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**THE CORPORATION OF  
THE VILLAGE OF SUNDRIDGE**

**CONSOLIDATED FINANCIAL STATEMENTS**

**DECEMBER 31, 2016**

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**THE CORPORATION OF THE VILLAGE OF SUNDRIDGE**  
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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 Village of Sundridge

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

*Grant Thornton LLP*

North Bay, Canada  
June 14, 2017

Chartered Professional Accountants  
Licensed Public Accountants

**THE CORPORATION OF THE VILLAGE OF SUNDRIDGE**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2016**

|  | 2016                 | 2015                 |
|--|----------------------|----------------------|
| <b>FINANCIAL ASSETS</b>                            |                      |                      |
| Cash and cash equivalents                          | \$ 2,081,052         | \$ 1,926,979         |
| Taxes receivable                                   | 409,537              | 317,501              |
| Accounts receivable                                | 139,487              | 146,641              |
| Investment in Lakeland Holding Ltd. (Note 4)       | 1,687,574            | 1,584,275            |
|  | <b>4,317,650</b>     | <b>3,975,396</b>     |
| <b>LIABILITIES</b>                                 |                      |                      |
| Accounts payable and accrued liabilities           | 516,926              | 419,673              |
| Deferred revenue-general (Note 5)                  | 7,340                | 6,145                |
| Deferred revenue-obligatory reserve funds (Note 6) | 33,699               | 5,171                |
| Municipal debt (Note 7)                            | 1,878,304            | 1,961,925            |
| Tangible capital leases (Note 8)                   | 1,635                | -                    |
| Long-term commitments                              | -                    | 9,615                |
| Employee benefits payable (Note 9)                 | 45,573               | 81,655               |
|  | <b>2,483,477</b>     | <b>2,484,184</b>     |
| <b>NET FINANCIAL ASSETS</b>                        | <b>1,834,173</b>     | <b>1,491,212</b>     |
| <b>NON-FINANCIAL ASSETS</b>                        |                      |                      |
| Tangible capital assets - net (Note 12)            | 11,768,398           | 11,930,186           |
| Inventories of supplies                            | 7,431                | 6,710                |
| Prepaid expenses                                   | 4,467                | 21,720               |
|  | <b>11,780,296</b>    | <b>11,958,616</b>    |
| <b>ACCUMULATED SURPLUS (Note 13)</b>               | <b>\$ 13,614,469</b> | <b>\$ 13,449,828</b> |

Contingencies (Notes 2 and 11)  
Contractual Obligations (Note 10)

APPROVED ON BEHALF OF COUNCIL:

\_\_\_\_\_ Mayor

**THE CORPORATION OF THE VILLAGE OF SUNDRIDGE**  
**CONSOLIDATED STATEMENT OF OPERATIONS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

|  | Budget<br>2016<br><i>(see Note 16)</i> | Actual<br>2016   | Actual<br>2015   |
|--|--|------------------|------------------|
| <b>REVENUE</b>   |  |                  |                  |
| Property taxes   | \$ 1,926,902                           | \$ 1,937,371     | \$ 1,860,657     |
| User charges   | 34,587                                 | 31,588           | 52,092           |
| Government transfers   | 670,519                                | 623,019          | 641,506          |
| Lakeland Holding Ltd. - share of income,<br>net of dividends <i>(Note 4)</i> | -                                      | 97,563           | 101,849          |
| Other  | 226,829                                | 243,812          | 257,637          |
| <b>TOTAL REVENUE</b>   | <b>2,858,837</b>                       | <b>2,933,353</b> | <b>2,913,741</b> |
| <b>EXPENSES</b>  |  |                  |                  |
| General government   | 493,711                                | 599,706          | 446,360          |
| Protection to persons and property   | 397,887                                | 360,160          | 393,471          |
| Transportation services  | 562,862                                | 546,550          | 540,933          |
| Environmental services   | 617,609                                | 620,622          | 631,279          |
| Health services  | 240,176                                | 227,803          | 230,956          |
| Social and family services   | 83,670                                 | 83,640           | 83,924           |
| Recreation and cultural services   | 327,196                                | 310,430          | 323,917          |
| Planning and development   | 84,166                                 | 25,537           | 19,046           |
| <b>TOTAL EXPENSES</b>  | <b>2,807,277</b>                       | <b>2,774,448</b> | <b>2,669,886</b> |
| <b>ANNUAL SURPLUS</b>  | <b>51,560</b>                          | <b>158,905</b>   | <b>243,855</b>   |

The accompanying notes are an integral part of these financial statements

**THE CORPORATION OF THE VILLAGE OF SUNDRIDGE**  
**CONSOLIDATED STATEMENT OF ACCUMULATED SURPLUS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

|  | Budget<br>2016<br><i>(see Note 16)</i> | Actual<br>2016       | Actual<br>2015       |
|--|--|----------------------|----------------------|
| Accumulated surplus, beginning of year   | \$ 13,449,828                          | \$ 13,449,828        | \$ 13,204,735        |
| Annual surplus   | 51,560                                 | 158,905              | 243,855              |
| Lakeland Holding Ltd. - share of change in other<br>comprehensive income <i>(Note 4)</i> | -                                      | 5,736                | 1,238                |
| <b>ACCUMULATED SURPLUS, END OF YEAR</b>  | <b>\$ 13,501,388</b>                   | <b>\$ 13,614,469</b> | <b>\$ 13,449,828</b> |

The accompanying notes are an integral part of these financial statements

**THE CORPORATION OF THE VILLAGE OF SUNDRIDGE**  
**CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

|   | Budget<br>2016<br><i>(see Note 16)</i> | Actual<br>2016      | Actual<br>2015      |
|---|--|---------------------|---------------------|
| Annual surplus  | \$ 51,560                              | \$ 158,905          | \$ 243,855          |
| Lakeland Holding Ltd. - share of change in other comprehensive income | -                                      | 5,736               | 1,238               |
| Acquisition of tangible capital assets                                | (677,702)                              | (262,076)           | (245,645)           |
| Contributed tangible capital assets                                   | -                                      | (6,220)             | (7,780)             |
| Accumulated amortization-contributed tangible capital assets          | -                                      | -                   | 51                  |
| Amortization of tangible capital assets                               | 408,610                                | 408,795             | 402,430             |
| Loss on disposal of tangible capital assets                           | -                                      | 21,140              | 58,792              |
| Proceeds from disposal of tangible capital assets                     | -                                      | 149                 | -                   |
| Change in supplies inventories  | -                                      | (721)               | (292)               |
| Change in prepaid expenses  | -                                      | 17,253              | 1,935               |
| <b>Increase (decrease) in net financial assets</b>                    | <b>(217,532)</b>                       | <b>342,961</b>      | <b>454,584</b>      |
| <b>Net financial assets, beginning of year</b>                        | <b>1,491,212</b>                       | <b>1,491,212</b>    | <b>1,036,628</b>    |
| <b>Net financial assets, end of year</b>                              | <b>\$ 1,273,680</b>                    | <b>\$ 1,834,173</b> | <b>\$ 1,491,212</b> |

The accompanying notes are an integral part of these financial statements



**THE CORPORATION OF THE VILLAGE OF SUNDRIDGE**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

|  | 2016                | 2015                |
|--|---------------------|---------------------|
| <b>Operating transactions</b>                                  |                     |                     |
| Annual surplus   | \$ 158,905          | \$ 243,855          |
| Non-cash charges to operations:                                |                     |                     |
| Amortization   | 408,795             | 402,430             |
| Loss on disposal of tangible capital assets                    | 21,140              | 58,792              |
| Change in employee benefits payable                            | (36,082)            | (29,884)            |
| Lakeland Holding Ltd. - share of income net of dividends       | (97,563)            | (101,849)           |
|  | 455,195             | 573,344             |
| Changes in non-cash items:                                     |                     |                     |
| Taxes receivable   | (92,036)            | 55,811              |
| Accounts receivable  | 7,154               | 1,065,437           |
| Inventories held for resale                                    | -                   | 4,103               |
| Accounts payable and accrued liabilities                       | 97,253              | (762,313)           |
| Deferred revenue-general                                       | 1,195               | (18,252)            |
| Deferred revenue-obligatory reserve funds                      | 28,528              | 403                 |
| Inventories of supplies  | (721)               | (292)               |
| Prepaid expenses   | 17,253              | 1,935               |
|  | 58,626              | 346,832             |
| Cash provided by operating transactions                        | 513,821             | 920,176             |
| <b>Capital transactions</b>                                    |                     |                     |
| Acquisition of tangible capital assets                         | (260,395)           | (245,645)           |
| Contributed tangible capital assets                            | (6,220)             | (7,780)             |
| Accumulated amortization - contributed tangible capital assets | -                   | 51                  |
| Proceeds from disposal of tangible capital assets              | 149                 | -                   |
| Cash applied to capital transactions                           | (266,466)           | (253,374)           |
| <b>Financing transactions</b>                                  |                     |                     |
| Decrease in temporary borrowing                                | -                   | (457,940)           |
| Debt principal repayments                                      | (83,621)            | (81,445)            |
| Tangible capital lease repayments                              | (46)                | -                   |
| Decrease in long-term commitments                              | (9,615)             | (9,245)             |
| Cash applied to financing transactions                         | (93,282)            | (548,630)           |
| <b>Net change in cash and cash equivalents</b>                 | <b>154,073</b>      | <b>118,172</b>      |
| <b>Cash and cash equivalents, beginning of year</b>            | <b>1,926,979</b>    | <b>1,808,807</b>    |
| <b>Cash and cash equivalents, end of year</b>                  | <b>\$ 2,081,052</b> | <b>\$ 1,926,979</b> |
| <b>Cash flow supplementary information:</b>                    |                     |                     |
| Cash paid for interest   | \$ 66,787           | \$ 76,119           |
| Non-cash capital and financing transactions-capital lease      | \$ 1,681            | \$ -                |

The accompanying notes are an integral part of these financial statements

# THE CORPORATION OF THE VILLAGE OF SUNDRIDGE

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2016

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The consolidated financial statements of the Corporation of the Village of Sundridge (the "Municipality") are the responsibility of management and have been prepared in accordance with Canadian generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. A summary of significant accounting policies is provided in Note 1. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

Management maintains a system of internal controls to provide reasonable assurance that reliable financial information is produced. The internal controls are designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements.

### 1. SIGNIFICANT ACCOUNTING POLICIES

Significant aspects of the accounting policies adopted by the Municipality are as follows:

(a) Reporting Entity

These consolidated statements reflect the assets, liabilities, revenue, expenses and accumulated surplus of the reporting entity. The reporting entity is comprised of all committees of Council and the boards, joint boards and municipal enterprises for which Council is politically accountable as follows:

(i) Proportionally consolidated entities

The following joint boards and committees are proportionally consolidated:

- Fire
- Medical Centre
- Recreation
- Arena and Hall
- Library
- Building Committee
- Economic Development

Inter-organizational transactions and balances between these organizations are eliminated.

(ii) Modified equity accounting

Government business enterprises are accounted for by the modified equity method. Under this method the business enterprises' accounting principles are not adjusted to conform with those of the Municipality and inter-organizational transactions and balances are not eliminated. The following government business enterprise is included in these financial statements: Lakeland Holding Ltd.

(iii) Non-consolidated entities

The following joint boards are not consolidated:

- North Bay Parry Sound District Health Unit
- Parry Sound District Social Services Administration Board
- District of Parry Sound (East) Home for the Aged

(iv) Accounting for school board transactions

The taxation, other revenue, expenses, assets and liabilities with respect to the operations of the school boards are not reflected in these consolidated financial statements.

# THE CORPORATION OF THE VILLAGE OF SUNDRIDGE

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2016

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- (v) Trust funds  
Trust funds administered by the Municipality are not included in these consolidated financial statements, but are reported separately on the trust funds financial statements.

(b) Basis of Accounting

- (i) Accrual basis of accounting  
Revenue and expenses are reported on the accrual basis of accounting. Revenue is recognized in the year in which it is earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

- (ii) Cash and cash equivalents  
Cash and cash equivalents include cash on hand, balances with financial institutions and short-term deposits with original maturities of three months or less.

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

(a) Tangible capital assets

Tangible capital assets are recorded at cost, which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Tangible capital assets received as donations are recorded at their fair value at the date of receipt, and that fair value is also recorded as revenue. The cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Land improvements - 20 years  
Buildings - 20 to 50 years  
Machinery, equipment and furniture - 5 to 20 years  
Vehicles - 7 to 30 years  
Roads - 10 to 60 years  
Wastewater infrastructure- 80 years

One half of the annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

Interest related to the acquisition of capital assets is not capitalized, but is expensed in the year incurred.

(b) Inventories of supplies

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

(iv) Reserves and reserve funds

Certain amounts, as approved by Council, are set aside in reserves and reserve funds for future operating and capital purposes. Balances related to these funds are included in the accumulated surplus of the Consolidated Statement of Financial Position.

## THE CORPORATION OF THE VILLAGE OF SUNDRIDGE

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2016

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- (v) Government transfers  
Government transfers are recognized in the financial statements as revenue 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 Consolidated Statement of Operations as the stipulation liabilities are settled.
- (vi) Deferred revenue  
Revenue restricted by legislation, regulation or agreement and not available for general municipal purposes is reported as deferred revenue on the Consolidated Statement of Financial Position. The revenue is reported on the Consolidated Statement of Operations in the year in which it is used for the specified purpose.
- (vii) Taxation and related revenue  
Tax rates are established annually by Council, incorporating amounts to be raised for local services and amounts the Municipality is required to collect on behalf of the Province of Ontario in respect of education taxes. Property tax billings are prepared by the Municipality based on assessment rolls, supplementary assessment rolls and other assessment adjustments issued by the Municipal Property Assessment Corporation ("MPAC"). Taxation revenue is initially recorded at the time assessment information is received from MPAC and is subsequently adjusted based on management's best estimate of the amount of tax revenue resulting from assessment adjustments that have not yet been received from MPAC. The Municipality is entitled to collect interest and penalties on overdue taxes. This revenue is recorded in the period the interest and penalties are levied.
- (viii) Pensions and employee benefits  
The Municipality accounts for its participation in the Ontario Municipal Employee Retirement System (OMERS), a multi-employer public sector pension fund, as a defined contribution plan. Obligations for sick leave and employee retirement gratuities under employee benefits payable are accrued as the employees render the services necessary to earn the benefits.
- (ix) Use of estimates  
The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the period. These estimates and assumptions are based on management's historical experience, best knowledge of current events and actions that the Municipality may undertake in the future. Significant accounting estimates include valuation allowances for taxes and accounts receivable, employee benefits payable, estimated useful lives of tangible capital assets and supplementary taxes. Actual results could differ from these estimates.

# THE CORPORATION OF THE VILLAGE OF SUNDRIDGE

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2016

### 2. CONTRIBUTIONS TO UNCONSOLIDATED JOINT BOARDS

Further to Note 1(a)(iii), the following contributions were made by the Municipality to these boards:

|  | 2016              | 2015              |
|--|-------------------|-------------------|
| District of Parry Sound Social Services Administration Board | \$ 47,270         | \$ 47,645         |
| North Bay Parry Sound District Health Unit                   | 32,275            | 31,642            |
| District of Parry Sound (East) Home for the Aged             | 32,000            | 31,909            |
|  | <b>\$ 111,545</b> | <b>\$ 111,196</b> |

The Municipality is contingently liable for its share, if any, of the accumulated deficits as at the end of the year for these boards. The Municipality's share of the accumulated surpluses (or deficits) of these boards has not been determined at this time.

The Municipality is also contingently liable for its share, if any, of the long-term liabilities issued by other municipalities for these boards. The Municipality's share of these long-term liabilities has not been determined at this time.

### 3. TRANSACTIONS ON BEHALF OF OTHERS

(a) During the year, \$327,646 of taxation was collected on behalf of school boards (2015 \$306,465).

(b) The Municipality administers the High Rock Look-out trust fund. This fund was established in 1967 for the purposes of providing a picnic area and community gathering place for the citizens of the Sundridge area. This endowment fund is to be held in perpetuity, and any interest earnings derived therefrom are to be used to maintain the park. The balance of the trust is \$35,970 (2015 \$38,587). As this balance is held in trust by the Municipality for the benefit of others, it not presented as part of the Municipality's financial position or operations.

# THE CORPORATION OF THE VILLAGE OF SUNDRIDGE

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2016

### 4. INVESTMENT IN LAKELAND HOLDING LTD.

Lakeland Holding Ltd. is a municipally owned government business enterprise. Two of its subsidiaries produce and distribute hydro electric power to users in Bracebridge, Huntsville, Sundridge, Burk's Falls, Magnetawan and Parry Sound. A third subsidiary sells utility related products and services. The Municipality holds a 3.75% ownership in the common shares of Lakeland Holding Ltd.

Condensed financial information in respect to Lakeland Holding Ltd. is provided below.

|   | 2016           | 2015          |
|---|----------------|---------------|
| <b>Consolidated Statement of Financial Position</b>   |                |               |
| Assets  |                |               |
| Current Assets  | \$ 20,074,484  | \$ 14,487,417 |
| Non-Current Assets  | 84,594,774     | 68,142,332    |
| Total Assets  | 104,669,258    | 82,629,749    |
| Regulatory Deferral Account Balances and Related Deferred Taxes                                       | 1,494,016      | 836,163       |
| Total Assets and Regulatory Deferral Account Balances   | 106,163,274    | 83,465,912    |
| Liabilities   |                |               |
| Current Liabilities   | 20,314,912     | 9,301,006     |
| Non-Current Liabilities   | 40,846,393     | 31,920,076    |
| Total Liabilities   | 61,161,305     | 41,221,082    |
| Shareholder's Equity  | 45,001,969     | 42,244,830    |
| Total Liabilities and Equity  | \$ 106,163,274 | \$ 83,465,912 |
| Municipality's investment   | \$ 1,687,574   | \$ 1,584,275  |
| <b>Consolidated Statement of Comprehensive Income</b>   |                |               |
| Total operating revenue   | \$ 56,674,994  | \$ 55,123,522 |
| Total operating expenses  | (51,116,378)   | (48,632,278)  |
| Other income and expenses   | (627,423)      | (1,142,972)   |
| Provision for payments in lieu of taxes   | (1,035,089)    | (1,385,908)   |
| Net movement in regulatory deferral account balances  | 333,059        | 80,484        |
| Profit for the year and net movements in regulatory deferral account balances                         | 4,229,163      | 4,042,848     |
| Other comprehensive income, net of income tax   | 152,976        | 33,257        |
| Total comprehensive income for the year   | \$ 4,382,139   | \$ 4,076,105  |
| Municipality's share of profit for the year and net movements in regulatory deferral account balances | \$ 158,425     | \$ 151,589    |
| Less: dividends received from Lakeland Holding Ltd.   | (60,862)       | (49,740)      |
| Municipality's share of income, net of dividends  | 97,563         | 101,849       |
| Add:  |                |               |
| Municipality's share of other comprehensive income, net of income tax                                 | 5,736          | 1,238         |
| Increase in Municipality's investment   | \$ 103,299     | \$ 103,087    |

## THE CORPORATION OF THE VILLAGE OF SUNDRIDGE

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2016

#### 5. DEFERRED REVENUE-GENERAL

In 2014 the Municipality received funding from the Make a Splash For Stacey Foundation to be used towards the future maintenance of the splashpad. In May 2015, the Municipality agreed to assume responsibility for maintenance of the splashpad, and transferred accumulated funding to a reserve earmarked for this purpose.

The Sundridge and District Medical Centre has an ongoing Rural and Northern Physicians Group Agreement with the Ministry of Health and Long-term Care. Payments received under this agreement are recognized in revenue as the related expenditures are incurred.

Details of the deferred revenue reported on the Consolidated Statement of Financial Position are as follows:

|                                       | 2016            | 2015            |
|---------------------------------------|-----------------|-----------------|
| Balance, beginning of year:           |                 |                 |
| Medical Centre                        | \$ 4,530        | \$ 3,278        |
| Splashpad                             | -               | 9,816           |
| Other                                 | 1,615           | 11,303          |
|                                       | <u>6,145</u>    | <u>24,397</u>   |
| Received during the year:             |                 |                 |
| Medical Centre                        | 127,500         | 124,531         |
| Splashpad                             | -               | 6,310           |
| Other                                 | 10,516          | 4,071           |
|                                       | <u>138,016</u>  | <u>134,912</u>  |
| Recognized in revenue during the year | (136,821)       | (149,994)       |
| Repaid during the year                | -               | (3,170)         |
|                                       | <u>7,340</u>    | <u>6,145</u>    |
| <b>Balance, end of year</b>           | <b>\$ 7,340</b> | <b>\$ 6,145</b> |
| Medical Centre                        | \$ 4,278        | \$ 4,530        |
| Other deferred revenue                | 3,062           | 1,615           |
| <b>Balance, end of year</b>           | <b>\$ 7,340</b> | <b>\$ 6,145</b> |

## THE CORPORATION OF THE VILLAGE OF SUNDRIDGE

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2016

#### 6. DEFERRED REVENUE-OBLIGATORY RESERVE FUNDS

The Municipality receives payments in lieu of parkland under the Planning Act, building permit revenue under the Building Code Act and federal gas tax funding under an agreement with the Association of Municipalities of Ontario. Legislation restricts how these funds may be used, and under certain circumstances, how these funds may be refunded.

In the case of payments in lieu of parkland, revenue recognition occurs when the Municipality has approved eligible expenditures for park and other public recreation purposes. Building permit revenue is recognized when applicable building expenditures are incurred. Gas tax revenue recognition occurs when the Municipality has approved the expenditures for eligible capital works.

Details of the deferred revenue-obligatory reserve funds reported on the Consolidated Statement of Financial Position are as follows:

|                                       | 2016             | 2015            |
|---------------------------------------|------------------|-----------------|
| Balance, beginning of year:           |                  |                 |
| Recreational land (the Planning Act)  | \$ 2,133         | \$ 2,126        |
| Building Code Act                     | 3,038            | 2,642           |
|                                       | <u>5,171</u>     | <u>4,768</u>    |
| Received during the year:             |                  |                 |
| Building Code Act                     | 11               | 396             |
| Federal Gas Tax                       | 59,894           | 57,042          |
| Interest earned                       | 10               | 7               |
|                                       | <u>59,915</u>    | <u>57,445</u>   |
| Recognized in revenue during the year | <u>(31,387)</u>  | <u>(57,042)</u> |
| <b>Balance, end of year</b>           | <b>\$ 33,699</b> | <b>\$ 5,171</b> |
| Recreational land (the Planning Act)  | \$ -             | \$ 2,133        |
| Building Code Act                     | 3,049            | 3,038           |
| Federal Gas Tax                       | 30,650           | -               |
| <b>Balance, end of year</b>           | <b>\$ 33,699</b> | <b>\$ 5,171</b> |



## THE CORPORATION OF THE VILLAGE OF SUNDRIDGE

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2016

#### 7. MUNICIPAL DEBT

(a) The balance of the municipal debt reported on the Consolidated Statement of Financial Position is made up of the following:

|   | 2016                | 2015                |
|---|---------------------|---------------------|
| Ontario Infrastructure and Lands Corporation loan, due November 2044, repayable in monthly payments of \$8,204 including interest calculated at 3.6%  | \$ 1,732,195        | \$ 1,767,593        |
| Ontario Infrastructure and Lands Corporation loan, due November 2019, repayable in monthly payments of \$4,297 including interest calculated at 1.94% | 146,109             | 194,332             |
|   | <b>\$ 1,878,304</b> | <b>\$ 1,961,925</b> |

(b) Future estimated principal and interest payments on the municipal debt are as follows:

|              | Principal           | Interest            |
|--------------|---------------------|---------------------|
| 2017         | \$ 85,860           | \$ 64,156           |
| 2018         | 88,165              | 61,851              |
| 2019         | 86,242              | 59,478              |
| 2020         | 40,871              | 57,579              |
| 2021         | 42,367              | 56,084              |
| 2022 onwards | 1,534,799           | 721,359             |
|              | <b>\$ 1,878,304</b> | <b>\$ 1,020,507</b> |

(c) Total charges for the year for municipal debt which are reported in the financial statements are as follows:

|                    | 2016              | 2015              |
|--------------------|-------------------|-------------------|
| Principal payments | \$ 83,621         | \$ 81,445         |
| Interest           | 66,226            | 68,407            |
|                    | <b>\$ 149,847</b> | <b>\$ 149,852</b> |

## THE CORPORATION OF THE VILLAGE OF SUNDRIDGE

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2016

#### 8. TANGIBLE CAPITAL LEASES

In conjunction with the Corporation of the Township of Strong, the Municipality leases library equipment, which is accounted for on the Consolidated Statement of Financial Position at the present value of future minimum lease payments. Future minimum lease payments are as follows:

|   | 2016            | 2015        |
|---|-----------------|-------------|
| 2017  | \$ 312          | \$ -        |
| 2018  | 311             | -           |
| 2019  | 312             | -           |
| 2020  | 311             | -           |
| 2021  | 482             | -           |
| Total minimum lease payments  | 1,728           | -           |
| Less amount representing interest (2.02% incremental borrowing rate)) | (93)            | -           |
| <b>Present value of future minimum capital lease payments</b>         | <b>\$ 1,635</b> | <b>\$ -</b> |

Interest of \$6 (2015 NIL) relating to capital lease obligations has been reported on the Consolidated Statement of Operations.

#### 9. EMPLOYEE BENEFITS PAYABLE

- (a) Under the sick leave benefits plan, unused sick leave can accumulate to a prescribed maximum and qualifying employees may become entitled to a cash payment when they leave the Municipality's employment. The sick leave benefit liability estimates the use of accumulated sick leave prior to retirement, as well as any lump-sum payments upon retirement, and assumes that both the appropriate discount rate and future salary and wage levels will increase by 2% per annum. The liability for these accumulated days amounted to \$23,236 (2015 \$32,135) at the end of the year.
- (b) Under the retirement gratuity plan, qualifying employees are entitled to a payout, upon retirement, based on length of service and rate of pay. The retirement gratuity liability estimates the lump-sum payments upon retirement, and assumes that both the appropriate discount rate and future salary and wage levels will increase by 2% per annum. The liability for the retirement gratuity is estimated at \$22,337 (2015 \$49,520) at the end of the year.

#### 10. CONTRACTUAL OBLIGATIONS

In conjunction with the Corporation of the Township of Strong, the Municipality committed to the purchase of a fire pumper truck for the Sundridge-Strong Fire Department from Carrier Centres Inc. - Metalfab at a cost of \$368,543, with the Municipality's share being 50%. The vehicle was delivered in January 2017.

In 2016 the Municipality contracted D.M. Wills Associates to provide engineering services related to the rehabilitation of John Street for a contracted fee of \$88,070. To the end of the year, \$44,324 of services under this contract were performed. The balance of the work is expected to be completed in 2017.

**THE CORPORATION OF THE VILLAGE OF SUNDRIDGE**

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2016

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11. CONTINGENCIES

The Municipality is involved from time to time in litigation, which arises in the normal course of business. With respect to outstanding claims, the Municipality believes that insurance coverage is adequate, and that no material exposure exists on the eventual settlement of such litigation. Therefore, no provision has been made in the accompanying financial statements.

# THE CORPORATION OF THE VILLAGE OF SUNDRIDGE

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2016

### 12. TANGIBLE CAPITAL ASSETS

The tangible capital assets of the Municipality by major asset class are outlined below.

| <b>2016</b>                                 |                            |                   |                         |                   |                     |                           |                           |                      |
|---|----------------------------|-------------------|-------------------------|-------------------|---------------------|---------------------------|---------------------------|----------------------|
|   | Land and Land Improvements | Buildings         | Machinery and Equipment | Vehicles          | Roads and Bridges   | Wastewater Infrastructure | Assets Under Construction | TOTAL                |
| <b>COST</b>                                 |                            |                   |                         |                   |                     |                           |                           |                      |
| Balance, beginning of year                  | \$ 1,813,055               | \$ 1,634,661      | \$ 775,847              | \$ 494,200        | \$ 4,299,557        | \$ 8,710,105              | \$ 24,474                 | \$ 17,751,899        |
| Additions and betterments                   | -                          | 31,308            | 119,554                 | -                 | 46,356              | 41,206                    | 23,652                    | 262,076              |
| Contributed assets                          | -                          | -                 | 6,220                   | -                 | -                   | -                         | -                         | 6,220                |
| Disposals and writedowns                    | (1,601)                    | (25,290)          | (40,069)                | -                 | (162)               | -                         | -                         | (67,122)             |
| <b>BALANCE, END OF YEAR</b>                 | <b>1,811,454</b>           | <b>1,640,679</b>  | <b>861,552</b>          | <b>494,200</b>    | <b>4,345,751</b>    | <b>8,751,311</b>          | <b>48,126</b>             | <b>17,953,073</b>    |
| <b>ACCUMULATED AMORTIZATION</b>             |                            |                   |                         |                   |                     |                           |                           |                      |
| Balance, beginning of year                  | 393,029                    | 715,452           | 411,183                 | 216,906           | 3,298,545           | 786,598                   | -                         | 5,821,713            |
| Annual amortization                         | 62,049                     | 35,798            | 46,601                  | 27,109            | 125,064             | 112,174                   | -                         | 408,795              |
| Amortization disposals                      | -                          | (8,183)           | (37,488)                | -                 | (162)               | -                         | -                         | (45,833)             |
| <b>BALANCE, END OF YEAR</b>                 | <b>455,078</b>             | <b>743,067</b>    | <b>420,296</b>          | <b>244,015</b>    | <b>3,423,447</b>    | <b>898,772</b>            | <b>-</b>                  | <b>6,184,675</b>     |
| <b>TANGIBLE CAPITAL ASSETS-NET</b>          | <b>\$ 1,356,376</b>        | <b>\$ 897,612</b> | <b>\$ 441,256</b>       | <b>\$ 250,185</b> | <b>\$ 922,304</b>   | <b>\$ 7,852,539</b>       | <b>\$ 48,126</b>          | <b>\$ 11,768,398</b> |
| <b>2015</b>                                 |                            |                   |                         |                   |                     |                           |                           |                      |
|   | Land and Land Improvements | Buildings         | Machinery and Equipment | Vehicles          | Roads and Bridges   | Wastewater Infrastructure | Assets Under Construction | TOTAL                |
| <b>COST</b>                                 |                            |                   |                         |                   |                     |                           |                           |                      |
| Balance, beginning of year                  | \$ 1,807,686               | \$ 1,664,061      | \$ 766,429              | \$ 520,083        | \$ 4,277,524        | \$ 8,595,655              | \$ 27,788                 | \$ 17,659,226        |
| Additions and betterments                   | 17,050                     | -                 | 42,073                  | 3,727             | 43,871              | 114,450                   | 24,474                    | 245,645              |
| Contributed assets                          | -                          | -                 | 7,370                   | 410               | -                   | -                         | -                         | 7,780                |
| Disposals and writedowns                    | (21,858)                   | (29,400)          | (40,025)                | (30,020)          | (21,838)            | -                         | (17,611)                  | (160,752)            |
| Transfer between classes                    | 10,177                     | -                 | -                       | -                 | -                   | -                         | (10,177)                  | -                    |
| <b>BALANCE, END OF YEAR</b>                 | <b>1,813,055</b>           | <b>1,634,661</b>  | <b>775,847</b>          | <b>494,200</b>    | <b>4,299,557</b>    | <b>8,710,105</b>          | <b>24,474</b>             | <b>17,751,899</b>    |
| <b>ACCUMULATED AMORTIZATION</b>             |                            |                   |                         |                   |                     |                           |                           |                      |
| Balance, beginning of year                  | 331,661                    | 698,492           | 402,111                 | 217,840           | 3,195,693           | 675,395                   | -                         | 5,521,192            |
| Annual amortization                         | 61,368                     | 36,071            | 40,935                  | 29,035            | 123,818             | 111,203                   | -                         | 402,430              |
| Accumulated amortization-contributed assets | -                          | -                 | -                       | 51                | -                   | -                         | -                         | 51                   |
| Amortization disposals                      | -                          | (19,111)          | (31,863)                | (30,020)          | (20,966)            | -                         | -                         | (101,960)            |
| <b>BALANCE, END OF YEAR</b>                 | <b>393,029</b>             | <b>715,452</b>    | <b>411,183</b>          | <b>216,906</b>    | <b>3,298,545</b>    | <b>786,598</b>            | <b>-</b>                  | <b>5,821,713</b>     |
| <b>TANGIBLE CAPITAL ASSETS-NET</b>          | <b>\$ 1,420,026</b>        | <b>\$ 919,209</b> | <b>\$ 364,664</b>       | <b>\$ 277,294</b> | <b>\$ 1,001,012</b> | <b>\$ 7,923,507</b>       | <b>\$ 24,474</b>          | <b>\$ 11,930,186</b> |

# THE CORPORATION OF THE VILLAGE OF SUNDRIDGE

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2016

### 13. ACCUMULATED SURPLUS

The 2016 continuity of accumulated surplus reported on the Consolidated Statement of Financial Position is as follows:

|  | Balance<br>Beginning<br>of Year | Annual<br>Surplus<br>(Deficit) | Balance<br>End of Year |
|--|---------------------------------|--------------------------------|------------------------|
| <b>RESERVES AND RESERVE FUNDS</b>                    |                                 |                                |                        |
| Working capital                                      | \$ 57,929                       | \$ (57,929)                    | \$ -                   |
| General government retirement gratuity               | 42,145                          | (24,248)                       | 17,897                 |
| Fire   | 130,746                         | -                              | 130,746                |
| GIS  | 6,000                           | (6,000)                        | -                      |
| Roads capital and construction                       | 1,187,719                       | (5,222)                        | 1,182,497              |
| Roads retirement gratuity                            | 4,345                           | 550                            | 4,895                  |
| Sidewalks  | 2,394                           | (2,394)                        | -                      |
| Wastewater   | 475,879                         | (29,388)                       | 446,491                |
| Medical Centre interest                              | 25,163                          | -                              | 25,163                 |
| Historical book                                      | 14,695                          | (14,695)                       | -                      |
| Splashpad  | 16,127                          | -                              | 16,127                 |
| Parks and recreation                                 | 90,323                          | 23,473                         | 113,796                |
| Special events, triathlon and sunflower<br>festival  | 8,596                           | 2,344                          | 10,940                 |
| Official Plan  | 15,000                          | -                              | 15,000                 |
| Message Board  | 6,548                           | 8,000                          | 14,548                 |
| Fire Department retirement gratuity                  | 2,500                           | (2,500)                        | -                      |
| Arena  | 6,556                           | 800                            | 7,356                  |
| Library  | 4,129                           | -                              | 4,129                  |
|  | <b>2,096,794</b>                | <b>(107,209)</b>               | <b>1,989,585</b>       |
| <b>OTHER</b>   |                                 |                                |                        |
| Consolidated tangible capital assets                 | 11,930,186                      | (161,788)                      | 11,768,398             |
| General operating surplus (deficit)-<br>Municipality | (110,393)                       | 206,982                        | 96,589                 |
| Arena  | 16,040                          | (22,794)                       | (6,754)                |
| Library  | 1,315                           | 556                            | 1,871                  |
| Central Almaguin Economic Development<br>Association | 2,629                           | (1,106)                        | 1,523                  |
| Medical Centre                                       | (17,823)                        | 19,018                         | 1,195                  |
| Equity in Lakeland Holding Ltd.                      | 1,584,275                       | 103,299                        | 1,687,574              |
| Unfunded amounts -<br>Municipal debt                 | (1,961,925)                     | 83,621                         | (1,878,304)            |
| Tangible capital leases                              | -                               | (1,635)                        | (1,635)                |
| Long-term commitments                                | (9,615)                         | 9,615                          | -                      |
| Employee benefits payable                            | (81,655)                        | 36,082                         | (45,573)               |
|  | <b>\$ 13,449,828</b>            | <b>\$ 164,641</b>              | <b>\$ 13,614,469</b>   |

# THE CORPORATION OF THE VILLAGE OF SUNDRIDGE

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year Ended December 31, 2016

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### 14. SEGMENT DISCLOSURES AND EXPENSES BY OBJECT

The Municipality and its Boards and Committees provide a wide range of services to its citizens. The schedule of segment disclosure provides a breakdown of the annual surplus (deficit) reported on the Consolidated Statement of Operations by major reporting segment. The segments correspond to the major functional categories used in the Municipality's Financial Information Return, which include the following activities:

#### General Government

This segment includes Council, Clerk's Department, and Treasury. This area supports the operating departments in implementing priorities of Council and provides strategic leadership on issues relating to governance, strategic planning and service delivery.

#### Protection to Persons and Property

This segment includes fire, police, building inspection, and bylaw enforcement. Police services are provided by the Ontario Provincial Police under contract.

#### Transportation Services

Transportation services include roadway systems and winter control.

#### Environmental Services

This segment includes solid waste management and sanitary sewers.

#### Health Services

This segment includes cemeteries, ambulance services as well as payments to the district health unit.

#### Social and Family Services

This segment consists primarily of payments made to the district social services administration board and home for the aged for the provision of social services such as childcare, social housing, general assistance and assistance to the elderly.

#### Recreation and Culture

This segment includes parks, recreation programs, recreation facilities and library services.

#### Planning and Development

This segment includes activities related to planning, zoning and economic development.

#### Unallocated Amounts

Items are recorded as unallocated amounts when there is no reasonable basis for allocating them to a segment. Major items included in this category are property taxation and related penalty and interest charges, and the municipality's annual Ontario Municipal Partnership fund unconditional grant.

In the preparation of segmented financial information, some allocation of expenses is made. This generally includes charges of rent, machinery and administrative time to specific segments.

# THE CORPORATION OF THE VILLAGE OF SUNDRIDGE

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2016

### 14. SEGMENT DISCLOSURES AND EXPENSES BY OBJECT (continued)

FOR THE YEAR ENDED DECEMBER 31, 2016

|  | General<br>Government | Protection to<br>Persons and<br>Property | Transportation<br>Services | Environmental<br>Services | Health<br>Services | Social and<br>Family<br>Services | Recreation<br>and<br>Cultural Services | Planning<br>and<br>Development | Unallocated<br>Amounts | Consolidated      |
|--|-----------------------|--|----------------------------|---------------------------|--------------------|----------------------------------|--|--------------------------------|------------------------|-------------------|
| <b>REVENUE</b>   |                       |  |                            |                           |                    |                                  |  |                                |                        |                   |
| Property taxes   | \$ -                  | \$ -                                     | \$ -                       | \$ 441,131                | \$ -               | \$ -                             | \$ -                                   | \$ -                           | \$ 1,496,240           | \$ 1,937,371      |
| User charges   | 2,258                 | 744                                      | -                          | 11,474                    | -                  | -                                | 16,503                                 | 609                            | -                      | 31,588            |
| Government transfers -                                       |                       |  |                            |                           |                    |                                  |  |                                |                        |                   |
| Canada   | -                     | 239                                      | 32,407                     | -                         | 106                | -                                | 2,648                                  | 7,454                          | 2,649                  | 45,503            |
| Ontario  | 11,879                | 4,855                                    | 25,000                     | 8,168                     | 127,753            | -                                | 7,876                                  | -                              | 369,200                | 554,731           |
| Other municipalities   | -                     | 19,672                                   | 2,396                      | -                         | -                  | -                                | 717                                    | -                              | -                      | 22,785            |
| Lakeland Holding Ltd. -<br>share of income, net of dividends | -                     | -  | -                          | -                         | -                  | -                                | -                                      | -                              | 97,563                 | 97,563            |
| Loss on disposal of capital assets                           | -                     | (1,511)                                  | (5,653)                    | (3,602)                   | -                  | -                                | (10,374)                               | -                              | -                      | (21,140)          |
| Other  | 8,988                 | 8,800                                    | 2,072                      | 4,445                     | 40,839             | -                                | 79,006                                 | 83                             | 120,719                | 264,952           |
| <b>TOTAL REVENUE</b>   | <b>23,125</b>         | <b>32,799</b>                            | <b>56,222</b>              | <b>461,616</b>            | <b>168,698</b>     | <b>-</b>                         | <b>96,376</b>                          | <b>8,146</b>                   | <b>2,086,371</b>       | <b>2,933,353</b>  |
| <b>EXPENSES</b>  |                       |  |                            |                           |                    |                                  |  |                                |                        |                   |
| Salaries, wages and benefits                                 | 447,970               | 80,599                                   | 171,862                    | 13,601                    | 46,574             | -                                | 103,126                                | 9,126                          | -                      | 872,858           |
| Long-term debt charges (interest)                            | -                     | -  | -                          | 66,226                    | 385                | -                                | 6                                      | -                              | -                      | 66,617            |
| Materials  | 70,619                | 38,219                                   | 106,108                    | 81,909                    | 16,864             | -                                | 107,121                                | 2,796                          | -                      | 423,636           |
| Contracted services  | 74,795                | 215,781                                  | 79,144                     | 328,096                   | 117,247            | -                                | 43,486                                 | 10,463                         | -                      | 869,012           |
| Rents and financial expenses                                 | 2,041                 | 1,000                                    | -                          | -                         | 5,960              | -                                | 313                                    | 247                            | -                      | 9,561             |
| External transfers   | 2,974                 | -  | -                          | -                         | 32,275             | 81,070                           | 7,350                                  | 300                            | -                      | 123,969           |
| Interfunctional adjustments                                  | (8,308)               | 1,500                                    | (7,608)                    | 2,793                     | 3,648              | -                                | 7,975                                  | -                              | -                      | -                 |
| Amortization   | 9,615                 | 23,061                                   | 197,044                    | 127,997                   | 4,850              | 2,570                            | 41,053                                 | 2,605                          | -                      | 408,795           |
| <b>TOTAL EXPENSES</b>  | <b>599,706</b>        | <b>360,160</b>                           | <b>546,550</b>             | <b>620,622</b>            | <b>227,803</b>     | <b>83,640</b>                    | <b>310,430</b>                         | <b>25,537</b>                  | <b>-</b>               | <b>2,774,448</b>  |
| <b>ANNUAL SURPLUS (DEFICIT)</b>                              | <b>\$ (576,581)</b>   | <b>\$ (327,361)</b>                      | <b>\$ (490,328)</b>        | <b>\$ (159,006)</b>       | <b>\$ (59,105)</b> | <b>\$ (83,640)</b>               | <b>\$ (214,054)</b>                    | <b>\$ (17,391)</b>             | <b>\$ 2,086,371</b>    | <b>\$ 158,905</b> |

# THE CORPORATION OF THE VILLAGE OF SUNDRIDGE

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2016

### 14. SEGMENT DISCLOSURES AND EXPENSES BY OBJECT (continued)

#### FOR THE YEAR ENDED DECEMBER 31, 2015

|  | General<br>Government | Protection to<br>Persons and<br>Property | Transportation<br>Services | Environmental<br>Services | Health<br>Services | Social and<br>Family<br>Services | Recreation<br>and<br>Cultural Services | Planning<br>and<br>Development | Unallocated<br>Amounts | Consolidated      |
|--|-----------------------|--|----------------------------|---------------------------|--------------------|----------------------------------|--|--------------------------------|------------------------|-------------------|
| <b>REVENUE</b>   |                       |  |                            |                           |                    |                                  |  |                                |                        |                   |
| Property taxes   | \$ -                  | \$ -                                     | \$ -                       | \$ 399,199                | \$ -               | \$ -                             | \$ -                                   | \$ -                           | \$ 1,461,458           | \$ 1,860,657      |
| User charges   | 600                   | 475                                      | 6,750                      | 9,724                     | -                  | -                                | 27,738                                 | 6,730                          | 75                     | 52,092            |
| Government transfers -                                       |                       |  |                            |                           |                    |                                  |  |                                |                        |                   |
| Canada   | -                     | -  | -                          | 57,042                    | -                  | -                                | 1,750                                  | 5,246                          | -                      | 64,038            |
| Ontario  | 4,840                 | 24,568                                   | 26,034                     | 9,108                     | 123,279            | -                                | 8,831                                  | 2,401                          | 347,200                | 546,261           |
| Other municipalities   | -                     | 25,453                                   | 2,390                      | -                         | -                  | -                                | 3,364                                  | -                              | -                      | 31,207            |
| Lakeland Holding Ltd. -<br>share of income, net of dividends | -                     | -  | -                          | -                         | -                  | -                                | -                                      | -                              | 101,849                | 101,849           |
| Loss on disposal of capital assets                           | -                     | (1,078)                                  | (40,103)                   | -                         | (17,611)           | -                                | -                                      | -                              | -                      | (58,792)          |
| Other  | 10,810                | 19,737                                   | 10,685                     | 2,394                     | 47,682             | -                                | 99,638                                 | 59                             | 125,424                | 316,429           |
| <b>TOTAL REVENUE</b>   | <b>16,250</b>         | <b>69,155</b>                            | <b>5,756</b>               | <b>477,467</b>            | <b>153,350</b>     | <b>-</b>                         | <b>141,321</b>                         | <b>14,436</b>                  | <b>2,036,006</b>       | <b>2,913,741</b>  |
| <b>EXPENSES</b>  |                       |  |                            |                           |                    |                                  |  |                                |                        |                   |
| Salaries, wages and benefits                                 | 302,033               | 91,369                                   | 157,697                    | 8,911                     | 45,914             | -                                | 109,394                                | 3,074                          | -                      | 718,392           |
| Long-term debt charges (interest)                            | -                     | -  | -                          | 68,407                    | 755                | -                                | -                                      | -                              | -                      | 69,162            |
| Materials  | 62,566                | 37,164                                   | 127,034                    | 92,918                    | 18,306             | -                                | 123,158                                | 1,180                          | -                      | 462,326           |
| Contracted services  | 79,536                | 239,913                                  | 67,998                     | 324,274                   | 125,387            | -                                | 38,747                                 | 10,685                         | -                      | 886,540           |
| Rents and financial expenses                                 | 2,003                 | 898                                      | 299                        | 6,792                     | 1,548              | -                                | 607                                    | 246                            | -                      | 12,393            |
| External transfers   | 3,710                 | -  | -                          | -                         | 31,642             | 81,354                           | -                                      | 1,937                          | -                      | 118,643           |
| Interfunctional adjustments                                  | (12,244)              | 1,500                                    | (7,942)                    | 3,324                     | 3,648              | -                                | 11,714                                 | -                              | -                      | -                 |
| Amortization   | 8,756                 | 22,627                                   | 195,847                    | 126,653                   | 3,756              | 2,570                            | 40,297                                 | 1,924                          | -                      | 402,430           |
| <b>TOTAL EXPENSES</b>  | <b>446,360</b>        | <b>393,471</b>                           | <b>540,933</b>             | <b>631,279</b>            | <b>230,956</b>     | <b>83,924</b>                    | <b>323,917</b>                         | <b>19,046</b>                  | <b>-</b>               | <b>2,669,886</b>  |
| <b>ANNUAL SURPLUS (DEFICIT)</b>                              | <b>\$ (430,110)</b>   | <b>\$ (324,316)</b>                      | <b>\$ (535,177)</b>        | <b>\$ (153,812)</b>       | <b>\$ (77,606)</b> | <b>\$ (83,924)</b>               | <b>\$ (182,596)</b>                    | <b>\$ (4,610)</b>              | <b>\$ 2,036,006</b>    | <b>\$ 243,855</b> |



## THE CORPORATION OF THE VILLAGE OF SUNDRIDGE

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2016

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15. RELATED PARTY TRANSACTIONS

During the normal course of operations, the Municipality received dividends of \$60,862 (2015 \$49,740) and purchased power in the amount of \$141,688 (2015 \$118,204) from Lakeland Holding Ltd. All related party transactions are recorded at their exchange amount, which is the amount of consideration established and agreed to by the related parties, which approximates the arm's length equivalent value.

16. BUDGET FIGURES

The budget adopted for the current year was prepared on a modified accrual basis, and has been restated to conform with the accounting and reporting standards applicable to the actual results. A reconciliation of the adopted and reported budgets is presented below.

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|  | Budget           |
|--|------------------|
| <b>ADOPTED BUDGET:</b>   |                  |
| Increase in general municipal operating surplus  | \$ 110,393       |
| Decrease in unfinanced capital - Medical Centre  | 3,840            |
| Decrease in municipal reserves and reserve funds   | (214,985)        |
| Decrease in board and joint board general operating surplus and reserves and reserve funds | (21,499)         |
| <b>ADJUSTMENTS:</b>  |                  |
| Acquisition of tangible capital assets   | 677,702          |
| Amortization of tangible capital assets  | (408,610)        |
| Increase in municipal debt   | (104,896)        |
| Decrease in long-term commitments  | 9,615            |
| <b>ANNUAL SURPLUS</b>  | <b>\$ 51,560</b> |

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## THE CORPORATION OF THE VILLAGE OF SUNDRIDGE

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2016

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17. PENSION AGREEMENTS

The Municipality makes contributions to the Ontario Municipal Employee Retirement Fund (OMERS), which is a multi-employer plan, on behalf of certain members of its staff. The 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. Each year an independent actuary determines the funding status of OMERS Primary Pension Plan (the Plan) by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial valuation of the Plan was conducted at December 31, 2016. The results of this valuation disclosed total actuarial liabilities of \$87,554 million with respect to benefits accrued for service with actuarial assets at that date of \$81,834 million indicating an actuarial deficit of \$5,720 million. Because OMERS is a multi-employer plan, any Plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Municipality does not recognize any share of the Plan surplus or deficit.

The amount contributed to OMERS for 2016 was \$31,636 (2015 \$28,836) for current service and is included as an expense on the Consolidated Statement of Operations.

18. COMPARATIVE FIGURES

Certain prior year figures presented for comparative purposes have been reclassified to conform to the presentation adopted for the current year.