

Financial Statements of

**PARRY SOUND AREA MUNICIPAL
AIRPORT COMMISSION**

Year ended December 31, 2017

PARRY SOUND AREA MUNICIPAL AIRPORT COMMISSION

Financial Statements Index

Year ended December 31, 2017

	Page
Independent Auditors' Report	
Statement of Financial Position	1
Statement of Operations and Accumulated Surplus	2
Statement of Changes in Net Financial Assets (Debt)	3
Statement of Cash Flows	4
Notes to Financial Statements	5 - 8



KPMG LLP
Claridge Executive Centre
144 Pine Street
Sudbury Ontario P3C 1X3
Canada
Telephone (705) 675-8500
Fax (705) 675-7586

INDEPENDENT AUDITORS' REPORT

To the Parry Sound Area Municipal Airport Commission

We have audited the accompanying financial statements of Parry Sound Area Municipal Airport Commission which comprise the statement of financial position as at December 31, 2017, the statements of operations and accumulated surplus, changes in net financial assets (debt) and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the 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 our 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, we 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, these financial statements present fairly, in all material respects, the financial position of the Parry Sound Area Municipal Airport Commission as at December 31, 2017 and its results of operations, its changes in net financial assets (debt) and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Sudbury, Canada

June 5, 2018

PARRY SOUND AREA MUNICIPAL AIRPORT COMMISSION

Statement of Financial Position

December 31, 2017, with comparative information for 2016

	2017	2016
Financial assets		
Cash	\$ 44,856	\$ 175,606
Accounts receivable	65,550	27,790
Inventories for resale	22,844	25,452
	<u>133,250</u>	<u>228,848</u>
Financial liabilities		
Accounts payable and accrued liabilities	40,758	25,316
Due to the Township of Seguin (note 2)	-	-
Deferred revenue	94,855	62,292
	<u>135,613</u>	<u>87,608</u>
Net financial assets (debt)	(2,363)	141,240
Non-financial assets		
Tangible capital assets (note 3)	5,025,961	4,489,556
Prepaid expenses	5,592	5,592
	<u>5,031,553</u>	<u>4,495,148</u>
Accumulated surplus (note 4)	\$ 5,029,190	\$ 4,636,388

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

Approved on behalf of the Commission:

Commissioner

PARRY SOUND AREA MUNICIPAL AIRPORT COMMISSION

Statement of Operations and Accumulated Surplus

Year ended December 31, 2017, with comparative information for 2016

	2017 Budget	2017 Actual	2016 Actual
Revenues:			
Government transfers:			
Municipal	\$ 50,000	50,000	\$ 50,000
Provincial	405,000	296,325	-
Federal	405,000	274,924	-
Contributions from third parties	60,000	-	-
Sale of fuel and oil	302,000	310,037	299,972
Sales - Wings Café	92,000	86,993	89,704
Tie downs	7,500	10,233	7,387
Leases and office rentals	238,592	255,231	246,406
Gain on sale of tangible capital assets	-	-	-
Other	71,690	46,555	76,144
Total revenues	1,631,782	1,330,298	769,613
Expenses:			
Wages and benefits	231,102	226,754	227,568
Fuel and oil	232,700	242,521	200,582
Amortization of tangible capital assets	222,000	221,866	210,618
Office supplies and miscellaneous	71,950	38,379	68,072
Wings	44,000	42,183	50,229
Repairs and maintenance	31,800	36,657	35,945
Telephone and utilities	28,089	27,764	22,913
Professional fees	16,500	64,273	28,627
Advertising and memberships	18,500	14,181	22,481
Insurance	15,000	13,964	14,797
Bank charges and interest	8,700	8,954	7,735
Total expenses	920,341	937,496	889,567
Annual surplus (deficit)	711,441	392,802	(119,954)
Accumulated surplus, beginning of year	4,636,388	4,636,388	4,756,342
Accumulated surplus, end of year	\$ 5,347,829	5,029,190	\$ 4,636,388

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

PARRY SOUND AREA MUNICIPAL AIRPORT COMMISSION

Statement of Changes in Net Financial Assets (Debt)

Year ended December 31, 2017, with comparative information for 2016

	2017 Budget	2017 Actual	2016 Actual
Annual surplus (deficit)	\$ 711,441	392,802	\$ (119,954)
Acquisition of tangible capital assets	(900,000)	(758,271)	-
Amortization of tangible capital assets	210,000	221,866	210,618
Proceeds on disposition of tangible capital assets	-	-	-
Gain on sale of tangible capital assets	-	-	-
	21,441	(143,603)	90,664
Acquisition of prepaid expenses	(5,500)	(5,592)	(5,592)
Use of prepaid expenses	5,465	5,592	5,465
Change in net financial assets	21,406	(143,603)	90,537
Net financial assets (debt), beginning of year	141,240	141,240	50,703
Net financial assets (debt), end of year	\$ 162,646	(2,363)	\$ 141,240

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

PARRY SOUND AREA MUNICIPAL AIRPORT COMMISSION

Statement of Cash Flows

Year ended December 31, 2017, with comparative information for 2016

	2017	2016
Cash provided by (used in):		
Operating activities:		
Annual surplus (deficit)	\$ 392,802	\$ (119,954)
Item not involving cash:		
Amortization of tangible capital assets	221,866	210,618
Gain on sale of tangible capital assets	-	-
	614,668	90,664
Change in non-cash assets and liabilities:		
Decrease (increase) in accounts receivable	(37,760)	113,177
Decrease (increase) in inventory for resale	2,608	8,017
Increase (decrease) in accounts payable and accrued liabilities	15,442	(25,740)
Increase (decrease) in due to the Township of Seguin	-	(54,714)
Increase (decrease) in deferred revenue	32,563	1,556
Increase in prepaid expenses	-	(127)
Net change in cash from operating activities	627,521	132,833
Capital activities:		
Proceeds on disposition of tangible capital assets	-	-
Cash used to acquire tangible capital assets	(758,271)	-
Net change in cash from capital activities	(758,271)	-
Financing activities:		
Proceeds from issuance of long-term debt	-	-
Principal repayments on long-term debt	-	-
Net change in financing activities	-	-
Net change in cash	(130,750)	132,833
Cash, beginning of year	175,606	42,773
Cash, end of year	\$ 44,856	\$ 175,606

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

PARRY SOUND AREA MUNICIPAL AIRPORT COMMISSION

Notes to Financial Statements

Year ended December 31, 2017

1. Significant accounting policies:

The financial statements of the Parry Sound Area Municipal Airport Commission (the "Airport") are the representation of management prepared in accordance with Canadian public sector accounting standards for local governments as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by the Airport are as follows:

(a) Grants:

Government grants are recognized in the financial statements as revenue in the year in which events giving rise to the event occur, providing the grants are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

(b) Inventories for resale:

Inventory of goods held for resale at the Airport have been valued at the lower of cost and net realizable value by using first-in first-out inventory costing methodology.

(c) Tangible capital assets:

Tangible capital assets are recorded at cost. Amortization is provided over the estimated useful lives of the assets using the straight-line basis as follows:

Buildings	40 years
Furniture and fixtures	3 - 10 years
Equipment	10 - 15 years
Runway and parking lot	10 - 40 years
Septic and wells	40 years

Assets under construction are not amortized until they are placed into use.

In the year of acquisition or usage, half of the annual amortization charge is taken.

(d) Use of estimates:

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the periods specified. Significant items subject to such estimates and assumptions include valuation allowances for accounts receivable and inventories for resale. Actual results could differ from those estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the year in which they become known.

2. Due to Township of Seguin:

A note payable in the amount of \$Nil (2016 - \$Nil) was owing to the Township of Seguin. The loan was unsecured and bears interest at TD Composite prime and has no specific terms of repayment.

PARRY SOUND AREA MUNICIPAL AIRPORT COMMISSION

Notes to Financial Statements

Year ended December 31, 2017

3. Tangible capital assets:

Cost	Balance at December 31, 2016	Additions	Disposals	Balance at December 31, 2017
Land	\$ 43,002	-	-	43,002
Runway and parking	3,520,083	-	-	3,520,083
Buildings	1,703,084	442,873	-	2,145,957
Septic, wells and water	760,842	28,630	-	789,472
Furniture and fixtures	30,182	-	-	30,182
Equipment	319,865	286,768	-	606,633
Total	\$ 6,377,058	758,271	-	7,135,329

Accumulated Amortization	Balance at December 31, 2016	Disposals	Amortization	Balance at December 31, 2017
Land	\$ -	-	-	-
Runway and parking	1,340,837	-	129,572	1,470,409
Buildings	278,177	-	44,262	322,439
Septic, wells and water	113,383	-	19,379	132,762
Furniture and fixtures	23,495	-	1,071	24,566
Equipment	131,610	-	27,582	159,192
Total	\$ 1,887,502	-	221,866	2,109,368

	Net book value, December 31, 2016	Net book value, December 31, 2017
Land	\$ 43,002	43,002
Runway and parking	2,179,246	2,049,674
Buildings	1,424,907	1,823,518
Septic, wells and water	647,459	656,710
Furniture and fixtures	6,687	5,616
Equipment	188,255	447,441
Total	\$ 4,489,556	5,025,961

PARRY SOUND AREA MUNICIPAL AIRPORT COMMISSION

Notes to Financial Statements

Year ended December 31, 2017

3. Tangible capital assets (continued):

Cost	Balance at		Disposals	Balance at
	December 31, 2015	Additions		
Land	\$ 43,002	-	-	43,002
Runway and parking	3,520,083	-	-	3,520,083
Buildings	1,703,084	-	-	1,703,084
Septic, wells and water	760,842	-	-	760,842
Furniture and fixtures	30,182	-	-	30,182
Equipment	319,865	-	-	319,865
Total	\$ 6,377,058	-	-	6,377,058

Accumulated Amortization	Balance at			Balance at
	December 31, 2015	Disposals	Amortization	
Land	\$ -	-	-	-
Runway and parking	1,211,264	-	129,573	1,340,837
Buildings	235,564	-	42,613	278,177
Septic, wells and water	94,362	-	19,021	113,383
Furniture and fixtures	22,107	-	1,388	23,495
Equipment	113,587	-	18,023	131,610
Total	\$ 1,676,884	-	210,618	1,887,502

	Net book value,	
	December 31, 2015	December 31, 2016
Land	\$ 43,002	43,002
Runway and parking	2,308,819	2,179,246
Buildings	1,467,520	1,424,907
Septic, wells and water	666,480	647,459
Furniture and fixtures	8,075	6,687
Equipment	206,278	188,255
Total	\$ 4,700,174	4,489,556

PARRY SOUND AREA MUNICIPAL AIRPORT COMMISSION

Notes to Financial Statements

Year ended December 31, 2017

4. Accumulated surplus:

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

	2017	2016
Surplus:		
Invested in tangible capital assets	\$ 5,025,961	\$ 4,489,556
Reserves set aside for future operations	3,229	146,832
	<u>\$ 5,029,190</u>	<u>\$ 4,636,388</u>