

The Corporation of the Municipality of Meaford
Financial Statements
For the year ended December 31, 2016

The Corporation of the Municipality of Meaford
Financial Statements
For the year ended December 31, 2016

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The Corporation of the Municipality of Meaford

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Independent Auditor's Report

**To the Members of Council, Inhabitants and Ratepayers
of the Corporation of the Municipality of Meaford**

We have audited the accompanying consolidated financial statements of the Corporation of the Municipality of Meaford, which comprise the consolidated statement of financial position as at December 31, 2016, and the consolidated 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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



Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Corporation of the Municipality of Meaford as at December 31, 2016 and the results of its operations, changes in net debt and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Professional Accountants, Licensed Public Accountants

Owen Sound, Ontario
July 10, 2017

The Corporation of the Municipality of Meaford
Consolidated Statement of Financial Position

December 31	2016	2015
Financial assets		
Cash (Note 1)	\$ 756,204	\$ 732,063
Temporary investments (Note 2)	4,375,648	4,689,800
Taxes receivable	1,646,920	1,769,439
Trade and other receivables (Note 3)	2,931,938	1,058,251
Inventory held for resale	6,280	4,047
Long-term receivables (Note 4)	321,527	393,812
Long-term investments (Note 2)	3,755,073	3,002,032
	<u>13,793,590</u>	<u>11,649,444</u>
Liabilities		
Accounts payable and accrued liabilities	2,594,211	2,470,848
Solid waste closure and post-closure liabilities (Note 5)	144,290	150,913
Post employment benefits (Note 6)	1,998,300	2,062,600
Deferred revenue (Page 29)	2,711,916	2,184,587
Long-term liabilities (Note 7)	7,391,361	8,279,097
	<u>14,840,078</u>	<u>15,148,045</u>
Net debt	<u>(1,046,488)</u>	<u>(3,498,601)</u>
Non-financial assets		
Inventory of supplies	196,219	166,149
Prepaid expenses	186,855	287,588
Tangible capital assets (Note 8)	70,652,327	68,038,257
	<u>71,035,401</u>	<u>68,491,994</u>
Accumulated surplus(Note 9)	<u>\$ 69,988,913</u>	<u>\$ 64,993,393</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

The Corporation of the Municipality of Meaford
Consolidated Statement of Operations and Accumulated Surplus

	2016 Budget	2016 Actual	2015 Actual
For the year ended December 31			
Revenue			
Taxation	\$ 13,520,190	\$ 13,508,043	\$ 13,192,987
Fees and user charges	5,429,350	5,699,193	5,307,544
Government transfers	3,323,700	3,419,518	1,965,563
Other income	1,121,820	889,571	847,808
Obligatory reserve fund revenue recognized	721,425	403,475	437,673
	<u>24,116,485</u>	<u>23,919,800</u>	<u>21,751,575</u>
Expenses			
General government	2,734,205	2,903,110	2,646,754
Protection Services	3,260,200	3,351,628	3,254,075
Transportation services	3,266,200	4,962,742	5,306,304
Environmental services	2,951,850	3,315,945	4,489,359
Recreation and cultural services	3,172,610	3,759,554	3,490,621
Planning and development	751,800	631,301	569,440
	<u>16,136,865</u>	<u>18,924,280</u>	<u>19,756,553</u>
Annual surplus	7,979,620	4,995,520	1,995,022
Accumulated surplus, beginning of the year	<u>61,834,930</u>	<u>64,993,393</u>	<u>62,998,371</u>
Accumulated surplus, end of the year	\$ 69,814,550	\$ 69,988,913	\$ 64,993,393

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

The Corporation of the Municipality of Meaford
Consolidated Statement of Changes in Net Debt

	2016 Budget	2016 Actual	2015 Actual
For the year ended December 31			
Annual surplus (Page 4)	\$ 7,979,620	\$ 4,995,520	\$ 1,995,022
Acquisition of tangible capital assets	(7,950,750)	(6,018,230)	(5,577,666)
Amortization of tangible assets	-	3,237,350	4,116,550
Loss on disposal of capital assets	-	36,985	131,082
Proceeds on disposal of capital assets	-	129,825	164,427
	(7,950,750)	(2,614,070)	(1,165,607)
Change in prepaid expenses	-	100,733	(35,158)
Change in inventories of supplies	-	(30,070)	(24,132)
	-	70,663	(59,290)
(Increase) decrease in net debt	28,870	2,452,113	770,125
Net debt, beginning of the year	(3,498,601)	(3,498,601)	(4,268,726)
Net debt, end of year	\$ (3,469,731)	\$ (1,046,488)	\$ (3,498,601)

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

The Corporation of the Municipality of Meaford
Consolidated Statement of Cash Flows

For the year ended December 31	2016	2015
Cash provided by (used in)		
Operating activities		
Annual surplus	\$ 4,995,520	\$ 1,995,022
Items not involving cash		
Increase in landfill liabilities	(6,623)	(12,697)
Decrease in post-employment benefits	(64,300)	14,485
Amortization	3,237,350	4,116,550
Contributed capital assets	(47,281)	(120,613)
Deferred revenue recognized	(426,262)	(570,749)
Loss on disposal of capital assets	36,985	131,082
	<u>7,725,389</u>	<u>5,553,080</u>
Changes in non-cash working capital balances		
Taxes receivable	122,519	(28,025)
Trade and other receivables	(1,873,687)	(90,102)
Inventory held for resale	(2,233)	(1,444)
Accounts payable and accrued liabilities	123,363	297,129
Deferred revenue received	953,591	826,284
Change in prepaid expenses	100,733	(35,158)
Change in inventory of supplies	(30,070)	(24,132)
	<u>(605,784)</u>	<u>944,552</u>
	<u>7,119,605</u>	<u>6,497,632</u>
Capital transactions		
Cash used to acquire capital assets	(5,970,949)	(5,457,053)
Proceeds on sale of capital assets	129,825	164,427
	<u>(5,841,124)</u>	<u>(5,292,626)</u>
Investing activities		
Increase in temporary investments	314,152	(67,342)
Decrease in long-term receivables	72,285	54,922
Increase in long-term investments	(753,041)	(398,156)
	<u>(366,604)</u>	<u>(410,576)</u>
Financing Activities		
Net decrease of long-term liabilities and capital leases	(887,736)	(827,224)
Net change in cash and cash equivalents	24,141	(32,794)
Cash, beginning of year	732,063	764,857
Cash, end of year	\$ 756,204	\$ 732,063

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

The Corporation of the Municipality of Meaford

Summary of Significant Accounting Policies

December 31, 2016

Management Responsibility

The management of the Corporation of the Municipality of Meaford is responsible for the integrity, objectivity and accuracy of the financial information presented in these consolidated financial statements. The Council reviews and approves the consolidated financial statements.

Basis of Accounting

The consolidated financial statements of the Corporation of the Municipality of Meaford have been prepared in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants as prescribed by the Ministry of Municipal Affairs and Housing.

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

Basis of Consolidation

The consolidated statements reflect the assets, liabilities, revenues and expenses of all municipal organizations, committees, and boards which are owned or controlled by Council. All interfund assets and liabilities and revenues and expenses have been eliminated on consolidation.

The following boards and municipal enterprises owned or controlled by Council have been consolidated:

Central Business Improvement Area
Municipality of Meaford Library
Board Bognor Community Centre
Riverside Community Centre
Renew Meaford Arts and Business Association

A government partnership exists where the municipality has shared control over the board or entity. The municipality's pro-rata share of the assets, liabilities, revenues and expenses are reflected in the financial statements using the proportionate consolidation method. The municipality's proportionate interest of the following government partnerships are reflected in the consolidated financial statements:

	<u>2016</u>	<u>2015</u>
Georgian Trail Board of Management	19.50%	19.50%
Inter-Township Fire Department	25.00%	25.00%

The Corporation of the Municipality of Meaford

Summary of Significant Accounting Policies

December 31, 2016

Temporary Investments

Temporary investments are recorded at lower of cost or market.

Long-Term Investments

Long-term 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.

Inventory

Inventory held for resale is recorded at lower of cost and net realizable value. Cost is determined on the average cost basis.

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. Amortization is provided over the estimated useful life of the assets, using the straight-line method. The useful life of the assets is based on estimates made by management. The following rates are used:

Land improvements	20 to 95 years
Facilities	15 to 95 years
Fleet	7 to 20 years
Machinery equipment	2 to 20 years
Transportation infrastructure	3 to 100 years
Environmental services infrastructure	80 years

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

Use of Estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates 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. Estimates are used when accounting for items such as useful lives for capital assets, accrued liabilities, post-employment benefits, solid waste landfill liability and taxes receivable.

The Corporation of the Municipality of Meaford

Summary of Significant Accounting Policies

December 31, 2016

County and School Board

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

Trust Funds

Funds held in trust by the municipality, and their related operations, are not included in these financial statements. The financial activity and position of the trust funds are reported separately on the trust funds statement of continuity and balance sheet.

Revenue Recognition

Revenues are recognized as follows:

- (a) Taxes are recorded at estimated amounts when they meet the definition of an asset, have been authorized and the taxable event occurs. For property taxes, the taxable event is the period for which the tax is levied. Taxes receivable are recognized net of an allowance for anticipated uncollectible amounts.
- (b) Fines and donations are recognized when collected.
- (c) Other revenues are recorded upon sale of goods or provision of service when collection is reasonably assured.
- (d) Government transfers are recognized as revenue 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.
- (e) Revenue restricted by legislation, regulation or agreement and not available for general municipal purposes is reported as deferred revenue on the consolidated statement of financial position. The revenue is reported on the consolidated statement of financial activities in the year in which it is used for the specified purpose.

The Corporation of the Municipality of Meaford

Summary of Significant Accounting Policies

December 31, 2016

Solid Waste Closure and Post-Closure Liabilities

Site closure and post-closure care costs are recognized over the operating life of the landfill based on capacity used. The liability is recorded at its discounted value, based on the average long-term borrowing rate of the Municipality.

Post-Employment Benefits

The Municipality provides post-employment travel, extended health, dental and life insurance benefits to eligible retired employees. The benefits earned by employees are determined using management's best estimate of expected benefit cost and are expensed as services rendered.

Liability for Contaminated Sites

A contaminated site is a site at which substances occur in concentrations that exceed the maximum acceptable amounts under an environmental standard. Sites that are currently in productive use are only considered a contaminated site if an unexpected event results in contamination. A liability for remediation of contaminated sites is recognized when the organization is directly responsible or accepts responsibility; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made. The liability includes all costs directly attributable to remediation activities including post remediation operations, maintenance and monitoring. The liability is recorded net of any expected recoveries. Management is not aware of any contaminated sites for which a liability needs to be recognized.

The Corporation of the Municipality of Meaford
Notes to Financial Statements

December 31, 2016

1. Cash

On December 31, 2016, the municipality had deposits of \$588,517 in a Canadian Chartered bank. The Canadian Deposit Insurance Corporation insures deposits up to a maximum \$100,000 per depositor per financial institution. Investment deposits of \$4,353,700 are also held at a second financial institution.

The Municipality of Meaford has an undrawn credit facility of approximately \$3,800,000. Interest is calculated at TD bank prime less 0.5%.

2. Investments

	2016	2015
One Fund - Public Sector Group of Funds	\$ 3,755,073	\$ 3,002,032
Term deposits, interest rates of 1.40% and 1.42%, maturity dates January 2015 and February 2015	-	650,000
Guaranteed investment certificates, interest rates of 1.85% to 2.5%, maturity dates February 2015 to June 2017	4,348,508	3,975,417
Canadian T-Bill mutual fund	-	9,050
Georgian Trail Board of Management investments	-	24,869
Accrued Interest	27,140	30,464
	\$ 8,130,721	\$ 7,691,832
Total investments are presented as:		
Temporary investments	\$ 4,375,648	\$ 4,689,800
Long-term investments	3,755,073	3,002,032
	\$ 8,130,721	\$ 7,691,832

Investments have a market value of \$8,130,548 (2015 - \$7,655,381) at the end of the year.

The Corporation of the Municipality of Meaford
Notes to Financial Statements

December 31, 2016

3. Trade and Other Receivables

	2016	2015
Government transfers and HST	\$ 2,344,447	\$ 451,231
Trade and other receivables	587,491	607,020
	<u>\$ 2,931,938</u>	<u>\$ 1,058,251</u>

4. Long-Term Receivables

	2016	2015
Tile drainage loans, 6%, various repayments, due 2017 to 2021	\$ 28,987	\$ 76,870
Water and sewer connection charges receivable, 5% due 2017 to 2025	292,540	316,942
	<u>\$ 321,527</u>	<u>\$ 393,812</u>

5. Solid Waste Landfill Post-Closure Liabilities

Solid waste landfill post-closure care requirements have been defined in accordance with industry standards and include ongoing environmental monitoring, site inspection and maintenance.

The liability for the landfill site is recorded at \$144,290 (2015 - \$150,913) and represents the present value of the post-closure costs for the Meaford landfill site, using the rate of 3.33% (2015 - 3.34%).

The landfill was closed in 1992 and the liability is based on future monitoring and post-closure costs. The total estimated future expenses for post-closure care is \$219,950, leaving an amount to be recognized of \$75,660. The estimated remaining monitoring period is 25 years.

The Corporation of the Municipality of Meaford
Notes to Financial Statements

December 31, 2016

6. Retirement and Post-Employment Benefit

The Corporation of the Municipality of Meaford provides a defined benefit plan for retirement benefits other than pensions to employees who meet certain requirements when they retire. The municipality pays for the cost of travel, extended health, dental and life insurance benefits for the employees until age 65. For a group of specified employees who were grandfathered-in during amalgamation, the benefits coverage is for life. The post-employment benefit at December 31 includes the following components:

	2016	2015
Retirement Benefits	\$ 1,998,300	\$ 2,062,600
Unamortized actuarial gain	-	57,800
	\$ 1,998,300	\$ 2,120,400

Actuarial valuations for accounting purposes are performed using the projected benefit method, pro-rated on services. The most recent actuarial report was prepared as at December 31, 2015.

The actuarial valuation was based on a number of assumptions about future events, such as inflation rates, medical inflation rates, wage increases, employee turnover and mortality rates.

The assumptions used reflect management's best estimates. The post-employment benefit liability was determined using a discount rate of 3.0% (2015 - 3.00). For extended health care costs a 6.11% annual rate of increase was assumed for 2016, decreasing to a rate of 4.5% per year in 2035. For dental costs, a 4.50% (2015 - 4.50%) annual rate of increase was assumed.

	2016	2015
Current period benefit cost	\$ 37,400	\$ 39,700
Interest costs	59,400	62,900
Amortization of actuarial gain	57,800	(7,615)
Total expense for the year	\$ 154,600	\$ 94,985

Total benefit payments on behalf of retirees during the year were \$58,862 (2015 - \$51,149).

The Corporation of the Municipality of Meaford
Notes to Financial Statements

December 31, 2016

7. Long-Term Liabilities

The balance of long-term liabilities reported on the consolidated statement of financial position is made up of the following:

	2016	2015
Meaford Hall loan, OSIFA , interest at 5.14%, payable in blended semi-annual payments of \$129,991, due September 2028	\$ 2,307,008	\$ 2,443,140
Meaford waster pollution control plant loan, OSIFA, 2.62%, payable in blended semi-annual installments of \$ 30,665, due December 2027	582,836	628,007
Leith water capital loan, TD Bank, interest at 5.64%, payable in blended monthly installments of \$1,084, due April 2017	4,360	15,906
Tile Drain Loans, 6%, various repayment terms, due from 2016 to 2021	33,172	81,055
Meaford capital water projects, TD Bank 3.15%, payable in blended monthly installments of \$2,431, due February 2022	138,980	165,202
Leith capital projects, TD Bank, 6.21% payable in blended monthly installments of \$4,919, due August 2018	360,367	395,798
Meaford capital water projects, TD Bank, 6.21%, payable in blended monthly installments of \$19,674, due August 2019	1,957,633	2,067,228
Meaford various capital projects, TD Bank, 2.65%, payable in blended monthly installments of \$28,569, due February 2018	393,674	721,273
Meaford fire truck, TD Bank, 2.751%, payable in blended monthly installments of \$2,716, due September 2018	55,634	86,231
Meaford capital sewer projects, TD Bank, 2.04%, payable in blended monthly installments of \$4,350, due August 2015	541,819	582,627
Meaford capital roads projects, TD Bank, 2.04%, payable in blended monthly installments of \$8,160, due August 2015	1,015,878	1,092,630
	<u>\$ 7,391,361</u>	<u>\$ 8,279,097</u>

The Corporation of the Municipality of Meaford
Notes to Financial Statements

December 31, 2016

7. Long-Term Liabilities continued

Principal payments for the next 5 fiscal years and thereafter are as follows:

2017	\$	873,355
2018	\$	605,429
2019	\$	563,617
2020	\$	577,538
2021	\$	598,000
Thereafter	\$	<u>4,173,422</u>
	\$	7,391,361

Interest expense in the amount of \$343,688 (2015 - \$377,468) has been recognized on the consolidated statement of financial activities.

The Corporation of the Municipality of Meaford
Notes to Financial Statements

December 31, 2016

8. Tangible Capital Assets

	Land	Land Improvements	Facilities	Fleet	Machinery & Equipment	Transportation Infrastructure	Environmental Infrastructure	Asset Under Construction	2016 Total
	\$ 5,031,772	\$ 3,439,499	\$ 33,424,916	\$ 7,184,220	\$ 3,669,173	\$ 63,445,920	\$ 22,737,319	\$ 445,546	\$ 139,378,365
Additions	-	147,427	220,773	796,320	430,869	1,478,467	505,654	2,438,720	6,018,230
Disposals	-	-	-	(828,699)	-	(703,912)	-	-	(1,532,611)
Re-allocation	-	42,593	58,545	-	-	-	1,093,660	(1,194,798)	-
Cost, end of year	5,031,772	3,629,519	33,704,234	7,151,841	4,100,042	64,220,475	24,336,633	1,689,468	143,863,984
Accumulated amortization, beginning of year	-	2,028,806	23,962,564	3,539,637	1,609,122	34,590,308	5,609,671	-	71,340,108
Amortization	-	101,444	486,932	444,186	282,392	1,636,564	285,832	-	3,237,350
Disposals	-	-	-	(813,015)	-	(552,786)	-	-	(1,365,801)
Accumulated amortization, end of the year	-	2,130,250	24,449,496	3,170,808	1,891,514	35,674,086	5,895,503	-	73,211,657
Net carrying amount, end of year	\$ 5,031,772	\$ 1,499,269	\$ 9,254,738	\$ 3,981,033	\$ 2,208,528	\$ 28,546,389	\$ 18,441,130	\$ 1,689,468	\$ 70,652,327

The Corporation of the Municipality of Meaford
Notes to Financial Statements

December 31, 2016

8. Tangible Capital Assets continued

	Land	Land Improvements	Facilities	Fleet	Machinery & Equipment	Transportation Infrastructure	Environmental Infrastructure	Asset Under Construction	2015 Total
Cost, beginning of the year	\$ 5,031,772	\$ 3,164,644	\$ 32,488,594	\$ 7,442,657	\$ 2,102,349	\$ 62,406,943	\$ 21,820,685	\$ 1,052,245	\$ 135,509,889
Additions	-	113,401	210,349	1,425,735	612,638	1,500,639	-	1,714,904	5,577,666
Disposals	-	(30,414)	(1,254)	(957,079)	(21,031)	(699,412)	-	-	(1,709,190)
Re-allocation	-	191,868	727,227	-	248,120	359,278	795,109	(2,321,602)	-
Cost, end of year	5,031,772	3,439,499	33,424,916	7,911,313	2,942,076	63,567,448	22,615,794	445,547	139,378,365
Accumulated amortization, beginning of year	-	1,943,646	22,420,500	4,018,987	1,398,871	33,523,438	5,331,797	-	68,637,239
Amortization	-	90,246	1,543,318	404,659	231,282	1,569,171	277,874	-	4,116,550
Disposals	-	(5,086)	(1,254)	(884,009)	(21,031)	(502,301)	-	-	(1,413,681)
Accumulated amortization, end of the year	-	2,028,806	23,962,564	3,539,637	1,609,122	34,590,308	5,609,671	-	71,340,108
Net carrying amount, end of year	\$ 5,031,772	\$ 1,410,693	\$ 9,462,352	\$ 4,371,676	\$ 1,332,954	\$ 28,977,140	\$ 17,006,123	\$ 445,547	\$ 68,038,257

During the year \$39,281 in contributed transportation and environmental infrastructure capital assets and \$8,000 of recreational and cultural services were recognized in the financial statements.

The municipality holds various works of art and historical treasures pertaining to the Meaford Museum. These items are not recognized as tangible capital assets in the financial statements because a reasonable estimate of the future benefits associated with such property cannot be made.

The Corporation of the Municipality of Meaford
Notes to Financial Statements

December 31, 2016

9. Accumulated Surplus

Accumulated surplus consists of individual fund surplus (deficit) and reserves as follows:

	2016	2015
Invested in tangible capital assets		
Tangible capital assets purchased	\$ 70,652,327	\$ 68,038,257
Unfinanced Capital Assets	(377,089)	(357,189)
and to be funded in future years	(7,358,188)	(8,198,042)
Total invested in capital	(62,917,050)	(59,483,026)
Unfunded post-employment benefits	(1,998,300)	(2,062,600)
Unfunded solid waste closure and post-closure cost	(144,290)	(150,913)
Unfunded liability - North East Grey Health Clinic	(150,000)	(175,000)
Georgian Trail Board of Management	20,013	47,754
Bognor Community Centre	16,526	19,272
Riverside Community Centre	16,966	17,500
Business Improvement Area	35,060	26,680
General surplus	420,209	-
	61,133,234	57,205,719
Reserves and reserve funds	8,855,679	7,787,674
Accumulated surplus	\$ 69,988,913	\$ 64,993,393

10. Reserves and Reserve Funds Set Aside for Specific Purpose by Council

	2016	2015
Reserves		
Working funds	\$ 1,565,613	\$ 1,565,614
Contingencies	350,640	376,140
Insurance	136,154	136,155
Current purposes	152,250	127,250
Capital purposes	1,197,656	973,266
	3,402,313	3,178,425
Reserve funds		
Capital purposes	5,453,366	4,609,249
Reserve and reserve funds set aside for specific purpose by Council	\$ 8,855,679	\$ 7,787,674

The Corporation of the Municipality of Meaford
Notes to Financial Statements

December 31, 2016

11. Budgets

Under Canadian public sector accounting principles, budget amounts are to be reported on the consolidated statement of operations and changes in net debt for comparative purposes. The 2016 budget amounts for the Corporation of the Municipality of Meaford approved by Council have been reclassified to conform to the presentation of the consolidated statements of operations and changes in net debt. The following is a reconciliation of the budget approved by Council.

	2016 Budget	2016 Actual	2015 Actual
Annual surplus (Page 4)	\$ 7,979,620	\$ 4,995,520	\$ 1,995,022
Amortization	-	3,237,350	4,116,550
	7,979,620	8,232,870	6,111,572
Net transfers to reserves	847,705	(1,089,368)	(366,173)
Capital acquisitions, disposals and write-down	(7,950,750)	(5,830,057)	(528,219)
Debt principal repayments	(876,575)	(839,854)	(809,048)
Change in unfunded liabilities	-	(95,923)	(23,212)
Change in other surpluses	-	22,641	(17,339)
	-	400,309	(386,356)
Capital projects not funded	-	19,900	357,189
	-	420,209	(29,167)
Prior Year General Surplus (Note 9)	-	-	29,167
General Surplus (Note 9)	\$ -	\$ 420,209	\$ -

The Corporation of the Municipality of Meaford
Notes to Financial Statements

December 31, 2016

12. Government Transfers

	2016 Budget	2016 Actual	2015 Actual
Operating transfers			
Province of Ontario			
Ontario Municipal Partnership Fund (OMPF)	\$ 1,006,800	\$ 1,006,800	\$ 979,000
Conditional			
Roads	75,000	31,482	29,987
Sewer and Water	-	55,727	1,680
Other	197,800	221,576	228,182
	1,279,600	1,315,585	1,238,849
Government of Canada			
Other	101,300	115,219	18,811
	1,380,900	1,430,804	1,257,660
Other municipalities	2,000	1,750	333,093
Total operating transfers	1,382,900	1,432,554	1,590,753
Capital transfers			
Province of Ontario			
Conditional			
Roads	570,950	522,507	339,412
Water, Sewer, Other	158,850	504,271	-
	729,800	1,026,778	339,412
Government of Canada			
Other	1,211,000	948,148	35,398
Total capital transfers	1,940,800	1,974,926	374,810
Total government transfers	\$ 3,323,700	\$ 3,407,480	\$ 1,965,563

The Corporation of the Municipality of Meaford
Notes to Financial Statements

December 31, 2016

13. Other Income

	2016 Budget	2016 Actual	2015 Actual
Penalties and interest on taxation	\$ 235,000	\$ 274,355	\$ 273,531
Other fines and penalties	3,000	3,495	1,482
Investment income	75,000	161,297	204,360
Licenses, permits and rents	206,500	290,940	238,818
Donations and fundraising	49,800	35,767	24,778
Other income	50,700	95,250	94,790
Loss on disposition of capital assets	-	(36,985)	(131,082)
Contributed assets	483,645	47,281	120,613
Sewer debt charges	18,175	18,171	18,171
	\$ 1,121,820	\$ 889,571	\$ 845,461

14. Government Business Partnerships

The following summarizes the financial position and operations of the government business partnerships which have been reported in these financial statements using the proportionate consolidation method:

Georgian Trail Board of Management

Georgian Trail Board of Management is a joint board under the shared control of the Corporation of the Municipality of Meaford, the Corporation of the Town of The Blue Mountains and the Corporation of the Town of Collingwood. The consolidated financial statements include the municipality's 19.50% proportionate interest of the following:

	2016	2015
Financial assets	\$ 111,399	\$ 257,548
Liabilities	2,800	6,970
Net financial assets	108,599	250,578
Non-financial assets	-	285
Accumulated surplus	\$ 108,599	\$ 250,863
Revenues	\$ 12,360	\$ 66,066
Expenses	154,624	45,277
Annual Surplus (Deficit)	\$ (142,264)	\$ 20,789

The Corporation of the Municipality of Meaford
Notes to Financial Statements

December 31, 2016

14. Government Business Partnerships continued

Inter-Township Fire Department

Inter-Township Fire Department is a joint board under the shared control of the Corporation of the Municipality of Meaford, and the Corporation of the Municipality of Georgian Bluffs. The consolidated financial statements include the municipality's 25% proportionate interest of the following:

	<u>2016</u>	<u>2015</u>
Financial assets	\$ 1,157,902	\$ 998,167
Liabilities	<u>144,952</u>	<u>98,981</u>
Net financial assets	1,012,950	899,186
Non-financial assets	<u>1,324,410</u>	<u>1,249,924</u>
Accumulated surplus	<u>\$ 2,337,360</u>	<u>\$ 2,149,110</u>
Revenues	\$ 997,537	\$ 982,150
Expenses	<u>811,287</u>	<u>846,842</u>
Annual surplus	<u>\$ 186,250</u>	<u>\$ 135,308</u>

15. Pension Agreements

The municipality makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of 69 members of its staff. This plan is a defined benefit plan which specifies the amount of the retirement to be received by the employees based on the length of service and rates of pay. Employees and employers contribute jointly to the plan. The amount contributed to OMERS by the municipality for 2016 was \$416,946.18 (2015 - \$403,074). The contribution rate for 2016 was 9.0% to 15.8% depending on age and income level (2016 - 9.0% to 15.8%).

The Corporation of the Municipality of Meaford
Notes to Financial Statements

December 31, 2016

15. Pension Agreements continued

OMERS is a multi-employer pension plan, therefore any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. The municipality does not recognize any share of the OMERS pension surplus or deficit. The last available report for the OMERS plan was December 31, 2016. At that time the plan reported a \$5.72 billion actuarial deficit (2015 - 7.0 billion actuarial deficit), based on actuarial liabilities of 86.96 billion (2015 - \$81.9 billion) and actuarial assets of 81.24 billion (2015 - \$74.9 billion). Ongoing adequacy of the current contribution rates will need to be monitored as fluctuations in the financial markets may lead to increased future funding requirements.

16. Operations of School Boards and the County of Grey

During the year, the following taxation revenue was raised and remitted to the school boards and the County of Grey:

	<u>2016</u>		<u>2015</u>
School Boards	\$ 3,741,621	\$	3,704,339
County of Grey	6,106,580		5,954,750
	<u>\$ 9,848,201</u>	\$	<u>9,659,089</u>

17. Trust Funds

The trust funds administered by the municipality amounting to \$677,359 (2015 - \$664,064) have not been included in the consolidated statement of financial position nor have the operations been included in the consolidated statement of operations and accumulated surplus.

18. Commitments

The Municipality of Meaford has authorized an annual financial contribution of \$50,000 per year for 10 years to Grey Bruce Health Service - Meaford Hospital Foundation commencing in 2013 and ending in 2022.

The Municipality of Meaford authorized an annual financial contribution of \$25,000 per year for 10 years to North East Grey Health Clinics Hospital starting in 2013. The entire remaining liability of \$150,000 has been accrued in accounts payable and accrued liabilities.

The Municipality of Meaford has entered into contracts totaling \$1,096,424 for the purchase and repairs of significant capital assets with \$501,465 remaining to be spent.

The Corporation of the Municipality of Meaford
Notes to Financial Statements

December 31, 2016

18. Commitments continued

The Municipality of Meaford has entered into agreements with various contractors for waste collection, disposal and recycling, winter maintenance, and water and sewer operations for the following amounts excluding HST:

2017	\$ 1,073,021
2018	\$ 1,138,679
2019	\$ 1,080,852
2020	\$ 1,092,266
2021	\$ 134,607

19. Comparative Amounts

The comparative Amounts presented in the financial statements have been reclassified to conform to the current year's presentation

20. Contingent Liabilities

- (a) The municipality has been named as defendant in counterclaims filed by some land owners of the municipality, regarding a land claim dispute, in the amount of \$750,000. These counterclaims are being defended by the municipality. The outcome of these counterclaims are not determinable at this time. The liability for these counterclaims, if any, will be recorded in the period that the outcome becomes determinable.
 - (b) The municipality has been served with claims as a result of motor vehicle accidents. The municipality is not aware of any possible settlements in excess of its liability insurance coverage. The outcomes of these claims are not determinable at this time.
 - (c) The municipality has been served with claims as a result of building code and property matters. The outcomes of these claims are not determinable at this time.
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The Corporation of the Municipality of Meaford

Notes to Financial Statements

December 31, 2016

21. Segmented Information

The Corporation of the Municipality of Meaford is a diversified municipal government institution that provides a wide range of services to its citizens such as police, fire, sewer, water, waste, collection, disposal and recycling, recreational, library and planning. 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

This item related to the revenues and expenses that relate to the governance and operations of the municipality itself and cannot be directly attributed to a specific segment.

Protection to Persons and Property

Protection is comprised of police services, fire protection, conservation authority, emergency measures, animal control and building and structural inspection.

Transportation

Transportation is responsible for construction and maintenance of the municipality's roadways, bridges, parking areas and streetlighting.

Environmental

Environmental services consists of providing waste collection, disposal and recycling to its citizens. It also consists of providing the municipality's drinking water and processing and cleaning sewage. The municipality ensures water and sewage systems meet all Provincial standards.

Recreational and Cultural Services

This service area provides services meant to improve the health and development of the municipality's citizens. The municipality operates and maintains parks and arenas. The municipality also provides library services and recreational programs. Includes contributions to the operations of local cemeteries.

Planning and Development

This department is responsible for planning and zoning including the Official plan. This service area also includes tourist information and promotion, business improvement area, weed control, and drainage.

The Corporation of the Municipality of Meaford
Notes to Financial Statements

December 31, 2016

21. Segmented Information continued

The accounting policies of the segments are the same as those described in the summary of significant accounting policies. Amounts that are directly attributable to a number of segments have been allocated on a reasonable basis as follows:

Taxation, and payments-in-lieu

Allocated to those segments that are funded by these amounts based on the budget for the year.

OMPF Grants

Allocated segments based on the budget for the year.

The Corporation of the Municipality of Meaford
Notes to Financial Statements

December 31, 2016

For the year ended December 31	General Government	Protection Services	Transportation Services	Environmenta l Services	Recreational Cultural Services	Planning and Development	2016 Total
Revenue							
Taxation	\$ 2,836,689	\$ 3,241,930	\$ 3,782,252	\$ 810,483	\$ 2,431,448	\$ 405,241	\$13,508,043
Fees and user charges	73,158	70,299	25,527	3,873,302	1,577,043	79,863	5,699,192
Specific grants	118,916	22,043	972,347	1,190,613	108,800	-	2,412,719
OMPF grant	211,428	241,632	281,904	60,408	181,224	30,204	1,006,800
Other revenue	374,975	267,072	108,795	92,014	46,115	600	889,571
Transfers from obligatory reserve	-	36,865	337,475	29,135	-	-	403,475
	3,615,166	3,879,841	5,508,300	6,055,955	4,344,630	515,908	23,919,800
Expenses							
Salaries and benefits	1,581,294	829,931	1,458,020	564,128	1,673,531	473,145	6,580,049
Post-employment benefits	(5,438)	-	-	-	-	-	(5,438)
Interest on debt	614	3,572	32,399	182,178	121,742	5,158	345,663
Materials and supplies	847,384	403,416	1,190,467	823,187	1,263,152	151,116	4,678,722
Contracted services	245,395	1,777,243	192,572	1,185,856	233,918	-	3,634,984
Other transfers	61,000	195,782	-	-	36,080	-	292,862
Rents and financial expenses	37,109	-	51,617	(578)	71,940	-	160,088
Amortization	135,752	141,685	2,037,666	561,173	359,191	1,883	3,237,350
	2,903,110	3,351,629	4,962,741	3,315,944	3,759,554	631,302	18,924,280
Annual surplus (deficit)	\$ 712,056	\$ 528,212	\$ 545,559	\$ 2,740,011	\$ 585,076	\$ (115,394)	\$4,995,520

The Corporation of the Municipality of Meaford
Notes to Financial Statements

December 31, 2016

For the year ended December 31	General Government	Protection Services	Transportation Services	Environmenta l Services	Recreational Cultural Services	Planning and Development	2015 Total
Revenue							
Taxation	\$ 2,242,808	\$ 2,902,457	\$ 5,013,335	\$ 263,860	\$ -	\$ -	\$10,422,460
Fees and user charges	26,321	64,862	42,928	3,649,136	1,462,126	62,171	5,307,544
Specific grants	330,325	57,755	369,400	134,193	96,571	-	988,244
OMPF grant	166,430	215,380	372,020	19,580	-	-	773,410
Other revenue	393,332	235,903	(47,349)	96,695	52,901	1,616	733,098
Transfers from obligatory reserve	40,217	32,594	325,264	29,173	10,425	-	437,673
	3,199,433	3,508,951	6,075,598	4,192,637	1,622,023	63,787	18,662,429
Expenses							
Salaries and benefits	1,500,243	726,390	1,674,411	469,974	1,594,780	409,506	6,375,304
Post-employment benefits	65,634	-	-	-	-	-	65,634
Interest on debt	967	5,311	42,683	194,243	128,133	6,131	377,468
Materials and supplies	726,189	403,511	1,372,705	910,299	1,134,423	152,384	4,699,511
Contracted services	171,776	1,771,793	228,109	1,226,727	210,590	-	3,608,995
Other transfers	60,000	206,421	-	-	32,304	-	298,725
Rents and financial expenses	7,763	-	58,348	83,790	64,465	-	214,366
Amortization	114,182	140,649	1,934,552	1,599,822	325,926	1,419	4,116,550
	2,646,754	3,254,075	5,310,808	4,484,855	3,490,621	569,440	19,756,553
Annual surplus (deficit)	\$ 552,679	\$ 254,876	\$ 764,790	\$ (292,218)	\$ (1,868,598)	\$ (505,653)	\$1,094,124

The Corporation of the Municipality of Meaford
Schedule of Deferred Revenue

For the year ended December 31	Opening	Contributions Received	Investment Income	Revenue Recognized	Ending
Obligatory Reserve					
Funds					
Development charges	\$ 1,390,535	\$ 440,780	\$ 60,550	\$ (65,999)	\$ 1,825,866
Recreational land	121,292	15,572	4,125	-	140,989
Federal gas tax funding	249,716	337,475	9,935	(337,475)	259,651
MTO transit funding	413,385	57,056	15,017	(13,129)	472,329
	<u>2,174,928</u>	<u>850,883</u>	<u>89,627</u>	<u>(416,603)</u>	<u>2,698,835</u>
Other Deferred Revenue	9,659	13,081	-	(9,659)	13,081
	<u>\$ 2,184,587</u>	<u>\$ 863,964</u>	<u>\$ 89,627</u>	<u>\$ (426,262)</u>	<u>\$ 2,711,916</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.