

**The Corporation of the Municipality of
Northern Bruce Peninsula
Financial Information
For the year ended December 31, 2016**

**The Corporation of the Municipality of Northern Bruce Peninsula
Financial Information
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 Northern Bruce Peninsula

We have audited the accompanying consolidated financial statements of the Corporation of the Municipality of Northern Bruce Peninsula, which comprise the consolidated statement of financial position as at December 31, 2016, and the consolidated statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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



Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Corporation of the Municipality of Northern Bruce Peninsula as at December 31, 2016 and the results of its operations, changes in net financial assets and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Owen Sound, Ontario
May 8, 2017

The Corporation of the Municipality of Northern Bruce Peninsula
Consolidated Statement of Financial Position

December 31	2016	2015
Financial assets		
Cash and temporary investments (Note 1)	\$ 5,312,354	\$ 4,550,062
Taxes receivable	1,359,560	1,536,453
Trade and other receivables	618,993	461,585
Inventory held for resale	49,857	41,267
Long-term receivables (Note 2)	10,467	17,270
	<u>7,351,231</u>	<u>6,606,637</u>
Liabilities		
Accounts payable and accrued liabilities	546,514	579,940
Solid waste closure and post-closure liabilities (Note 3)	310,931	302,715
WSIB future benefits cost liabilities (Note 12)	205,706	236,378
Post-employment benefits liabilities (Note 13)	172,410	180,691
Deferred revenue (Page 28)	133,700	141,193
Long-term liabilities (Note 4)	972,143	1,047,796
	<u>2,341,404</u>	<u>2,488,713</u>
Net financial assets	5,009,827	4,117,924
Non-financial assets		
Inventory of supplies	184,685	177,517
Tangible capital assets (Note 5)	44,048,009	44,418,020
Accumulated surplus (Note 6)	\$49,242,521	\$ 48,713,461

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

**The Corporation of the Municipality of Northern Bruce Peninsula
Consolidated Statement of Operations and Accumulated Surplus**

For the year ended December 31	2016	2016	2015
	Budget (Note 8)	Actual	Actual
Revenue			
Taxation	\$ 6,007,302	\$ 6,051,611	\$ 5,783,860
Fees and user charges	1,845,546	1,953,544	1,853,104
Government transfers (Note 10)	1,455,054	1,527,011	1,390,653
Other income (Note 9)	572,700	1,058,797	666,225
Obligatory reserve fund revenue recognized	113,000	113,000	148,000
	<u>9,993,602</u>	<u>10,703,963</u>	<u>9,841,842</u>
Expenses			
General government	1,227,600	1,327,126	1,170,905
Protection services	1,853,056	1,923,231	1,620,206
Transportation services	2,704,800	4,215,534	4,239,654
Environmental services	1,149,550	1,429,836	1,504,450
Health services	79,500	107,215	215,096
Recreation and cultural services	677,300	863,269	861,166
Planning and development	278,200	308,692	196,666
	<u>7,970,006</u>	<u>10,174,903</u>	<u>9,808,143</u>
Annual surplus (Note 8)	2,023,596	529,060	33,699
Accumulated surplus, beginning of the year	48,713,461	48,713,461	48,679,762
Accumulated surplus, end of the year	\$ 50,737,057	\$ 49,242,521	\$ 48,713,461

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

**The Corporation of the Municipality of Northern Bruce Peninsula
Consolidated Statement of Changes in Net Financial Assets**

For the year ended December 31	2016 Budget (Note 8)	2016 Actual	2015 Actual
Annual surplus (Page 5)	\$ 2,023,596	\$ 529,060	\$ 33,699
Acquisition of tangible capital assets	(2,045,653)	(1,836,918)	(1,823,679)
Amortization of tangible capital assets	-	2,204,625	2,142,919
Gain on sale of tangible capital assets	-	(18,847)	(10,670)
Proceeds on disposal of capital assets	-	21,151	19,569
	<u>(2,045,653)</u>	<u>370,011</u>	<u>328,139</u>
Change in inventories of supplies	-	(7,168)	(25,228)
Increase (decrease) in net financial assets	(22,057)	891,903	336,610
Net financial assets, beginning of the year	4,117,924	4,117,924	3,781,314
Net financial assets, end of the year	\$ 4,095,867	\$ 5,009,827	\$ 4,117,924

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

**The Corporation of the Municipality of Northern Bruce Peninsula
Consolidated Statement of Cash Flows**

For the year ended December 31	2016	2015
Cash provided by (used in)		
Operating activities		
Annual surplus (Page 5)	\$ 529,060	\$ 33,699
Items not involving cash		
Change in post-employment benefits and WSIB liabilities	(38,953)	(40,788)
Change in solid waste closure and post-closure liabilities	8,216	(11,973)
Amortization	2,204,625	2,142,919
Contributed capital assets	(87,309)	-
Deferred revenue recognized	(174,968)	(155,701)
Changes in inventory of supplies	(7,168)	(25,228)
Gain on sale of capital assets	(18,847)	(10,670)
	<u>2,414,656</u>	<u>1,932,258</u>
Changes in non-cash working capital balances		
Taxes receivable	176,893	(192,272)
Trade and other receivables	(157,408)	165,251
Inventory held for resale	(8,590)	15,459
Accounts payable and accrued liabilities	(33,426)	63,984
Deferred revenue received	167,475	165,111
	<u>2,559,600</u>	<u>2,149,791</u>
Capital transactions		
Cash used to acquire capital assets	(1,749,609)	(1,823,679)
Proceeds on sale of capital assets	21,151	19,569
	<u>(1,728,458)</u>	<u>(1,804,110)</u>
Investing activities		
Decrease in long-term receivables	6,803	8,495
Financing activities		
Repayment of long-term liabilities	(75,653)	(74,130)
Net change in cash and cash equivalents	762,292	280,046
Cash and cash equivalents, beginning of the year	4,550,062	4,270,016
Cash and cash equivalents, end of the year	\$ 5,312,354	\$ 4,550,062

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

The Corporation of the Municipality of Northern Bruce Peninsula Summary of Significant Accounting Policies

December 31, 2016

Management Responsibility	The management of the Corporation of the Municipality of Northern Bruce Peninsula has prepared and is responsible for the integrity, objectivity and accuracy of the financial information presented in these consolidated financial statements. Council reviews and approves the consolidated financial statements.		
Basis of Accounting	<p>The consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board of Chartered Professional Accountants of Canada as prescribed by the 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>		
Basis of Consolidation	<p>The consolidated statements reflect the assets, liabilities, revenues and expenses of all municipal organizations, committees, and boards which are owned or controlled by Council. All interfund assets and liabilities and revenues and expenses have been eliminated on consolidation.</p> <p>The following boards are controlled by Council and have been consolidated:</p> <table><tr><td>Chi-Cheemaun Festival Board</td><td style="text-align: right;">100%</td></tr></table>	Chi-Cheemaun Festival Board	100%
Chi-Cheemaun Festival Board	100%		
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, taxation revenue, deferred revenues, post-employment benefits, WSIB liability and solid waste landfill closure and post-closure costs. 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.		
Cash and Cash Equivalents	Cash and cash equivalents include cash balances and short-term highly liquid investments that are readily converted into cash.		

**The Corporation of the Municipality of Northern Bruce Peninsula
Summary of Significant Accounting Policies**

December 31, 2016

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.														
County and School Board	The municipality collects taxation revenue on behalf of the school boards and the County of Bruce. The taxation, other revenues, expenses, assets and liabilities with respect to the operations of the school boards and the County of Bruce are not reflected in these financial statements.														
Long-Term Receivables	Long-term receivables are recorded at cost.														
Inventory of Supplies	Inventory held for consumption is recorded at the lower of cost and replacement cost. Cost is determined on a first-in first out basis.														
Non-Financial Assets	Tangible capital assets and other non-financial assets are accounted for as assets by the Municipality because they can be used to provide services in future periods. These assets do not normally provide resources to discharge the liabilities of the Municipality unless they are sold.														
Inventory Held For Resale	Inventory of goods held for resale is recorded at the lower of cost and net realizable value. Cost is determined on the first-in first-out basis.														
Tangible Capital Assets	<p>Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Amortization is provided over the estimated useful life of the assets, using the straight-line method. The useful life of the assets is based on estimates made by management. The following rates are used:</p> <table><tr><td>Buildings</td><td>10 to 50 years</td></tr><tr><td>Land improvements</td><td>20 to 40 years</td></tr><tr><td>Equipment</td><td>4 to 10 years</td></tr><tr><td>Vehicles and machinery</td><td>5 to 10 years</td></tr><tr><td>Roads</td><td>15 to 75 years</td></tr><tr><td>Bridges</td><td>25 to 75 years</td></tr><tr><td>Water and sewer infrastructure</td><td>20 to 50 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.</p>	Buildings	10 to 50 years	Land improvements	20 to 40 years	Equipment	4 to 10 years	Vehicles and machinery	5 to 10 years	Roads	15 to 75 years	Bridges	25 to 75 years	Water and sewer infrastructure	20 to 50 years
Buildings	10 to 50 years														
Land improvements	20 to 40 years														
Equipment	4 to 10 years														
Vehicles and machinery	5 to 10 years														
Roads	15 to 75 years														
Bridges	25 to 75 years														
Water and sewer infrastructure	20 to 50 years														

The Corporation of the Municipality of Northern Bruce Peninsula

Summary of Significant Accounting Policies

December 31, 2016

Post-Employment Benefits

The municipality provides post-employment health and life insurance benefits and other benefits to eligible retired employees. The benefits earned by employees are determined using management's best estimate of expected benefit costs and are expensed as services are rendered.

Previously the municipality was an employer included under Schedule 2 of the Workplace Safety and Insurance Act. It self-insured the entire risk of its own WSIB claims and was individually liable for reimbursing the WSIB for all costs relating to its workers' WSIB claims. The municipality is still liable for claims relating to Schedule 2 employer status. The cost of the claims are determined using management's best estimate.

The contributions to the Ontario Municipal Employee's Retirement System ("OMERS"), a multi-employer defined benefit plan, are expensed when contributions are due.

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 activity and position of the trust funds are reported separately on the trust funds statement of continuity and balance sheet.

**The Corporation of the Municipality of Northern Bruce Peninsula
Summary of Significant Accounting Policies**

December 31, 2016

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) Investment income earned on surplus funds (other than obligatory reserve funds) are reported as revenue in the period earned. Investment income earned on obligatory reserve funds is recorded directly to each fund balance.
 - e) 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.
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The Corporation of the Municipality of Northern Bruce Peninsula
Notes to Consolidated Financial Statements

December 31, 2016

1. Cash and Temporary Investments

	2016	2015
Cash	\$ 3,698,715	\$ 2,968,733
Temporary investments	1,613,639	1,581,329
	\$ 5,312,354	\$ 4,550,062

Temporary investments are comprised of investments in non-redeemable guaranteed investment certificates with interest rates of 1.51% to 2.4% and maturity dates of May 2017 and November 2017. These investments have a market value of \$1,613,639 at the end of the year (2015 - \$1,581,329).

The RBC bank account earns interest at the average monthly RBC prime rate less 1.85%.

On December 31, 2016, the municipality had deposits of \$3,671,195 in a Canadian Chartered bank and guaranteed investment certificates of \$1,613,639 in a different Canadian Chartered bank. The Canadian Deposit Insurance Corporation insures deposits up to a maximum of \$100,000 per financial institution per depositor.

2. Long-Term Receivables

	2016	2015
Tile drainage loans, 6%, due 2017 to 2023	\$ 10,467	\$ 17,270

3. Solid Waste Closure and Post-Closure Liabilities

Solid waste 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 for the landfill site is recorded at \$310,931 and represents the present value of closure and post-closure costs for 78% of the three current site's opened cells, using the Government of Canada's average long-term borrowing rate of 3.7%. The liability is recorded based on the capacity of the landfill used to date. The total estimated future expenses for closure and post-closure care are \$390,505 leaving an amount to be recognized of \$79,574. The estimated remaining capacity of the three site's are approximately 75,516 cubic metres in the opened cells, which will be filled in three to twenty eight years. Post-closure care is estimated to continue for a period of 20 years.

The liability is expected to be funded through budget allocations to a landfill reserve over the remaining life of the landfill. The balance of the landfill reserve fund is \$354,523 as at December 31, 2016.

The Corporation of the Municipality of Northern Bruce Peninsula
Notes to Consolidated Financial Statements

December 31, 2016

4. Long-Term Liabilities

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

	<u>2016</u>	<u>2015</u>
Tile drainage loans payable, 6%, due from 2017 to 2023	\$ 10,467	\$ 17,270
Loan payable, Ontario Strategic Infrastructure Financing Authority, 4.84%, payable in blended semi-annual payments of \$58,952, due 2027	<u>961,676</u>	<u>1,030,526</u>
	<u>\$ 972,143</u>	<u>\$ 1,047,796</u>

The gross interest paid relating to the above long-term debt was \$48,831.

The gross interest expensed during the year was \$47,932.

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

2017	\$ 73,469
2018	\$ 77,082
2019	\$ 80,873
2020	\$ 84,850
2021	\$ 89,022
Thereafter	\$ 566,847

The Corporation of the Municipality of Northern Bruce Peninsula
Notes to Consolidated Financial Statements

al Assets

							2016
Land	Land Improvements	Buildings	Equipment	Vehicles and Machinery	Transportation Infrastructure	Water and Sewer Infrastructure	Total
1,692,034	\$ 1,832,028	\$ 17,136,522	\$ 2,451,054	\$ 4,480,537	\$ 43,435,266	\$ 3,762,919	\$76,790,360
-	10,174	303,026	9,223	736,787	775,026	2,682	1,836,918
-	-	(3,970)	-	(249,348)	-	-	(253,318)
1,692,034	1,842,202	17,435,578	2,460,277	4,967,976	44,210,292	3,765,601	78,373,960
-	797,316	5,404,155	1,637,816	2,232,130	20,703,311	1,597,612	32,372,340
-	80,777	345,352	131,004	242,404	1,330,992	74,096	2,204,625
-	-	(1,665)	-	(249,349)	-	-	(251,014)
-	878,093	5,747,842	1,768,820	2,225,185	22,034,303	1,671,708	34,325,951
1,692,034	\$ 964,109	\$ 11,687,736	\$ 691,457	\$ 2,742,791	\$ 22,175,989	\$ 2,093,893	\$44,048,009

**The Corporation of the Municipality of Northern Bruce Peninsula
Notes to Consolidated Financial Statements**

al Assets - (continued)

							2015
Land	Land Improvements	Buildings	Equipment	Vehicles and Machinery	Transportation Infrastructure	Water and Sewer Infrastructure	Total
1,685,980	\$ 1,754,893	\$ 16,838,078	\$ 2,276,693	\$ 4,680,862	\$ 42,353,234	\$ 3,762,919	\$75,352,659
6,054	77,135	298,444	174,361	185,653	1,082,032	-	1,823,679
-	-	-	-	(385,978)	-	-	(385,978)
1,692,034	1,832,028	17,136,522	2,451,054	4,480,537	43,435,266	3,762,919	76,790,360
-	719,330	5,067,456	1,501,779	2,379,941	19,415,914	1,522,080	30,606,500
-	77,986	336,699	136,037	229,268	1,287,397	75,532	2,142,919
-	-	-	-	(377,079)	-	-	(377,079)
-	797,316	5,404,155	1,637,816	2,232,130	20,703,311	1,597,612	32,372,340
1,692,034	\$ 1,034,712	\$ 11,732,367	\$ 813,238	\$ 2,248,407	\$ 22,731,955	\$ 2,165,307	\$44,418,020

The Corporation of the Municipality of Northern Bruce Peninsula
Notes to Consolidated Financial Statements

December 31, 2016

5. Tangible Capital Assets - (continued)

The net book value of tangible capital assets not being amortized because they are under construction is \$Nil (2015 - \$Nil).

Contributed assets totalling \$87,309 (2015 - \$Nil) were recognized in the financial statements during the year.

The municipality holds various works of art and historical treasures pertaining to local history on display at the St. Edmunds Museum. These items are not recognized as tangible capital assets in the financial statements because a reasonable estimate of the future benefits associated with such property cannot be made.

The municipality has recorded land that was obtained through tax sale, that does not meet the regulations required to acquire building permits, at a nominal value.

6. Accumulated Surplus

Accumulated surplus consists of individual fund surplus and reserves as follows:

	2016	2015
Invested in tangible capital assets		
Tangible capital assets at cost less amortization	\$ 44,048,009	\$ 44,418,020
Capital assets financed by long-term liabilities and to be funded in future years	(961,676)	(1,030,526)
Total invested in capital assets	43,086,333	43,387,494
Unfunded post-employment benefits	(172,410)	(180,691)
WSIB future benefit liability	(205,706)	(236,378)
Unfunded solid waste closure and post-closure costs	(310,931)	(302,715)
	42,397,286	42,667,710
Reserves and reserve funds (Note 7)	6,845,235	6,045,751
Accumulated surplus	\$49,242,521	\$ 48,713,461

The Corporation of the Municipality of Northern Bruce Peninsula
Notes to Consolidated Financial Statements

December 31, 2016

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

	<u>2016</u>	<u>2015</u>
Reserves		
Working funds	\$ 921,165	\$ 921,165
Current purposes	908,445	908,404
Capital purposes	<u>4,151,666</u>	<u>3,370,178</u>
	5,981,276	5,199,747
Reserve funds		
Capital purposes	<u>863,959</u>	<u>846,004</u>
Reserves and reserve funds set aside for specific purpose by Council	<u><u>\$ 6,845,235</u></u>	<u><u>\$ 6,045,751</u></u>

The Corporation of the Municipality of Northern Bruce Peninsula
Notes to Consolidated Financial Statements

December 31, 2016

8. Budgets

Under Canadian public sector accounting standards, budget amounts are to be reported on the consolidated statement of operations and accumulated surplus and changes in net financial assets for comparative purposes. The 2016 budget amounts for the Corporation of the Municipality of Northern Bruce Peninsula approved by Council have been reclassified to conform to the presentation of the consolidated statements of operations and accumulated surplus and changes in net financial assets. The following is a reconciliation of the budget approved by Council.

	2016 Budget	2016 Actual	2015 Actual
Annual surplus (Page 5)	\$ 2,023,596	\$ 529,060	\$ 33,699
Amortization	-	2,204,625	2,142,919
	2,023,596	2,733,685	2,176,618
Net budget transfers from (to) reserves	80,507	(799,484)	(243,442)
Capital acquisitions, disposals and write-down	(2,045,653)	(1,834,614)	(1,814,780)
Debt principal repayments	(58,450)	(68,850)	(65,635)
Change in unfunded liabilities	-	(30,737)	(52,761)
	\$ -	\$ -	\$ -

9. Other Income

	2016 Budget	2016 Actual	2015 Actual
Penalties and interest on taxation	\$ 270,000	\$ 275,463	\$ 276,974
Other fines and penalties	31,000	39,588	30,168
Investment income	74,500	93,897	95,275
Licenses, permits and rents	186,400	247,599	170,041
Donations	10,800	41,918	54,510
Contributed assets	-	87,309	-
Gain on disposition of capital assets	-	18,847	10,670
Other	-	254,176	28,587
	\$ 572,700	\$ 1,058,797	\$ 666,225

The Corporation of the Municipality of Northern Bruce Peninsula
Notes to Consolidated Financial Statements

December 31, 2016

10. Government Transfers

	2016 Budget	2016 Actual	2015 Actual
Operating Transfers			
Province of Ontario			
Ontario Municipal Partnership Fund (OMPF)	\$ 1,212,000	\$ 1,220,890	\$ 1,088,400
Conditional - Roads	8,000	10,640	8,103
- Sewer and water	35,250	35,250	35,250
- Other	101,699	136,908	109,761
	<u>1,356,949</u>	<u>1,403,688</u>	<u>1,241,514</u>
Government of Canada			
Conditional - Roads	9,500	9,500	9,500
- Sewer and water	11,750	30,000	11,750
- Other	1,900	2,774	1,962
	<u>23,150</u>	<u>42,274</u>	<u>23,212</u>
Other Municipalities			
- Sewer and water	26,000	32,518	25,765
- Other	9,300	8,876	10,082
	<u>35,300</u>	<u>41,394</u>	<u>35,847</u>
Total operating transfers	<u>1,415,399</u>	<u>1,487,356</u>	<u>1,300,573</u>
Capital Transfers			
Province of Ontario			
Conditional - Roads	39,655	39,655	39,655
- Other	-	-	41,100
	<u>39,655</u>	<u>39,655</u>	<u>80,755</u>
Other Municipalities			
- Other	-	-	9,325
	<u>39,655</u>	<u>39,655</u>	<u>90,080</u>
Total capital transfers	<u>39,655</u>	<u>39,655</u>	<u>90,080</u>
Total contributions	<u>\$ 1,455,054</u>	<u>\$ 1,527,011</u>	<u>\$ 1,390,653</u>

The Corporation of the Municipality of Northern Bruce Peninsula

Notes to Consolidated Financial Statements

December 31, 2016

11. Pension Agreements

The municipality makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of 30 members of its staff. This plan is a defined benefit plan which specifies the amount of the retirement entitlement 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 employer amount contributed to OMERS for 2016 by the Municipality of Northern Bruce Peninsula was \$174,636 (2015 - \$165,768). 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 are a joint responsibility of Ontario municipal organizations and their employees. The municipality does not recognize any share of the OMERS pension surplus or deficit. The last available actuarial report for the OMERS plan was as of December 31, 2016. At that time the plan reported a \$5.72 billion actuarial deficit (2015 - \$7.0 billion actuarial deficit), 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 the financial markets may lead to increased future funding requirements.

12. Workplace Safety and Insurance Board (WSIB)

Effective January 1, 2010 the Municipality of Northern Bruce Peninsula elected to be a Schedule 1 employer.

Previously, under the provisions of the Workplace Safety and Insurance Board Act, the Municipality of Northern Bruce Peninsula had elected to be treated as a Schedule 2 employer and remit payments to the WSIB as required to fund disability payments.

The municipality is still liable for events which took place while they were a Schedule 2 employer. The estimated WSIB future benefits cost liability is based on the 2016 actuarial estimates provided by WSIB. Total benefits not yet awarded and provision for presumptive cancer legislation for firefighters for the period in which the municipality was a Schedule 2 employer is estimated to be \$205,706. The liability is unfunded.

The Corporation of the Municipality of Northern Bruce Peninsula
Notes to Consolidated Financial Statements

December 31, 2016

13. Retirement and Post-Employment Benefit

The Municipality of Northern Bruce Peninsula provides certain benefits, including retirement benefits and other post-employment benefits, to its employees. Payments for these benefits totalled \$4,613 (2015 - \$2,651). The post-employment benefit at December 31 includes the following components:

	2016	2015
Retirement benefits	\$ 64,588	\$ 72,869
Unamortized actuarial gain	107,822	107,822
	\$ 172,410	\$ 180,691

Actuarial valuations 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, medical inflation rates, wage increases, employee turnover and mortality rates.

The assumptions used reflect management's best estimates. The expected inflation rate is 2%. The employee salaries are expected to increase 3% per year. The post-employment benefit liability was determined using a discount rate of 4.5%. For extended health care costs, a 5.67% annual rate of increase was assumed for 2015, decreasing to an ultimate rate of 4% per year for 2020. For dental costs, a 4% annual rate of increase was assumed.

	2016	2015
Current period benefit cost	\$ 3,734	\$ 3,504
Interest costs	3,259	3,120
Retirement benefit expense	6,993	6,624
Amortization of actuarial gain	(10,662)	(10,662)
Total expense for the year	\$ (3,669)	\$ (4,038)

The Corporation of the Municipality of Northern Bruce Peninsula
Notes to Consolidated Financial Statements

December 31, 2016

14. Operations of School Boards and the County of Bruce

During the year, the following taxation revenue was raised and remitted to the school boards and the County of Bruce:

	<u>2016</u>	<u>2015</u>
School boards	\$ 3,166,915	\$ 3,146,582
County of Bruce	5,959,722	5,714,691
	<u>\$ 9,126,637</u>	<u>\$ 8,861,273</u>

15. Trust Funds

The trust funds administered by the municipality amounting to \$205,795 (2015 - \$198,525) have not been included in the consolidated statement of financial position nor have the operations been included in the consolidated statement of operations and accumulated surplus.

16. Contractual Commitments

The Corporation of the Municipality of Northern Bruce Peninsula has entered into agreements with various contractors for garbage, recycling and operation and maintenance of its water systems for the following amounts excluding GST/HST:

2017	\$ 899,656
2018	\$ 909,477
2019	\$ 674,173

The Corporation of the Municipality of Northern Bruce Peninsula
Notes to Consolidated Financial Statements

December 31, 2016

17. Contingencies

- i) Several lower tier municipalities in the Bruce Peninsula, have been named as defendants in a land claim action filed by the Chippewas of Nawash and Saugeen, for damages alleged to total \$92,000,000,000. Also joined as defendants in the action are the Counties of Bruce and Grey, the Province of Ontario and the Dominion of Canada. No breakdown as to each municipality's relative share of the \$92,000,000,000 has been provided. The likelihood of the success of this action is undeterminable at this time.

- ii) The municipality has a few claims that are in proceedings through their insurance company. The municipality's liability with respect to these claims is not determinable at this time. Management is of the opinion that the municipality maintains adequate and appropriate liability and errors and omissions insurance to protect the municipality against such claims.

18. Comparative Balances

The comparative balances have been reclassified to conform to the current year's financial statement presentation.

The Corporation of the Municipality of Northern Bruce Peninsula
Notes to Consolidated Financial Statements

December 31, 2016

19. Segmented Information

The Corporation of the Municipality of Northern Bruce Peninsula is a diversified municipal government institution that provides a wide range of services to its citizens such as police, fire, sewer, water, waste collection and disposal, and health services, recreation and planning. Distinguishable functional segments have been separately disclosed in the segmented information. The nature of the segments and the activities they encompass are as follows:

General Government

This item related to the revenues and expenses that relate to the governance and operations of the municipality itself and cannot be directly attributed to a specific segment.

Protection to Persons and Property

Protection is comprised of police services, fire protection, emergency measures 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 airport in Tobermory.

Environmental

Environmental services consists of providing waste collection, disposal and recycling to the municipality's citizens. It also consists of providing the municipality's drinking water and processing and cleaning sewage. The municipality ensures water and sewage systems meet all provincial standards.

Health

Health services 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, marinas, arenas, community centres, campgrounds and a museum. The municipality also provides library services and recreational programs.

The Corporation of the Municipality of Northern Bruce Peninsula
Notes to Consolidated Financial Statements

December 31, 2016

19. Segmented Information - (continued)

Planning and Development

This department is responsible for planning and zoning including the official plan. This service area also includes tourist information and promotion 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, payments-in-lieu	Allocated to those segments that are funded by these amounts based on the budget for the year.
OMPF Grants	Allocated to segments based on the budget for the year.

The Corporation of the Municipality of Northern Bruce Peninsula
Notes to Consolidated Financial Statements

16	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Recreation and Cultural Services	Planning and Development	2016 Total
	\$ 665,677	\$ 1,512,903	\$ 2,662,709	\$ 484,129	\$ 60,516	\$ 484,129	\$ 181,548	\$ 6,051,611
	46,677	86,508	18,082	704,304	38,824	1,034,988	24,161	1,953,544
	-	29,869	60,995	146,003	-	5,824	63,430	306,121
	134,298	305,223	537,192	97,671	12,209	97,671	36,626	1,220,890
	555,798	228,497	22,730	7,783	115,984	109,551	18,454	1,058,797
	-	-	113,000	-	-	-	-	113,000
	<u>1,402,450</u>	<u>2,163,000</u>	<u>3,414,708</u>	<u>1,439,890</u>	<u>227,533</u>	<u>1,732,163</u>	<u>324,219</u>	<u>10,703,963</u>
	874,910	352,593	880,315	116,723	-	575,782	-	2,800,323
	-	-	-	47,795	-	-	1,036	48,831
	425,534	295,920	797,015	331,207	24,759	849,871	231,255	2,955,561
	7,473	1,176,552	123,626	617,630	50,613	2,161	-	1,978,055
	-	-	-	-	-	11,023	76,400	87,423
	-	-	958	-	-	99,127	-	100,085
	19,212	99,250	1,538,232	303,871	31,843	212,217	-	2,204,625
	<u>1,327,129</u>	<u>1,924,315</u>	<u>3,340,146</u>	<u>1,417,226</u>	<u>107,215</u>	<u>1,750,181</u>	<u>308,691</u>	<u>10,174,903</u>
	<u>\$ 75,321</u>	<u>\$ 238,685</u>	<u>\$ 74,562</u>	<u>\$ 22,664</u>	<u>\$ 120,318</u>	<u>\$ (18,018)</u>	<u>\$ 15,528</u>	<u>\$ 529,060</u>

The Corporation of the Municipality of Northern Bruce Peninsula
Notes to Consolidated Financial Statements

15	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Recreation and Cultural Services	Planning and Development	2015 Total
	\$ 694,062	\$ 1,330,288	\$ 2,602,737	\$ 462,709	\$ 57,839	\$ 462,709	\$ 173,516	\$ 5,783,860
	23,414	64,650	15,313	661,465	42,911	1,023,605	21,746	1,853,104
	-	32,021	58,458	114,620	-	75,413	21,741	302,253
	130,608	250,332	489,780	87,072	10,884	87,072	32,652	1,088,400
	359,819	148,535	12,961	8,367	71,554	63,671	1,318	666,225
	-	-	148,000	-	-	-	-	148,000
	1,207,903	1,825,826	3,327,249	1,334,233	183,188	1,712,470	250,973	9,841,842
	821,862	367,096	851,534	160,672	-	599,880	-	2,801,044
	-	-	-	51,068	-	-	1,546	52,614
	319,230	278,204	850,845	364,250	63,056	879,691	151,093	2,906,369
	7,681	885,350	106,021	638,523	55,066	2,161	-	1,694,802
	-	-	-	-	66,394	1,837	44,025	112,256
	-	-	912	-	-	97,227	-	98,139
	22,131	90,576	1,492,153	295,374	30,581	212,104	-	2,142,919
	1,170,904	1,621,226	3,301,465	1,509,887	215,097	1,792,900	196,664	9,808,143
	\$ 36,999	\$ 204,600	\$ 25,784	\$ (175,654)	\$ (31,909)	\$ (80,430)	\$ 54,309	\$ 33,699

**The Corporation of the Municipality of Northern Bruce Peninsula
Schedule of Deferred Revenue**

For the year ended December 31, 2016

	Opening	Contributions Received	Investment Income	Revenue Recognized	Ending
Obligatory Reserve Funds					
Federal gas tax	\$ 549	\$ 113,830	\$ 867	\$ (113,000)	\$ 2,246
Recreational land	35,669	1,400	257	-	37,326
	36,218	115,230	1,124	(113,000)	39,572
Other					
Source Protection Municipal Implementation Fund	38,691	-	-	(4,567)	34,124
Community Collaborations Grant	12,465	-	-	(7,682)	4,783
Other	53,819	51,121	-	(49,719)	55,221
	\$ 141,193	\$ 166,351	\$ 1,124	\$ (174,968)	\$ 133,700

**The Corporation of the Municipality of
Northern Bruce Peninsula
Trust Funds
Financial Information
For the year ended December 31, 2016**

**The Corporation of the Municipality of Northern Bruce Peninsula
Trust Funds
For the year ended December 31, 2016**

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PO Box 397
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Independent Auditor's Report

To the Members of Council, Inhabitants and Ratepayers of the Corporation of the Municipality of Northern Bruce Peninsula

We have audited the accompanying financial information for the trust funds of the Corporation of the Municipality of Northern Bruce Peninsula, which comprise the balance sheet as at December 31, 2016, the statement of continuity for the year then ended, 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, the financial information presents fairly, in all material respects, the balance sheet for the trust funds of the Corporation of the Municipality of Northern Bruce Peninsula as at December 31, 2016 and the statement of continuity for the year then ended in accordance with Canadian public sector accounting standards.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Owen Sound, Ontario
May 8, 2017

The Corporation of the Municipality of Northern Bruce Peninsula
Trust Funds
Balance Sheet

December 31, 2016

Assets	Total	JC Buckley Memorial Youth Fund	Cemetery Perpetual Care and Maintenance
Cash	\$ 64,246	\$ 989	\$ 63,257
Investments, at cost (Note 2)	137,566	7,240	130,326
Due from general account	4,287	-	4,287
	\$ 206,099	\$ 8,229	\$ 197,870
Liabilities			
Due to general account	\$ 304	\$ -	\$ 304
Fund balance	205,795	8,229	197,566
	\$ 206,099	\$ 8,229	\$ 197,870

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

**The Corporation of the Municipality of Northern Bruce Peninsula
Statement of Continuity**

For the year ended December 31, 2016

	Total	JC Buckley Memorial Youth Fund	Cemetery Perpetual Care and Maintenance
Balance, beginning of the year	\$ 198,525	\$ 8,076	\$ 190,449
Receipts			
Bank interest	3,287	153	3,134
Care and maintenance	7,117	-	7,117
	10,404	153	10,251
Expenses			
Transfer to municipality	3,134	-	3,134
Balance, end of the year	\$ 205,795	\$ 8,229	\$ 197,566

**The Corporation of the Municipality of Northern Bruce Peninsula
Trust Funds
Notes to Financial Information**

December 31, 2016

1. Summary of Significant Accounting Policies

Management Responsibility	The management of the Corporation of the Municipality of Northern Bruce Peninsula has prepared and is responsible for the integrity, objectivity and accuracy of the financial information. Council reviews and approves the financial information.
Basis of Accounting	<p>The financial information has been prepared in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board of Chartered Professional Accountants of Canada as prescribed by the 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>
Basis of Consolidation	These trust funds have not been consolidated with the financial statements of the Corporation of the Municipality of Northern Bruce Peninsula.
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.

2. Investments

The total of investments of \$137,566 (2015 - \$134,812) reported on the balance sheet at cost have a market value of \$137,566 (2015 - \$134,812) at the end of the year.
