

**Corporation of the
Municipality of East Ferris**

**Independent Auditor's Report and
Financial Report**

December 31, 2013

**Corporation of the
Municipality of East Ferris**

Financial Report

December 31, 2013

Management Report

Independent Auditor's Report

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Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of the Corporation of the Municipality of East Ferris (the "Municipality") are the responsibility of the Municipality's management and have been prepared in accordance with Canadian Public Sector Accounting Standards established by the Public Sector Accounting Board of the Canadian Institute of Chartered Professional Accountants, as described in Note 2 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 accordance with Canadian Public Sector Accounting Standards established by the Public Sector Accounting Board of the Canadian Institute of Chartered Professional Accountants, 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 auditor 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 Collins Barrow, Sudbury - Nipissing LLP, independent external auditor appointed by the Municipality. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Municipality's consolidated financial statements.



Chief Administrative Officer
July 22, 2014



Treasurer
July 22, 2014

Independent Auditor's Report

To the Members of Council, Inhabitants and Ratepayers of the Corporation of the Municipality of East Ferris

We have audited the accompanying consolidated financial statements of the Corporation of the Municipality of East Ferris which comprise the consolidated statement of financial position as at December 31, 2013 and the consolidated statements of operations and accumulated surplus, cash flows, and changes in net (debt) financial assets for the year then ended and 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.

Auditor's 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 Municipality'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 Municipality'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.

Independent Auditor's Report (Continued)

We believe that the audit evidence that 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 Municipality of East Ferris as at December 31, 2013, and its financial performance and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Collins Barrow, Sudbury - Nipissing LLP

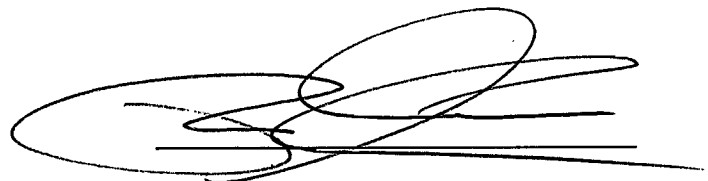
North Bay, Ontario
July 22, 2014

CHARTERED PROFESSIONAL ACCOUNTANTS,
LICENSED PUBLIC ACCOUNTANTS

Corporation of the Municipality of East Ferris
Consolidated Statement of Financial Position
December 31, 2013

	<u>2013</u>	<u>2012</u>
Financial Assets		
Cash and cash equivalents (note 4)	\$ 1,049,583	\$ 2,160,999
Taxes receivable	348,757	404,471
Accounts receivable (note 5)	<u>923,502</u>	<u>573,498</u>
	<u>2,321,842</u>	<u>3,138,968</u>
Liabilities		
Accounts payable and accrued liabilities (note 6)	202,437	580,214
Other current liabilities	183,557	274,359
Deferred revenues (note 7)	164,770	380,207
Municipal debt (note 8)	1,080,000	1,200,000
Employee future benefits payable (note 9)	321,635	321,648
Landfill closure and post-closure (note 10)	<u>205,245</u>	<u>1,681,027</u>
	<u>2,157,644</u>	<u>4,437,455</u>
Net (Debt) Financial Assets	<u>164,198</u>	<u>(1,298,487)</u>
Non-Financial Assets		
Tangible capital assets (note 11)	17,597,922	17,567,862
Prepaid expenses	74,855	83,583
Inventories	<u>30,185</u>	<u>43,314</u>
	<u>17,702,962</u>	<u>17,694,759</u>
Accumulated Surplus (note 12)	<u>\$ 17,867,160</u>	<u>\$ 16,396,272</u>
Contingencies (note 13)		
Commitments (note 14)		

Approved by:

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

Corporation of the Municipality of East Ferris
Consolidated Statement of Operations and Accumulated Surplus
For The Year Ended December 31, 2013

	2013		2012
	Budget	Actual	Actual
Revenues			
Net taxation	\$ 3,639,527	\$ 3,639,112	\$ 3,468,155
User charges	528,510	571,842	547,417
Government grants and transfers - Provincial	1,260,947	1,478,433	1,326,404
Government grants and transfers - Federal	59,138	260,402	24,590
Other	162,081	283,478	276,405
Total revenues	5,650,203	6,233,267	5,642,971
Expenses			
General government	1,079,048	1,101,684	1,049,609
Protection services	690,368	702,262	707,013
Transportation services	1,027,326	1,950,392	1,699,508
Environmental services	240,136	250,021	412,928
Health services	196,757	196,757	189,715
Social and family services	1,315,902	1,315,902	1,314,710
Recreation and cultural services	772,248	965,887	962,183
Planning and development	282,607	251,907	225,536
Total expenses	5,604,392	6,734,812	6,561,202
Excess of revenues over expenses (expenses over revenues) before other	45,811	(501,545)	(918,231)
Other			
Recovery of landfill closure and post-closure costs	-	1,486,906	-
Government grants and transfers related to capital - Federal	-	485,527	-
Excess of revenues over expenses (expenses over revenues)	45,811	1,470,888	(918,231)
Accumulated surplus, beginning of year	16,396,272	16,396,272	17,314,503
Accumulated surplus, end of year	\$ 16,442,083	\$ 17,867,160	\$ 16,396,272

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

Corporation of the Municipality of East Ferris
Consolidated Statement of Cash Flows
For The Year Ended December 31, 2013

	<u>2013</u>	<u>2012</u>
Operating transactions		
Excess of revenues over expenses (expenses over revenues)	\$ 1,470,888	\$ (918,231)
Cash and cash equivalents provided by (applied to)		
Non-cash items:		
Decrease in employee future benefits payable	(13)	(4,594)
Increase (decrease) in landfill closure and post-closure costs	(1,475,782)	151,721
Amortization of tangible capital assets	1,067,066	825,132
Loss on disposal of tangible capital assets	-	23,813
Change in non-cash working capital balances		
Decrease (increase) in taxes receivable	55,714	(103,601)
Increase in accounts receivable	(350,004)	(99,865)
Increase (decrease) in accounts payable and accrued liabilities	(377,777)	115,029
Increase (decrease) in other current liabilities	(90,802)	162,459
Increase (decrease) in deferred revenues	(215,437)	268,528
Decrease in prepaid expenses	8,728	5,583
Decrease in inventory	13,129	38,437
Cash and cash equivalents provided by operating transactions	<u>105,710</u>	<u>464,411</u>
Capital transactions		
Acquisition of tangible capital assets	<u>(1,097,126)</u>	<u>(1,787,170)</u>
Cash and cash equivalents applied to capital transactions	<u>(1,097,126)</u>	<u>(1,787,170)</u>
Financing transactions		
Municipal debt issued	-	1,200,000
Municipal debt repaid	<u>(120,000)</u>	<u>-</u>
Cash and cash equivalents provided by (applied to) financing transactions	<u>(120,000)</u>	<u>1,200,000</u>
Decrease in cash and cash equivalents	(1,111,416)	(122,759)
Cash and cash equivalents, beginning of year	<u>2,160,999</u>	<u>2,283,758</u>
Cash and cash equivalents, end of year	<u><u>\$ 1,049,583</u></u>	<u><u>\$ 2,160,999</u></u>

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

Corporation of the Municipality of East Ferris
Consolidated Statement of Changes in Net (Debt) Financial Assets
For The Year Ended December 31, 2013

	<u>2013</u> Budget	<u>2013</u> Actual	<u>2012</u> Actual
Excess of revenues over expenses (expenses over revenues)	\$ 45,811	\$ 1,470,888	\$ (918,231)
Amortization of tangible capital assets	-	1,067,066	825,132
Loss on disposal of tangible capital assets	-	-	23,813
Acquisition of tangible capital assets	-	(1,097,126)	(1,787,170)
Change in prepaid expenses	-	8,728	5,583
Change in inventories	-	13,129	38,437
Increase (decrease) in net (debt) financial assets	45,811	1,462,685	(1,812,436)
Net (debt) financial assets, beginning of year	<u>(1,298,487)</u>	<u>(1,298,487)</u>	<u>513,949</u>
Net (debt) financial assets, end of year	<u><u>\$ (1,252,676)</u></u>	<u><u>\$ 164,198</u></u>	<u><u>\$ (1,298,487)</u></u>

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

Corporation of the Municipality of East Ferris
Notes to the Consolidated Financial Statements
December 31, 2013

1. Significant Accounting Policies

These consolidated financial statements of the Municipality are the representation of management prepared in accordance with accounting policies recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Professional Accountants. Since precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic consolidated financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgement.

(a) Basis of Consolidation

- (i) The consolidated financial statements reflect the financial assets, liabilities, non-financial assets, accumulated surplus, revenues and expenses of the Municipality and include the activities of all committees of Council and of the Bibliothèque East Ferris Public Library.

All interfund assets and liabilities and revenues and expenses have been eliminated.

- (ii) Non-Consolidated Entities

The following joint local boards are not consolidated:

North Bay Parry Sound District Health Unit
 District of Nipissing Social Services Administration Board
 East Nipissing District Home for the Aged

- (iii) Accounting for School Board Transactions

The Municipality is required to collect and remit education support levies in respect of residential and other properties on behalf of the area school boards. The Municipality has no jurisdiction or control over the school boards operations. Therefore, taxation, other revenues, expenses, assets and liabilities with respect to the operations of the school boards are not reflected in the accumulated surplus of these consolidated financial statements.

(b) Basis of Accounting

- (i) Accrual Basis

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 receipt of goods or services and the creation of a legal obligation to pay.

Corporation of the Municipality of East Ferris
Notes to the Consolidated Financial Statements
December 31, 2013

1. Accounting Policies (Continued)

(b) Basis of Accounting (Continued)

(ii) Cash and Cash Equivalents

The Municipality's policy is to disclose bank balances under cash and cash equivalents, including bank overdrafts with balances that fluctuate frequently from being positive to overdrawn and term deposits with maturities of three months from the date of acquisition or less or those that can be readily convertible to cash.

(iii) Deferred Revenues

Deferred revenues represent user charges and fees that have been collected for which the related services have yet to be performed. Revenue is recognized in the period when the services are performed.

(iv) Employee Future Benefits

The Municipality makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS) which is a multi-employer contributory defined benefit program with contributions expensed as incurred. The costs of other retirement benefits are determined using the projected benefit method prorated on services and management's best estimate of retirement ages of employees and health benefits costs. The liabilities are discounted using current interest rates on long-term bonds.

(v) Landfill Closure and Post-Closure

The estimated costs to close and maintain solid waste landfill sites are based on estimated future expenses in current dollars, adjusted for estimated inflation, and are charged to operations as the landfill site's capacity is used.

Corporation of the Municipality of East Ferris
Notes to the Consolidated Financial Statements
December 31, 2013

1. Accounting Policies (Continued)

(b) Basis of Accounting (Continued)

(vi) Segmented Information

The Municipality reports its segmented information on functional areas and programs in its consolidated financial statements similar to reporting reflected as part of the Ontario Financial Information Return. These functional areas represent segments for the Municipality:

General Government

General government is comprised of Council, administration, and Ontario Property Assessment.

Protection Services

Protection is comprised of police, fire and other protective services.

Transportation Services

Transportation services are responsible for road maintenance, culverts, bridges, winter control and streetlights.

Environmental Services

Environmental services include waste and recycling services.

Health Services

Health services include public health services and cemetery services.

Social and Family Services

Social and family services include social assistance, long-term care, paramedic services, social housing and child care services.

Recreation and Cultural Services

Recreation and cultural services include parks and recreation, recreation facilities, culture and libraries.

Planning and Development

Planning and development manages development for residential and business interests as well as services related to the Municipality's economic development programs.

Corporation of the Municipality of East Ferris
Notes to the Consolidated Financial Statements
December 31, 2013

1. Accounting Policies (Continued)

(b) Basis of Accounting (Continued)

(vii) Non-Financial Assets

Non-financial assets are not available to discharge existing liabilities and 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 consolidated Change in Net (Debt) Financial Assets for the year.

i) 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
Roads and bridges	10 to 60 years
Buildings	25 to 75 years
Machinery and equipment	5 to 25 years
Vehicles	10 to 25 years
Computer hardware and software	4 to 10 years

No amortization is recorded in the year of acquisition.

Assets under construction are not amortized until the asset is available for productive use.

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

ii) Inventories

Inventories held for consumption are recorded at the lower of cost and replacement cost.

iii) Prepaid Expenses

Prepaid expenses represent amounts paid in advance for a good or service not yet received. The expense is recognized once the goods have been received or the services have been performed.

Corporation of the Municipality of East Ferris
Notes to the Consolidated Financial Statements
December 31, 2013

1. Accounting Policies (Continued)

(b) Basis of Accounting (Continued)

(viii) Taxation and Other Revenues

Property tax billings are prepared by the Municipality based on assessment rolls issued by the Municipal Property Assessment Corporation ("MPAC") and in accordance with the provisions of the Municipal Act, 2001. Tax rates are established annually by Council, incorporating amounts to be raised for local services and amounts the Municipality 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 Municipality determines the taxes applicable and renders supplementary tax billings. Taxation revenues are recorded at the time tax billings are issued.

Assessment and the related property taxes are subject to appeal. Tax adjustments as a result of appeals are recorded when the result of the appeal process is known or based on management's best estimates.

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

Other income is recognized as revenue when earned. Fines and fees are recognized as revenue when collected.

(ix) Government Grants and Transfers

Government grants and transfers are recognized in the financial statements in the period in which events giving rise to the transfer occurs, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made, except when and to the extent that stipulations associated with the transfer give rise to a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. The transfer revenue is recognized in the statement of operations as the stipulations giving rise to the liabilities are settled.

(x) Estimates

The preparation of consolidated financial statements in conformity with Canadian Public Sector Accounting Standards requires management to make estimates and assumptions. These estimates and assumptions are based on management's best information and judgment and may differ significantly from actual results.

Corporation of the Municipality of East Ferris

Notes to the Consolidated Financial Statements

December 31, 2013

2. Change in Accounting Policies

On January 1, 2013, the Municipality adopted a new Public Sector accounting standards PS 3410 - Accounting for Government Transfers and PS 3510 – Accounting for Tax Revenue. Both sections became effective for organizations with fiscal periods commencing on or after April 1, 2012.

These new standards were adopted prospectively and there were no adjustments to the statements of financial position, operations and accumulated surplus, cash flows and change in net (debt) financial assets.

3. Measurement Uncertainty

Certain items recognized in the consolidated financial statements are subject to measurement uncertainty. The recognized amounts of such items are based on the Municipality's best information and judgment.

- The amounts recorded for landfill closure and post-closure care depend on estimates of usage, remaining life and capacity. The provision for future closure and post-closure costs also depends on estimates of such costs.
- The amounts recorded for amortization and opening costs of tangible capital assets are based on estimates of useful life, residual values and valuation rates.
- The amounts recorded for retirement allowances are based on estimates of retirement ages of employees and health benefit costs.

By their nature, these estimates are subject to measurement uncertainty and the effect on the consolidated financial statements of changes in such estimates in future periods could be significant.

4. Cash and Cash Equivalents

	<u>2013</u>	<u>2012</u>
Cash	\$ 127,235	\$ 1,249,239
Guaranteed Investment Certificates maturing between January and August 2014, bearing interest at rates between 0.80% and 1.35%	<u>922,348</u>	<u>911,760</u>
	<u>\$ 1,049,583</u>	<u>\$ 2,160,999</u>

Corporation of the Municipality of East Ferris
Notes to the Consolidated Financial Statements
December 31, 2013

5. Accounts Receivable

	<u>2013</u>	<u>2012</u>
Province of Ontario	\$ 9,430	\$ 12,505
Government of Canada	862,025	459,408
Other Municipalities	7,115	4,852
Other	<u>44,932</u>	<u>96,733</u>
	<u>\$ 923,502</u>	<u>\$ 573,498</u>

6. Accounts Payable and Accrued Liabilities

	<u>2013</u>	<u>2012</u>
Province of Ontario	\$ 23,759	\$ 1,200
School Boards	-	343,101
Other Municipalities	6,563	11,436
Trade payables and accrued liabilities	<u>172,115</u>	<u>224,477</u>
	<u>\$ 202,437</u>	<u>\$ 580,214</u>

Corporation of the Municipality of East Ferris
Notes to the Consolidated Financial Statements
December 31, 2013

7. Deferred Revenues

	<u>2013</u>	<u>2012</u>
Balance, beginning of year	\$ 380,207	\$ 111,679
Revenues received during the year	274,403	273,983
Revenues recognized during the year	<u>(489,840)</u>	<u>(5,455)</u>
Balance, year end	<u>\$ 164,770</u>	<u>\$ 380,207</u>

Deferred revenues, set aside for specific purposes, is comprised of the following:

Federal Gas Tax	\$ 164,770	\$ 375,894
Other	<u>-</u>	<u>4,313</u>
	<u>\$ 164,770</u>	<u>\$ 380,207</u>

8. Municipal Debt

	<u>2013</u>	<u>2012</u>
Debenture loan, repayable in monthly instalments of \$10,000 plus interest at a rate of 2.58%, maturing December 19, 2022	<u>\$ 1,080,000</u>	<u>\$ 1,200,000</u>

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

2014	\$ 120,000
2015	120,000
2016	120,000
2017	120,000
2018	120,000
Thereafter	<u>480,000</u>
Total	<u>\$ 1,080,000</u>

Corporation of the Municipality of East Ferris
Notes to the Consolidated Financial Statements
December 31, 2013

9. Employee Future Benefits Payable

The Municipality provides certain employee benefits which will require funding in future periods, as follows:

	<u>2013</u>	<u>2012</u>
Vacation pay	\$ 109,118	\$ 105,774
Retirement allowance	<u>212,517</u>	<u>215,874</u>
	<u>\$ 321,635</u>	<u>\$ 321,648</u>

The vacation pay liability is accrued using the actual rate of pay at year end and the retirement allowance is accrued using a discount rate of 2.58% (2012 - 2.58%).

10. Landfill Closure and Post-Closure

Under environmental law, there is a requirement for closure and post-closure maintenance of solid waste landfill sites. This requirement is to be provided for over the estimated remaining life of the landfill site based on usage. The reported liability is based on estimates and assumptions with respect to events extending over an extended 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 current landfill site is expected to reach capacity in approximately 2083. The main components of the landfill closure plan are final capping using selected specific layers of earthen materials based on an engineered cap design and implementation of a drainage management plan. The post-closure maintenance requirements will involve cap maintenance, installation of monitoring wells, groundwater monitoring, inspections and annual reports.

The estimated liability for this maintenance is the present value of future cash flows associated with closure and post-closure costs discounted using the Municipality's estimated average borrowing rate of 2.58% (2012 - 3.14%). The change in liability is recorded based on the capacity of the landfill used to date. The recorded liability is \$205,245 (2012 - \$1,681,027) based on a total estimated liability in the future of \$967,267 (2012 - \$2,054,588), leaving an amount of \$762,022 (2012 - \$373,561) to be recognized over the remaining expected life of the landfill site. The liability is currently unfunded and is expected to be funded through budget allocations to a landfill reserve over the remaining life of the landfill.

The estimated remaining capacity of the site is approximately 21% (2012 - 82%) of its estimated capacity or 274,000 (2012 - 41,978) tonnes, and its remaining life is approximately 70 years (2012 - 6 years). Post-closure care is estimated to continue for a period of approximately 25 years.

Corporation of the Municipality of East Ferris
Notes to the Consolidated Financial Statements
December 31, 2013

11. Tangible Capital Assets

	Cost			Accumulated Amortization			Net Book Value		
	Balance, beginning of year	Additions	Disposals	Balance, beginning of year	Amortization	Disposals	Balance, end of year	December 31, 2013	December 31 2012
Land	\$ 711,609	\$ -	\$ -	\$ 711,609	\$ -	\$ -	\$ -	\$ 711,609	\$ 711,609
Land improvements	607,991	-	-	607,991	175,310	31,613	206,923	401,068	432,681
Roads and bridges	11,279,399	496,104	-	11,775,503	3,619,816	778,093	4,397,909	7,377,594	7,659,583
Buildings	9,119,141	523,099	-	9,642,240	1,691,061	131,516	1,822,577	7,819,663	7,428,080
Machinery and equipment	731,688	11,978	-	743,666	449,304	49,699	499,003	244,663	282,384
Vehicles	1,192,920	-	-	1,192,920	430,217	76,145	506,362	686,558	762,703
Computer hardware and software	6,613	-	-	6,613	-	-	-	6,613	6,613
Work in progress	284,209	65,945	-	350,154	-	-	-	350,154	284,209
	<u>\$ 23,933,570</u>	<u>\$ 1,097,126</u>	<u>\$ -</u>	<u>\$ 25,030,696</u>	<u>\$ 6,365,708</u>	<u>\$ 1,067,066</u>	<u>\$ 7,432,774</u>	<u>\$ 17,597,922</u>	<u>\$ 17,567,862</u>

Corporation of the Municipality of East Ferris
Notes to the Consolidated Financial Statements
December 31, 2013

12. Accumulated Surplus

	<u>2013</u>	<u>2012</u>
Surplus		
Invested in tangible capital assets	\$ 17,597,922	\$ 17,567,862
General (see note (a) below)	(150,686)	-
Bibliothèque East Ferris Public Library	11,130	15,398
Unfunded		
Municipal debt	(1,080,000)	(1,200,000)
Landfill closure and post-closure	(205,245)	(1,681,027)
Employee future benefits	(321,635)	(321,648)
Total surplus	<u>15,851,486</u>	<u>14,380,585</u>
Reserves		
Special purpose reserves		
Operating budget contingency	60,000	-
Vacation pay	109,118	105,774
Tax stabilization	154,039	-
Retirement allowances	212,517	215,874
Operating stabilization	280,000	-
Emergency capital	600,000	-
Sustainable capital stabilization	600,000	1,694,039
Total reserves	<u>2,015,674</u>	<u>2,015,687</u>
Accumulated Surplus	<u>\$ 17,867,160</u>	<u>\$ 16,396,272</u>

Corporation of the Municipality of East Ferris
Notes to the Consolidated Financial Statements
December 31, 2013

12. Municipal Fund Balances at the End of the Year (Continued)

(a) General Deficit:

The general deficit of \$(150,686) (2012 - \$-) at the end of the year is comprised of the following:

	<u>2013</u>	<u>2012</u>
Opening balance	\$ -	\$ (1,099,632)
Excess (deficiency) of revenue over expenses	1,470,888	(918,231)
Transfer from reserves	13	1,617,335
Net change in tangible capital assets	(30,060)	(938,225)
(Decrease) increase in unfunded liabilities	(1,595,795)	1,347,127
Bibliothèque East Ferris Public Library deficit (surplus)	<u>4,268</u>	<u>(8,374)</u>
Closing balance	<u><u>\$ (150,686)</u></u>	<u><u>\$ -</u></u>

13. Contingencies

Union Grievance

The Municipality is disputing a grievance placed through its employees' unions which may have to be settled by arbitration. It is not possible, at this time, to determine the amount, if any, of any settlement that may result from the arbitration process. Any retroactive settlement will be charged to operations in the period in which the amount is determined to be payable.

Legal Matters

The Municipality is involved in certain legal matters and litigations, the outcomes of which are not presently determinable. The loss, if any, from these contingencies will be accounted for in the periods in which the matters are resolved.

Council is of the opinion that it is unlikely that any liability, to the extent not provided by insurance or otherwise, would be material in relation to the Municipality's consolidated financial position.

14. Commitments

During 2004, the Municipality passed a resolution committing to pay \$75,000 per year for 10 years for the North Bay Regional Health Centre Hospital capital project. A formal agreement has been executed and payments commenced in May 2008. In May 2011, this resolution was revised and the remaining payments of \$525,000 will be paid over the next 10 years. The remaining balance of the commitment as at December 31, 2013 is \$367,500 (2012 - \$420,000).

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14. Commitments (Continued)

Under the terms of operating leases for equipment and services, the Municipality is committed to make minimum payments as follows:

2014	\$	29,034
2015		23,055
2016		18,878
2017		5,650
2018		5,650
Thereafter		<u>30,290</u>
	\$	<u><u>112,557</u></u>

15. Operations of School Boards

Further to note 1(a)(iii), the taxation, other revenues, and expenses of the school boards are comprised of the following:

	<u>2013</u>	<u>2012</u>
Taxation and user charges	<u>\$ 1,234,933</u>	<u>\$ 1,237,709</u>
Total amounts received or receivable	<u>1,234,933</u>	1,237,709
Requisitions	<u>1,234,933</u>	<u>1,237,709</u>
	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

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16. Pension Agreements

The Municipality makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of 15 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 Administration Corporation Board of Directors, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of the benefits. OMERS provides pension services to approximately 440,000 active and retired members and approximately 1,000 employers.

Each year an independent actuary determines the funding status of OMERS Primary Pension Plan ('the Plan') by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. On December 31, 2013, the estimated accrued pension obligation for all members of the Plan was \$73,004 million (2012 - \$69,122 million). The Plan had an actuarial value of net assets at that date of \$64,363 million (2012 - \$59,198 million) indicating an actuarial deficit of \$8,641 million (2012 - \$9,924 million). The Plan is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Municipality does not recognize any share of the OMERS pension surplus or deficit.

The amount contributed to OMERS for 2013 was \$118,805 (2012 - \$107,845) for current services and is included as an expense on the Consolidated Statement of Operations.

On January 1, 2013 the yearly maximum pension earnings increased to \$51,100 from \$50,100 in 2012. The contributions are calculated at a rate of 9.0% (2012 - 8.3%) for amounts up to the yearly maximum pension earning stated above and at a rate of 14.6% (2012 - 12.8%) for amounts above the yearly maximum pension earnings.

17. Budget Figures

Budget figures have been provided for comparison purposes and have been derived from the budget approved by Council. The budget approved by Council is developed in accordance with the provincially mandated funding model for municipalities and is used to manage program spending within the guidelines of the funding model. Given differences between the funding model and generally accepted accounting principles for local governments established by the Public Sector Accounting Board, the budget figures presented have been adjusted to conform with this basis of accounting that is used to prepare the consolidated financial statements. The budget figures are unaudited.

18. Comparative Figures

The presentation of certain accounts of the previous year has been changed to conform with the presentation adopted for the current year.

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19. Segmented Information

	<u>General Government</u>	<u>Protection Services</u>	<u>Transportation Services</u>	<u>Environmental Services</u>	<u>Health Services</u>	<u>Social and Family Services</u>	<u>Recreation and Cultural Services</u>	<u>Planning and Development</u>	<u>2013 Total</u>	<u>2012 Total</u>
Revenues										
Net taxation	\$ 595,288	\$ 379,463	\$ 1,053,882	\$ 135,097	\$ 106,316	\$ 711,039	\$ 521,911	\$ 136,116	\$ 3,639,112	\$ 3,468,155
User charges	4,270	103,216	-	211,348	-	-	221,706	31,302	571,842	547,417
Government grants and transfers - Provincial	205,343	160,854	363,533	59,992	36,674	291,315	313,769	46,953	1,478,433	1,326,404
Government grants and transfers - Federal	-	500	1,536	-	-	-	191,600	66,766	260,402	24,590
Other	129,650	15,264	72,060	7,158	4,277	28,600	20,994	5,475	283,478	276,405
Total Revenues	<u>934,551</u>	<u>659,297</u>	<u>1,491,011</u>	<u>413,595</u>	<u>147,267</u>	<u>1,030,954</u>	<u>1,269,980</u>	<u>286,612</u>	<u>6,233,267</u>	<u>5,642,971</u>
Expenses										
Salary, wages and employee benefits	607,986	261,655	456,713	-	-	-	412,012	119,059	1,857,425	1,798,768
Materials, contracted services, rents, and financial expenses	481,655	90,954	660,971	250,021	-	-	382,299	132,848	1,998,748	2,111,145
Transfers to other governments and the public	-	308,460	-	-	196,757	1,315,902	(9,546)	-	1,811,573	1,826,157
Amortization	12,043	41,193	832,708	-	-	-	181,122	-	1,067,066	825,132
Total expenses	<u>1,101,684</u>	<u>702,262</u>	<u>1,950,392</u>	<u>250,021</u>	<u>196,757</u>	<u>1,315,902</u>	<u>965,887</u>	<u>251,907</u>	<u>6,734,812</u>	<u>6,561,202</u>
Excess of revenues over expenses (expenses over revenues) before other	(167,133)	(42,965)	(459,381)	163,574	(49,490)	(284,948)	304,093	34,705	(501,545)	(918,231)
Government grants and transfers related to capital - Federal	-	-	485,527	-	-	-	-	-	485,527	-
Recovery of landfill closure and post-closure costs	-	-	-	1,486,906	-	-	-	-	1,486,906	-
Excess of revenues over expenses (expenses over revenues)	\$ (167,133)	\$ (42,965)	\$ 26,146	\$ 1,650,480	\$ (49,490)	\$ (284,948)	\$ 304,093	\$ 34,705	\$ 1,470,888	\$ (918,231)