

Consolidated Financial Statements of

**THE CORPORATION OF THE
MUNICIPALITY OF HURON SHORES**

Year ended December 31, 2016

THE CORPORATION OF THE MUNICIPALITY OF HURON SHORES

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Year ended December 31, 2016

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Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of The Corporation of the Municipality of Huron Shores (the "Municipality") are the responsibility of the Municipality's management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of The Chartered Professional Accountants of Canada. A summary of the significant accounting policies are described in Note 1 to the consolidated financial statements. 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.

The Municipality's Management maintains a system of internal controls 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. These systems are monitored and evaluated by Management.

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

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

Chief Administrative Officer

Treasurer



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Sault Ste. Marie ON P6A 6L6
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INDEPENDENT AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers of
The Corporation of the Municipality of Huron Shores

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

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' 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 our 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, we consider 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 consolidated financial position of The Corporation of the Municipality of Huron Shores as at December 31, 2016, and its consolidated results of operations, its consolidated changes in net financial assets, and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

May 10, 2017

Sault Ste. Marie, Canada

THE CORPORATION OF THE MUNICIPALITY OF HURON SHORES

Consolidated Statement of Financial Position

December 31, 2016, with comparative information for 2015

	2016	2015
Financial assets		
Cash	\$ 38,133	\$ 146,837
Investments (note 3)	3,171,020	2,531,165
Taxes receivable	818,449	772,605
Accounts receivable (note 4)	627,864	1,333,050
	<u>4,655,466</u>	<u>4,783,657</u>
Financial liabilities		
Accounts payable and accrued liabilities	371,861	256,093
Deferred revenue - general (note 6)	33,199	464,449
Deferred revenue - obligatory reserve funds (note 7)	471,077	361,262
Long-term liabilities (note 12)	423,188	148,419
Landfill closure and post-closure care liability (note 9)	669,381	659,376
Employee benefits and other liabilities (note 8)	25,809	23,352
	<u>1,994,515</u>	<u>1,912,951</u>
Net financial assets	2,660,951	2,870,706
Non-financial assets		
Tangible capital assets (note 11)	12,784,548	11,577,334
Prepaid expenses	30,395	118,512
	<u>12,814,943</u>	<u>11,695,846</u>
Accumulated surplus (note 15)	<u>\$ 15,475,894</u>	<u>\$ 14,566,552</u>

The accompanying notes are an integral part of this consolidated financial statement.

THE CORPORATION OF THE MUNICIPALITY OF HURON SHORES

Consolidated Statement of Operations and Accumulated Surplus

Year ended December 31, 2016, with comparative information for 2015

	Budget (note 18)	2016	2015
Revenues:			
Taxation (note 2)	\$ 2,819,359	\$ 2,836,426	\$ 2,662,318
User charges	90,203	97,838	122,367
Government transfers (note 16)	2,354,276	2,102,357	2,469,564
Other:			
Investment income	62,000	56,825	72,280
Penalties and interest on taxes	130,000	144,757	131,478
Donations and other	123,389	76,654	43,829
Total revenues	5,579,227	5,314,857	5,501,836
Expenses:			
Current operations:			
General government	958,589	951,662	907,223
Protection to persons and property	753,452	712,844	668,542
Transportation services	1,602,527	1,435,958	1,364,525
Environmental services	310,977	243,382	225,479
Health services	405,952	399,348	393,113
Social and family services and housing	446,592	446,592	442,703
Recreational and cultural services	183,204	153,290	163,932
Library services	47,321	41,174	48,813
Planning and development	30,500	21,265	33,228
Total expenses	4,739,114	4,405,515	4,247,558
Annual surplus	840,113	909,342	1,254,278
Accumulated surplus, beginning of year	14,566,552	14,566,552	13,312,274
Accumulated surplus, end of year	\$ 15,406,665	\$ 15,475,894	\$ 14,566,552

The accompanying notes are an integral part of this consolidated financial statement.

THE CORPORATION OF THE MUNICIPALITY OF HURON SHORES

Consolidated Statement of Change in Net Financial Assets

Year ended December 31, 2016, with comparative information for 2015

	Budget (note 18)	2016	2015
Annual surplus	\$ 840,113	\$ 909,342	\$ 1,254,278
Acquisition of tangible capital assets	(1,745,853)	(1,745,853)	(1,377,098)
Amortization of tangible capital assets	495,793	495,793	473,821
Loss on disposal of tangible capital assets	42,846	42,846	-
	(367,101)	(297,872)	351,001
Change in prepaid expenses	-	88,117	2,749
Change in net financial assets	(367,101)	(209,755)	353,750
Net financial assets, beginning of year	2,870,706	2,870,706	2,516,956
Net financial assets, end of year	\$ 2,503,605	\$ 2,660,951	\$ 2,870,706

The accompanying notes are an integral part of this consolidated financial statement.

THE CORPORATION OF THE MUNICIPALITY OF HURON SHORES

Consolidated Statement of Cash Flows

Year ended December 31, 2016, with comparative information for 2015

	2016	2015
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 909,342	\$ 1,254,278
Items not involving cash:		
Amortization of tangible capital assets	495,793	473,821
Increase in landfill closure and post-closure care liability	10,005	7,653
Loss on disposal of tangible capital assets	42,846	-
Increase in employee benefits and other liabilities	2,457	1,891
	1,460,443	1,737,643
Change in non-cash assets and liabilities:		
Increase in taxes receivable	(45,844)	(133,158)
Decrease (increase) in accounts receivable	705,186	(894,444)
Decrease in prepaid expenses	88,117	2,749
Increase (decrease) in accounts payable and accrued liabilities	115,768	(6,424)
Increase (decrease) in deferred revenue - general	(431,250)	240,741
Increase in deferred revenue - obligatory reserve fund	109,815	63,816
Net change in cash from operating activities	2,002,235	1,010,923
Financing activities:		
Principal repayments on net long-term liabilities	(52,731)	(45,446)
Proceeds from long-term liabilities	327,500	-
Net change in financing activities	274,769	(45,446)
Investing activities:		
Increase in investments	(2,706,105)	(1,881,165)
Proceeds from disposition of investments	2,066,250	2,614,106
Net change in cash from investing activities	(639,855)	732,941
Capital activities:		
Acquisition of tangible capital assets	(1,745,853)	(1,377,098)
Net change in cash	(108,704)	321,320
Cash (bank indebtedness), beginning of year	146,837	(174,483)
Cash, end of year	\$ 38,133	\$ 146,837

The accompanying notes are an integral part of this consolidated financial statement.

THE CORPORATION OF THE MUNICIPALITY OF HURON SHORES

Notes to Consolidated Financial Statements

Year ended December 31, 2016

The Corporation of the Municipality of Huron Shores (the "Municipality") is a municipality in the Province of Ontario, Canada. It conducts its operations guided by the provisions of provincial statutes such as the Municipal Act and other related legislation.

1. Significant accounting policies:

The consolidated financial statements of the Municipality are prepared by management in accordance with Canadian generally accepted accounting principles for local governments as recommended of the Public Sector Accounting Board and the Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by the Municipality are as follows:

(a) Reporting entity:

- (i) These consolidated financial statements reflect the assets, liabilities, revenues and expenses and include the activities of all committees of Council and the following boards which are under the control of Council:

Huron Shores Cemetery Board
Huron Shores Public Library

All interfund and inter-organizational transactions and balances between these organizations are eliminated.

- (ii) The Municipality collects taxation revenue on behalf of the school boards.

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

- (iii) Trust funds and their related operations administered by the Municipality are not included in these consolidated financial statements but are reported on separately on the Trust Funds Financial Statements (note 14).

(b) Basis of accounting:

The Municipality follows the accrual method of accounting for revenues and expenses. Revenues are normally recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and/or the creation of a legal obligation to pay.

(c) Government transfers:

Government transfers are recognized in the consolidated financial statements as revenues in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

THE CORPORATION OF THE MUNICIPALITY OF HURON SHORES

Notes to Consolidated Financial Statements

Year ended December 31, 2016

1. Significant accounting policies (continued):

(d) Tangible capital assets:

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, design, construction, development, improvement or betterment of the tangible capital asset. The cost, less residual value, of the tangible capital assets, excluding land and landfill sites, are amortized on a straight-line basis over their estimated useful lives as follows:

Asset	Useful Life - Years
Land improvements	25
Buildings	80
Fixtures, machinery and equipment	4 - 25
Vehicles	5 - 25
Library collection	7
Roads infrastructure	10 - 50
Bridges and culverts	20 - 50
Street lighting infrastructure	10

Landfill sites are amortized using the units of production method based upon capacity used during the year.

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.

(i) Contributions of tangible capital assets:

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

(ii) Natural resources:

Natural resources that have not been purchased are not recognized as assets in the consolidated financial statements.

(iii) Works of art and cultural and historic assets:

Works of art and cultural and historic assets are not recorded as assets in these consolidated financial statements.

(iv) Leased tangible capital assets:

Leases which transfer substantially all of the benefits and risks incidental to ownership of property, are accounted for as leased tangible capital assets. All other leases are accounted for as operating leases and the related payments are charged to expenses as incurred.

THE CORPORATION OF THE MUNICIPALITY OF HURON SHORES

Notes to Consolidated Financial Statements

Year ended December 31, 2016

1. Significant accounting policies (continued):

(e) Landfill liability:

The liability for closure of operational sites and post-closure care has been recognized based on estimated future expenses, estimated inflation and the usage of the site's capacity during the year.

(f) Use of estimates:

The preparation of consolidated financial statements 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 revenues and expenditures during the reporting period. Significant estimates include assumptions used in estimating the historical cost and useful lives of tangible capital assets, provisions for accrued liabilities, landfill liability and in performing actuarial valuations of employee future benefits. Actual results could differ from these estimates.

(g) Deferred revenue:

Deferred revenue represent grants, tax prepayments and other fees which have been collected, but for which the related projects, activities or services have yet to be performed. These amounts will be recognized as revenues in the fiscal year these activities are performed.

(h) Investments:

Portfolio investments are comprised of guaranteed income certificates and are valued at cost.

2. Tax revenues:

Property tax billings are prepared by the Municipality based on an assessment roll prepared by the Municipal Property Assessment Corporation ("MPAC"), an agency of the Ontario government. All assessed property values in the Municipality were reviewed and new values established based on a common valuation date which was used by the Municipality in computing the property tax bills for 2016. However, the property tax revenue and tax receivables of the Municipality are subject to measurement uncertainty as a number of appeals submitted by ratepayers have yet to be heard.

The Municipality has established a contingency reserve for tax appeals and other items in the amount of \$753,355 (2015 - \$687,133). Any supplementary billing adjustments made necessary by the determination of such changes will be recognized in the fiscal year they are determined.

THE CORPORATION OF THE MUNICIPALITY OF HURON SHORES

Notes to Consolidated Financial Statements

Year ended December 31, 2016

3. Portfolio investments:

At December 31, 2016, \$3,171,020 (2015 - \$2,531,165) was held in guaranteed investment certificates carrying an effective interest rate between 1.50% and 2.35% with maturity dates ranging from March 2017 to June 2018. Interest is receivable on an annual basis or on maturity. Carrying value approximates market value.

4. Accounts receivable:

Accounts receivable consist of the following:

	2016	2015
Province of Ontario	\$ 214,595	\$ 986,186
HST recoverable	334,979	288,768
Trade and miscellaneous	78,290	58,096
	<u>\$ 627,864</u>	<u>\$ 1,333,050</u>

5. Credit facility:

The Municipality has an authorized line of credit available in the amount of \$100,000. The credit facility bears interest prime and is secured by a general security agreement. At December 31, 2016, \$Nil (2015 - \$Nil) was outstanding under the facility.

THE CORPORATION OF THE MUNICIPALITY OF HURON SHORES

Notes to Consolidated Financial Statements

Year ended December 31, 2016

6. Deferred revenue - general:

Deferred revenue, which is reported on the consolidated statement of financial position is further analyzed as follows:

	2016	2015
Tax prepayments	\$ 31,211	\$ 21,224
Deferred grant revenue	–	441,237
Deferred revenue other	1,988	1,988
	\$ 33,199	\$ 464,449

Continuity of deferred revenue - general is as follows:

	2016	2015
Balance, beginning of year:	\$ 464,449	\$ 223,708
Contributions	9,987	469,808
	474,436	693,516
Contributions used	(441,237)	(229,067)
Balance, end of year	\$ 33,199	\$ 464,449

THE CORPORATION OF THE MUNICIPALITY OF HURON SHORES

Notes to Consolidated Financial Statements

Year ended December 31, 2016

7. Deferred revenue - obligatory reserve funds:

A requirement of the public sector accounting standards of the Chartered Professional Accountants of Canada is that obligatory reserve funds be reported as deferred revenue. This requirement is in place as legislation restricts how these funds may be used and under certain circumstances these funds may possibly be refunded. The balances in the obligatory funds of the Municipality are as follows:

	2016	2015
Gas tax funds	\$ 471,077	\$ 361,262

Continuity of deferred revenue – obligatory reserve funds is as follows:

	2016	2015
Balance, beginning of year:	\$ 361,262	\$ 297,446
Contributions	104,769	99,780
Interest	5,046	3,530
	471,077	400,756
Contributions used	–	(39,494)
Balance, end of year	\$ 471,077	\$ 361,262

8. Employee benefits and other liabilities:

The Municipality provides certain employee benefits which will require funding in future periods. Employees may become entitled to a cash payment when they leave the Municipality's employment based on total years of service.

	2016	2015
Accumulated retirement allowances	\$ 11,929	\$ 11,010
Vacation pay	13,880	12,342
	\$ 25,809	\$ 23,352

THE CORPORATION OF THE MUNICIPALITY OF HURON SHORES

Notes to Consolidated Financial Statements

Year ended December 31, 2016

9. Landfill closure and post-closure care liability:

The Environmental Protection Act sets out the regulatory requirements to properly close and maintain all active and inactive landfill sites. Under environmental law, there is a requirement for closure and post-closure care of solid waste landfill sites. This requirement is to be provided for over the estimated life of the landfill sites based on usage.

Landfill closure and post-closure care requirements have been defined in accordance with industry standards and include final covering and landscaping of the landfill, pumping of ground water and leachates from the site, and ongoing environmental monitoring, site inspection and maintenance. The reported liability is based on estimates and assumptions with respect to events extending over terms using the best information available to management. Future events may result in significant changes to the estimated total expenditures; capacity used or total capacity and the estimated liability, and would be recognized prospectively, as a change in estimate, when applicable.

The liability for site restoration and abandonment of the four waste disposal sites is based on the Municipality's proportionate share of the present value of future cash flows associated with closure costs. The change in liability is recorded based on the capacity of the landfill sites used to date. The recorded liability of \$669,381 (2015 - \$659,376) is based on the total estimated cash outflow in the future, an inflation rate of 3%, 25 years of post closure care for all sites, and the following assumptions:

Site location	Expected closure date	Expected closure and post closure costs	Closure and post closure liability	
			2016	2015
Day & Bright Township	2017	\$ 470,637	313,894	\$ 311,378
Thompson Township	2026	554,539	342,239	335,260
Village of Iron Bridge	2100	288,900	7,507	7,218
Thessalon Township	2106	282,600	5,741	5,520
Total		\$ 1,596,676	669,381	\$ 659,376

THE CORPORATION OF THE MUNICIPALITY OF HURON SHORES

Notes to Consolidated Financial Statements

Year ended December 31, 2016

10. Collections for school boards:

The Municipality collected property taxes on behalf of area school boards as follows:

	2016	2015
English public	\$ 455,652	\$ 444,846
English separate	66,069	64,936
French public	3,662	3,904
French separate	16,958	15,073
	<u>\$ 542,341</u>	<u>\$ 528,759</u>

The Municipality is required to levy and collect taxes on behalf of the school boards. These taxes are remitted to the school boards at the amounts levied. The taxes levied over (under) the amounts requisitioned are recorded as accounts payable (receivable).

THE CORPORATION OF THE MUNICIPALITY OF HURON SHORES

Notes to Consolidated Financial Statements

Year ended December 31, 2016

11. Tangible capital assets:

	2016									
	Land	Land improvements	Buildings	Fixtures, machinery and equipment	Vehicles	Roads infrastructure	Bridges and culverts infrastructure	Street lighting infrastructure	Assets under construction	Total
Cost										
Balance, beginning of the year	\$ 994,795	90,371	1,738,310	704,767	2,223,470	11,704,400	4,156,781	328,389	83,689	\$ 22,024,972
Additions/Transfers	-	-	32,937	23,245	344,407	216,160	1,002,416	-	126,688	1,745,853
Disposals	-	-	-	-	(95,195)	(100,774)	(45,402)	-	-	(241,371)
Balance, end of year	\$ 994,795	90,371	1,771,247	728,012	2,472,682	11,819,786	5,113,795	328,389	210,377	\$ 23,529,454
Accumulated Amortization										
Balance, beginning of the year	\$ -	(27,647)	(386,040)	(412,750)	(1,023,167)	(6,754,666)	(1,545,732)	(297,636)	-	\$ (10,447,638)
Disposals/Transfers	-	-	-	-	91,388	89,354	17,783	-	-	198,525
Amortization expense	-	(3,934)	(27,065)	(42,324)	(97,456)	(228,229)	(90,916)	(5,869)	-	(495,793)
Balance, end of year	\$ -	(31,581)	(413,105)	(455,074)	(1,029,235)	(6,893,541)	(1,618,865)	(303,505)	-	\$ (10,744,906)
Net book value, end of year	\$ 994,795	58,790	1,358,142	272,938	1,443,447	4,926,245	3,494,930	24,884	210,377	\$ 12,784,548
Net book value, beginning of year	\$ 994,795	62,724	1,352,270	292,017	1,200,303	4,949,734	2,611,049	30,753	83,689	\$ 11,577,334

THE CORPORATION OF THE MUNICIPALITY OF HURON SHORES

Notes to Consolidated Financial Statements

Year ended December 31, 2016

11. Tangible capital assets:

	2015									
	Land	Land improvements	Buildings	Fixtures, machinery and equipment	Vehicles	Roads infrastructure	Bridges and culverts infrastructure	Street lighting infrastructure	Assets under construction	Total
Cost										
Balance, beginning of the year	\$ 994,795	90,371	1,707,051	692,263	2,223,470	10,887,166	3,824,010	328,389	42,974	\$ 20,790,489
Additions/Transfers	-	-	31,259	12,504	-	909,024	383,596	-	40,715	1,377,098
Disposals	-	-	-	-	-	(91,790)	(50,825)	-	-	(142,615)
Balance, end of year	\$ 994,795	90,371	1,738,310	704,767	2,223,470	11,704,400	4,156,781	328,389	83,689	\$ 22,024,972
Accumulated Amortization										
Balance, beginning of the year	\$ -	(23,713)	(359,658)	(368,964)	(923,339)	(6,632,604)	(1,518,593)	(289,561)	-	\$ (10,116,432)
Disposals/Transfers	-	-	-	-	-	91,790	50,825	-	-	142,615
Amortization expense	-	(3,934)	(26,382)	(43,786)	(99,828)	(213,852)	(77,964)	(8,075)	-	(473,821)
Balance, end of year	\$ -	(27,647)	(386,040)	(412,750)	(1,023,167)	(6,754,666)	(1,545,732)	(297,636)	-	\$ (10,447,638)
Net book value, end of year	\$ 994,795	62,724	1,352,270	292,017	1,200,303	4,949,734	2,611,049	30,753	83,689	\$ 11,577,334
Net book value, beginning of year	\$ 994,795	66,658	1,347,393	323,299	1,300,131	4,254,562	2,305,417	38,828	42,974	\$ 10,674,057

THE CORPORATION OF THE MUNICIPALITY OF HURON SHORES

Notes to Consolidated Financial Statements

Year ended December 31, 2016

11. Tangible capital assets (continued):

a) Assets under construction:

Assets under construction having a value of \$210,377 (2015 – \$83,689) have not been amortized. Amortization of these assets will commence when the asset is put into service.

During the year, the Municipality added \$126,688 (2015 – \$40,715) to assets under construction. Transfers of \$Nil (2015 – \$Nil) were made from assets under construction to tangible capital assets during the year.

b) Contributed tangible capital assets:

Contributed capital assets have been recognized at fair market value at the date of contribution. No contributed assets were received during the current year.

c) Write-down of tangible capital assets:

There were no write-downs of tangible capital assets during the current year.

12. Long-term liabilities:

	2016	2015
Equipment loan due in 2021, repayable \$6,031 monthly including interest at 4%, secured by specific equipment	\$ 322,055	\$ –
Fire truck loan due in 2019, repayable \$2,762 monthly including interest at 4%, secured by specific equipment	68,694	98,432
Equipment loan due in 2018, repayable \$1,602 monthly including interest at 4%, secured by specific equipment	32,439	49,987
	\$ 423,188	\$ 148,419

Principal payments due on long-term liabilities for the next five fiscal years are as follows:

2017	\$ 109,799
2018	109,441
2019	71,126
2020	68,286
2021	64,536

Interest paid in the year and included in current expenses is \$5,673 (2015 - \$6,926)

THE CORPORATION OF THE MUNICIPALITY OF HURON SHORES

Notes to Consolidated Financial Statements

Year ended December 31, 2016

13. Pension agreement:

The Municipality makes contributions to the Ontario Municipal Employees' Retirement Fund (OMERS), which is a multi-employer plan, on behalf of all permanent, full-time 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.

The amount contributed to OMERS for 2016 was \$67,631 (2015 - \$66,053) is included as an expense on the consolidated statement of financial activities.

14. Trust Funds:

Trust Funds administered by the Municipality amounting to \$49,269 (2015 - \$48,519) have not been included on the consolidated statement of financial position nor have their operations been included in the consolidated statement of operations and accumulated surplus.

15. Accumulated surplus:

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

	2016	2015
Surplus:		
Invested in tangible capital assets	\$ 12,784,548	\$ 11,577,334
Operating surplus	127,429	148,745
Unfunded:		
Landfill closure costs	(669,381)	(659,376)
Net long-term liabilities	(423,188)	(148,419)
Employee benefits	(25,809)	(23,352)
Total surplus	11,793,599	10,894,932
Reserve funds set aside for specific purpose by Council:		
Capital	3,327,757	3,319,482
Cash flow reserves	354,538	352,138
Total reserve funds	3,682,295	3,671,620
	\$ 15,475,894	\$ 14,566,552

THE CORPORATION OF THE MUNICIPALITY OF HURON SHORES

Notes to Consolidated Financial Statements

Year ended December 31, 2016

16. Government transfers:

The Municipality recognizes the transfer of government funding as expenses or revenues in the period that the events giving rise to the transfer occurred. The transfers reported on the statement of operations are:

	2016	2015
Revenue:		
Provincial grants	\$ 2,095,249	\$ 2,422,660
Federal grants	-	39,591
Municipal	7,108	7,313
Total revenue	\$ 2,102,357	\$ 2,469,564

17. Public Sector Salary Disclosure:

During 2016, no employees were paid a salary, as defined in the Public Sector Salary Disclosure Act, 1996, of \$100,000 or more by the Municipality.

18. Budget figures:

The operating budget approved by Council for 2016 was prepared for the purpose of establishing the estimated revenues and expenses for fiscal 2016. The budget established does not include a budget for the amortization of tangible capital assets and includes allocations from reserves.

The budget figures presented in the statement of operations and accumulated surplus and the statement of change in net financial assets (debt) have been restated to be comparable with the Canadian public sector accounting standards. A reconciliation of the Council approved budget and the budget presented in these financial statements is presented below:

Adopted budget:		
Budget annual surplus for the year		\$ -
Adjustments to adopted budget:		
Provided from reserves		(1,784,035)
Provided for reserves		516,459
Amortization of tangible capital assets		(495,793)
Acquisition of tangible capital assets		2,603,482
Restated budgeted annual surplus		\$ 840,113

THE CORPORATION OF THE MUNICIPALITY OF HURON SHORES

Notes to Consolidated Financial Statements

Year ended December 31, 2016

19. Comparative information:

Certain 2015 comparative information have been reclassified to conform to the current year presentation.

20. Segmented information:

The Municipality is a diversified municipal government institution that provides a wide range of services to its citizens, including General Government Services, Protection Services, Transportation Services, Environmental Services, Health Services, Social and Family Services, Recreational and Cultural Services and Planning and Development Services. Service areas were created for the purposes of recording specific activities to attain certain objectives in accordance with regulations, restrictions or limitations (see Schedule to note).

Municipal Services are provided by departments and their activities are reported in these Service Areas. Departments disclosed in the Segmented Information, along with the services they provide, are as follows:

General Government Services

The General Government Services oversees the delivery of all government services. The department is responsible for ensuring that there are adequate policies and procedures in place to safeguard assets and to properly report financial activities. In addition, this department includes the governance activities of Council.

Protection Services

Protection to persons and property is comprised of police, fire/emergency, by-law enforcement and building inspections departments. The mandate of the police department is to ensure the safety of the lives and property of citizens, preserve peace and good order; prevent crimes from occurring; detect offenders; and enforce law. The fire/emergency department is responsible to provide fire suppression service; fire prevention programs; training and education related to prevention, detection, or extinguishment of fires. The by-law enforcement and building inspection department ensures properties are in compliance with applicable legislation, by-laws, building standards and construction codes.

Transportation Services

The transportation department is responsible for the delivery of Municipal public works services related to the planning, development, and maintenance of roadway systems, winter control and street lighting.

Environmental Services

The environmental department is involved only with the disposal of solid waste. The department provides waste minimization programs and facilities for solid waste disposal and diversion.

THE CORPORATION OF THE MUNICIPALITY OF HURON SHORES

Notes to Consolidated Financial Statements

Year ended December 31, 2016

20. Segmented information (continued):

Health Services

Through the Algoma Health Unit, the Municipality contributes to public health services and education, and through the Algoma District Services Administration Board, to ambulance services. In addition, this department oversees the care and maintenance of municipal cemeteries.

Social and Family Services / Social Housing

Through the Algoma District Services Administration Board, the Municipality contributes to the social assistance payments, child care services and social housing. In addition, the Municipality provides alternative residential services for seniors.

Recreation and Cultural Services

The recreation and cultural department provides public services that contribute to neighbourhood development and sustainability through the provision of recreation and leisure services such as parks, rink facilities, fitness and sports programs. It provides public services that contribute to healthy communities through partnerships, promotion, prevention, protection, and enforcement.

Library Services

The library department provides public services that contribute towards the information needs of the Municipality's citizens through the provision of library services.

Planning and Development

The Planning and Development Department provides a diverse bundle of services. It manages development for business, interests, environmental concerns, heritage matters and neighbourhoods through planning and community development activities. It facilitates economic development by providing services for the approval of all land development plans.

For each reported segment, revenues and expenses include both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in the summary of significant accounting policies.

THE CORPORATION OF THE MUNICIPALITY OF HURON SHORES

Notes to Consolidated Financial Statements

Year ended December 31, 2016

20. Segmented Information (continued):

	General Government Services	Protection Services	Transportation Services	Environmental Services	Health Services	Social & Family Services & Housing	Recreation & Cultural Services	Library Services	Planning and Development	Total 2016
Revenues:										
Taxation	\$ 2,836,426	-	-	-	-	-	-	-	-	\$ 2,836,426
User charges	2,204	27,186	38,242	6,860	950	-	17,694	502	4,200	97,838
Government of Canada grants	-	-	-	-	-	-	3,074	-	-	3,074
Province of Ontario grants	2,062,203	1,150	-	12,984	-	-	2,877	12,961	-	2,092,175
Municipal grants	7,108	-	-	-	-	-	-	-	-	7,108
Other	261,601	-	-	-	934	-	15,635	66	-	278,236
	5,169,542	28,336	38,242	19,844	1,884	-	39,280	13,529	4,200	5,314,857
Expenses:										
Salaries, wages and benefits	527,490	124,945	365,767	80,958	-	-	34,941	23,606	-	1,157,707
Long-term debt charges	-	3,406	2,267	-	-	-	-	-	-	5,673
Rents and financial	85,724	-	1,200	-	-	-	-	-	-	86,924
Operating materials and supplies	194,235	125,221	665,451	111,479	5,656	-	58,941	11,234	14,442	1,186,659
Contracted services	132,980	395,313	-	45,492	-	-	-	1,433	6,823	582,041
Transfer to other governments and the public	600	749	21,275	5,300	393,448	446,592	22,754	-	-	890,718
Amortization of tangible capital assets	10,633	63,210	379,998	153	244	-	36,654	4,901	-	495,793
	951,662	712,844	1,435,958	243,382	399,348	446,592	153,290	41,174	21,265	4,405,515
Annual surplus (deficit)	\$ 4,217,880	(684,508)	(1,397,716)	(223,538)	(397,464)	(446,592)	(114,010)	(27,645)	(17,065)	\$ 909,342

THE CORPORATION OF THE MUNICIPALITY OF HURON SHORES

Notes to Consolidated Financial Statements

Year ended December 31, 2016

20. Segmented Information (continued):

	General Government Services	Protection Services	Transportation Services	Environmental Services	Health Services	Social & Family Services & Housing	Recreation & Cultural Services	Library Services	Planning and Development	Total 2015
Revenues:										
Taxation	\$ 2,662,318	-	-	-	-	-	-	-	-	\$ 2,662,318
User charges	2,419	43,050	35,621	13,621	6,350	-	18,810	411	2,085	122,367
Government of Canada grants	99,781	-	-	-	-	-	-	-	-	99,781
Province of Ontario grants	2,315,774	1,332	-	18,903	-	-	6,071	20,390	-	2,362,470
Municipal grants	7,313	-	-	-	-	-	-	-	-	7,313
Other	228,348	-	1,862	-	1,251	-	16,126	-	-	247,587
	5,315,953	44,382	37,483	32,524	7,601	-	41,007	20,801	2,085	5,501,836
Expenses:										
Salaries, wages and benefits	509,381	122,968	356,850	76,769	-	-	32,950	27,345	-	1,126,263
Long-term debt charges	-	4,560	2,366	-	-	-	-	-	-	6,926
Rents and financial	70,278	-	1,201	-	-	-	-	-	-	71,479
Operating materials and supplies	198,154	162,672	629,974	98,809	7,790	-	72,489	14,586	19,436	1,203,910
Contracted services	113,323	313,395	-	45,283	-	-	-	1,432	13,792	487,225
Transfer to other governments and the public	1,600	749	20,278	4,465	385,079	442,703	23,060	-	-	877,934
Amortization of tangible capital assets	14,487	64,198	353,856	153	244	-	35,433	5,450	-	473,821
	907,223	668,542	1,364,525	225,479	393,113	442,703	163,932	48,813	33,228	4,247,558
Annual surplus (deficit)	\$ 4,408,730	(624,160)	(1,327,042)	(192,955)	(385,512)	(442,703)	(122,925)	(28,012)	(31,143)	\$ 1,254,278