The Municipality has established a reserve of \$95,000 to date to provide for these obligations.

THE CORPORATION OF THE MUNICIPALITY OF TEMAGAMI

Notes to Consolidated Financial Statements

Year ended December 31, 2013

6. Tangible capital assets:

Cost	Balance at December 31, 2012	Additions	Disposals	Transfers	Balance at December 31, 2013
Land	\$ 58,764	\$ 3,900	\$ -	\$ -	\$ 62,664
Buildings	7,947,937	696,026	-	-	8,643,963
Land improvements	221,252	-	-	-	221,252
Vehicles	192,028	30,855	-	-	222,883
Equipment	4,838,742	79,062	-	-	4,917,804
Heavy equipment	1,065,153	212,983	(21,090)	-	1,257,046
Roads	3,212,237	58,349	(2,683)	-	3,267,903
Water distribution lines	3,849,902	-	-	-	3,849,902
Sewer lines	3,213,967	-	-	-	3,213,967
Total	\$ 24,599,982	\$ 1,081,175	\$ (23,773)	\$ -	\$ 25,657,384

Accumulated amortization	Balance at December 31, 2012	Disposals	Amortization expense	Amortization expense	Balance at December 31, 2013
Land	\$ -	\$ -	\$ -	\$ -	\$ -
Buildings	1,773,801	-	-	182,380	1,956,181
Land improvements	65,515	-	-	9,347	74,862
Vehicles	122,744	-	-	18,903	141,647
Equipment	1,267,840	-	-	208,531	1,476,371
Heavy equipment	589,601	(12,652)	-	50,717	627,666
Roads	2,115,330	(2,683)	-	319,219	2,431,866
Water distribution lines	2,848,927	-	-	76,998	2,925,925
Sewer lines	2,378,335	-	-	64,279	2,442,614
Total	\$ 11,162,093	\$ (15,335)	\$ -	\$ 930,374	\$ 12,077,132

	Net book value December 31, 2012	Net book value December 31, 2013
Land	\$ 58,764	\$ 62,664
Buildings	6,174,136	6,687,782
Land improvements	155,737	146,390
Vehicles	69,284	81,236
Equipment	3,570,902	3,441,433
Heavy equipment	475,552	629,380
Roads	1,096,907	836,037
Water distribution lines	1,000,975	923,977
Sewer lines	835,632	771,353
Total	\$ 13,437,889	\$ 13,580,252

THE CORPORATION OF THE MUNICIPALITY OF TEMAGAMI

Notes to Consolidated Financial Statements

Year ended December 31, 2013

6. Tangible capital assets (continued):

Cost	Balance at December 31, 2011	Additions	Disposals	Balance at December 31, 2012
Land	\$ 45,040	\$ 13,724	\$ -	\$ 58,764
Buildings	7,756,938	190,999	-	7,947,937
Land improvements	190,257	30,995	-	221,252
Vehicles	192,028	-	-	192,028
Equipment	4,588,376	250,366	-	4,838,742
Heavy Equipment	1,065,153	-	-	1,065,153
Roads	3,182,406	29,831	-	3,212,237
Water distribution lines	3,849,902	-	-	3,849,902
Sewer lines	3,213,967	-	-	3,213,967
Total	\$ 24,084,067	\$ 515,915	\$ -	\$ 24,599,982

Accumulated amortization	Balance at December 31, 2011	Disposals	Amortization expense	Balance at December 31, 2012
Land	\$ -	\$ -	\$ -	\$ -
Buildings	1,614,210	-	159,591	1,773,801
Land improvements	56,168	-	9,347	65,515
Vehicles	103,541	-	19,203	122,744
Equipment	1,063,188	-	204,652	1,267,840
Heavy equipment	538,040	-	51,561	589,601
Roads	1,803,434	-	311,896	2,115,330
Water distribution lines	2,771,929	-	76,998	2,848,927
Sewer lines	2,314,056	-	64,279	2,378,335
Total	\$ 10,264,566	\$ -	\$ 897,527	\$ 11,162,093

	Net book value December 31, 2011	Net book value December 31, 2012
Land	\$ 45,040	\$ 58,764
Buildings	6,142,728	6,174,136
Land improvements	134,089	155,737
Vehicles	88,487	69,284
Equipment	3,525,188	3,570,902
Heavy equipment	527,113	475,552
Roads	1,378,972	1,096,907
Water distribution lines	1,077,973	1,000,975
Sewer lines	899,911	835,632
Total	\$ 13,819,501	\$ 13,437,889

THE CORPORATION OF THE MUNICIPALITY OF TEMAGAMI

Notes to Consolidated Financial Statements

Year ended December 31, 2013

6. Tangible capital assets (continued):

a) Assets under construction:

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

During the year, the Municipality added \$Nil (2012 - \$Nil) to assets under construction and transferred \$Nil (2012 - \$Nil) from assets under construction to tangible capital assets.

b) Contributed tangible capital assets:

Contributed capital assets have been recognized at fair market value at the date of contribution. The value of contributed assets received during the year is \$Nil (2012 - \$Nil).

c) Works of art and historical treasures:

The Municipality manages and controls various works of art and non-operational historical cultural assets including buildings, artifacts, paintings and sculptures located at Municipal sites and public display areas. These assets are not recorded as tangible capital assets and are not amortized. The value of works of art and historical treasures held by the Municipality in the form of buildings totaled \$Nil (2012 - \$Nil).

d) Write-down of tangible capital assets:

The write-down of tangible capital assets during the year was \$Nil (2012 - \$Nil).

THE CORPORATION OF THE MUNICIPALITY OF TEMAGAMI

Notes to Consolidated Financial Statements

Year ended December 31, 2013

7. Accumulated surplus:

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

	2013	2012
Surplus (deficit):		
Invested in tangible capital assets	\$ 13,580,252	\$ 13,437,889
General municipal	340,392	47,457
Amounts to be recovered:		
Unfinanced municipal debt - operating	(208,027)	(345,331)
Unfinanced municipal debt - grinder pumps	(314,611)	(355,920)
Total surplus	13,398,006	12,784,095
Reserves set aside by Council for:		
- Working capital	961,559	961,559
- Arena	54,925	44,925
- Public Works Building	102,000	82,000
- Official Plan Review	44,230	44,230
- Survey	21,291	21,291
- Lot Creation and Development	50,000	50,000
- Plow and sander truck	-	70,000
- Future Improvements Lake Temagami Access Road	50,000	50,000
- Town roads service	60,000	50,000
- Marten River Fire Department five year plan	80,000	60,000
- Temagami fire truck	40,000	20,000
- Grinder service	58,797	61,910
- Mine Road	10,000	-
- Solid Waste Management	95,000	-
- OMB Hearing	20,000	-
- Cemetery Columbarium / Memory Wall	1,443	-
	1,649,245	1,515,915
Accumulated surplus	\$ 15,047,251	\$ 14,300,010

THE CORPORATION OF THE MUNICIPALITY OF TEMAGAMI

Notes to Consolidated Financial Statements

Year ended December 31, 2013

8. Operations of school boards:

Further to note 1 (a) (ii), the property taxes collected on behalf of the school boards are \$1,985,276 (2012 - \$2,082,589).

9. Trust Funds:

Trust Funds administered by the Municipality amounting to \$35,180 (2012 - \$34,478) have not been included on the consolidated statement of financial position nor have their operations been included in the consolidated statement of operations and accumulated surplus.

10. Pension agreement:

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

The amount contributed to OMERS for 2013 was \$100,860 (2012 - \$80,650) for current service.

11. Budget figures:

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. As a result, the budget figures presented in the consolidated statement of operations and accumulated surplus and change in net financial assets represent the financial plan adopted by Council with adjustment as follows:

	2013
Annual surplus per budget approved by Council	\$ -
Less:	
Internal transfers	(511,702)
Add:	
Investment in tangible capital assets	1,548,367
Debt principal repayments	198,715
Surplus per revised budget	\$ 1,235,380

THE CORPORATION OF THE MUNICIPALITY OF TEMAGAMI

Notes to Consolidated Financial Statements

Year ended December 31, 2013

12. Public Sector Salary Disclosure:

During 2013, one employee was paid a salary, as defined in the Public Sector Salary Disclosure Act, 1996, of \$100,000 or more by the Municipality.

13. Comparative figures:

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

14. Segmented information:

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

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

General Government Services

The Departments within General Government Services 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

Services provided in this segment include 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

Areas of responsibility include planning, design, construction, cleaning, repair, snow removal and signage.

THE CORPORATION OF THE MUNICIPALITY OF TEMAGAMI

Notes to Consolidated Financial Statements

Year ended December 31, 2013

14. Segmented information (continued):

Environmental Services

The 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, storm sewers and the pump station.

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

Health Services

The Municipality funds a range of public health services and provides cemetery services through the Health Unit.

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 and housing services.

Recreation and Cultural Services

The Department is responsible for providing, facilitating the development of, and maintaining high quality parks, recreational facilities, and cultural services.

Planning and Development

The Planning and Development Department is responsible for preparing land use plans, bylaws and policies for sustainable development of the Municipality and for reviewing and approving new development, some of which is carried out by the Manitoulin Planning Board of which the Municipality is a member.

THE CORPORATION OF THE MUNICIPALITY OF TEMAGAMI

Schedule to Note 14 - Segmented Information

Year ended December 31, 2013

	General Government Services	Protection Services	Transportation Services	Environmental Services	Health Services	Social & Family Services	Recreation & Cultural Services	Planning and Development	Total 2013
Revenues:									
Operating revenues:									
Municipal taxes	\$ 3,291,516	-	-	-	-	-	-	-	3,291,516
User charges	44,107	75,582	3,250	523,831	5,393	-	15,235	12,260	679,658
Provincial grants	1,131,949	-	640	21,737	662,750	-	13,568	-	1,830,644
Federal grants	-	-	-	-	-	-	1,208	-	1,208
Investment income	21,468	-	-	-	-	-	-	-	21,468
Penalties and interest on taxes	84,995	-	-	-	-	-	-	-	84,995
Provincial Offences Act revenues	-	17,076	-	-	-	-	-	-	17,076
Other	816	6,552	4,481	22,754	104	-	18,257	14,627	67,591
Gain (loss) on sale of assets	(3,774)	-	-	-	-	-	-	-	(3,774)
Capital revenues:									
Provincial grants	383,050	-	-	-	-	-	-	-	383,050
Federal grants	114,602	-	-	-	-	-	-	6,754	121,356
Donations	-	3,356	-	-	-	-	-	-	3,356
	5,068,729	102,566	8,371	568,322	668,247	-	48,268	33,641	6,498,144
Expenses:									
Salaries, wages and benefits	460,146	122,801	368,264	69,723	561,300	-	130,042	97,396	1,809,672
Long-term debt interest	8,481	-	-	14,485	-	-	-	-	22,966
Materials	306,969	140,011	303,721	(295,868)	68,304	-	141,162	27,373	691,672
Contracted services	180,056	342,972	25,298	426,436	57,994	-	5,406	20,581	1,058,743
Rents and financial	5,356	-	22,904	-	-	-	-	-	28,260
External transfers	-	-	-	-	39,650	1,169,565	-	-	1,209,215
Amortization of tangible capital assets	63,303	29,646	389,746	356,045	7,194	-	81,947	2,494	930,375
	1,024,311	635,430	1,109,933	570,821	734,442	1,169,565	358,557	147,844	5,750,903
Annual surplus (deficit)	\$ 4,044,418	(532,864)	(1,101,562)	(2,499)	(66,195)	(1,169,565)	(310,289)	(114,203)	\$ 747,241

THE CORPORATION OF THE MUNICIPALITY OF TEMAGAMI

Schedule to Note 14 - Segmented Information

Year ended December 31, 2012

	General Government Services	Protection Services	Transportation Services	Environmental Services	Health Services	Social & Family Services	Recreation & Cultural Services	Planning and Development	Total 2012
Revenues:									
Operating revenues:									
Municipal taxes	\$ 3,234,402	-	-	-	-	-	-	-	3,234,402
User charges	42,427	59,374	537	552,734	5,830	-	18,401	15,200	694,503
Provincial grants	1,102,195	-	2,560	23,695	659,879	-	15,712	(2,721)	1,801,320
Federal grants	-	-	-	-	-	-	8,000	-	8,000
Investment income	11,997	-	-	-	-	-	-	-	11,997
Penalties and interest on taxes	73,239	-	-	-	-	-	-	-	73,239
Provincial Offences Act revenues	-	19,399	-	-	-	-	-	-	19,399
Other	3,139	9,455	789	-	1,014	-	9,003	15,975	39,375
Gain (loss) on sale of assets	10,000	-	-	-	-	-	-	-	10,000
Capital revenues:									
Provincial grants	-	-	-	-	-	-	122,700	-	122,700
Federal grants	113,371	-	-	-	-	-	-	-	113,371
Donations	-	18,947	-	-	-	-	-	-	18,947
	4,590,770	107,175	3,886	576,429	666,723	-	173,816	28,454	6,147,253
Expenses:									
Salaries, wages and benefits	416,917	118,009	380,987	65,213	509,915	-	116,223	106,816	1,714,080
Long-term debt interest	12,582	-	-	16,163	-	-	-	-	28,745
Materials	282,515	116,957	334,788	590,978	46,282	-	121,423	59,659	1,552,602
Contracted services	120,374	405,179	25,198	396,385	100,286	-	5,949	34,281	1,087,652
Rent and financial	4,485	-	22,904	-	-	-	-	-	27,389
External transfers	-	-	-	-	151,154	1,088,863	-	-	1,240,017
Amortization of tangible capital assets	43,805	28,557	382,257	350,702	7,194	-	82,518	2,494	897,527
	880,678	668,702	1,146,134	1,419,441	814,831	1,088,863	326,113	203,250	6,548,012
Annual surplus (deficit)	\$ 3,710,092	(561,527)	(1,142,248)	(843,012)	(148,108)	(1,088,863)	(152,297)	(174,796)	\$ (400,759)