

Consolidated Financial Statements of

**THE CORPORATION OF THE
MUNICIPALITY OF KILLARNEY**

Year ended December 31, 2015

Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of The Corporation of the Municipality of Killarney (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.

Gilles Legault
Deputy Treasurer

Candy Beauvais
Clerk-Treasurer



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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated financial statements of **The Corporation of the Municipality of Killarney** which comprise the consolidated statement of financial position as at December 31, 2015, the consolidated statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards and for such internal control as management determines is necessary to enable the preparation of 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 Municipality of Killarney as at December 31, 2015 and its results of operations, its change in net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

June 8, 2016

Sudbury, Canada

THE CORPORATION OF THE MUNICIPALITY OF KILLARNEY

Consolidated Financial Statements

Year ended December 31, 2015

Consolidated Financial Statements

Consolidated Statement of Financial Position	1
Consolidated Statement of Operations and Accumulated Surplus	2
Consolidated Statement of Change in Net Financial Assets	3
Consolidated Statement of Cash Flows	4
Notes to Consolidated Financial Statements	5 - 18

THE CORPORATION OF THE MUNICIPALITY OF KILLARNEY

Consolidated Statement of Financial Position

December 31, 2015, with comparative information for 2014

	2015	2014
Financial assets:		
Cash	\$ 1,624,446	\$ 1,239,047
Taxes receivable (note 2)	267,303	205,582
Accounts receivable	346,851	279,408
Water capital debenture (note 4)	510,094	561,285
	<u>2,748,694</u>	<u>2,285,322</u>
Financial liabilities:		
Accounts payable and accrued liabilities	394,524	287,682
Deferred revenue - obligatory reserve funds (note 5)	34,411	27,462
Deferred revenue	37,682	43,599
Landfill closure and post-closure liability (note 6)	860,000	801,000
Long-term debt (note 7)	1,086,089	1,035,424
	<u>2,412,706</u>	<u>2,195,167</u>
Net financial assets	335,988	90,155
Non-financial assets:		
Tangible capital assets (note 8)	10,879,477	11,470,285
Prepaid expenses	22,503	21,402
	<u>10,901,980</u>	<u>11,491,687</u>
Commitments (note 12)		
Contingencies (note 13)		
Accumulated surplus (note 9)	\$ 11,237,968	\$ 11,581,842

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

On behalf of the Council:

 _____ Mayor

THE CORPORATION OF THE MUNICIPALITY OF KILLARNEY

Consolidated Statement of Operations and Accumulated Surplus

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

	2015 Budget (note 10)	2015 Actual	2014 Actual
Revenue:			
Taxation	\$ 2,071,414	\$ 2,076,093	\$ 1,925,012
Fees and user charges	651,967	606,619	600,898
Province of Ontario grants	828,875	839,504	1,256,657
Government of Canada grants	119,551	37,324	482,212
Investment income	5,000	10,990	12,170
Other income	65,273	70,825	72,069
Total revenue	3,742,080	3,641,355	4,349,018
Expenses:			
General government	709,191	773,809	743,610
Protection to persons and property	267,565	249,669	249,291
Transportation services	496,748	608,337	505,658
Environment services	679,491	1,042,264	1,040,726
Health, social and family services	1,009,906	1,011,715	938,627
Recreational and cultural services	136,961	248,617	232,943
Planning and development	50,920	50,818	72,729
Total expenses	3,350,782	3,985,229	3,783,584
Annual surplus (deficit)	391,298	(343,874)	565,434
Accumulated surplus, beginning of year	11,581,842	11,581,842	11,016,408
Accumulated surplus, end of year	\$ 11,973,140	\$ 11,237,968	\$ 11,581,842

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

THE CORPORATION OF THE MUNICIPALITY OF KILLARNEY

Consolidated Statement of Change in Net Financial Assets

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

	2015	2014
Annual surplus (deficit)	\$ (343,874)	\$ 565,434
Acquisition of tangible capital assets	(87,475)	(1,599,267)
Amortization of tangible capital assets	678,283	630,629
Change in prepaid expenses	(1,101)	(971)
	589,707	(969,609)
Change in net financial assets	245,833	(404,175)
Net financial assets, beginning of year	90,155	494,330
Net financial assets, end of year	\$ 335,988	\$ 90,155

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

THE CORPORATION OF THE MUNICIPALITY OF KILLARNEY

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 (deficit)	\$ (343,874)	\$ 565,434
Items not involving cash:		
Amortization of tangible capital assets	678,283	630,629
Change in landfill closure and post-closure liability	59,000	32,000
	393,409	1,228,063
Change in non-cash assets and liabilities:		
Decrease (increase) in taxes receivable	(61,721)	2,954
Decrease (increase) in accounts receivable	(67,443)	153,129
Increase in prepaid expenses	(1,101)	(971)
Increase (decrease) in accounts payable and accrued liabilities	106,842	(6,292)
Increase in deferred revenue - obligatory reserve funds	6,949	9,434
Decrease in deferred revenue	(5,917)	(171,937)
Net change in cash from operating activities	371,018	1,214,380
Capital activities:		
Cash used to acquire tangible capital assets	(87,475)	(1,599,267)
Financing activities:		
Proceeds from issuance of long-term debt	200,000	233,000
Repayment of long-term debt	(149,335)	(105,084)
Net change in cash from financing activities	50,665	127,916
Investing activities:		
Payment received on water capital debenture	51,191	51,191
Cash (bank indebtedness) and cash equivalents	385,399	(205,780)
Cash and cash equivalents, beginning of year	1,239,047	1,444,827
Cash and cash equivalents, end of year	\$ 1,624,446	\$ 1,239,047

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

THE CORPORATION OF THE MUNICIPALITY OF KILLARNEY

Notes to Consolidated Financial Statements

Year ended December 31, 2015

The Corporation of the Municipality of Killarney (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:

Consolidated entities:

These consolidated financial statements reflect the assets, liabilities, revenues, expenses and fund balances of the reporting entity. The reporting entity includes 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 Killarney Community Centre and the Killarney Health Centre.

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

Related entities:

The following joint local boards are not consolidated:

The Manitoulin-Sudbury District Social Services Administration
Board

Sudbury District Health Unit

(b) Basis of accounting:

Revenues 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 MUNICIPALITY OF KILLARNEY

Notes to Consolidated Financial Statements

Year ended December 31, 2015

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 the estimated useful lives as follows:

Asset	Useful Life - Years
Buildings	25 - 40
Machinery and equipment	5 - 10
Vehicles	5
Plants and facilities	15 - 75
Linear assets	10 - 90

One-half of the annual amortization is charged in the year of acquisition. 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) Landfill closure and post-closure 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 MUNICIPALITY OF KILLARNEY

Notes to Consolidated Financial Statements

Year ended December 31, 2015

1. Significant accounting policies (continued):

(e) Collection of taxes on behalf of school boards:

The Municipality collects taxation revenue on behalf of 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.

(f) 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.

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.

(g) Use of estimates:

The preparation of 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.

(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.

THE CORPORATION OF THE MUNICIPALITY OF KILLARNEY

Notes to Consolidated Financial Statements

Year ended December 31, 2015

2. Taxes receivable:

	2015	2014
Current	\$ 148,668	\$ 85,969
Previous years	45,145	37,725
Prior years	45,099	54,527
Penalties and interest	28,391	27,361
	\$ 267,303	\$ 205,582

3. Credit facilities:

The Municipality has available an undrawn \$400,000 (2014 - \$400,000) demand line of credit. This unsecured line of credit bears interest at the bank's prime rate.

4. Water capital debenture:

The Municipality completed the capital project to provide the service of a water treatment plant to all water users of the village of the Municipality in 2006.

Each property was charged an amount based on their property frontage as per the assessment roll at the time, with the option to pay the full amount up front or over the term of the debenture. The debenture is collected in equal bi-monthly installments as added into the current taxation billings. The debenture is to be collected over 20 years for all residential and commercial property.

The annual payment collected by the Municipality including principal and interest is \$51,191. The balance receivable on December 31, 2015 is \$510,094 (2014 - \$561,285).

5. Deferred revenue - obligatory reserves 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	\$ 18,346	29,245	225	(23,608)	\$ 24,208
Parkland dedication reserves	9,116	1,007	80	-	10,203
	\$ 27,462	30,252	305	(23,608)	\$ 34,411

THE CORPORATION OF THE MUNICIPALITY OF KILLARNEY

Notes to Consolidated Financial Statements

Year ended December 31, 2015

6. 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 forever 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 Municipality of Killarney currently operates three solid waste landfill sites at Killarney, Key River and Hartley Bay. The Municipality has title to the Killarney and Key River landfill sites. The liability associated with these sites is based on estimates and assumptions related to events extending over the remaining life of the landfill.

Estimated total expenses represent the sum of the discounted future cash flows for closure and post-closure care activities discounted at the Municipality's average long-term borrowing rate of 3.12% (2014 – 2.89%). The estimated total landfill closure and post-closure care expenses are calculated to be \$1,055,128. The estimated liability for these expenses is recognized as the landfill site's capacity is used. At December 31, 2015, an amount of \$860,000 (2014 - \$801,000) with respect to landfill closure and post-closure liabilities has been accrued.

At December 31, 2015, the Killarney site was operating at near capacity and the Municipality is in the process of expanding the site. The period for post-closure care is estimated to be 25 years.

At December 31, 2015, the Key River site had an estimated remaining life of approximately 12 years which represents 53% of its total estimated capacity. The period for post-closure care is estimated to be 25 years.

Hartley Bay site's operations and maintenance costs are assumed by the Municipality of Killarney which is owned by the Ministry of Natural Resources.

THE CORPORATION OF THE MUNICIPALITY OF KILLARNEY

Notes to Consolidated Financial Statements

Year ended December 31, 2015

7. Long-term debt:

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

	2015	2014
Bank loan, interest at 2.77%, repayable in monthly installments of \$3,018 principal and interest, secured by specific asset, due December 2016	\$ 67,524	\$ 101,359
Bank loan, interest at 2.77%, repayable in monthly installments of \$1,652 principal and interest, secured by specific asset, due November 2016	58,683	76,623
OSIFA loan, interest at 5.20%, repayable in semi-annual installments of \$37,285 principal and interest, secured by specific asset, due June 2026	597,536	639,394
Bank loan, interest at 2.38%, repayable in monthly installments of \$1,467 principal and interest, secured by specific asset, due August 2019	61,746	77,674
Bank loan, interest at 2.38%, repayable in monthly installments of \$2,651 principal and interest, secured by specific asset, due August 2019	111,589	140,374
Bank loan, interest at 2.23%, repayable in monthly installments of \$1,350 principal and interest, secured by specific asset, due December 2029	189,011	-
	\$ 1,086,089	\$ 1,035,424

Principal repayments are as follows:

2016	\$ 151,618
2017	156,938
2018	125,504
2019	107,116
2020	62,718
Thereafter	482,195
	\$ 1,086,089

THE CORPORATION OF THE MUNICIPALITY OF KILLARNEY

Notes to Consolidated Financial Statements

Year ended December 31, 2015

8. Tangible capital assets:

Cost	Balance at				Balance at December 31, 2015
	December 31, 2014	Additions	Disposals	Transfers	
Land	\$ 656,891	\$ -	\$ -	\$ -	\$ 656,891
Buildings	3,499,071	-	-	1,633,150	5,132,221
Machinery and equipment	745,390	42,413	-	-	787,803
Vehicles	510,306	-	-	-	510,306
Plant and facilities	6,980,045	21,454	-	373,611	7,375,110
Linear assets	6,843,594	23,608	-	-	6,867,202
Construction in progress	2,006,761	-	-	(2,006,761)	-
Total	\$ 21,242,058	\$ 87,475	\$ -	\$ -	\$ 21,329,533

Accumulated amortization	Balance at			Balance at December 31, 2015
	December 31, 2014	Disposals	Amortization expense	
Buildings	\$ 1,262,403	\$ -	\$ 180,551	\$ 1,442,954
Machinery and equipment	467,480	-	96,616	564,096
Vehicles	494,153	-	6,461	500,614
Plant and facilities	3,242,335	-	300,984	3,543,319
Linear assets	4,305,402	-	93,671	4,399,073
Total	\$ 9,771,773	\$ -	\$ 678,283	\$ 10,450,056

	Net book value	
	December 31, 2014	December 31, 2015
Land	\$ 656,891	\$ 656,891
Buildings	2,236,668	3,689,267
Machinery and equipment	277,910	223,707
Vehicles	16,153	9,692
Plant and facilities	3,737,710	3,831,791
Linear assets	2,538,192	2,468,129
Construction in progress	2,006,761	-
Total	\$ 11,470,285	\$ 10,879,477

THE CORPORATION OF THE MUNICIPALITY OF KILLARNEY

Notes to Consolidated Financial Statements

Year ended December 31, 2015

8. Tangible capital assets (continued):

Cost	Balance at December 31, 2013	Additions	Disposals	Transfers	Balance at December 31, 2014
Land	\$ 656,891	\$ -	\$ -	\$ -	\$ 656,891
Buildings	3,859,568	883,494	-	(1,243,991)	3,499,071
Machinery and equipment	686,979	58,411	-	-	745,390
Vehicles	510,306	-	-	-	510,306
Plant and facilities	6,756,837	223,208	-	-	6,980,045
Linear assets	6,481,466	362,128	-	-	6,843,594
Construction in progress	690,744	72,026	-	1,243,991	2,006,761
Total	\$ 19,642,791	\$ 1,599,267	\$ -	\$ -	\$ 21,242,058

Accumulated amortization	Balance at December 31, 2013	Disposals	Amortization expense	Balance at December 31, 2014
Buildings	\$ 1,110,734	\$ -	\$ 151,669	\$ 1,262,403
Machinery and equipment	372,388	-	95,092	467,480
Vehicles	482,411	-	11,742	494,153
Plant and facilities	2,951,869	-	290,466	3,242,335
Linear assets	4,223,742	-	81,660	4,305,402
Total	\$ 9,141,144	\$ -	\$ 630,629	\$ 9,771,773

	Net book value December 31, 2013	Net book value December 31, 2014
Land	\$ 656,891	\$ 656,891
Buildings	2,748,834	2,236,668
Machinery and equipment	314,591	277,910
Vehicles	27,895	16,153
Plant and facilities	3,804,968	3,737,710
Linear assets	2,257,724	2,538,192
Construction in progress	690,744	2,006,761
Total	\$ 10,501,647	\$ 11,470,285

THE CORPORATION OF THE MUNICIPALITY OF KILLARNEY

Notes to Consolidated Financial Statements

Year ended December 31, 2015

9. Accumulated surplus:

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

	2015	2014
Invested in tangible capital assets	\$ 9,793,388	\$ 9,434,861
Operating accumulated surplus	839,616	1,751,848
Amounts to be recovered:		
Landfill closure and post-closure costs	(860,000)	(801,000)
	9,773,004	10,385,709
Reserve and reserve funds set aside for specific purpose by Council:		
Working capital	447,711	263,420
Killarney Health Centre capital equipment	27,700	27,700
Fire department capital	35,419	29,419
Landfill closure	170,893	153,475
Water treatment capital	109,724	108,697
Water treatment cost recovery	154,425	153,053
Sewer reserve fund	35,452	44,036
Water reserve fund	78,397	64,735
Museum reserve fund	36,171	35,841
Capital reserve fund	281,301	229,173
Community Centre capital	4,071	2,884
Airport maintenance	83,700	83,700
	1,464,964	1,196,133
Accumulated surplus	\$ 11,237,968	\$ 11,581,842

THE CORPORATION OF THE MUNICIPALITY OF KILLARNEY

Notes to Consolidated Financial Statements

Year ended December 31, 2015

10. Budget:

The budget was not prepared on a basis consistent with that used to report actual results (Public Sector Accounting Standards). As a result, the budget figures presented in the consolidated statement of operations and accumulated surplus required the following adjustments:

Annual surplus per financial plan:	\$	-
Add:		
Principal payments on long-term debt		112,999
Net reserve transfers		(76,740)
Purchase of tangible capital assets		355,039
Budget surplus per consolidated financial statements	\$	391,298

11. 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 15 members of its staff. The Plan is a defined contribution 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 was \$38,254 (2014 - \$37,645) for current service.

12. Commitments:

The Municipality has entered into an agreement that expires on December 31, 2018 with the Ontario Clean Water Agency to provide water and sewer maintenance service for an annual cost of approximately \$227,774. 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 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 2020. During the year, \$109,826 (2014 - \$78,431) was expended on police services.

13. Contingencies:

The Municipality is involved in claims and litigation in the normal course of operations. The outcome of these actions are not determinable and accordingly, no amounts have been reflected in the accounts of the Municipality for this matter. Any settlements or awards will be recorded in the period they become determinable.

14. Comparative information:

Certain 2014 comparative information have been reclassified to conform with the financial statement presentation adopted for the current year.

THE CORPORATION OF THE MUNICIPALITY OF KILLARNEY

Notes to Consolidated Financial Statements

Year ended December 31, 2015

15. 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. The members of the fire department consist of volunteers.
- (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, landfills, and the recycling and waste collection system that serves the Municipality.
- (e) **Health, Social and Family Services:** Health services are comprised of public health services which works to improve the overall health of the population by providing services to individuals and communities. Social and family services provides services that are meant to help the less fortunate in the society. Social housing is provided to help shelter families and elderly in need. Child care funding is provided to subsidize day cares and to provide early learning programs. The ambulance service transports the injured to the hospital and provides emergency medical care to those in distress.
- (f) **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.

THE CORPORATION OF THE MUNICIPALITY OF KILLARNEY

Notes to Consolidated Financial Statements

Year ended December 31, 2015

15. Segmented information (continued):

- (g) 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 expenses 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 MUNICIPALITY OF KILLARNEY

Note 16 - Segmented Information

Year ended December 31, 2015

	General Government	Protection Services	Transportation Services	Environmental Services	Health, Social, and Family Services	Recreation and Cultural Services	Planning and Development	2015 Total
Revenue:								
Fees and user charges	\$ 52,132	19,276	11,372	431,467	54,635	37,737	-	606,619
Province of Ontario grants	455,413	680	25,000	-	357,345	1,066	-	839,504
Government of Canada grants	1,200	-	36,124	-	-	-	-	37,324
Investment income	6,540	-	-	4,120	-	330	-	10,990
Other	69,905	-	66	-	-	854	-	70,825
	585,190	19,956	72,562	435,587	411,980	39,987	-	1,565,262
Expenses:								
Salaries, wages and benefits	426,522	35,462	122,341	78,462	121,342	32,630	5,636	822,395
Materials	242,412	50,368	336,912	348,336	236,595	100,540	27,417	1,342,580
Contracted services	36,452	162,519	-	297,812	4,774	-	17,765	519,322
External agencies	-	-	-	-	622,649	-	-	622,649
Amortization of tangible capital assets	68,423	1,320	149,084	317,654	26,355	115,447	-	678,283
	773,809	249,669	608,337	1,042,264	1,011,715	248,617	50,818	3,985,229
Deficiency of revenue over expenses	(188,619)	(229,713)	(535,775)	(606,677)	(599,735)	(208,630)	(50,818)	(2,419,967)
Funded through:								
Taxation								2,076,093
Annual deficit								\$ (343,874)

THE CORPORATION OF THE MUNICIPALITY OF KILLARNEY

Note 16 - Segmented Information (continued)

Year ended December 31, 2014

	General Government	Protection Services	Transportation Services	Environmental Services	Health, Social, and Family Services	Recreation and Cultural Services	Planning and Development	2014 Total
Revenue:								
Fees and user charges	\$ 68,510	8,295	7,863	412,978	75,144	28,108	-	600,898
Province of Ontario grants	503,088	-	397,607	-	344,783	1,066	10,113	1,256,657
Government of Canada grants	11,313	-	470,899	-	-	-	-	482,212
Investment income	9,280	-	-	2,890	-	-	-	12,170
Other	54,688	9,619	6,247	-	-	1,515	-	72,069
	646,879	17,914	882,616	415,868	419,927	30,689	10,113	2,424,006
Expenses:								
Salaries, wages and benefits	405,842	34,922	112,061	87,101	115,818	32,638	27,795	816,177
Materials	255,008	80,136	263,933	376,758	205,580	89,697	24,878	1,295,990
Contracted services	38,075	127,632	-	264,151	1,191	-	20,056	451,105
External agencies	-	-	-	-	589,683	-	-	589,683
Amortization of tangible capital assets	44,685	6,601	129,664	312,716	26,355	110,608	-	630,629
	743,610	249,291	505,658	1,040,726	938,627	232,943	72,729	3,783,584
Excess (deficiency) of revenue over expenses	(96,731)	(231,377)	376,958	(624,858)	(518,700)	(202,254)	(62,616)	(1,359,578)
Funded through:								
Taxation								1,925,012
Annual surplus								\$ 565,434