

**The Corporation of the  
Municipality of West Grey  
Consolidated Financial  
Statements**  
For the year ended December 31, 2017

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## Statement of Administrative Responsibility

### Management's Responsibility for the Consolidated Financial Statements

The management of The Corporation of the Municipality of West Grey have prepared the accompanying consolidated financial statements and are responsible for their accuracy and integrity. The consolidated financial statements have been prepared by management in accordance with the accounting principles generally accepted for the public sector as prescribed by the Public Sector Accounting Board [PSAB] of the Canadian Institute of Chartered Professional Accountants.

In fulfilling its responsibilities and recognizing the limits inherent in all systems, administration has developed and maintained a system of internal control designed to provide reasonable assurance that the Municipality's assets are safeguarded from loss and that the accounting records are a reliable basis for the preparation of the financial statements.

The Chief Administrative Officer and Director of Finance/Treasurer review the financial statements before such statements are submitted to Council and published for the residents of West Grey. The external auditors have access to, and meet with Administration and Council to discuss their audit and the results of their examination.

Council meets with the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to council's approval of the consolidated financial statements.

The financial statements have been audited by BDO Canada LLP, independent external auditors appointed by council. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Municipality's consolidated financial statements.

Laura Johnston  
Chief Administrative Officer

Kerri Mighon  
Director of Finance/Treasurer





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## Independent Auditor's Report

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**To the Members of Council,  
Inhabitants and Ratepayers of  
The Corporation of the Municipality of 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, 2017, 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, 2017 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  
July 30, 2018

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

December 31	2017	2016
<b>Financial assets</b>		
Cash (Note 1)	\$ 5,202,692	\$ 4,033,806
Temporary investments (Note 2)	409,307	413,075
Taxes receivable	2,662,463	2,888,250
Grants and subsidies receivable	55,711	46,238
Trade receivables	1,101,008	915,482
Loans receivable (Note 3)	454,283	475,488
	<u>9,885,464</u>	<u>8,772,339</u>
<b>Commitments and Contingencies</b> (Notes 19 and 20)		
<b>Liabilities</b>		
Accounts payable and accrued liabilities	2,032,038	1,371,913
Deferred revenue (Note 4)	1,240,375	1,155,987
Long-term debt (Note 5)	884,550	1,131,452
Landfill site closure and post-closure care liability (Note 6)	581,208	569,546
Employee future benefits liability (Note 7)	283,235	267,993
	<u>5,021,406</u>	<u>4,496,891</u>
<b>Net financial assets</b>	<u>4,864,058</u>	<u>4,275,448</u>
<b>Non-financial assets</b>		
Prepaid expenses	25,656	25,161
Inventory of supplies	197,665	168,850
Tangible capital assets (Note 8)	74,912,948	73,810,282
	<u>75,136,269</u>	<u>74,004,293</u>
<b>Accumulated surplus</b> (Note 9)	<u>\$ 80,000,327</u>	<u>\$ 78,279,741</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	2017 Budget	2017 Actual	2016 Actual
<b>Revenue</b>			
Taxation	\$ 9,201,183	\$ 9,326,234	\$ 8,971,343
Government transfers (Note 12)	2,640,623	2,713,067	2,602,115
Water and wastewater charges	1,438,500	1,327,132	1,366,788
User fees and service charges	1,323,568	1,763,378	1,703,280
Investment income	27,000	82,261	49,749
Other income (Note 13)	551,856	1,534,612	562,084
Obligatory reserve fund revenue recognized	-	23,256	89,359
	<u>15,182,730</u>	<u>16,769,940</u>	<u>15,344,718</u>
<b>Expenses</b>			
General government	1,303,550	1,345,540	1,244,474
Protection services	4,403,298	4,650,640	4,575,578
Transportation services	3,182,533	5,333,367	5,494,599
Environmental services	1,457,790	1,851,071	1,878,560
Health and social services	51,222	55,691	45,764
Recreation and cultural services	1,246,975	1,667,708	1,578,525
Planning and development	189,615	145,337	117,234
	<u>11,834,983</u>	<u>15,049,354</u>	<u>14,934,734</u>
<b>Annual surplus (deficit)</b>	<u>3,347,747</u>	<u>1,720,586</u>	<u>409,984</u>
<b>Accumulated surplus, beginning of the year</b>	<u>78,279,741</u>	<u>78,279,741</u>	<u>77,869,757</u>
<b>Accumulated surplus, end of the year</b>	<u>\$ 81,627,488</u>	<u>\$ 80,000,327</u>	<u>\$ 78,279,741</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

For the year ended December 31	2017 Budget	2017 Actual	2016 Actual
<b>Annual surplus (deficit)</b>	\$ 3,347,747	\$ 1,720,586	\$ 409,984
Acquisition of tangible capital assets	(3,046,349)	(3,999,022)	(2,883,255)
Proceeds on disposal of tangible capital assets	91,000	77,377	120,753
Amortization expense	-	2,861,895	2,767,915
(Gain)/loss on disposal of tangible capital assets	-	(42,916)	(36,587)
	(2,955,349)	(1,102,666)	(31,174)
Decrease in prepaid expenses	-	(495)	(6,698)
Decrease (Increase) in inventory of supplies	-	(28,815)	17,350
	-	(29,310)	10,652
<b>Change in net financial assets</b>	392,398	588,610	389,462
<b>Net financial assets, beginning of year</b>	4,275,448	4,275,448	3,885,986
<b>Net financial assets, end of year</b>	\$ 4,667,846	\$ 4,864,058	\$ 4,275,448

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	2017	2016
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Annual surplus (deficit)	\$ 1,720,586	\$ 409,984
Items not involving cash		
Amortization of tangible capital assets	2,861,895	2,767,915
Employee future benefits	15,242	13,634
Landfill site closure and post-closure care	11,662	(10,206)
(Gain)/loss on disposal of tangible capital assets	(42,916)	(36,587)
	<u>4,566,469</u>	<u>3,144,740</u>
Change in balances		
Taxes receivable	225,786	442,669
Accounts receivable	(194,998)	710,065
Loan receivable	21,205	(6,687)
Accounts payable	660,125	66,481
Deferred revenue	84,388	82,368
Non-financial assets	(29,310)	10,652
	<u>5,333,665</u>	<u>4,450,288</u>
<b>Capital activities</b>		
Acquisition of tangible capital assets	(3,999,022)	(2,883,255)
Proceeds on disposal of tangible capital assets	77,377	120,753
	<u>(3,921,645)</u>	<u>(2,762,502)</u>
<b>Financing activities</b>		
Additions to long-term liabilities	-	25,000
Repayment of long-term liabilities	(246,902)	(234,444)
	<u>(246,902)</u>	<u>(209,444)</u>
<b>Net change in cash and cash equivalents</b>	<b>1,165,118</b>	<b>1,478,342</b>
Cash and cash equivalents, beginning of year	<u>4,446,881</u>	<u>2,968,539</u>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 5,611,999</b>	<b>\$ 4,446,881</b>
<b>Comprised of:</b>		
Cash	\$ 5,202,692	\$ 4,033,806
Temporary investments	409,307	413,075
	<u>\$ 5,611,999</u>	<u>\$ 4,446,881</u>

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

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

December 31, 2017

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### 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	59%
Saugeen Mobility and Regional Transit	13%
Elmwood Community Centre Board	50%
Saugeen Municipal Airport	27%

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

December 31, 2017

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### 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) Taxation revenues 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. As taxes recorded are initially based on management's best estimate of the taxes that will be received, it is possible that changes in future conditions, such as reassessments due to audits, appeals and court decisions could result in a change in the amount of tax revenue recognized. 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.

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

December 31, 2017

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<b>Temporary Investments</b>	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.																
<b>County and School Board</b>	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.																
<b>Inventory</b>	Inventory of supplies is recorded at the lower of cost and replacement cost.																
<b>Loans Receivable</b>	Loans receivable are recorded at cost.																
<b>Tangible Capital Assets</b>	<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><tr><td>Land improvements</td><td>30 to 100 years</td></tr><tr><td>Buildings</td><td>50 to 80 years</td></tr><tr><td>Building components</td><td>10 to 80 years</td></tr><tr><td>Equipment</td><td>5 to 25 years</td></tr><tr><td>Vehicles</td><td>2 to 25 years</td></tr><tr><td>Infrastructure:</td><td></td></tr><tr><td>    Road surfaces</td><td>20 to 80 years</td></tr><tr><td>    Utility systems</td><td>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																
<b>Intangible Assets</b>	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.																

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

December 31, 2017

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**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.

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

December 31, 2017

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### 1. Cash

	2017	2016
Unrestricted	\$ 4,378,813	\$ 3,252,898
Restricted	823,879	780,908
	\$ 5,202,692	\$ 4,033,806

At December 31, 2017, the municipality had an undrawn line of credit of \$2,500,000 that bears interest at the bank's prime rate minus 0.5%.

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### 2. Temporary Investments

	2017	2016
GICs	\$ 159,307	\$ 163,075
Mutual Funds	250,000	250,000
	\$ 409,307	\$ 413,075
Market value	\$ 412,238	\$ 416,390

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### 3. Loans Receivable

	2017	2016
Mortgage receivable, 2485400 Ontario Inc., 4.79% \$2,421 payable monthly principal and interest secured by building and property	\$ 406,371	\$ 415,906
Tile drainage loans receivable	47,912	59,582
	\$ 454,283	\$ 475,488

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

December 31, 2017

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#### 4. Deferred Revenue

	Opening	Contributions Received	Investment Income	Revenue Recognized	Ending
<b>Obligatory Reserve Funds</b>					
Development charges	\$ 784,649	\$ 107,250	\$ 11,656	\$ (10,000)	\$ 893,555
Recreational land	25,995	7,500	337	(4,940)	28,892
Subdivider contributions	243,184	5,859	2,634	(8,316)	243,361
	1,053,828	120,609	14,627	(23,256)	1,165,808
<b>Other</b>					
Deposits	22,050	6,000	-	(3,600)	24,450
Gas tax grant	13,229	380,146	101	(384,787)	8,689
Source water protection	66,880	-	-	(25,452)	41,428
	<u>\$ 1,155,987</u>	<u>\$ 506,755</u>	<u>\$ 14,728</u>	<u>\$ (437,095)</u>	<u>\$1,240,375</u>

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

**December 31, 2017**

### 5. Long-Term Liabilities

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

	2017	2016
Tile drainage loans payable, 6%, due from 2018 to 2026	\$ 47,912	\$ 59,582
Loan payable (Durham Wastewater), 4.83% - 4.85%, payable \$902 monthly principal and interest, due May 2018 - May 2023	123,064	131,233
Loan payable (Durham Water), 4.83% - 4.85%, payable \$10,592 monthly principal and interest, due May 2018 - May 2023	249,663	358,473
Loan payable (Public Works), 0%, payable \$28,250 principal annually, due July 2018	28,250	56,500
OIPC loan payable (Neustadt Water), 5.2%, payable \$8,126 semi-annually principal and interest, due September 2017	-	15,639
OIPC loan payable (Durham Water), 5.26%, payable \$37,224 semi-annually principal and interest, due September 2022	323,606	378,843
OIPC loan payable (Durham Wastewater), 5.26%, payable \$12,889 semi-annually principal and interest, due September 2022	112,055	131,182
	<b>\$ 884,550</b>	<b>\$ 1,131,452</b>

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

2018	\$	195,355
2019		152,572
2020		160,494
2021		168,828
2022		170,803
Thereafter		36,498
	<b>\$</b>	<b>884,550</b>



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# The Corporation of the Municipality of West Grey

## Notes to Financial Statements

December 31, 2017

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### 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 \$581,208 (2016 - \$569,546) 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 \$749,482 leaving an amount to be recognized of \$168,274.

The estimated remaining capacity of the three sites is approximately 191,185 (2016 - 198,980) cubic meters. The sites have remaining life of 2 to 19 years. Post-closure care is estimated to continue for a period of 20 years.

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### 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 53 (2016 - 52) 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 2017 was \$392,988 (2016 - \$363,475). The contribution rate for 2017 was 9.0% to 15.8% depending on age and income level (2016 - 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, 2017. At that time, the plan reported an actuarial deficit of \$5.40 billion (2016 - deficit of \$5.72 billion), based on actuarial liabilities of \$93.61 billion (2016 - \$86.96 billion) and actuarial assets of \$88.21 billion (2016 - 81.24 billion). Ongoing adequacy of the current contribution rates will need to be monitored as fluctuations in financial markets may lead to increased future funding requirements.

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

December 31, 2017

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### 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 \$24,057 for the year and are included as an expenditure on the consolidated statement of operations. The accrued benefit obligation at December 31, 2017 was \$283,235 (2016 - \$267,993).

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 \$20,108, interest on the obligation of \$10,450 and amortization of gains (losses) of \$1,084.

	<u>2017</u>	<u>2016</u>
Other benefits	<u>\$ 283,235</u>	<u>\$ 267,993</u>

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

**December 31, 2017**

**8. Tangible Capital Assets**

For the year ended December 31, 2017

	Land and Land Improvements	Buildings	Equipment	Vehicles	Infrastructure	Construction in progress	2017 Total
Cost, beginning of year	\$ 6,258,916	\$ 12,667,419	\$ 8,587,449	\$ 7,099,471	\$ 93,504,363	\$ 202,310	\$ 128,319,928
Additions	94,274	307,446	758,693	1,306,149	733,008	799,452	3,999,022
Disposals	-	-	(371,305)	(301,498)	(182,580)	-	(855,383)
Cost, end of year	6,353,190	12,974,865	8,974,837	8,104,122	94,054,791	1,001,762	131,463,567
Accumulated amortization, beginning of year	927,808	6,186,001	4,793,312	3,699,152	38,903,373	-	54,509,646
Amortization	68,822	265,754	409,414	401,474	1,716,432	-	2,861,896
Disposals	-	-	(361,306)	(293,292)	(166,325)	-	(820,923)
Accumulated amortization, end of year	996,630	6,451,755	4,841,420	3,807,334	40,453,480	-	56,550,619
Net carrying amount, end of year	\$ 5,356,560	\$ 6,523,110	\$ 4,133,417	\$ 4,296,788	\$ 53,601,311	\$ 1,001,762	\$ 74,912,948

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

**December 31, 2017**

**8. Tangible Capital Assets (continued)**

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	6,258,916	12,667,419	8,587,449	7,099,471	93,504,363	202,310	128,319,928
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	927,808	6,186,001	4,793,312	3,699,152	38,903,373	-	54,509,646
Net carrying amount, end of year	\$ 5,331,108	\$ 6,481,418	\$ 3,794,137	\$ 3,400,319	\$ 54,600,990	\$ 202,310	\$ 73,810,282

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

December 31, 2017

### 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 \$42,916 (2016 - \$36,587) and write down of assets during the year of \$nil (2016 - \$nil).

The carrying value of tangible capital assets not being amortized because they are under construction, development, or have been removed from service is \$790,289 (2016 - \$202,310).

### 9. Accumulated Surplus

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

	2017	2016
General surplus	\$ 352,313	\$ 413,272
Capital amounts to be spent (financed)	(414,226)	(456,518)
Amounts invested in tangible capital assets	74,912,948	73,810,282
Reserves and reserve funds		
set aside for specific purpose by council (Note 10)	6,850,373	6,422,114
Amounts to be recovered (Note 11)	(1,701,081)	(1,909,409)
	<b>\$ 80,000,327</b>	<b>\$ 78,279,741</b>

The general surplus is comprised of the following:

General area taxation	\$ 332,455	\$ 501,884
Waterworks system	(68,871)	(11,682)
Wastewater system	80,362	(79,059)
Cemeteries	23,150	22,707
Business Improvement Area	23,392	18,424
Elmwood Community Centre	3,777	3,777
Saugeen Municipal Airport	(42,307)	(43,181)
Saugeen Mobility and Regional Transit	355	402
	<b>\$ 352,313</b>	<b>\$ 413,272</b>

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

Acquisition of capital assets to be financed through:		
Taxation or user charges	\$ (414,226)	\$ (456,518)
	<b>\$ (414,226)</b>	<b>\$ (456,518)</b>

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

December 31, 2017

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### 10. Reserves and Reserve Funds

	2017	2016
<b>Reserves set aside for specific purpose by Council:</b>		
Working funds	\$ 1,890,416	\$ 1,897,128
Contingencies	135,044	135,044
Recreation facilities	346,252	325,658
Protection services	874,607	557,560
Roadways	499,041	569,471
Water/wastewater services	164,735	140,785
Waste disposal	416,514	623,455
Library	32,988	23,945
General government	1,525,811	1,257,239
Planning and development	432,947	400,597
Other	314,000	281,845
	<b>6,632,355</b>	<b>6,212,727</b>
<b>Reserve funds set aside for specific purpose by Council:</b>		
Roadways	14,342	14,258
Parks	72,568	71,697
Protection services	100,510	92,409
Elmwood Hydro proceeds	18,443	18,245
St. George's Cemetery	12,155	12,778
	<b>218,018</b>	<b>209,387</b>
<b>Reserves and reserve funds, end of the year</b>	<b>\$ 6,850,373</b>	<b>\$ 6,422,114</b>

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

**December 31, 2017**

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### 11. Amounts to be recovered

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

	<u>2017</u>	<u>2016</u>
Long-term debt	\$ 836,638	\$ 1,071,870
Employee future benefits liability	283,235	267,993
Landfill closure and post-closure care liability	<u>581,208</u>	<u>569,546</u>
	<u>\$ 1,701,081</u>	<u>\$ 1,909,409</u>

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

	<u>2017</u>	<u>2016</u>
Principal payments on long-term debt	\$ (235,232)	\$ (225,224)
Increase (decrease) in employee future benefits liability	15,242	13,634
Change in Solid Waste Closure and Post Closure Liability	<u>11,662</u>	<u>(10,206)</u>
Decrease in amounts to be recovered during the year	<u>\$ (208,328)</u>	<u>\$ (221,796)</u>

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

December 31, 2017

### 12. Government Transfers

	2017 Budget	2017 Actual	2016 Actual
<b>Operating</b>			
Province of Ontario Municipal Partnership Fund (OMPF)	\$ 1,625,800	\$ 1,625,800	\$ 1,672,600
Province of Ontario conditional grants			
Protection services	73,500	78,191	73,810
Water and wastewater	-	-	1
Transit	52,705	96,419	56,460
Other	169,269	202,123	186,182
	<u>1,921,274</u>	<u>2,002,533</u>	<u>1,989,053</u>
Government of Canada conditional grants	1,500	1,482	3,057
Other Municipalities conditional grants			
Protection services	36,000	37,222	36,672
Other	48,674	48,824	39,368
	<u>84,674</u>	<u>86,046</u>	<u>76,040</u>
<b>Total operating transfers</b>	<u>2,007,448</u>	<u>2,090,061</u>	<u>2,068,150</u>
<b>Capital</b>			
Province of Ontario conditional grants			
Roadways	40,000	36,339	-
Water and wastewater	165,042	168,753	116,687
Recreation and cultural services	-	3,527	2,345
	<u>205,042</u>	<u>208,619</u>	<u>119,032</u>
Government of Canada conditional grants			
Roadways	373,533	384,787	382,211
Recreation and cultural services	25,000	-	-
	<u>398,533</u>	<u>384,787</u>	<u>382,211</u>
Other Municipalities conditional grants	29,600	29,600	32,722
<b>Total capital transfers</b>	<u>633,175</u>	<u>623,006</u>	<u>533,965</u>
<b>Total government transfers</b>	<u>\$ 2,640,623</u>	<u>\$ 2,713,067</u>	<u>\$ 2,602,115</u>



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

December 31, 2017

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### 13. Other Income

	2017	2017	2016
	Budget	Actual	Actual
Penalties and interest on taxation	\$ 288,500	\$ 379,218	\$ 427,552
Donations and prepaid special charges	194,206	141,628	56,981
Rents	43,950	44,666	44,036
Insurance proceeds from aerial fire truck	-	893,507	-
Other	25,200	75,593	33,515
	<b>\$ 551,856</b>	<b>\$ 1,534,612</b>	<b>\$ 562,084</b>

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### 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.

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# The Corporation of the Municipality of West Grey

## Notes to Financial Statements

December 31, 2017

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### 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:

<b>Taxation and payments-in-lieu</b>	Allocated to those segments that are funded by these amounts based on the net surplus for the year.
<b>OMPF Grants</b>	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, 2017

### 14. Segmented Information (continued)

For the year ended December 31, 2017	General Government	Protection Services	Transportation Services	Wastewater and Water	Environmental Services	Health Services	Recreation and Cultural Services	Planning and Development	2017 Total
<b>Revenue</b>									
Taxation	\$ 746,099	\$ 2,984,395	\$ 4,476,592	\$ -	\$ -	\$ -	\$ 1,025,886	\$ 93,262	\$ 9,326,234
Fees and user charges	32,329	553,736	175,977	1,327,455	430,641	36,509	475,970	57,893	3,090,510
Specific grants	-	145,013	561,720	168,753	141,880	-	43,019	26,882	1,087,267
OMPF grant	130,064	520,256	780,384	-	-	-	178,838	16,258	1,625,800
Other revenue	539,299	894,927	99,733	10,298	-	6,677	89,185	10	1,640,129
	<u>1,447,791</u>	<u>5,098,327</u>	<u>6,094,406</u>	<u>1,506,506</u>	<u>572,521</u>	<u>43,186</u>	<u>1,812,898</u>	<u>194,305</u>	<u>16,769,940</u>
<b>Expenses</b>									
Salaries and benefits	833,980	2,976,719	1,618,987	34,513	102,124	2,253	659,684	23,859	6,252,119
Interest on debt	-	-	-	45,851	-	192	-	3,437	49,480
Materials and supplies	381,772	621,840	1,844,639	351,706	132,752	16,856	676,357	56,271	4,082,193
Contracted services	5,169	414,565	25,082	413,745	332,765	28,396	39,459	61,769	1,320,950
Other transfers	57,743	332,845	44,953	-	-	-	36,905	-	472,446
Rents and financial expenses	42,419	3,345	-	-	-	7,140	284	-	53,188
Amortization and Loss on Disposal	24,458	301,326	1,799,706	422,978	14,637	854	255,019	-	2,818,978
	<u>1,345,541</u>	<u>4,650,640</u>	<u>5,333,367</u>	<u>1,268,793</u>	<u>582,278</u>	<u>55,691</u>	<u>1,667,708</u>	<u>145,336</u>	<u>15,049,354</u>
Annual surplus (deficit)	\$ 102,250	\$ 447,687	\$ 761,039	\$ 237,713	\$ (9,757)	\$ (12,505)	\$ 145,190	\$ 48,969	\$ 1,720,586

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

December 31, 2017

### 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
<b>Revenue</b>									
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
OMPF 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
	1,288,835	4,584,491	5,537,317	1,488,523	651,033	39,050	1,590,384	165,085	15,344,718
<b>Expenses</b>									
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
	1,244,471	4,575,577	5,494,599	1,280,274	598,285	45,764	1,578,524	117,240	14,934,734
<b>Annual surplus (deficit)</b>	\$ 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, 2017

### 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 59%	S.M.A.R.T. 13%	Elmwood Community Centre 50%
<b>Financial Assets</b>				
Cash and temporary investments	\$ 82,692	\$ 118,645	\$ 3,084	\$ 12,485
Accounts receivable	17,056	53,943	225,404	353
Other financial assets	16,313	-	-	14,422
	<u>116,061</u>	<u>172,588</u>	<u>228,488</u>	<u>27,260</u>
<b>Liabilities</b>				
Accounts payable	25,273	-	150,855	2,752
Other liabilities	203,369	-	118,156	10,659
	<u>228,642</u>	<u>-</u>	<u>269,011</u>	<u>13,411</u>
Net financial assets	(112,581)	172,588	(40,523)	13,849
Non-financial assets	864,694	813,549	546,876	-
Accumulated Surplus	<u>\$ 752,113</u>	<u>\$ 986,137</u>	<u>\$ 506,353</u>	<u>\$ 13,849</u>
<b>Accumulated Surplus</b>				
General surplus	\$ (158,217)	\$ -	\$ 2,812	\$ 13,849
Invested in tangible capital assets	864,694	813,207	503,541	-
Reserves and reserve funds	45,636	172,930	-	-
	<u>\$ 752,113</u>	<u>\$ 986,137</u>	<u>\$ 506,353</u>	<u>\$ 13,849</u>
Revenues	\$ 259,125	\$ 248,268	\$ 1,758,577	\$ 73,565
Expenses	(254,229)	(261,937)	(1,652,660)	(62,610)
Annual surplus (deficit)	<u>\$ 4,896</u>	<u>\$ (13,669)</u>	<u>\$ 105,917</u>	<u>\$ 10,955</u>

The Elmwood Community Centre financial statements do not include adjustments for tangible capital assets.

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

December 31, 2017

### 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; the Elmwood Fire Department provides fire protection services for ratepayers; and the Elmwood Community Centre provides recreational services to the residents of the area.

### 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:

	2017 Budget	2017 Actual	2016 Actual
Annual surplus (deficit)	\$ 3,347,747	\$ 1,720,586	\$ 409,984
Acquisition of tangible capital assets	(3,046,349)	(3,999,022)	(2,883,255)
Proceeds on disposal of tangible capital assets	91,000	77,377	120,753
Amortization	-	2,861,895	2,767,915
(Gain)/loss on disposal of tangible capital assets	-	(42,916)	(36,587)
Debt principal repayments	(232,134)	(235,232)	(225,225)
	160,264	382,688	153,585
Transfers from (to) reserves for operations	(136,782)	(362,101)	(569,588)
Transfers from (to) reserves for capital	(22,001)	(64,193)	281,256
Change in unfunded liabilities	-	26,904	3,428
Reserve funds annual surplus	-	(1,966)	(1,602)
Capital projects not funded (expended)	-	(42,292)	258,045
	1,481	(60,960)	125,124
General surplus, beginning of year	(1,481)	413,273	288,149
	\$ -	\$ 352,313	\$ 413,273

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

December 31, 2017

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### 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:

	<u>2017</u>	<u>2016</u>
School boards	\$ 3,411,415	\$ 3,421,157
County of Grey	5,334,076	5,011,898
	<u>\$ 8,745,491</u>	<u>\$ 8,433,055</u>

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### 18. Trust Funds

The trust funds administered by the municipality amounting to \$369,069 (2016 - \$361,069) 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, 2017, the trust fund balances are as follows:

	<u>2017</u>	<u>2016</u>
Cemetery Pre-need Assurance Fund	\$ 4,297	\$ 4,246
Cemetery Care and Maintenance Funds	364,064	356,115
Ontario Home Renewal Program	708	708
	<u>\$ 369,069</u>	<u>\$ 361,069</u>

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### 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, 2017 \$162,500 was set aside in reserve for this purpose.

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# The Corporation of the Municipality of West Grey

## Notes to Financial Statements

December 31, 2017

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### 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 municipality has been named as a defendant in a lawsuit regarding the dismissal of an employee. The municipality has contested the claim. Legal counsel for the municipality has advised that it is premature to make any evaluation of the possible outcome. Consequently, no provision for this claim has been made in the financial statements.

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### 21. Subsequent Events

On June 7, 2018, the municipality sold a property in the amount of \$310,000.

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Hanover ON N4N 1R2  
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## Independent Auditor's Report

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### **To the Members of Council, Inhabitants and Ratepayers of The Corporation of the Municipality of 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, 2017, 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, 2017 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  
July 30, 2018

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

December 31, 2017

<b>Assets</b>	Cemetery Pre-Need Assurance Fund	Cemetery Care and Maintenance Fund	Ontario Home Renewal Program	Total
Cash	\$ 4,297	\$ 89,484	\$ -	\$ 93,781
Investment and accrued interest	-	268,103	-	268,103
Loans receivable	-	-	708	708
	<b>\$ 4,297</b>	<b>\$ 357,587</b>	<b>\$ 708</b>	<b>\$ 362,592</b>
<b>Liabilities and Fund Balances</b>				
Due to general account	\$ -	\$ (6,477)	\$ -	\$ (6,477)
Fund balance	4,297	364,064	708	369,069
	<b>\$ 4,297</b>	<b>\$ 357,587</b>	<b>\$ 708</b>	<b>\$ 362,592</b>

## Statement of Continuity

For the year ended December 31, 2017

	Cemetery Pre-Need Assurance Fund	Cemetery Care and Maintenance Fund	Ontario Home Renewal Program	Total
Balance, beginning of the year	\$ 4,246	\$ 356,115	\$ 708	\$ 361,069
<b>Receipts</b>				
Loan interest	-	-	-	-
Bank interest	51	7,440	-	7,491
Care and maintenance	-	7,949	-	7,949
	51	15,389	-	15,440
<b>Expenses</b>				
Transfer to Province of Ontario	-	-	-	-
Transfer to municipality	-	7,440	-	7,440
	-	7,440	-	7,440
<b>Balance, end of the year</b>	<b>\$ 4,297</b>	<b>\$ 364,064</b>	<b>\$ 708</b>	<b>\$ 369,069</b>

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

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

December 31, 2017

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## 1. Summary of Significant Accounting Policies

<b>Basis of Accounting</b>	<p>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.</p> <p>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.</p>
<b>Use of Estimates</b>	<p>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.</p>
<b>Basis of Consolidation</b>	<p>These trust funds have not been consolidated with the financial statements of the Municipality of West Grey.</p>
<b>Temporary Investments</b>	<p>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.</p>

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

December 31, 2017

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## 2. Temporary Investments

Temporary investments consist of mutual funds. No temporary investments are callable at the option of the issuer in 2017. The investments have a market value of \$268,960 at the end of the year.

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## 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, 2017 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.

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## Independent Auditor's Report

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**To the Members of Council,  
Inhabitants and Ratepayers of  
The Corporation of the Municipality of 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, 2017 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, 2017 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  
July 30, 2018

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

<b>December 31</b>	<b>2017</b>	<b>2016</b>
<b>Financial assets</b>		
Cash	\$ 33,496	\$ 24,762
Accounts receivable	7,997	3,708
Due from Municipality of West Grey	4,839	4,316
	<u>46,332</u>	<u>32,786</u>
<b>Commitments (Note 5)</b>		
<b>Liabilities</b>		
Accounts payable and accrued liabilities	<u>13,345</u>	<u>8,841</u>
<b>Net financial assets</b>	<b>32,987</b>	<b>23,945</b>
<b>Non-Financial Assets</b>		
Tangible capital assets (Note 1)	<u>219,924</u>	<u>220,062</u>
<b>Accumulated surplus (Note 3)</b>	<b>\$ 252,911</b>	<b>\$ 244,007</b>

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**

<b>For the year ended December 31</b>	<b>2017</b>	<b>2017</b>	<b>2016</b>
	<b>Budget</b>	<b>Actual</b>	<b>Actual</b>
<b>Revenue</b>			
Province of Ontario grants	\$ 31,097	\$ 32,529	\$ 32,933
Municipal grants	279,898	294,803	268,885
Investment income	-	226	170
Miscellaneous	5,450	18,336	11,701
	<b>316,445</b>	<b>345,894</b>	<b>313,689</b>
<b>Expenses</b>			
Amortization of tangible capital assets	-	30,871	31,593
Materials and periodical purchases	1,600	2,110	1,506
Supplies and office	81,297	94,384	81,454
Wages and benefits	209,548	209,625	203,125
	<b>292,445</b>	<b>336,990</b>	<b>317,678</b>
<b>Annual surplus (deficit)</b>	<b>24,000</b>	<b>8,904</b>	<b>(3,989)</b>
<b>Accumulated surplus, beginning of year</b>	<b>244,007</b>	<b>244,007</b>	<b>247,996</b>
<b>Accumulated surplus, end of year</b>	<b>\$ 268,007</b>	<b>\$ 252,911</b>	<b>\$ 244,007</b>

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**

<b>For the year ended December 31</b>	<b>2017</b>	<b>2017</b>	<b>2016</b>
	Budget	Actual	Actual
<b>Annual surplus (deficit)</b>	\$ 24,000	\$ 8,904	\$ (3,989)
Acquisition of tangible capital assets	(24,000)	(30,733)	(23,935)
Amortization	-	30,871	31,593
	(24,000)	138	7,658
<b>Change in net financial assets</b>	-	9,042	3,669
<b>Net financial assets, beginning of year</b>	23,945	23,945	20,276
<b>Net financial assets, end of year</b>	\$ 23,945	\$ 32,987	\$ 23,945

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**

<b>For the year ended December 31</b>	<b>2017</b>	<b>2016</b>
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Annual surplus (deficit)	\$ 8,904	\$ (3,989)
Items not involving cash		
Amortization	30,871	31,593
Decrease (increase) in accounts receivable	(4,289)	2,362
Increase in Due from Municipality	(523)	(8,100)
Increase (decrease) in accounts payable	4,504	3,590
	<u>39,467</u>	<u>25,456</u>
<b>Capital activities</b>		
Acquisition of tangible capital assets	<u>(30,733)</u>	<u>(23,935)</u>
<b>Net change in cash and cash equivalents</b>	<b>8,734</b>	<b>1,521</b>
Cash and cash equivalents, beginning of year	<u>24,762</u>	<u>23,241</u>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 33,496</b>	<b>\$ 24,762</b>

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

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

December 31, 2017

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<b>Management Responsibility</b>	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.
<b>Basis of Accounting</b>	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.
<b>Use of Estimates</b>	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.
<b>Revenue Recognition</b>	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.
<b>Government Transfers</b>	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.
<b>Non-Financial Assets</b>	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.

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

**December 31, 2017**

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**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.

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

**December 31, 2017**

**1. Tangible Capital Assets**

	2017		2016	
	Furniture, fixtures and computer	Total	Furniture, fixtures and computer	Total
<b>Cost, beginning of year</b>	\$ 500,785	\$ 500,785	\$ 500,442	\$ 500,442
Additions	30,733	30,733	23,935	23,935
Disposals	(24,083)	(24,083)	(23,592)	(23,592)
<b>Cost, end of year</b>	<b>507,435</b>	<b>507,435</b>	<b>500,785</b>	<b>500,785</b>
<b>Accumulated amortization, beginning of year</b>	280,723	280,723	272,722	272,722
Amortization	30,871	30,871	31,593	31,593
Disposals	(24,083)	(24,083)	(23,592)	(23,592)
<b>Accumulated amortization, end of year</b>	<b>287,511</b>	<b>287,511</b>	<b>280,723</b>	<b>280,723</b>
<b>Net carrying amount, end of year</b>	<b>\$ 219,924</b>	<b>\$ 219,924</b>	<b>\$ 220,062</b>	<b>\$ 220,062</b>

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

December 31, 2017

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## 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 2017 was \$5,845 (2016 - \$5,193). The contribution rate for 2017 was 9.0% to 15.8% depending on age and income level (2016 - 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, 2017. At that time the plan reported an actuarial deficit of \$5.4 billion (2016 - deficit of \$5.7 billion), based on actuarial liabilities of \$93.6 billion (2016 - \$87 billion) and actuarial assets of \$88.2 billion (2016 - \$81.2 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.

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## 3. Accumulated Surplus

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

	2017	2016
Amount invested in tangible capital assets	\$ 219,924	\$ 220,062
Reserves	32,987	23,945
	<u>\$ 252,911</u>	<u>\$ 244,007</u>

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

December 31, 2017

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#### 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:

	2017 Budget	2017 Actual	2016 Actual
Annual surplus (deficit)	\$ 24,000	\$ 8,904	\$ (3,989)
Capital acquisitions, disposals and write-down	(24,000)	(30,733)	(23,935)
Amortization	-	30,871	31,593
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>\$ 20,200</u>	<u>\$ 5,374</u>	<u>\$ 20,583</u>

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#### 5. Contractual Commitments

The Board has entered into a five year agreement with the Municipality of Grey Highlands dated February 8, 2017 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.

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#### 6. Presentation of a prior period

The prior year presentation has been changed in order to conform with current year presentation.

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