



Staff Report

Finance and IT Services

Report To: Committee of the Whole
Meeting Date: May 14, 2018
Report Number: FAF.18.55
Subject: 2017 Unaudited Financial Statements
Prepared by: Ruth Prince, Director of Finance and IT Services

A. Recommendations

THAT Council receive staff report FAF.18.55, entitled “2017 Unaudited Financial Statements” for information purposes.

B. Overview

This report presents the 2017 Unaudited Financial Statements of the Town.

C. Background

The 2017 Unaudited Financial Statements were prepared by the staff and management of the Town of The Blue Mountains and provided to KPMG for audit review on March 26, 2018. The financial statements are prepared in accordance with the Canadian Public Sector Accounting Standards published by the Canadian Institute of Chartered Accountants, and include the following:

- Consolidated Statement of Financial Position;
- Consolidated Statement of Operations and Accumulated Surplus;
- Consolidated Statement of Changes in Net Financial Assets; and
- Consolidated Statement of Cash Flows.

The financial statements are unaudited and all estimates are subject to change subsequent to the auditor’s final review.

D. Analysis

Based on the current audit scope and schedule, KPMG has indicated that the 2017 Draft Audited Financial Statements will be presented on June 4, 2018 to the Committee of the Whole. KPMG will communicate any matters arising from the financial statement audit as required under the Canadian Generally Accepted Auditing Standards. At the same time staff will also

present any changes or adjustments to the 2017 Unaudited Financial Statements as an outcome of the audit review.

E. The Blue Mountains Strategic Plan

Goal #4: Promote a Culture of Organizational and Operational Excellence
Objective #4: To Be a Financially Responsible Organization

F. Environmental Impacts

None.

G. Financial Impact

The following is a summary of some financial highlights from the 2017 Unaudited Financial Statements:

Accumulated Surplus

The unaudited accumulated surplus at December 31, 2017 as shown on the Consolidated Statement of Financial Position is \$208M, an increase of \$2.5M over an audited \$205.5M accumulated surplus in 2016. Below is a summarized breakdown of the accumulated surplus:

	2017	2016
Tangible capital assets at cost less amortization	\$ 175,897,096	\$ 177,949,115
Unfinanced capital assets	(2,494,951)	(2,771,209)
Capital assets financed by long-term liabilities	(4,546,913)	(5,144,597)
Unfunded post-employment benefits	(122,382)	(238,179)
Unfunded operating projects	(239,257)	(215,137)
Unfunded solid waste closure and post closure costs	(1,642,765)	(1,545,624)
General surplus	60,999	53,624
Recreation (Georgian Trail)	0	41,758
Blue Mountains Attainable Housing Corporation	236,540	0
Reserves and Reserve Funds (Attachment 2)	40,792,535	37,371,602
Accumulated surplus	\$ 207,940,902	\$ 205,501,353

Operating Results

The Town's 2017 year end position for taxation was a surplus of \$60,999. Staff is recommending to Council that this surplus be transferred to the Human Resources Reserve.

Staff wanted to note the legal costs that have been recorded in the Financial Statements over the past five years. These legal costs have been reviewed as part of our annual audit.

2017	2016	2015	2014	2013
\$ 422,878	\$ 374,925	\$ 247,714	\$ 222,908	\$ 93,600

Reserve and Reserve Funds

The Blue Mountains manages its resources to ensure current needs of its citizens are met without jeopardizing the ability for future generations to meet their own needs. Reserve and Reserve Fund management allows the Town to avoid issuance of debt for repair, rehabilitation, and replacement of existing assets where possible, build up funding for future liabilities and contingency funding for unexpected events. At the end of 2017, the Town's Reserve and Reserve Funds increased by \$3,420,933 over 2016. In 2017, Council approved Staff Report FAF.17.94 Reserve and Reserve Funds which changed/consolidated some of the funds.

Tangible Capital Assets

During the 2017 year the Town's Tangible Capital Asset (TCA) Net Book Value decreased by \$2,052,019. The amortization for 2017 was higher than the amount of new assets purchased in the year. For 2017 the Town had additions (less any disposals) of \$3,073,108 whereas amortization for the year was \$5,125,126.

2016 was a similar situation where amortization out-weighted current year purchases, and this type of trend is a cause for concern. In the Town's current Asset Management Plan \$38M in assets are deemed to be in Poor/Failing Condition. With additions lagging behind annual amortization that number will continue to climb each year. This creates a larger infrastructure hole that will need to be filled.

Another concern is new grants, such as the Ontario Community Infrastructure Fund (OCIF) and the Clean Water and Wastewater Fund (CWWF), which are based off of the Town's net book value of the assets; as they decrease so will the formula based grants.

The Town, at a minimum, should be striving to spend an amount equivalent to the annual amortization of the currently owned assets.

Condensed Consolidated Statement of Financial Position

The condensed consolidated statement of financial position highlights key figures such as cash, investments, long term debt, capital assets and accumulated surplus.

	2017	2016	% Change
A Financial Assets	\$ 60,608,330	\$ 51,354,012	15.27%
B Financial Liabilities	28,690,863	23,991,327	16.38%
C Net Financial Assets (A minus B)	31,917,467	27,362,685	14.27%
D Non-Financial Assets	176,023,435	178,138,668	(1.20)%
Accumulated Surplus (C plus D)	\$ 207,940,902	\$ 205,501,353	1.17%

Overall, the Town's accumulated surplus remains strong, with an increase of \$2,439,549 in 2017.

Net Financial Assets

The Town ended the year with a Net Financial Asset position of \$31.9 million, a \$4.5 million increase from the prior year. The following chart illustrates the five year trend in Net Financial Assets:

2017	2016	2015	2014	2013
\$ 31,917,467	\$ 27,362,685	\$ 24,740,299	\$ 21,265,742	\$ 17,521,759

Non-Financial Assets

Non-financial assets, primarily consisting of tangible capital assets, decreased by \$2.1 million in 2017. This figure reflects the Town's investment in capital infrastructure. The annual amortization is outpacing the value of new assets being added. The following chart illustrates the five year trend in Non-Financial Assets:

2017	2016	2015	2014	2013
\$ 176,023,435	\$ 178,138,668	\$ 179,595,308	\$ 162,153,565	\$ 160,336,247

Please note these are unaudited statements and all estimates are subject to change subsequent to auditor review.

H. In consultation with

Finance and IT Services Team

I. Attached

1. 2017 Unaudited Financial Statements
2. Reserve and Reserve Fund Break-Down
3. Water and Wastewater Additional Information

Respectfully Submitted,

Ruth Prince
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Consolidated Financial Information of

**THE CORPORATION OF THE
TOWN OF THE BLUE MOUNTAINS**

Year ended December 31, 2017

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**THE CORPORATION OF THE TOWN OF THE BLUE
MOUNTAINS**

Consolidated Financial Statements

Year ended December 31, 2017

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**THE CORPORATION OF THE TOWN OF THE BLUE
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Consolidated Statement of Financial Position

December 31, 2017, with comparative information for 2016

	2017	2016
Financial assets:		
Cash (note 2)	\$ 19,607,452	\$ 17,763,155
Temporary investments (note 3)	30,099,745	21,502,302
Taxes receivable	2,632,932	3,503,504
Trade and other receivables	3,766,386	3,664,831
Long-term receivables (note 4)	4,501,815	4,920,220
	<u>60,608,330</u>	<u>51,354,012</u>
Liabilities:		
Accounts Payable and accrued liabilities (note 5)	10,937,131	10,076,832
Solid waste closure and post-closure liabilities (note 7)	1,642,765	1,545,624
Post-employment benefits liabilities (note 14)	15,422	19,856
Deferred revenue (page 24)	11,548,632	7,203,166
Long-term liabilities (note 6)	4,546,913	5,145,849
	<u>28,690,863</u>	<u>23,991,327</u>
Net financial assets	31,917,467	27,362,685
Non-financial assets:		
Inventory of supplies	45,094	45,342
Prepaid expenses	81,245	144,211
Tangible capital assets (note 8)	175,897,096	177,949,115
	<u>176,023,435</u>	<u>178,138,668</u>
Accumulated surplus (note 9)	\$ 207,940,902	\$ 205,501,353

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

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**THE CORPORATION OF THE TOWN OF THE BLUE
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Consolidated Statement of Operations and Accumulated Surplus

Year ended December 31, 2017, with comparative information for 2016

	2017 Budget (note 10)	2017 Actual	2016 Actual
Revenue:			
Taxation	\$ 15,078,777	\$ 15,226,904	\$ 14,403,369
Fees and user charges	8,531,312	8,912,294	8,941,654
Grants (note 13)	1,814,799	2,241,381	1,872,387
Other income (note 11)	1,905,040	3,280,135	3,112,695
Obligatory reserve fund	2,074,515	1,876,992	714,318
Total revenue	\$ 29,404,443	\$ 31,537,706	\$ 29,044,423
Expenses:			
General government	3,443,600	4,069,688	3,484,361
Protection services	5,939,765	6,028,800	5,970,020
Transportation services	3,266,505	6,040,532	5,848,444
Waste management	1,555,650	1,873,404	1,825,788
Water and wastewater	4,264,635	5,772,732	5,997,625
Health services	122,215	100,554	116,783
Recreation and cultural services	2,876,335	3,558,594	3,266,206
Planning and development	1,762,400	1,653,853	1,369,450
Total expenses	23,231,105	29,098,157	27,878,677
Annual surplus	6,173,338	2,439,549	1,165,746
Accumulated surplus, beginning of year (note 9)	205,501,353	205,501,353	204,335,607
Accumulated surplus, end of year	\$ 211,674,691	\$ 207,940,902	\$ 205,501,353

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

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**THE CORPORATION OF THE TOWN OF THE BLUE
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Consolidated Statement of Changes in Net Financial Assets

Year ended December 31, 2017, with comparative information for 2016

	2017 Budget (note 10)	2017 Actual	2016 Actual
Annual surplus	\$ 6,173,338	\$ 2,439,549	\$ 1,165,746
Acquisition of tangible capital assets	(4,415,226)	(4,720,502)	(4,806,774)
Amortization of tangible capital assets	5,965,465	6,315,010	6,215,078
Loss on disposal of tangible capital assets	-	389,953	54,997
Proceeds on disposal of capital assets	-	67,558	46,731
	1,550,239	2,052,019	1,510,032
Change in inventory of supplies	-	248	(7,573)
Change in prepaid expenses	-	62,966	(45,819)
	-	63,214	(53,392)
Increase in net financial assets	7,723,577	4,554,782	2,622,386
Net financial assets, beginning of year	27,362,685	27,362,685	24,740,299
Net financial assets, end of year	\$ 35,086,262	\$ 31,917,467	\$ 27,362,685

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

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**THE CORPORATION OF THE TOWN OF THE BLUE
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Consolidated Statement of Cash Flows

Year ended December 31, 2017, with comparative information for 2016

	2017	2016
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 2,439,549	\$ 1,165,746
Items not involving cash:		
Change in solid waste closure and post-closure liabilities	97,141	(296,862)
Change in post-employment benefit liability	(4,434)	(3,993)
Amortization	6,315,010	6,215,078
Loss on disposal of tangible capital assets	389,953	54,997
	9,237,219	7,134,966
Change in non-cash working capital balances:		
Taxes receivable	870,572	67,005
Trade and other receivables	(101,555)	500,452
Prepaid expenses	62,966	(45,819)
Inventory of supplies	248	(7,573)
Accounts payable and accrued liabilities	860,299	(267,773)
Deferred revenue	4,345,466	3,729,115
Net change in cash from operating activities	15,275,215	11,110,373
Capital transactions:		
Cash used to acquire tangible capital assets	(4,720,502)	(4,806,774)
Proceeds on disposal of capital assets	67,558	46,731
Net change in cash from capital transactions	(4,652,944)	(4,760,043)
Investing activities:		
Increase in temporary investments	(8,597,443)	(1,071,017)
Decrease (increase) in long-term receivables	418,405	(880,878)
Net change from investing activities	(8,179,038)	(1,951,895)
Financing activities:		
Proceeds from debt issuance	-	984,953
Repayment of long-term liabilities	(598,936)	(306,840)
Net Change from financing activities	(598,936)	678,113
Net change in cash	1,844,297	5,076,548
Cash, beginning of year	17,763,155	12,686,607
Cash, end of year	\$ 19,607,452	\$ 17,763,155

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

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THE CORPORATION OF THE TOWN OF THE BLUE MOUNTAINS

Summary of Significant Accounting Policies

Year ended December 31, 2017

1. Significant accounting policies:

a) Basis of accounting:

The consolidated financial statements of The Corporation of the Town of The Blue Mountains (the "Town") are representations of management. They have been prepared in accordance with the Canadian public sector accounting standards as recommended by the Public Sector Accounting Board (PSAB).

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.

b) 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, post-employment benefits 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.

c) Basis of consolidation:

The consolidated statements reflect the assets, liabilities, revenues and expenses of all municipal organizations, 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.

The Blue Mountains Public Library Board	100%
Thornbury Business Improvement Area	100%
The Blue Mountains Attainable Housing Corporation	100%

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THE CORPORATION OF THE TOWN OF THE BLUE MOUNTAINS

Summary of Significant Accounting Policies (continued)

Year ended December 31, 2017

1. Significant accounting policies (continued):

d) Cash and cash equivalents:

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

e) Temporary investments:

Temporary investments are recorded at the lower of cost or market.

f) Long-term receivables:

Long-term receivables are recorded at cost.

g) Inventory of supplies:

Inventory held for consumption is recorded at the lower of cost and replacement cost.

h) Tangible capital assets are recorded at cost less accumulated amortization. Costs include all amounts that are directly attributable to the 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 Council. The following rates are used:

Asset	Useful Life - Years
Land improvements	10 to 50 years
Buildings	15 to 50 years
Machinery, equipment and vehicles	5 to 50 years
Water systems	20 to 100 years
Sewer systems	20 to 100 years
Roads	10 to 75 years

Tangible capital assets received as contributions are recorded at fair value at the date of receipt and are also recorded as revenue.

i) Post-employment benefits:

The municipality provides post-employment health and life insurance 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.

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

j) County and school board:

The municipality collects taxation revenue on behalf of the school boards and the County of Grey. The taxation, other revenues, expenses, assets and liabilities with respect to the operations of the school boards and the County of Grey are not reflected in these financial statements.

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**THE CORPORATION OF THE TOWN OF THE BLUE
MOUNTAINS**

Summary of Significant Accounting Policies (continued)

Year ended December 31, 2017

1. Significant accounting policies (continued):

k) 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.

l) Revenue recognition:

Revenues are recognized as follows:

- a. Tax levies are recognized as revenue when the amounts are levied on the municipality's ratepayers.
- b. Fines and donations are recognized when collected.
- c. 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 in the financial statements as revenues in the period in which events giving rise to the transfer occur, providing the transfers are authorized and eligibility criteria have been met and reasonable estimates of the amounts can be made.
- f. 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.

m) Liability for Contaminated Sites:

PS 3260 requires that a liability for a contaminated site be recognized when, as at the financial reporting date, all of the following criteria are met with respect to a site or partial site:

- a. An environmental standard exists;
- b. Contamination exceeds the environmental standard;
- c. The government:
 - I. Is directly responsible; or
 - II. Accepts responsibility;
- d. it is expected that future economic benefits will be given up; and
- e. a reasonable estimate of the amount can be made.

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**THE CORPORATION OF THE TOWN OF THE BLUE
MOUNTAINS**

Notes to Consolidated Financial Statements

Year ended December 31, 2017

2. Cash:

	2017		2016	
Unrestricted	\$	18,797,409	\$	17,145,585
Restricted		810,043		617,570
	\$	19,607,452	\$	17,763,155

The Town has established segregated interest-bearing bank accounts pursuant to agreements with developers and these funds are for the sole purpose of paying capital costs relating to specific developments.

Cash balances are earning interest at a rate of prime less 1.85%.

The municipality has an available operating facility of \$1,000,000 which was not drawn upon at December 31, 2017. The operating facility is due on demand and bears interest at the bank's prime rate less 0.75%.

3. Temporary investments:

	2017		2016	
Guaranteed Investment Certificates, 1.45% to 2.35%, due 2017	\$	30,099,745	\$	21,502,302
	\$	30,099,745	\$	21,502,302

Investments have a market value of \$30,099,745 (2016 - \$21,502,302) at the end of the year.

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THE CORPORATION OF THE TOWN OF THE BLUE MOUNTAINS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

4. Long-term receivables:

	2017	2016
Water and sewer loans, 5.5% to 18%, due to 2029	\$ 4,423,815	\$ 4,803,003
Tile drainage loans, 6% to 8%, due to 2016	-	1,252
Loan receivable, North East Grey Health Clinics Inc., interest free, due in full on or before December 31, 2020	78,000	104,000
Loan receivable, Marsh Street Community Centre interest free, due in full on or before August 31, 2022	-	11,965
	\$ 4,501,815	\$ 4,920,220

5. Accounts payable and accrued liabilities:

	2017	2016
Trade accounts payable	\$ 4,277,379	\$ 2,664,247
Accrued liabilities	488,759	985,320
Developer and other deposits	6,170,993	6,427,265
	\$ 10,937,131	\$ 10,076,832

6. Long-term liabilities:

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

	2017	2016
Loan payable, 5.11%, repayable in semi-annual principal instalments of \$40,000 plus interest, due 2031	\$ 1,120,000	\$ 1,200,000
Loan payable, 2%, repayable in blended semi-annual payments of \$128,000, due 2027	2,202,728	2,411,213
Loan payable, 3.58%, repayable in blended semi-annual payments of \$18,687, due 2037	530,532	548,431
Tile drainage loans payable, 6% to 8%, due 2016	-	1,252
Loan payable, 0%, due from 2017 to 2020, repayable in semi-annual principal instalments	693,653	984,953
	\$ 4,546,913	\$ 5,145,849

The interest expense included on the consolidated statements of operations and accumulated surplus totals \$145,362 (2016 - \$165,556).

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**THE CORPORATION OF THE TOWN OF THE BLUE
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Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

6. Long-term liabilities (continued):

Principal payments estimated for the next 5 fiscal years, and thereafter, if not demanded, are as follows:

2018	\$	658,110
2019		663,055
2020		321,285
2021		326,455
2022		331,737
Thereafter		2,246,271
		<hr/>
		\$4,546,913

7. 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, ongoing environmental monitoring, site inspection and maintenance.

The landfill post closure liability is based on the estimated remaining capacity of the site's opened cells. The remaining capacity of the site's opened cells are estimated at 202,580 cubic meters, which will be filled in 28 years (2044). Post-closure care is estimated to continue for a period of 50 years.

Site closure costs in 2044 are estimated at \$1,385,731. Post closure costs including monitoring and maintenance are estimated at approximately \$109,940 per year, or \$5,470,500 over the 50 year monitoring period. The liability for the landfill site is recorded at \$1,642,765 (2016 - \$1,545,624) and represents the present value of closure and post-closure costs for 64% of the site's capacity, using the municipality's average long-term borrowing rate of 4.23%.

The Town has a landfill reserve to help fund a portion of the liability. During 2017, there were no transfers to or from this reserve. The balance of this reserve at December 31, 2017 is \$273,858.

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THE CORPORATION OF THE TOWN OF THE BLUE MOUNTAINS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

8. Tangible capital assets

2017	Land	Land Improvements	Buildings	Machinery, equipment and vehicles	Water System	Sewer System	Roads	Work in progress	Total
Cost, beginning of year	\$21,580,064	\$10,300,650	\$27,402,849	\$28,222,620	\$44,392,648	\$60,564,105	\$85,351,798	\$1,859,456	\$279,674,190
Additions	270,904	53,808	446,776	1,493,852	574,709	114,656	1,057,912	707,885	4,720,502
Disposals	-	-	(13,977)	(545,245)	(30,393)	(48,080)	(960,303)	(49,397)	(1,647,395)
Transfers	-	-	229,702	44,620	30,349	(45)	858,934	(1,163,560)	-
Cost, end of year	21,850,968	10,354,458	28,065,350	29,215,847	44,967,313	60,630,636	86,308,341	1,354,384	282,747,297
Accumulated amortization, beginning of year	-	3,726,645	10,619,509	13,827,587	14,583,509	13,513,804	45,454,021	-	101,725,075
Amortization	-	492,360	715,085	1,395,978	754,867	941,206	2,015,514	-	6,315,010
Disposals	-	-	(2,516)	(496,970)	(30,396)	(48,080)	(611,922)	-	(1,189,884)
Accumulated amortization, end of year	-	4,219,005	11,332,078	14,726,595	15,307,980	14,406,930	46,857,613	-	106,850,201
Net carrying amount, end of year	\$21,850,968	\$6,135,453	\$16,733,272	\$14,489,252	\$29,659,333	\$46,223,706	\$39,450,728	\$1,354,384	\$175,897,096

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THE CORPORATION OF THE TOWN OF THE BLUE MOUNTAINS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

8. Tangible capital assets (continued):

2016	Land	Land Improvements	Buildings	Machinery, equipment and vehicles	Water System	Sewer System	Roads	Work in progress	Total
Cost, beginning of year	\$ 21,547,791	\$ 9,783,273	\$ 27,781,393	\$ 26,725,720	\$ 44,392,648	\$ 60,444,099	\$ 84,032,078	\$ 1,857,400	\$ 276,564,402
Additions	-	132,524	80,267	2,239,571	-	(9,953)	1,107,587	1,256,778	4,806,774
Disposals	-	-	(458,810)	(979,765)	-	-	(255,383)	(3,027)	(1,696,985)
Transfers	32,273	384,853	-	237,094	-	129,960	467,516	(1,251,696)	-
Cost, end of year	21,580,064	10,300,650	27,402,850	28,222,620	44,392,648	60,564,106	85,351,798	1,859,455	279,674,191
Accumulated amortization, beginning of year	-	3,247,189	10,361,648	13,429,763	13,980,812	12,771,224	43,314,619	-	97,105,255
Amortization	-	479,456	708,615	1,336,611	602,697	742,580	2,345,119	-	6,215,078
Disposals	-	-	(450,753)	(938,787)	-	-	(205,717)	-	(1,595,257)
Accumulated amortization, end of year	-	3,726,645	10,619,510	13,827,587	14,583,509	13,513,804	45,454,021	-	101,725,076
Net carrying amount, end of year	\$ 21,580,064	\$ 6,574,005	\$ 16,783,340	\$ 14,395,033	\$ 29,809,139	\$ 47,050,302	\$ 39,897,777	\$ 1,859,455	\$ 177,949,115

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**THE CORPORATION OF THE TOWN OF THE BLUE
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Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

8. Tangible capital assets (continued):

The net book value of tangible capital assets, not being amortized because they are under construction, is \$1,354,384 (2016 - \$1,859,455).

The Town holds various works of art and historical treasures. 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.

In 2017, zero interest (2016 - \$0) was capitalized to tangible capital assets during the year.

9. Accumulated surplus:

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

	2017	2016
Invested in tangible capital assets:		
Tangible capital assets at cost less amortization	\$ 175,897,096	\$ 177,949,115
Unfinanced tangible capital assets	(2,494,951)	(2,771,209)
Tangible capital assets financed by long-term liabilities and to be funded in future years (note 6)	(4,546,913)	(5,144,597)
Total invested in tangible capital assets	168,855,232	170,033,309
Unfunded vacation and post-employment benefits	(122,382)	(238,179)
Unfunded projects	(239,257)	(215,137)
Unfunded solid waste closure and post-closure costs	(1,642,765)	(1,545,624)
General surplus	60,999	53,624
Attainable Housing Corporation	236,540	
Recreation, community centres and arenas	-	41,758
	167,245,508	168,129,751
Reserves and reserve funds	40,792,535	37,371,602
Accumulated surplus	\$ 207,940,902	\$ 205,501,353

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**THE CORPORATION OF THE TOWN OF THE BLUE
MOUNTAINS**

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

9. Accumulated surplus (continued):

	2017	2016
Reserves:		
Working funds	\$ 2,437,742	\$ 2,424,900
Insurance, sick leaves and WSIB	380,222	321,637
Current purposes	2,908,203	2,108,233
Capital purposes	1,940,070	5,239,181
	<hr/> 7,666,237	<hr/> 10,093,951
Reserve Funds:		
Capital purposes	33,126,298	27,277,651
	<hr/> \$ 40,792,535	<hr/> \$ 37,371,602

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**THE CORPORATION OF THE TOWN OF THE BLUE
MOUNTAINS**

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

10. Budgets:

Under Canadian public sector accounting principles, budget amounts are to be reported on the consolidated statement of operations and changes in net debt for comparative purposes. The 2016 budget amounts approved by Council have been reclassified to conform to the presentation of the consolidated statements of operations and changes in net debt. The following is a reconciliation of the budget approved by Council.

	2017 Budget	2017 Actual	2016 Actual
Annual surplus	\$ 6,173,338	\$ 2,439,549	\$ 1,165,746
Amortization	5,965,465	6,315,010	6,215,078
Change in unfunded liabilities	-	(18,656)	(238,536)
Change in unfunded operating expenses	-	24,120	2,766
Change in other surpluses	-	(194,782)	57,901
	12,138,803	8,565,241	7,202,955
Net transfers to reserves	(1,188,409)	(3,420,933)	(1,951,432)
Tangible capital asset acquisitions, disposals and write-downs	(4,415,226)	(4,262,991)	(4,705,046)
Capital projects not funded	-	(276,258)	(1,846,278)
Proceeds from long-term liabilities	-	-	984,953
Long-term liabilities principal repayments	(361,830)	(597,684)	(301,713)
	6,173,338	7,375	(616,561)
Prior year general surplus		53,624	670,185
General surplus (note 9)	\$ 6,173,338	\$ 60,999	\$ 53,624
Revenues	29,404,443	31,537,706	29,044,423
Expenses	23,231,105	29,098,157	27,878,677
Annual surplus	\$ 6,173,338	\$ 2,439,549	\$ 1,165,746

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**THE CORPORATION OF THE TOWN OF THE BLUE
MOUNTAINS**

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

11. Other income:

	2017	2016
Working funds	\$ 413,535	\$ 489,570
Other fines and penalties	53,242	56,224
Investment income	660,420	572,608
Licenses, permits and rents	1,394,855	954,026
Donations	25,204	7,531
Developer contributions	22,508	196,473
Contributed capital assets	12,361	2,251
Loss on disposal of capital assets	(389,953)	(54,997)
Local Improvements	326,364	704,414
Other	761,599	184,595
	<hr/> \$ 3,280,135	<hr/> \$ 3,112,695

12. Government business partnerships:

The Town of The Blue Mountains, Town of Collingwood and the Municipality of Meaford have each approved that the Georgian Trail Board of Management be dissolved, and that the assets be distributed to the Municipalities. Each individual municipality will be responsible for the maintenance of the trail within their respective municipal boundaries in accordance with agreed upon specifications. The dissolution of the Georgian Trail Board of Management was completed in 2017.

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**THE CORPORATION OF THE TOWN OF THE BLUE
MOUNTAINS**

Notes to Financial Statements (continued)

Year ended December 31, 2017

13. Grants:

	2017	2016
Operating:		
Province of Ontario		
Ontario Municipal Partnership Fund (OMPF)	\$ 1,151,300	\$ 1,143,100
Conditional Roads	451,642	40,459
Other	213,618	166,531
	1,816,560	1,350,090
Government of Canada		
Other	98,996	14,922
Other municipalities		
Conditional Roads	3,888	11,781
Conditional Other	-	120,657
Total operating grants	\$ 1,919,444	\$ 1,497,450
Capital:		
Province Ontario		
Conditional Roads	\$ -	\$ 238,556
Conditional Sewer and Water	107,312	
Conditional Other	-	661
Government of Canada		
Conditional Sewer and Water	214,625	-
Conditional Other	-	135,720
Other municipalities		
Conditional other	-	-
Total capital grants	\$ 321,937	\$ 374,937
Total grants	\$ 2,241,381	\$ 1,872,387

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THE CORPORATION OF THE TOWN OF THE BLUE MOUNTAINS

Notes to Financial Statements (continued)

Year ended December 31, 2017

14. Post-employment benefit:

The Town provides certain retirement benefits to retired employees who met certain requirements upon retirement. The Town pays for the cost of extended health benefits and life insurance for the retired employees. The post-employment benefit at December 31 includes the following component:

	2017	2016
Retirement benefits	\$ 15,422	\$ 19,856

The assumptions used reflect management's best estimates. The post-employment benefit liability was determined using a discount rate of 3.69%. For health and life insurance costs, a 2.12% annual rate of increase was assumed for 2017 and forwards.

15. Pension agreements:

The municipality makes contributions to the Ontario Municipality Employees Retirement Systems Fund (OMERS), which is a multi-employer plan, on behalf of its staff. This plan is a defined benefit plan which specifies the amount of the retirement benefits to be received by the employees based on the length of service and rates of pay. Employees and employers contribute jointly to the plan. The employer amount contributed to OMERS on behalf of 94 members of staff for 2017 current service was \$759,032 (2016 - \$700,401). The contribution rate for 2017 was 9% to 14.6% and 9.2% to 15.8% for firefighters depending on age and income level (2016 – 9.3% to 15.9%).

OMERS is a multi-employer plan, therefore, any pension 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 OMERS pension surplus or deficit. The last available report for the OMERS plan was December 31, 2017. At that time, the plan reported a \$5.4 billion actuarial deficit (2016 - \$5.7 billion actuarial deficit).

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**THE CORPORATION OF THE TOWN OF THE BLUE
MOUNTAINS**

Notes to Financial Statements (continued)

Year ended December 31, 2017

16. Trust funds:

The trust funds administered by the municipality amounting to \$000,000 (2016 - \$342,822) have not been included in the consolidated statement of financial position nor have the operations been included in the consolidated statement of financial activities. At December 31, 2017 the trust fund balances are as follows:

	2017	2016
Cemetery Care and Maintenance funds	\$ 358,568	\$ 342,822

17. Contractual commitments:

- (a) The Town has entered into contracts totalling \$9,123,627 to upgrade and extend road, sewer and water services and purchase equipment. A total of \$6,625,273 remains to be spent. These commitments will be funded by municipal reserve funds, development charges, local improvement charges, government grants and long-term debt.
- (b) The Town has entered into agreements with various contractors for water, winter maintenance, garbage and recycling collection services for the following amounts:

2018	\$	940,540
2019		818,438
2020		819,330
2021		825,070
2022 - 2028		2,505,285
Total	\$	5,908,663

- (c) The Town has entered into lease agreements with various contractors for vehicles and equipment for the following amounts:

2018	\$	88,665
2019		85,944
2020		87,410
2021		87,477
2022		87,545
Total	\$	437,041

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**THE CORPORATION OF THE TOWN OF THE BLUE
MOUNTAINS**

Notes to Financial Statements (continued)

Year ended December 31, 2017

18. Subdivision agreements:

As part of various subdivision agreements, the Town has received letters of credit to cover developers' responsibilities in completing the projects as well as covering unpaid municipal levies. Letters of credit held by the Town at December 31, 2017 amount to \$10,240,842 (2016 - \$9,685,752).

19. Segmented information:

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

(a) General government:

This item relates to the revenues and expense that relate to the governance and operation of the municipality itself and cannot be directly attributed to a specific segment.

(b) Protection to persons and property services:

Protection is comprised of police services, fire protection, conversation authority, emergency measures, animal control and building and structural inspection. The police services work is to ensure the safety and protection of the citizens and their property. The fire department is responsible to provide fire suppression services, fire prevention program training and education. The members of the fire department consist of volunteers. Building and By-law services provides a number of services including By-law enforcement, maintenance and enforcement of building and construction codes and review of all property development plans through its application process.

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**THE CORPORATION OF THE TOWN OF THE BLUE
MOUNTAINS**

Notes to Financial Statements (continued)

Year ended December 31, 2017

19. Segmented information (continued):

(c) Transportation services:

Transportation is responsible for construction and maintenance of the municipality's roadways, bridges, parking areas and streetlighting.

(d) Waste management:

Waste management consists of providing solid waste collection, landfill and disposal services. It also consists of environmental initiatives.

(e) Water and wastewater:

Water and wastewater consist of providing collection, distribution and treatment services. It also ensures the municipality's water system meets all Provincial standards.

(f) Health services:

Health services include contributions to the operations of local cemeteries.

(g) Recreational and cultural services:

This service area provides services meant to improve the health and development of the Town's citizens. The Town operates and maintains parks and arenas. The municipality also provides library services and recreational programs.

(h) Planning and development:

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

The accounting policies of the segments are the same as those described in the summary of significant accounting policies. Amounts that are directly attributable to a number of segments have been allocated on a reasonable basis as follows:

- Taxation, payments-in-lieu, penalties and interest:

Allocated to those segments that are funded by these amounts based on the actual for the year.

- OMPF grants:

Allocated to segments based on the actuals for the year.

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THE CORPORATION OF THE TOWN OF THE BLUE MOUNTAINS

Notes to Financial Statements (continued)

Year ended December 31, 2017

19. Segmented information (continued):

2017	General government	Protection services	Transportation services	Waste management	Water and wastewater	Health Services	Recreation and cultural services	Planning and development	Total
Revenue									
Taxation	\$ 2,782,782	\$ 3,744,915	\$ 4,231,406	\$ 1,309,169	\$ -	\$ 70,438	\$ 2,169,666	\$ 918,528	\$ 15,226,904
Fees and user charges	41,283	255,758	31,915	571,873	6,642,868	15,401	794,711	558,485	8,912,294
Specific grants	-	10,542	586,943	134,232	321,937	-	34,827	1,600	1,090,081
OMPF grant	210,403	283,152	319,935	98,986	-	5,326	164,048	69,450	1,151,300
Other revenue	725,513	1,363,230	118,547	11,689	357,371	26,967	439,642	237,176	3,280,135
Transfers from obligatory reserve	384,042	77,921	128,484	-	355,269	-	929,900	1,376	1,876,992
	\$ 4,144,023	\$ 5,735,518	\$ 5,417,230	\$ 2,125,949	\$ 7,677,445	\$ 118,132	\$ 4,532,794	\$ 1,786,615	\$ 31,537,706
Expenses									
Salaries and benefits	\$ 2,413,246	\$ 2,265,675	\$ 1,540,872	\$ 307,424	\$ 1,596,284	\$ 36,514	\$ 1,972,494	\$ 973,327	\$ 11,105,836
Interest on debt	46,929	19,429	-	-	58,100	-	-	-	124,458
Materials and supplies	498,856	278,622	1,107,173	110,943	1,427,610	19,020	689,503	154,555	4,286,282
Contracted services	350,171	2,781,412	747,478	1,076,549	340,539	1,810	156,838	471,253	5,926,050
Other transfers	95,751	361,537	-	-	1,600	34,500	-	8,088	501,476
Rent and financials	224,579	46,207	64,091	45,427	260,282	4,094	150,236	44,129	839,045
Amortization	440,154	275,918	2,580,918	333,061	2,088,317	4,617	589,524	2,501	6,315,010
	\$ 4,069,686	\$ 6,028,800	\$ 6,040,532	\$ 1,873,404	\$ 5,772,732	\$ 100,555	\$ 3,558,595	\$ 1,653,853	\$ 29,098,157
Total Annual surplus (deficit)	\$ 74,337	\$ (293,282)	\$ (623,302)	\$ 252,545	\$ 1,904,713	\$ 17,577	\$ 974,199	\$ 132,762	\$ 2,439,549

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THE CORPORATION OF THE TOWN OF THE BLUE MOUNTAINS

Notes to Financial Statements (continued)

Year ended December 31, 2017

19. Segmented information (continued):

2016	General government	Protection services	Transportation services	Waste management	Water and wastewater	Health Services	Recreation and cultural services	Planning and development	Total
Revenue									
Taxation	\$ 2,474,036	\$ 3,828,442	\$ 4,152,628	\$ 1,298,512	\$ -	\$ 82,921	\$ 2,015,130	\$ 551,700	\$ 14,403,369
Fees and user charges	52,410	208,774	15,782	451,798	6,910,907	9,795	782,068	510,120	8,941,654
Specific grants	1,328	14,062	293,899	130,932	999	-	289,021	(954)	729,287
OMPF grant	196,348	303,838	329,567	103,054	-	6,581	159,927	43,785	1,143,100
Other revenue	1,001,187	961,605	256,441	25,472	805,635	23,726	38,586	43	3,112,695
Transfers from obligatory reserve	387,686	65,350	74,951	-	154,310	-	21,496	10,525	714,318
	\$ 4,112,995	\$ 5,382,071	\$ 5,123,268	\$ 2,009,768	\$ 7,871,851	\$ 123,023	\$ 3,306,228	\$ 1,115,219	\$ 29,044,423
Expenses									
Salaries and benefits	\$ 2,409,862	\$ 2,196,481	\$ 1,525,072	\$ 279,963	\$ 1,480,296	\$ 36,138	\$ 1,720,864	\$ 942,839	\$ 10,591,515
Interest on debt	51,541	17,630	-	-	63,034	-	-	634	132,839
Materials and supplies	23,097	314,743	1,015,563	125,757	1,967,285	28,609	705,318	117,941	4,298,313
Contracted services	436,736	2,795,906	718,105	1,057,785	150,188	5,389	114,537	295,569	5,574,215
Other transfers	34,820	348,999	-	-	1,000	35,000	(4,843)	5,088	420,064
Rent and financials	100,670	38,333	65,720	48,522	237,320	3,795	147,416	4,877	646,653
Amortization	427,635	257,928	2,523,984	313,761	2,098,502	7,852	582,914	2,502	6,215,078
	\$ 3,484,361	\$ 5,970,020	\$ 5,848,444	\$ 1,825,788	\$ 5,997,625	\$ 116,783	\$ 3,266,206	\$ 1,369,450	\$ 27,878,677
Annual surplus (deficit)	\$ 628,634	\$ (587,949)	\$ (725,176)	\$ 183,980	\$ 1,874,226	\$ 6,240	\$ 40,022	\$ (254,231)	\$ 1,165,746

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THE CORPORATION OF THE TOWN OF THE BLUE MOUNTAINS

Schedule of Deferred Revenue

Year ended December 31, 2017

	Opening	Contributions received	Investment Income	Revenue recognized	Ending
Obligatory reserve funds:					
Development Charges	\$ 4,812,081	\$ 5,541,670	\$ 78,548	\$ (962,136)	\$ 9,470,163
Recreational land	1,215,343	44,416	14,012	(253,746)	1,020,025
Parking revenues	32,071	-	403	-	32,474
Federal gas tax	470,560	199,665	4,677	(661,110)	13,792
	<u>\$ 6,530,055</u>	<u>\$ 5,785,751</u>	<u>\$ 97,640</u>	<u>\$ (1,876,992)</u>	<u>\$10,536,454</u>
Other:					
Provincial grants	\$ 5,369	\$ 11,508	\$ -	\$ (5,000)	\$ 11,877
STA	-	65,751	-	-	65,751
Harbour deposits	7,451	15,150	-	(10,650)	11,951
Developer contributions	309,830	31,945	-	(2,293)	339,482
Engineering fees	227,789	163,980	-	-	391,769
Other	122,672	328,979	-	(260,303)	191,348
	<u>\$ 673,111</u>	<u>\$ 617,313</u>	<u>\$ -</u>	<u>\$ (278,246)</u>	<u>\$ 1,012,178</u>
	<u>\$ 7,203,166</u>	<u>\$ 6,403,064</u>	<u>\$ 97,640</u>	<u>\$ (2,155,238)</u>	<u>\$ 11,548,632</u>

Reserves

Reserve	January 1, 2017	December 31, 2017	Change
Council	\$43,996.00	\$77,362.40	\$33,366.40
Town Working Capital	\$2,424,900.94	\$2,437,742.36	\$12,841.42
General Computer ¹	\$81,234.98	\$0.00	(\$81,234.98)
Workers Compensation	(\$9,040.74)	\$13,820.78	\$22,861.52
Insurance Deductible	\$330,678.07	\$366,400.74	\$35,722.67
Capital Replacement Levy	\$271,000.00	\$552,490.30	\$281,490.30
Human Resources	\$425,959.40	\$425,959.40	\$0.00
Year Over Year Roll Over	\$1,003,832.86	\$999,647.08	(\$4,185.78)
Legal	\$80,159.40	\$133,783.40	\$53,624.00
General Government NON GROWTH	\$37,272.08	\$37,272.08	\$0.00
Fire Capital ¹	\$37,762.18	\$0.00	(\$37,762.18)
Fire Master Plan Implementation ¹	\$100,000.00	\$0.00	(\$100,000.00)
Fire Fighter Equipment Replacement ¹	\$78,672.96	\$0.00	(\$78,672.96)
Fire & Rescue NON GROWTH ¹	\$7,250.00	\$0.00	(\$7,250.00)
Police	\$366,009.84	\$380,959.84	\$14,950.00
Roads ¹	\$1,890,681.55	\$0.00	(\$1,890,681.55)
Winter Control	\$375,223.17	\$362,343.50	(\$12,879.67)
Roads NON GROWTH ¹	\$7,886.58	\$0.00	(\$7,886.58)
Clarksburg Parking	\$6,185.60	\$6,185.60	\$0.00
Street Lighting Upgrade ¹	\$179,164.38	\$0.00	(\$179,164.38)
Water Rate Stabilization	\$479,820.21	\$552,536.21	\$72,716.00
Wastewater Rate Stabilization	\$243,760.65	\$166,398.97	(\$77,361.68)
Landfill Site ¹	\$155,175.55	\$0.00	(\$155,175.55)
Solid Waste Post-Closure ²	\$0.00	\$273,858.30	\$273,858.30
Waste Management EA ¹	\$186,611.37	\$0.00	(\$186,611.37)
Cemetery	\$46,043.46	\$46,053.28	\$9.82
Health Services	\$25,131.28	\$25,131.28	\$0.00
Parks Memorial Trees	\$7,193.67	\$9,092.00	\$1,898.33
Parks & Recreation NON GROWTH ¹	\$147,963.12	\$0.00	(\$147,963.12)
Harbour	\$135,446.49	\$194,524.25	\$59,077.76
Beaver Valley Community Centre ¹	\$61,334.71	\$0.00	(\$61,334.71)
Depot	\$39,487.93	\$39,487.93	\$0.00
Small Halls ¹	\$16,586.69	\$0.00	(\$16,586.69)
Library NON GROWTH	\$64,409.43	\$64,409.43	\$0.00
Attainable Housing	\$203,039.93	\$0.00	(\$203,039.93)
Planning Studies	\$130,755.29	\$95,782.28	(\$34,973.01)
Development Engineering	\$280,150.91	\$280,150.91	\$0.00
Comm. & Economic Development	\$59,712.00	\$59,712.00	\$0.00
Business Improvement Association	\$70,058.16	\$65,132.43	(\$4,925.73)
Total	\$10,091,510.10	\$7,666,236.75	(\$2,425,273.35)

¹ Closed as per Staff Report FAF.17.94

² Created as per Staff Report FAF.17.94

Obligatory Reserve Funds

Development Charges

Reserve Fund	January 1, 2017	December 31, 2017	Change
General Government	(\$577,156.44)	(\$289,787.47)	\$287,368.97
Fire and Rescue	(\$142,004.41)	\$276,916.10	\$418,920.51
Police	(\$59,843.77)	(\$14,956.96)	\$44,886.81
Public Works	\$465,957.07	\$700,354.74	\$234,397.67
Roads and Related Area	\$198,570.66	\$1,774,294.65	\$1,575,723.99
Thornbury East Water - Other	(\$216,350.87)	(\$216,105.91)	\$244.96
Thornbury West Water - Other	(\$809,839.92)	(\$619,575.71)	\$190,264.21
Craigleith Water Supply	\$975,410.03	\$996,656.24	\$21,246.21
Water - Clarksburg	\$21,884.60	\$22,229.57	\$344.97
Thornbury Water Supply	\$2,489,636.90	\$2,370,487.85	(\$119,149.05)
Craigleith Water - Other	\$843,500.76	\$977,815.75	\$134,314.99
Water - OSLER	\$3,598.52	\$3,643.76	\$45.24
Water - Camperdown	(\$32,930.83)	(\$33,253.40)	(\$322.57)
Water - Lora Bay	\$210,939.93	\$177,492.40	(\$33,447.53)
Thornbury West Sewer - Other	(\$836,982.84)	(\$677,982.59)	\$159,000.25
Thornbury East Sewer - Other	(\$82,274.91)	(\$82,745.38)	(\$470.47)
Sewer - Camperdown	\$57,804.16	\$58,806.56	\$1,002.40
Sewer - Lora Bay	(\$1,269,596.49)	(\$993,350.34)	\$276,246.15
Craigleith Sewer - Other	\$672,018.61	\$585,513.22	(\$86,505.39)
Sewer - Clarksburg	(\$396,837.76)	(\$401,826.75)	(\$4,988.99)
Sewer - Osler	\$1,358.99	\$1,376.08	\$17.09
Thornbury Sewer Capacity	\$4,985,883.00	\$5,368,495.55	\$382,612.55
Craigleith Sewer Capacity	(\$2,489,079.89)	(\$2,260,217.00)	\$228,862.89
Parks & Recreation	\$192,761.84	\$812,815.22	\$620,053.38
Library	\$605,655.98	\$933,070.17	\$327,414.19
Total Development Charges	\$4,812,082.92	\$9,470,166.35	\$4,658,083.43

Other Obligatory Reserve Funds

Reserve Fund	January 1, 2017	December 31, 2017	Change
Federal Gas Tax	\$470,559.61	\$13,792.23	(\$456,767.38)
Obligatory Cash In Lieu Parking	\$32,070.89	\$32,474.08	\$403.19
Blue Mountains Parkland Dedication	\$1,215,344.19	\$1,020,026.98	(\$195,317.21)
Total Other Obligatory	\$1,717,974.69	\$1,066,293.29	(\$651,681.40)
Total All Obligatory Reserve Funds	\$6,530,057.61	\$10,536,459.64	\$4,006,402.03

Total of all Obligatory Reserve Funds

Total All Obligatory Reserve Funds	\$6,530,057.61	\$10,536,459.64	\$4,006,402.03
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Discretionary Reserve Funds

Reserve	January 1, 2017	December 31, 2017	Change
Town Hall Reserve Fund ³	\$682,394.77	\$0.00	(\$682,394.77)
IT Asset Replacement ⁴	\$0.00	\$128,278.90	\$128,278.90
Fire Asset Replacement ⁴	\$0.00	\$300,865.67	\$300,865.67
Building Rate Stabilization Reserve Fund	\$378,078.15	\$1,035,574.38	\$657,496.23
Bridges & Culverts Asset Replacement	\$217,039.41	\$279,240.32	\$62,200.91
Roads Equipment Asset Replacement	\$806,436.87	\$776,571.09	(\$29,865.78)
Walkways ³	\$104,461.17	\$0.00	(\$104,461.17)
Gravel Pit Rehabilitation ³	\$16,865.43	\$0.00	(\$16,865.43)
Trunk Storm Sewers ³	\$93,559.23	\$0.00	(\$93,559.23)
Parking Lots	\$83,159.38	\$84,204.85	\$1,045.47
IPW Asset Replacement ⁴	\$0.00	\$2,728,895.59	\$2,728,895.59
Water Asset Replacement	\$8,322,443.50	\$9,186,985.90	\$864,542.40
Wastewater Asset Replacement	\$15,971,050.86	\$16,724,112.48	\$753,061.62
Waste Management ³	\$70,381.50	\$0.00	(\$70,381.50)
Solid Waste Asset Replacement ⁴	\$0.00	\$176,454.79	\$176,454.79
Community Services Asset Replacement ⁴	\$0.00	\$303,805.05	\$303,805.05
Parks Equipment ³	\$12,665.15	\$0.00	(\$12,665.15)
Shoreline Acq & Dev	\$136,120.92	\$493,961.89	\$357,840.97
Recreation Reserve ³	\$144,520.21	\$0.00	(\$144,520.21)
Library Bank Account	\$122,795.76	\$123,991.62	\$1,195.86
Library Legacy Capital	\$21,414.58	\$21,858.80	\$444.22
Library Asset Management ³	\$94,264.27	\$0.00	(\$94,264.27)
Facility Maintenance Asset Replacement ⁴	\$0.00	\$761,496.61	\$761,496.61
Total	\$27,277,651.16	\$33,126,297.94	\$5,848,646.78

³ Closed as per Staff Report FAF.17.94

⁴ Created as per Staff Report FAF.17.94

Water and Wastewater Statement of Operations

2017 Year End

	Budget	Actuals	Variance
Expenditures			
Operating Expenses	\$4,218,995	\$3,619,523	\$599,472
Inter-functional Transfers	\$670,013	\$620,615	\$49,398
Transfer to Reserves	\$58,712	\$83,682	(\$24,970)
Less: Non-User Rate Revenues	\$280,500	\$275,191	\$5,309
Net Expenditures	\$4,667,220	\$4,048,629	\$618,591
Costs Related to Asset Acquisition			
Debt Repayments	\$140,640	\$143,162	(\$2,522)
Transfers to Capital	\$29,500	\$27,628	\$1,872
Contributions to Asset Replacement RFs	\$2,391,556	\$2,553,310	(\$161,754)
Less: Development Charge & Reserve Revenue	\$955,429	\$436,959	\$518,470
Net Costs Related to Asset Acquisition	\$1,606,267	\$2,287,141	(\$680,874)
Amount Recovered from User Rates	\$6,273,487	\$6,395,861	(\$122,374)
2017 Operating Savings	\$0	\$60,091	\$0
Transfer to Asset Replacement RFs	\$0	\$60,091	\$0
2017 Operating Surplus	\$0	\$0	\$0

Note 19 Segmented Information Break-Down

Water and Wastewater Annual Surplus	\$1,904,715
Add: Amortization	\$2,088,317
Less: Debt Principal Payments	\$80,000
Inter-functional Transfers	\$620,615
Contributions to Asset Replacement RFs	\$2,553,310
Transfers to Capital	\$27,628
Transfers to Unfinanced	(\$5,062)
Net Transfers to Reserves	\$7,879
CWWF Grant Funding	\$321,937
Local Improvement Revenue	\$326,634
	\$60,091

Notes:

Water collected \$93,099 from Vacant Lots, this was transferred into the Water Asset Replacement Reserve Fund.

Wastewater collected \$61,352 from Vacant Lots, this was transferred into the Wastewater Asset Replacement Reserve Fund.