

**The Corporation of the Municipality of Meaford  
Financial Statements  
For the year ended December 31, 2017**

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**Financial Statements**  
**For the year ended December 31, 2017**

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**The Corporation of the Municipality of Meaford**

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## Independent Auditor's Report

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### 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, 2017, and the consolidated statements of operations and accumulated surplus, changes in net financial assets (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, 2017 and the results of its operations, changes in net financial assets (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  
May 28, 2018

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

<b>December 31</b>	<b>2017</b>	<b>2016</b>
<b>Financial assets</b>		
Cash (Note 1)	\$ 2,404,933	\$ 756,204
Temporary investments (Note 2)	5,577,807	4,375,648
Taxes receivable	1,461,778	1,646,920
Trade and other receivables (Note 3)	1,992,858	2,931,938
Inventory held for resale	4,290	6,280
Long-term receivables (Note 4)	282,044	321,527
Long term investments (Note 2)	4,506,045	3,755,073
	<b>16,229,755</b>	<b>13,793,590</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	3,271,821	2,594,211
Solid waste closure and post-closure liabilities (Note 5)	138,172	144,290
Post employment benefits (Note 6)	2,007,600	1,998,300
Deferred revenue ( Page 30 )	3,461,611	2,711,916
Long-term liabilities (Note 7)	6,518,083	7,391,361
	<b>15,397,287</b>	<b>14,840,078</b>
<b>Net financial assets (debt)</b>	<b>832,468</b>	<b>(1,046,488)</b>
<b>Non-financial assets</b>		
Inventory of supplies	207,429	196,219
Prepaid expenses	194,538	186,855
Prepaid deposit (Note 8)	1,555,802	-
Tangible capital assets (Note 8)	72,540,031	70,652,327
	<b>74,497,800</b>	<b>71,035,401</b>
<b>Accumulated surplus (Note 9)</b>	<b>\$ 75,330,268</b>	<b>\$ 69,988,913</b>

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**

<b>For the year ended December 31</b>	<b>2017 Budget (Note 11)</b>	<b>2017 Actual</b>	<b>2016 Actual</b>
<b>Revenue</b>			
Taxation	\$ 13,895,375	\$ 14,160,264	\$ 13,508,043
Fees and user charges	5,616,625	5,785,229	5,699,193
Government transfers (Note 12)	2,588,625	2,578,000	3,756,993
Other income (Note 13)	921,975	1,376,565	955,571
	<u>23,022,600</u>	<u>23,900,058</u>	<u>23,919,800</u>
<b>Expenses</b>			
General government	2,807,825	2,833,085	2,903,110
Protection services	3,249,300	3,247,552	3,351,628
Transportation services	3,143,300	5,029,440	4,962,742
Environmental services	3,009,625	3,408,479	3,315,945
Recreation and cultural services	3,096,350	3,381,738	3,759,554
Planning and development	781,150	658,409	631,301
	<u>16,087,550</u>	<u>18,558,703</u>	<u>18,924,280</u>
<b>Annual surplus (Note 11)</b>	6,935,050	5,341,355	4,995,520
<b>Accumulated surplus, beginning of the year</b>	69,988,913	69,988,913	64,993,393
<b>Accumulated surplus, end of the year</b>	<u>\$ 76,923,963</u>	<u>\$ 75,330,268</u>	<u>\$ 69,988,913</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 Changes in Net Financial Assets (Debt)**

<b>For the year ended December 31</b>	2017 Budget (Note 11)	2017 Actual	2016 Actual
<b>Annual surplus (Page 4)</b>	\$ 6,935,050	\$ 5,341,355	\$ 4,995,520
Acquisition of tangible capital assets	(7,673,825)	(5,765,178)	(6,018,230)
Amortization of tangible assets	-	3,408,984	3,237,350
Loss on disposal of capital assets	-	59,732	36,985
Proceeds on disposal of capital assets	-	408,758	129,825
	<u>(7,673,825)</u>	<u>(1,887,704)</u>	<u>(2,614,070)</u>
Change in prepaid expenses	-	(7,683)	100,733
Change in prepaid deposit	-	(1,555,802)	-
Change in inventories of supplies	-	(11,210)	(30,070)
	<u>-</u>	<u>(1,574,695)</u>	<u>70,663</u>
<b>Decrease (increase) in net debt</b>	(738,775)	1,878,956	2,452,113
<b>Net debt, beginning of the year</b>	<u>(1,046,488)</u>	<u>(1,046,488)</u>	<u>(3,498,601)</u>
<b>Net financial assets (net debt), end of year</b>	<u>\$ (1,785,263)</u>	<u>\$ 832,468</u>	<u>\$ (1,046,488)</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 Cash Flows**

<b>For the year ended December 31</b>	<b>2017</b>	<b>2016</b>
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Annual surplus (Page 4)	\$ 5,341,355	\$ 4,995,520
Items not involving cash		
Decrease in landfill liabilities	(6,118)	(6,623)
Increase (decrease) in post-employment benefits	9,300	(64,300)
Amortization	3,408,984	3,237,350
Contributed capital assets	-	(47,281)
Deferred revenue recognized	(567,979)	(426,262)
Loss on disposal of capital assets	59,732	36,985
	<u>8,245,274</u>	<u>7,725,389</u>
Changes in non-cash working capital balances		
Taxes receivable	185,142	122,519
Trade and other receivables	939,080	(1,873,687)
Inventory held for resale	1,990	(2,233)
Accounts payable and accrued liabilities	677,610	123,363
Deferred revenue received	1,317,674	953,591
Change in prepaid expenses	(7,683)	100,733
Change in inventory of supplies	(11,210)	(30,070)
Change in prepaid deposit	(1,555,802)	-
	<u>1,546,801</u>	<u>(605,784)</u>
	<u>9,792,075</u>	<u>7,119,605</u>
<b>Capital transactions</b>		
Cash used to acquire capital assets	(5,765,178)	(5,970,949)
Proceeds of sale of capital assets	408,758	129,825
	<u>(5,356,420)</u>	<u>(5,841,124)</u>
<b>Investing activities</b>		
Decrease (increase) in temporary investments	(1,202,159)	314,152
Decrease in long-term receivables	39,483	72,285
Increase in long-term investments	(750,972)	(753,041)
	<u>(1,913,648)</u>	<u>(366,604)</u>
<b>Financing Activities</b>		
Net decrease of long-term liabilities	(873,278)	(887,736)
<b>Net change in cash and cash equivalents</b>	<b>1,648,729</b>	<b>24,141</b>
<b>Cash, beginning of year</b>	<b>756,204</b>	<b>732,063</b>
<b>Cash, end of year</b>	<b>\$ 2,404,933</b>	<b>\$ 756,204</b>

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

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# The Corporation of the Municipality of Meaford

## Summary of Significant Accounting Policies

December 31, 2017

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### Management Responsibility

The management of the Corporation of the Municipality of Meaford has prepared and 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 Chartered Professional Accountants of Canada 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:

Cemetery Board  
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>2017</u>	<u>2016</u>
Georgian Trail Board of Management (Dissolved Jan 1, 2017)	0.00%	19.50%
Inter-Township Fire Department	25.00%	25.00%

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# The Corporation of the Municipality of Meaford

## Summary of Significant Accounting Policies

December 31, 2017

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### 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 of supplies held for consumption is recorded at the lower of cost and replacement value. 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 and 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.

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# The Corporation of the Municipality of Meaford

## Summary of Significant Accounting Policies

December 31, 2017

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### 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 and user fees 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.

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## The Corporation of the Municipality of Meaford

### Summary of Significant Accounting Policies

December 31, 2017

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#### **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.

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**The Corporation of the Municipality of Meaford**  
**Notes to Financial Statements**

**December 31, 2017**

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**1. Cash**

On December 31, 2017, the municipality had cash and investment deposits of \$3,338,136 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 \$4,801,513 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 .5%.

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**2. Investments**

	2017	2016
One Fund - Public Sector Group of Funds	\$ 4,506,045	\$ 3,755,073
Term deposits, interest rates of 1.52%, maturity date February 2018	750,000	-
Guaranteed investment certificates, interest rates of 1.75% to 2.55%, maturity dates February 2018 to March 2019	4,794,808	4,348,508
Accrued interest	32,999	27,140
	\$ 10,083,852	\$ 8,130,721
Total investments are presented as:		
Temporary investments	\$ 5,577,807	\$ 4,375,648
Long-term investments	4,506,045	3,755,073
	\$ 10,083,852	\$ 8,130,721

Investments have a market value of \$10,086,543 (2016 - \$8,130,548) at the end of the year.

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**The Corporation of the Municipality of Meaford**  
**Notes to Financial Statements**

**December 31, 2017**

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**3. Trade and Other Receivables**

	<u>2017</u>	<u>2016</u>
Government transfers and HST	\$ 1,035,011	\$ 2,344,447
Trade and other receivables	<u>957,847</u>	<u>587,491</u>
	<u>\$ 1,992,858</u>	<u>\$ 2,931,938</u>

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**4. Long-Term Receivables**

	<u>2017</u>	<u>2016</u>
Tile drainage loans, 6%, various repayments, due 2018 to 2021	\$ 18,410	\$ 28,987
Water and sewer connection charges receivable, 5% due 2018 to 2025	<u>263,634</u>	<u>292,540</u>
	<u>\$ 282,044</u>	<u>\$ 321,527</u>

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**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 \$138,172 (2016 - \$144,290) and represents the present value of the post-closure costs for the Meaford landfill site, using the rate of 3.54% (2016 - 3.33%).

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 \$213,680, leaving an amount to be recognized of \$75,508. The estimated remaining monitoring period is 24 years.

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**The Corporation of the Municipality of Meaford**  
**Notes to Financial Statements**

**December 31, 2017**

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**6. Post-Employment Benefits**

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:

	<u>2017</u>	<u>2016</u>
Retirement Benefits	<u>\$ 2,007,600</u>	<u>\$ 1,998,300</u>

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% (2016 - 3.0%). For extended health care costs a 6.00% 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% (2016 - 4.50%) annual rate of increase was assumed.

	<u>2017</u>	<u>2016</u>
Current period benefit cost	<u>\$ 39,100</u>	<u>\$ 37,400</u>
Interest costs	<u>59,800</u>	<u>59,400</u>
Amortization of actuarial gain	<u>-</u>	<u>57,800</u>
Total expense for the year	<u>\$ 98,900</u>	<u>\$ 154,600</u>

Total benefit payments on behalf of retirees during the year were \$67,186 (2016 - \$58,862).

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**The Corporation of the Municipality of Meaford**  
**Notes to Financial Statements**

**December 31, 2017**

**7. Long-Term Liabilities**

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

	<u>2017</u>	<u>2016</u>
Meaford Hall loan, OSIFA , interest at 5.14%, payable in blended semi-annual payments of \$129,991, due September 2028	\$ 2,163,790	\$ 2,307,008
Meaford waste pollution control plant loan, OSIFA, 2.62%, payable in blended semi-annual installments of \$ 30,665, due December 2027	536,474	582,836
Leith water capital loan, TD Bank, interest at 5.64%, payable in blended monthly installments of \$1,084, due April 2017	-	4,360
Tile Drain Loans, 6%, various repayment terms, due from 2018 to 2021	22,595	33,172
Meaford capital water projects, TD Bank 3.15%, payable in blended monthly installments of \$2,431 due February 2022	113,823	138,980
Leith capital projects, TD Bank, 6.15% payable in blended monthly installments of \$4,919, due August 2018	322,436	360,367
Meaford capital water projects, TD Bank, 6.21%, payable in blended monthly installments of \$19,674, due August 2018	1,839,807	1,957,633
Meaford various capital projects, TD Bank, 2.65%, payable in blended monthly installments of \$28,569, due February 2018	57,211	393,674
Meaford Fire Truck, TD Bank, 2.751%, payable in blended monthly installments of \$2,716, due September 2018	24,175	55,634
Meaford capital sewer projects, TD Bank, 1.97%, payable in blended monthly installments of \$4,334, due August 2028	500,103	541,819
Meaford capital roads projects, TD Bank, 1.97%, payable in blended monthly installments of \$8,126, due August 2028	937,669	1,015,878
	<u>\$ 6,518,083</u>	<u>\$ 7,391,361</u>

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**The Corporation of the Municipality of Meaford**  
**Notes to Financial Statements**

**December 31, 2017**

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**7. Long-Term Liabilities continued**

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

2018	\$	605,429
2019	\$	563,617
2020	\$	577,538
2021	\$	598,000
2022	\$	591,795
Thereafter	\$	<u>3,581,704</u>
	\$	6,518,083

Interest expense in the amount of \$324,039 (2016 - \$343,688) has been recognized on the consolidated statement of financial activities.

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**The Corporation of the Municipality of Meaford**  
**Notes to Financial Statements**

**December 31, 2017**

**8. Tangible Capital Assets**

	Land	Land Improvements	Facilities	Fleet	Machinery & Equipment	Transportation Infrastructure	Environmental Infrastructure	Asset Under Construction	2017 Total
Cost, beginning 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
Additions	24,446	15,682	229,519	494,252	1,141,606	2,195,281	505,924	1,158,468	5,765,178
Disposals	(391,106)	(39,717)	(107,826)	(126,436)	(6,308)	(569,766)	(16,600)	-	(1,257,759)
Re-allocation	-	253,471	415,841	-	338,061	1,556,943	-	(2,564,316)	-
Cost, end of year	4,665,112	3,858,955	34,241,768	7,519,657	5,573,401	67,402,933	24,825,957	283,620	148,371,403
Accumulated amortization, beginning of year	-	2,130,250	24,449,496	3,170,808	1,891,514	35,674,086	5,895,503	-	73,211,657
Amortization	-	105,599	495,588	494,086	307,012	1,690,897	315,802	-	3,408,984
Disposals	-	(20,342)	(68,279)	(126,092)	(5,587)	(561,137)	(7,832)	-	(789,269)
Accumulated amortization, end of the year	-	2,215,507	24,876,805	3,538,802	2,192,939	36,803,846	6,203,473	-	75,831,372
Net carrying amount, end of year	\$ 4,665,112	\$ 1,643,448	\$ 9,364,963	\$ 3,980,855	\$ 3,380,462	\$ 30,599,087	\$ 18,622,484	\$ 283,620	\$ 72,540,031

**The Corporation of the Municipality of Meaford**  
**Notes to Financial Statements**

**December 31, 2017**

**8. Tangible Capital Assets continued**

	Land	Land Improvements	Facilities	Fleet	Machinery & Equipment	Transportation Infrastructure	Environmental Infrastructure	Asset Under Construction	2016 Total
Cost, beginning of the year	\$ 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

Subsequent to year-end, the Municipality purchased land and building with a transaction closing date of January 2, 2018. As at December 31, 2017, a prepaid deposit of \$1,555,802 is reflected in the consolidated financial statements as a result of the above noted transaction.

During the year \$ nil in contributed capital assets 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.

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**The Corporation of the Municipality of Meaford**  
**Notes to Financial Statements**

**December 31, 2017**

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**9. Accumulated Surplus**

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

	2017	2016
Invested in tangible capital assets		
Tangible capital assets purchased	\$ 72,540,031	\$ 70,652,327
Unfinanced capital assets	(413,151)	(377,089)
Capital assets financed by long-term liabilities and to be funded in future years	(6,495,489)	(7,358,188)
Total invested in capital	65,631,391	62,917,050
Unfunded post-employment benefits	(2,007,600)	(1,998,300)
Unfunded solid waste closure and post-closure cost	(138,172)	(144,290)
Unfunded liability - North East Grey Health Clinic	(125,000)	(150,000)
Georgian Trail Board of Management	-	20,013
Bognor Community Centre	18,559	16,526
Riverside Community Centre	18,040	16,966
Business Improvement Area	28,733	35,060
General surplus (Note 11)	753,119	420,209
	64,179,070	61,133,234
Reserves and reserve funds (Note 10)	11,151,198	8,855,679
Accumulated surplus	\$ 75,330,268	\$ 69,988,913

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**The Corporation of the Municipality of Meaford**  
**Notes to Financial Statements**

**December 31, 2017**

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

	<u>2017</u>	<u>2016</u>
<b>Reserves</b>		
Working funds	\$ 1,565,613	\$ 1,565,613
Contingencies	359,640	350,640
Insurance	156,155	136,154
Current purposes	152,250	152,250
Capital purposes	<u>1,156,125</u>	<u>1,197,656</u>
	<b>3,389,783</b>	<b>3,402,313</b>
<b>Reserve funds</b>		
Capital purposes	<u>7,761,415</u>	<u>5,453,366</u>
<b>Reserve and reserve funds set aside for specific purpose by Council</b>	<u><b>\$ 11,151,198</b></u>	<u><b>\$ 8,855,679</b></u>

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**The Corporation of the Municipality of Meaford**  
**Notes to Financial Statements**

**December 31, 2017**

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**11. Budgets**

Under Canadian public sector accounting principles, budget amounts are to be reported on the consolidated statement of operations and accumulated surplus and changes in net financial assets (debt) for comparative purposes. The 2017 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 accumulated surplus and changes in net financial assets (debt). The following is a reconciliation of the budget approved by Council.

	2017 Budget	2017 Actual	2016 Actual
Annual surplus (Page 4)	\$ 6,935,050	\$ 5,341,355	\$ 4,995,520
Amortization	-	3,408,984	3,237,350
	6,935,050	8,750,339	8,232,870
Net transfers to reserves	1,637,375	(2,295,519)	(1,089,368)
Capital acquisitions, disposals and write-down	(7,673,825)	(5,296,688)	(5,830,057)
Debt principal repayments	(898,600)	(862,699)	(839,854)
Change in unfunded liabilities	-	(21,818)	(95,923)
Change in other surpluses	-	23,233	22,641
	-	296,848	400,309
Change in capital projects not funded	-	36,062	19,900
	-	332,910	420,209
Prior Year General Surplus	-	420,209	-
<b>General Surplus (Note 9)</b>	<b>\$ -</b>	<b>\$ 753,119</b>	<b>\$ 420,209</b>

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**The Corporation of the Municipality of Meaford**  
Notes to Financial Statements

**December 31, 2017**

**12. Government Transfers**

	2017 Budget	2017 Actual	2016 Actual
<b>Operating transfers</b>			
Province of Ontario			
Ontario Municipal Partnership Fund (OMPF)	\$ 1,055,100	\$ 1,055,100	\$ 1,006,800
Conditional			
Roads	32,000	30,875	31,482
Sewer and Water	6,000	-	55,727
Other	174,950	361,850	233,613
	1,268,050	1,447,825	1,327,622
Government of Canada			
Other	16,300	9,814	115,219
	1,284,350	1,457,639	1,442,841
Other municipalities	4,000	3,122	1,750
<b>Total operating transfers</b>	<b>1,288,350</b>	<b>1,460,761</b>	<b>1,444,591</b>
<b>Capital transfers</b>			
Province of Ontario			
Conditional			
Roads	288,775	241,158	522,507
Water, Sewer, Other	184,000	290,021	504,271
	472,775	531,179	1,026,778
Government of Canada			
Other	827,500	586,060	1,285,624
<b>Total capital transfers</b>	<b>1,300,275</b>	<b>1,117,239</b>	<b>2,312,402</b>
<b>Total government transfers</b>	<b>\$ 2,588,625</b>	<b>\$ 2,578,000</b>	<b>\$ 3,756,993</b>

**The Corporation of the Municipality of Meaford**  
**Notes to Financial Statements**

**December 31, 2017**

**13. Other Income**

	2017 Budget	2017 Actual	2016 Actual
Penalties and interest on taxation	\$ 250,000	\$ 250,357	\$ 274,355
Other fines and penalties	2,000	2,439	3,495
Investment income	75,000	260,041	161,297
Licenses, permits and rents	234,350	378,849	290,940
Donations and fundraising	39,850	276,354	35,767
Other income	60,450	81,914	95,251
Loss on disposition of capital assets	-	(59,732)	(36,985)
Contributed assets	180,425	-	47,281
Sewer debt charges	18,175	18,171	18,171
Development charges recognized	61,725	129,266	65,999
Recreation land	-	38,906	-
	<u>\$ 921,975</u>	<u>\$ 1,376,565</u>	<u>\$ 955,571</u>

**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**

Effective January 1, 2017, the 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 was dissolved.

	2017	2016
Financial assets	\$ -	\$ 111,399
Liabilities	-	2,800
Net financial assets	-	108,599
Accumulated surplus	\$ -	\$ 108,599
Revenues	\$ -	\$ 12,360
Expenses	-	154,624
Annual Surplus (Deficit)	\$ -	\$ (142,264)

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**The Corporation of the Municipality of Meaford**  
Notes to Financial Statements

**December 31, 2017**

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**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:

	2017	2016
Financial assets	\$ 1,060,078	\$ 1,157,902
Liabilities	105,844	144,952
Net financial assets	954,234	1,012,950
Non-financial assets	1,496,354	1,324,410
Accumulated surplus	\$ 2,450,588	\$ 2,337,360
Revenues	\$ 948,437	\$ 997,537
Expenses	835,209	811,287
Annual surplus	\$ 113,228	\$ 186,250

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**15. Pension Agreements**

The municipality makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of 67 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 2017 was \$418,464 (2016 - \$416,946). The contribution rate for 2017 was 9.0% to 15.8% depending on age and income level (2017 - 9.0% to 15.8%).

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## The Corporation of the Municipality of Meaford

### Notes to Financial Statements

**December 31, 2017**

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#### 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, 2017. At that time the plan reported a \$5.40 billion actuarial deficit (2016 - \$5.72 billion actuarial deficit), based on actuarial liabilities of \$93.61 billion (2016 - \$86.96 billion) and actuarial assets of \$88.21 billion (2016 - \$81.24 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.

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#### 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>2017</u>	<u>2016</u>
School Boards	\$ 3,558,249	\$ 3,741,621
County of Grey	<u>6,278,544</u>	<u>6,106,580</u>
	<u>\$ 9,836,793</u>	<u>\$ 9,848,201</u>

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#### 17. Trust Funds

The trust funds administered by the municipality amounting to \$687,896 (2016 - \$679,459) 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.

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#### 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 has entered into contracts totaling \$1,980,895 for the purchase and repairs of significant capital assets with \$647,643 remaining to be spent.

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**The Corporation of the Municipality of Meaford**  
**Notes to Financial Statements**

**December 31, 2017**

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**18. Commitments continued**

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

2018	\$ 1,679,984
2019	\$ 1,379,510
2020	\$ 1,301,056
2021	\$ 338,624
2022	\$ 166,672

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**19. Comparative Amounts**

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

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**20. Contingent Liabilities**

- (a) 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.
  - (b) 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, 2017

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### 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. This segment also 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.

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**The Corporation of the Municipality of Meaford**  
**Notes to Financial Statements**

**December 31, 2017**

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**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.

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**The Corporation of the Municipality of Meaford**  
**Notes to Financial Statements**

**December 31, 2017**

<b>For the year ended December 31</b>	General Government	Protection Services	Transportation Services	Environmental Services	Recreational Cultural Services	Planning and Development	2017 Total
<b>Revenue</b>							
Taxation	\$ 5,097,695	\$ 1,274,424	\$ 3,964,874	\$ 849,616	\$ 2,548,847	\$ 424,808	\$14,160,264
Fees and user charges	106,885	71,506	36,853	3,987,852	1,510,348	71,785	5,785,229
Specific grants	3,016	21,497	1,034,054	161,824	302,404	105	1,522,900
OMPF grant	379,836	94,959	295,428	63,306	189,918	31,653	1,055,100
Other revenue	455,262	391,570	3,607	130,138	392,453	3,535	1,376,565
	<u>6,042,694</u>	<u>1,853,956</u>	<u>5,334,816</u>	<u>5,192,736</u>	<u>4,943,970</u>	<u>531,886</u>	<u>23,900,058</u>
<b>Expenses</b>							
Salaries and benefits	1,751,901	726,032	1,572,256	608,585	1,455,982	456,684	6,571,440
Post-employment benefits	76,486	-	-	-	-	-	76,486
Interest on debt	248	1,762	38,556	167,003	114,303	2,167	324,039
Materials and supplies	613,034	374,476	1,062,804	915,035	1,030,953	170,988	4,167,290
Contracted services	182,257	1,808,295	167,531	1,118,316	296,300	24,931	3,597,630
Other transfers	60,000	186,254	-	-	28,642	-	274,896
Rents and financial expenses	14,352	-	41,342	4,179	78,065	-	137,938
Amortization	134,807	150,733	2,146,951	595,361	377,493	3,639	3,408,984
	<u>2,833,085</u>	<u>3,247,552</u>	<u>5,029,440</u>	<u>3,408,479</u>	<u>3,381,738</u>	<u>658,409</u>	<u>18,558,703</u>
<b>Annual surplus (deficit)</b>	<u>\$ 3,209,609</u>	<u>\$ (1,393,596)</u>	<u>\$ 305,376</u>	<u>\$ 1,784,257</u>	<u>\$ 1,562,232</u>	<u>\$ (126,523)</u>	<u>\$5,341,355</u>

**The Corporation of the Municipality of Meaford**  
**Notes to Financial Statements**

**December 31, 2017**

<b>For the year ended December 31</b>	General Government	Protection Services	Transportation Services	Environmental Services	Recreational Cultural Services	Planning and Development	2016 Total
<b>Revenue</b>							
Taxation	\$ 2,836,689	\$ 3,241,930	\$ 3,782,252	\$ 810,483	\$ 2,431,448	\$ 405,241	\$13,508,043
Fees and user charges	73,159	70,299	25,527	3,873,302	1,577,043	79,863	5,699,193
Specific grants	118,915	22,043	1,309,822	1,190,613	108,800	-	2,750,193
OMPF grant	211,428	241,632	281,904	60,408	181,224	30,204	1,006,800
Other revenue	374,975	303,937	108,795	121,149	46,115	600	955,571
	<u>3,615,166</u>	<u>3,879,841</u>	<u>5,508,300</u>	<u>6,055,955</u>	<u>4,344,630</u>	<u>515,908</u>	<u>23,919,800</u>
<b>Expenses</b>							
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	403,415	1,190,468	823,188	1,263,152	151,115	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
	<u>2,903,110</u>	<u>3,351,628</u>	<u>4,962,742</u>	<u>3,315,945</u>	<u>3,759,554</u>	<u>631,301</u>	<u>18,924,280</u>
<b>Annual surplus (deficit)</b>	<u>\$ 712,056</u>	<u>\$ 528,213</u>	<u>\$ 545,558</u>	<u>\$ 2,740,010</u>	<u>\$ 585,076</u>	<u>\$ (115,393)</u>	<u>\$4,995,520</u>

**The Corporation of the Municipality of Meaford**  
**Schedule of Deferred Revenue**

<b>For the year ended December 31 ,2017</b>	<b>Opening</b>	<b>Contributions Received</b>	<b>Investment Income</b>	<b>Revenue Recognized</b>	<b>Ending</b>
<b>Obligatory Reserve Funds</b>					
Development charges	\$ 1,825,866	\$ 670,130	\$ 60,042	\$ (129,266)	\$ 2,426,772
Recreational land	140,989	8,699	3,642	(38,906)	114,424
Federal gas tax funding	259,651	343,450	6,857	(337,500)	272,458
MTO transit funding	472,329	74,195	15,096	(49,521)	512,099
	<u>2,698,835</u>	<u>1,096,474</u>	<u>85,637</u>	<u>(555,193)</u>	<u>3,325,753</u>
Other Deferred Revenue	13,081	135,563	-	(12,786)	135,858
	<u>\$ 2,711,916</u>	<u>\$ 1,232,037</u>	<u>\$ 85,637</u>	<u>\$ (567,979)</u>	<u>\$ 3,461,611</u>