

**The Corporation of
the Municipality of Neebing**
Consolidated Financial Statements
For the year ended December 31, 2016

Contents

Management's Statement of Responsibility for Financial Reporting	2
Independent Auditor's Report	3
Consolidated Financial Statements	
Consolidated Statement of Financial Position	5
Consolidated Statement of Operations and Accumulated Surplus	6
Consolidated Statement of Change in Net Financial Assets	7
Consolidated Statement of Cash Flows	8
Notes to the Consolidated Financial Statements	9
Supplementary Information	
Blake Community Hall Board Schedule of Operations (Unaudited)	25
Crooks Cemetery Board Schedule of Operations (Unaudited)	26

The Corporation of the Municipality of Neebing Management's Statement of Responsibility for Financial Reporting

December 31, 2016

The accompanying consolidated financial statements of The Corporation of the Municipality of Neebing are the responsibility of management and have been approved by the Mayor and Council.

These consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards and include certain amounts based on estimates and judgments. When alternative accounting methods exist management has chosen those it deems most appropriate in the circumstances, in order to ensure that the consolidated financial statements are presented fairly, in all material respects.

In fulfilling its responsibilities and recognizing the limits inherent in all systems, the administration has developed and maintains a system of internal control designed to provide reasonable assurance that the Corporation's assets are safeguarded from loss and that the accounting records are a reliable basis for the preparation of the consolidated financial statements.

The Mayor and Council are responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements.

The consolidated financial statements have been reported on by The Corporation of the Municipality of Neebing's external auditor, BDO Canada LLP in accordance with Canadian generally accepted auditing standards. The auditor's report outlines the scope of their audit and their opinion on the presentation of the information included in the consolidated financial statements. BDO Canada LLP have access to financial management and the Mayor and Council of The Corporation of the Municipality of Neebing and meet when required.



Mayor



Solicitor-Clerk

Independent Auditor's Report

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

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

Management's Responsibility for the 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Independent Auditor's Report (cont'd)

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of The Corporation of the Municipality of Neebing as at December 31, 2016 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Unaudited Information

We have not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the schedules on pages 25 through 26 of the Municipality's financial statements.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Thunder Bay, Ontario

April 19, 2017

The Corporation of the Municipality of Neebing Consolidated Statement of Financial Position

December 31	2016	2015
Financial assets		
Cash	\$ 1,676,847	\$ 2,270,456
Short term investments (Note 3)	1,154,279	-
Taxes receivable (Note 4)	302,978	336,777
Accounts and grants receivable (Note 5)	120,526	386,119
	<u>3,254,630</u>	<u>2,993,352</u>
Liabilities		
Accounts payable and accrued liabilities	189,377	103,920
Deferred taxation revenue	30,608	29,920
Vested sick leave liability (Note 6)	52,181	51,072
Landfill closure and post-closure liability (Note 7)	327,350	312,151
	<u>599,516</u>	<u>497,063</u>
Net financial assets	<u>2,655,114</u>	<u>2,496,289</u>
Non-financial assets		
Tangible capital assets (Note 8)	8,092,703	8,056,124
Prepaid expenses	-	79,867
Inventory - supplies	156,877	-
	<u>8,249,580</u>	<u>8,135,991</u>
Accumulated surplus (Note 9)	<u>\$ 10,904,694</u>	<u>\$ 10,632,280</u>

L. Polkowski Mayor

Rosario Adams Solicitor-Clerk

The Corporation of the Municipality of Neebing Consolidated Statement of Operations and Accumulated Surplus

For the year ended December 31	2016 Budget	2016 Actual	2015 Actual
	(Note 13)		
Revenue			
Taxation			
Residential and farm	\$ 2,313,622	\$ 2,272,252	\$ 2,084,259
Commercial and industrial	16,504	16,209	26,025
Taxation from other governments	116,191	141,412	110,188
User charges			
Other fees and service charges	45,850	64,734	62,923
Government transfers (Note 10)			
Government of Canada	120,761	120,761	115,011
Province of Ontario	797,980	801,176	786,935
Other municipalities	20,000	16,670	16,172
Other			
Investment income	15,000	14,803	18,001
Penalties and late payment charges	32,000	48,064	43,025
Other revenues	126,384	128,744	381,662
	<u>3,604,292</u>	<u>3,624,825</u>	<u>3,644,201</u>
Expenses (Note 11)			
General government	599,830	552,994	621,792
Protection to persons and property	571,153	522,570	433,980
Transportation services	1,570,423	1,583,456	1,645,754
Environmental services	96,459	70,631	96,986
Health services	224,399	227,302	213,635
Social and family services	435,000	361,471	375,388
Recreation and cultural services	46,378	28,924	24,438
Planning and development	4,750	5,063	3,477
	<u>3,548,392</u>	<u>3,352,411</u>	<u>3,415,450</u>
Annual surplus	<u>55,900</u>	<u>272,414</u>	<u>228,751</u>
Accumulated surplus, beginning of year	10,632,280	10,632,280	10,403,529
Accumulated surplus, end of year	<u>\$ 10,688,180</u>	<u>\$ 10,904,694</u>	<u>\$ 10,632,280</u>

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

The Corporation of the Municipality of Neebing Consolidated Statement of Change in Net Financial Assets

For the year ended December 31	2016 Budget	2016 Actual	2015 Actual
	(Note 13)		
Annual surplus	\$ 55,900	\$ 272,414	\$ 228,751
Acquisition of tangible capital assets	(934,686)	(633,998)	(814,282)
Amortization of tangible capital assets	597,419	597,419	640,050
Change in prepaid expenses	-	79,867	(79,867)
Change in inventory - supplies	-	(156,877)	-
Net change in net financial assets	(281,367)	158,825	(25,348)
Net financial assets, beginning of year	2,496,289	2,496,289	2,521,637
Net financial assets, end of year	\$ 2,214,922	\$ 2,655,114	\$ 2,496,289

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

The Corporation of the Municipality of Neebing Consolidated Statement of Cash Flows

For the year ended December 31	2016	2015
Operating transactions		
Annual surplus	\$ 272,414	\$ 228,751
Items not involving cash		
Amortization	597,419	640,050
Landfill closure and post-closure liabilities	15,199	17,946
	<u>885,032</u>	<u>886,747</u>
 Changes in non-cash operating balances		
Taxes receivable	33,799	42,168
Accounts and grants receivable	265,593	109,701
Accounts payable and accrued liabilities	85,457	(162,461)
Deferred taxation revenue	688	993
Vested sick leave liability	1,109	(5,251)
Prepaid expenses	79,867	(79,867)
Inventory - supplies	(156,877)	-
	<u>1,194,668</u>	<u>792,030</u>
 Capital transactions		
Acquisition of tangible capital assets	(633,998)	(814,282)
 Investing transactions		
Acquisition of short term investments	(1,154,279)	-
 Decrease in cash for the year	(593,609)	(22,252)
 Cash, beginning of year	<u>2,270,456</u>	<u>2,292,708</u>
 Cash, end of year	<u>\$ 1,676,847</u>	<u>\$ 2,270,456</u>

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

The Corporation of the Municipality of Neebing

Notes to Consolidated Financial Statements

December 31, 2016

1. Significant Accounting Policies

Management's Responsibility for the Financial Statements The consolidated financial statements of the Municipality are the responsibility of management. They have been prepared in accordance with Canadian generally accepted accounting principles established by the Public Sector Accounting Board of CPA Canada. The Corporation of the Municipality of Neebing (the "Municipality") is a municipality in the Province of Ontario and operates under the provisions of Provincial statutes, such as the Municipal Act and related legislation. The Municipality provides municipal services such as protection to persons and property, public works, planning, recreation and other general government services.

Reporting Entity The consolidated financial statements reflect the assets, liabilities, revenue and expenses of all municipal organizations, committees and Boards which are owned or controlled by the Municipality. The following entities have been consolidated:

Blake Community Hall Board
Crooks Cemetery Board

All inter-entity transactions and balances have been eliminated with the exception of loans or advances between reserve funds and any other fund of the Municipality and the resulting interest income and expenses.

A government partnership exists where the Municipality has shared control over the board or entity. The Township's pro-rata share of the assets, liabilities, revenues and expenses is reflected in the consolidated financial statements using the proportionate consolidation method. The following entities have been proportionately consolidated:

Thunder Bay Area Emergency Measures Organization
Lakehead Rural Planning Board

The Municipality contributes to the following joint local boards, which are not proportionately consolidated in these statements:

Thunder Bay District Health Unit
The District of Thunder Bay Social Services Administration Board

Short Term Investments Portfolio investments are recorded at cost unless there has been a decline in the market value, which is other than temporary in nature, in which case the investments are written down to market value.

The Corporation of the Municipality of Neebing Notes to Consolidated Financial Statements

December 31, 2016

1. Significant Accounting Policies (cont'd)

**Accounting for
School Board
Transactions**

The Municipality collects taxation revenue on behalf of the school boards.

The taxation, other revenue, expenditures, assets and liabilities with respect to the operations of the school boards are not reflected in the current fund balances of these consolidated financial statements. Education taxes collected by the Municipality and over-remitted or not remitted to the respective school boards as at December 31 are reported as a financial asset or liability on the consolidated statement of financial position.

**Tangible Capital
Assets**

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset commencing once the assets are available for productive use as follows:

Buildings	-	50 years
Other equipment	-	5 to 20 years
Roads	-	20 to 40 years
Bridges and other structures	-	30 years
Vehicles	-	10 to 15 years

Assets under construction are not amortized until the asset is available for use.

Trust Funds

Any funds held in trust by the Municipality, and their related operations, are not included in these consolidated financial statements. The financial activity and position of the trust funds are reported separately.

Inventory

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

The Corporation of the Municipality of Neebing Notes to Consolidated Financial Statements

December 31, 2016

1. Significant Accounting Policies (cont'd)

Pension and Employee Benefits	The Municipality is an employer member of the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer, defined benefit pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investments of the assets and administration of the benefits. The Municipality records pension expense when contributions are due.
Deferred Revenue	Funds received for specific purposes which are externally restricted by legislation, regulation or agreement and are not available for general municipal purposes are accounted for as deferred revenue on the consolidated statement of financial position. The revenue is recognized in the consolidated statement of operations in the year in which it is used for the specified purpose.
Landfill Closure and Post-Closure Liability	The obligation to close and maintain solid waste landfill sites is based on the estimated future expenses in current dollars, adjusted for estimated inflation and is charged to expense as the landfill sites' capacity is used.
Revenue Recognition	<p>User charges and fees are recognized as revenue in the period in which the related services are performed. Amounts collected for which the related services have yet to be performed are recognized as a liability and recognized as revenue when the related services are performed. Interest is recognized as it is earned. Interest earned on obligatory reserve funds is added to the fund balance and forms part of the deferred revenue balance. Investment income earned on reserve funds is added to the fund balance and forms part of the reserve fund balance.</p> <p>Funds received, other than government transfers and tax revenue, for specific purposes which are externally restricted by legislation, regulation or agreement and are not available for general purposes are accounted for as deferred revenue on the consolidated statement of financial position. The revenue is recognized in the consolidated statement of operations and accumulated surplus in the year in which it is used for the specified purpose.</p>

The Corporation of the Municipality of Neebing Notes to Consolidated Financial Statements

December 31, 2016

1. Significant Accounting Policies (cont'd)

Government Transfers	Government transfers, which include legislative grants, are recognized in the consolidated financial statements in the period in which events giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amount can be made unless the transfer contains stipulations that create a liability. If the transfer contains stipulations that create a liability, the related revenue is recognized over the period that the liability is extinguished.
Taxation Revenue	<p>The amount of the total property tax levy is determined each year through Council's approval of the annual operating budget. Municipal tax rates are set annually by Council for each class or type of property, in accordance with legislation and Council approved policies, in order to raise the revenues required to meeting operating budget requirements. Education tax rates are established by the Province each year in order to fund the costs of education on a Province wide basis.</p> <p>Property assessments, on which property taxes are based, are established by the Municipal Property Assessment Corporation. The current value assessment ("CVA") of a property represents an estimated market value of a property as of a fixed date. Assessed value for all properties within the municipality are provided to the Municipality in the form of the returned assessment roll in December of each year.</p> <p>The amount of property tax levied on an individual property is the product of the CVA of the property and the tax rate for the class, together with any adjustments that reflect Council approved mitigation or other tax policy measures.</p>
Use of Estimates	The preparation of consolidated financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future. Significant estimates in these consolidated financial statements include assumptions used in estimating provisions for doubtful taxes and accounts receivable, useful lives of tangible capital assets, vested sick leave liability, and landfill closure and post closure liabilities.

The Corporation of the Municipality of Neebing Notes to Consolidated Financial Statements

December 31, 2016

1. Significant Accounting Policies (cont'd)

Liability for Contaminated Sites

A contaminated site is a site at which substances occur in concentrations that exceed the maximum acceptable amounts under an environmental standard. Sites that are currently in productive use are only considered a contaminated site if unexpected events result in contamination. A liability for remediation of contaminated sites is recognized when the Municipality is directly responsible or accepts responsibility; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made. The liability includes all costs directly attributable to remediation activities including post remediation operations, maintenance and monitoring. The liability is recorded net of any expected recoveries.

2. Temporary Borrowings

The Township's credit facilities include an operating loan with authorized credit of \$200,000 which carries interest at prime less 0.5%. As at December 31, 2016, the Township utilized \$nil (2015 - \$nil) of this facility. The prime rate was 2.7% at December 31, 2016.

3. Short Term Investments

	2016		2015	
	Cost	Market Value	Cost	Market Value
Bond Fund	\$ 33,204	\$ 32,701	\$ -	\$ -
Equity Fund	864,269	910,137	-	-
Money Market	256,806	256,712	-	-
	<u>\$ 1,154,279</u>	<u>\$ 1,199,550</u>	<u>\$ -</u>	<u>\$ -</u>

Short term investments are comprised of a bond fund, equity fund and money market fund through the One Investment Fund Program. The average rates of return on the bond fund and the money market fund were 1.09% and 0.50% respectively.

The Corporation of the Municipality of Neebing

Notes to Consolidated Financial Statements

December 31, 2016

4. Taxes Receivable

	2016	2015
Property and business taxes receivable	\$ 302,978	\$ 352,911
Allowance for property and business tax arrears	-	(16,134)
	<u>\$ 302,978</u>	<u>\$ 336,777</u>

5. Accounts and Grants Receivable

	2016	2015
Trade receivable	\$ 3,937	\$ 10,714
HST	116,589	299,644
Insurance claim	-	75,761
	<u>\$ 120,526</u>	<u>\$ 386,119</u>

6. Vested Sick Leave Liability

Under the sick leave benefits plan, unused sick leave can accumulate and certain employees may become entitled to a cash payment when they retire or leave the Municipality's employment.

The significant assumptions adopted and estimated for the calculation of the vested sick leave liability are as follows:

Discount rate	3.90%
Inflation rate	1.60%
Retirement age	65

The liability for these accumulated days, to the extent that they have vested and could be taken by an employee on retirement or his/her voluntary or involuntary termination amounted to approximately \$52,181 (2015 - \$51,072). The current period expense is \$1,109. An amount of \$52,550 (2015 - \$51,187) has been provided for this past service liability as a reserve fund.

The Corporation of the Municipality of Neebing

Notes to Consolidated Financial Statements

December 31, 2016

7. Landfill Closure and Post-Closure Liability

The statement of financial position reflects liabilities for anticipated future costs related to the closing and monitoring of the existing landfill sites. This liability is recognized over the operating life of the waste disposal site, in proportion to the site's utilized capacity.

Any unfunded portion of the liability will be funded when the disbursement occurs.

Scoble site:

Total estimated expenditures for closure and post-closure costs	\$271,186
Landfill closure and post-closure liabilities as at December 31, 2016	\$271,186
Total expenditures remaining to be recognized	\$0
Remaining capacity of the site (cubic metres)	0
Remaining landfill site life (years)	1
Number of years required for post-closure care	20

Sandhill site:

Total estimated expenditures for closure and post-closure costs	\$99,469
Landfill closure and post-closure liabilities as at December 31, 2016	\$56,164
Total expenditures remaining to be recognized	\$43,305
Remaining capacity of the site (cubic metres)	54,618
Remaining landfill site life (years)	46
Number of years required for post-closure care	20

The Corporation of the Municipality of Neebing
Notes to Consolidated Financial Statements

December 31, 2016

8. Tangible Capital Assets

	Land	Buildings	Vehicles	Other Equipment	Roads	Bridges and Other Structures	2016 Total
Cost, beginning of year	\$ 349,145	\$ 606,412	\$ 2,717,305	\$ 301,205	\$ 30,267,430	\$ 2,461,421	\$ 36,702,918
Additions	35,000	11,172	72,295	14,750	415,471	85,310	633,998
Disposals	-	-	(10,323)	-	-	-	(10,323)
Cost, end of year	384,145	617,584	2,779,277	315,955	30,682,901	2,546,731	37,326,593
Accumulated amortization, beginning of year	-	194,962	1,578,415	134,353	25,609,673	1,129,391	28,646,794
Amortization	-	12,301	148,568	22,251	355,394	58,905	597,419
Disposals	-	-	(10,323)	-	-	-	(10,323)
Accumulated amortization, end of year	-	207,263	1,716,660	156,604	25,965,067	1,188,296	29,233,890
Net carrying amount, end of year	\$ 384,145	\$ 410,321	\$ 1,062,617	\$ 159,351	\$ 4,717,834	\$ 1,358,435	\$ 8,092,703

The Corporation of the Municipality of Neebing
Notes to Consolidated Financial Statements

December 31, 2016

8. Tangible Capital Assets (cont'd)

	Land	Buildings	Vehicles	Other Equipment	Roads	Bridges and Other Structures	2015 Total
Cost, beginning of year	\$ 349,145	\$ 575,078	\$ 2,379,176	\$ 279,367	\$ 29,894,932	\$ 2,422,764	\$ 35,900,462
Additions	-	31,334	338,129	33,664	372,498	38,657	814,282
Disposals and write downs	-	-	-	(11,826)	-	-	(11,826)
Cost, end of year	349,145	606,412	2,717,305	301,205	30,267,430	2,461,421	36,702,918
Accumulated amortization, beginning of year	-	183,220	1,445,642	123,999	25,196,105	1,069,604	28,018,570
Amortization	-	11,742	132,773	22,180	413,568	59,787	640,050
Disposals and write downs	-	-	-	(11,826)	-	-	(11,826)
Accumulated amortization, end of year	-	194,962	1,578,415	134,353	25,609,673	1,129,391	28,646,794
Net carrying amount, end of year	\$ 349,145	\$ 411,450	\$ 1,138,890	\$ 166,852	\$ 4,657,757	\$ 1,332,030	\$ 8,056,124

The Corporation of the Municipality of Neebing Notes to Consolidated Financial Statements

December 31, 2016

9. Accumulated Surplus

The Municipality segregates its accumulated surplus into the following categories:

	<u>2016</u>	<u>2015</u>
Surpluses		
General fund	\$ 54,873	\$ 1,433,193
Investment in tangible capital assets	8,092,703	8,056,124
Total surpluses	<u>8,147,576</u>	<u>9,489,317</u>
Reserve funds set aside for specific purposes by Council		
For fire department	866,748	258,866
For medical bursary	21,047	20,943
For forest fire fighting	249,884	248,650
For recreational purposes	292,517	291,072
For information technology	6,021	3,006
For election material	13,077	11,023
For OMB hearings and planning	75,527	75,153
For building department	3,894	3,875
For sick leave gratuity	52,550	51,187
For landfill closure and post-closure liability	756,700	179,188
For roads department	300,000	-
For deferred capital projects	77,467	-
For taxation rate stabilization	41,686	-
Total reserve funds	<u>2,757,118</u>	<u>1,142,963</u>
Accumulated surplus	<u>\$ 10,904,694</u>	<u>\$ 10,632,280</u>

The investment in tangible capital assets represents amounts already spent and invested in infrastructure and other non-financial assets.

Reserve funds represent funds set aside by bylaw or council resolution for specific purposes.

The Corporation of the Municipality of Neebing

Notes to Consolidated Financial Statements

December 31, 2016

10. Government Transfers

	Budget 2016	2016	2015
Federal			
AMO - Federal Gas Tax	\$ 120,761	\$ 120,761	\$ 115,011
Provincial			
Ministry of Municipal Affairs and Housing	-	1,018	-
Ontario Municipal Partnership Fund	737,000	737,000	728,200
Other	60,980	63,158	58,735
	<u>797,980</u>	<u>801,176</u>	<u>786,935</u>
Other Municipalities			
Provincial offences	20,000	16,670	16,172
	<u>\$ 938,741</u>	<u>\$ 938,607</u>	<u>\$ 918,118</u>

11. Expenses By Object

	Budget 2016	2016	2015
Salaries, wages and employee benefits	\$ 1,008,619	\$ 954,167	\$ 871,538
Materials and supplies	904,503	883,196	1,050,337
Contracted services	360,354	308,526	242,274
External transfers	677,497	609,103	611,251
Amortization	597,419	597,419	640,050
	<u>\$ 3,548,392</u>	<u>\$ 3,352,411</u>	<u>\$ 3,415,450</u>

The Corporation of the Municipality of Neebing Notes to Consolidated Financial Statements

December 31, 2016

12. Pension and Employee Benefits

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

OMERS provides pension services to approximately 470,000 active, inactive and retired members and approximately 1,000 employers. Each year an independent actuary determines the funding status of OMERS Primary Pension Plan ("the Plan") by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial valuation of the Plan was conducted at December 31, 2016. The results of this valuation disclosed total actuarial liabilities of \$87.6 billion (\$81.9 billion in 2015) in respect of benefits accrued for service with actuarial assets at that date of \$81.8 billion (\$74.9 billion in 2015) indicating an actuarial deficit of \$5.8 billion (\$7.0 billion in 2015). Because OMERS is a multi-employer Plan, 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. Contributions made by the Municipality to OMERS for 2016 were \$43,218 (\$41,102 in 2015), which is included as an expense on the consolidated statement of operations and accumulated surplus.

13. Budget

The Financial Plan (Budget) By-Law adopted by Council on February 17, 2016 was not prepared on a basis consistent with that used to report actual results (Public Sector Accounting Standards). The budget was prepared on a modified accrual basis, while Public Sector Accounting Standards require a full accrual basis. The budget figures anticipated using surpluses accumulated in previous years to reduce current year expenditures in excess of current year revenues. In addition, the budget expensed all tangible capital expenditures rather than including amortization expense. As a result, the budget figures presented in the statements of operations and accumulated surplus and changes in net financial assets represent the Financial Plan adopted by Council on February 17, 2016, with adjustments as follows:

Financial Plan (Budget) Bylaw surplus for the year	\$ -
Add:	
Capital expenditures	934,686
Budgeted transfers to accumulated surplus	50,686
Less:	
Budgeted transfers from accumulated surplus	(332,053)
Amortization	(597,419)
	<u>55,900</u>
Budget deficit per statement of operations	<u>\$ 55,900</u>

The Corporation of the Municipality of Neebing Notes to Consolidated Financial Statements

December 31, 2016

14. Trust Fund

The Township of Neebing Cemetery Perpetual Care Trust Fund administered by the Township amounting to \$24,556 (2015 - \$23,923) has not been included in the consolidated statement of financial position nor have the operations been included in the consolidated statement of operations and accumulated surplus.

15. Intangibles

Any items inherited by right of the Crown, such as Crown lands, forests, water, and mineral resources, are not recognized in the financial statements as intangibles.

16. Segmented Information

The Corporation of the Municipality of Neebing provides a wide range of services to its citizens. 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

General government is comprised of various administrative services including general administration and finance, the services of the Mayor and Council, public library services, the health and safety program, and the operation and maintenance of the Municipal Office. Municipal office staff provide a variety of services for citizens plus provide support for other departments and programs. Assessment services, provided by Municipal Property Assessment Corporation, are responsible for providing services to both citizens and the Municipality.

b) Protection to Persons and Property

Protection services include Neebing Emergency Services, police services, the Chief Building Official, and services provided by the Lakehead Region Conservation Authority and the Thunder Bay Area Emergency Measures Organization. The volunteer fire department is responsible for being the first response to emergencies in the Municipality and is responsible for staffing, training, and the maintenance of the fire halls, fleet, and personal protective and fire fighting equipment. Police services are contracted through the Ontario Provincial Police and building inspections are currently contracted out to ensure compliance with building code and zoning requirements.

c) Transportation Services

Transportation services include roadway maintenance of the Municipal roadway systems, culverts, brushing and dust suppressant, and winter control that includes plowing and salt/sand application. Included in this segment is maintenance of all public works equipment and the garage.

The Corporation of the Municipality of Neebing Notes to Consolidated Financial Statements

December 31, 2016

15. Segmented Information (cont'd)

d) Environmental Services

The Municipality provides waste disposal at two landfill sites and includes recycling and landfill site operations and waste minimization programs.

e) Health Services

Health services include public health services and ambulance services. Public health services cover the Municipality's contribution to the activities to the Thunder Bay District Health Unit. The Thunder Bay District Health Unit provides health information and prevention-related clinical services; advocates for healthy public policy; investigates reportable diseases; and upholds regulations that apply to public health. This reporting segment also covers the operation and maintenance of the Cloud Bay Cemetery.

f) Social and Family Services

Social and family services represent the Municipality's contribution to the activities of the District of Thunder Bay Social Services Administration Board ("TBDSSAB"). TBDSSAB is responsible for Ontario Works program delivery, child care services and social housing.

g) Recreational and Cultural Services

Recreation service covers the operation and maintenance of Blake Hall which is used for a variety of events held by both citizens and local government.

h) Planning and Development

Planning and development manages rural development for business interest, environmental concerns, local community, and overall planning and community development including approval of all land development plans.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies.

The Corporation of the Municipality of Neebing
Notes to Consolidated Financial Statements

15. Segmented Information (cont'd)

	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
Revenue									
Taxation	\$ 2,429,873	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,429,873
Government transfers - operating	737,000	-	39,988	11,178	7,000	-	4,992	-	800,158
Government transfers - capital	-	-	121,779	-	-	-	-	-	121,779
User fees and service charges	7,042	23,484	50	23,590	1,900	-	668	8,000	64,734
Investment income	14,803	-	-	-	-	-	-	-	14,803
Other municipalities	-	16,670	-	-	-	-	-	-	16,670
Other revenues	157,427	13,699	4,439	-	1,243	-	-	-	176,808
	<u>3,346,145</u>	<u>53,853</u>	<u>166,256</u>	<u>34,768</u>	<u>10,143</u>	<u>-</u>	<u>5,660</u>	<u>8,000</u>	<u>3,624,825</u>
Expenses									
Salaries, wages and employee benefits	308,238	79,290	530,616	29,801	425	-	3,081	2,716	954,167
Materials and supplies	182,723	139,884	511,358	23,704	1,343	-	22,087	2,097	883,196
Contracted services	54,203	228,039	9,158	17,126	-	-	-	-	308,526
External transfers	-	21,848	-	-	225,534	361,471	-	250	609,103
Amortization	7,830	53,509	532,324	-	-	-	3,756	-	597,419
	<u>552,994</u>	<u>522,570</u>	<u>1,583,456</u>	<u>70,631</u>	<u>227,302</u>	<u>361,471</u>	<u>28,924</u>	<u>5,063</u>	<u>3,352,411</u>
Annual surplus (deficit)	\$ 2,793,151	\$ (468,717)	\$ (1,417,200)	\$ (35,863)	\$ (217,159)	\$ (361,471)	\$ (23,264)	\$ 2,937	\$ 272,414

The Corporation of the Municipality of Neebing Notes to Consolidated Financial Statements

15. Segmented Information (cont'd)

	General Government	Protection to Persons and Property	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation and Cultural Services	Planning and Development	2015 Total
Revenue									
Taxation	\$ 2,220,472	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,220,472
Government transfers - operating	728,200	-	39,988	6,755	7,000	-	4,992	-	786,935
Government transfers - capital	-	-	115,011	-	-	-	-	-	115,011
User fees and service charges	5,570	29,214	5,095	8,674	750	-	3,620	10,000	62,923
Investment income	18,001	-	-	-	-	-	-	-	18,001
Other municipalities	-	16,172	-	-	-	-	-	-	16,172
Other revenues	380,155	38,463	6,069	-	-	-	-	-	424,687
	3,352,398	83,849	166,163	15,429	7,750	-	8,612	10,000	3,644,201
Expenses									
Salaries, wages and employee benefits	290,972	79,867	454,320	42,893	425	-	1,195	1,866	871,538
Materials and supplies	268,914	117,902	611,805	29,711	1,157	-	19,487	1,361	1,050,337
Contracted services	54,076	159,476	4,340	24,382	-	-	-	-	242,274
External transfers	-	23,560	-	-	212,053	375,388	-	250	611,251
Amortization	7,830	53,175	575,289	-	-	-	3,756	-	640,050
	621,792	433,980	1,645,754	96,986	213,635	375,388	24,438	3,477	3,415,450
Annual surplus (deficit)	\$ 2,730,606	\$ (350,131)	\$ (1,479,591)	\$ (81,557)	\$ (205,885)	\$ (375,388)	\$ (15,826)	\$ 6,523	\$ 228,751

The Corporation of the Municipality of Neebing
Blake Community Hall Board
Schedule of Operations
(Unaudited)

For the year ended December 31	2016 Budget	2016 Actual	2015 Actual
Revenue			
Hall rentals	\$ 500	\$ 668	\$ 3,620
Expenses			
Fuel	6,000	2,313	3,319
Insurance	1,500	333	354
Miscellaneous	2,500	1,889	2,384
Repairs, maintenance and renovations	17,500	6,406	3,918
Salaries and benefits	4,120	3,025	1,195
Telephone	710	680	684
Utilities	2,000	1,308	1,698
	34,330	15,954	13,552
Net expenses	\$ (33,830)	\$ (15,286)	\$ (9,932)

The Corporation of the Municipality of Neebing
Crooks Cemetery Board
Schedule of Operations
(Unaudited)

For the year ended December 31	2016 Budget	2016 Actual	2015 Actual
Revenue			
Sale of plots and monuments	\$ 1,000	\$ 1,900	\$ 750
Transfer from Cemetery Perpetual Care Trust Fund	-	-	160
	<u>1,000</u>	<u>1,900</u>	<u>910</u>
Expenses			
Maintenance of buildings and grounds	3,500	1,343	1,157
Transfer to Cemetery Perpetual Care Trust Fund	-	2,048	-
Salaries, honorariums and benefits	500	425	425
	<u>4,000</u>	<u>3,816</u>	<u>1,582</u>
Net expenses	<u>\$ (3,000)</u>	<u>\$ (1,916)</u>	<u>\$ (672)</u>