

Financial Statements

**THE MUNICIPALITY OF  
MCDOUGALL**

Year ended December 31, 2017

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

The accompanying financial statements of The Municipality of McDougall (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 financial statements. The preparation 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 financial statements. These systems are monitored and evaluated by Management.

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

The 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 financial statements.

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Tim Hunt  
Chief Administrative Officer



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## INDEPENDENT AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers of  
The Municipality of McDougall

We have audited the accompanying financial statements of The Municipality of McDougall which comprise the statement of financial position as at December 31, 2017, the statements of operations and accumulated surplus, change in net financial assets (debt) 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 Financial Statements*

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

### *Auditors' Responsibility*

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

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

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



*Opinion*

In our opinion, these financial statements present fairly, in all material respects, the financial position of The Municipality of McDougall as at December 31, 2017 and its results of operations, its changes in net financial assets (debt) and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

*KPMG LLP*

Chartered Professional Accountants, Licensed Public Accountants

Sudbury, Canada

May 16, 2018

# THE MUNICIPALITY OF MCDOUGALL

Index to Financial Statements

Year ended December 31, 2017

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## Financial Statements

Statement of Financial Position	1
Statement of Operations and Accumulated Surplus	2
Statement of Change in Net Financial Assets (Debt)	3
Statement of Cash Flows	4
Notes to Financial Statements	5 – 17

# THE MUNICIPALITY OF MCDougALL

## Statement of Financial Position

December 31, 2017, with comparative information for 2016

	2017	2016
<b>Financial Assets</b>		
Cash	\$ 2,418,957	\$ 2,474,502
User charges receivable	119,077	71,158
Taxes receivable (note 2)	334,976	479,148
Accounts receivable	391,839	404,740
Water capital debenture (note 6)	169,697	199,945
	<u>3,434,546</u>	<u>3,629,493</u>
<b>Financial Liabilities</b>		
Accounts payable and accrued liabilities	620,737	444,531
Accrued landfill closure costs (note 7)	361,000	290,000
Deferred revenue - obligatory reserve funds (note 4)	29,676	14,332
Long-term debt (note 8)	2,895,086	3,139,930
	<u>3,906,499</u>	<u>3,888,793</u>
Net financial assets (debt)	(471,953)	(259,300)
<b>Non-financial Assets</b>		
Tangible capital assets (note 9)	43,528,056	43,834,709
Prepaid expenses	26,411	18,905
	<u>43,554,467</u>	<u>43,853,614</u>
Accumulated surplus (note 10)	\$ 43,082,514	\$ 43,594,314

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

Approved by:

\_\_\_\_\_ Mayor

# THE MUNICIPALITY OF MCDOUGALL

## Statement of Operations and Accumulated Surplus

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

	Budget 2017	Actual 2017	Actual 2016
	(note 5)		
Revenue:			
Taxation	\$ 4,029,432	\$ 4,065,029	\$ 4,004,665
Fees and user charges	1,571,906	1,683,391	1,689,042
Government grants	1,030,968	1,056,587	1,030,054
Investment income	15,000	21,885	18,467
Other	130,000	93,024	126,432
Gain on sale of tangible capital assets	-	26,545	13,024
Total revenue	6,777,306	6,946,461	6,881,684
Expenses:			
Transportation services	2,391,086	2,517,318	2,430,186
Environmental services	1,492,236	1,550,101	1,481,154
General government	1,043,189	1,086,697	896,545
Protection of persons and property	1,166,282	1,189,105	1,054,386
Social and family services	437,535	438,955	435,102
Health services	296,037	294,169	289,984
Recreational and cultural services	324,176	333,359	314,804
Planning and development	64,896	48,557	69,659
Total expenses	7,215,437	7,458,261	6,971,820
Annual deficit	(438,131)	(511,800)	(90,136)
Accumulated surplus, beginning of year	43,594,314	43,594,314	43,684,450
Accumulated surplus, end of year	\$ 43,156,183	\$ 43,082,514	\$ 43,594,314

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

# THE MUNICIPALITY OF MCDOUGALL

## Statement of Change in Net Financial Assets (Debt)

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

	Budget 2017 (note 5)	2017	2016
Annual deficit	(438,131)	\$ (511,800)	\$ (90,136)
Acquisition of tangible capital assets		(1,336,798)	(977,258)
Amortization of tangible capital assets	-	1,643,451	1,541,950
Gain on sale of tangible capital assets	-	(26,545)	(13,024)
Proceeds on sale of tangible capital assets	-	26,545	41,773
Change in inventory	-	-	774
Change in prepaid expenses	-	(7,506)	9,296
Change in net financial assets	(438,131)	(212,653)	513,375
Net financial assets (debt), beginning of year	(259,300)	(259,300)	(772,675)
Net financial assets (debt), end of year	(697,431)	\$ (471,953)	\$ (259,300)

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



# THE MUNICIPALITY OF MCDougALL

## Statement of Cash Flows

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

	2017	2016
Cash provided by (used in):		
Operating activities:		
Annual deficit	\$ (511,800)	\$ (90,136)
Items not involving cash:		
Amortization of tangible capital assets	1,643,451	1,541,950
Loss on sale of tangible capital assets	(26,545)	(13,024)
Change in landfill closure and post-closure liability	71,000	(65,000)
	<u>1,176,106</u>	<u>1,373,790</u>
Change in non-cash assets and liabilities:		
Decrease (increase) in taxes receivable	144,172	(86,575)
Decrease (increase) in user charges receivable	(47,919)	5,441
Decrease in accounts receivable	12,901	507,226
Decrease (increase) in prepaid expenses	(7,506)	9,296
Decrease in inventory	-	774
Increase (decrease) in accounts payable and accrued liabilities	176,206	(1,366,020)
Increase (decrease) in deferred revenue - obligatory reserve funds	15,344	(59,049)
Net change in cash from operating activities	<u>1,469,304</u>	<u>384,883</u>
Financing activities:		
Principal repayments on net long-term liabilities	(244,844)	(1,126,133)
Proceeds from issuance of long-term debt	-	1,418,837
Net change in financing activities	<u>(244,844)</u>	<u>292,704</u>
Investing activities:		
Principal repayments received on water capital debenture	30,248	28,674
Net change in cash from investing activities	<u>30,248</u>	<u>28,674</u>
Capital activities:		
Proceeds on sale of tangible capital assets	26,545	41,773
Acquisition of tangible capital assets	(1,336,798)	(977,258)
Net change in cash from capital activities	<u>(1,310,253)</u>	<u>(935,485)</u>
Net change in cash	(55,545)	(229,224)
Cash, beginning of year	2,474,502	2,703,726
Cash, end of year	<u>\$ 2,418,957</u>	<u>\$ 2,474,502</u>

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

# THE MUNICIPALITY OF MCDougALL

## Notes to Financial Statements

Year ended December 31, 2017

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The Municipality of McDougall (the "Municipality") is a single-tier municipal corporation located in the District of Parry Sound, Ontario. It conducts its operations guided by the provisions of provincial statutes such as the Municipal Act, Municipal Affairs Act and other related legislation.

### 1. Significant accounting policies:

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

(a) Reporting entity:

These financial statements reflect the assets, liabilities, revenues, expenses and fund balances of the reporting entity. The following joint board is not consolidated:

Parry Sound Area Industrial Park

(b) Basis of accounting:

Sources of financing 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 the receipt of goods or services and the creation of a legal obligation to pay.

(c) Tangible capital assets:

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development 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:

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Asset	Useful Life - Years
Land improvements	10
Buildings	20 - 50
Machinery and equipment	5 - 20
Vehicles	5 - 20
Roads, bridges and culverts	15 - 75
Water and sewer	20 - 30

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# THE MUNICIPALITY OF MCDOUGALL

## Notes to Financial Statements

Year ended December 31, 2017

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### 1. Significant accounting policies (continued):

#### (c) Tangible capital assets (continued):

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 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 financial statements.

##### (iv) Interest capitalization

The Municipality capital asset policy does not allow for the capitalization of interest costs associated with the acquisition or construction of tangible capital assets.

#### (d) Revenue recognition:

The Municipality prepares tax billings based on assessment rolls issued by Municipal Property Assessment Corporation, in accordance with rates established and approved annually by Council and the Province of Ontario. Taxation revenue is recognized in the period in which the taxes are levied.

Government transfers are recognized in the period in which the events giving rise to the transfer occurred, provided that the transfer is authorized and the amount can be reasonably estimated. Government grants are recognized when approved to the extent the related expenses have been incurred and collection can be reasonably assured.

User fees and other revenues are recognized when the services are performed or goods are delivered, collection of the relevant receivable is probable, persuasive evidence of an arrangement exists and fees are fixed or determinable. Amounts received for future services are deferred until the service is provided.

# THE MUNICIPALITY OF MCDougALL

## Notes to Financial Statements

Year ended December 31, 2017

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### 1. Significant accounting policies (continued):

(e) 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 dates of the financial statements and the reported amounts of revenue and expenses during the reporting periods. Significant items subject to such estimates and assumptions include valuation allowances for taxes and user charges receivable, accounts receivable, and estimating provisions for accrued liabilities and landfill closure and post-closure liabilities. Actual results could differ from those estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the year in which they become known.

In addition, the Municipality's implementation of the Public Sector Accounting Handbook PS3150 has required management to make estimates of historical cost and useful lives of tangible capital assets.

(f) School Boards:

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 these financial statements.

(g) Solid waste management liabilities:

The liability for closure of operational site 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.

(h) 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. Vacation entitlements are accrued for as entitlements are earned.

(m) 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 dates of the financial statements and the reported amounts of revenue and expenses during the reporting periods. Significant items subject to such estimates and assumptions include valuation allowances for taxes and user charges receivable, accounts receivable, and estimating provisions for accrued liabilities and landfill closure and post-closure liabilities. Actual results could differ from those estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the year in which they become known.

In addition, the Municipality's implementation of the Public Sector Accounting Handbook PS3150 has required management to make estimates of historical cost and useful lives of tangible capital assets.

# THE MUNICIPALITY OF MCDOUGALL

## Notes to Financial Statements

Year ended December 31, 2017

### 2. Taxes receivable:

	2017	2016
Current	\$ 209,558	\$ 289,576
Past due	106,880	152,478
Allowance for doubtful accounts	(10,000)	(10,000)
Penalties and interest	28,538	47,094
	\$ 334,976	\$ 479,148

### 3. Credit facilities:

The Municipality has available a \$700,000 (2016 - \$700,000) demand line of credit. This unsecured line of credit bears interest at the bank's prime rate. At December 31, 2017, \$Nil (2016 - \$Nil) has been drawn against this facility.

### 4. Deferred revenue:

	December 31, 2016	Contributions received	Interest received	Amounts taken to revenue	December 31, 2017
Parkland reserves	\$ 14,332	\$ 26,000	\$ 829	\$ (11,485)	\$ 29,676

### 5. Budget:

The budget was not prepared on a basis consistent with that used to report actual results (Public Sector Accounting Standards). As a result, the budget figures presented in the Statement of Operations and Accumulated Surplus required the following adjustments:

Budget surplus per financial plan	\$	–
Add:		
Budgeted loan principal payments		244,844
Budgeted capital expenditures		1,328,100
Less:		
Transfers from reserve		296,624
Amortization		1,643,451
Landfill adjustment		71,000
Budget deficit per financial statements	\$	(438,131)

# THE MUNICIPALITY OF MCDOUGALL

Notes to Financial Statements

Year ended December 31, 2017

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## **6. Nobel water system capital upgrade:**

The Municipality completed the capital project to provide water to 347 users in the community of Nobel.

Each unit was charged an equal amount of \$3,000 with the option to pay the full amount up front or over the term of the debenture. The debenture is collected in equal bi-monthly installments as added into the current water billing. The debenture is to be collected over 15 years for residential users and 5 years for commercial users.

The annual payment collected by the Municipality including principal and interest is \$40,026. The balance receivable on December 31, 2017 is \$169,697 (2016 - \$199,945).

## **7. Landfill closure and post-closure 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 remaining life of the landfill site 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, ongoing environmental monitoring, site inspection and maintenance. The reported liability is based on estimates and assumptions with respect to events extending over a twenty-five year period using the best information available to management. Future events may result in significant changes to the estimated total expenses, capacity used or total capacity and the estimated liability, and would be recognized prospectively, as a change in estimate, when applicable.

Estimated total expenses represent the sum of the discounted future cash flows for closure and post-closure care activities discounted at Municipality's long-term borrowing rate of 3.57% (2016 - 3.88%). The estimated total landfill closure and post-closure care expenses are calculated to be \$726,000. The estimated liability for these expenses is recognized as the landfill site's capacity is used. At December 31, 2017, an amount of \$361,000 (2016 - \$290,000) with respect to landfill closure and post-closure liabilities has been accrued.

The estimated remaining capacity of the landfill site is 50% of its total estimated capacity and its estimated remaining life is approximately 34 years. The period for post-closure care is estimated to be 25 years.

# THE MUNICIPALITY OF MCDOUGALL

## Notes to Financial Statements

Year ended December 31, 2017

### 8. Long-term debt:

The balance of long-term debt is comprised of the following:

	2017	2016
Loan payable to Ontario Infrastructure Projects Corporation due February 2031, repayable in blended monthly payments of \$10,323 at an interest rate of 2.95% per annum	\$ 1,350,195	\$ 1,432,909
Loan payable to Ontario Infrastructure Projects Corporation due July 2022, repayable in blended monthly payments of \$24,838 at an interest rate of 1.95%	1,305,808	1,418,837
Loan payable to Ontario Infrastructure Projects Corporation, due October 2022, repayable in semi-annual blended payments of \$20,448 at an interest rate of 5.07% per annum	178,642	209,311
Loan payable to Ontario Infrastructure Projects Corporation, due February 2021, repayable in blended monthly payments of \$1,634 at an interest rate of 1.67% per annum	60,441	78,873
	<u>\$ 2,895,086</u>	<u>\$ 3,139,930</u>

The principal repayments are as follows:

2018	\$ 411,215
2019	421,145
2020	431,348
2021	425,389
2022	307,976
Thereafter	898,013
	<u>\$ 2,895,086</u>

# THE MUNICIPALITY OF MCDOUGALL

Notes to Financial Statements

Year ended December 31, 2017

## 9. Tangible capital assets:

Cost	Balance at December 31, 2016	Additions	Disposals	Balance at December 31, 2017
Land	\$ 3,410,971	-	-	3,410,971
Land improvements	6,611,283	4,654	-	6,615,937
Buildings	4,940,826	125,478	-	5,066,304
Machinery and equipment	4,276,713	373,365	-	4,650,078
Vehicles	1,320,699	33,377	(22,410)	1,331,666
Roads, bridges and culverts	30,257,441	799,924	(607,688)	30,449,677
Water and sewer	11,787,134	-	-	11,787,134
<b>Total</b>	<b>\$ 62,605,067</b>	<b>1,336,798</b>	<b>(630,098)</b>	<b>63,311,767</b>

  

Accumulated Amortization	Balance at December 31, 2016	Disposals	Amortization	Balance at December 31, 2017
Land	\$ -	-	-	-
Land improvements	1,002,268	-	151,839	1,154,107
Buildings	1,512,269	-	86,523	1,598,792
Machinery and equipment	1,882,945	-	280,154	2,163,099
Vehicles	836,266	(22,410)	66,684	880,540
Roads, bridges and culverts	8,934,888	(607,688)	841,396	9,168,596
Water and sewer	4,601,722	-	216,855	4,818,577
<b>Total</b>	<b>\$ 18,770,358</b>	<b>(630,098)</b>	<b>1,643,451</b>	<b>19,783,711</b>

  

	Net book value, December 31, 2016	Net book value, December 31, 2017
Land	\$ 3,410,971	3,410,971
Land improvements	5,609,015	5,461,830
Buildings	3,428,557	3,467,512
Machinery and equipment	2,393,768	2,486,979
Vehicles	484,433	451,126
Roads, bridges and culverts	21,322,553	21,281,081
Water and sewer	7,185,412	6,968,557
<b>Total</b>	<b>\$ 43,834,709</b>	<b>43,528,056</b>



# THE MUNICIPALITY OF MCDOUGALL

Notes to Financial Statements

Year ended December 31, 2017

## 9. Tangible capital assets (continued):

Cost	Balance at December 31, 2015	Additions	Disposals	Balance at December 31, 2016
Land	\$ 3,410,971	-	-	3,410,971
Land improvements	6,546,392	64,891	-	6,611,283
Buildings	4,916,848	23,978	-	4,940,826
Machinery and equipment	4,024,020	409,958	(157,265)	4,276,713
Vehicles	1,382,788	-	(62,089)	1,320,699
Roads, bridges and culverts	29,967,530	478,431	(188,520)	30,257,441
Water and sewer	11,787,134	-	-	11,787,134
<b>Total</b>	<b>\$ 62,035,683</b>	<b>977,258</b>	<b>(407,874)</b>	<b>62,605,067</b>

  

Accumulated Amortization	Balance at December 31, 2015	Disposals	Amortization	Balance at December 31, 2016
Land	\$ -	-	-	-
Land improvements	853,423	-	148,845	1,002,268
Buildings	1,425,986	-	86,283	1,512,269
Machinery and equipment	1,782,190	(154,317)	255,072	1,882,945
Vehicles	803,210	(35,557)	68,613	836,266
Roads, bridges and culverts	8,401,964	(189,251)	722,175	8,934,888
Water and sewer	4,340,760	-	260,962	4,601,722
<b>Total</b>	<b>\$ 17,607,533</b>	<b>(379,125)</b>	<b>1,541,950</b>	<b>18,770,358</b>

  

	Net book value, December 31, 2015	Net book value, December 31, 2016
Land	\$ 3,410,971	3,410,971
Land improvements	5,692,969	5,609,015
Buildings	3,490,862	3,428,557
Machinery and equipment	2,241,830	2,393,768
Vehicles	579,578	484,433
Roads, bridges and culverts	21,565,566	21,322,553
Water and sewer	7,446,374	7,185,412
<b>Total</b>	<b>\$ 44,428,150</b>	<b>43,834,709</b>

# THE MUNICIPALITY OF MCDougALL

Notes to Financial Statements

Year ended December 31, 2017

## 10. Accumulated surplus:

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

	2017	2016
Surplus (deficit):		
Invested in tangible capital assets	\$ 40,632,970	40,694,779
General deficit	(544,092)	(394,235)
Unfunded:		
Landfill closure costs	(361,000)	(290,000)
Total surplus	39,727,878	40,010,544
Reserves set aside for specific purpose by Council:		
Working capital reserve	710,394	861,467
Landfill	1,371,319	1,454,663
Nobel waterworks	645,452	580,679
Crawford septic system	73,581	69,904
Waubamik Community Centre	16,253	16,253
Elections	13,914	9,914
Legal	38,023	38,023
Capital acquisition	410,639	477,806
Recreation	75,061	75,061
	3,354,636	3,583,770
Accumulated surplus	\$ 43,082,514	43,594,314

## 11. Collateral guarantee:

The Municipality of McDougall and other participating municipalities have provided to the Canadian Imperial Bank of Commerce guarantees for the long-term loan owing by Belvedere Heights Home for the Aged. The amount of the Municipality's guarantee is limited to \$280,408. The Municipality does not expect to have to perform under this guarantee.

## 12. Contributions to unconsolidated joint boards:

The following contributions were made to these joint boards:

	2017	2016
District of Parry Sound Social Services Administration Board	\$ 324,491	\$ 325,904
North Bay Parry Sound Health Unit	88,575	88,187
District of Parry Sound (West) Belvedere Heights		
Home for the Aged	114,464	109,198
Parry Sound Area Industrial Park	13,871	13,397
	\$ 541,401	\$ 536,686

# THE MUNICIPALITY OF MCDOUGALL

Notes to Financial Statements

Year ended December 31, 2017

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## 13. Pension agreements:

The Municipality makes contributions to the Ontario Municipal Employee Retirement Fund (OMERS) (the "Plan"), which is a multi-employer plan, on behalf of 27 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 2017 was \$127,115 (2016 - \$115,140) for current service.

## 14. Operations of school boards:

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

	2017	2016
Taxation	\$ 1,312,877	\$ 1,406,390

## 15. Contingencies:

The Municipality is involved in claims and litigation in the normal course of operations. The outcome of these actions are not determinable and, accordingly, no amounts have been reflected in the accounts of the Municipality for this matter. Any settlements or awards will be recorded in the period they become determinable.

## 16. Public sector salary disclosure:

During 2017, one employee was paid a salary, as defined in the Public Sector Salary Disclosure Act, 1996, of \$100,000 or more by the Municipality.

## 17. Segmented information:

The Municipality provides a range of services to its citizens, including police, fire, transportation, recreational and environmental. For management reporting purposes the Municipality's operations and activities are organized and reported by department. Funds were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations.

Municipal services are provided by departments and their activities are reported in these funds. Certain departments that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

- (a) General Government: includes corporate services and governance of the Municipality. General government is responsible for human resource management, support to Council for policy development, by-law development in compliance with the Municipal Act, tax billing and collection responsibilities, financial management reporting, monitoring and overall budget status is provided as well as frontline reception and customer service.

# THE MUNICIPALITY OF MCDOUGALL

Notes to Financial Statements

Year ended December 31, 2017

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## 17. Segmented information (continued):

- (b) Protection to Persons and Property: includes policing, fire protection, protective inspection and control and emergency measures. The mandate of the police services contract 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 the law. Fire protection includes detection, extinguishing and suppression services; emergency medical first response; and prevention education and training programs. The members of the fire department consist of volunteers. Inspection and control includes building inspection, by-law enforcement and animal control services.
- (c) Transportation Services: this department provides the winter and summer maintenance, the repair and the construction of the municipal roads system including bridges and culverts.
- (d) Environmental Services: includes the management and maintenance of water system, landfill site, transfer stations, and the waste collection system and disposal system that serves the Municipality.
- (e) Health Services: is the ambulance contract and public health services.
- (f) Social and Family Services: includes transfer to joint boards that provide general assistance, assistance to aged persons, child care and social housing.
- (g) Recreation and Cultural Services: provides recreation and leisure programs and facilities, including community halls, libraries, parks, recreation fields and arena. It also provides building maintenance services to all municipal facilities.
- (h) Planning and Development: manages rural development for business interest, environmental concerns, heritage matters, local neighbourhoods and community development. It facilitates economic development by providing services for the approval of all land development plans, the application and enforcement of the zoning by-law and official plan, and the provision of geographic information services.

For each segment separately reported in the schedule below, the segment revenue and expenditures represent 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. These municipal services are funded primarily by taxation such as property tax revenue. Taxation and payments-in-lieu of taxes are apportioned to these services based on the net surplus. Certain government transfers, transfer from other funds, and other revenue have been apportioned based on a percentage of budgeted expenses.

The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in Note 1.

# THE MUNICIPALITY OF MCDougall

## Note 17 - Segmented Information (continued)

Year ended December 31, 2017

	General Government	Protection to Persons and Property	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation and Cultural Services	Planning and Development	2017 Total
<b>Revenues:</b>									
Fees and user charges	\$ 225,507	1,901	67,386	1,368,610	-	-	19,987	-	1,683,391
Government grants	256,274	11,131	732,747	49,086	-	-	7,349	-	1,056,587
Investment income	21,885	-	-	-	-	-	-	-	21,885
Gain on disposal of tangible capital assets	-	-	-	-	-	-	26,545	-	26,545
Other	93,024	-	-	-	-	-	-	-	93,024
	596,690	13,032	800,133	1,417,696	-	-	53,881	-	2,881,432
<b>Expenses:</b>									
Salaries, wages and benefits	719,001	344,928	623,472	530,339	-	-	138,430	-	2,356,170
Materials	172,721	184,004	779,422	528,161	-	-	137,389	40,057	1,841,754
Contracted services	181,672	566,646	77,533	36,085	294,169	438,955	-	-	1,595,060
Rents, financial expenses and other	-	-	13,165	161	-	-	-	8,500	21,826
Amortization of tangible capital assets	13,303	93,527	1,023,726	455,355	-	-	57,540	-	1,643,451
	1,086,697	1,189,105	2,517,318	1,550,101	294,169	438,955	333,359	48,557	7,458,261
Deficiency of revenues over expenses	(490,007)	(1,176,073)	(1,717,185)	(132,405)	(294,169)	(438,955)	(279,478)	(48,557)	(4,576,829)
<b>Funded through:</b>									
Taxation									4,065,029
Annual deficit									\$ (511,800)

# THE MUNICIPALITY OF MCDOUGALL

## Note 17 - Segmented Information (continued)

Year ended December 31, 2016

	General Government	Protection to Persons and Property	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation and Cultural Services	Planning and Development	2016 Total
<b>Revenues:</b>									
Fees and user charges	\$ 280,638	2,141	65,357	1,265,701	-	-	75,205	-	1,689,042
Government grants	92,490	45,000	768,991	116,224	-	-	7,349	-	1,030,054
Investment income	18,467	-	-	-	-	-	-	-	18,467
Gain on disposal of tangible capital assets	-	-	-	13,024	-	-	-	-	13,024
Other	126,432	-	-	-	-	-	-	-	126,432
	518,027	47,141	834,348	1,394,949	-	-	82,554	-	2,877,019
<b>Expenses:</b>									
Salaries, wages and benefits	571,923	336,511	570,679	449,466	-	-	122,038	-	2,050,617
Materials	154,303	169,569	862,221	449,087	-	-	136,325	59,798	1,831,303
Contracted services	157,313	467,581	83,377	79,489	289,984	435,102	-	-	1,512,846
Rents, financial expenses and other	-	-	24,869	374	-	-	-	9,861	35,104
Amortization of tangible capital assets	13,006	80,725	889,040	502,738	-	-	56,441	-	1,541,950
	896,545	1,054,386	2,430,186	1,481,154	289,984	435,102	314,804	69,659	6,971,820
Deficiency of revenues over expenses	(378,518)	(1,007,245)	(1,595,838)	(86,205)	(289,984)	(435,102)	(232,250)	(69,659)	(4,094,801)
<b>Funded through:</b>									
Taxation									4,004,665
<b>Annual deficit</b>									<b>\$ (90,136)</b>