

**THE CORPORATION OF THE TOWN
OF KAPUSKASING**

**INDEPENDENT AUDITOR'S REPORT AND
FINANCIAL STATEMENTS**

DECEMBER 31, 2017

THE CORPORATION OF THE TOWN OF KAPUSKASING
FINANCIAL STATEMENTS
DECEMBER 31, 2017

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THE CORPORATION OF THE TOWN OF KAPUSKASING

MANAGEMENT'S REPORT

DECEMBER 31, 2017

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

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

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

The financial statements have been audited by Collins Barrow Gagné Gagnon Bisson Hébert, independent external auditors appointed by Council. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the financial statements.

Kapuskasing, Ontario
September 10, 2018



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INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers of
the Corporation of the Town of Kapuskasing

We have audited the accompanying financial statements of the Corporation of the Town of Kapuskasing, which comprise the statement of financial position as at December 31, 2017, and the statements of operations and accumulated surplus, changes in net debt and 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.

Auditor's 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 auditor's judgment, 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 auditor considers internal control relevant to the municipality'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 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 financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Corporation of the Town of Kapuskasing as at December 31, 2017, and the results of its operations and accumulated surplus, its changes in net debt and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Collins Barrow Gagné Gagnon Bisson Hébert

Chartered Professional Accountants
Licenced Public Accountants
September 10, 2018

THE CORPORATION OF THE TOWN OF KAPUSKASING

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2017

	2017	2016
FINANCIAL ASSETS		
Cash and cash equivalents	\$ 1,619,361	\$ -
Taxes receivable (note 5)	557,019	473,118
Trade and other receivables (note 6)	5,415,261	6,224,170
Inventories for resale	22,670	42,604
Due from government business enterprises (note 7)	12,018,698	11,417,320
Long-term receivables (note 8)	998,720	1,077,834
	<u>20,631,729</u>	<u>19,235,046</u>
LIABILITIES		
Bank indebtedness (note 9)	-	6,523,390
Temporary loan	-	4,200,000
Accounts payable and accrued liabilities	2,993,150	3,760,050
Advance from Kapuskasing-Moonbeam Landfill Site Management Board	-	1,009,556
Deferred revenues - obligatory reserve funds (note 10)	1,876,726	1,595,451
Long-term debt (note 11)	31,903,334	22,498,926
	<u>36,773,210</u>	<u>39,587,373</u>
NET DEBT	<u>(16,141,481)</u>	<u>(20,352,327)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets - net book value (note 12)	90,826,845	91,860,133
Inventories held for consumption or use	91,750	89,801
Prepaid expenses	125,860	68,970
	<u>91,044,455</u>	<u>92,018,904</u>
ACCUMULATED SURPLUS (note 13)	\$ 74,902,974	\$ 71,666,577

CONTINGENCIES - notes 15, 16, 17, 18 and 22

COMMITMENTS - note 20

CONTRACTUAL OBLIGATIONS - note 21

On behalf of Council:

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

THE CORPORATION OF THE TOWN OF KAPUSKASING

STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

YEAR ENDED DECEMBER 31, 2017

	Budget (note 23)	2017 Actual	2016 Actual
REVENUES			
Residential taxation	\$ 7,130,768	\$ 7,212,223	\$ 6,768,610
Commercial and business taxation	3,671,428	3,732,731	4,229,242
Payments in lieu of taxation	218,900	208,426	228,533
Ontario Municipal Partnership Fund	4,355,900	4,355,900	4,219,100
Provincial offences	117,600	175,687	116,166
User fees and service charges	5,732,057	7,528,595	6,876,132
Interest and penalties	278,948	553,261	510,051
Government transfers for operating - Provincial	302,360	352,239	432,564
Government transfers for operating - Federal	3,500	2,394	151,247
Other revenues	440,537	546,251	600,559
Solar energy revenues	304,210	321,826	303,516
	<u>22,556,208</u>	<u>24,989,533</u>	<u>24,435,720</u>
EXPENSES			
General government	2,251,627	2,835,238	2,435,780
Protection to persons and property	4,005,330	4,015,082	4,150,615
Transportation services	4,441,463	4,972,974	5,320,924
Environmental services	4,753,315	6,061,799	6,077,128
Health services	608,565	585,612	648,982
Social and family services	1,626,530	1,397,054	1,719,822
Recreation and cultural services	2,658,319	2,823,235	2,917,828
Planning and development	404,339	586,946	785,546
Solar energy expenses	110,186	244,892	241,267
	<u>20,859,674</u>	<u>23,522,832</u>	<u>24,297,892</u>
EXCESS OF REVENUES OVER EXPENSES	<u>1,696,534</u>	<u>1,466,701</u>	<u>137,828</u>
OTHER REVENUES			
Government transfers for capital - Provincial	1,324,101	1,744,696	3,800,460
Government transfers for capital - Federal	900,000	25,000	-
Other recoveries for capital	-	-	760,980
	<u>2,224,101</u>	<u>1,769,696</u>	<u>4,561,440</u>
ANNUAL SURPLUS	3,920,635	3,236,397	4,699,268
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>71,666,577</u>	<u>71,666,577</u>	<u>66,967,309</u>
ACCUMULATED SURPLUS, END OF YEAR (note 13)	<u>\$ 75,587,212</u>	<u>\$ 74,902,974</u>	<u>\$ 71,666,577</u>

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

THE CORPORATION OF THE TOWN OF KAPUSKASING
STATEMENT OF CHANGES IN NET DEBT
YEAR ENDED DECEMBER 31, 2017

	2017	2016
ANNUAL SURPLUS	\$ 3,236,397	\$ 4,699,268
NON-FINANCIAL ASSET ACTIVITIES		
Acquisition of tangible capital assets	(2,400,737)	(13,317,815)
Amortization of tangible capital assets	3,434,025	3,220,449
Deposit on purchase of tangible capital assets	-	340,642
Change in inventories held for consumption or use	(1,949)	9,502
Change in prepaid expenses	(56,890)	139,996
DECREASE (INCREASE) IN NET DEBT	4,210,846	(4,907,958)
NET DEBT, BEGINNING OF YEAR	(20,352,327)	(15,444,369)
NET DEBT, END OF YEAR	\$ (16,141,481)	\$ (20,352,327)

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

THE CORPORATION OF THE TOWN OF KAPUSKASING

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2017

	2017	2016
OPERATING ACTIVITIES		
Annual surplus	\$ 3,236,397	\$ 4,699,268
Items not involving cash:		
Amortization of tangible capital assets	3,434,025	3,220,449
Transfer of deposit on purchase of tangible capital assets to tangible capital assets	-	340,642
	<u>6,670,422</u>	<u>8,260,359</u>
Changes in:		
Taxes receivable	(83,901)	143,557
Trade and other receivables	808,909	1,861,832
Inventories for resale	19,934	8,966
Account payable and accrued liabilities	(766,900)	1,166,542
Deferred revenues - obligatory reserve funds	281,275	(348,772)
Inventories held for consumption or use	(1,949)	9,502
Prepaid expenses	(56,890)	139,996
	<u>6,870,900</u>	<u>11,241,982</u>
FINANCING ACTIVITIES		
Principal payments on long-term debt on behalf of non-consolidated entities	(32,556)	(18,850)
Principal payments on long-term debt	(1,563,000)	(1,301,530)
Proceeds from long-term debt	10,999,964	6,810,140
Proceeds from temporary loan	-	4,200,000
Repayment of temporary loan	(4,200,000)	(6,274,000)
Advance from (repayment to) Kapuskasing-Moonbeam Landfill Site Management Board	(1,009,556)	1,009,556
	<u>4,194,852</u>	<u>4,425,316</u>
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	<u>(2,400,737)</u>	<u>(13,317,815)</u>
INVESTING ACTIVITIES		
Net advances to government business enterprises	(601,378)	(5,186,317)
Net advances from (to) long-term receivables	79,114	(34,151)
	<u>(522,264)</u>	<u>(5,220,468)</u>
CHANGE IN CASH POSITION	8,142,751	(2,870,985)
CASH POSITION (BANK INDEBTEDNESS), BEGINNING OF YEAR	<u>(6,523,390)</u>	<u>(3,652,405)</u>
CASH POSITION (BANK INDEBTEDNESS), END OF YEAR	<u>\$ 1,619,361</u>	<u>\$ (6,523,390)</u>

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

THE CORPORATION OF THE TOWN OF KAPUSKASING

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

The Corporation of the Town of Kapuskasing (the municipality) is a single-tier municipal corporation located in Northern Ontario.

1. SIGNIFICANT ACCOUNTING POLICIES

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

BASIS OF CONSOLIDATION

These financial statements reflect the assets, liabilities, revenues, expenses, reserve funds and reserves of the municipality and include the activities of all committees of Council and the following boards, municipal business enterprises and utilities which are under the control of Council:

Museum Board
Planning Board

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

NON-CONSOLIDATED ENTITIES

The following local boards, joint local boards and municipal business enterprises are not consolidated. Separate consolidated financial statements are prepared to include those boards requiring consolidation and includes the government business enterprises accounted for using the modified equity method.

Non-consolidated entities:

Kapuskasing Golden Age Club
Kapuskasing Municipal Non-Profit Housing Corporation
North Centennial Manor Inc.
Cochrane-Timiskaming Waste Management Board
Kapuskasing Volunteer Firefighters
North East Recycling Association

Non-consolidated entities that require consolidation:

Kapuskasing Public Library Board
Downtown Business Improvement Area Board
Kapuskasing Economic Development Corporation
Kapuskasing-Moonbeam Landfill Site Management Board

Non-consolidated joint local boards:

Porcupine Health Unit
Cochrane District Social Services Administration Board (CDSSAB)

THE CORPORATION OF THE TOWN OF KAPUSKASING

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

NON-CONSOLIDATED ENTITIES (cont'd)

Government Business Enterprises

Government business enterprises are not consolidated, nor are they accounted for using the modified equity method in these financial statements. These government business enterprises are Énergie Kapuskasing Energy Inc. (EKE), which is 100% owned and controlled by the municipality and Solaire Kapuskasing Solar Inc. (SKS) and Hydro Kapuskasing Hydro Inc. (HKH), which are 100% owned by Énergie Kapuskasing Energy Inc. Under the modified equity method of accounting, only the municipality's investment in the government business enterprise and the enterprises' net income or loss and other changes in equity are recorded. No adjustment is made for accounting policies of the enterprise that are different from those of the municipality, except that any other comprehensive income of the business enterprise is accounted for as an adjustment to the accumulated surplus or deficit. Inter-organizational transactions and balances are not eliminated, except for any profit or loss on the sale between entities of assets that remain within the reporting entity.

ACCOUNTING FOR SCHOOL BOARD TRANSACTIONS

The taxation, other revenues, expenses, assets and liabilities with respect to the operations of the school boards are not reflected in these financial statements. Note 2 provides details of amounts raised and transferred to the school boards.

TRUST FUNDS

The Cemetery Care and Maintenance Fund trust funds administered by the municipality are not consolidated but are outlined in note 4 to the financial statements.

ACCRUAL ACCOUNTING

Revenues and expenses are reported on the accrual basis of accounting which recognizes revenues as they become earned and measurable. Revenues from taxation, grants and all other sources are recognized when the amount is fixed or reasonably determinable and collectability is reasonably assured. 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.

GOVERNMENT TRANSFERS

Government transfers are the transfer of assets from senior levels of Government that are not the result of an exchange transaction, are not expected to be repaid in the future or the result of a direct financial return. Government transfers are recognized in the financial statements in the period in which events giving rise to transfer occur, providing the transfers are authorized, eligibility criteria are met, and reasonable estimates of the amounts can be made. Government grants are recognized when approved to the extent the related expenses have been incurred and collection is reasonably assured.

The municipality also transfers assets to other level of Government and/or other organizations. These transfers are recorded as an expense when they are authorized and eligibility criteria is met, if any.

THE CORPORATION OF THE TOWN OF KAPUSKASING

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

TAXATION

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. The Municipal Council establishes the tax rates annually, incorporating amounts to be raised for local services and on behalf of the School Boards in respect of education taxes. From time to time property assessments are adjusted by MPAC through the reconsideration process or by the Assessment Review Board through the appeal process. Additional assessments, referred to as supplementary and omitted assessments can also be issued by MPAC in accordance with the Assessment Act. These adjustments and additional assessments are processed by the Municipality upon receipt and recognized in the fiscal year they are determined. All property taxes are secured by the land and pose minimal collection risk.

USER FEES AND SERVICE CHARGES

User fees and services charges are recognized when the activity is performed or when the services are rendered.

CASH AND CASH EQUIVALENTS

Cash consists of balances held at financial institutions and all cash equivalents consist of highly liquid financial instruments with maturity of three months or less at acquisition.

INVENTORIES

Inventories for resale are recorded at the lower of cost and net realizable value. Inventories held for consumption or use are recorded at the lower of cost and replacement cost.

LONG-TERM RECEIVABLES

Long-term receivables are recorded at cost. Valuation of the receivable is assessed annually by management. Any write-downs are recorded in the period in which the change in value occurred. The interest is recorded when earned.

MULTI-EMPLOYER DEFINED BENEFIT PENSION

Substantially all of the employees of the municipality are eligible to be members of the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer, defined benefit, final average earnings, contributory pension plan. Defined contribution plan accounting is applied to OMERS, whereby contributions are expensed when due, as the municipality has insufficient information to apply defined benefit accounting.

DEFERRED REVENUES - OBLIGATORY RESERVE FUNDS

Grants, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used in the conduct of certain projects or the completion of specific work. In addition certain fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred or the services are performed.

THE CORPORATION OF THE TOWN OF KAPUSKASING

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

DEFERRED REVENUES - OBLIGATORY RESERVE FUNDS (cont'd)

A requirement of the Canadian Public Sector Accounting Standards is that the obligatory reserve funds be reported as deferred revenue. This requirement is in place as provincial legislation and other agreements restrict how these funds may be used and under certain circumstances these funds may possibly be refunded.

Funds from external sources and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue - obligatory reserve funds until used for the purpose specified.

NON-FINANCIAL ASSETS

Non-financial assets are not available to discharge existing liabilities and are held for 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 combined with the annual surplus provides the change in net financial assets (net debt) for the year.

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, if any, of the tangible capital assets are amortized on a straight-line basis, over the expected useful life of the assets, as follows:

Buildings	15 to 40 years
Vehicles, machinery and equipment	5 to 25 years
Street lights and hydrants	50 years
Roads	5 to 70 years
Water and sewer systems	50 years
Solar panels	20 years

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 market value at the date of receipt.

BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying tangible capital asset are capitalized during the period of time that is necessary to complete and prepare the asset for its intended use. All other borrowing costs are expensed in the period they occur. Borrowing costs consists of interest and other costs that the municipality incurs in connection with the borrowing of funds.

RESERVES AND RESERVE FUNDS

Certain amounts, as approved by Council, are set aside in reserves and reserve funds for future operating and capital purposes. Transfers to and from reserves and reserve funds are recorded as an adjustment to the respective fund when approved.

THE CORPORATION OF THE TOWN OF KAPUSKASING

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

MEASUREMENT UNCERTAINTY

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 disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in operations in the period in which they become known. Significant estimates are used when accounting for the allowance for uncollectible taxes and other receivables, determining the useful lives of tangible capital assets, accrued liabilities and contingencies. Actual results could differ from those estimates.

2. OPERATIONS OF SCHOOL BOARDS

Tax collected and transferred to school boards are comprised of the following:

	Public	Separate	Total 2017	Total 2016
Regular tax levy	\$ 846,904	\$ 867,315	\$ 1,714,219	\$ 1,851,648
Supplementary tax levy	21,699	21,175	42,874	3,978
Write-offs and adjustments	(46,755)	(47,292)	(94,047)	(29,942)
	\$ 821,848	\$ 841,198	\$ 1,663,046	\$ 1,825,684

3. CONTRIBUTIONS TO NON-CONSOLIDATED ENTITIES

The following contributions were made by the municipality to these local boards and joint local boards and are included in expenses on the statement of operations.

	Budget (note 23)	2017 Actual	2016 Actual
Public Library Board	\$ 143,000	\$ 142,800	\$ 142,800
Downtown Business Improvement Area Board	30,000	28,744	29,281
Kapuskasing Golden Age Club	32,500	41,749	33,099
Cochrane District Social Services			
Administration Board	1,236,030	998,930	1,230,069
Porcupine Health Unit	264,694	264,694	256,209
North Centennial Manor Inc.	355,000	353,806	279,289
North Centennial Manor Inc. - Special Levy	-	-	175,000
Kapuskasing-Moonbeam Landfill Site			
Management Board	125,000	108,765	39,495
North East Recycling Association	125,000	140,808	114,296
Kapuskasing Economic Development Corporation	150,000	150,000	250,000
Kapuskasing Volunteer Firefighters	125,302	140,889	106,657
	\$ 2,586,526	\$ 2,371,185	\$ 2,656,195

THE CORPORATION OF THE TOWN OF KAPUSKASING

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

4. TRUST FUNDS

Trust funds administered by the municipality have not been included in these financial statements. The year-end balances of these trust funds are as follows:

	2017	2016
Cemetery Care and Maintenance Fund	\$ 445,419	\$ 419,880

5. TAXES RECEIVABLE

	2017	2016
Current year	\$ 401,462	\$ 283,136
Prior years	63,446	70,514
Penalties and interest	21,374	19,801
Due on property under registration	146,737	99,667
Allowance for doubtful taxes receivable	(76,000)	-
	<u>\$ 557,019</u>	<u>\$ 473,118</u>

6. TRADE AND OTHER RECEIVABLES

	2017	2016
Government of Canada	\$ 3,188,422	\$ 4,400,250
Province of Ontario	973,860	319,973
Other	<u>1,252,979</u>	<u>1,503,947</u>
	<u>\$ 5,415,261</u>	<u>\$ 6,224,170</u>

7. DUE FROM GOVERNMENT BUSINESS ENTERPRISES

Notes receivable with no set terms of repayment, unsecured and bearing interest at 4%.

	2017	2016
Énergie Kapuskasing Energy Inc.	\$ 5,428,125	\$ 5,226,377
Solaire Kapuskasing Solar Inc.	<u>6,590,573</u>	<u>6,190,943</u>
	<u>\$ 12,018,698</u>	<u>\$ 11,417,320</u>

During the year, a total of \$ 440,052 (2016 - \$ 398,823) of interest was charged to these government business enterprises.

THE CORPORATION OF THE TOWN OF KAPUSKASING

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

8. LONG-TERM RECEIVABLES

	2017	2016
Physician recruitment incentives, interest free, unsecured, due between 2018 and 2024	\$ 375,000	\$ 400,000
Kapuskasing Economic Development Corporation, bearing interest at 2.69%, receivable in blended monthly instalments of \$ 951, due in 2022 (note 11 and 16)	53,354	63,191
Kapuskasing Economic Development Corporation, bearing interest at 2.91%, receivable in blended monthly instalments of \$ 3,301, due in 2036 (note 11 and 16)	568,008	590,727
Drury Place Non Profit Housing, interest free, unsecured, receivable at \$ 1,000 per month, due in 2018	2,358	14,358
Kapuskasing Business Improvement Area Board, received during the year	-	9,558
	<u>\$ 998,720</u>	<u>\$ 1,077,834</u>

9. BANK INDEBTEDNESS

The municipality has an authorized line of credit of \$ 16,000,000 from January 1st to September 30th and reducing to \$ 8,000,000 from October 1st to December 31st, bearing interest at prime, secured by a Borrowing By-Law approved by Council. Bank indebtedness balance as at December 31, 2017 is \$ NIL (2016 - \$ 6,523,390).

THE CORPORATION OF THE TOWN OF KAPUSKASING

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

10. DEFERRED REVENUES - OBLIGATORY RESERVE FUNDS

	2017	2016
DEFERRED REVENUE		
Ontario Community Infrastructure Fund (OCIF)	\$ -	\$ 248,544
Ministry of Health and Long-Term Care	13,759	31,070
Other	59,874	31,844
	<u>73,633</u>	<u>311,458</u>
OBLIGATORY RESERVE FUNDS		
Federal Gas Tax	1,778,250	1,259,150
Other	24,843	24,843
	<u>1,803,093</u>	<u>1,283,993</u>
	<u>\$ 1,876,726</u>	<u>\$ 1,595,451</u>

The continuity of deferred revenues and obligatory reserve funds is as follows:

	2017	2016
BALANCE, BEGINNING OF YEAR	\$ 1,595,451	\$ 1,944,223
FUNDS RECEIVED DURING THE YEAR		
Federal Gas Tax	498,369	498,369
Interest earned on Federal Gas Tax funds	20,730	7,201
Ontario Community Infrastructure Fund (OCIF)	-	1,100,000
Ministry of Health and Long-Term Care	125,000	125,000
Other	39,153	31,844
	<u>2,278,703</u>	<u>3,706,637</u>
FUNDS SPENT DURING THE YEAR		
Federal Gas Tax	-	(148,094)
Ontario Community Infrastructure Fund (OCIF)	(248,544)	(1,797,161)
Ministry of Health and Long-Term Care	(142,311)	(156,300)
Other	(11,122)	(9,631)
	<u>(401,977)</u>	<u>(2,111,186)</u>
BALANCE, END OF YEAR	<u>\$ 1,876,726</u>	<u>\$ 1,595,451</u>

THE CORPORATION OF THE TOWN OF KAPUSKASING

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

11. LONG-TERM DEBT

	2017	2016
2.64% debenture payable in blended semi-annual instalments of \$ 20,559, due in 2046, secured by a Capital Expenditure Borrowing By-Law, recoverable from local improvement levies	\$ 819,950	\$ 839,043
5.24% loan payable in blended monthly instalments of \$ 7,413, due in 2029, secured by a Capital Expenditure Borrowing By-Law	754,897	802,920
4.80% loan payable in blended monthly instalments of \$ 5,769, due in 2029, secured by a Capital Expenditure Borrowing By-Law	627,346	665,466
3.59% debenture payable in blended annual instalments of \$ 174,618, due in 2025, secured by a Capital Expenditure Borrowing By-Law	1,195,820	1,322,944
3.79% debenture payable in blended semi-annual instalments of \$ 131,504, due in 2021, secured by a Capital Expenditure Borrowing By-Law	854,541	1,078,769
4.28% debenture payable in blended semi-annual instalments of \$ 6,895, due in 2026, secured by a Capital Expenditure Borrowing By-Law	97,404	106,726
2.00% debenture payable in blended semi-annual instalments of \$ 70,585, due in 2031, secured by a Capital Expenditure Borrowing By-Law	1,716,395	1,821,657
4.00% loan payable in blended monthly instalments of \$ 15,755, due in 2032, secured by a Capital Expenditure Borrowing By-Law	2,068,783	2,172,835
2.06% debenture paid during the year	-	8,633
2.69% debenture payable in blended monthly instalments of \$ 6,989, due in 2022, secured by a Capital Expenditure Borrowing By-Law	338,620	401,054
3.41% debenture payable in blended monthly instalments of \$ 5,733, due in 2032, secured by a Capital Expenditure Borrowing By-Law	806,916	847,441

THE CORPORATION OF THE TOWN OF KAPUSKASING

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

11. LONG-TERM DEBT (cont'd)

	2017	2016
2.92% debenture payable in blended semi-annual instalments of \$ 46,993, due in 2024, secured by a Capital Expenditure Borrowing By-Law	552,781	628,954
2.06% debenture payable in blended semi-annual instalments of \$ 27,707, due in 2019, secured by a Capital Expenditure Borrowing By-Law	81,398	134,315
3.71% debenture payable in blended semi-annual instalments of \$ 22,092, due in 2034, secured by a Capital Expenditure Borrowing By-Law	541,606	565,043
2.77% debenture payable in blended monthly instalments of \$ 21,267, due in 2040, secured by a Capital Expenditure Borrowing By-Law	4,223,794	4,359,953
2.59% debenture payable in blended monthly instalments of \$ 1,099, due in 2031, secured by a Capital Expenditure Borrowing By-Law	150,857	160,007
2.91% debenture payable in blended monthly instalments of \$ 28,515, due in 2036, secured by a Capital Expenditure Borrowing By-Law	4,907,015	5,103,281
1.58% debenture payable in blended monthly instalments of \$ 1,873, due in 2021, secured by a Capital Expenditure Borrowing By-Law	78,260	99,322
2.13% debenture payable in blended monthly instalments of \$ 6,991, due in 2026, secured by a Capital Expenditure Borrowing By-Law	657,558	726,645
4.26% debenture payable in blended monthly instalments of \$ 23,693, due in 2022, secured by a Capital Expenditure Borrowing By-Law	3,478,372	-
3.35% loan payable in blended monthly instalments of \$ 42,670, due in 2022, secured by a Capital Expenditure Borrowing By-Law	7,329,659	-
Long-term liabilities issued for municipal purposes	31,281,972	21,845,008

THE CORPORATION OF THE TOWN OF KAPUSKASING

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

11. LONG-TERM DEBT (cont'd)

	2017	2016
Long-term liability incurred to advance funds to an unconsolidated entity (note 8 and 16). 2.69% debenture payable in blended monthly instalments of \$ 951, due in 2022, secured by a Borrowing By-Law	53,354	63,191
Long-term liability incurred to advance funds to an unconsolidated entity (note 8 and 16). 2.69% debenture payable in blended monthly instalments of \$ 3,300, due in 2036, secured by a Borrowing By-Law	568,008	590,727
	<u>\$ 31,903,334</u>	<u>\$ 22,498,926</u>

Principal payments and interest required on this debt during the next 5 fiscal years are as follows:

	Principal	Interest	Total
2018	\$ 1,849,217	\$ 1,030,888	\$ 2,880,105
2019	1,883,021	969,054	2,852,075
2020	1,918,211	906,480	2,824,691
2021	1,842,110	841,710	2,683,820
2022	10,359,361	636,965	10,996,326
2023 and subsequent years	14,051,414	2,889,227	16,940,641
	<u>\$ 31,903,334</u>	<u>\$ 7,274,324</u>	<u>\$ 39,177,658</u>

Interest paid during the year on long-term debt amounted to \$ 901,156 (2016 - \$ 681,706).

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

THE CORPORATION OF THE TOWN OF KAPUSKASING

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

12. TANGIBLE CAPITAL ASSETS

	2017	2016
Land	\$ 332,527	\$ 332,527
Buildings	22,110,740	22,833,485
Vehicles, machinery and equipment	16,617,591	15,085,553
Street lights and hydrants	894,038	943,067
Roads	26,961,290	24,911,241
Water system	9,179,613	8,621,261
Sewer system	11,945,718	10,748,970
Solar panels	<u>1,841,926</u>	<u>1,967,439</u>
	89,883,443	85,443,543
Assets under construction	<u>943,402</u>	<u>6,416,590</u>
	<u>\$ 90,826,845</u>	<u>\$ 91,860,133</u>

Assets under construction have not been amortized. Amortization will commence when the asset is completed and put into service.

For additional information, see the Schedule of Tangible Capital Assets (page 25).

The distribution by segment is as follows:

	2017	2016
General government	\$ 1,520,046	\$ 1,581,341
Protection to persons and property	2,660,231	2,801,574
Transportation services	31,856,449	32,256,816
Environmental services	41,554,474	41,537,701
Health services	89,738	104,766
Recreation and cultural services	7,247,731	7,399,458
Planning and development	4,056,250	4,211,038
Solar panels	<u>1,841,926</u>	<u>1,967,439</u>
	<u>\$ 90,826,845</u>	<u>\$ 91,860,133</u>

THE CORPORATION OF THE TOWN OF KAPUSKASING

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

13. ACCUMULATED SURPLUS

The accumulated surplus consists of the following:

	2017	2016
RESERVES SET ASIDE BY COUNCIL		
Capital projects	\$ 2,609,917	\$ 2,353,718
Other	362,776	200,489
PUC reserve	3,004,653	3,004,653
Sewage system	1,558,424	1,240,638
Water system	2,547,448	2,455,892
Working capital	2,796,351	1,905,155
	<u>12,879,569</u>	<u>11,160,545</u>
INVESTED IN TANGIBLE CAPITAL ASSETS		
Tangible capital assets - net book value	90,826,845	91,860,133
Long-term debt related to tangible capital assets	(31,281,972)	(21,845,008)
Temporary loan related to tangible capital assets	-	(4,200,000)
Unfinanced capital expenditures	(13,127)	(6,712,547)
	<u>59,531,746</u>	<u>59,102,578</u>
GENERAL OPERATING SURPLUS	<u>2,491,659</u>	<u>1,403,454</u>
ACCUMULATED SURPLUS	<u>\$ 74,902,974</u>	<u>\$ 71,666,577</u>

14. EXPENSES BY OBJECT

	Budget (note 23)	2017 Actual	2016 Actual
Salary, wages and employee benefits	\$ 8,622,079	\$ 8,229,956	\$ 8,632,907
Debt interest charges	868,475	901,156	681,706
Materials and supplies	2,033,024	1,830,788	1,960,861
Contracted services	6,218,383	5,850,810	6,717,361
Rents and financial expenses	531,187	904,912	428,413
External transfers (note 3)	2,586,526	2,371,185	2,656,195
Amortization of tangible capital assets	-	3,434,025	3,220,449
	<u>\$ 20,859,674</u>	<u>\$ 23,522,832</u>	<u>\$ 24,297,892</u>

THE CORPORATION OF THE TOWN OF KAPUSKASING

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

15. LANDFILL CLOSURE AND POST-CLOSURE LIABILITY

The municipality along with the Township of Moonbeam manages and operates the Kapuskasing-Moonbeam Landfill Site Management Board (the Board). The net cost of the site was shared on a usage basis at the following rates:

	2017	2016
Town of Kapuskasing	41%	46%
Township of Moonbeam	6%	7%
Tembec Inc.	53%	47%

The following represents a summary of the net financial assets (net debt) held by the Board at December 31:

	2017	2016
FINANCIAL ASSETS		
Cash and investments	\$ 2,134,392	\$ 1,695,314
Due from the Corporation of the Town of Kapuskasing	-	1,009,556
Accounts receivable	308,723	267,811
	<u>2,443,115</u>	<u>2,972,681</u>
LIABILITIES		
Accounts payable	477,105	112,440
Landfill closure and post-closure liability	2,311,882	2,206,277
	<u>2,788,987</u>	<u>2,318,717</u>
NET FINANCIAL ASSETS (NET DEBT)	<u>\$ (345,872)</u>	<u>\$ 653,964</u>

Canadian Public Sector Accounting Standards and guidelines provided by the Ministry of Municipal Affairs require that landfill operators accrue for the future costs of landfill closure and post-closure on an annual basis. The Board is liable for the closing of this landfill site and post-closure costs for monitoring, reporting and maintenance on an annual basis for an estimated period of 25 years following the closure of the site. Closure and post-closure costs include final covering and landscaping, testing of ground water, environmental monitoring, site inspections and site maintenance. The annual charge should be calculated by dividing the estimated closure costs by the estimated life of the landfill (volumetric capacity or years of service remaining) and charging that amount to operations.

The expected remaining life of the landfill is 13 years and the total estimated capacity of the landfill site is approximately 960,000 metric tons. Cumulative metric tons to date amount to 506,000.

The latest estimate provides for a liability of \$ 2,311,882 (2016 - \$ 2,206,277) and a current charge of \$ 105,605 (2016 - \$ 105,605). The estimated total liability is based on the sum of discounted cash flows for closure and post-closure activities for 25 years after closure using a discount rate of 3%.

THE CORPORATION OF THE TOWN OF KAPUSKASING

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

15. LANDFILL CLOSURE AND POST-CLOSURE LIABILITY (cont'd)

	Total	Kapusksing's share at 41%
Provision for landfill closure and post-closure costs	\$ 105,605	\$ 43,298
Landfill closure and post-closure liability	\$ 2,311,882	\$ 947,872

The Board's net debt as at December 31, 2017 is \$ 345,872 (2016 net financial assets - \$ 653,964). Neither the provision for the future costs or the net financial assets (net debt) have been reflected in these financial statements. Additionally, the municipality is contingently liable for 100% of the costs if the other participants fail to contribute their share.

16. LONG-TERM DEBT ON BEHALF OF OTHER ENTITIES

The municipality borrowed funds on behalf of the Kapuskasing Economic Development Corporation (KEDC). Amounts are received from the entity to make the interest and principal payments. However, should KEDC be unable to meet the required payments, the municipality remains liable for the entire amount of the borrowing. The amounts outstanding as of December 31, 2017 are \$ 53,354 (2016 - \$ 63,191) and \$ 568,008 (2016 - \$ 590,727) - see notes 8 and 11.

17. OTHER CONTINGENCIES

The municipality is involved in a number of claims and possible claims which are the result of normal on-going operations. Management feels that these claims are either without merit or will be covered by insurance. No provision has been made in these financial statements to reflect any of these claims. Any settlements which may arise will be reflected in the financial statements in the year the amount is determined.

18. LOAN GUARANTEES

The Kapuskasing-Moonbeam Landfill Site Management Board and the Kapuskasing Economic Development Corporation both advanced funds to Énergie Kapuskasing Energy Inc. (EKE), in the amounts \$ 1,500,000 and \$ 600,000 respectively. Both advances are due in November 2018 (renewable) and bear interest of 4%, payable annually on December 31. EKE has also been authorized to borrow \$ 1,600,000 from La Caisse Populaire de Kapuskasing Ltée. The balance due on this loan as at December 31, 2017 is \$ 1,373,354 (2016 - \$ 1,431,530). EKE has also been authorized a line of credit of \$ 16,000,000 from La Caisse Populaire Nouvelle-Horizon Inc. The full amount of \$ 16,000,000 (2016 - \$ 16,000,000) is still due as at December 31, 2017. The municipality has guaranteed all four of these loans and advances and is contingently liable to repay the principal and any outstanding interest if EKE fails to make payments. Subsequent to year end, the line of credit with La Caisse Populaire Nouvelle-Horizon Inc. has been refinanced with a loan of \$8,000,000 from Concentra Bank and a loan of \$8,500,000 with TD Equipment Finance Canada. Both of these loans are now held by Solaire Kapuskasing Solar Inc. (SKS), a subsidiary of EKE. The municipality has guaranteed both of these loans.

THE CORPORATION OF THE TOWN OF KAPUSKASING

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

19. RETIREMENT BENEFITS

Substantially all of the Town of Kapuskasing employees are members of the Ontario Municipal Employee's Retirement System Plan ("OMERS"), which is a multi-employer defined benefit pension plan available to all eligible employees of the participating members of the Ontario Municipalities and their employees. Contributions to the plan made during the year by the municipality on behalf of its employees amounted to \$ 585,494 (2016 - \$ 588,187) and are included in the statement of operations. As this is a multi-employer pension plan, these contributions are the municipality's pension benefit expenses. Any pension plan surpluses or deficits are a joint responsibility of member organizations and their employees. As a result, the organization does not recognize any share of the Plan's surplus or deficit. No contributing employer or employee has any liability, directly or indirectly, to provide the benefits established by this plan beyond the obligation to make contributions pursuant to the Plan policies.

20. COMMITMENTS

- i) The municipality has committed to provide a total of 20 annual contributions of \$ 10,397 to the Sudbury Hospital Heart & Soul Campaign. As at December 31, 2017, there are 4 remaining annual contributions for a total commitment of \$ 41,586.
- ii) The municipality has committed to provide a total of 5 annual contribution of \$ 10,000 to the Northern Cancer Foundation for the purchase of a PET scanner. As at December 31, 2017, there are 3 remaining annual contributions for a total commitment of \$ 30,000.

Subsequent to year end, Council has approved to pay the full remaining amount of both commitments mentioned above in 2018.

21. CONTRACTUAL OBLIGATIONS

- i) During the year, the municipality awarded a construction contract for a total cost of \$ 1,299,206. Total cost incurred at December 31, 2017 was \$ 880,376 leaving a total remaining obligation of \$ 418,830.
 - ii) The municipality negotiated a five-year renewal of a joint policing contract with the Minister of Community Safety and Correctional Services of Ontario (MCSCS) for the provision of police services by the Ontario Provincial Police (OPP). The term of this contract runs from January 1, 2015 until December 31, 2018, with the cost determined annually through a budget process. Either party to the agreement may terminate the contract upon one year's written notice. The MCSCS terminated all contracts throughout the province and implemented a new billing model effective January 1, 2015. The annual statements are provided on or before October 1st each year for the municipality to review and approve. During the year ended December 31, 2017, the municipality's total expense for police services was \$ 1,948,018 (2016 - \$ 1,909,359).
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THE CORPORATION OF THE TOWN OF KAPUSKASING

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

22. GOVERNMENT BUSINESS ENTERPRISES

The municipality is a 100% owner of all of the issued capital of the corporation Énergie Kapuskasing Energy Inc. (EKE) which is the sole shareholder of both Hydro Kapuskasing Hydro Inc. (HKH) and Solaire Kapuskasing Solar Inc. (SKS). The financial activities are not consolidated with the municipality nor are they accounted for using the modified equity method. The municipality is contingently liable for the share of the accumulated operating losses of the government business enterprises. These losses have not been recorded as a liability of the municipality. The following is a summary of the activities of these corporations:

Énergie Kapuskasing Energy Inc.

EKE is a shareholder in 16 corporations owned in part by municipalities across Northern Ontario. Each of these corporations have been established to own and operate solar panel electricity generation projects in their respective municipalities. EKE is responsible for the construction, administration and management of these solar projects and has applied with Ontario Power Authority (OPA) and/or the Independent Electricity System Operator (IESO) on behalf of these corporations to proceed with the solar projects. Current projects are discussed below:

Municipal solar corporations

EKE is a partial shareholder of Englehart Solar Inc., Solaire Cobalt Solar Inc., Solaire McGarry Solar Inc., Énergie Matachewan Energy Inc., The Town of Kirkland Lake Solar Inc., Solaire St-Charles Solar Inc., Solaire Gauthier Solar Inc., Solaire Municipality of French River Solar Inc. and Solaire East Ferris Solar Inc. The balance of the shares issued are held by the respective municipalities.

Englehart Solar Inc. has one FIT project operational since 2015.

Solaire Cobalt Solar Inc. was successful in obtaining five FIT projects. However, during 2016, two of the five projects were discontinued. All remaining three projects are now completed and have been operational since February 2018.

Solaire McGarry Solar Inc. was successful in obtaining four FIT projects, one of which has been operational since April 2015. One project has been discontinued and the other two projects are now completed and have been operational since February 2018 and April 2018.

Énergie Matachewan Energy Inc. was successful in obtaining three FIT projects, one of which has been operational since October 2016. The remaining two projects are expected to be completed in December 2018.

The Town of Kirkland Lake Solar Inc. was successful in obtaining three FIT projects. The projects are expected to be completed in December 2018.

Solaire St-Charles Solar Inc. was successful in obtaining one FIT project and Solaire Gauthier Solar Inc. was successful in obtaining two FIT projects. However, management has decided to discontinue these projects.

Solaire Municipality of French River Solar Inc. was successful in obtaining two FIT projects. These projects have been cancelled by the government.

Solaire East Ferris Solar Inc. was successful in obtaining five FIT projects. Two of these projects have been cancelled by the government and the remaining three have been discontinued by management.

THE CORPORATION OF THE TOWN OF KAPUSKASING

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

22. GOVERNMENT BUSINESS ENTERPRISES (cont'd)

Solaire Kapuskasing Solar Inc.

SKS is a participant in two projects:

Owens and Williamson projects

SKS has purchased two solar projects namely the Owens and Williamson projects. Both of these projects were operational during the year.

ASI SPE projects

SKS has purchased four special purpose corporations owning nine solar panel projects in Mississauga and Ontario, all of which were operational during the year.

Hydro Kapuskasing Hydro Inc.

HKH is currently inactive.

23. BUDGET FIGURES (UNAUDITED)

The 2017 budget approved by Council was not prepared on a basis consistent with that used to report actual results. The budget was prepared on a modified accrual basis while Canadian Public Sector Accounting Standards require a full accrual basis. The budget figures treated all tangible capital purchases as expenses and did not include amortization expense on tangible capital assets. The budget also includes loan proceeds as revenues and principal payments on long term debt as expenses. Transfers to and from reserves are also budgeted as revenues and expenses while they should be reported as appropriations to and from the accumulated surplus. As a result, the budget figures presented on the statement of operations and accumulated surplus are adjusted as follows:

	Revenues	Expenses
Total approved budget	\$ 36,534,492	\$ 36,534,492
Less: Loan proceeds budgeted as revenues	(10,326,221)	-
Less: Net transfers to and from reserves budgeted in operations	(1,427,962)	(10,714,328)
Less: Purchase of tangible capital assets budgeted as expenses	-	(3,397,491)
Less: Principal payments on long-term debt budgeted as expenses	-	(1,562,999)
Total budget as presented on the statement of operations	\$ 24,780,309	\$ 20,859,674

THE CORPORATION OF THE TOWN OF KAPUSKASING

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

24. SUBSEQUENT EVENT

- a) Subsequent to year end, the municipality entered into an agreement to sell land in exchange for 526,318 common shares of CannAssist Canada Inc. This represents a 5% equity stake in the corporation. The estimated value of the land is \$ 325,000.
 - b) Subsequent to year end, the municipality awarded a contract for the reconstruction of streets for a total cost of \$ 4,726,018. This is expected to be financed in part by grants and reserves.
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25. FUTURE CHANGES IN ACCOUNTING STANDARDS

Pronouncements for 2017 are: Financial Instruments, PS 3450, Foreign Currency Translation, PS 2601 and Financial Statement Presentation, PS 1201. They are effective for fiscal years beginning on or after April 1, 2019. While early adoption is permitted, all three of the standards must be adopted in the same year. PS 3450 provides guidance on the recognition, measurement, presentation and disclosure of financial instruments including derivative instruments. PS 2601, Foreign Currency Translation includes guidance on deferral and amortization of unrealized gains and losses, hedge accounting and separation of realized and unrealized foreign exchange gains and losses. PS 1201 Financial Statement Presentation includes the addition of a new statement outlining re-measurement gains and losses.

Other pronouncements for 2017 are: Assets, PS 3210, Contingent Assets PS 3320, Contractual Rights, PS 3380 and Restructuring Transactions, PS 3430. PS 3210, PS 3320 and PS 3380 are effective for fiscal years beginning on or after April 1, 2017, and an early adoption is permitted. PS 3430 is effective for fiscal year beginning on or After April 1, 2018, and an early adoption is permitted. PS 3210, Assets provides guidance for applying the definition of assets set out in Financial Statement Concepts, Section PS 1000, and establishes general disclosure standards for assets. PS 3320, Contingent Assets defines and establishes disclosure standards on contingent assets. PS 3380, Contractual Rights defines and establishes disclosures standards on contractual rights. PS 3430, Restructuring Transactions defines a restructuring transaction and establishes standards for recognizing and measuring assets and liabilities in a restructuring transaction.

The municipality has not yet adopted these standards and is currently assessing the impact of these standards on its financial statements.

THE CORPORATION OF THE TOWN OF KAPUSKASING

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

26. SEGMENTED INFORMATION

The municipality is a municipal government institution that provides a range of services to its residents. The nature of the segments and the activities they encompass are as follows:

General Government

General government consists of the activities of Council and general financial and administrative management of the municipality and its programs and services.

Protection Services

Protection services include fire, police services and other protection services.

Transportation Services

The activities of the transportation function include construction and maintenance of the municipality's roads and bridges, winter control, street lighting, air transportation and transit services.

Environmental

This function is responsible for providing water and sewer services to certain areas within the municipality. It is also responsible for providing waste collection, waste disposal and recycling services.

Health Services

The health services function consists of the activities of the cemetery and other medical services.

Social and Family Services

This function provides general assistance for social and family services.

Recreation and Cultural Services

The recreation and cultural services function provides indoor and outdoor recreational facilities and programs and library services.

Planning and Development

The planning and development services function manages commercial, industrial and residential development within the municipality.

The accounting policies used in these segments are the same as those described in note 1.

THE CORPORATION OF THE TOWNSHIP OF KAPUSKASING

SCHEDULE OF TANGIBLE CAPITAL ASSETS

YEAR ENDED DECEMBER 31, 2017

	Land	Buildings	Vehicles, machinery and equipment	Street lights and hydrants	Roads	Water system	Sewer system	Solar panels	Assets under construction	Total 2017	Total 2016
COST											
Beginning of year	\$ 332,527	\$ 32,683,019	\$ 25,892,160	\$ 1,352,159	\$ 34,562,545	\$ 12,778,719	\$ 16,150,218	\$ 2,510,261	\$ 6,416,590	\$ 132,678,198	\$ 119,361,999
Additions	-	33,441	353,654	-	577,930	171,238	321,072	-	943,402	2,400,737	13,317,815
Disposals	-	-	-	-	-	-	-	-	-	-	(1,616)
Transfer of assets under construction	-	61,026	2,467,502	-	2,099,553	622,090	1,166,419	-	(6,416,590)	-	-
End of year	332,527	32,777,486	28,713,316	1,352,159	37,240,028	13,572,047	17,637,709	2,510,261	943,402	135,078,935	132,678,198
ACCUMULATED AMORTIZATION											
Beginning of year	-	9,849,534	10,806,607	409,092	9,651,304	4,157,458	5,401,248	542,822	-	40,818,065	37,599,232
Amortization during the year	-	817,212	1,289,118	49,029	627,434	234,976	290,743	125,513	-	3,434,025	3,220,449
Disposals	-	-	-	-	-	-	-	-	-	-	(1,616)
End of year	-	10,666,746	12,095,725	458,121	10,278,738	4,392,434	5,691,991	668,335	-	44,252,090	40,818,065
NET BOOK VALUE	\$ 332,527	\$ 22,110,740	\$ 16,617,591	\$ 894,038	\$ 26,961,290	\$ 9,179,613	\$ 11,945,718	\$ 1,841,926	\$ 943,402	\$ 90,826,845	\$ 91,860,133

THE CORPORATION OF THE TOWN OF KAPUSKASING

SCHEDULE OF STATEMENT OF REVENUE AND EXPENSES - PLANNING BOARD

YEAR ENDED DECEMBER 31, 2017

	Budget (note 23)	2017	2016
REVENUES			
Planning grant	\$ 3,460	\$ 3,461	\$ 3,461
Planning board fees	7,000	1,857	8,226
	<u>10,460</u>	<u>5,318</u>	<u>11,687</u>
EXPENSES			
Salary, wages and employee benefits	61,182	54,843	44,441
Contracted services	3,500	6,149	10,504
	<u>64,682</u>	<u>60,992</u>	<u>54,945</u>
EXCESS OF EXPENSES OVER REVENUES	\$ (54,222)	\$ (55,674)	\$ (43,258)