

**The Corporation of the
Municipality of West Grey
Consolidated Financial
Statements
For the year ended December 31, 2016**

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Independent Auditor's Report

To the Members of Council,
Inhabitants and Ratepayers of
The Corporation of the Municipality of West Grey

We have audited the accompanying consolidated financial statements of The Corporation of the Municipality of West Grey, which comprise the consolidated statement of financial position as at December 31, 2016, and the consolidated statements of operations, change in net financial assets, and cash flow 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 West Grey as at December 31, 2016 and the results of its operations, its change in net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Hanover, Ontario
June 5, 2017

The Corporation of the Municipality of West Grey Consolidated Statement of Financial Position

December 31	2016	2015
Financial assets		
Cash (Note 1)	\$ 4,033,806	\$ 2,526,938
Temporary investments (Note 2)	413,075	441,601
Taxes receivable	2,888,250	3,330,919
Grants and subsidies receivable	46,238	158,238
Trade receivables	915,482	1,513,547
Loans receivable (Note 3)	475,488	468,801
	<u>8,772,339</u>	<u>8,440,044</u>
Commitments and Contingencies (Notes 19 and 20)		
Liabilities		
Accounts payable and accrued liabilities	1,371,913	1,305,433
Deferred revenue (Note 4)	1,155,987	1,073,619
Long-term debt (Note 5)	1,131,452	1,340,895
Landfill site closure and post-closure care liability (Note 6)	569,546	579,752
Employee future benefits liability (Note 7)	267,993	254,359
	<u>4,496,891</u>	<u>4,554,058</u>
Net financial assets	<u>4,275,448</u>	<u>3,885,986</u>
Non-financial assets		
Prepaid expenses	25,161	18,463
Inventory of supplies	168,850	186,200
Tangible capital assets (Note 8)	73,810,282	73,779,108
	<u>74,004,293</u>	<u>73,983,771</u>
Accumulated surplus (Note 9)	<u>\$ 78,279,741</u>	<u>\$ 77,869,757</u>

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

The Corporation of the Municipality of West Grey Consolidated Statement of Operations

For the year ended December 31	2016 Budget	2016 Actual	2015 Actual
Revenue			
Taxation	\$ 8,956,684	\$ 8,971,343	\$ 8,720,368
Government transfers (Note 12)	2,611,214	2,602,115	3,629,269
Water and wastewater charges	1,375,592	1,366,788	1,173,403
User fees and service charges	1,365,760	1,703,280	1,599,935
Investment income	27,000	49,749	26,745
Other income (Note 13)	387,425	562,084	880,575
Obligatory reserve fund revenue recognized	-	89,359	34,057
	<u>14,723,675</u>	<u>15,344,718</u>	<u>16,064,352</u>
Expenses			
General government	1,344,487	1,244,474	1,348,798
Protection services	4,578,774	4,575,578	4,660,333
Transportation services	5,647,095	5,494,599	5,225,032
Environmental services	2,033,037	1,878,560	2,048,249
Health and social services	48,384	45,764	81,593
Recreation and cultural services	1,510,144	1,578,525	1,565,136
Planning and development	147,818	117,234	127,337
	<u>15,309,739</u>	<u>14,934,734</u>	<u>15,056,478</u>
Annual surplus (deficit)	<u>(586,064)</u>	<u>409,984</u>	<u>1,007,874</u>
Accumulated surplus, beginning of the year	<u>77,869,757</u>	<u>77,869,757</u>	<u>76,861,883</u>
Accumulated surplus, end of the year	<u>\$ 77,283,693</u>	<u>\$ 78,279,741</u>	<u>\$ 77,869,757</u>

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

**The Corporation of the Municipality of West Grey
Consolidated Statement of Change in Net Financial Assets**

<u>For the year ended December 31</u>	<u>2016</u> Budget	<u>2016</u> Actual	<u>2015</u> Actual
Annual surplus (deficit)	\$ (586,064)	\$ 409,984	\$ 1,007,874
Acquisition of tangible capital assets	(1,344,977)	(2,883,255)	(2,408,449)
Proceeds on disposal of tangible capital assets	-	120,753	460,433
Amortization expense	2,659,115	2,767,915	2,706,135
(Gain)/loss on disposal of tangible capital assets	-	(36,587)	(13,207)
	<u>1,314,138</u>	<u>(31,174)</u>	<u>744,912</u>
Decrease in prepaid expenses	-	(6,698)	(3,401)
Decrease (Increase) in inventory of supplies	-	17,350	(15,166)
	<u>-</u>	<u>10,652</u>	<u>(18,567)</u>
Change in net financial assets	728,074	389,462	1,734,219
Net financial assets, beginning of year	<u>3,885,986</u>	<u>3,885,986</u>	<u>2,151,767</u>
Net financial assets, end of year	<u>\$ 4,614,060</u>	<u>\$ 4,275,448</u>	<u>\$ 3,885,986</u>

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

The Corporation of the Municipality of West Grey Consolidated Statement of Cash Flow

For the year ended December 31	2016	2015
Cash provided by (used in)		
Operating activities		
Annual surplus (deficit)	\$ 409,984	\$ 1,007,874
Items not involving cash		
Amortization of tangible capital assets	2,767,915	2,706,135
Employee future benefits	13,634	21,614
Landfill site closure and post-closure care	(10,206)	5,004
(Gain)/loss on disposal of tangible capital assets	(36,587)	(13,207)
Donated capital asset	-	(220,500)
	<u>3,144,740</u>	<u>3,506,920</u>
Change in balances		
Taxes receivable	442,669	(245,661)
Accounts receivable	710,065	(338,370)
Loan receivable	(6,687)	(404,104)
Accounts payable	66,481	(596,919)
Deferred revenue	82,368	179,338
Non-financial assets	10,652	(18,567)
	<u>4,450,288</u>	<u>2,082,637</u>
Capital activities		
Acquisition of tangible capital assets	(2,883,255)	(2,187,949)
Proceeds on disposal of tangible capital assets	120,753	460,433
	<u>(2,762,502)</u>	<u>(1,727,516)</u>
Financing activities		
Additions to long-term liabilities	25,000	113,000
Repayment of long-term liabilities	(234,444)	(261,781)
	<u>(209,444)</u>	<u>(148,781)</u>
Net change in cash and cash equivalents	1,478,342	206,340
Cash and cash equivalents, beginning of year	2,968,539	2,762,199
Cash and cash equivalents, end of year	\$ 4,446,881	\$ 2,968,539
Comprised of:		
Cash	\$ 4,033,806	\$ 2,526,938
Temporary investments	413,075	441,601
	<u>\$ 4,446,881</u>	<u>\$ 2,968,539</u>

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

The Corporation of the Municipality of West Grey Summary of Significant Accounting Policies

December 31, 2016

Management Responsibility The management of the Municipality of West Grey is responsible for the integrity, objectivity and accuracy of the financial information presented in these consolidated financial statements. Management reviews and approves the consolidated financial statements before they are submitted to Council.

Basis of Accounting The consolidated financial statements of The Corporation of the Municipality of West Grey are the representations of management. They have been prepared in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board (PSAB) of CPA 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 financial statements reflect the assets, liabilities, revenues and expenses of all municipal organizations, committees and boards which are controlled by Council. All interfund assets, liabilities, revenues and expenses have been eliminated on consolidation.

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

West Grey Library Board
Ayton Union Cemetery Board
Durham Business Improvement Area
Durham Cemetery Board

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:

Elmwood Fire Department	60%
Saugeen Mobility and Regional Transit	14%
Elmwood Community Centre Board	50%
Saugeen Municipal Airport	27%

The Corporation of the Municipality of West Grey

Summary of Significant Accounting Policies

December 31, 2016

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. Estimates are used when accounting for items such as accrued grant receivables, accrued liabilities, useful lives of capital assets, post-employment benefits, solid waste landfill closure and post-closure costs and taxation revenue. By their nature, these estimates are subject to measurement uncertainty and actual results could differ from management's best estimates as additional information becomes available in the future.

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) Fees, user charges and other revenues are recorded upon sale of goods or provision of service when collection is reasonably assured.
- d) Government transfers are recognized as revenue in the financial statements when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

Cash and Cash Equivalents

Cash and cash equivalents include cash balances and short term highly liquid investments that are readily converted into cash.

Temporary Investments

Temporary 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.

The Corporation of the Municipality of West Grey

Summary of Significant Accounting Policies

December 31, 2016

County and School Board	The municipality collects taxation revenue on behalf of the school boards and the County of Grey. The taxation, other revenues, expenses, assets and liabilities with respect to the operations of the school boards and the County of Grey are not reflected in these financial statements.																
Non-Financial Assets	Tangible capital and other non-financial assets are accounted for as assets by the organization because they can be used to provide services in future periods. These assets do not normally provide resources to discharge the liabilities of the organization unless they are sold.																
Inventory	Inventory of supplies is recorded at the lower of cost and replacement cost.																
Loans Receivable	Loans receivable are recorded at cost.																
Portfolio and Long-term Investments	Portfolio and long-term investments are recorded at cost.																
Tangible Capital Assets	<p>Tangible capital assets are recorded at cost less accumulated amortization. Costs include 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 lives of the assets are based on estimates made by management as follows:</p> <table border="0" style="margin-left: 40px;"> <tr> <td>Land improvements</td> <td style="text-align: right;">30 to 100 years</td> </tr> <tr> <td>Buildings</td> <td style="text-align: right;">50 to 80 years</td> </tr> <tr> <td>Building components</td> <td style="text-align: right;">10 to 80 years</td> </tr> <tr> <td>Equipment</td> <td style="text-align: right;">5 to 25 years</td> </tr> <tr> <td>Vehicles</td> <td style="text-align: right;">2 to 25 years</td> </tr> <tr> <td>Infrastructure:</td> <td></td> </tr> <tr> <td style="padding-left: 20px;">Road surfaces</td> <td style="text-align: right;">20 to 80 years</td> </tr> <tr> <td style="padding-left: 20px;">Utility systems</td> <td style="text-align: right;">70 to 100 years</td> </tr> </table> <p>Tangible capital assets received as contributions are recorded at fair value at the date of receipt and also are recorded as revenue. Where fair market value cannot be reasonably determined, contributed tangible capital assets are recorded at a nominal amount.</p>	Land improvements	30 to 100 years	Buildings	50 to 80 years	Building components	10 to 80 years	Equipment	5 to 25 years	Vehicles	2 to 25 years	Infrastructure:		Road surfaces	20 to 80 years	Utility systems	70 to 100 years
Land improvements	30 to 100 years																
Buildings	50 to 80 years																
Building components	10 to 80 years																
Equipment	5 to 25 years																
Vehicles	2 to 25 years																
Infrastructure:																	
Road surfaces	20 to 80 years																
Utility systems	70 to 100 years																
Intangible Assets	Intangible assets, art and historic treasures, and items inherited by right of the Crown, such as Crown lands, forests, water, and mineral resources, are not recognized in these financial statements.																

The Corporation of the Municipality of West Grey Summary of Significant Accounting Policies

December 31, 2016

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.

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

The Corporation of the Municipality of West Grey Notes to Financial Statements

December 31, 2016

1. Cash

	2016	2015
Unrestricted	\$ 3,252,898	\$ 1,791,420
Restricted	780,908	735,518
	\$ 4,033,806	\$ 2,526,938

At December 31, 2016, the municipality had an undrawn line of credit of \$2,500,000 that bears interest at the bank's prime rate minus 0.5%.

2. Temporary Investments

	2016	2015
GICs	\$ 163,075	\$ 191,601
Mutual Funds	250,000	250,000
	\$ 413,075	\$ 441,601
Market value	\$ 416,390	\$ 443,201

3. Loans Receivable

	2016	2015
Mortgage receivable, 2485400 Ontario Inc., 4.79% \$2,421 payable monthly principal and interest secured by building and property	\$ 415,906	\$ 425,000
Tile drainage loans receivable	59,582	43,801
	\$ 475,488	\$ 468,801

**The Corporation of the Municipality of West Grey
Notes to Financial Statements**

December 31, 2016

4. Deferred Revenue

	Opening	Contributions Received	Investment Income	Revenue Recognized	Ending
Obligatory Reserve Funds					
Development charges	\$ 722,098	\$ 133,750	\$ 9,946	\$ (81,145)	\$ 784,649
Recreational land	24,278	1,500	217	-	25,995
Subdivider contributions	229,120	20,401	1,877	(8,214)	243,184
	975,496	155,651	12,040	(89,359)	1,053,828
Other					
Deposits	22,450	4,000	-	(4,400)	22,050
Gas tax grant	21,739	373,534	167	(382,211)	13,229
Source water protection	53,934	38,624	-	(25,678)	66,880
	\$ 1,073,619	\$ 571,809	\$ 12,207	\$ (501,648)	\$1,155,987

The Corporation of the Municipality of West Grey Notes to Financial Statements

December 31, 2016

5. Long-Term Liabilities

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

	2016	2015
Tile drainage loans payable, 6%, due from 2017 to 2026	\$ 59,582	\$ 43,801
Loan payable (Durham Water and Wastewater), 4.83%, payable \$5,250 monthly principal and interest, due May 2018	131,233	138,839
Loan payable (Durham Water and Wastewater), 4.85%, payable \$6,244 monthly principal and interest, due May 2023	358,473	462,383
Loan payable (Public Works), 0%, payable \$28,250 principal annually, due July 2018	56,500	84,750
OIPC loan payable (Neustadt Water), 5.2%, payable \$8,126 semi-annually principal and interest, due September 2017	15,639	30,496
OIPC loan payable (Durham Water), 5.26%, payable \$37,224 semi-annually principal and interest, due September 2022	378,843	431,286
OIPC loan payable (Durham Wastewater), 5.26%, payable \$12,889 semi-annually principal and interest, due September 2022	131,182	149,340
	\$ 1,131,452	\$ 1,340,895

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

2017	\$	246,902
2018		195,355
2019		152,572
2020		160,494
2021		168,828
Thereafter		207,301
	\$	1,131,452

The Corporation of the Municipality of West Grey

Notes to Financial Statements

December 31, 2016

6. Landfill Site Closure and Post-Closure Care Liability

Landfill closure and post-closure care requirements have been defined in accordance with industry standards and include final covering and landscaping of the landfill, removal of ground water and leachates, and ongoing environmental monitoring, site inspection and maintenance.

The liability recorded is \$569,546 (2015 - \$579,752) and represents the present value of closure and post-closure costs for three active sites and two closed sites, using the municipality's average long-term borrowing rate of 5.25% adjusted for inflation. The liability is recorded based on the capacity of the landfills used to date. The total estimated future expenditures for closure and post-closure care are \$741,528 leaving an amount to be recognized of \$171,982.

The estimated remaining capacity of the three sites is approximately 198,980 (2015 - 208,190) cubic meters. The sites have remaining life of 3 to 20 years. Post-closure care is estimated to continue for a period of 20 years.

7. Employee Future Benefits Liability

Pension Plan

The municipality makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of 52 (2015 - 51) members of its staff. The plan is a defined benefit plan, which specifies the amount of the retirement benefits to be received by the employees based on the length of service and rates of pay. Employees and employers contribute jointly to the plan. The amount contributed to OMERS by the municipality for 2016 was \$363,475 (2015 - \$383,208). The contribution rate for 2016 was 9.0% to 15.8% depending on age and income level (2015 - 9.0% to 15.8%).

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

The Corporation of the Municipality of West Grey

Notes to Financial Statements

December 31, 2016

7. Employee Future Benefits Liability (continued)

Other Benefits

The municipality provides post-employment health and dental insurance benefits to eligible retired employees. The municipality recognizes these post-employment costs in the period in which the employees rendered the services. Payments for these benefits totalled \$17,736 for the year and are included as an expenditure on the consolidated statement of operations. The accrued benefit obligation at December 31, 2016 was \$267,993 (2015 - \$254,359).

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, 2014.

The actuarial valuation was based on a number of assumptions about future events, such as inflation rates, interest rates, medical inflation rates, employee turnover and mortality rates. The assumptions used reflect management's best estimates. A discount rate of 3.75% was assumed to determine the accrued benefit obligation, along with an annual rate of increase in extended health benefit costs of 8% after the first year, decreasing annually to an ultimate rate of 4% in 16 years and an annual rate of increase in dental benefit costs of 3.5%. The post-employment benefit expenditure includes current period benefit costs of \$19,381, interest on the obligation of \$9,959 and amortization of gains (losses) of \$1,084.

	<u>2016</u>	<u>2015</u>
Other benefits	<u>\$ 267,993</u>	<u>\$ 254,359</u>

**The Corporation of the Municipality of West Grey
Notes to Financial Statements**

December 31, 2016

8. Tangible Capital Assets

For the year ended December 31, 2016

	Land and Land Improvements	Buildings	Equipment	Vehicles	Infrastructure	Construction in progress	2016 Total
Cost, beginning of year	\$ 5,959,352	\$ 12,338,377	\$ 8,297,425	\$ 6,890,744	\$ 92,089,783	\$ 538,518	\$126,114,199
Additions	204,417	374,089	463,371	498,019	1,327,887	15,472	2,883,255
Disposals	(610)	(45,047)	(173,347)	(289,292)	(169,230)	-	(677,526)
Transfers from Construction in progress	95,757	-	-	-	255,923	(351,680)	-
Cost, end of year	<u>6,258,916</u>	<u>12,667,419</u>	<u>8,587,449</u>	<u>7,099,471</u>	<u>93,504,363</u>	<u>202,310</u>	<u>128,319,928</u>
Accumulated amortization, beginning of year	863,072	5,938,800	4,579,427	3,596,739	37,357,053	-	52,335,091
Amortization	65,346	266,969	380,423	353,906	1,701,271	-	2,767,915
Disposals	(610)	(19,768)	(166,538)	(251,493)	(154,951)	-	(593,360)
Accumulated amortization, end of year	<u>927,808</u>	<u>6,186,001</u>	<u>4,793,312</u>	<u>3,699,152</u>	<u>38,903,373</u>	<u>-</u>	<u>54,509,646</u>
Net carrying amount, end of year	<u>\$ 5,331,108</u>	<u>\$ 6,481,418</u>	<u>\$ 3,794,137</u>	<u>\$ 3,400,319</u>	<u>\$ 54,600,990</u>	<u>\$ 202,310</u>	<u>\$ 73,810,282</u>

**The Corporation of the Municipality of West Grey
Notes to Financial Statements**

December 31, 2016

8. Tangible Capital Assets (continued)

For the year ended December 31, 2015

	Land and Land Improvements	Buildings	Equipment	Vehicles	Infrastructure	Construction in progress	2015 Total
Cost, beginning of year	\$ 5,820,429	\$ 12,592,899	\$ 7,825,864	\$ 6,784,962	\$ 91,207,681	\$ 205,894	\$ 124,437,729
Additions	170,259	120,478	515,844	360,700	891,319	349,849	2,408,449
Disposals	(31,336)	(375,000)	(61,508)	(254,918)	(9,217)	-	(731,979)
Transfers from Construction in progress	-	-	17,225	-	-	(17,225)	-
Cost, end of year	5,959,352	12,338,377	8,297,425	6,890,744	92,089,783	538,518	126,114,199
Accumulated amortization, beginning of year	806,065	5,705,221	4,255,499	3,456,670	35,690,254	-	49,913,709
Amortization	60,543	251,054	351,722	368,924	1,673,892	-	2,706,135
Disposals	(3,536)	(17,475)	(27,794)	(228,855)	(7,093)	-	(284,753)
Accumulated amortization, end of year	863,072	5,938,800	4,579,427	3,596,739	37,357,053	-	52,335,091
Net carrying amount, end of year	\$ 5,096,280	\$ 6,399,577	\$ 3,717,998	\$ 3,294,005	\$ 54,732,730	\$ 538,518	\$ 73,779,108

The Corporation of the Municipality of West Grey Notes to Financial Statements

December 31, 2016

8. Tangible Capital Assets (continued)

Expenses reported on the consolidated statement of operations include the gain/(loss) on disposal of assets during the year of \$36,587 (2015 - \$13,207) and write down of assets during the year of \$nil (2015 - \$nil).

The carrying value of tangible capital assets not being amortized because they are under construction, development, or have been removed from service is \$202,310 (2015 - \$538,518).

9. Accumulated Surplus

The accumulated surplus reported on the consolidated statement of financial position is comprised of the following:

	2016	2015
General surplus	\$ 413,273	\$ 288,149
Capital amounts to be spent (financed)	(456,518)	(198,474)
Amounts invested in tangible capital assets	73,810,282	73,779,108
Reserves and reserve funds set aside for specific purpose by council (Note 10)	6,422,114	6,132,179
Amounts to be recovered (Note 11)	(1,909,409)	(2,131,205)
	\$78,279,742	\$ 77,869,757

The general surplus is comprised of the following:

General area taxation	\$ 501,884	\$ 501,884
Waterworks system	(11,682)	(28,295)
Wastewater system	(79,059)	(220,854)
Cemeteries	22,707	22,398
Business Improvement Area	18,424	13,915
Elmwood Community Centre	3,777	3,777
Saugeen Municipal Airport	(43,181)	(5,057)
Saugeen Mobility and Regional Transit	403	381
	\$ 413,273	\$ 288,149

The capital amounts to be spent (financed) is comprised of the following:

Acquisition of capital assets to be financed through: Taxation or user charges	\$ (456,518)	\$ (198,474)
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**The Corporation of the Municipality of West Grey
Notes to Financial Statements**

December 31, 2016

10. Reserves and Reserve Funds

	2016	2015
Reserves set aside for specific purpose by Council:		
Working funds	\$ 1,897,128	\$ 2,098,098
Contingencies	135,044	135,044
Recreation facilities	325,658	222,559
Protection services	557,560	361,517
Roadways	569,471	414,608
Water/wastewater services	140,785	95,178
Waste disposal	623,455	401,499
Library	23,945	20,277
General government	1,257,239	1,556,182
Planning and development	400,597	365,097
Other	281,845	270,889
	6,212,727	5,940,948
Reserve funds set aside for specific purpose by Council:		
Roadways	14,258	14,146
Parks	71,697	71,054
Protection services	92,409	74,607
Elmwood Hydro proceeds	18,245	18,102
St. George's Cemetery	12,778	13,322
	209,387	191,231
Reserves and reserve funds, end of the year	\$ 6,422,114	\$ 6,132,179

The Corporation of the Municipality of West Grey Notes to Financial Statements

December 31, 2016

11. Amounts to be recovered

The balance of the amounts to be recovered is comprised of the following:

	<u>2016</u>	<u>2015</u>
Long-term debt	\$ 1,071,870	\$ 1,297,094
Employee future benefits liability	267,993	254,359
Landfill closure and post-closure care liability	569,546	579,752
	<u>\$ 1,909,409</u>	<u>\$ 2,131,205</u>

The net change during the year in the amounts to be recovered is made up of the following:

	<u>2016</u>	<u>2015</u>
New debt issued	\$ -	\$ 113,000
Principal payments on long-term debt	(225,224)	(240,886)
Increase (decrease) in employee future benefits liability	13,634	21,614
Change in Solid Waste Closure and Post Closure Liability	(10,206)	5,004
	<u>\$ (221,796)</u>	<u>\$ (101,268)</u>

The Corporation of the Municipality of West Grey Notes to Financial Statements

December 31, 2016

12. Government Transfers

	2016 Budget	2016 Actual	2015 Actual
Operating			
Province of Ontario Municipal Partnership Fund (OMPF)	\$ 1,672,600	\$ 1,672,600	\$ 1,887,700
Province of Ontario conditional grants			
Protection services	75,500	73,810	84,787
Water and wastewater	-	1	-
Transit	58,630	56,460	59,490
Other	173,399	186,182	150,414
	<u>1,980,129</u>	<u>1,989,053</u>	<u>2,182,391</u>
Government of Canada conditional grants	-	3,057	-
Other Municipalities conditional grants			
Protection services	35,000	36,672	35,953
Other	48,363	39,368	13,403
	<u>83,363</u>	<u>76,040</u>	<u>49,356</u>
Total operating transfers	<u>2,063,492</u>	<u>2,068,150</u>	<u>2,231,747</u>
Capital			
Province of Ontario conditional grants			
Protection services	-	-	36,928
Roadways	-	-	116,688
Water and wastewater	-	116,687	-
Recreation and cultural services	-	2,345	60,613
	<u>-</u>	<u>119,032</u>	<u>214,229</u>
Government of Canada conditional grants			
Roadways	365,000	382,211	364,829
Recreation and cultural services	-	-	24,375
	<u>365,000</u>	<u>382,211</u>	<u>389,204</u>
Other Municipalities conditional grants	182,722	32,722	794,089
Total capital transfers	<u>547,722</u>	<u>533,965</u>	<u>1,397,522</u>
Total government transfers	<u>\$ 2,611,214</u>	<u>\$ 2,602,115</u>	<u>\$ 3,629,269</u>

The Corporation of the Municipality of West Grey Notes to Financial Statements

December 31, 2016

13. Other Income

	2016	2016	2015
	Budget	Actual	Actual
Penalties and interest on taxation	\$ 288,500	\$ 427,552	\$ 431,264
Donations and prepaid special charges	29,125	56,981	354,211
Rents	43,600	44,036	53,323
Other	26,200	33,515	41,777
	<u>\$ 387,425</u>	<u>\$ 562,084</u>	<u>\$ 880,575</u>

14. Segmented Information

The Corporation of the Municipality of West Grey is a diversified municipal government institution that provides a wide range of services to its citizens such as police, fire, wastewater, 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 segment relates 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. The police services work to ensure the safety and protection of the citizens and their property. The fire department is responsible to provide fire suppression service, fire prevention programs, training and education. The members of the fire department consist of volunteers. The building department provides a number of services including maintenance and enforcement of building and construction codes and review of all property development plans through its application process.

Transportation

Transportation is responsible for construction and maintenance of the municipality's roadways, bridges, parking areas and streetlighting. Transportation also includes the provision of air transportation through the Saugeen Municipal Airport.

The Corporation of the Municipality of West Grey

Notes to Financial Statements

December 31, 2016

14. Segmented Information (continued)

Wastewater and Water

This service provides the municipality's drinking water. They process and clean sewage and ensure the municipality's water system meets all Provincial standards.

Environmental

Environmental services consists of providing waste collection, disposal and recycling to its citizens.

Health

Health services include contributions to support local hospitals. Health services also includes the operations of local cemeteries.

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, arenas, a swimming pool and community centres. The municipality also provides library services and recreational programs.

Planning and Development

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

The 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 net surplus for the year.
OMPF Grants	Allocated to segments based on the net surplus for the year.

**The Corporation of the Municipality of West Grey
Notes to Financial Statements**

December 31, 2016

14. Segmented Information (continued)

For the year ended December 31, 2016	General Government	Protection Services	Transportation Services	Wastewater and Water	Environmental Services	Health Services	Recreation and Cultural Services	Planning and Development	2016 Total
Revenue									
Taxation	\$ 538,281	\$ 3,229,684	\$ 4,126,818	\$ -	\$ 89,713	\$ -	\$ 897,134	\$ 89,713	\$ 8,971,343
Fees and user charges	49,921	596,236	144,837	1,367,208	403,909	30,016	435,531	42,410	3,070,068
Specific grants	-	143,204	473,534	116,688	140,685	-	39,679	15,725	929,515
OMPFP grant	100,356	602,136	769,396	-	16,726	-	167,260	16,726	1,672,600
Other revenue	600,277	13,231	22,732	4,627	-	9,034	50,780	511	701,192
	<u>1,288,835</u>	<u>4,584,491</u>	<u>5,537,317</u>	<u>1,488,523</u>	<u>651,033</u>	<u>39,050</u>	<u>1,590,384</u>	<u>165,085</u>	<u>15,344,718</u>
Expenses									
Salaries and benefits	808,639	3,015,126	1,542,442	36,541	89,886	2,335	619,188	21,947	6,136,104
Interest on debt	-	-	-	55,938	-	339	-	2,628	58,905
Materials and supplies	398,993	591,019	2,115,236	370,586	72,343	11,348	622,763	44,950	4,227,238
Contracted services	4,612	360,672	24,759	397,538	428,787	27,317	34,570	47,715	1,325,970
Other transfers	27,963	335,580	35,081	-	-	-	33,227	-	431,851
Rents and financial expenses	16,936	2,832	-	-	-	3,570	-	-	23,338
Amortization and Loss on Disposal	(12,672)	270,348	1,777,081	419,671	7,269	855	268,776	-	2,731,328
	<u>1,244,471</u>	<u>4,575,577</u>	<u>5,494,599</u>	<u>1,280,274</u>	<u>598,285</u>	<u>45,764</u>	<u>1,578,524</u>	<u>117,240</u>	<u>14,934,734</u>
Annual surplus (deficit)	\$ 44,364	\$ 8,914	\$ 42,718	\$ 208,249	\$ 52,748	\$ (6,714)	\$ 11,860	\$ 47,845	\$ 409,984

**The Corporation of the Municipality of West Grey
Notes to Financial Statements**

December 31, 2016

14. Segmented Information (continued)

For the year ended December 31, 2015	General Government	Protection Services	Transportation Services	Wastewater and Water	Environmental Services	Health Services	Recreation and Cultural Services	Planning and Development	2015 Total
Revenue									
Taxation	\$ 436,018	\$ 3,662,555	\$ 3,575,351	\$ -	\$ 174,407	\$ -	\$ 784,833	\$ 87,204	\$ 8,720,368
Fees and user charges	62,986	492,141	168,280	1,173,916	338,794	38,944	434,397	63,880	2,773,338
Specific grants	266,897	193,859	1,041,007	-	106,765	-	119,685	13,356	1,741,569
OMPF grant	94,385	792,834	773,957	-	37,754	-	169,893	18,877	1,887,700
Other revenue	545,193	21,054	243,449	4,312	-	6,956	119,703	710	941,377
	<u>1,405,479</u>	<u>5,162,443</u>	<u>5,802,044</u>	<u>1,178,228</u>	<u>657,720</u>	<u>45,900</u>	<u>1,628,511</u>	<u>184,027</u>	<u>16,064,352</u>
Expenses									
Salaries and benefits	772,736	3,098,929	1,444,998	53,738	82,604	3,240	587,380	20,988	6,064,613
Interest on debt	-	354	-	65,536	-	446	-	4,104	70,440
Materials and supplies	456,689	662,385	1,996,793	433,224	89,914	50,879	674,669	66,864	4,431,417
Contracted services	5,419	317,884	-	409,004	497,241	19,963	34,918	35,382	1,319,811
Other transfers	24,050	326,869	34,419	-	-	-	34,576	-	419,914
Rents and financial expenses	46,338	2,756	-	-	-	7,984	277	-	57,355
Amortization and Loss on Disposal	43,566	251,156	1,748,821	409,719	7,269	(919)	233,316	-	2,692,928
	<u>1,348,798</u>	<u>4,660,333</u>	<u>5,225,031</u>	<u>1,371,221</u>	<u>677,028</u>	<u>81,593</u>	<u>1,565,136</u>	<u>127,338</u>	<u>15,056,478</u>
Annual surplus (deficit)	\$ 56,681	\$ 502,110	\$ 577,013	\$ (192,993)	\$ (19,308)	\$ (35,693)	\$ 63,375	\$ 56,689	\$ 1,007,874

The Corporation of the Municipality of West Grey Notes to Financial Statements

December 31, 2016

15. Government Partnerships

The following summarizes the financial position and operations of the municipal joint boards. The Municipality of West Grey's pro-rata share of these amounts have been reported in the financial statements using the proportionate consolidation method:

	Saugeen Municipal Airport 27%	Elmwood Fire Department 60%	S.M.A.R.T. 14%
Financial Assets			
Cash and temporary investments	\$ 88,847	\$ 117,375	\$ 7,971
Accounts receivable	10,278	41,420	259,304
	<u>99,125</u>	<u>158,795</u>	<u>267,275</u>
Liabilities			
Accounts payable	23,592	-	120,313
Other liabilities	221,789	-	174,149
	<u>245,381</u>	<u>-</u>	<u>294,462</u>
Net financial assets (net debt)	(146,256)	158,795	(27,187)
Non-financial assets	<u>893,473</u>	<u>841,011</u>	<u>427,623</u>
Accumulated Surplus	<u>\$ 747,217</u>	<u>\$ 999,806</u>	<u>\$ 400,436</u>
Accumulated Surplus			
General surplus	\$ (161,484)	\$ -	\$ 2,812
Invested in tangible capital assets	876,008	840,670	397,624
Reserves and reserve funds	32,693	159,136	-
	<u>\$ 747,217</u>	<u>\$ 999,806</u>	<u>\$ 400,436</u>
Revenues	\$ 212,757	\$ 250,485	\$ 1,367,973
Expenses	<u>(237,557)</u>	<u>(237,611)</u>	<u>(1,534,436)</u>
Annual surplus (deficit)	<u>\$ (24,800)</u>	<u>\$ 12,874</u>	<u>\$ (166,463)</u>

The Corporation of the Municipality of West Grey Notes to Financial Statements

December 31, 2016

15. Government Partnerships (continued)

Saugeen Mobility and Regional Transit (S.M.A.R.T.) operates a specialty transit service; Saugeen Municipal Airport operates a municipal airport; and the Elmwood Fire Department provides fire protection services for ratepayers.

16. Budget Amounts

Under Canadian generally accepted accounting principles, budget amounts are to be reported on the consolidated statements of operations and change in net debt for comparative purposes. The budget amounts for The Corporation of the Municipality of West Grey are as approved by council and have been reclassified to conform to the presentation of the consolidated statements of operations and change in net debt.

The following is a reconciliation of the budget approved by council:

	2016 Budget	2016 Actual	2015 Actual
Annual surplus (deficit)	\$ (586,064)	\$ 409,984	\$ 1,007,874
Acquisition of tangible capital assets	(1,344,977)	(2,883,255)	(2,408,449)
Proceeds on disposal of tangible capital assets	-	120,753	460,433
Amortization	2,659,115	2,767,915	2,706,135
(Gain)/loss on disposal of tangible capital assets	-	(36,587)	(13,207)
Proceeds from issue of long-term debt	-	-	113,000
Debt principal repayments	(206,371)	(225,225)	(240,885)
	521,703	153,585	1,624,901
Transfers from (to) reserves for operations	18,497	(569,588)	(1,248,918)
Transfers from (to) reserves for capital	(535,624)	281,256	(321,070)
Change in unfunded liabilities	-	3,428	26,618
Reserve funds annual surplus	-	(1,602)	(1,468)
Capital projects not funded (expended)	-	258,045	(140,543)
	4,576	125,124	(60,480)
General surplus, beginning of year	(4,576)	288,149	348,629
	\$ -	\$ 413,273	\$ 288,149

The Corporation of the Municipality of West Grey

Notes to Financial Statements

December 31, 2016

17. 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:

	2016	2015
School boards	\$ 3,421,157	\$ 3,430,583
County of Grey	5,011,898	4,891,899
	<u>\$ 8,433,055</u>	<u>\$ 8,322,482</u>

18. Trust Funds

The trust funds administered by the municipality amounting to \$361,069 (2015 - \$335,926) have not been included in the consolidated statement of financial position nor have their operations been included in the consolidated statement of financial activities. At December 31, 2016, the trust fund balances are as follows:

	2016	2015
Cemetery Pre-need Assurance Fund	\$ 4,246	\$ 4,204
Cemetery Care and Maintenance Funds	356,115	331,014
Ontario Home Renewal Program	708	708
	<u>\$ 361,069</u>	<u>\$ 335,926</u>

19. Contractual Commitments

The municipality has pledged support to the Markdale Hospital in the amount of \$190,000 over 10 years, contingent on the building project proceeding. At December 31, 2016 \$155,000 was set aside in reserve for this purpose.

20. Contingencies

The municipality has entered into an employment contract with certain municipal employees that requires a monthly payment of 100% of the employee's disposable after tax income less payments received from WSIB and Canada Pension Plan to the family of the employee if the employee is killed or dies as a direct result of injuries received in the performance of their duties. The municipality has an insurance policy to minimize the cost to the municipality.

The Corporation of the Municipality of West Grey Notes to Financial Statements

December 31, 2016

21. Subsequent events

Subsequent to December 31, 2016, the Municipality of West Grey purchased an aerial fire truck for a total cost of \$995,000, including HST. The cost of the fire truck will be covered by insurance proceeds less the Municipality's deductible.

Independent Auditor's Report

To the Members of Council, Inhabitants and Ratepayers of The Corporation of the Municipality of West Grey

We have audited the accompanying financial information of the Trust Funds of The Corporation of the Municipality of West Grey, which comprise the balance sheet as at December 31, 2016, and the statement of continuity, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Information

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial information. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial information, 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 financial information in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial information.

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, this financial information presents fairly, in all material respects, the financial position of the Trust Funds of The Corporation of the Municipality of West Grey as at December 31, 2016 and the continuity of the trust funds for the year then ended in accordance with Canadian public sector accounting standards.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Hanover, Ontario
June 5, 2017

**The Corporation of the Municipality of West Grey
Trust Funds
Balance Sheet**

December 31, 2016

Assets	Cemetery Pre-Need Assurance Fund	Cemetery Care and Maintenance Fund	Ontario Home Renewal Program	Total
Cash	\$ 4,246	\$ 75,066	\$ -	\$ 79,312
Investment and accrued interest	-	288,536	-	288,536
Loans receivable	-	-	708	708
	\$ 4,246	\$ 363,602	\$ 708	\$ 368,556
Liabilities and Fund Balances				
Due to general account	\$ -	\$ 7,487	\$ -	\$ 7,487
Fund balance	4,246	356,115	708	361,069
	\$ 4,246	\$ 363,602	\$ 708	\$ 368,556

Statement of Continuity

For the year ended December 31, 2016

	Cemetery Pre-Need Assurance Fund	Cemetery Care and Maintenance Fund	Ontario Home Renewal Program	Total
Balance, beginning of the year	\$ 4,204	\$ 331,014	\$ 708	\$ 335,926
Receipts				
Loan interest	-	-	-	-
Bank interest	42	7,711	-	7,753
Care and maintenance	-	25,101	-	25,101
	42	32,812	-	32,854
Expenses				
Transfer to Province of Ontario	-	-	-	-
Transfer to municipality	-	7,711	-	7,711
	-	7,711	-	7,711
Balance, end of the year	\$ 4,246	\$ 356,115	\$ 708	\$ 361,069

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

**The Corporation of the Municipality of West Grey
Trust Funds
Notes to Financial Statements**

December 31, 2016

1. Summary of Significant Accounting Policies

Basis of Accounting

The financial information of The Corporation of the Municipality of West Grey Trust Funds are the representation of management prepared in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board (PSAB) of CPA Canada as prescribed by the Ontario 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.

Use of Estimates

The preparation of financial information 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 information, and the reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty and actual results could differ from management's best estimates as additional information becomes available in the future.

Basis of Consolidation

These trust funds have not been consolidated with the financial statements of the Municipality of West Grey.

Temporary Investments

Temporary 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.

**The Corporation of the Municipality of West Grey
Trust Funds
Notes to Financial Statements**

December 31, 2016

2. Temporary Investments

Temporary investments consist of mutual funds. No temporary investments are callable at the option of the issuer in 2016. The investments have a market value of \$290,361 at the end of the year.

3. Ontario Home Renewal Program

The Ontario Home Renewal Program was established by the Ontario Ministry of Housing in 1973 to provide grants for municipalities to make loans to assist owner occupants to repair, rehabilitate and improve their homes to local property standards. Individual loans were limited to \$7,500, of which the maximum forgivable portion was \$4,000.

Ontario Home Renewal Program loans receivable at December 31, 2016 comprise repayable loans of \$708 and forgivable loans of \$nil. Loan forgiveness is earned and recorded at a rate of up to \$600 per year of continuous ownership and occupancy. In the event of the sale or lease of the home or in the event of the homeowner ceasing to occupy the home, the balance of the repayable loan and the unearned forgivable loan immediately becomes due and payable by the homeowner.

As of July 16, 1993 the Ontario Home Renewal Program was discontinued and municipalities were prohibited from issuing further loans as of that date. All OHRP funds held in municipal trust accounts as of December 31, 1993 were remitted to the Province by March 1, 1994. Any loans receivable under the program which are collected subsequent to December 31, 1993 were remitted to the Province by March 1st of the following year. However, municipalities will be provided an administration fee of five per cent of the balances collected after December 31, 1993 and are permitted to retain the interest earned on unremitted OHRP trust account balances.

Independent Auditor's Report

**To the Members of Council,
Inhabitants and Ratepayers of
The Corporation of the Municipality of West Grey**

We have audited the accompanying financial statements of The Corporation of the Municipality of West Grey Public Library Board, which comprise the statement of financial position as at December 31, 2016 and the statements of operations, change in net financial assets and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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



Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Corporation of the Municipality of West Grey Public Library Board as at December 31, 2016 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Hanover, Ontario
June 5, 2017

**The Corporation of the Municipality of West Grey
Public Library Board
Statement of Financial Position**

December 31	2016	2015
Financial assets		
Cash	\$ 24,762	\$ 23,241
Accounts receivable	3,708	6,070
Due from Municipality of West Grey	4,316	-
	<u>32,786</u>	<u>29,311</u>
Commitments (Note 5)		
Liabilities		
Accounts payable and accrued liabilities	8,841	5,251
Due to Town of Hanover	-	3,784
	<u>8,841</u>	<u>9,035</u>
Net financial assets	23,945	20,276
Non-Financial Assets		
Tangible capital assets (Note 1)	<u>220,062</u>	<u>227,720</u>
Accumulated surplus (Note 3)	\$ 244,007	\$ 247,996

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

**The Corporation of the Municipality of West Grey
Public Library Board
Statement of Operations**

For the year ended December 31	2016	2016	2015
	Budget	Actual	Actual
Revenue			
Province of Ontario grants	\$ 31,490	\$ 32,933	\$ 39,652
Municipal grants	254,272	254,272	228,922
Investment income	-	170	132
Miscellaneous	5,750	11,701	12,951
	<u>291,512</u>	<u>299,076</u>	<u>281,657</u>
Expenses			
Amortization of tangible capital assets	31,600	31,593	32,321
Materials and periodical purchases	2,600	1,506	1,898
Supplies and office	83,622	66,841	75,741
Wages and benefits	201,490	203,125	185,212
	<u>319,312</u>	<u>303,065</u>	<u>295,172</u>
Annual surplus (deficit)	<u>(27,800)</u>	<u>(3,989)</u>	<u>(13,515)</u>
Accumulated surplus, beginning of year	<u>247,996</u>	<u>247,996</u>	<u>261,511</u>
Accumulated surplus, end of year	<u>\$ 220,196</u>	<u>\$ 244,007</u>	<u>\$ 247,996</u>

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

**The Corporation of the Municipality of West Grey
Public Library Board
Statement of Change in Net Financial Assets**

For the year ended December 31	2016	2016	2015
	Budget	Actual	Actual
Annual surplus (deficit)	\$ (27,800)	\$ (3,989)	\$ (13,515)
Acquisition of tangible capital assets	(24,000)	(23,935)	(35,720)
Amortization	31,600	31,593	32,321
	7,600	7,658	(3,399)
Change in net financial assets	(20,200)	3,669	(16,914)
Net financial assets, beginning of year	20,276	20,276	37,190
Net financial assets, end of year	\$ 76	\$ 23,945	\$ 20,276

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

**The Corporation of the Municipality of West Grey
Public Library Board
Statement of Cash Flow**

<u>For the year ended December 31</u>	<u>2016</u>	<u>2015</u>
Cash provided by (used in)		
Operating activities		
Annual surplus (deficit)	\$ (3,989)	\$ (13,515)
Items not involving cash		
Amortization	31,593	32,321
Decrease (increase) in accounts receivable	2,362	(2,867)
Decrease (increase) in Due from Municipality	(8,100)	18,024
Increase (decrease) in accounts payable	3,590	(3,140)
	<u>25,456</u>	<u>30,823</u>
Capital activities		
Acquisition of tangible capital assets	<u>(23,935)</u>	<u>(35,720)</u>
Net change in cash and cash equivalents	1,521	(4,897)
Cash and cash equivalents, beginning of year	<u>23,241</u>	<u>28,138</u>
Cash and cash equivalents, end of year	<u>\$ 24,762</u>	<u>\$ 23,241</u>

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

The Corporation of the Municipality of West Grey Public Library Board Summary of Significant Accounting Policies

December 31, 2016

Management Responsibility	The financial statements of The Corporation of the Municipality of West Grey Public Library Board are the representations of management. They have been prepared in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board (PSAB) of CPA Canada as prescribed by the Ministry of Municipal Affairs and Housing.
Basis of Accounting	These financial statements are prepared using the accrual basis of accounting. The accrual basis recognizes revenues as they become available and measurable; expenses are recognized as they are incurred and measurable as a result of receipts of goods or services and the creation of a legal obligation to pay.
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. By their nature, these estimates are subject to measurement uncertainty and actual results could differ from management's best estimates as additional information becomes available in the future.
Revenue Recognition	User fee revenue is recognized when earned, as services are rendered to customers, providing the amount is fixed or determinable, and collectibility is reasonably assured.
Government Transfers	Government transfers are recognized in the financial statements as revenue in the period that the events giving rise to the transfer occur; providing that the transfer is authorized, eligibility criteria, if any, have been met by the recipient, and a reasonable estimate of the amount can be made.
Non-Financial Assets	Tangible capital and other non-financial assets are accounted for as assets by the organization because they can be used to provide services in future periods. These assets do not normally provide resources to discharge the liabilities of the organization unless they are sold.

**The Corporation of the Municipality of West Grey
Public Library Board
Summary of Significant Accounting Policies**

December 31, 2016

**Tangible
Capital Assets**

Purchased tangible capital assets are recorded at cost. Contributed tangible capital assets are recorded at fair market value at the date of contribution. Where fair market value cannot be reasonably determined, contributed tangible capital assets are recorded at a nominal amount. Amortization is calculated on a straight-line basis over the estimated useful life of the asset. The useful lives of the assets are based on estimates made by management as follows:

Books - 15 years
Furniture, fixtures, and computers - 7 to 50 years

**Employee
Future Benefits**

Defined contribution plan accounting is applied to the board's multi-employer defined benefit pension plan.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, bank balances, and investments in money market instruments with maturities of three months or less.

**The Corporation of the Municipality of West Grey
Public Library Board
Notes to Financial Statements**

December 31, 2016

1. Tangible Capital Assets

	2016		2015	
	Furniture, fixtures and computer	Total	Furniture, fixtures and computer	Total
Cost, beginning of year	\$ 500,442	\$ 500,442	\$ 487,603	\$ 487,603
Additions	23,935	23,935	35,720	35,720
Disposals	(23,592)	(23,592)	(22,881)	(22,881)
Cost, end of year	500,785	500,785	500,442	500,442
Accumulated amortization, beginning of year	272,722	272,722	263,282	263,282
Amortization	31,593	31,593	32,321	32,321
Disposals	(23,592)	(23,592)	(22,881)	(22,881)
Accumulated amortization, end of year	280,723	280,723	272,722	272,722
Net carrying amount, end of year	\$ 220,062	\$ 220,062	\$ 227,720	\$ 227,720

**The Corporation of the Municipality of West Grey
Public Library Board
Notes to Financial Statements**

December 31, 2016

2. Employee Future Benefits Liability

Pension Plan

The Board makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of 1 member of its staff. This plan is a defined benefit plan which specifies the amount of the retirement benefit 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 for 2016 was \$5,193 (2015 - \$5,049). The contribution rate for 2016 was 9.0% to 15.8% depending on age and income level (2015 - 9.0% to 15.8%).

OMERS is a multi-employer plan, therefore, any pension plan surplus or deficit is a joint responsibility of Ontario municipal organizations and their employees. As a result, the municipality does not recognize any share of the OMERS pension surplus or deficit. The last available report for the OMERS plan was December 31, 2016. At that time the plan reported an actuarial deficit of \$5.7 billion (2015 - deficit of \$7 billion), based on actuarial liabilities of \$87 billion (2015 - \$81.9 billion) and actuarial assets of \$81.2 billion (2015 - \$74.9 billion). Ongoing adequacy of the current contribution rates will need to be monitored as fluctuations in financial markets may lead to increased future funding requirements.

3. Accumulated Surplus

The accumulated surplus reported on the statement of financial position is comprised of the following:

	<u>2016</u>	<u>2015</u>
Amount invested in tangible capital assets	\$ 220,062	\$ 227,720
Reserves	<u>23,945</u>	<u>20,276</u>
	<u>\$ 244,007</u>	<u>\$ 247,996</u>

**The Corporation of the Municipality of West Grey
Public Library Board
Notes to Financial Statements**

December 31, 2016

4. Budget Amounts

Under Canadian generally accepted accounting principles, budget amounts are to be reported on the statement of financial activities for comparative purposes. The budget amounts for The Corporation of the Municipality of West Grey Public Library Board are as approved by council and have been restated to conform to the basis of presentation of the revenues and expenditures on the statement of financial activities.

The following is a reconciliation of the budget approved by Council:

	2016 Budget	2016 Actual	2015 Actual
Annual surplus (deficit)	\$ (27,800)	\$ (3,989)	\$ (13,515)
Capital acquisitions, disposals and write-down	(24,000)	(23,935)	(35,720)
Amortization	31,600	31,593	32,321
Transfers from reserves for operations	20,200	(4,878)	19,546
Transfers (to) from reserves for capital	-	1,210	(2,632)
General surplus (deficit), end of year	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ -</u>

5. Contractual Commitments

Subsequent to the year end, the Board has entered into a five year agreement with the Municipality of Grey Highlands which expires December 31, 2021, to allow West Grey residents to use the Grey Highlands Library services at no cost. In exchange the board will pay Grey Highlands Library \$14,905 per year, increasing by 2% per year.

Independent Auditor's Report

**To the Members of Council, Inhabitants and Ratepayers
of The Corporation of the Municipality of Brockton and
The Corporation of the Municipality of West Grey**

We have audited the accompanying financial statements of the Elmwood Fire Department, which comprise the statement of financial position as at December 31, 2016, and the statements of operations, change in net debt and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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



Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Elmwood Fire Department as at December 31, 2016 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Hanover, Ontario
June 19, 2017

Elmwood Fire Department Statement of Financial Position

December 31	2016	2015
Assets and Liabilities		
Financial assets		
Cash	\$ 117,375	\$ 38,846
Due from West Grey	41,419	92,151
	158,794	130,997
Liabilities		
Accounts payable and accrued liabilities	-	1,851
Net financial assets	158,794	129,146
Non-financial assets		
Prepaid expense	340	340
Tangible capital assets (Note 1)	840,670	857,444
Accumulated surplus (Note 2)	\$ 999,804	\$ 986,930

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

Elmwood Fire Department Statement of Operations

For the year ended December 31	Budget 2016	Actual 2016	Actual 2015
Revenue			
Requisitions			
Municipality of Brockton (Note 4)	\$ 95,560	\$ 95,560	\$ 102,788
Municipality of West Grey (Note 4)	143,580	143,580	153,669
Fire calls	5,000	10,456	13,286
Gain on sale of capital assets	-	-	32,702
Interest income	-	889	424
Donations	-	-	3,506
	244,140	250,485	306,375
Expenses			
Amortization	-	69,587	54,047
Salaries and contract labour	120,360	111,729	114,231
Benefits	3,500	3,285	3,536
Mileage	1,500	339	495
Training	8,600	5,286	4,618
Memberships	1,000	604	687
Supplies	2,000	552	539
Telephone and office	3,500	2,759	3,192
Dispatch	5,580	4,773	5,707
Communications	1,600	1,971	1,812
Maintenance - equipment	6,000	5,174	8,419
- vehicle	7,500	9,021	4,445
- building	4,000	2,898	3,667
Professional fees	1,400	1,425	1,400
Insurance	11,600	8,214	9,729
Utilities	8,000	8,048	7,008
Fuel	3,500	1,946	2,835
	189,640	237,611	226,367
Annual surplus	54,500	12,874	80,008
Accumulated surplus, beginning of the year	986,930	986,930	906,922
Accumulated surplus, end of year	\$ 1,041,430	\$ 999,804	\$ 986,930

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

Elmwood Fire Department Statement of Change in Net Debt

For the year ended December 31	Budget 2016	Actual 2016	Actual 2015
Annual surplus	\$ 54,500	\$ 12,874	\$ 80,008
Acquisition of tangible capital assets	(67,500)	(52,813)	(69,990)
Proceeds on disposal of tangible capital assets	-	-	34,702
Amortization expense	-	69,587	54,047
Gain/loss on disposal of tangible capital assets	-	-	(32,702)
	<u>(67,500)</u>	<u>16,774</u>	<u>(13,943)</u>
Increase in prepaid expenses	-	-	(341)
Change in net financial assets	(13,000)	29,648	65,724
Net financial assets, beginning of year	<u>129,146</u>	<u>129,146</u>	<u>63,422</u>
Net financial assets, end of year	<u>\$ 116,146</u>	<u>\$ 158,794</u>	<u>\$ 129,146</u>

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

Elmwood Fire Department Statement of Cash Flow

For the year ended December 31	2016	2015
Cash provided by (used in)		
Operating activities		
Annual surplus	\$ 12,874	\$ 80,008
Items not involving cash		
Amortization of tangible capital assets	69,587	54,047
Gain/loss on disposal of tangible capital assets	-	(32,702)
	82,461	101,353
Change in balances		
Decrease in accounts receivable	-	2,315
Decrease (increase) in amount due from West Grey	50,730	(29,819)
Increase (decrease) in accounts payable	(1,849)	(19,233)
Decrease (increase) in non-financial assets	-	(341)
	131,342	54,275
Capital activities		
Acquisition of tangible capital assets	(52,813)	(69,990)
Proceeds on disposal of tangible capital assets	-	34,702
	(52,813)	(35,288)
Net change in cash and cash equivalents	78,529	18,987
Cash and cash equivalents, beginning of year	38,846	19,859
Cash and cash equivalents, end of year	\$ 117,375	\$ 38,846

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

Elmwood Fire Department Summary of Significant Accounting Policies

December 31, 2016

Management Responsibility	The financial statements of the Elmwood Fire Department are the representations of management. They have been prepared in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board (PSAB) of CPA Canada as prescribed by the Ministry of Municipal Affairs and Housing.				
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.				
Basis of Consolidation	<p>The Elmwood Fire Department has been proportionately consolidated with the financial statements of the Municipality of Brockton and the Municipality of West Grey as follows:</p> <table><tr><td>Municipality of Brockton</td><td style="text-align: right;">39.96%</td></tr><tr><td>Municipality of West Grey</td><td style="text-align: right;">60.04%</td></tr></table>	Municipality of Brockton	39.96%	Municipality of West Grey	60.04%
Municipality of Brockton	39.96%				
Municipality of West Grey	60.04%				
Basis of Accounting	These financial statements are prepared using 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.				
Revenue Recognition	User fee revenue is recognized when earned, as services are rendered to customers, providing the amount is fixed or determinable, and collectibility is reasonably assured.				
Government Transfers	Government transfers are recognized in the financial statements as revenues in the period in which events giving rise to the transfer occur, providing the transfers are authorized, and eligibility criteria have been met by the recipient and reasonable estimates of the amounts can be made.				

Elmwood Fire Department Summary of Significant Accounting Policies

December 31, 2016

Non-Financial Assets

Tangible capital and other non-financial assets are accounted for as assets by the organization because they can be used to provide services in future periods. These assets do not normally provide resources to discharge the liabilities of the organization unless they are sold.

Tangible Capital Assets

Purchased tangible capital assets are recorded at cost. Contributed tangible capital assets are recorded at fair market value at the date of contribution. Where fair market value cannot be reasonably determined, contributed tangible capital assets are recorded at a nominal amount. Amortization is calculated on a straight-line basis over the estimated useful life of the asset. The useful lives of the assets are based on estimates made by management as follows:

Buildings	25 to 50 years
Vehicles	5 to 30 years
Equipment	5 to 25 years

**Elmwood Fire Department
Notes to Financial Statements**

December 31, 2016

1. Tangible Capital Assets

	2016				2015			
	Land and buildings	Machinery and equipment	Vehicles	Total	Land and buildings	Machinery and equipment	Vehicles	Total
Cost, beginning of year	\$ 200,419	\$ 343,478	\$ 775,924	\$ 1,319,821	\$ 200,419	\$ 273,488	\$ 994,967	\$ 1,468,874
Additions	-	52,813	-	52,813	-	69,990	-	69,990
Disposals	-	-	-	-	-	-	(219,043)	(219,043)
Cost, end of year	200,419	396,291	775,924	1,372,634	200,419	343,478	775,924	1,319,821
Accumulated amortization, beginning of year	121,807	153,391	187,179	462,377	118,132	128,289	378,953	625,374
Amortization	3,675	27,233	38,679	69,587	3,675	25,102	25,269	54,046
Disposals	-	-	-	-	-	-	(217,043)	(217,043)
Accumulated amortization, end of year	125,482	180,624	225,858	531,964	121,807	153,391	187,179	462,377
Net carrying amount, end of year	\$ 74,937	\$ 215,667	\$ 550,066	\$ 840,670	\$ 78,612	\$ 190,087	\$ 588,745	\$ 857,444

Elmwood Fire Department Notes to Financial Statements

December 31, 2016

2. Accumulated Surplus

The accumulated surplus reported on the statement of financial position is comprised of the following:

	2016	2015
Amount invested in tangible capital assets	\$ 840,670	\$ 857,444
Reserve Fund	159,134	129,486
	\$ 999,804	\$ 986,930

3. Budget Amounts

Under Canadian public sector accounting standards, budget amounts are to be reported on the statement of financial activities for comparative purposes. The budget amounts for the Elmwood Fire Department are as approved by council and have been restated to conform to the basis of presentation of the revenues and expenditures on the statement of financial activities.

The following is a reconciliation of the budget approved by Council:

	2016 Budget	2016 Actual	2015 Actual
Annual surplus (deficit)	\$ 54,500	\$ 12,874	\$ 80,008
Annual surplus pertaining to reserve funds	-	(887)	(424)
Amortization	-	69,587	54,047
Acquisition of tangible capital assets	(67,500)	(52,813)	(69,990)
Gain on sale of assets	-	-	(32,702)
Proceeds on disposal of tangible capital assets	-	-	34,702
Transfers from reserves for capital	13,000	13,000	25,000
General surplus, beginning of year	-	41,761	90,641
	-	-	-
Surplus before transfers to reserves	-	41,761	90,641
Transfers to reserves per resolution	-	(41,761)	(90,641)
	\$ -	\$ -	\$ -

Elmwood Fire Department Notes to Financial Statements

December 31, 2016

4. Municipal Contributions

Municipal contributions reported in the Statement of Operations are received from the municipalities in which the organization provides services from the following sources:

	2016	2016	2015
	Budget	Actual	Actual
Municipal contributions - operating			
Municipality of Brockton	\$ 73,782	\$ 73,782	40.0 % \$ 78,580
Municipality of West Grey	110,858	110,858	60.0 117,477
	184,640	184,640	100 196,057
Municipal contributions - capital			
Municipality of Brockton	21,778	21,778	40.0 24,208
Municipality of West Grey	32,722	32,722	60.0 36,192
	54,500	54,500	100 % 60,400
	\$ 239,140	\$ 239,140	\$ 256,457

Independent Auditor's Report

To the Members of Saugeen Mobility and Regional Transit (S.M.A.R.T.)

We have audited the accompanying financial statements of Saugeen Mobility and Regional Transit (S.M.A.R.T.), which comprise the statement of financial position as at December 31, 2016, and the statements of operations, change in net debt, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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



Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Saugeen Mobility and Regional Transit (S.M.A.R.T.) as at December 31, 2016 and the results of its operations, its change in net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Hanover, Ontario
March 24, 2017

**Sageen Mobility and Regional Transit (S.M.A.R.T.)
Statement of Financial Position**

December 31	2016	2015
Financial assets		
Cash	\$ 7,971	\$ 4,657
Grants receivable	169,119	141,129
Accounts receivable (Note 2)	90,185	94,528
	267,275	240,314
Liabilities		
Bank indebtedness (Note 4)	174,149	163,562
Accounts payable and accrued liabilities	120,313	105,927
	294,462	269,489
Net debt	(27,187)	(29,175)
Non-financial assets		
Prepaid expenses	29,999	31,987
Tangible capital assets (Note 3)	397,624	564,087
	427,623	596,074
Accumulated surplus (Note 5)	\$ 400,436	\$ 566,899

On behalf of the Board:

_____ Director

_____ Director

Saugeen Mobility and Regional Transit (S.M.A.R.T.) Statement of Operations

For the year ended December 31	2016	2016	2015
	Budget	Actual	Actual
Revenue			
Provincial Dedicated Gas Tax Funds			
Operating grant	\$ 410,000	\$ 391,575	\$ 330,089
Capital grant	-	3,255	110,581
Municipal contributions (Note 6)	580,000	580,000	536,000
Municipal contract	-	-	16,000
User fees	340,000	383,712	369,402
Donations	3,500	4,521	6,478
Other revenue	1,500	4,910	3,993
	<u>1,335,000</u>	<u>1,367,973</u>	<u>1,372,543</u>
Expenses			
Advertising and promotion	23,000	18,903	29,675
Amortization of tangible capital assets	150,000	169,718	215,960
Bad debts (recovery)	3,000	1,897	(60)
Bank charges and interest	4,500	3,983	3,455
Insurance	5,000	7,164	7,123
Office	28,000	30,236	26,888
Membership fees	1,500	2,130	2,135
Professional	22,500	20,212	19,768
Rent	7,500	7,312	7,212
Wages and benefits	954,000	978,528	882,612
Telephone	22,000	24,040	20,718
Vehicles			
Fuel	140,000	143,233	140,050
Other	124,000	127,080	122,386
	<u>1,485,000</u>	<u>1,534,436</u>	<u>1,477,922</u>
Annual deficit	(150,000)	(166,463)	(105,379)
Accumulated surplus, beginning of year	<u>566,899</u>	<u>566,899</u>	<u>672,278</u>
Accumulated surplus, end of year	<u>\$ 416,899</u>	<u>\$ 400,436</u>	<u>\$ 566,899</u>

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

**Saugeen Mobility and Regional Transit (S.M.A.R.T.)
Statement of Change in Net Debt**

For the year ended December 31	2016	2016	2015
	Budget	Actual	Actual
Annual deficit	\$ (150,000)	\$ (166,463)	\$ (105,379)
Acquisition of tangible capital assets	-	(3,255)	(119,581)
Proceeds on sale of tangible capital assets	-	-	9,000
Amortization of tangible capital assets	150,000	169,718	215,960
	<u>150,000</u>	<u>166,463</u>	<u>105,379</u>
Change in prepaid expenses	-	1,988	2,294
Change in net debt	-	1,988	2,294
Net debt, beginning of the year	<u>(29,175)</u>	<u>(29,175)</u>	<u>(31,469)</u>
Net debt, end of the year	<u>\$ (29,175)</u>	<u>\$ (27,187)</u>	<u>\$ (29,175)</u>

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

Saugeen Mobility and Regional Transit (S.M.A.R.T.) Statement of Cash Flows

For the year ended December 31	2016	2015
Cash provided by (used in)		
Operating activities		
Annual deficit	\$ (166,463)	\$ (105,379)
Items not involving cash		
Amortization of tangible capital assets	<u>169,718</u>	<u>215,960</u>
	3,255	110,581
Changes in non-cash balances		
Grants receivable	(27,990)	6,112
Accounts receivable	4,343	(28,025)
Prepaid expenses	1,988	2,294
Accounts payable and accrued liabilities	<u>14,386</u>	<u>(38,687)</u>
	<u>(4,018)</u>	<u>52,275</u>
Capital activities		
Acquisition of capital assets	(3,255)	(119,581)
Proceeds on sale of capital assets	<u>-</u>	<u>9,000</u>
	<u>(3,255)</u>	<u>(110,581)</u>
Decrease in cash during the year	(7,273)	(58,306)
Bank indebtedness, beginning of year	<u>(158,905)</u>	<u>(100,599)</u>
Bank indebtedness, end of year	\$ (166,178)	\$ (158,905)
Represented by		
Cash	\$ 7,971	\$ 4,657
Bank indebtedness	<u>(174,149)</u>	<u>(163,562)</u>
	\$ (166,178)	\$ (158,905)

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

Saugeen Mobility and Regional Transit (S.M.A.R.T.)

Notes to Financial Statements

December 31, 2016

1. Significant Accounting Policies

Nature and Purpose of Organization

Saugeen Mobility and Regional Transit (S.M.A.R.T.) is a government not-for-profit organization (GNPO) incorporated without share capital under the laws of the Province of Ontario. The organization provides transportation services to the physically disabled.

The organization is a registered charity and, as such, is exempt from income tax and may issue income tax receipts to donors.

The organization is dependant on funding received from area municipalities through a service agreement with Town of Hanover, Municipality of Brockton, Municipality of West Grey, Municipality of Arran-Elderslie, Municipality of Kincardine, Township of Southgate, Town of Saugeen Shores, Township of Chatsworth and Township of Huron Kinloss. The participating municipalities make up the majority of the board of directors.

Management Responsibility

The financial statements of the Saugeen Mobility and Regional Transit (S.M.A.R.T.) are the representations of management. They have been prepared in accordance with Canadian generally accepted accounting standards established by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada. S.M.A.R.T. has elected not to follow the 4200 series of NPO-specific standards.

Basis of Accounting

These financial statements are prepared using the accrual basis of accounting. The accrual basis recognizes revenues as they become available and measurable; expenses are recognized as they are incurred and measurable as a result of receipts of goods or services and the creation of a legal obligation to pay.

Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles 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. By their nature, these estimates are subject to measurement uncertainty and actual results could differ from management's best estimates as additional information becomes available in the future. The use of estimates is primarily related to the useful lives of tangible capital assets.

Saugen Mobility and Regional Transit (S.M.A.R.T.) Notes to Financial Statements

December 31, 2016

1. Significant Accounting Policies (continued)

Revenue Recognition User fee revenue is recognized when earned, as services are rendered to customers, providing the amount is fixed or determinable, and collectibility is reasonably assured.

Government Transfers Government transfers are recognized in the financial statements as revenues or expenses in the period that the events giving rise to the transfer occur; providing that the transfer is authorized, eligibility criteria, if any, have been met by the recipient, and a reasonable estimate of the amount can be made.

Contributed Materials and Services Contributed materials and services which are used in the normal course of the organization's operations and would otherwise have been purchased are recorded at their fair value at the date of contribution if fair value can be reasonably estimated.

Non-Financial Assets Tangible capital and other non-financial assets are accounted for as assets by the government because they can be used to provide government services in future periods. These assets do not normally provide resources to discharge the liabilities of the government unless they are sold.

Tangible Capital Assets Purchased tangible capital assets are recorded at cost. Contributed tangible capital assets are recorded at fair market value at the date of contribution. Where fair market value cannot be reasonably determined, contributed tangible capital assets are recorded at a nominal amount. Amortization is based on the estimated useful life of the asset and is calculated as follows:

Automotive equipment - 30% diminishing balance basis
Furniture and fixtures - 20 - 30% diminishing balance basis

Saugeen Mobility and Regional Transit (S.M.A.R.T.)
Notes to Financial Statements

December 31, 2016

2. Accounts Receivable

	<u>2016</u>	<u>2015</u>
Trade	\$ 74,573	\$ 63,303
Allowance for doubtful accounts	<u>(6,461)</u>	<u>(5,372)</u>
	68,112	57,931
Other	<u>22,073</u>	<u>36,597</u>
	<u>\$ 90,185</u>	<u>\$ 94,528</u>

Saugeen Mobility and Regional Transit (S.M.A.R.T.)
Notes to Financial Statements

December 31, 2016

3. Tangible Capital Assets

	2016			2015		
	Automotive equipment	Furniture and fixtures	Total	Automotive equipment	Furniture and fixtures	Total
Cost, beginning of year	\$ 1,488,593	\$ 22,125	\$ 1,510,718	\$ 1,501,823	\$ 15,325	\$ 1,517,148
Additions		3,255	3,255	112,781	6,800	119,581
Disposals		-	-	(126,011)	-	(126,011)
Cost, end of year	1,488,593	25,380	1,513,973	1,488,593	22,125	1,510,718
Accumulated amortization, beginning of year	933,414	13,217	946,631	836,830	10,852	847,682
Amortization	166,554	3,164	169,718	213,595	2,365	215,960
Disposals	-	-	-	(117,011)	-	(117,011)
Accumulated amortization, end of year	1,099,968	16,381	1,116,349	933,414	13,217	946,631
Net carrying amount, end of year	\$ 388,625	\$ 8,999	\$ 397,624	\$ 555,179	\$ 8,908	\$ 564,087

Saugeen Mobility and Regional Transit (S.M.A.R.T.)
Notes to Financial Statements

December 31, 2016

4. Bank Indebtedness

	<u>2016</u>	<u>2015</u>
Credit union operating loan	\$ 174,149	\$ 163,562

The credit union operating loan is due on demand and bears interest at the credit union's prime rate, calculated and payable monthly. The loan is secured by a general security agreement covering the assets of the corporation.

5. Accumulated Surplus

The accumulated surplus reported on the statement of financial position is comprised of the following:

	<u>2016</u>	<u>2015</u>
Invested in tangible capital assets	\$ 397,624	\$ 564,087
General surplus	2,812	2,812
Accumulated surplus	<u>\$ 400,436</u>	<u>\$ 566,899</u>

Saugeen Mobility and Regional Transit (S.M.A.R.T.) Notes to Financial Statements

December 31, 2016

6. Municipal Contributions

Municipal contributions reported in the Statement of Operations are received from the municipalities in which the organization provides services from the following sources:

	2016		2016		2015
	Budget		Actual		Actual
Municipal contributions					
Town of Hanover	\$ 139,799	\$ 139,799	24.1 %	\$ 139,978	
Municipality of Brockton	72,333	72,333	12.5	89,825	
Town of Saugeen Shores	103,198	103,198	17.8	86,866	
Municipality of West Grey	83,158	83,158	14.3	72,599	
Municipality of Kincardine	75,566	75,566	13.0	66,692	
Municipality of Arran-Elderslie	44,172	44,172	7.7	38,282	
Township of Southgate	20,918	20,918	3.6	21,092	
Township of Huron Kinloss	20,168	20,168	3.5	20,666	
Township of Chatsworth	20,688	20,688	3.5	-	
	<u>\$ 580,000</u>	<u>\$ 580,000</u>	100 %	<u>\$ 536,000</u>	

The Provincial Dedicated Gas Tax Funds are flowed through the Town of Hanover who act as the administrator, and are reported separately on the statement of operations.

7. Public Sector Salary Disclosure Act

No employees of Saugeen Mobility and Regional Transit (S.M.A.R.T.) were paid a salary of \$100,000 or more during the year.

Saugeen Mobility and Regional Transit (S.M.A.R.T.) Notes to Financial Statements

December 31, 2016

8. Contractual Commitments

The organization has also entered into a three year lease agreement with the Municipality of Brockton for use of the former Township of Brant Municipal Office expiring December 2019. Total minimum lease payments over the three year lease agreement are approximately \$17,900.

9. Subsequent Event

In February 2017 the organization ordered two 2017 buses that are expected to be delivered in the summer of 2017. The value of the vehicles ordered total approximately \$166,120, which will be fully funded by the provincial gas tax program and the federal public transit infrastructure fund.
