



Staff Report

Finance and IT Services

Report To: Committee of the Whole
Meeting Date: May 15, 2017
Report Number: FAF.17.60
Subject: 2016 Unaudited Financial Statements
Prepared by: Ruth Prince, Director of Finance and IT Services

A. Recommendations

THAT Council receive staff report FAF.17.60, entitled "2016 Unaudited Financial Statements" for information purposes.

B. Overview

This report presents the 2016 Unaudited Financial Statements of the Town.

C. Background

The 2016 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 27, 2017. 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 2016 Draft Audited Financial Statements will be presented on June 5, 2017 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 2016 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 2016 Unaudited Financial Statements:

Accumulated Surplus

The unaudited accumulated surplus at December 31, 2016 as shown on the Consolidated Statement of Financial Position is \$205.5M, an increase of \$1.2M over an audited \$204.3M accumulated surplus in 2015. Below is a summarized breakdown of the accumulated surplus:

	2016	2015
Tangible capital assets at cost less amortization	\$ 178,138,668	\$ 179,459,147
Unfinanced capital assets	(2,771,209)	(4,617,487)
Capital assets financed by long-term liabilities	(5,144,597)	(4,461,357)
Unfunded post-employment benefits	(238,179)	(179,853)
Unfunded operating projects	(215,137)	(212,371)
Unfunded solid waste closure and post closure costs	(1,545,624)	(1,842,486)
General surplus	53,624	670,185
Recreation (Georgian Trail)	41,758	99,659
Reserves and reserve funds (Attachment 2)	37,371,602	35,420,170
Accumulated surplus	\$ 205,501,353	\$ 204,335,607

Significant changes in the accumulated surplus as shown above include:

- The 2016 general surplus has been reduced significantly from 2015.
- Capital Assets financed by long-term liabilities increased due to recognizing the financing agreement with Sobey's for the Thornbury West End Road Improvement Project.
- Increase in the amount of Reserves and Reserve Funds.

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.

	2016	2015	% Change
Financial Assets	\$ 51,354,012	\$ 44,893,026	14.4%
Financial Liabilities	23,991,327	20,152,727	19.1%
Net Financial Assets (A minus B)	27,362,685	24,740,299	10.6%
Non-Financial Assets	178,138,668	179,595,308	(0.8%)
Accumulated Surplus (C plus D)	\$ 205,501,353	\$ 204,335,607	0.6%

Overall, the Town's accumulated surplus remains strong, with an increase of \$1,165,746 in 2016.

Financial Assets increased primarily due to an increase in cash and investments.

Financial Liabilities increased as a result of increased deferred revenue from Development Charge collections.

Non-financial assets decreased in 2016 due to higher amortization than capital asset additions.

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. 2016 Unaudited Financial Statements
2. Reserve and Reserve Fund Break-Down
3. Water and Wastewater Additional Information

Respectfully Submitted,

Ruth Prince
Director of Finance and IT Services

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Attachment 1

Consolidated Financial Information of

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

Year ended December 31, 2016

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

Consolidated Financial Statements

Year ended December 31, 2016

	Page
Consolidated Financial Statements	
Independent Auditors' Report	
Consolidated Statement of Financial Position	1
Consolidated Statement of Operations and Accumulated Surplus	2
Consolidated Statement of Changes in Net Financial Assets	3
Consolidated Statement of Cash Flows	4
Summary of Significant Accounting Policies	5-7
Notes to Consolidated Financial Statements	8-23
Schedule of Deferred Revenue	24

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THE CORPORATION OF THE TOWN OF THE BLUE MOUNTAINS

Consolidated Statement of Financial Position

December 31, 2016, with comparative information for 2015

	2016	2015
Financial assets:		
Cash (note 2)	\$ 17,763,155	\$ 12,686,607
Temporary investments (note 3)	21,502,302	20,431,285
Taxes receivable	3,503,504	3,570,509
Trade and other receivables	3,664,831	4,165,283
Long-term receivables (note 4)	4,920,220	4,039,342
	<u>51,354,012</u>	<u>44,893,026</u>
Liabilities:		
Accounts Payable and accrued liabilities (note 5)	10,076,832	10,344,605
Solid waste closure and post-closure liabilities (note 7)	1,545,624	1,842,486
Post-employment benefits liabilities (note 14)	19,856	23,849
Deferred revenue (page 25)	7,203,166	3,474,051
Long-term liabilities (note 6)	5,145,849	4,467,736
	<u>23,991,327</u>	<u>20,152,727</u>
Net financial assets	27,362,685	24,740,299
Non-financial assets:		
Inventory of supplies	45,342	37,769
Prepaid expenses	144,211	98,392
Tangible capital assets (note 8)	177,949,115	179,459,147
	<u>178,138,668</u>	<u>179,595,308</u>
Accumulated surplus (note 9)	\$ 205,501,353	\$ 204,335,607

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

Consolidated Statement of Operations and Accumulated Surplus

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

	2016 Budget (note 10)	2016 Actual	2015 Actual
Revenue:			
Taxation	\$ 14,325,311	\$ 14,403,369	\$ 13,843,730
Fees and user charges	8,069,781	8,941,654	8,494,269
Grants (note 13)	1,774,599	1,872,387	2,430,573
Other income (note 11)	1,989,108	3,112,695	3,174,397
Obligatory reserve fund	1,949,288	714,318	3,009,788
Total revenue	\$ 28,108,087	\$ 29,044,423	\$ 30,952,757
Expenses:			
General government	3,367,515	3,484,361	3,373,310
Protection services	5,727,055	5,970,020	5,800,150
Transportation services	3,197,665	5,848,444	5,593,628
Waste management	1,600,370	1,825,788	1,105,498
Water and wastewater	3,459,960	5,997,625	5,439,572
Health services	108,480	116,783	109,235
Recreation and cultural services	2,634,010	3,266,206	3,158,449
Planning and development	1,587,865	1,369,450	1,029,627
Total expenses	21,682,920	27,878,677	25,609,469
Annual surplus	6,425,167	1,165,746	5,343,288
Accumulated surplus, beginning of year (note 9)	204,335,607	204,335,607	198,992,319
Accumulated surplus, end of year	\$ 210,760,774	\$ 205,501,353	\$ 204,335,607

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

Consolidated Statement of Changes in Net Financial Assets

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

	2016 Budget (note 10)	2016 Actual	2015 Actual
Annual surplus	\$ 6,425,167	\$ 1,165,746	\$ 5,343,288
Acquisition of tangible capital assets	(5,716,390)	(4,806,774)	(8,128,332)
Amortization of tangible capital assets	5,700,516	6,215,078	5,968,983
Loss on disposal of tangible capital assets	-	54,997	22,498
Proceeds on disposal of capital assets	-	46,731	7,040
	(15,874)	1,510,032	(2,129,811)
Change in inventory of supplies	-	(7,573)	(1,190)
Change in prepaid expenses	-	(45,819)	262,270
	-	(53,392)	261,080
Increase in net financial assets	6,409,293	2,622,386	3,474,557
Net financial assets, beginning of year	24,740,299	24,740,299	21,265,742
Net financial assets, end of year	\$ 31,149,592	\$ 27,362,685	\$ 24,740,299

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

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	\$ 1,165,746	\$ 5,343,288
Items not involving cash:		
Change in solid waste closure and post-closure liabilities	(296,862)	(195,199)
Change in post-employment benefit liability	(3,993)	(4,608)
Amortization	6,215,078	5,968,983
Loss on disposal of tangible capital assets	54,997	22,498
	7,134,966	11,134,962
Change in non-cash working capital balances:		
Taxes receivable	67,005	1,849,952
Trade and other receivables	500,452	(88,120)
Prepaid expenses	(45,819)	262,270
Inventory of supplies	(7,573)	(1,190)
Accounts payable and accrued liabilities	(267,773)	1,947,872
Deferred revenue	3,729,115	774,122
Net change in cash from operating activities	11,110,373	15,879,868
Capital transactions:		
Cash used to acquire tangible capital assets	(4,806,774)	(8,128,332)
Proceeds on disposal of capital assets	46,731	7,040
Net change in cash from capital transactions	(4,760,043)	(8,121,292)
Investing activities:		
Increase in temporary investments	(1,071,017)	(12,646,979)
Decrease (increase) in long-term receivables	(880,878)	558,581
Net change from investing activities	(1,951,895)	(12,088,398)
Financing activities:		
Proceeds from debt issuance	984,953	-
Repayment of long-term liabilities	(306,840)	(301,923)
Net Change from financing activities	678,113	(301,923)
Net change in cash	5,076,548	(4,631,745)
Cash, beginning of year	12,686,607	17,318,352
Cash, end of year	\$ 17,763,155	\$ 12,686,607

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, 2016

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%

A government partnership exists where the municipality has shared control over the board or entity. The municipality's pro-rata share of the assets, liabilities, revenues and expenses are reflected in the financial statements using the proportionate consolidation method. The municipality's proportionate interest of the following government partnership is reflected in the consolidated financial statements.

The following boards controlled by Council have been consolidated:

Georgian Trail Board of Management	41%
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THE CORPORATION OF THE TOWN OF THE BLUE MOUNTAINS

Summary of Significant Accounting Policies (continued)

Year ended December 31, 2016

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.

THE CORPORATION OF THE TOWN OF THE BLUE MOUNTAINS

Summary of Significant Accounting Policies (continued)

Year ended December 31, 2016

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.

(j) New accounting standard:

In 2010, PSAB issued PS 3260, 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.

The Town adopted the standard effective January 1, 2015. There was no impact of this standard on the financial statements.

THE CORPORATION OF THE TOWN OF THE BLUE MOUNTAINS

Notes to Consolidated Financial Statements

Year ended December 31, 2016

2. Cash:

	2016		2015	
Unrestricted	\$	17,145,585	\$	12,074,277
Restricted		617,570		612,330
	\$	17,763,155	\$	12,686,607

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, 2016. The operating facility is due on demand and bears interest at the bank's prime rate less 0.75%.

3. Temporary investments:

	2016		2015	
Business Advantage Plus savings account, 1.35%	\$	-	\$	1,461,608
Guaranteed Investment Certificates, 1.45% to 2.15%, due 2017		21,502,302		18,969,677
	\$	21,502,302	\$	20,431,285

Investments have a market value of \$21,502,302 (2015 - \$20,431,285) 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, 2016

4. Long-term receivables:

	2016	2015
Water and sewer loans, 3.1% to 6%, due 2019 to 2029	\$ 4,803,002	\$ 3,038,871
Tile drainage loans, 6% to 8%, due to 2017	1,253	6,379
Loan receivable, North East Grey Health Clinics Inc., interest free, due in full on or before December 31, 2020	104,000	130,000
Loan receivable, Marsh Street Community Centre interest free, due in full on or before August 31, 2022	11,965	13,966
Loan receivable Grey Condo 28 Internal Servicing	-	850,126
	\$ 4,920,220	\$ 4,039,342

5. Accounts payable and accrued liabilities:

	2016	2015
Trade accounts payable	\$ 2,664,247	\$ 3,116,910
Accrued liabilities	985,320	874,037
Developer and other deposits	6,427,265	6,353,658
	\$ 10,076,832	\$ 10,344,605

6. Long-term liabilities:

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

	2016	2015
Loan payable, 5.11%, repayable in semi-annual principal instalments of \$40,000 plus interest, due 2031	\$ 1,200,000	\$ 1,280,000
Loan payable, 2%, repayable in blended semi-annual payments of \$128,000, due 2027	2,411,213	2,615,651
Loan payable, 3.58%, repayable in blended semi-annual payments of \$18,687, due 2037	548,431	565,706
Tile drainage loans payable, 6% to 8%, due from 2014 to 2016	1,252	6,379
Loan payable, 0%, due from 2017 to 2020, repayable in semi-annual principal instalments	984,953	-
	\$ 5,145,849	\$ 4,467,736

The interest expense included on the consolidated statements of operations and accumulated surplus totals \$165,556 (2015 - \$165,072).

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THE CORPORATION OF THE TOWN OF THE BLUE MOUNTAINS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2016

6. Long-term liabilities (continued):

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

2017	\$	503,436
2018		508,274
2019		513,220
2020		518,276
2021		523,445
Thereafter		2,579,198
		<hr/> \$5,145,849

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 210,415 cubic meters, which will be filled in 30 years (2045). Post-closure care is estimated to continue for a period of 50 years.

Site closure costs in 2045 are estimated at \$1,425,462. Post closure costs including monitoring and maintenance are estimated at approximately \$109,940 per year, or \$5,625,000 over the 50 year monitoring period. The liability for the landfill site is recorded at \$1,545,624 (2015 - \$1,842,486) and represents the present value of closure and post-closure costs for 62% 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 2016, there were no transfers to or from this reserve. The balance of this reserve at December 31, 2016 is \$155,176.

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THE CORPORATION OF THE TOWN OF THE BLUE MOUNTAINS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2016

8. Tangible capital assets

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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Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2016

8. Tangible capital assets (continued):

2015	Land	Land Improvements	Buildings	Machinery, equipment and vehicles	Water System	Sewer System	Roads	Work in progress	Total
Cost, beginning of year	\$ 21,547,791	\$ 6,213,513	\$ 27,394,586	\$ 25,594,270	\$ 44,091,831	\$ 59,821,616	\$ 81,060,864	\$ 2,847,159	\$ 268,571,630
Additions	-	76,218	92,880	1,109,310	300,817	476,444	2,971,214	3,101,449	8,128,332
Disposals	-	-	-	(135,560)	-	-	-	-	(135,560)
Transfers	-	3,493,542	293,927	157,700	-	146,039	-	(4,091,208)	-
Cost, end 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
Accumulated amortization, beginning of year	-	2,897,522	9,658,044	12,244,433	13,382,721	12,038,765	41,020,809	-	91,242,294
Amortization	-	349,667	703,604	1,291,352	598,091	732,459	2,293,810	-	5,968,983
Disposals	-	-	-	(106,022)	-	-	-	-	(106,022)
Accumulated amortization, end of year	-	3,247,189	10,361,648	13,429,763	13,980,812	12,771,224	43,314,619	-	97,105,255
Net carrying amount, end of year	\$ 21,547,791	\$ 6,536,084	\$ 17,419,745	\$ 13,295,957	\$ 30,411,836	\$ 47,672,875	\$ 40,717,459	\$ 1,857,400	\$ 179,459,147

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THE CORPORATION OF THE TOWN OF THE BLUE MOUNTAINS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2016

8. Tangible capital assets (continued):

The net book value of tangible capital assets, not being amortized because they are under construction, is \$1,859,456 (2015 - \$1,857,400).

The Towny 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 2016, zero interest (2015 - \$16,088) was capitalized to tangible capital assets during the year.

9. Accumulated surplus:

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

	2016	2015
Invested in tangible capital assets:		
Tangible capital assets at cost less amortization	\$ 177,949,115	\$ 179,459,147
Unfinanced tangible capital assets	(2,771,209)	(4,617,487)
Tangible capital assets financed by long-term liabilities and to be funded in future years (note 6)	(5,144,597)	(4,461,357)
Total invested in tangible capital assets	170,033,309	170,380,303
Unfunded vacation and post-employment benefits	(238,179)	(179,853)
Unfunded projects	(215,137)	(212,371)
Unfunded solid waste closure and post-closure costs	(1,545,624)	(1,842,486)
General surplus	53,624	670,185
Recreation, community centres and arenas	41,758	99,659
	168,129,751	168,915,437
Reserves and reserve funds	37,371,602	35,420,170
Accumulated surplus	\$ 205,501,353	\$ 204,335,607

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THE CORPORATION OF THE TOWN OF THE BLUE MOUNTAINS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2016

9. Accumulated surplus (continued):

	2016	2015
Reserves:		
Working funds	\$ 2,424,900	\$ 2,567,416
Insurance, sick leaves and WSIB	321,637	336,777
Current purposes	2,108,233	2,032,782
Capital purposes	5,239,181	5,551,407
	10,093,951	10,488,382
Reserve Funds:		
Capital purposes	27,277,651	24,931,788
	\$ 37,371,602	\$ 35,420,170

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THE CORPORATION OF THE TOWN OF THE BLUE MOUNTAINS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2016

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.

	2016 Budget	2016 Actual	2015 Actual
Annual surplus	\$ 6,425,167	\$ 1,165,746	\$ 5,343,288
Amortization	5,700,516	6,215,078	5,968,983
Change in unfunded liabilities	-	(238,536)	(187,811)
Change in unfunded operating expenses	-	2,766	2,637
Change in other surpluses	-	57,901	(8,460)
	12,125,683	7,202,955	11,118,637
Net transfers to reserves	(1,086,728)	(1,951,432)	(3,848,175)
Tangible capital asset acquisitions, disposals and write-downs	(5,716,390)	(4,705,046)	(8,098,794)
Capital projects not funded	(23,943)	(1,846,278)	691,650
Proceeds from long-term liabilities	-	984,953	-
Long-term liabilities principal repayments	(301,715)	(301,713)	(297,086)
	4,996,907	(616,561)	(433,768)
Prior year general surplus	-	670,185	1,103,953
General surplus (note 9)	\$ 4,996,907	\$ 53,624	\$ 670,185
Revenues	28,108,087	29,044,423	30,952,757
Expenses	21,682,920	27,878,677	25,609,469
Annual surplus	\$ 6,425,167	\$ 1,165,746	\$ 5,343,288

DRAFT

THE CORPORATION OF THE TOWN OF THE BLUE MOUNTAINS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2016

11. Other income:

	2016	2015
Working funds	\$ 489,570	\$ 597,227
Other fines and penalties	56,224	64,837
Investment income	572,608	520,708
Licenses, permits and rents	954,026	734,535
Donations	7,531	26,777
Developer contributions	196,473	1,204,898
Contributed capital assets	2,251	-
Loss on disposal of capital assets	(54,997)	(22,498)
Local Improvements	704,414	-
Other	184,595	47,913
	\$ 3,112,695	\$ 3,174,397

12. Government business partnerships:

Georgian Trail Board of Management:

Georgian Trail Board of Management is a joint board under the shared control of the Town, the Town of Collingwood and the Municipality of Meaford. The consolidated financial statements include the municipality's 41% proportionate interest of the following:

	2016	2015
Financial assets	\$ 111,399	\$ 257,548
Liabilities	2,800	6,970
Net financial assets	108,599	250,578
Prepaid expenses	-	285
Accumulated surplus	108,599	250,863
Revenues	66,066	63,305
Expenses	45,277	39,155
Annual surplus	\$ 20,789	\$ 24,150

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 is expected to be completed in 2017.

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THE CORPORATION OF THE TOWN OF THE BLUE MOUNTAINS

Notes to Financial Statements (continued)

13. Grants:

	2016	2015
Operating:		
Province of Ontario		
Ontario Municipal Partnership Fund (OMPF)	\$ 1,143,100	\$ 1,124,300
Conditional Roads	40,459	280,921
Other	166,531	179,171
	1,350,090	1,584,392
Government of Canada		
Other	14,922	15,128
Other municipalities		
Conditional Roads	11,781	742,335
Conditional Other	120,657	-
Total operating grants	\$ 1,497,450	\$ 2,341,855
Capital:		
Province Ontario		
Conditional Roads	\$ 238,556	\$ -
Conditional Other	661	42,696
Government of Canada		
Conditional Other	135,720	46,022
Other municipalities		
Conditional other	-	-
Total capital grants	374,937	88,718
Total grants	\$ 1,872,387	\$ 2,430,573

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THE CORPORATION OF THE TOWN OF THE BLUE MOUNTAINS

Notes to Financial Statements (continued)

Year ended December 31, 2016

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:

	2016	2015
Retirement benefits	\$ 19,856	\$ 23,849

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 2016 current service was \$700,401 (2015 - \$643,840). The contribution rate for 2016 was 9% to 14.6% and 9.3% to 15.9% for firefighters depending on age and income level (2015 – 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, 2016. At that time, the plan reported a \$7 billion actuarial deficit \$5,720,000 (2015 - \$7 billion actuarial deficit).

DRAFT

THE CORPORATION OF THE TOWN OF THE BLUE MOUNTAINS

Notes to Financial Statements (continued)

Year ended December 31, 2016

16. Trust funds:

The trust funds administered by the municipality amounting to \$342,822 (2015 - \$325,582) 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, 2016 the trust fund balances are as follows:

	2016	2015
Cemetery Care and Maintenance funds	\$ 342,822	\$ 327,295

17. Contractual commitments:

- (a) The Town has entered into contracts totalling \$4,022,150 to upgrade and extend road, sewer and water services and purchase equipment. A total of \$1,628,100 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:

2017	\$	921,943
2018		716,667
2019		590,812
2020		587,943
2021 - 2027		5,350,435
Total	\$	8,167,790

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

2017	\$	90,017
2018		87,655
2019		91,584
2020		100,520
2021		101,620
Total	\$	471,396

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THE CORPORATION OF THE TOWN OF THE BLUE MOUNTAINS

Notes to Financial Statements (continued)

Year ended December 31, 2016

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, 2016 amount to \$9,685,752 (2015 - \$10,250,074).

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.

DRAFT

THE CORPORATION OF THE TOWN OF THE BLUE MOUNTAINS

Notes to Financial Statements (continued)

Year ended December 31, 2016

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.

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

Notes to Financial Statements (continued)

Year ended December 31, 2016

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	649,652
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
Total Annual surplus (deficit)	\$ 628,634	\$ (587,949)	\$ (725,176)	\$ 183,980	\$ 1,874,226	\$ 6,240	\$ 40,022	\$ -254,231	\$ 1,162,746

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

Notes to Financial Statements (continued)

Year ended December 31, 2016

19. Segmented information (continued):

2015	General government	Protection services	Transportation services	Waste management	Water and wastewater	Health Services	Recreation and cultural services	Planning and development	Total
Revenue									
Taxation	\$ 2,435,690	\$ 3,840,880	\$ 4,038,864	\$ 798,222	\$ -	\$ 78,873	\$ 1,956,275	\$ 694,926	\$13,843,730
Fees and user charges	35,228	215,494	34,651	420,964	6,651,523	35,994	751,258	349,157	8,494,269
Specific grants	15,342	10,877	294,840	847,219	538	-	137,457	-	1,306,273
OMPF grant	197,812	311,932	328,011	64,826	-	6,406	158,876	56,437	1,124,300
Other revenue	1,109,128	740,205	1,153,301	10,133	104,867	17,934	38,829	-	3,174,397
Transfers from obligatory reserve	-	37,350	620,118	309,423	245,904	-	1,780,139	16,854	3,009,788
	\$ 3,793,200	\$ 5,156,738	\$ 6,469,785	\$ 2,450,787	\$ 7,002,832	\$ 139,207	\$ 4,822,834	\$ 1,117,374	\$ 30,952,757
Expenses									
Salaries and benefits	\$ 2,182,952	\$ 1,983,809	\$ 1,400,013	\$ 235,665	\$ 1,423,094	\$ 30,895	\$ 1,630,102	\$ 646,130	\$ 9,532,660
Interest on debt	55,163	20,677	514	-	68,303	-	2,637	924	148,218
Materials and supplies	188,914	387,765	1,133,742	20,581	1,655,021	26,207	749,111	89,332	4,250,673
Contracted services	426,741	2,847,118	547,229	682,550	216,706	10,698	206,651	260,396	5,198,089
Other transfers	-	306,540	-	-	-	30,660	-	30,343	367,543
Rent and financials	101,780	885	6,359	1,150	21,139	2,923	9,067	-	143,303
Amortization	417,760	253,356	2,505,771	165,552	2,055,309	7,852	560,881	2,502	5,968,983
	\$ 3,373,310	\$ 5,800,150	\$ 5,593,628	\$ 1,105,498	\$ 5,439,572	\$ 109,235	\$ 3,158,449	\$ 1,029,627	\$ 25,609,469
Annual surplus (deficit)	\$ 419,890	\$ (643,412)	\$ 876,157	\$ 1,354,289	\$ 1,563,260	\$ 29,972	\$ 1,664,385	\$ 87,747	\$ 5,343,288

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THE CORPORATION OF THE TOWN OF THE BLUE MOUNTAINS

Schedule of Deferred Revenue

Year ended December 31, 2016

	Opening	Contributions received	Contributions returned	Investment Income	Revenue recognized	Ending
Obligatory reserve funds:						
Development Charges	\$ 1,295,794	\$ 4,206,023	-	\$ 24,582	\$ (714,318)	\$ 4,812,081
Recreational land	1,137,233	67,791	-	10,319	-	1,215,343
Parking revenues	31,776	-	-	295	-	32,071
Federal gas tax	271,842	196,192	-	2,526	-	470,560
	<u>\$ 2,736,645</u>	<u>\$ 4,470,006</u>	<u>-</u>	<u>\$ 37,722</u>	<u>\$ (714,318)</u>	<u>\$ 6,530,055</u>
Other:						
Provincial grants	\$ 16,250	\$ 5,000	-	\$ -	\$ (15,881)	\$ 5,369
Hall deposits	-	-	-	-	-	-
Harbour deposits	10,450	4,050	-	-	(7,049)	7,451
Developer contributions	341,179	-	(20,000)	-	(11,349)	309,830
Engineering fees	227,789	-	-	-	-	227,789
Other	141,738	122,672	-	-	(141,738)	122,672
	<u>\$ 737,406</u>	<u>\$ 131,722</u>	<u>(20,000)</u>	<u>\$ -</u>	<u>\$ (176,017)</u>	<u>\$ 673,111</u>
	<u>\$ 3,474,051</u>	<u>\$ 4,601,728</u>	<u>(20,000)</u>	<u>\$ 37,722</u>	<u>\$ (890,335)</u>	<u>\$ 7,203,166</u>

Town Of The Blue Mountains
Reserve Account Balances
2016 Actual

FAF.17.60
Attachment 2

Reserve	January 1, 2016	December 31, 2016	Change
Council	\$22,000.00	\$43,996.00	\$21,996.00
Town Working Capital	\$2,567,415.62	\$2,424,900.94	-\$142,514.68
General Computer	\$120,396.09	\$81,234.98	-\$39,161.11
Workers Compensation	-\$9,040.74	-\$9,040.74	-
Insurance Deductible	\$345,818.07	\$330,678.07	-\$15,140.00
Capital Replacement Levy	\$0.00	\$271,000.00	\$271,000.00
Human Resources	\$451,093.72	\$425,959.40	-\$25,134.32
Year Over Year Roll Over	\$1,275,024.43	\$1,003,832.86	-\$271,191.57
Legal	\$17,609.00	\$80,159.40	\$62,550.40
General Government NON GROWTH	\$37,272.08	\$37,272.08	-
Fire Capital	\$147,660.76	\$37,762.18	-\$109,898.58
Fire Master Plan Implementation	\$100,000.00	\$100,000.00	-
Fire Fighter Equipment Replacement	\$54,277.05	\$78,672.96	\$24,395.91
Fire & Rescue NON GROWTH	\$7,250.00	\$7,250.00	-
Police	\$406,927.00	\$366,009.84	-\$40,917.16
Roads	\$2,348,577.95	\$1,890,681.55	-\$457,896.40
Roads Town of Thornbury by Agreement	-\$18,816.12	\$0.00	\$18,816.12
Winter Control	\$434,905.65	\$375,223.17	-\$59,682.48
Roads NON GROWTH	\$7,886.58	\$7,886.58	-
Clarksburg Parking	\$6,185.60	\$6,185.60	-
Street Lighting Upgrade	\$179,164.38	\$179,164.38	-
Water Rate Stabilization	\$429,216.21	\$479,820.21	\$50,604.00
Wastewater Rate Stabilization	\$177,360.49	\$243,760.65	\$66,400.16
Landfill Site	\$194,474.49	\$155,175.55	-\$39,298.94
Waste Management EA	\$186,611.37	\$186,611.37	-
Cemetery	\$46,043.46	\$46,043.46	-
Health Services	\$25,131.28	\$25,131.28	-
Parks Memorial Trees	\$6,934.92	\$7,193.67	\$258.75
Parks & Recreation NON GROWTH	\$148,499.48	\$147,963.12	-\$536.36
Harbour	\$25,773.98	\$135,446.49	\$109,672.51
Beaver Valley Community Centre	\$173,881.38	\$61,334.71	-\$112,546.67
Depot	\$17,209.32	\$39,487.93	\$22,278.61
Small Halls	\$16,586.69	\$16,586.69	-
Library NON GROWTH	\$64,409.43	\$64,409.43	-
Attainable Housing	\$74,455.24	\$203,039.93	\$128,584.69
Planning Studies	\$0.00	\$130,755.29	\$130,755.29
Development Engineering	\$280,150.91	\$280,150.91	-
Comm. & Economic Development	\$59,712.00	\$59,712.00	-
Business Improvement Association	\$57,882.59	\$70,058.16	\$12,175.57
Total	\$10,485,940.36	\$10,091,510.10	-\$394,430.26

Town of The Blue Mountains
Obligatory Reserve Funds
Actual

Reserve Fund	January 1, 2016	December 31, 2016	Change
Development Charges			
General Government	-\$722,324.70	-\$577,156.44	\$145,168.26
Fire and Rescue	-\$339,717.76	-\$142,004.41	\$197,713.35
Police	-\$62,891.28	-\$59,843.77	\$3,047.51
Public Works	\$368,147.39	\$465,957.07	\$97,809.68
Roads and Related Area	-\$617,209.19	\$198,570.66	\$815,779.85
Thornbury East Water - Other	-\$215,493.13	-\$216,350.87	-\$857.74
Thornbury West Water - Other	-\$821,988.92	-\$809,839.92	\$12,149.00
Craigeith Water Supply	\$900,943.75	\$975,410.03	\$74,466.28
Water - Clarksburg	\$5,406.68	\$21,884.60	\$16,477.92
Thornbury Water Supply	\$2,573,293.90	\$2,489,636.90	-\$83,657.00
Craigeith Water - Other	\$724,618.60	\$843,500.76	\$118,882.16
Water - OSLER	\$3,565.38	\$3,598.52	\$33.14
Water - Camperdown	-\$32,627.54	-\$32,930.83	-\$303.29
Water - Lora Bay	\$62,625.00	\$210,939.93	\$148,314.93
Thornbury West Sewer - Other	-\$845,907.94	-\$836,982.84	\$8,925.10
Thornbury East Sewer - Other	-\$81,731.57	-\$82,274.91	-\$543.34
Sewer - Camperdown	\$57,271.79	\$57,804.16	\$532.37
Sewer - Lora Bay	-\$1,498,238.72	-\$1,269,596.49	\$228,642.23
Craigeith Sewer - Other	\$464,607.85	\$672,018.61	\$207,410.76
Sewer - Clarksburg	-\$393,182.93	-\$396,837.76	-\$3,654.83
Sewer - Osler	\$1,346.47	\$1,358.99	\$12.52
Thornbury Sewer Capacity	\$4,184,900.28	\$4,985,883.00	\$800,982.72
Craigeith Sewer Capacity	-\$2,763,026.24	-\$2,489,079.89	\$273,946.35
Parks & Recreation	-\$99,139.16	\$192,761.84	\$291,901.00
Library	\$442,546.28	\$605,655.98	\$163,109.70
Total Development Charges	\$1,295,794.29	\$4,812,082.92	\$3,516,288.63
Other Obligatory Reserve Funds			
Federal Gas Tax	\$271,841.96	\$470,559.61	\$198,717.65
Obligatory Cash In Lieu Parking	\$31,775.52	\$32,070.89	\$295.37
Blue Mountains Parkland Dedication	\$1,137,234.18	\$1,215,344.19	\$78,110.01
Total Other Obligatory	\$1,440,851.66	\$1,717,974.69	\$277,123.03
Total All Obligatory Reserve Funds	\$2,736,645.95	\$6,530,057.61	\$3,793,411.66

Town of The Blue Mountains
Discretionary Reserve Funds
Actual

Reserve Fund	January 1, 2016	December 31, 2016	Change
Discretionary Reserve Funds			
Town Hall Reserve Fund	\$835,155.98	\$682,394.77	-\$152,761.20
Building Rate Stabilization	\$43,517.42	\$378,078.15	\$334,560.73
Bridges & Culverts	\$173,187.67	\$217,039.41	\$43,851.74
Roads Equipment	\$709,723.36	\$806,436.87	\$96,713.51
Walkways	\$33,939.62	\$104,461.17	\$70,521.54
Gravel Pit Rehabilitation	\$16,710.10	\$16,865.43	\$155.33
Trunk Storm Sewers	\$92,792.87	\$93,559.23	\$766.36
Parking Lots	\$82,393.49	\$83,159.38	\$765.89
Water Asset Replacement	\$6,799,487.15	\$8,322,443.50	\$1,522,956.35
Wastewater Asset Replacement	\$15,482,797.98	\$15,971,050.86	\$488,252.87
Waste Management	\$69,733.29	\$70,381.50	\$648.21
Parks Equipment	\$9,654.96	\$12,665.15	\$3,010.19
Shoreline Acq & Dev	\$134,867.26	\$136,120.92	\$1,253.66
Recreation Reserve	\$143,189.19	\$144,520.21	\$1,331.02
Georgian Trail	\$74,795.38	\$0.00	-\$74,795.38
Library Bank Account	\$121,545.27	\$122,795.76	\$1,250.49
Library Legacy Capital	\$21,182.94	\$21,414.58	\$231.64
Library Asset Management	\$87,114.22	\$94,264.27	\$7,150.05
Total Discretionary Reserve Funds	\$24,931,788.15	\$27,277,651.13	\$2,345,862.98

Town of The Blue Mountains
Water & Wastewater Statement of Operations
2016 Year-End

	Budget	Actuals	Variance
Expenditures			
Operating Expenses	3,434,392	3,836,142	(401,750)
Inter-functional Transfers	818,331	814,388	3,943
Transfer to Reserves	50,609	50,604	5
Less: Non-User Rate Revenues	449,663	235,880	213,783
Net Expenditures	3,853,669	4,465,254	(611,585)
Costs Related to Asset Acquisition			
Debt Repayment	233,013	143,034	89,979
Transfers to Capital	-	104,649	(104,649)
Contributions to Asset Replacement RFs	2,313,852	2,483,530	(169,678)
Less: Development Charge & Reserve Revenue	144,570	612,332	(467,762)
Net Costs Related to Asset Acquisition	2,402,295	2,118,881	283,414
Amount Recovered from User Rates	6,255,964	6,872,617	(616,653)
2016 Operating Savings	-	288,482	
Transfer to Asset Replacement RFs		288,482	
2016 Operating Surplus		-	

Note 19 Segmented Information Break-Down

Water & Wastewater Annual Surplus	1,874,226
Add: Amortization	2,098,502
Less: Debt Principal Payments	80,000
Inter-functional Transfers	814,388
Contributions to Asset Replacement RFs	2,483,530
Transfers to Capital	104,649
Transfers to Unfinanced	151,075
Transfer to Reserves	50,604
	288,482

Note

Water collected \$100,480 from Vacant Lots, this was transferred into the Water Asset Replacement Reserve Fund
Wastewater collected \$67,030 from Vacant Lots, this was transferred into the Wastewater Asset Replacement Reserve Fund