

Consolidated Financial Statements of

**CORPORATION OF THE
TOWNSHIP OF
MCNAB/BRAESIDE**

Year ended December 31, 2016

Consolidated Financial Statements of

**CORPORATION OF THE TOWNSHIP OF
MCNAB/BRAESIDE**

Year ended December 31, 2016

Management's Responsibility for the Consolidated Financial Statements

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Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of the of Corporation of the Township of McNab/Braeside (the "Township") are the responsibility of the Township's management and have been prepared in compliance with legislation, and in accordance with Canadian generally accepted accounting principles. A summary of the significant accounting policies is contained in note 1 to the consolidated financial statements. The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

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

The consolidated financial statements have been audited by KPMG LLP, independent external auditors appointed by the Township. The accompanying Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the Township's consolidated financial statements.

Lindsey Parkes
Chief Administrative Officer/Clerk

Angela Lochtie
Treasurer



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INDEPENDENT AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers of the Corporation of the Township of McNab/Braeside

We have audited the accompanying consolidated financial statements of Corporation of the Township of McNab/Braeside, which comprise the consolidated statement of financial position as at December 31, 2016, the consolidated statements of operations and municipal equity, changes in net financial assets 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 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.

Auditors' 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 our 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, we consider 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 consolidated financial position of Corporation of the Township of McNab/Braeside as at December 31, 2016 and its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

April 4, 2017

Ottawa, Canada

CORPORATION OF THE TOWNSHIP OF MCNAB/BRAESIDE

Consolidated Statement of Financial Position

December 31, 2016, with comparative information for 2015

	2016	2015
Financial assets:		
Cash	\$ 1,428,892	\$ 3,054,269
Investments (note 3)	3,500,261	3,560,838
Taxes receivable	857,156	794,453
Accounts receivable	519,803	334,532
Tile drainage loans receivable (note 12)	186,470	233,971
	<u>6,492,582</u>	<u>7,978,063</u>
Financial liabilities:		
Accounts payable and accrued liabilities	544,965	439,767
Deferred revenue - obligatory reserve funds (note 9)	198,977	163,237
Landfill closure and post-closure costs (note 4)	514,845	478,129
Long-term debt (note 5)	132,668	–
Tile drainage loans payable (note 12)	186,470	231,206
	<u>1,577,925</u>	<u>1,312,339</u>
Net financial assets	<u>4,914,657</u>	<u>6,665,724</u>
Other non-financial assets:		
Tangible capital assets (note 6)	17,374,569	14,469,475
Inventory of supplies and prepaid expenses	39,965	44,434
Total non-financial assets	<u>17,414,534</u>	<u>14,513,909</u>
Contingent liabilities (note 7)		
Accumulated municipal equity (note 8)	<u>\$ 22,329,191</u>	<u>\$ 21,179,633</u>

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

CORPORATION OF THE TOWNSHIP OF MCNAB/BRAESIDE

Consolidated Statement of Operations and Municipal Equity

Year ended December 31, 2016, with comparative information for 2015

	Budget 2016 (note 11)	Actual 2016	Actual 2015
Revenue:			
Taxation for municipal purposes	\$ 5,006,540	\$ 5,031,019	\$ 4,663,869
Government grants	575,444	620,577	556,499
User charges, interest, penalties and other	491,176	614,528	567,041
Investment income	76,700	91,564	119,249
Transfer from deferred obligatory reserve funds (note 9)	253,552	250,170	244,870
Total revenue	6,403,412	6,607,858	6,151,528
Expenses (note 10):			
General government	874,084	802,297	806,359
Protection to persons and property	1,351,826	1,306,497	1,094,198
Transportation services	1,703,826	1,684,786	1,540,678
Environmental services (note 4)	772,744	737,628	745,323
Health and social services	32,500	26,299	25,267
Recreational and cultural services	733,632	753,226	679,258
Planning and development	150,520	147,567	228,476
Total expenses	5,619,132	5,458,300	5,119,559
Annual surplus	784,280	1,149,558	1,031,969
Municipal equity, beginning of year		21,179,633	20,147,664
Municipal equity, end of year		\$ 22,329,191	\$ 21,179,633

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

CORPORATION OF THE TOWNSHIP OF MCNAB/BRAESIDE

Consolidated Statement of Changes in Net Financial Assets

Year ended December 31, 2016, with comparative information for 2015

	Budget (note 11)	2016	2015
Annual surplus	\$ 784,280	\$ 1,149,558	\$ 1,031,969
Change in tangible capital assets:			
Acquisitions of tangible capital assets	(4,538,482)	(3,764,407)	(1,963,377)
Amortization of tangible capital assets	–	850,831	738,876
Gain on disposal of tangible capital assets	–	(102,906)	(1,037)
Proceeds received from sale of tangible capital assets	–	111,388	19,222
	(4,538,482)	(2,905,094)	(1,206,316)
Change in inventory of supplies and prepaid expenses	–	4,469	(7,788)
Change in net financial assets	(3,754,202)	(1,751,067)	(182,135)
Net financial assets, beginning of year		6,665,724	6,847,859
Net financial assets, end of year		\$ 4,914,657	\$ 6,665,724

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

CORPORATION OF THE TOWNSHIP OF MCNAB/BRAESIDE

Consolidated Statement of Cash Flows

Year ended December 31, 2016, with comparative information for 2015

	2016	2015
Operating transactions:		
Annual surplus	\$ 1,149,558	\$ 1,031,969
Items not involving cash:		
Amortization of tangible capital assets	850,831	738,876
Gain on disposal of tangible capital assets	(102,906)	(1,037)
Change in landfill closure and post-closure costs	36,716	36,716
Change in non-cash assets and liabilities:		
Increase in taxes receivable	(62,703)	(27,784)
Decrease (increase) in accounts receivable	(185,271)	70,925
Increase (decrease) in accounts payable and, accrued liabilities	105,198	(270,470)
Increase in deferred revenue - obligatory reserve funds	35,740	28,829
Net decrease (increase) in tile drainage loans receivable	47,501	(9,382)
Net increase (decrease) in tile drainage loans payable	(44,736)	6,617
Decrease (increase) in inventory of supplies and prepaid expenses	4,469	(7,788)
	684,839	565,502
Net change in cash from operations	1,834,397	1,597,471
Capital transactions:		
Cash used to acquire tangible capital assets	(3,764,407)	(1,963,377)
Proceeds received from sale of tangible capital assets	111,388	19,222
	(3,653,019)	(1,944,155)
Investing transactions:		
Net sales (purchases) of investments	60,577	(115,153)
Financing transactions:		
Proceeds from long-term debt	146,812	—
Payments of long-term debt	(14,144)	—
	132,668	—
Decrease in cash	(1,625,377)	(461,837)
Cash, beginning of year	3,054,269	3,516,106
Cash, end of year	\$ 1,428,892	\$ 3,054,269

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

CORPORATION OF THE TOWNSHIP OF MCNAB/BRAESIDE

Notes to Consolidated Financial Statements

Year ended December 31, 2016

1. Accounting policies:

The consolidated financial statements of the Corporation of the Township of McNab/Braeside (the "Township") are the representation of management prepared in accordance with Canadian public sector accounting standards. Significant aspects of the accounting policies adopted by the Township are as follows:

(a) Basis of consolidation:

(i) Consolidated entities:

These consolidated statements reflect the assets, liabilities, revenue and expenses of the reporting entity. The reporting entity is comprised of all organizations, committees and local boards accountable for the administration of their financial affairs and resources to the Township and which are owned or controlled by the Township. Interdepartmental and inter-organizational transactions and balances between these organizations are eliminated.

(ii) Accounting for upper tier and school board transactions:

The taxation, other revenue, expenses, assets and liabilities with respect to the operations of the school boards, and the County of Renfrew are not reflected in these consolidated financial statements. Over-levies and under-levies, if any, are reported on the Consolidated Statement of Financial Position.

(iii) Trust funds:

Trust funds and their related operations administered by the Township are not consolidated in these financial statements.

(b) Accrual accounting:

Revenue and expenses are reported on the accrual basis of accounting. Revenue is recognized in the year in which it is earned 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.

(c) Deferred revenue - obligatory reserve funds:

The Township receives restricted contributions under the authority of provincial legislation and township by-laws. These funds by their nature are restricted in their use, and until applied to applicable expenses, are recorded as deferred revenue. Amounts applied to qualifying expenses are recorded as revenue in the fiscal period that they are expended.

CORPORATION OF THE TOWNSHIP OF MCNAB/BRAESIDE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2016

1. Accounting policies (continued):

(d) Landfill closure and post-closure costs:

The Township accrues landfill closure and post-closure care requirements that have been defined in accordance with industry standards and include final covering and landscaping of the landfill, pumping of ground water and leachates from the site, and ongoing environmental monitoring, site inspection and maintenance. The reported liability is based on estimates and assumptions with respect to events extending over a 31-year period using the best information available to management.

Future events may result in significant changes to the estimated total expenses, capacity used or total capacity and the estimated liability, and would be recognized prospectively, as a change in estimate, when applicable.

(e) Investments:

Investments in guaranteed investment certificates are recorded at cost plus accrued interest and amortization of purchase premiums and discounts and investments in bond funds are recorded at market value. If the market value of investments becomes lower than cost and this decline in value is considered to be other than temporary, the investments are written down to market value.

Investment income earned on available current funds, reserve funds (other than obligatory funds) are reported as revenue in the period earned. Investment income earned on obligatory reserve funds is added to the fund balance and forms part of the respective deferred revenue balance.

(f) Government transfers:

Government transfers are recognized in the consolidated financial statements in the period in which the events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amounts can be made.

(g) Taxation and related revenues:

Property tax billings are prepared by the Township based on assessment rolls issued by the Municipal Property Assessment Corporation ("MPAC"). Tax rates are established annually by Township Council incorporating amounts to be raised for local services and amounts the Township is required to collect on behalf of the school boards and the County of Renfrew.

Property tax revenue is recognized on the accrual basis using the approved tax rates and the anticipated assessment related to the current year.

CORPORATION OF THE TOWNSHIP OF MCNAB/BRAESIDE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2016

1. Accounting policies (continued):

(h) Non-financial assets:

Non financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

(i) Tangible capital assets:

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets, excluding land and landfill sites, are amortized on a straight line basis over their estimated useful lives as follows:

Asset	Useful Life - Years
Land improvements	15 to 40
Buildings and building improvements	10 to 50
Linear assets	20 to 30
Machinery and equipment	5 to 20
Vehicles	8 to 20

Annual amortization is charged at 50% in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

(ii) Contributions of tangible capital assets:

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

(iii) Works of art and cultural and historic assets:

Works of art and cultural and historic assets are not recorded as assets in these consolidated financial statements.

(iv) Inventories of supplies:

Inventories of supplies held for consumption are recorded at the lower of cost and replacement cost.

CORPORATION OF THE TOWNSHIP OF MCNAB/BRAESIDE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2016

1. Accounting policies (continued):

(i) Use of estimates:

The preparation of consolidated financial statements in conformity with Canadian public sector accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the period. Significant items subject to estimates and assumptions include landfill closure and post-closure cost liabilities. Actual results could differ from these estimates. These estimates are reviewed annually and as adjustments become necessary, they are recognized in the consolidated financial statements in the period they become known.

2. Operations of school boards and the County of Renfrew:

During 2016, requisitions were made by the school boards and the County of Renfrew requesting the Township to collect property taxes and payments in lieu of property taxes on their behalf. The amounts collected and remitted are summarized below:

	School Boards		County of Renfrew	
	2016	2015	2016	2015
Amounts requisitioned	\$ 2,027,833	\$ 2,016,681	\$ 3,044,150	\$ 2,950,497

3. Investments:

Investments are invested in guaranteed investment certificates and bond funds, with interest rates ranging from 1.4% to 1.8% and maturity dates ongoing from June 2017 to January 2018.

	2016	2016	2015	2015
	Cost	Fair value	Cost	Fair value
Guaranteed investment certificates	\$ 1,617,438	\$ 1,617,438	\$ 1,700,071	\$ 1,700,071
Bond funds	1,898,060	1,882,823	1,852,189	1,860,767
	\$ 3,515,498	\$ 3,500,261	\$ 3,552,260	\$ 3,560,838

CORPORATION OF THE TOWNSHIP OF MCNAB/BRAESIDE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2016

4. Landfill closure and post-closure costs:

The landfill closure and post-closure costs are the Township's estimate of the future costs of closing the Township's one active landfill site.

The Environmental Protection Act sets out the regulatory requirements to properly close and maintain all active and inactive landfill sites. Under environmental law, there is a requirement for closure and post-closure care of solid waste landfill sites. This requirement is to be provided for over the estimated remaining life of the landfill site based on usage.

Landfill closure and post-closure care requirements have been defined in accordance with industry standards and include final covering and landscaping of the landfill, treatment and monitoring of leachate, monitoring ground water and surface water, gas monitoring and recovery, and ongoing maintenance of various control systems, drainage systems and final cover. The reported liability is based on estimates and assumptions with respect to events extending over a twenty-five year period using the best information available to management. Future events will result in changes to the estimated total expenditures, capacity used or total capacity and the estimated liability and will be recognized prospectively, as a change in estimate, when applicable. The Township updated its engineering assessment of the landfill site in 2014.

Estimated total expenditures represent the sum of the discounted future cash flows for closure and post-closure monitoring activities using an assumed rate of 2% for inflation and a discount factor of 3%. The estimated total landfill closure and post-closure expenditures for stages 1 and 2 are estimated to be \$675,000 at December 31, 2016 (2015 - \$675,000). The estimated liability for these expenditures is recognized as the landfill site's capacity is used. Included in liabilities at December 31, 2016 is an amount of \$514,845 (2015 - \$478,129) with respect to landfill closure and post-closure obligations recognized to date.

The estimated remaining life of the landfill site is 16 years for stage 1 and 2, after which the period for post-closure care is estimated to be 15 years.

5. Long-term debt:

On March 15, 2016, the Township obtained long-term financing of \$146,812 in the form of a debenture bearing interest at 1.65% and requiring semi-annual payments of \$15,355 constituting principal and interest. The debenture matures in March 2021.

CORPORATION OF THE TOWNSHIP OF MCNAB/BRAESIDE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2016

6. Tangible capital assets:

Cost	Balance at December 31, 2015	Additions	Transfers, disposals and adjustments	Balance at December 31, 2016
Land	\$ 1,463,220	\$ 64,800	\$ 174,640	\$ 1,702,660
Buildings and building improvements	2,551,080	1,210,922	165,925	3,927,927
Linear assets	13,375,776	1,903,523	107,954	15,387,253
Machinery and equipment	2,171,615	56,940	(45,000)	2,183,555
Vehicles	2,184,943	282,683	(78,061)	2,389,565
Assets under construction	489,866	245,539	(457,001)	278,404
Total	\$ 22,236,500	\$ 3,769,407	\$ (131,543)	\$ 25,869,364

Accumulated amortization	Balance at December 31, 2015	Amortization expense	Transfers, disposals and adjustments	Balance at December 31, 2016
Land	\$ -	\$ -	\$ -	\$ -
Buildings and building improvements	979,000	102,822	-	1,081,822
Linear assets	5,295,045	477,005	-	5,772,050
Machinery and equipment	800,569	110,880	(45,000)	866,449
Vehicles	692,411	160,124	(78,061)	774,474
Assets under construction	-	-	-	-
Total	\$ 7,767,025	\$ 850,831	\$ (123,061)	\$ 8,494,795

	Net book value December 31, 2015	Net book value December 31, 2016
Land	\$ 1,463,220	\$ 1,702,660
Buildings and building improvements	1,572,080	2,846,105
Linear assets	8,080,731	9,615,203
Machinery and equipment	1,371,046	1,317,106
Vehicles	1,492,532	1,615,091
Work-in-progress	489,866	278,404
Total	\$ 14,469,475	\$ 17,374,569

(a) Assets under construction:

Assets under construction having a net book value of \$278,404 (2015 - \$489,866) have not been amortized. Amortization of these assets will commence in the period that the tangible capital asset is put into service.

(b) Works of art and historical treasures:

The Township manages and controls various works of art and non-operational historical cultural assets including buildings, artifacts, paintings and sculptures located at Township sites and public display areas. These assets are not recorded as tangible capital assets and are not amortized.

CORPORATION OF THE TOWNSHIP OF MCNAB/BRAESIDE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2016

7. Contingent liabilities:

The nature of municipal activities is such that there may be litigation pending or in prospect at any time. With respect to claims at December 31, 2016, management believes that the Township has valid defences and appropriate insurance coverages in place. In the event any claims are successful, the amount of any potential liability is not determinable; therefore no amount has been accrued in the consolidated financial statements.

8. Accumulated municipal equity:

	2016	2015
Operating surplus/deficit breakdown:		
Unfunded liability - landfill closure and post-closure costs	\$ (184,898)	\$ (198,998)
Reserves and Reserve funds set aside for specific purposes by Council:		
Capital asset replacement	3,602,061	4,255,362
General government	60,455	25,455
Municipal development	76,920	66,920
Roads	39,307	149,197
Fire	17,754	51,575
Waste management	290,876	278,353
Future assessment appeals	19,000	19,000
Future loss of grants	25,532	25,532
Recreation and cultural services	75,298	82,119
Working capital	1,822,678	1,822,678
Museum	–	20,000
Cemetery	29,937	23,737
Administration building	20,000	20,000
Employee benefits	40,360	40,360
Other	38,363	28,868
Total reserve funds	6,158,542	6,909,156
Investment in tangible capital assets	16,355,548	14,469,475
Total accumulated municipal equity	\$ 22,329,191	\$ 21,179,633

CORPORATION OF THE TOWNSHIP OF MCNAB/BRAESIDE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2016

9. Deferred revenue - obligatory reserve funds:

A requirement of Canadian public sector accounting standards is that obligatory reserve funds be reported as deferred revenue. This requirement is in place as federal, provincial and municipal legislation restricts how these funds may be used. The balances in the obligatory reserve funds of the Township are summarized below:

	2016	2015
Balance, beginning of year	\$ 163,237	\$ 134,408
Federal gas tax proceeds	224,102	213,430
Development charges and lot fees	59,304	56,931
Investment income	2,504	3,338
Funds transferred to operations:		
Deferred obligatory reserve funds	(250,170)	(244,870)
Balance, end of year	\$ 198,977	\$ 163,237

Analyzed as follows:

Development charges	\$ 198,977	\$ 163,237
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10. Supplementary information:

	2016	2015
Operating expenses by object:		
Salaries, wages and employee benefits	\$ 1,797,322	\$ 1,657,912
Materials and supplies	954,237	1,039,290
Contracted services	1,434,565	1,305,897
Rents and financial expenses	51,009	42,018
External transfers	333,620	298,850
Amortization of tangible capital assets	850,831	738,876
Adjustment to landfill closure and post-closure costs	36,716	36,716
Total	\$ 5,458,300	\$ 5,119,559

CORPORATION OF THE TOWNSHIP OF MCNAB/BRAESIDE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2016

11. Budget data:

The budget data presented in these consolidated financial statements is based upon the 2016 operating and capital budgets approved by Council on December 15, 2015. Municipal taxes budgeted by the Township and reported as revenue on the Consolidated Statement of Operations may cover both operating expenses reported on the Consolidated Statement of Operations and capital acquisitions reported on the Consolidated Statement of Changes in Net Financial Assets. As a result, the budgeted surplus reported on the Consolidated Statement of Operations is offset by capital expenditures and budgeted use of reserves and reserve funds. A reconciliation of the approved budget to the budget information reported in these consolidated financial statements is listed below:

	2016 Budget
Reported on consolidated statement of operations:	
Operating revenue	\$ 6,403,412
Operating expenses	5,619,132
Annual operating surplus	784,280
Reported on consolidated statement of changes in net financial assets:	
Acquisition of tangible capital assets	4,538,482
Total budgeted deficit on consolidated financial statements	\$ (3,754,202)
Budget items not reported on consolidated financial statements:	
Transfer from reserves	\$ (2,414,016)
Proceeds of debt	(1,371,887)
Debt repayments	31,701
Total budgeted surplus not reported on consolidated financial statements	\$ (3,754,202)

CORPORATION OF THE TOWNSHIP OF MCNAB/BRAESIDE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2016

12. Tile drainage loans:

Outstanding tile drainage loans issued in the name of the Township are presented in the following tables.

The loans have been approved by either the Ontario Municipal Board or by by-law. The annual principal and interest payments required to service these liabilities are within the annual debt repayment limit prescribed by the Ontario Ministry of Municipal Affairs and Housing.

The responsibility for payment of principal and interest charges for tile drainage loans has been assumed by individuals and is recorded in the assets and liabilities on the Consolidated Statement of Financial Position.

	2016	2015
Receivable:		
6.00%, Tile drainage loan, receivable \$2,283 annually including principal and interest, due September 2017	\$ 2,153	\$ 4,185
6.00%, Tile drainage loan, receivable \$1,073 annually including principal and interest, due January 2018	1,968	1,968
6.00%, Tile drainage loan, receivable \$1,644 annually including principal and interest, due June 2018	3,014	4,395
6.00%, Tile drainage loan, receivable \$3,451 annually including principal and interest, due January 2020	11,958	11,958
6.00%, Tile drainage loan, receivable \$1,454 annually including principal and interest, due March 2021	6,124	7,149
6.00%, Tile drainage loan, receivable \$2,500 annually including principal and interest, due March 2021	10,531	12,293
6.00%, Tile drainage loan, receivable \$3,342 annually including principal and interest, due March 2021	14,079	16,435
6.00%, Tile drainage loan, receivable \$2,921 annually including principal and interest, due March 2021	12,305	14,364
6.00%, Tile drainage loan, receivable \$5,652 annually including principal and interest, due October 2021	23,809	27,793
6.00%, Tile drainage loan, receivable \$4,158 annually including principal and interest, due January 2022	20,444	23,209
6.00%, Tile drainage loan, receivable \$6,793 annually including principal and interest, due February 2022	33,406	37,924
6.00%, Tile drainage loan, receivable \$6,087 annually including principal and interest, due February 2023	33,979	37,798
6.00%, Tile drainage loan, receivable \$4,687 annually including principal and interest, due September 2025	–	34,500
6.00%, Tile drainage loan, receivable \$1,726 annually including principal and interest, due August 2026	12,700	–
	\$ 186,470	\$ 233,971

CORPORATION OF THE TOWNSHIP OF MCNAB/BRAESIDE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2016

12. Tile drainage loans (continued):

	2016	2015
Payable:		
6.00%, Tile drainage loan, payable \$2,283 annually including principal and interest, due September 2017	\$ 2,153	\$ 4,185
6.00%, Tile drainage loan, payable \$1,073 annually including principal and interest, due January 2018	1,968	1,968
6.00%, Tile drainage loan, payable \$1,644 annually including principal and interest, due June 2018	3,014	4,395
6.00%, Tile drainage loan, payable \$3,451 annually including principal and interest, due January 2020	11,958	11,958
6.00%, Tile drainage loan, payable \$1,454 annually including principal and interest, due March 2021	6,124	7,149
6.00%, Tile drainage loan, payable \$2,500 annually including principal and interest, due March 2021	10,531	12,293
6.00%, Tile drainage loan, payable \$3,342 annually including principal and interest, due March 2021	14,079	16,435
6.00%, Tile drainage loan, payable \$2,921 annually including principal and interest, due March 2021	12,305	14,364
6.00%, Tile drainage loan, payable \$5,652 annually including principal and interest, due October 2021	23,809	27,793
6.00%, Tile drainage loan, payable \$4,158 annually including principal and interest, due January 2022	20,444	20,444
6.00%, Tile drainage loan, payable \$6,793 annually including principal and interest, due February 2022	33,406	37,924
6.00%, Tile drainage loan, payable \$6,087 annually including principal and interest, due February 2023	33,979	37,798
6.00%, Tile drainage loan, payable \$4,687 annually including principal and interest, due September 2025	–	34,500
6.00%, Tile drainage loan, payable \$1,726 annually including principal and interest, due August 2026	12,700	–
	<u>\$ 186,470</u>	<u>\$ 231,206</u>

13. Trust funds:

Trust funds administered by the Township amounting to \$16,655 (2015 - \$10,133) have not been included in the Consolidated Statement of Financial Position nor have their operations been included in the Consolidated Statement of Operations.

CORPORATION OF THE TOWNSHIP OF MCNAB/BRAESIDE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2016

14. Comparative information:

Certain comparative information has been reclassified to conform to the current year consolidated financial statement presentation.

15. Segmented information:

The Township is a municipal government institution that provides a range of services to its citizens, including police, fire, transportation, recreational and environmental. For management reporting purposes the Township's operations and activities are organized and reported by department. Funds were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations.

Municipal services are provided by departments and their activities are reported in these funds. Certain departments that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

(a) General Government:

Includes administration, corporate services and governance of the Township. Administration as a segment includes human resource management, support to Council for policy development, by-law development in compliance with the Municipal Act, tax billing and collection responsibilities, financial management reporting, monitoring and overall budget status as well as frontline reception and customer service.

(b) Protection Services:

Includes fire protection, conservation authority, protective inspection and control and emergency measures. Fire protection includes inspection, extinguishing and suppression services; emergency medical first response; and prevention education and training programs. Inspection and control includes building inspection, by-law enforcement and animal control services.

(c) Transportation Services:

This department provides the winter and summer maintenance, the repair and the construction of the municipal roads system.

(d) Environmental Services:

Includes the management and maintenance of storm sewer and waste collection.

(e) Health and Social Services:

Includes the management and maintenance of cemeteries and physician recruitment.

CORPORATION OF THE TOWNSHIP OF MCNAB/BRAESIDE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2016

15. Segmented information (continued):

(f) Recreation and Cultural Services:

Provides services that contribute to neighbourhood development and sustainability through the provision of recreation and leisure programs and facilities including community halls, libraries, parks, recreation fields and the arena.

(g) Planning and Development:

Manages development for business interests, environmental concerns, heritage matters, local neighbourhoods and community development. It facilitates economic development by providing services for the approval of all land development plans, the application and enforcement of the zoning by-law and official plan, and the provision of geomatics services.

For each segment separately reported, the segment revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information. These municipal services are funded primarily by property tax revenue. Taxation and payments-in-lieu of taxes are apportioned to these services based on the net surplus. Certain government transfers, transfer from other funds, and other revenue have been apportioned based on a percentage of budgeted expenses.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in note 1.

CORPORATION OF THE TOWNSHIP OF MCNAB/BRAESIDE

Consolidated Schedule of Segment Information

Year ended December 31, 2016

	General Government	Protection Services	Transportation Services	Environmental Services	Health and Social Services	Recreational and Cultural Development	Planning and Development	2016 Total
Revenue:								
User charges	\$ 9,671	\$ 96,619	\$ 8,312	\$ 110,004	\$ –	\$ 69,413	\$ 38,039	\$ 332,058
Government grants	474,100	26,354	49,308	–	–	66,288	4,527	620,577
Investment income	91,564	–	–	–	–	–	–	91,564
Other	5,906	–	40,000	82,027	–	5,616	–	133,549
Transfer from deferred obligatory reserve funds	–	–	250,170	–	–	–	–	250,170
	581,241	122,973	347,790	192,031	–	141,317	42,566	1,427,918
Expenses:								
Salaries, wages and employee benefits	584,554	292,960	519,024	114,183	–	203,881	82,720	1,797,322
Materials and supplies	54,142	150,822	492,061	93,028	149	156,658	7,377	954,237
Contracted services	123,684	751,030	29,920	459,041	1,150	25,814	43,926	1,434,565
Rents and financial expenses	13,515	41	23,327	125	–	457	13,544	51,009
External transfers	6,717	–	–	–	25,000	301,903	–	333,620
Adjustment to landfill closure and post-closure costs	–	–	–	36,716	–	–	–	36,716
Amortization of tangible capital assets	19,685	111,644	620,454	34,535	–	64,513	–	850,831
	802,297	1,306,497	1,684,786	737,628	26,299	753,226	147,567	5,458,300
Net segment expenses over revenue	\$ (221,056)	\$ (1,183,524)	\$ (1,336,996)	\$ (545,597)	\$ (26,299)	\$ (611,909)	\$ (105,001)	\$ (4,030,382)
Unsegmented revenues:								
Property taxation								\$ 5,031,019
Penalties and interest on taxes								<u>148,921</u>
								5,179,940
Annual surplus								<u>\$ 1,149,558</u>