

CORPORATION OF THE TOWNSHIP OF CRAMAHE
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016

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CORPORATION OF THE TOWNSHIP OF CRAMAHE

For The Year Ended December 31, 2016

MANAGEMENT REPORT

The accompanying consolidated financial statements of the Corporation of the Township of Cramahe are the responsibility of management and have been approved by Council.

The consolidated financial statements have been prepared by management in accordance with Canadian Public Sector Accounting Standards. Financial statements are not precise since they include certain amounts based on estimates and judgements. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the financial statements are presented fairly, in all material respects.

The Township maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the Township's assets are appropriately accounted for and adequately safeguarded.

The Township's Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving financial statements.

Council reviews and approves the Township's financial statements for issuance to the members of Council, inhabitants and ratepayers of the Corporation of the Township of Cramahe. Council meets periodically with management, as well as the external auditor, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities and to review the financial statements and the independent auditor's report.

The consolidated financial statements have been audited by Collins Barrow Kawarthas LLP in accordance with Canadian generally accepted auditing standards on behalf of the Township. Collins Barrow Kawarthas LLP has full and free access to Council.

Mayor

Date

Treasurer

Date

INDEPENDENT AUDITOR'S REPORT**To the Members of Council, Inhabitants and Ratepayers of the
Corporation of the Township of Cramahe***Report on the Financial Statements*

We have audited the accompanying consolidated financial statements of the Corporation of the Township of Cramahe and its local boards, which comprise the consolidated statement of financial position as at December 31, 2016, the consolidated statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and 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 consolidated financial statements in accordance with Canadian Public Sector Accounting Standards, and for such internal controls as management determines are necessary to enable the preparation of 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 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 the auditor's 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, the auditor considers internal controls 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 controls. 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 consolidated financial statements present fairly, in all material respects, the financial position of the Corporation of the Township of Cramahe and its local boards as at December 31, 2016 and the results of its operations and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Collins Barrow Kawarthas LLP

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
August 11, 2017

CORPORATION OF THE TOWNSHIP OF CRAMAHE**CONSOLIDATED STATEMENT OF FINANCIAL POSITION****At December 31, 2016**

	2016	2015
	\$	\$
FINANCIAL ASSETS		
Cash	3,869,014	1,622,586
Investments (note 2)	2,490,479	3,479,509
Accounts receivable	241,346	334,383
Taxes receivable	1,027,974	944,466
Inventory held for resale	760,920	825,717
TOTAL FINANCIAL ASSETS	8,389,733	7,206,661
LIABILITIES		
Accounts payable	3,106,068	1,452,575
Deferred revenue - obligatory reserve funds (note 8)	867,289	557,364
Deferred revenue - other	7,953	5,762
Long term debt (note 10)	1,157,470	1,477,793
TOTAL LIABILITIES	5,138,780	3,493,494
NET FINANCIAL ASSETS	3,250,953	3,713,167
NON-FINANCIAL ASSETS		
Tangible capital assets (note 7)	25,144,072	23,886,012
Inventories of materials and supplies	77,143	83,252
Prepaid expenses	23,156	-
TOTAL NON-FINANCIAL ASSETS	25,244,371	23,969,264
ACCUMULATED SURPLUS (note 11)	28,495,324	27,682,431

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF CRAMAHE

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS For the Year Ended December 31, 2016

	Budget 2016 \$ (unaudited)	Actual 2016 \$	Actual 2015 \$
REVENUES			
Property taxation	5,219,704	5,256,664	5,100,529
User charges	1,411,178	1,587,250	1,438,719
Government of Canada	1,620	957	4,402
Province of Ontario	972,134	968,753	919,252
Penalties and interest on taxes	165,000	160,077	177,847
Investment income	20,000	32,942	35,562
Donations	-	5,005	42,427
Sale of land held for resale	500	128,045	149,745
Contributed assets	-	15,000	5,102
Gain on disposal of tangible capital assets	-	1,665	-
Federal gas tax earned	175,846	1,727	303,639
Development charges earned	75,184	-	-
TOTAL REVENUES	8,041,166	8,158,085	8,177,224
EXPENSES			
General government	1,377,607	1,169,144	1,393,915
Protection services	1,629,054	1,679,877	1,702,594
Transportation services	1,996,043	1,958,150	2,029,950
Environmental services	1,217,061	1,139,747	1,117,272
Health services	18,684	18,415	20,220
Recreation and cultural services	1,226,032	1,119,145	1,195,878
Planning and development	170,577	260,714	292,183
TOTAL EXPENSES	7,635,058	7,345,192	7,752,012
ANNUAL SURPLUS	<u>406,108</u>	812,893	425,212
ACCUMULATED SURPLUS - beginning of year		27,682,431	27,257,219
ACCUMULATED SURPLUS - end of year		28,495,324	27,682,431

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF CRAMAHE

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
For the Year Ended December 31, 2016

	Budget 2016 \$ (unaudited)	Actual 2016 \$	Actual 2015 \$
ANNUAL SURPLUS	406,108	812,893	425,212
Amortization of tangible capital assets	1,122,932	1,132,467	1,122,932
Purchase of tangible capital assets	(1,022,487)	(2,375,531)	(1,069,307)
Gain on disposal of tangible capital assets	-	(1,665)	-
Proceeds on sale of tangible capital assets	-	1,665	-
Contributed capital assets	-	(15,000)	(5,102)
Change in inventories of materials and supplies	-	6,113	(83,252)
Change in prepaid expenses	-	(23,156)	-
INCREASE/(DECREASE) IN NET FINANCIAL ASSETS	506,553	(462,214)	390,483
NET FINANCIAL ASSETS - beginning of year	3,713,167	3,713,167	3,322,684
NET FINANCIAL ASSETS - end of year	4,219,720	3,250,953	3,713,167

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF CRAMAHE

CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2016

	2016 \$	2015 \$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus	812,893	425,212
Items not involving cash		
Amortization of tangible capital assets	1,132,467	1,122,932
Gain on disposal of tangible capital assets	(1,665)	-
Contributed capital assets	(15,000)	(5,102)
Change in non-cash assets and liabilities		
Accounts receivable	93,037	405,955
Taxes receivable	(83,508)	183,037
Inventory held for resale	64,797	3,499
Inventories of materials and supplies	6,113	(83,252)
Prepaid expenses	(23,156)	-
Accounts payable	1,653,493	504,319
Deferred revenue - obligatory reserve funds	309,925	(72,305)
Deferred revenue - other	2,191	(2,788)
Net change in cash from operating activities	3,951,587	2,481,507
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(2,375,531)	(1,069,307)
Proceeds on disposal of tangible capital assets	1,665	-
Net change in cash from capital activities	(2,373,866)	(1,069,307)
INVESTING ACTIVITIES		
Purchase of investments	(14,088)	(2,024,339)
Disposal of investments	1,003,118	1,006,490
Net change in cash from investing activities	989,030	(1,017,849)
FINANCING ACTIVITIES		
Debt principal repayments	(320,323)	(308,613)
NET CHANGE IN CASH	2,246,428	85,738
CASH - beginning of year	1,622,586	1,536,848
CASH - end of year	3,869,014	1,622,586

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF CRAMAHE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2016

The Township of Cramahe is a lower tier municipality in the Province of Ontario, Canada. It conducts its operations guided by the provisions of provincial statutes such as the Municipal Act, Municipal Affairs Act and related legislation.

1. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with the standards in the Chartered Professional Accountants Canada Public Sector Accounting (PSA) Handbook. Significant aspects of the accounting policies are as follows:

(a) Reporting Entity

These consolidated financial statements reflect the assets, liabilities, revenues and expenses and accumulated surplus of the reporting entity.

The reporting entity is comprised of all organizations, committees and local boards accountable for the administration of their financial affairs and resources to the Township and which are owned and controlled by the Township. These financial statements include:

- Cramahe Township Public Library Board
- Community Police Services Board

All interfund assets and liabilities and revenues and expenses are eliminated.

(b) Trust Funds

Trust funds and their related operations administered by the Township are not included in these consolidated financial statements but are reported on separately on the Trust Funds Statement of Continuity and Statement of Financial Position.

(c) Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, if any, of tangible capital assets is amortized on a straight-line basis, over the expected useful life of the asset, as follows:

Land improvements	10 - 50 years
Buildings and facilities	10 - 50 years
Machinery and equipment	5 - 15 years
Vehicles	7 - 20 years
Roads	10 - 40 years
Water and sewer	15 - 90 years

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

Tangible capital assets categorized as assets under construction are not amortized until they are put into service.

CORPORATION OF THE TOWNSHIP OF CRAMAHE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2016

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(d) Recognition of Revenues and Expenses

Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues in the period in which the transactions or events occurred that give rise to the revenue; expenses are recognized in the period the goods or services are acquired and a legal liability is incurred or transfers are due.

Property taxation

Property tax billings are prepared by the Township based on assessment rolls issued by the Municipal Property Assessment Corporation (MPAC) and in accordance with the provisions of the Municipal Act, 2001. The Township's Council establishes the tax rates annually, incorporating amounts to be raised for local services, and amounts the Township is required to collect on behalf of the County and School Boards. From time to time property assessments are adjusted by MPAC through the reconsideration process or by the Assessment Review Board through the appeal process. Additional assessments, referred to as supplementary and omitted assessment can also be issued by MPAC in accordance with the Assessment Act. These adjustments and additional assessments are reported in the financial statements when amounts can be reasonably determined.

The Township is entitled to collect interest and penalties on overdue taxes. These revenues are recorded in the period the interest and penalties are levied.

Government funding

Government funding is recognized in the financial statements as revenues 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 amounts can be made.

Other revenue

User fees are recognized as revenue in the year the goods and services are provided, with the exception of building permits that are recognized when the permits are issued.

Sales of land held for resale are recognized as revenue in the year the title passes to the purchaser.

(e) Non-financial Assets

Tangible capital and other non-financial assets are accounted for as assets by the Township because they can be used to provide services in future periods. These assets do not normally provide resources to discharge the liabilities of the Township unless they are sold.

(f) Reserves and Reserve Funds

Certain amounts, as approved by Council, are set aside in reserves and reserve funds for future operating and capital purposes. Transfers to and/or from reserves and reserve funds are an adjustment to the respective fund when approved.

(g) Deferred Revenue

Deferred revenue represents grants, user charges and fees which have been collected but for which the related services have yet to be performed. These amounts will be recognized as revenues in the fiscal year the services are performed.

CORPORATION OF THE TOWNSHIP OF CRAMAHE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2016

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(h) Use of Estimates

Certain items recognized in the financial statements are subject to measurement uncertainty. The recognized amounts of such items are based on the Township's best information and judgment. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant. The Township's significant estimates include:

- The amounts recorded for amortization and opening costs of tangible capital assets are based on estimates of useful life, residual values and valuation rates.

(i) Inventory Held for Resale

Inventory held for resale, which consists primarily of land, is stated at cost, with cost of land being the purchase price plus the cost to prepare the land for resale.

2. INVESTMENTS

Investments are recorded at cost and include a money market fund with a book value of \$2,490,479 (2015 - \$3,479,509) and market value of \$2,481,790 (2015 - \$3,468,692).

3. PENSION AGREEMENTS

Certain employees of the Township are eligible members of the Ontario Municipal Employees Retirement System (OMERS), a multi-employer pension plan.

The Actuarial Opinion contained in the 2016 Annual Report disclosed total actuarial liabilities of \$87,554 million in respect of benefits accrued for service with actuarial assets of \$81,834 million indicating an actuarial deficit of \$5,720 million. 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 Township does not recognize any share of the OMERS pension surplus or deficit.

The Township's required contributions to OMERS in 2016 were \$134,413 (2015 - \$129,654).

4. CREDIT FACILITY AGREEMENT

The Township has a revolving credit facility agreement with its main financial institution. The amount available at any time is limited to \$1,000,000 a revolving line of credit. Any balance borrowed will accrue interest at the bank's prime lending rate. Council authorized the temporary borrowing limit by By-law 2016-01. At December 31, 2016 there was no balance outstanding (2015 - \$Nil).

CORPORATION OF THE TOWNSHIP OF CRAMAHE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2016

5. OPERATIONS OF SCHOOL BOARDS AND THE COUNTY OF NORTHUMBERLAND

During 2016, requisitions were made by the County of Northumberland and School Boards requiring the Township to collect property taxes and payments in lieu of property taxes on their behalf. The amounts collected and remitted are as follows:

	School Boards \$	County \$
Property taxes	1,837,882	3,267,106
Taxation from other governments	12,726	11,463
Amounts requisitioned and remitted	1,850,608	3,278,569

These amounts have not been included in the Consolidated Statement of Operations and Accumulated Surplus.

6. EXPENSES BY OBJECT

The expenses for the year reported on the Consolidated Statement of Operations and Accumulated Surplus by object are as follows:

	Budget 2016 \$ (Unaudited)	Actual 2016 \$	Actual 2015 \$
Salaries and benefits	2,597,158	2,285,319	2,615,091
Interest charges	45,721	54,253	65,963
Materials	2,021,419	2,127,835	2,104,276
Contracted services	1,626,519	1,522,962	1,616,912
Rents and financial	17,300	18,368	6,349
External transfers	204,009	136,581	142,997
Amortization	1,122,932	1,132,467	1,122,932
Cost of land held for resale sold	-	67,407	77,492
	7,635,058	7,345,192	7,752,012

CORPORATION OF THE TOWNSHIP OF CRAMAHE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2016

7. TANGIBLE CAPITAL ASSETS

The net book value of the Township's tangible capital assets are:

	2016 \$	2015 \$
General		
Land and land improvements	2,146,521	2,148,345
Buildings and facilities	2,226,786	2,325,399
Machinery and equipment	504,395	481,461
Vehicles	973,305	1,124,187
Infrastructure		
Roads	5,698,951	5,825,356
Water and sewer	10,737,814	10,979,377
	22,287,772	22,884,125
Assets under construction	2,856,300	1,001,887
	25,144,072	23,886,012

For additional information, see the Consolidated Schedule of Tangible Capital Assets.

During the year there were no write-downs of assets (2015 - \$Nil) and no interest capitalized (2015 - \$Nil).

The allocation of tangible capital assets by segment is as follows:

	2016 \$	2015 \$
General government	262,057	290,906
Protection services	2,382,965	603,852
Transportation services	6,869,435	7,115,034
Environmental services	11,966,986	12,091,722
Health services	128,579	128,579
Recreation and cultural services	2,957,270	3,079,139
Planning and development	576,780	576,780
	25,144,072	23,886,012

CORPORATION OF THE TOWNSHIP OF CRAMAHE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2016

8. DEFERRED REVENUE - OBLIGATORY RESERVE FUNDS

A requirement of the Chartered Professional Accountants Canada Public Sector Accounting Handbook, is that obligatory reserve funds be reported as deferred revenue. This requirement is in place as legislation and external agreements restrict how these funds may be used and under certain circumstances these funds may possibly be refunded. The balances in the obligatory reserve funds of the Township are summarized below:

	2016 \$	2015 \$
Parkland	65,971	59,998
Development charges	306,332	188,660
Federal gas tax	494,986	308,706
	867,289	557,364

The continuity of deferred revenue - obligatory reserve funds is as follows:

	2016 \$	2015 \$
Balance - beginning of year	557,364	629,669
Add amounts received:		
Development charges	115,909	48,204
Federal gas tax	184,639	175,846
Interest	5,604	6,184
Parkland fees	5,500	1,100
	311,652	231,334
Less transfer to operations:		
Federal gas tax	1,727	303,639
Balance - end of year	867,289	557,364

9. CONTINGENT LIABILITIES

The Township, in the course of its operations, has been named in a lawsuit, the outcome of which is indeterminable at this time. No amount in connection with this item has been reflected in these financial statements.

CORPORATION OF THE TOWNSHIP OF CRAMAHE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2016

10. LONG TERM DEBT

- (a) The balance of long term debt reported on the Consolidated Statement of Financial Position is made up of the following:

	2016 \$	2015 \$
Long term bank loan, due October 1, 2017, repayable in blended monthly installments of \$15,601, interest rate fixed at 3.61% per annum.	153,319	331,491
Long term loan from Community Futures, due January 1, 2017, repayable in monthly installments of \$208, interest free.	207	2,708
Long term bank loan, due August 4, 2019, repayable in blended semi-annual installments of \$30,637, interest rate fixed at 4.04% per annum.	171,498	224,240
Long term loan from CMHC, due November 1, 2024, repayable in blended annual installments of \$123,590, interest rate fixed at 3.99% per annum.	832,446	919,354
	1,157,470	1,477,793

- (b) The long term debt in (a) issued in the name of the Township have been approved by by-law. The annual principal and interest payments required to service these liabilities are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.

- (c) Interest paid during the year on long term debt amounted to \$54,253 (2015 - \$65,963).

- (d) The long term debt reported in (a) of this note is repayable as follows:

	Principal \$	Interest \$	Total \$
2017	298,798	42,141	340,939
2018	151,117	33,748	184,865
2019	157,198	27,667	184,865
2020	101,631	21,959	123,590
2021	105,686	17,904	123,590
2022 and subsequent years	343,040	27,731	370,771
	1,157,470	171,150	1,328,620

CORPORATION OF THE TOWNSHIP OF CRAMAHE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2016

11. ACCUMULATED SURPLUS

(a) Accumulated surplus consists of the following:

	2016 \$	2015 \$
Surplus/(Deficit)		
Township	-	(275,268)
Community Police Services Board	12,366	13,279
Area rates	(14,547)	15,190
East Colborne Cemetery Board	-	25,420
Land inventory held for resale	760,920	818,704
Colborne Creek - unfinanced	(191,305)	(249,118)
	567,434	348,207
Invested In Capital Assets		
Tangible capital assets - net book value	25,144,072	23,886,012
Long term debt	(1,157,470)	(1,477,793)
Unfunded capital (note 11(b))	(2,003,866)	(234,627)
	21,982,736	22,173,592
Surplus	22,550,170	22,521,799
Reserves		
Working funds	737,369	515,942
Sewer operations	316,470	325,767
Future capital	453,839	425,318
Waterworks operations	1,637,693	1,520,325
Community projects	1,018	1,018
Transportation services	1,165,728	857,989
Fire services	360,260	291,858
Workplace Safety and Insurance Board	197,565	196,065
Planning and development operations	305,225	300,725
General government operations	111,809	95,239
Library operations	17,630	19,608
Police	328,824	328,824
Animal control	11,157	11,157
Benefit stabilization	208,833	208,833
Recreation	49,781	49,781
Cemetery	35,770	6,000
Total Reserves	5,938,971	5,154,449
Reserve Funds		
Library services	6,183	6,183
	28,495,324	27,682,431

CORPORATION OF THE TOWNSHIP OF CRAMAHE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2016

11. ACCUMULATED SURPLUS, continued

(b) Unfinanced capital consists of the following:

	2016 \$	2015 \$
Well No. 2 rehabilitation	(186,022)	(124,870)
Roads projects	-	(86,602)
Fire hall	(1,816,415)	(23,155)
Cenotaph	(1,429)	-
	(2,003,866)	(234,627)

12. TRUST FUNDS

Trust funds administered by the Township amounting to \$57,599 (2015 - \$57,199) have not been included in the Consolidated Statement of Financial Position nor have their operations been included in the Consolidated Statement of Operations and Accumulated Surplus. As such balances are held in trust by the Township for the benefit of others, they are not presented as part of the Township's financial position or operations.

13. BUDGET FIGURES

The budget, approved by the Township, for 2016 is reflected on the Consolidated Statement of Operations and Accumulated Surplus and the Consolidated Statement of Change in Net Financial Assets. The budget established for capital investment in tangible capital assets are on a project-oriented basis, the costs of which may be carried out over one or more years and, therefore, may not be comparable with current year's actual amounts. Budget figures have been reclassified for the purposes of these financial statements to comply with PSA reporting requirements. Budget figures are not subject to audit.

The following is a reconciliation of the Council approved budget amounts to the PSA amounts:

	Revenue \$	Expenses \$
Council approved budget:	8,920,905	8,920,905
Less: tangible capital assets capitalized	-	(1,022,487)
Add: amortization of tangible capital assets	-	1,122,932
Less: principal repayment of long term debt	-	(328,856)
Less: prior year street light surplus	(13,906)	-
Less: transfers to/from reserves and reserve funds	(680,136)	(871,739)
Less: budget items reclassified for financial statement purposes	(185,697)	(185,697)
Adjusted budget per Consolidated Statement of Operations	8,041,166	7,635,058

CORPORATION OF THE TOWNSHIP OF CRAMAHE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2016

14. SEGMENTED INFORMATION

The Township of Cramahe is a municipal government organization that provides a range of services to its residents. Township services are reported by function and their activities are separately disclosed in the segmented information.

For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Certain allocation methodologies are employed in the preparation of segmented financial information. Taxation, payments-in-lieu of taxes and certain unconditional government transfers are apportioned based on each segment's net requirements.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 1. For additional information see the Consolidated Schedule of Segment Disclosure.

General Government

General government consists of the activities of Council and general financial and administrative management of the Township and its programs and services.

Protection Services

Protection services include police, fire, conservation authority and protective inspection and control.

Transportation Services

The activities of the transportation function includes maintenance of the Township's roads and bridges, winter control and street lighting.

Environmental Services

The environmental function is responsible for water and sewer operations and waste management services not covered by the County of Northumberland.

Health Services

The health services function includes the operation of the East Colborne cemetery.

Recreation and Cultural Services

The recreation and cultural services function provides indoor and outdoor recreational facilities, recreation programs and library services.

Planning and Development

The planning and development services function includes commercial, industrial and residential development within the Township.

15. COMPARATIVE FIGURES

Certain comparative figures were restated, where required, to conform with the current year presentation.

CORPORATION OF THE TOWNSHIP OF CRAMAHE

CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS
For the Year Ended December 31, 2016

	General			Infrastructure		Assets Under Construction	Totals
	Land and land improvements	Buildings and facilities	Machinery and equipment	Vehicles	Roads	Water and sewer	
	\$	\$	\$	\$	\$	\$	\$
COST							
Balance, beginning of year	2,575,683	5,124,427	755,426	3,249,881	13,165,238	12,949,089	38,821,631
Add: additions during the year	13,718	60,123	102,948	15,000	344,329	-	2,390,531
Less: disposals during the year	-	-	33,729	-	-	-	33,729
Balance, end of year	2,589,401	5,184,550	824,645	3,264,881	13,509,567	12,949,089	41,178,433
ACCUMULATED AMORTIZATION							
Balance, beginning of year	427,338	2,799,028	273,965	2,125,694	7,339,882	1,969,712	14,935,619
Add: additions during the year	15,542	158,736	80,010	165,882	470,734	241,563	1,132,467
Less: disposals during the year	-	-	33,725	-	-	-	33,725
Balance, end of year	442,880	2,957,764	320,250	2,291,576	7,810,616	2,211,275	16,034,361
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS							
	2,146,521	2,226,786	504,395	973,305	5,698,951	10,737,814	25,144,072

CORPORATION OF THE TOWNSHIP OF CRAMAHE

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE For the Year Ended December 31, 2016

	General Government \$	Protection Services \$	Transportation Services \$	Environmental Services \$	Health Services \$	Recreation and Cultural Services \$	Planning and Development \$	Consolidated \$
Revenues								
Property taxation	452,916	1,620,981	1,874,830	12,351	18,684	1,062,827	214,075	5,256,664
User charges	31,467	122,708	13,313	1,214,898	1,836	180,241	22,787	1,587,250
Government transfers - operating	752,300	33,078	131,353	-	-	27,979	-	944,710
Government transfers - capital	-	-	25,000	-	-	-	-	25,000
Penalties and interest on taxes	160,077	-	-	-	-	-	-	160,077
Investment income	32,942	-	-	-	-	-	-	32,942
Donations	5,005	-	-	-	-	-	-	5,005
Sale of land held for resale	-	-	-	-	-	-	128,045	128,045
Contributed assets	-	15,000	-	-	-	-	-	15,000
Gain on disposal of tangible capital assets	-	-	-	1,665	-	-	-	1,665
Federal gas tax earned	1,727	-	-	-	-	-	-	1,727
Total revenues	1,436,434	1,791,767	2,044,496	1,228,914	20,520	1,271,047	364,907	8,158,085
Expenses								
Salaries and benefits	713,475	425,675	520,781	82,551	-	492,714	50,123	2,285,319
Interest charges	-	-	-	36,682	-	9,039	8,532	54,253
Materials	350,097	174,519	731,845	423,200	11,231	386,807	50,136	2,127,835
Contracted services	79,963	949,166	93,494	326,656	-	21,435	52,248	1,522,962
Rents and financial	6,360	-	-	12,008	-	-	-	18,368
External transfers	-	65,874	9,898	-	7,184	21,357	32,268	136,581
Amortization	28,849	64,643	602,132	249,050	-	187,793	-	1,132,467
Internal transfers	(9,600)	-	-	9,600	-	-	-	-
Cost of land held for resale sold	-	-	-	-	-	-	67,407	67,407
Total expenses	1,169,144	1,679,877	1,958,150	1,139,747	18,415	1,119,145	260,714	7,345,192
Net surplus	267,290	111,890	86,346	89,167	2,105	151,902	104,193	812,893

CORPORATION OF THE TOWNSHIP OF CRAMAHE

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE For the Year Ended December 31, 2015

	General Government \$	Protection Services \$	Transportation Services \$	Environmental Services \$	Health Services \$	Recreation and Cultural Services \$	Planning and Development \$	Consolidated \$
Revenues								
Property taxation	575,676	1,795,489	1,363,373	-	18,704	1,160,254	187,033	5,100,529
User charges	28,494	73,003	6,180	1,121,615	1,845	194,299	13,283	1,438,719
Government transfers - operating	668,781	29,728	109,248	42,682	-	45,415	2,800	898,654
Government transfers - capital	-	-	25,000	-	-	-	-	25,000
Penalties and interest on taxes	177,847	-	-	-	-	-	-	177,847
Investment income	35,562	-	-	-	-	-	-	35,562
Donations	37,427	-	-	-	-	5,000	-	42,427
Sale of land held for resale	-	-	-	-	-	-	149,745	149,745
Contributed assets	5,102	-	-	-	-	-	-	5,102
Federal gas tax earned	15,000	-	288,639	-	-	-	-	303,639
Total revenues	1,543,889	1,898,220	1,792,440	1,164,297	20,549	1,404,968	352,861	8,177,224
Expenses								
Salaries and benefits	862,262	456,016	618,244	90,325	-	531,734	56,510	2,615,091
Interest charges	-	-	-	40,017	-	15,346	10,600	65,963
Materials	407,344	194,950	581,199	417,488	12,766	405,105	85,424	2,104,276
Contracted services	96,918	927,254	227,307	317,309	-	18,490	29,634	1,616,912
Rents and financial	6,001	-	-	348	-	-	-	6,349
External transfers	-	64,637	9,733	-	7,454	28,650	32,523	142,997
Amortization	29,390	59,737	593,467	243,785	-	196,553	-	1,122,932
Internal transfers	(8,000)	-	-	8,000	-	-	-	-
Cost of land held for resale sold	-	-	-	-	-	-	77,492	77,492
Total expenses	1,393,915	1,702,594	2,029,950	1,117,272	20,220	1,195,878	292,183	7,752,012
Net surplus/(deficit)	149,974	195,626	(237,510)	47,025	329	209,090	60,678	425,212

INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers of the Corporation of the Township of Cramahe

Report on the Financial Statements

We have audited the accompanying financial statements of the Trust Funds of the Corporation of the Township of Cramahe, which comprise the statement of financial position as at December 31, 2016, the statement of continuity for the year then ended, and 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 controls as management determines are necessary to enable the preparation of 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 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 the auditor's 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, the auditor considers internal controls 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 controls. 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 Trust Funds of the Corporation of the Township of Cramahe as at December 31, 2016 and the continuity of the Trust Funds for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Collins Barrow Kawarthas LLP

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
August 11, 2017

CORPORATION OF THE TOWNSHIP OF CRAMAHE

**TRUST FUNDS
STATEMENT OF FINANCIAL POSITION
At December 31, 2016**

	Cemetery Perpetual Care \$	Forestry Program \$	2016 Total \$	2015 Total \$
FINANCIAL ASSETS				
Investments (note 2)	46,957	10,537	57,494	56,715
Accounts receivable	-	105	105	484
	46,957	10,642	57,599	57,199
FUND BALANCES				
Capital	39,679	10,642	50,321	50,278
Income	7,278	-	7,278	6,921
	46,957	10,642	57,599	57,199

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF CRAMAHE

TRUST FUNDS

STATEMENT OF CONTINUITY

For the Year Ended December 31, 2016

	Cemetery Perpetual Care \$	Forestry Program \$	2016 Total \$	2015 Total \$
BALANCES - beginning of year	46,662	10,537	57,199	56,116
RECEIPTS				
Investment income	1,197	105	1,302	2,073
EXPENSES				
Administration fee	622	-	622	622
Transfer to operations	280	-	280	368
	902	-	902	990
BALANCES - end of year	46,957	10,642	57,599	57,199

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF CRAMAHE

TRUST FUNDS

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2016

1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with the standards in the Chartered Professional Accountants Canada Public Sector Accounting (PSA) Handbook.

(a) Basis of Accounting

Revenue and expenses are reported on the accrual basis of accounting which 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 conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the period and are based on the Township's best information and judgment. Actual results could differ from these estimates.

2. INVESTMENTS

Included in investments are the following investments recorded at cost:

	Market Value \$	2016 Cost \$	2015 Cost \$
Scotiabank Bond Common Trust Fund	47,220	46,957	46,262
1-year GIC maturing January 13, 2017, interest at 1%	10,642	10,537	-
1-year GIC maturing January 1, 2016, interest at 0.8%	-	-	10,453
	57,862	57,494	56,715

3. CEMETERY PERPETUAL CARE

The Perpetual Care Fund administered by the Board is funded by the sale of cemetery plots. These funds are invested and earnings derived there from are used to perform perpetual care maintenance to the Board's cemeteries. The operations and investments of the Fund are undertaken by the Board in accordance with the regulations of the Cemeteries Act.

CORPORATION OF THE TOWNSHIP OF CRAMAHE
CRAMAHE TOWNSHIP PUBLIC LIBRARY BOARD
FINANCIAL STATEMENTS
DECEMBER 31, 2016

INDEPENDENT AUDITOR'S REPORT

**To the Members of the Cramahe Township Public Library Board, the Members of Council,
Inhabitants and Ratepayers of the Corporation of the Township of Cramahe**

Report on the Financial Statements

We have audited the accompanying financial statements of the Cramahe Township Public Library Board of the Corporation of the Township of Cramahe, which comprise the statement of financial position as at December 31, 2016, the 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 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 controls as management determines are necessary to enable the preparation of 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 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 the auditor's 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, the auditor considers internal controls 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 controls. 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 qualified audit opinion.

Basis for Qualified Opinion

The Board derives revenue from donations, fees and fundraising, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Board and we were not able to determine whether any adjustments might be necessary to donations, fees and fundraising revenues, assets and fund balances.

Qualified Opinion

Except as noted in the above paragraph, in our opinion, these financial statements present fairly, in all material respects, the financial position of the Cramahe Township Public Library Board as at December 31, 2016 and the results of its operations and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Collins Barrow Kawarthas LLP

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
August 11, 2017

CORPORATION OF THE TOWNSHIP OF CRAMAHE

**CRAMAHE TOWNSHIP PUBLIC LIBRARY BOARD
STATEMENT OF FINANCIAL POSITION
At December 31, 2016**

	2016 \$	2015 \$
FINANCIAL ASSETS		
Cash	56,361	60,268
Accounts receivable	2,918	1,226
TOTAL FINANCIAL ASSETS	59,279	61,494
LIABILITIES		
Due to Township	31,165	31,435
Deferred revenue	4,301	4,268
TOTAL LIABILITIES	35,466	35,703
NET FINANCIAL ASSETS	23,813	25,791
NON-FINANCIAL ASSETS		
Tangible capital assets (note 2)	127,877	125,570
ACCUMULATED SURPLUS (note 3)	151,690	151,361

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF CRAMAHE**CRAMAHE TOWNSHIP PUBLIC LIBRARY BOARD
STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
For the Year Ended December 31, 2016**

	Budget 2016 \$ (unaudited)	Actual 2016 \$	Actual 2015 \$
REVENUES			
Township contributions	185,697	196,722	187,486
Provincial grants	22,798	27,022	44,094
Donations, fees and fundraising	7,062	7,520	7,841
Other	1,970	1,326	1,937
TOTAL REVENUES	217,527	232,590	241,358
EXPENSES			
Salaries and benefits	133,589	147,295	143,782
Supplies	8,000	9,551	6,357
Maintenance and utilities	29,320	26,886	28,941
Professional fees	2,864	2,884	9,703
Office and administration	10,198	8,983	8,764
Equipment and furnishings	2,400	3,377	3,717
Amortization	33,416	33,285	33,416
TOTAL EXPENSES	219,787	232,261	234,680
ANNUAL SURPLUS/(DEFICIT)	<u>(2,260)</u>	329	6,678
ACCUMULATED SURPLUS - beginning of year		151,361	144,683
ACCUMULATED SURPLUS - end of year		151,690	151,361

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF CRAMAHE

**CRAMAHE TOWNSHIP PUBLIC LIBRARY BOARD
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
For the Year Ended December 31, 2016**

	Budget 2016 \$ (unaudited)	Actual 2016 \$	Actual 2015 \$
ANNUAL SURPLUS/(DEFICIT)	(2,260)	329	6,678
Amortization of tangible capital assets	33,416	33,285	33,416
Acquisition of tangible capital assets	(34,452)	(35,592)	(35,094)
INCREASE/(DECREASE) IN NET FINANCIAL ASSETS	(3,296)	(1,978)	5,000
NET FINANCIAL ASSETS - beginning of year	25,791	25,791	20,791
NET FINANCIAL ASSETS - end of year	22,495	23,813	25,791

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF CRAMAHE

**CRAMAHE TOWNSHIP PUBLIC LIBRARY BOARD
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2016**

	2016 \$	2015 \$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus	329	6,678
Items not involving cash		
Amortization of tangible capital assets	33,285	33,416
Change in non-cash assets and liabilities		
Accounts receivable	(1,692)	(1,226)
Due to Township	(270)	(25,029)
Deferred revenue	33	(1,965)
Net change in cash from operating activities	31,685	11,874
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(35,592)	(35,094)
INVESTING ACTIVITIES		
Disposal of investments	-	3,370
NET CHANGE IN CASH	(3,907)	(19,850)
CASH - beginning of year	60,268	80,118
CASH - end of year	56,361	60,268

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF CRAMAHE

CRAMAHE TOWNSHIP PUBLIC LIBRARY BOARD NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2016

1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with the standards in the Chartered Professional Accountants Canada Public Sector Accounting (PSA) Handbook. Significant aspects of the accounting policies adopted by the Board are as follows:

(a) Recognition of Revenue and Expenses

Revenue and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenue in the period in which the transactions of events occurred that give rise to the revenue; expenses are recognized in the period the goods or services are acquired and a legal liability is incurred or transfers are due.

Government funding is recognized in the financial statements as revenues 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 amounts can be made.

User fees are recognized as revenue in the year the goods and services are provided.

Donations and fundraising revenue is recognized when the amounts are received.

(b) Use of Estimates

Certain items recognized in the financial statements are subject to measurement uncertainty. The recognized amounts of such items are based on the Board's best information and judgment. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant. The Board's significant estimates include:

- The amounts recorded for amortization and opening costs of tangible capital assets are based on estimates of useful life, residual values and valuation rates.

(c) Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, if any, of tangible capital assets is amortized on a straight-line basis, over the expected useful life of the asset, as follows:

Books and periodicals	7 years
-----------------------	---------

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

(d) Deferred Revenue

Deferred revenue represents a grant which has been received, but for which the related services have yet to be performed. This amount will be recognized as revenue in the fiscal year the service is performed.

(e) Non-Financial Assets

Tangible capital assets and other non-financial assets are accounted for as assets by the Board because they can be used to provide services in future periods. These assets do not normally provide resources to discharge the liabilities of the Board unless they are sold.

CORPORATION OF THE TOWNSHIP OF CRAMAHE

**CRAMAHE TOWNSHIP PUBLIC LIBRARY BOARD
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2016**

2. TANGIBLE CAPITAL ASSETS

The net book value of the Board's tangible capital assets are:

	2016 Books and Periodicals \$	2015 Books and Periodicals \$
COST		
Balance, beginning of year	245,508	246,080
Add: additions during the year	35,592	35,094
Less: disposals during the year	33,729	35,666
Balance, end of year	247,371	245,508
ACCUMULATED AMORTIZATION		
Balance, beginning of year	119,938	122,188
Add: additions during the year	33,285	33,416
Less: disposals during the year	33,729	35,666
Balance, end of year	119,494	119,938
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	127,877	125,570

3. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2016 \$	2015 \$
Invested In Capital Assets		
Tangible capital assets - net book value	127,877	125,570
Surplus	127,877	125,570
Reserve		
Operations	17,630	19,608
Reserve Fund		
Literacy enhancements	6,183	6,183
	151,690	151,361

CORPORATION OF THE TOWNSHIP OF CRAMAHE

CRAMAHE TOWNSHIP PUBLIC LIBRARY BOARD

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2016

4. BUDGET FIGURES

The budget, approved by the Board, for 2016 is reflected on the Statement of Operations and Accumulated Surplus and the Statement of Change in Net Financial Assets. The budgets established for capital investment in tangible capital assets are on a project-oriented basis, the costs of which may be carried out over one or more years and, therefore, may not be comparable with current year's actual amounts. Budget figures have been reclassified for the purposes of these financial statements to comply with PSA reporting requirements. Budget figures are not subject to audit.