

**The Corporation of the
Township of Ignace
Financial Statements
For the year ended December 31, 2013**

The Corporation of the Township of Ignace
Financial Statements
For the year ended December 31, 2013

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Independent Auditors' Report

To the Members of Council, Inhabitants and Ratepayers of The Corporation of the Township of Ignace

We have audited the accompanying financial statements of The Corporation of the Township of Ignace, which comprise the statement of financial position as at December 31, 2013, the statements of operations and accumulated surplus, change in net debt, cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the 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 financial statements.

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



Basis for Qualified Opinion

As discussed in Note 2 to the financial statements, no liabilities associated with the closure and post closure costs of the municipal solid waste disposal facilities have been recorded in the financial statements, which constitutes a departure from Canadian public sector accounting standards. This is the result of a decision made by management in a previous year. This caused us to modify our audit opinion on the financial statements for 2013. The effects of this departure from Canadian public sector accounting standards on expense, annual surplus (deficit), and cash flows from operations for the years ended December 31, 2013 and 2012, liabilities and net debt as at December 31, 2013 and 2012, and net debt as at January 1 and December 31 for both the 2013 and 2012 years have not been determined.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of The Corporation of the Township of Ignace as at December 31, 2013 and the results of its operations, change in net debt, and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

A handwritten signature in cursive script that reads "BDO Canada LLP".

Chartered Accountants, Licenced Public Accountants

Dryden, Ontario
June 26, 2014

The Corporation of the Township of Ignace
Statement of Financial Position

December 31	2013	2012
		Restated
Financial assets		
Cash and cash equivalents	\$ 693	\$ 2,465
Temporary investments (Note 3)	551,004	544,827
Taxes receivable (Note 4)	95,926	289,849
Trade and other receivable (Note 5)	535,891	56,151
	1,183,514	893,292
Liabilities		
Temporary borrowings (Note 6)	121,257	134,750
Accounts payable and accrued liabilities	392,851	439,619
Deferred revenue/obligatory reserve fund (Note 7)	177,650	225,136
Long-term debt (Note 8)	3,149,417	3,278,459
	3,841,175	4,077,964
Net debt	(2,657,661)	(3,184,672)
Non-financial assets		
Tangible capital assets (Note 9)	26,555,011	27,103,651
Prepaid expenses	16,200	16,853
Land held for resale	379,471	232,745
	26,950,682	27,353,249
Accumulated surplus (Note 10)	\$ 24,293,021	\$ 24,168,577

Wayne Dandurand Treasurer

[Signature] Mayor

The Corporation of the Township of Ignace
Statement of Operations and Accumulated Surplus

For the year ended December 31	Budget 2013	2013	2012
	(Note 21)		(Restated)
Revenue			
Taxation (Note 11)	\$ 1,677,719	\$ 1,648,042	\$ 1,571,823
Government transfers - Federal (Note 12)	89,035	88,792	88,792
Government transfers - Provincial (Note 13)	937,052	942,218	1,019,405
Fees and user charges	808,776	1,122,133	684,147
Other income (Note 14)	245,007	585,239	193,324
	<u>3,757,589</u>	<u>4,386,424</u>	<u>3,557,491</u>
Expenses (Note 15)			
General government	729,932	972,249	1,000,371
Protection services	688,872	691,722	651,464
Transportation services	709,746	823,296	751,515
Environmental services	1,008,402	1,019,431	995,842
Health services	123,668	121,099	126,390
Social and family services	106,807	88,194	114,796
Social housing	62,356	62,356	59,821
Recreation and cultural services	453,626	422,837	569,348
Planning and development	128,897	60,796	175,102
	<u>4,012,306</u>	<u>4,261,980</u>	<u>4,444,649</u>
Annual surplus (deficit)	<u>(254,717)</u>	<u>124,444</u>	<u>(887,158)</u>
Accumulated surplus, beginning of year,	24,168,577	24,476,597	25,328,098
Prior period adjustment			
Correction of prior period error (Note 1)	-	(308,020)	(272,363)
Accumulated surplus, beginning of year, restated	<u>24,168,577</u>	<u>24,168,577</u>	<u>25,055,735</u>
Accumulated surplus, end of year	<u>\$ 23,913,860</u>	<u>\$ 24,293,021</u>	<u>\$ 24,168,577</u>

The Corporation of the Township of Ignace
Statement of Change in Net Debt

For the year ended December 31	Budget 2013	2013	2012
	(Note 21)		(Restated)
Annual surplus (deficit)	\$ (254,717)	\$ 124,444	\$ (887,158)
Acquisition of tangible capital assets	(273,300)	(273,300)	(55,278)
Amortization of tangible capital assets	821,940	821,940	818,920
	<u>293,923</u>	<u>673,084</u>	<u>(123,516)</u>
Change in land inventory	-	(146,726)	70,714
Use/consumption of prepaid expenses and inventory of supplies	-	653	(10,501)
	<u>-</u>	<u>(146,073)</u>	<u>60,213</u>
Net change in net debt	293,923	527,011	(63,303)
Net debt, beginning of year	<u>(3,184,672)</u>	<u>(3,184,672)</u>	<u>(3,121,369)</u>
Net debt, end of year	<u>\$ (2,890,749)</u>	<u>\$ (2,657,661)</u>	<u>\$ (3,184,672)</u>

The Corporation of the Township of Ignace
Statement of Cash Flows

For the year ended December 31	2013	2012
		(Restated)
Operating transactions		
Annual surplus (deficit)	\$ 124,444	\$ (887,158)
Items not involving cash		
Amortization	821,940	818,920
Changes in non-cash operating balances		
Taxes receivable	193,923	(34,892)
Trade and other receivables	(479,740)	761,337
Land held for resale	(146,726)	70,714
Prepaid expenses and inventories of supplies	653	(10,501)
Accounts payable and accrued liabilities	(46,768)	109,170
Deferred revenue/obligatory reserve funds	(47,486)	42,058
	<u>420,240</u>	<u>869,648</u>
Capital transactions		
Acquisition of tangible capital assets	<u>(273,300)</u>	<u>(55,278)</u>
Investing transactions		
Temporary investments	<u>(6,177)</u>	<u>(4,026)</u>
Financing transactions		
Decrease in bank indebtedness	(13,493)	(696,972)
Repayment of long-term debt	<u>(129,042)</u>	<u>(113,440)</u>
	<u>(142,535)</u>	<u>(810,412)</u>
Net change in cash and cash equivalents	(1,772)	(68)
Cash and cash equivalents, beginning of year	<u>2,465</u>	<u>2,533</u>
Cash and cash equivalents, end of year	<u>\$ 693</u>	<u>\$ 2,465</u>

The Corporation of the Township of Ignace

Summary of Significant Accounting Policies

December 31, 2013

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

The financial statements of The Corporation of the Township of Ignace are the responsibility of management. They have been prepared in accordance with accounting principles established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. The Corporation of the Township of Ignace is a municipality in the Province of Ontario and operates under the provisions of the Community Charter. The Corporation of the Township of Ignace provides municipal services such as fire, public works, planning, parks, recreation and other general government services.

**Non-consolidated
Entities**

The following joint boards are not consolidated:

District of Kenora Home for the Aged
Kenora District Services Board
Northwestern Health Unit

Basis of Accounting

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

The statement of financial position reflects all of the financial assets and liabilities of the municipality. Financial assets are those assets which could provide resources to discharge existing liabilities or finance future operations. Municipal position represents the financial position of the municipality, and is the difference between its assets and liabilities. This provides information about the municipality's overall future revenue requirements and its ability to finance activities and meet its obligations.

**Cash and Cash
Equivalents**

Management considers all highly liquid investments with maturity of three months or less at acquisition to be cash equivalents.

**Temporary
Investments**

Portfolio investments are recorded at cost unless there has been a decline in the market value which is other than temporary in nature in which case the investments are written down to market value.

The Corporation of the Township of Ignace

Summary of Significant Accounting Policies

December 31, 2013

Tangible Capital Assets

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset commencing once the asset is available for productive use as follows:

Buildings	50 years
Machinery and equipment	3 to 20 years
Linear assets	10 to 75 years
Land improvement	20 years
Vehicles	7 to 20 years
Collections	20 years

Collection of Taxes on Behalf of Other Taxation Authorities

The municipality collects taxation revenue on behalf of the school boards. The taxation, other revenues, expenses, assets and liabilities with respect to the operations of the school boards are not reflected in these consolidated financial statements.

Trust Funds

Trust funds held in trust by The Corporation of the Township of Ignace and their related operations are not included in these financial statements. The financial activity and position of the trust funds are reported separately.

The Corporation of the Township of Ignace

Summary of Significant Accounting Policies

December 31, 2013

Revenue Recognition	<p>Government transfers are recognized in the financial statements when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.</p> <p>Charges for sewer and water usage are recorded as user fees. Connection fee revenues are recognized when the connection has been established.</p> <p>Sales of service and other revenue is recognized when services are performed or goods are delivered and there is reasonable assurance of collection.</p>
Tax Revenues	<p>The amount of the total property tax levy is determined each year through Council's approval of the annual operating budget. Municipal tax rates are set annually by Council for each class or type of property, in accordance with legislation and Council approved policies, in order to raise the revenue required to meet operating budget requirements. Education tax rates are established by the Province each year in order to fund the costs of education on a Province wide basis.</p> <p>Property assessments, on which property taxes are based, are established by the Municipal Property Assessment Corporation. The current value assessment of a property represents an estimated market value of a property as of a fixed date. Assessed values for all properties within the municipality are provided to the Township in the form of the returned assessment roll in December of each year.</p> <p>The amount of property tax levied on an individual property is the product of the CVA of the property and the tax rate for the class, together with any adjustments that reflect Council approved mitigation or other tax policy measures.</p>
Use of Estimates	<p>The preparation of financial statements in accordance with Canadian public sector accounting standards 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 revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.</p>

The Corporation of the Township of Ignace

Summary of Significant Accounting Policies

December 31, 2013

Pension Agreement

The municipality is an employer member of the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer, defined benefit pension plan. The Board of Trustees, 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. The municipality has adopted defined contribution plan accounting principles for this Plan because insufficient information is available to apply defined benefit plan accounting principles. The municipality records as pension expense the current service cost, amortization of past service costs, and interest costs related to the future employer contributions to the Plan for past employee service.

The Corporation of the Township of Ignace
Notes to Financial Statements

December 31, 2013

1. Prior Period Error

During the year, the Township determined that they had issued rate increases for water and sewer incorrectly. By By-Law 06/11, they issued a rate increase back dated to January 1, 2010; with By-Law 26/12, they issued a rate increase back dated to January 1, 2012. It was determined that a by-law cannot retroactively increase a user fee rate. As a result, the township was forced to issue refunds (credits) to their customers.

During the year it was also determined that, in 2011, grant revenue was overstated by \$61,618.

This resulted in the following adjustments to the comparative financial statements:

Decrease in user fee revenue prior to 2012	\$ (210,745)
Decrease in 2011 grant revenue	<u>(61,618)</u>
Decrease in accumulated surplus, January 1, 2012	(272,363)
Decrease in 2012 user fees and decrease in annual surplus for the year	<u>(35,657)</u>
Decrease in accumulated surplus, January 1, 2013	<u>\$ (308,020)</u>

The Corporation of the Township of Ignace
Notes to Financial Statements

December 31, 2013

2. Closure and Post Closure Costs of Solid Waste Disposal Facilities

Section 3270.13 of the Public Sector Accounting Standards requires the municipalities to set up the estimated liabilities associated with the closure and post closure costs of their solid waste disposal facilities (landfill site).

Management and council determined, at this time, the benefit of performing the study to determine the closure and post closure cost do not justify the cost of having the closure and post closure cost liability recorded.

As a result, no liabilities associated with the closure and post closure costs of the municipal solid waste disposal facilities have been recorded.

3. Temporary Investments

	<u>2013</u>	<u>2012</u>
CIBC GIC's - Externally restricted	\$ 155,056	\$ 153,737
CIBC GIC's - Internally restricted	395,948	391,090
	<u>\$ 551,004</u>	<u>\$ 544,827</u>

Investments are stated at their cost which approximates market value.

The GIC's have interest rates ranging between 0.8 to 0.9 percent.

4. Taxes Receivable

	<u>2013</u>	<u>2012</u>
Taxes receivable	\$ 312,013	\$ 476,796
Allowance for doubtful accounts	(216,087)	(186,947)
	<u>\$ 95,926</u>	<u>\$ 289,849</u>

The Corporation of the Township of Ignace
Notes to Financial Statements

December 31, 2013

5. Trade and Other Receivable

	2013	2012
		(Restated)
Trade and other receivable	\$ 449,806	\$ (47,168)
Grants receivable	\$ 56,837	\$ 76,517
HST receivable	57,626	52,939
Allowance for doubtful accounts	(28,378)	(26,137)
	\$ 535,891	\$ 56,151

6. Temporary Borrowings

	2013	2012
Bank overdraft	\$ 56,857	\$ 134,606
Deman instalement loan	64,400	144
	\$ 121,257	\$ 134,750

The Township has an operating line of credit up to a maximum of \$750,000 with the Canadian Imperial Bank of Commerce. This operating line of credit is for general business purposes, is due on demand and bears interest at the prime rate. This operating line of credit is secured by By-law # 01/2011. Advances totaling \$56,857 had been utilized at December 31, 2013.

The Township has an demand instalment loan with the Canadian Imperial Bank of Commerce. This demand instalment loan, is due on demand, until demand, is repayable as follows, interest only payment required until April 30, 2013. Following the interest only period, there will be 120 payments of \$575.00 each, plus accrued interest payable monthly. The deman instalment loan bears interest at the prime rate plus 1.5%.

The Canadian Imperial Bank of Commerce credit facility agreement contains certain requirements, one of which requires the Township to submit audited financial statements within 120 days of year-end. This has not been complied with.

The Corporation of the Township of Ignace
Notes to Financial Statements

December 31, 2013

7. Deferred Revenue/Obligatory Reserve Fund

	2013	2012
Deferred revenue	\$ 22,775	\$ 71,579
Obligatory reserve fund	154,875	153,557
	\$ 177,650	\$ 225,136

The net change during the year in the deferred revenue/obligatory reserve fund balances is made up as follows:

Deferred Revenue

Balance, beginning of year	\$ 71,579	\$ 30,605
Funds received in the current year:		
Residents prepaid utility payments	24,197	-
Ministry of Transportation	-	23,499
Deposits regarding pending tax sales	-	17,396
Nuclear Waste Management Organization	-	20,864
	24,197	61,759
Revenue recognized in the current year:		
Tax Sales	23,064	18,314
Nuclear Waste Management Organization	20,864	-
Ministry of Transportation	23,499	-
Miscellaneous	5,574	2,471
	73,001	20,785
Balance, end of year	\$ 22,775	\$ 71,579

Infrastructure Programs

These programs relate to various capital grants that are required to be spent on infrastructure. Until the funding has been spent on infrastructure, it has not been earned, and therefore has been deferred.

Obligatory Reserve Fund

Federal Gas Tax

Balance, beginning of year	\$ 153,557	\$ 152,473
Funds received in the current year	87,792	87,792
Interest earned	1,318	1,207
Revenue recognized in the current year	(87,792)	(87,915)
Balance, end of year	\$ 154,875	\$ 153,557

Federal Gas Tax

The Ministry requires the Municipality to put unspent gas tax funding into a reserve. The funding and interest earned in the reserve must be spent on approved projects.

The Corporation of the Township of Ignace
Notes to Financial Statements

December 31, 2013

8. Long-term Debt

Long-term liabilities reported on the statement of financial position is comprised of the following:

	2013	2012
OIPC loan, interest rate of 4.42%, blended semi-annual payments of \$37,271.62; due 2036	\$ 1,069,491	\$ 1,095,885
OIPC loan, interest rate of 3.77%, blended semi-annual payments of \$28,496.42; due 2037	883,256	906,298
CMHC loan, interest rate of 3.42%, blended semi-annual payments; due 2025	1,196,670	1,276,276
	\$ 3,149,417	\$ 3,278,459

Principal repayments and interest relating to long-term debt for the next five years and thereafter are due as follows:

	Principal Repayments	Interest	Total
2014	\$ 132,773	\$ 120,972	\$ 253,745
2015	137,696	116,050	253,746
2016	142,803	110,943	253,746
2017	148,101	105,644	253,745
2018	153,599	100,146	253,745
Thereafter	2,434,445	845,660	3,280,105
	\$ 3,149,417	\$ 1,399,415	\$ 4,548,832

The annual principal and interest payments required to service the long-term liabilities of the municipality are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.

The Corporation of the Township of Ignace
Notes to Financial Statements

December 31, 2013

9. Tangible Capital Assets

	2013								
	Land	Buildings	Machinery and Equipment	Linear Assets	Land Improvement	Vehicles	Collections	Construction in Progress	Total
Cost, beginning of year	\$ 1,266,180	\$ 18,258,157	\$ 336,729	\$ 17,113,906	\$ 115,349	\$ 446,158	\$ 186,792	\$ 45,000	\$ 37,768,271
Additions	-	141,530	143,942	-	-	-	-	32,828	318,300
Transfers to additions	-	-	-	-	-	-	-	(45,000)	(45,000)
Cost, end of year	\$ 1,266,180	\$ 18,399,687	\$ 480,671	\$ 17,113,906	\$ 115,349	\$ 446,158	\$ 186,792	\$ 32,828	\$ 38,041,571
Accumulated amortization, beginning of year	\$ -	\$ 3,954,479	\$ 278,507	\$ 5,860,502	\$ 115,349	\$ 329,209	\$ 126,574	\$ -	\$ 10,664,620
Amortization	-	365,856	6,886	405,974	-	33,884	9,340	-	821,940
Accumulated amortization, end of year	\$ -	\$ 4,320,335	\$ 285,393	\$ 6,266,476	\$ 115,349	\$ 363,093	\$ 135,914	\$ -	\$ 11,486,560
Net carrying amount, end of year	\$ 1,266,180	\$ 14,079,352	\$ 195,278	\$ 10,847,430	\$ -	\$ 83,065	\$ 50,878	\$ 32,828	\$ 26,555,011

The net book value of tangible capital assets not being amortized because they are under construction is \$32,828 (2012 - \$45,000).

The Corporation of the Township of Ignace
Notes to Financial Statements

December 31, 2013

9. Tangible Capital Assets (continued)

2012

	Land	Buildings	Machinery and Equipment	Linear Assets	Land Improvement	Vehicles	Collections	Construction in Progress	Total
Cost, beginning of year	\$ 1,264,145	\$ 18,249,914	\$ 336,729	\$ 17,113,906	\$ 115,349	\$ 446,158	\$ 186,792	\$ -	\$ 37,712,993
Additions	2,035	8,243	-	-	-	-	-	45,000	55,278
Cost, end of year	\$ 1,266,180	\$ 18,258,157	\$ 336,729	\$ 17,113,906	\$ 115,349	\$ 446,158	\$ 186,792	\$ 45,000	\$ 37,768,271
Accumulated amortization, beginning of year	\$ -	\$ 3,589,369	\$ 268,639	\$ 5,452,638	\$ 114,853	\$ 302,967	\$ 117,234	\$ -	\$ 9,845,700
Amortization	-	365,110	9,868	407,864	496	26,242	9,340	-	818,920
Accumulated amortization, end of year	\$ -	\$ 3,954,479	\$ 278,507	\$ 5,860,502	\$ 115,349	\$ 329,209	\$ 126,574	\$ -	\$ 10,664,620
Net carrying amount, end of year	\$ 1,266,180	\$ 14,303,678	\$ 58,222	\$ 11,253,404	\$ -	\$ 116,949	\$ 60,218	\$ 45,000	\$ 27,103,651

The Corporation of the Township of Ignace

Notes to Financial Statements

December 31, 2013

10. Accumulated Surplus

The Corporation of the Township of Ignace segregates its accumulated surplus in the following categories:

	2013	2012
		(Restated)
Investment in tangible capital assets	\$ 26,555,011	\$ 27,103,651
Current Funds	91,460	(49,477)
Unfunded liabilities	(3,149,417)	(3,278,459)
Reserves		
Reserve funds set aside for specific purpose by Council:		
Community well-being	400,000	-
Landfill	84,963	84,963
Vehicles and equipment	77,131	76,481
Infrastructure	233,873	231,418
	\$ 24,293,021	\$ 24,168,577

The investment in tangible capital assets represents amounts already spent and invested in infrastructure and other non-financial assets.

Reserve funds represent funds set aside by Bylaw or Council resolution for specific purposes.

The Corporation of the Township of Ignace
Notes to Financial Statements

December 31, 2013

11. Taxation

	2013	2012
Property taxes	\$ 1,877,622	\$ 1,815,911
Payments-in-lieu of property	93,089	90,255
	1,970,711	1,906,166
Payments to school boards	(322,669)	(334,343)
	\$ 1,648,042	\$ 1,571,823

12. Government Transfers - Federal

	Budget 2013	2013	2012
Operating			
Association of Municipalities of Ontario			
Federal Gas Tax Fund	\$ 89,035	\$ 88,792	\$ 88,792
	\$ 89,035	\$ 88,792	\$ 88,792

13. Government Transfers - Provincial

	Budget 2013	2013	2012
Operating			
Province of Ontario			
Ontario Municipal Partnership Fund	\$ 896,100	\$ 897,800	\$ 903,300
Conditional - Other	40,952	44,418	73,596
	937,052	942,218	976,896
Tangible Capital Assets			
Province of Ontario			
Roads & bridges	-	-	42,509
	\$ 937,052	\$ 942,218	\$ 1,019,405

The Corporation of the Township of Ignace
Notes to Financial Statements

December 31, 2013

14. Other Income

	<u>2013</u>	<u>2012</u>
Penalties and interest on taxation	\$ 47,554	\$ 48,730
Investment	4,635	9,353
Trailer rents	12,400	18,400
Donations	3,800	60
Sale of land and other assets	31,105	55,416
Municipality (Provincial Offences Act)	46,131	44,729
Nuclear Waste Management Organization	439,614	16,636
	<u>\$ 585,239</u>	<u>\$ 193,324</u>

The Corporation of the Township of Ignace
Notes to Financial Statements

December 31, 2013

15. Expenses by Object

Total operating expenses for the year reported on the statement of operations and accumulated surplus are as follows:

	<u>2013</u>	<u>2012</u>
Salaries, wages and employee benefits	\$ 1,027,900	\$ 1,112,063
Materials	660,759	790,690
Contracted services	1,273,212	1,264,842
Rents and financial expenses	106,983	28,922
Interest on long-term debt	125,696	138,977
Contributions to other organizations	245,490	290,236
Amortization	821,940	818,919
	<u>\$ 4,261,980</u>	<u>\$ 4,444,649</u>

16. Pension Agreements

OMERS provides pension services to more than 439,528 active and retired members and approximately 982 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. The most recent actuarial valuation of the Plan was conducted at December 31, 2013. The results of this valuation disclosed total actuarial liabilities of \$73,004 million in respect of benefits accrued for service with actuarial assets at that date of \$64,363 million indicating an actuarial deficit of \$8,641 million. Because OMERS 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. Contributions made by the municipality to OMERS for 2013 was \$55,123 (2012 - \$51,742).

The Corporation of the Township of Ignace

Notes to Financial Statements

December 31, 2013

17. Contributions to Unconsolidated Joint Boards

Further to the significant accounting policies, the following contributions were made by the municipality to these boards:

	2013	2012
District of Kenora Home for the Aged	\$ 33,290	\$ 68,635
Kenora District Services Board	151,129	157,364
Northwestern Health Unit	61,071	64,237
	<u>\$ 245,490</u>	<u>\$ 290,236</u>

18. Trust Funds

The trust funds administered by the municipality amounting to \$38,037 (2012 - \$37,160) have not been included in the statement of financial position nor have the operations been included in the statement of operations and accumulated surplus.

At December 31, 2013 the trust funds balances are as follows:

	2013	2012
Perpetual Care	\$ 38,037	\$ 37,160

19. Contractual Commitments

The Corporation of the Township of Ignace approved By-law # 26/2008 authorizing an agreement with Northern Waterworks Inc. for the provision of all services required for the management, operation and maintenance of the treatment facilities for a fee of 12% of the agreed annual expenditures as well as limited services for supervision of and technical assistance for the distribution and collection facilities. These services will be provided for an annual fee of \$10,000 per year for the first five years of the agreement and \$12,000 per year for the last five years of the agreement. The term of the contract is for a period of ten years, commencing on June 11, 2008 and expiring on June 10, 2018.

The Corporation of the Township of Ignace

Notes to Financial Statements

December 31, 2013

20. Comparative Figures

Certain of the comparative figures have been restated to conform to the presentation adopted in the current year.

21. Budget

The Financial Plan (Budget) By-Law adopted by Council on February 28, 2013 was not prepared on a basis consistent with that used to report actual results (Public Sector Accounting Standards). The budget was prepared on a modified accrual basis while Public Sector Accounting Standards now require a full accrual basis. The budget expensed all tangible capital expenditures rather than including amortization expense. As a result, the budget figures presented in the statements of operations and accumulated surplus, and change in net debt represent the Financial Plan adopted by Council on February 28, 2013 with adjustments as follows:

	<u>2013</u>
Financial Plan (Budget) Bylaw surplus for the year	\$ 40,178
Add:	
Repayment of long-term debt	253,745
Capital expenditures	273,300
Less:	
Amortization	<u>(821,940)</u>
Budget deficit per statement of operations and accumulated surplus	<u>\$ (254,717)</u>

Under Canadian public sector accounting standards, budget amounts are to be reported on the statement of operations and accumulated surplus for comparative purposes. The 2013 budget amounts for the Township, approved by Council, have been restated to conform to the basis of preparation of the revenue and expenses on the statement of operations and accumulated surplus.

The Corporation of the Township of Ignace

Notes to Financial Statements

December 31, 2013

22. Change in Accounting Policy

Effective January 1, 2013, the municipality adopted the new accounting standards PS3410 Government Transfers and PS3510 Tax Revenue from the Chartered Professional Accountants Canada Handbook on a prospective basis.

Government transfers are recognized when authorized and eligibility criteria have been met unless the transfer contains stipulations that create a liability. If the transfer contains stipulations that create a liability, the related revenue is recognized over the period that the liability is extinguished.

The prospective application of this change in accounting policy resulted in no changes.

Taxes are recorded at estimated amounts when they meet the definition of an asset, have been authorized and the taxable event occurs.

23. Contingencies

At the year-end, there were properties that the Municipal Property Assessment Corporation had not reassessed that could result in possible supplementary taxes for the year. Also, there are properties where the assessed value is being challenged. At this time, it is not possible to reliably estimate the value of these supplementary taxes and tax write offs, so they have not been recognized in these financial statements. These adjustments, if any, will be accounted for in the year the township can reasonably estimate an amount.

The Corporation of the Township of Ignace

Notes to Financial Statements

December 31, 2013

24. Segmented Information

The Township is a diversified municipal government institution that provides a wide range of services both directly and through third parties to its citizens, such as transportation, public housing, police, fire and water. Distinguishable functional segments have been separately disclosed in the segmented information. The nature of the segments and the activities they encompass are as follows:

General Government

General government comprises various administrative services, including the Mayor and Council, and Administrator/Treasurer.

Protection Services

Protection is comprised of police services, fire protection and ambulance services. The police services work to ensure the safety and protection of the citizens and their property. The fire department is responsible to provide fire suppression service, fire prevention programs, training and education. The members of the fire department consist of volunteers. The ambulance service transports the injured to the hospital and provides emergency medical care to those in distress.

Transportation Services

Transportation encompasses maintenance of the Township's roads, streetlights and airport services.

Environmental Services

Environmental services consists of providing waterworks, sanitary sewer, waste collection and disposal. Waterworks provides drinking water to the citizens of the Township. The sanitary sewer collects and treats wastewater. Waste collection and disposal include the collection of solid waste and landfill site operations.

Health Services

Health services are comprised of public health services which works to improve the overall health of the population and overcome health inequalities by providing services to individuals and communities.

Social and Family Services

Social service provides services that are meant to help the less fortunate in society. Social housing is provided to help shelter families and elderly in need.

Social Housing

The Municipality contributes to a local board which provides social housing if the citizens of The Corporation of the Township of Ignace require the service.

Recreational and Cultural Services

This service area consists of the operation and maintenance of local parks, recreation facilities, cultural facilities, and the library.

The Corporation of the Township of Ignace
Notes to Financial Statements

December 31, 2013

23. Segmented Information (continued)

Planning and Development

These services relate to zoning issues as well as planning of various municipal maintenance projects.

The Corporation of the Township of Ignace

Notes to Financial Statements

December 31, 2013

23. Segmented Information (continued)

For the year ended December 31	2013							Total		
	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Family Services	Social Housing Services		Recreational and Cultural Services	Planning and Development
Revenue										
Taxation	\$ 359,264	\$ 270,988	\$ 322,533	\$ 399,370	\$ 47,442	\$ 34,550	\$ 24,428	\$ 165,650	\$ 23,817	\$ 1,648,042
User fees and service charges	6,450	68,573	47,317	943,914	655	-	-	50,370	4,854	1,122,133
Conditional grants	21,740	8,932	-	87,792	-	-	-	9,746	-	128,210
Unconditional grants	196,805	148,447	176,684	218,776	25,989	18,927	13,382	90,743	13,047	902,800
Other	170,742	87,155	103,733	128,446	15,258	11,112	7,857	53,276	7,660	585,239
	755,001	584,095	650,267	1,778,298	89,344	64,589	45,667	369,785	49,378	4,386,424
Expenses										
Salaries and wages	463,686	64,143	334,911	96	-	-	-	139,360	25,704	1,027,900
Materials	108,409	86,027	184,317	22,001	1,187	18,790	-	213,877	26,152	660,760
Contracted services	94,263	518,284	67,097	574,334	-	-	-	10,292	8,940	1,273,210
Rents and financial	106,983	-	-	-	-	-	-	-	-	106,983
External transfers	-	-	-	-	119,912	63,223	62,356	-	-	245,491
Long-term debt interest	125,696	-	-	-	-	-	-	-	-	125,696
Amortization	73,212	23,268	236,971	423,000	-	6,181	-	59,308	-	821,940
	972,249	691,772	823,296	1,019,431	121,099	88,194	62,356	422,837	60,796	4,261,980
Net surplus (deficit)	\$ (217,248)	\$ (107,627)	\$ (173,029)	\$ 758,867	\$ (31,755)	\$ (23,605)	\$ (16,689)	\$ (53,052)	\$ (11,418)	\$ 124,444

The Corporation of the Township of Ignace

Notes to Financial Statements

December 31, 2013

23. Segmented Information (continued)

For the year ended December 31	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Social Housing		Recreational and Cultural Services	Planning and Development	2012 Total (Restated)
						Family Services	Social Housing			
Revenue										
Taxation	\$ 353,776	\$ 230,386	\$ 265,769	\$ 352,173	\$ 44,697	\$ 40,597	\$ 21,155	\$ 201,346	\$ 61,924	\$ 1,571,823
User fees and service charges	5,907	41,080	16,498	551,646	890	-	-	65,254	2,872	684,147
Conditional grants	21,423	8,036	-	127,803	-	-	-	9,345	54,926	221,533
Unconditional grants	199,014	153,230	151,569	197,486	20,862	20,575	14,231	126,536	24,797	903,300
Other	39,768	25,898	29,875	39,588	5,024	4,563	2,378	22,633	6,961	176,688
	619,888	458,630	463,711	1,263,696	71,473	65,735	37,764	425,114	151,480	3,557,491
Expenses										
Salaries and wages	446,504	56,151	265,080	-	-	-	-	218,894	125,436	1,112,065
Materials	119,345	59,760	207,247	28,619	830	3,760	-	278,245	22,166	719,972
Contracted services	122,976	512,285	45,310	544,171	-	-	-	12,601	27,500	1,264,843
Rents and financial	99,636	-	-	-	-	-	-	-	-	99,636
External transfers	-	-	-	-	125,560	104,855	59,821	-	-	290,236
Long-term debt interest	138,977	-	-	-	-	-	-	-	-	138,977
Amortization	72,933	23,268	233,878	423,052	-	6,181	-	59,608	-	818,920
	1,000,371	651,464	751,515	995,842	126,390	114,796	59,821	569,348	175,102	4,444,649
Net surplus (deficit)	\$ (380,483)	\$ (192,834)	\$ (287,804)	\$ 267,854	\$ (54,917)	\$ (49,061)	\$ (22,057)	\$ (144,234)	\$ (23,622)	\$ (887,158)



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Independent Auditors' Report

To the Members of Council, Inhabitants and Ratepayers
of The Corporation of the Township of Ignace

We have audited the accompanying financial statements of The Corporation of the Township of Ignace Trust Funds, which comprise the statement of financial position as at December 31, 2013, the statement of continuity for the year then ended, and a summary of significant accounting policies and other explanatory information. The financial statements have been prepared by management of The Corporation of the Township of Ignace based on the basis of accounting as described in Note 1.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the basis of accounting as described in Note 1. This includes determining that the described basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances, 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the 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 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 financial statements of The Corporation of the Township of Ignace Trust Funds for the year ended December 31, 2013 are prepared in accordance with the basis of accounting as described in Note 1.

BDO Canada LLP

Chartered Accountants, Licensed Public Accountants

Dryden, Ontario
June 26, 2014

**The Corporation of the Township of Ignace
Trust Funds
Statement of Financial Position**

December 31, 2013

	Perpetual Care	2013 Total	2012 Total
Assets			
Cash	\$ 26,063	\$ 26,063	\$ 25,836
Due from The Corporation of the Township of Ignace	11,974	11,974	11,324
	<u>\$ 38,037</u>	<u>\$ 38,037</u>	<u>\$ 37,160</u>
 Fund Balance	 <u>\$ 38,037</u>	 <u>\$ 38,037</u>	 <u>\$ 37,160</u>

**The Corporation of the Township of Ignace
Trust Funds
Statement of Continuity**

For the year ended December 31

	Perpetual Care	2013 Total	2012 Total
Balance, beginning of year	<u>\$ 37,160</u>	<u>\$ 37,160</u>	<u>\$ 36,269</u>
Receipts			
Loan interest	227	227	257
Plot sales	650	650	634
	<u>877</u>	<u>877</u>	<u>891</u>
 Balance, end of year	 <u>\$ 38,037</u>	 <u>\$ 38,037</u>	 <u>\$ 37,160</u>

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

The Corporation of the Township of Ignace Trust Funds Notes to Financial Statements

December 31, 2013

1. Significant Accounting Policies

Management Responsibility

The financial statements of The Corporation of the Township of Ignace Trust Funds are the representation of management. Precise determination of some assets and liabilities may be dependent upon future events and estimates and approximations. These estimates and approximations have been based upon the available information, using careful judgement and review. Actual results could differ from these estimates. The financial statements have, in management's opinion, been properly prepared using careful judgement within reasonable limits of materiality and within the framework of the summary of accounting policies.

Basis of Accounting

The financial information of The Corporation of the Township of Ignace Trust Funds are the representation of management. They have been prepared in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board or the Canadian Institute of Chartered Accountants as prescribed by the Ontario Ministry of Municipal Affairs and Housing.

Revenue and expenditures are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipts of goods or services and the creation of a legal obligation to pay.

2. Nature of Trust Funds

The Cemetery Care and Maintenance Trust Fund was established in accordance with the Cemeteries Act for the care and maintenance of certain cemetery grounds.

**The Corporation of the Township of Ignace
Trust Funds
Notes to Financial Statements**

December 31, 2013

3. Statement of Cash Flows

A statement of cash flows has not been provided since the sources and uses of cash are readily apparent from the information included in the financial statements.
