

Consolidated Financial Statements of

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

Year ended December 31, 2018

Consolidated Financial Statements of

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

Year ended December 31, 2018

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 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.

INFORMATION COPY

ORIGINAL SIGNED BY:

Lindsey Lee  
Chief Administrative Officer/Clerk

Angela Lochtie  
Treasurer



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Canada  
Telephone 613-212-5764  
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## INDEPENDENT AUDITORS' REPORT

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

### ***Opinion***

We have audited the consolidated financial statements of the Corporation of the Township of McNab/Braeside (the Entity), which comprise:

- the consolidated statement of financial position as at end of December 31, 2018
- the consolidated statement of operations and municipal equity for the year then ended
- the consolidated statement of changes in net financial assets for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at and for the year ended December 31, 2018, and its consolidated results of operations and municipal equity, consolidated changes in net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### ***Basis for Opinion***

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the “***Auditors’ Responsibilities for the Audit of the Financial Statements***” section of our auditors’ report.



We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

### ***Responsibilities of Management and Those Charged with Governance for the Financial Statements***

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

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures



responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A handwritten signature in black ink that reads 'KPMG LLP' with a horizontal line underneath.

Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Canada

April 16, 2019

# CORPORATION OF THE TOWNSHIP OF MCNAB/BRAESIDE

## Consolidated Statement of Financial Position

December 31, 2018, with comparative information for 2017

	2018	2017
Financial assets:		
Cash	\$ 5,895,233	\$ 3,524,414
Investments (note 3)	202,024	2,482,310
Taxes receivable	782,628	820,553
Accounts receivable	907,271	477,084
Tile drainage loans receivable (note 12)	119,162	149,537
	<u>7,906,318</u>	<u>7,453,898</u>
Financial liabilities:		
Temporary loans (note 14)	3,290,000	–
Accounts payable and accrued liabilities	1,933,148	1,010,616
Deferred revenue - obligatory reserve funds (note 9)	465,173	251,758
Landfill closure and post-closure costs (note 4)	408,100	551,561
Long-term debt (note 5)	1,091,911	1,142,444
Tile drainage loans payable (note 12)	119,162	149,537
	<u>7,307,494</u>	<u>3,105,916</u>
Net financial assets	598,824	4,347,982
Other non-financial assets:		
Tangible capital assets (note 6)	25,498,846	19,082,892
Inventory of supplies and prepaid expenses	43,673	46,635
Total non-financial assets	<u>25,542,519</u>	<u>19,129,527</u>
Contingent liabilities (note 7)		
Accumulated municipal equity (note 8)	\$ 26,141,343	\$ 23,477,509

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, 2018, with comparative information for 2017

	Budget 2018 (note 11)	Actual 2018	Actual 2017
<b>Revenue:</b>			
Taxation for municipal purposes	\$ 5,901,127	\$ 5,940,737	\$ 5,431,270
Government grants	582,058	1,863,917	592,136
User charges, interest, penalties and other	527,038	648,278	779,356
Investment income	76,700	92,747	96,782
Transfer from deferred obligatory reserve funds (note 9)	234,774	191,583	254,031
<b>Total revenue</b>	<b>7,321,697</b>	<b>8,737,262</b>	<b>7,153,575</b>
<b>Expenses (note 10):</b>			
General government	1,155,109	956,509	883,319
Protection to persons and property	1,697,012	1,597,933	1,567,623
Transportation services	2,001,234	1,938,417	1,825,478
Environmental services (note 4)	976,262	551,070	753,753
Health and social services	27,500	22,832	22,822
Recreational and cultural services	1,049,568	850,704	829,765
Planning and development	155,730	155,963	122,497
<b>Total expenses</b>	<b>7,062,415</b>	<b>6,073,428</b>	<b>6,005,257</b>
<b>Annual surplus</b>	<b>259,282</b>	<b>2,663,834</b>	<b>1,148,318</b>
Municipal equity, beginning of year		23,477,509	22,329,191
<b>Municipal equity, end of year</b>		<b>\$ 26,141,343</b>	<b>\$ 23,477,509</b>

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, 2018, with comparative information for 2017

	Budget (note 11)	2018	2017
Annual surplus	\$ 259,282	\$ 2,663,834	\$ 1,148,318
Change in tangible capital assets:			
Acquisitions of tangible capital assets	(2,903,525)	(7,456,263)	(2,672,846)
Amortization of tangible capital assets	1,226,778	1,034,252	959,896
Loss on disposal of tangible capital assets	–	(25,560)	(88,555)
Proceeds received from sale of tangible capital assets	–	31,617	93,182
	(1,676,747)	(6,415,954)	(1,708,323)
Change in inventory of supplies and prepaid expenses	–	2,962	(6,670)
Change in net financial assets	(1,417,465)	(3,749,158)	(566,675)
Net financial assets, beginning of year		4,347,982	4,914,657
Net financial assets, end of year		\$ 598,824	\$ 4,347,982

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, 2018, with comparative information for 2017

	2018	2017
Operating transactions:		
Annual surplus	\$ 2,663,834	\$ 1,148,318
Items not involving cash:		
Amortization of tangible capital assets	1,034,252	959,896
Gain on disposal of tangible capital assets	(25,560)	(88,555)
Change in landfill closure and post-closure costs	(143,461)	36,716
Change in non-cash assets and liabilities:		
Decrease in taxes receivable	37,925	36,603
Decrease (increase) in accounts receivable	(430,187)	42,719
Increase in accounts payable and accrued liabilities	922,532	465,651
Increase in deferred revenue - obligatory reserve funds	213,415	52,781
Net decrease in tile drainage loans receivable	30,375	36,933
Net decrease in tile drainage loans payable	(30,375)	(36,933)
Decrease (increase) in inventory of supplies and prepaid expenses	2,962	(6,670)
	<u>1,611,878</u>	<u>1,499,141</u>
Net change in cash from operations	<u>4,275,712</u>	<u>2,647,459</u>
Capital transactions:		
Cash used to acquire tangible capital assets	(7,456,263)	(2,672,846)
Proceeds received from sale of tangible capital assets	31,617	93,182
	<u>(7,424,646)</u>	<u>(2,579,664)</u>
Investing transactions:		
Net sales of investments	2,280,286	1,017,951
Net proceeds from (repayment of) long-term debt	(50,533)	1,009,776
Net proceeds from temporary loans	3,290,000	—
	<u>5,519,753</u>	<u>2,027,727</u>
Increase in cash	<u>2,370,819</u>	<u>2,095,522</u>
Cash, beginning of year	3,524,414	1,428,892
Cash, end of year	<u>\$ 5,895,233</u>	<u>\$ 3,524,414</u>

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, 2018

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### 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, 2018

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## 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 remaining 76-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, 2018

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## 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	10 to 30
Machinery and equipment	4 to 30
Vehicles	5 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, 2018

## 1. Accounting policies (continued):

### (v) 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 the year, requisitions were made by the Province of Ontario on behalf of 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	
	2018	2017	2018	2017
Amounts requisitioned	\$ 1,942,185	\$ 1,971,052	\$ 3,336,954	\$ 3,204,998

## 3. Investments:

Investments are invested in guaranteed investment certificates and bond funds, with an interest rate of 1.46% and 2.36% with maturity in April 2019 and August 2019 respectively.

	2018	2018	2017	2017
	Cost	Fair value	Cost	Fair value
Guaranteed investment certificates	\$ 200,000	\$ 202,024	\$ 101,080	\$ 101,080
Bond funds	–	–	2,428,600	2,381,230
	\$ 200,000	\$ 202,024	\$ 2,529,680	\$ 2,482,310

# CORPORATION OF THE TOWNSHIP OF MCNAB/BRAESIDE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2018

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#### 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 2018.

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% (2017 - 2%) for inflation and a discount factor of 0% (2017 - 3%). The estimated total landfill closure and post-closure expenditures for stages 1 and 2 are estimated to be \$408,100 at December 31, 2018 (2017 - \$675,000). In 2018, Management has also estimated stage 3 final closure in 2094 for \$1,150,000 (2017 - \$Nil). The estimated liability for these expenditures is recognized as the landfill site's capacity is used. Included in liabilities at December 31, 2018 is an amount of \$408,100 (2017 - \$551,561) with respect to landfill closure and post-closure obligations recognized to date.

The estimated remaining life of the landfill site is 14 years for stage 1 and 2, after which the landfill reaches full capacity for all stages in 2094.

# CORPORATION OF THE TOWNSHIP OF MCNAB/BRAESIDE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2018

## 5. Long-term debt:

- (a) The balance of net long term liability reported on the Consolidated Statement of Financial Position is made up of the following:

	2018	2017
Infrastructure Ontario Debenture, bearing interest at 1.65%, payable in semi-annual payments of \$15,355 constituting principal and interest with a maturity date of March 2021	\$ 74,914	\$ 104,028
Infrastructure Ontario Debenture, bearing interest at 3.25%, payable in semi annual payments of \$27,498 constituting principal and interest with a maturity date of June 2047	1,016,997	1,038,416
	<u>\$ 1,091,911</u>	<u>\$ 1,142,444</u>

- (b) Principal due on net long-term liability is summarized as follows

2019	\$ 51,718
2020	52,933
2021	38,824
2022	24,368
2023	25,166
Thereafter	898,902
	<u>\$ 1,091,911</u>



# CORPORATION OF THE TOWNSHIP OF MCNAB/BRAESIDE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2018

## 6. Tangible capital assets:

Cost	Balance at December 31, 2017	Additions	Transfers, disposals and adjustments	Balance at December 31, 2018
Land	\$ 1,698,033	\$ –	\$ –	\$ 1,698,033
Buildings and building improvements	4,065,179	312,426	14,876	4,392,481
Linear assets	17,164,401	1,357,406	60,249	18,582,056
Machinery and equipment	2,436,569	166,593	(224,188)	2,378,974
Vehicles	2,389,565	420,526	(199,933)	2,610,158
Assets under construction	783,836	5,199,312	(75,125)	5,908,023
<b>Total</b>	<b>\$ 28,537,583</b>	<b>\$ 7,456,263</b>	<b>\$ (424,121)</b>	<b>\$ 35,569,725</b>

Accumulated amortization	Balance at December 31, 2017	Amortization expense	Transfers, disposals and adjustments	Balance at December 31, 2018
Land	\$ –	\$ –	\$ –	\$ –
Buildings and building improvements	1,213,632	145,069	–	1,358,701
Linear assets	6,316,811	601,408	–	6,918,219
Machinery and equipment	984,449	131,666	(224,188)	891,927
Vehicles	939,799	156,109	(193,876)	902,032
Assets under construction	–	–	–	–
<b>Total</b>	<b>\$ 9,454,691</b>	<b>\$ 1,034,252</b>	<b>\$ (418,064)</b>	<b>\$ 10,070,879</b>

	Net book value December 31, 2017	Net book value December 31, 2018
Land	\$ 1,698,033	\$ 1,698,033
Buildings and building improvements	2,851,547	3,033,780
Linear assets	10,847,590	11,663,837
Machinery and equipment	1,452,120	1,487,047
Vehicles	1,449,766	1,708,126
Work-in-progress	783,836	5,908,023
<b>Total</b>	<b>\$ 19,082,892</b>	<b>\$ 25,498,846</b>

(a) Assets under construction:

Assets under construction having a net book value of \$5,908,024 (2017 - \$783,836) 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, 2018

## 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, 2018, 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:

	2018	2017
Operating surplus/deficit breakdown:		
Unfunded liability - landfill closure and post-closure costs	\$ -	\$ (170,797)
Reserves and Reserve funds set aside for specific purposes by Council:		
Capital asset replacement	3,513,892	3,075,686
General government	135,245	69,455
Municipal development	96,920	86,920
Roads	86,242	65,919
Fire	42,636	49,200
Waste management	411,765	310,271
Future assessment appeals	25,000	19,000
Future loss of grants	75,532	25,532
Recreation and cultural services	215,959	109,694
Working capital	1,846,113	1,872,677
Cemetery	33,349	28,681
Administration building	34,443	25,000
Employee benefits	40,360	40,360
Other	251,712	98,364
Total reserve funds	6,809,168	5,876,759
Investment in tangible capital assets	19,332,175	17,771,547
<b>Total accumulated municipal equity</b>	<b>\$ 26,141,343</b>	<b>\$ 23,477,509</b>

# CORPORATION OF THE TOWNSHIP OF MCNAB/BRAESIDE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2018

## 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:

	2018	2017
Balance, beginning of year	\$ 251,758	\$ 198,978
Federal gas tax proceeds	234,773	228,068
Development charges and lot fees	79,594	68,759
Payment in lieu of parkland	14,250	5,687
Ontario Main Street Revitalization Fund	43,996	–
Ontario Municipal Commuter Cycling (OMCC) Fund	25,000	–
Investment income	7,385	4,297
Funds transferred to operations:		
Deferred obligatory reserve funds	(110,742)	(248,306)
Ontario Main Street	(44,470)	–
OMCC	(21,935)	–
Payment in lieu of parkland	(14,436)	(5,725)
Balance, end of year	\$ 465,173	\$ 251,758
Analyzed as follows:		
Federal gas tax	236,277	–
Ontario Municipal Commuter Cycling (OMCC) Fund	3,452	–
Development charges and lot fees	225,444	251,758
	\$ 465,173	\$ 251,758

## 10. Supplementary information:

	2018	2017
Operating expenses by object:		
Salaries, wages and employee benefits	\$ 1,926,236	\$ 1,918,727
Materials and supplies	1,131,265	1,112,797
Contracted services	1,657,154	1,549,383
Rents and financial expenses	82,387	65,101
External transfers	385,595	362,637
Amortization of tangible capital assets	1,034,252	959,896
Adjustment to landfill closure and post-closure costs	(143,461)	36,716
	\$ 6,073,428	\$ 6,005,257

# CORPORATION OF THE TOWNSHIP OF MCNAB/BRAESIDE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2018

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## 11. Budget data:

The budget data presented in these consolidated financial statements is based upon the 2018 operating and capital budgets approved by Council on December 19, 2017. 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:

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	2018 Budget
Reported on consolidated statement of operations:	
Operating revenue	\$ 7,321,697
Operating expenses	7,062,415
Annual operating surplus	259,282
Reported on consolidated statement of changes in net financial assets:	
Acquisition of tangible capital assets	2,903,525
Total budgeted deficit on consolidated financial statements	\$ 2,644,243
Budget items not reported on consolidated financial statements:	
Transfer from reserves	\$ 2,714,001
Debt repayments	69,758
Total budgeted surplus not reported on consolidated financial statements	\$ 2,644,243

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# CORPORATION OF THE TOWNSHIP OF MCNAB/BRAESIDE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2018

## 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.

	2018	2017
Receivable:		
6.00%, Tile drainage loan, receivable \$1,073 annually including principal and interest, due January 2018	\$ –	\$ 1,012
6.00%, Tile drainage loan, receivable \$1,644 annually including principal and interest, due June 2018	–	1,551
6.00%, Tile drainage loan, receivable \$3,451 annually including principal and interest, due January 2020	6,329	9,225
6.00%, Tile drainage loan, receivable \$2,500 annually including principal and interest, due March 2021	6,682	8,663
6.00%, Tile drainage loan, receivable \$3,342 annually including principal and interest, due March 2021	8,934	11,583
6.00%, Tile drainage loan, receivable \$2,921 annually including principal and interest, due March 2021	7,808	10,122
6.00%, Tile drainage loan, receivable \$5,652 annually including principal and interest, due October 2021	15,108	19,585
6.00%, Tile drainage loan, receivable \$4,158 annually including principal and interest, due January 2022	14,406	17,513
6.00%, Tile drainage loan, receivable \$6,793 annually including principal and interest, due February 2022	23,540	28,616
6.00%, Tile drainage loan, receivable \$6,087 annually including principal and interest, due February 2023	25,640	29,931
6.00%, Tile drainage loan, receivable \$1,726 annually including principal and interest, due August 2026	10,715	11,736
	<u>\$ 119,162</u>	<u>\$ 149,537</u>

# CORPORATION OF THE TOWNSHIP OF MCNAB/BRAESIDE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2018

## 12. Tile drainage loans (continued):

	2018	2017
Payable:		
6.00%, Tile drainage loan, payable \$1,073 annually including principal and interest, due January 2018	\$ –	\$ 1,012
6.00%, Tile drainage loan, payable \$1,644 annually including principal and interest, due June 2018	–	1,551
6.00%, Tile drainage loan, payable \$3,451 annually including principal and interest, due January 2020	6,329	9,225
6.00%, Tile drainage loan, payable \$2,500 annually including principal and interest, due March 2021	6,682	8,663
6.00%, Tile drainage loan, payable \$3,342 annually including principal and interest, due March 2021	8,934	11,583
6.00%, Tile drainage loan, payable \$2,921 annually including principal and interest, due March 2021	7,808	10,122
6.00%, Tile drainage loan, payable \$5,652 annually including principal and interest, due October 2021	15,108	19,585
6.00%, Tile drainage loan, payable \$4,158 annually including principal and interest, due January 2022	14,406	17,513
6.00%, Tile drainage loan, payable \$6,793 annually including principal and interest, due February 2022	23,540	28,616
6.00%, Tile drainage loan, payable \$6,087 annually including principal and interest, due February 2023	25,640	29,931
6.00%, Tile drainage loan, payable \$1,726 annually including principal and interest, due August 2026	10,715	11,736
	<b>\$ 119,162</b>	<b>\$ 149,537</b>

## 13. Trust funds:

Trust funds administered by the Township amounting to \$20,875 (2017 - \$19,216) have not been included in the Consolidated Statement of Financial Position nor have their operations been included in the Consolidated Statement of Operations.

## 14. Temporary loans:

The Township has financial agreements with the Ontario Infrastructure and Lands Corporation ("OILC") for temporary capital loans up to a maximum of \$8,390,000 for the interim financing of various capital projects. As at December 31, 2018, the temporary capital loan balance is \$3,290,000 (2017 - \$Nil) with interest based on the monthly construction rate.

# CORPORATION OF THE TOWNSHIP OF MCNAB/BRAESIDE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2018

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## 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, 2018

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## 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 outdoor rinks.

(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, 2018

	General Government	Protection Services	Transportation Services	Environmental Services	Health and Social Services	Recreational and Cultural Development	Planning and Development	2018 Total
<b>Revenue:</b>								
User charges	\$ 7,172	\$ 109,077	\$ 42,628	\$ 143,438	\$ –	\$ 62,318	\$ 38,723	\$ 403,356
Government grants	503,045	2,271	1,007,780	–	–	345,647	5,174	1,863,917
Investment income	92,747	–	–	–	–	–	–	92,747
Other	(6,057)	–	–	80,736	–	6,145	–	80,824
Transfer from deferred obligatory reserve funds	–	–	–	–	–	191,583	–	191,583
	596,907	111,348	1,050,408	224,174	–	605,693	43,897	2,632,427
<b>Expenses:</b>								
Salaries, wages and employee benefits	608,994	280,777	539,107	146,892	1,659	244,722	104,085	1,926,236
Materials and supplies	148,235	207,233	495,207	139,012	1,173	132,297	8,108	1,131,265
Contracted services	145,504	993,561	89,011	371,607	–	22,673	34,798	1,657,154
Rents and financial expenses	13,421	–	48,505	1,716	–	9,773	8,972	82,387
External transfers	19,600	–	–	–	20,000	345,995	–	385,595
Amortization of tangible capital assets	20,755	116,362	766,587	35,304	–	95,244	–	1,034,252
Adjustments to landfill closure and post-closure costs	–	–	–	(143,461)	–	–	–	(143,461)
	956,509	1,597,933	1,938,417	551,070	22,832	850,704	155,963	6,073,428
<b>Net segment expenses over revenue</b>	<b>\$ (359,602)</b>	<b>\$ (1,486,585)</b>	<b>\$ (888,009)</b>	<b>\$ (326,896)</b>	<b>\$ (22,832)</b>	<b>\$ (245,011)</b>	<b>\$ (112,066)</b>	<b>\$ (3,441,001)</b>

### Unsegmented revenues:

Property taxation	\$ 5,940,737
Penalties and interest on taxes	<u>164,098</u>
	6,104,835
 Annual surplus	 <u>\$ 2,663,834</u>