

**The Corporation of
the Municipality of Neebing
Consolidated Financial Statements
For the year ended December 31, 2017**

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

December 31, 2017


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.

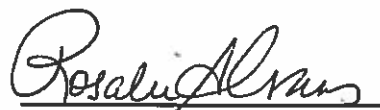
In fulfilling its responsibilities and recognizing the limits inherent in all systems, the administration has developed and maintains a system of internal control designed to provide reasonable assurance that the Corporation's assets are safeguarded from loss and that the accounting records are a reliable 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, 2017 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, 2017 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.

BDD Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Thunder Bay, Ontario
April 18, 2018

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

December 31	2017	2016
Financial assets		
Cash	\$ 1,812,576	\$ 1,676,847
Short term investments (Note 3)	1,156,668	1,154,279
Taxes receivable	326,423	302,978
Accounts and grants receivable (Note 4)	244,437	120,526
	<u>3,540,104</u>	<u>3,254,630</u>
Liabilities		
Accounts payable and accrued liabilities	164,917	189,377
Deferred taxation revenue	44,150	30,608
Vested sick leave liability (Note 5)	64,018	52,181
Landfill closure and post-closure liability (Note 6)	747,797	327,350
	<u>1,020,882</u>	<u>599,516</u>
Net financial assets	<u>2,519,222</u>	<u>2,655,114</u>
Non-financial assets		
Tangible capital assets (Note 7)	8,264,692	8,092,703
Inventory - supplies	66,914	156,877
	<u>8,331,606</u>	<u>8,249,580</u>
Accumulated surplus (Note 8)	<u>\$ 10,850,828</u>	<u>\$ 10,904,694</u>

L. Polkowski Mayor

Rosalie Adams Solicitor-Clerk

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

For the year ended December 31	2017 Budget	2017 Actual	2016 Actual
	(Note 12)		
Revenue			
Taxation			
Residential and farm	\$ 2,458,607	\$ 2,478,167	\$ 2,272,252
Commercial and industrial	29,164	29,396	16,209
Taxation from other governments	113,375	126,481	141,412
User charges			
Other fees and service charges	102,950	61,970	64,734
Government transfers (Note 9)			
Government of Canada	122,899	122,899	120,761
Province of Ontario	955,041	943,824	801,176
Other municipalities	20,000	26,348	16,670
Other			
Investment income	7,500	16,715	14,803
Penalties and late payment charges	32,000	44,482	48,064
Other revenues	194,500	54,821	128,744
	<u>4,036,036</u>	<u>3,905,103</u>	<u>3,624,825</u>
Expenses (Note 10)			
General government	603,886	569,234	552,994
Protection to persons and property	629,576	622,152	522,570
Transportation services	1,532,060	1,639,877	1,583,456
Environmental services	96,297	490,711	70,631
Health services	229,794	247,792	227,302
Social and family services	369,647	369,648	361,471
Recreation and cultural services	44,266	41,046	28,924
Planning and development	9,250	10,157	5,063
	<u>3,514,776</u>	<u>3,990,617</u>	<u>3,352,411</u>
Annual surplus (deficit) before undernoted item	521,260	(85,514)	272,414
Gain on disposal of tangible capital assets	-	31,648	-
Annual surplus (deficit)	521,260	(53,866)	272,414
Accumulated surplus, beginning of year	10,904,694	10,904,694	10,632,280
Accumulated surplus, end of year	<u>\$ 11,425,954</u>	<u>\$ 10,850,828</u>	<u>\$ 10,904,694</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	2017 Budget	2017 Actual	2016 Actual
	(Note 12)		
Annual surplus (deficit)	\$ 521,260	\$ (53,866)	\$ 272,414
Acquisition of tangible capital assets	(1,492,197)	(789,851)	(633,998)
Amortization of tangible capital assets	617,862	617,862	597,419
Change in prepaid expenses	-	-	79,867
Change in inventory - supplies	-	89,963	(156,877)
Net change in net financial assets	(353,075)	(135,892)	158,825
Net financial assets, beginning of year	2,655,114	2,655,114	2,496,289
Net financial assets, end of year	\$ 2,302,039	\$ 2,519,222	\$ 2,655,114

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	2017	2016
Operating transactions		
Annual surplus (deficit)	\$ (53,866)	\$ 272,414
Items not involving cash		
Amortization	617,862	597,419
Gain on disposal of tangible capital assets	(31,648)	-
Landfill closure and post-closure liabilities	420,447	15,199
	<u>952,795</u>	<u>885,032</u>
Changes in non-cash operating balances		
Taxes receivable	(23,445)	33,799
Accounts and grants receivable	(123,911)	265,593
Accounts payable and accrued liabilities	(24,460)	85,457
Deferred taxation revenue	13,542	688
Vested sick leave liability	11,837	1,109
Inventory - supplies	89,963	(156,877)
Prepaid expenses	-	79,867
	<u>896,321</u>	<u>1,194,668</u>
Capital transactions		
Acquisition of tangible capital assets	(789,851)	(633,998)
Proceeds on sale of tangible capital assets	31,648	-
	<u>(758,203)</u>	<u>(633,998)</u>
Investing transactions		
Purchase of short term investments	(2,389)	(1,154,279)
Increase (decrease) in cash for the year	135,729	(593,609)
Cash, beginning of year	1,676,847	2,270,456
Cash, end of year	\$ 1,812,576	\$ 1,676,847

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, 2017

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. 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. Lakehead Rural Planning Board has been proportionately consolidated.

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 Short-term 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, 2017

1. Significant Accounting Policies (cont'd)

Accounting for School Board Transactions	<p>The Municipality collects taxation revenue on behalf of the school boards.</p> <p>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.</p>															
Tangible Capital Assets	<p>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:</p> <table border="0" style="margin-left: 40px;"> <tr> <td>Buildings</td> <td style="text-align: right;">-</td> <td style="text-align: right;">50 years</td> </tr> <tr> <td>Vehicles</td> <td style="text-align: right;">-</td> <td style="text-align: right;">10 to 15 years</td> </tr> <tr> <td>Other equipment</td> <td style="text-align: right;">-</td> <td style="text-align: right;">5 to 20 years</td> </tr> <tr> <td>Roads</td> <td style="text-align: right;">-</td> <td style="text-align: right;">20 to 40 years</td> </tr> <tr> <td>Bridges and other structures</td> <td style="text-align: right;">-</td> <td style="text-align: right;">30 years</td> </tr> </table> <p>Assets under construction are not amortized until the asset is available for use.</p>	Buildings	-	50 years	Vehicles	-	10 to 15 years	Other equipment	-	5 to 20 years	Roads	-	20 to 40 years	Bridges and other structures	-	30 years
Buildings	-	50 years														
Vehicles	-	10 to 15 years														
Other equipment	-	5 to 20 years														
Roads	-	20 to 40 years														
Bridges and other structures	-	30 years														
Trust Funds	<p>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.</p>															
Inventory	<p>Inventories held for consumption are recorded at the lower of cost or replacement cost.</p>															

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

December 31, 2017

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, 2017

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, 2017

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.
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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, 2017, the Township utilized \$nil (2016 - \$nil) of this facility. The prime rate was 3.2% at December 31, 2017.

3. Short Term Investments

	2017 Cost	2017 Market Value	2016 Cost	2016 Market Value
Bond Fund	\$ 33,972	\$ 32,651	\$ 33,204	\$ 32,701
Equity Fund	864,269	1,001,295	864,269	910,137
Money Market	258,427	258,251	256,806	256,712
	\$ 1,156,668	\$ 1,292,197	\$ 1,154,279	\$ 1,199,550

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, 2017

4. Accounts and Grants Receivable

	2017	2016
Trade receivable	\$ 40,753	\$ 3,937
Government transfers	75,000	-
HST receivable	110,714	116,589
Insurance claim	17,970	-
	\$ 244,437	\$ 120,526

5. 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	3.40%
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 \$64,018 (2016 - \$52,181). The current period expense is \$11,837. An amount of \$62,397 (2016 - \$52,550) has been provided for this past service liability as a reserve fund.

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

December 31, 2017

6. 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	\$785,132
Landfill closure and post-closure liabilities as at December 31, 2017	\$148,216
Total expenditures remaining to be recognized	\$636,916
Remaining capacity of the site (cubic metres)	80,680
Remaining landfill site life (years)	33
Number of years required for post-closure care	25

Sandhill site:

Total estimated expenditures for closure and post-closure costs	\$832,226
Landfill closure and post-closure liabilities as at December 31, 2017	\$599,581
Total expenditures remaining to be recognized	\$232,645
Remaining capacity of the site (cubic metres)	24,600
Remaining landfill site life (years)	12
Number of years required for post-closure care	25

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

December 31, 2017

7. Tangible Capital Assets

	Land	Buildings	Vehicles	Other Equipment	Roads	Bridges and Other Structures	2017 Total
Cost, beginning of year	\$ 384,145	\$ 617,584	\$ 2,779,277	\$ 315,955	\$ 30,682,901	\$ 2,546,731	\$ 37,326,593
Additions	39,072	154,976	86,026	28,751	481,026	-	789,851
Disposals	-	-	(356,710)	-	-	-	(356,710)
Cost, end of year	423,217	772,560	2,508,593	344,706	31,163,927	2,546,731	37,759,734
Accumulated amortization, beginning of year	-	207,263	1,716,660	156,604	25,965,067	1,188,296	29,233,890
Amortization	-	16,412	137,880	23,799	395,223	44,548	617,862
Disposals	-	-	(356,710)	-	-	-	(356,710)
Accumulated amortization, end of year	-	223,675	1,497,830	180,403	26,360,290	1,232,844	29,495,042
Net carrying amount, end of year	\$ 423,217	\$ 548,885	\$ 1,010,763	\$ 164,303	\$ 4,803,637	\$ 1,313,887	\$ 8,264,692

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

December 31, 2017

7. Tangible Capital Assets (cont'd)

	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 and write downs	-	-	(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 and write downs	-	-	(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, 2017

8. Accumulated Surplus

The Municipality segregates its accumulated surplus into the following categories:

	2017	2016
Surpluses		
General fund	\$ (79,090)	\$ 54,873
Investment in tangible capital assets	8,264,692	8,092,703
Total surpluses	8,185,602	8,147,576
Reserve funds set aside for specific purposes by Council		
For fire department	869,016	866,748
For medical bursary	21,102	21,047
For forest fire fighting	250,000	249,884
For recreational purposes	254,533	292,517
For information technology	9,037	6,021
For election material	15,111	13,077
For OMB hearings and planning	75,724	75,527
For building department	3,904	3,894
For sick leave gratuity	62,397	52,550
For landfill closure and post-closure liability	766,692	756,700
For roads department	295,176	300,000
For deferred capital projects	202	77,467
For taxation rate stabilization	42,332	41,686
Total reserve funds	2,665,226	2,757,118
Accumulated surplus	\$ 10,850,828	\$ 10,904,694

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, 2017

9. Government Transfers

	Budget 2017	2017	2016
Federal			
AMO - Federal Gas Tax	\$ 122,899	\$ 122,899	\$ 120,761
Provincial			
Ministry of Municipal Affairs and Housing	-	-	1,018
Ontario Clean Water and Wastewater Fund	75,000	75,000	-
Ontario Community Infrastructure Fund	72,749	72,749	39,988
Ontario Municipal Partnership Fund	738,300	738,300	737,000
Ontario Trillium Fund	30,000	30,000	-
Other	38,992	27,775	23,170
	<u>955,041</u>	<u>943,824</u>	<u>801,176</u>
Other Municipalities			
Provincial offences	20,000	26,348	16,670
	<u>\$ 1,097,940</u>	<u>\$ 1,093,071</u>	<u>\$ 938,607</u>

10. Expenses By Object

	Budget 2017	2017	2016
Salaries, wages and employee benefits	\$ 1,001,853	\$ 942,754	\$ 954,167
Materials and supplies	853,541	1,405,598	883,196
Contracted services	424,830	391,460	308,526
External transfers	616,690	632,943	609,103
Amortization	617,862	617,862	597,419
	<u>\$ 3,514,776</u>	<u>\$ 3,990,617</u>	<u>\$ 3,352,411</u>

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

December 31, 2017

11. 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 482,000 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, 2017. The results of this valuation disclosed total actuarial liabilities of \$94.4 billion (\$87.6 billion in 2016) in respect of benefits accrued for service with actuarial assets at that date of \$89.0 billion (\$81.8 billion in 2016) indicating an actuarial deficit of \$5.4 billion (\$5.8 billion in 2016). 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 2017 were \$39,464 (\$43,218 in 2016), which is included as an expense on the consolidated statement of operations and accumulated surplus.

12. 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	1,492,197
Budgeted transfers to accumulated surplus	62,000
Less:	
Budgeted transfers from accumulated surplus	(415,075)
Amortization	<u>(617,862)</u>
Budget surplus per statement of operations	<u>\$ 521,260</u>

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

December 31, 2017

13. Trust Fund

The Township of Neebing Cemetery Perpetual Care Trust Fund administered by the Township amounting to \$26,983 (2016 - \$24,556) 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.

14. 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.

15. Contaminated Sites

The Municipality has evaluated all of its properties and has determined that of the properties not in productive use, non met the applicable criteria of Public Sector Accounting Handbook Standard, PS 3260 Liability for Contaminated Sites. Therefore, no liability has been accrued.

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.

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

December 31, 2017

16. Segmented Information (cont'd)

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.

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**

16. 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	2017 Total
Revenue									
Taxation	\$ 2,634,044	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,634,044
Government transfers - operating	738,300	-	72,749	12,033	7,000	-	4,992	108,750	943,824
Government transfers - capital	-	-	122,899	-	-	-	-	-	122,899
User fees and service charges	3,671	19,614	9,790	16,567	1,650	-	2,678	8,000	61,970
Investment income	16,715	-	-	-	-	-	-	-	16,715
Other municipalities	-	26,348	-	-	-	-	-	-	26,348
Other revenues	74,608	19,128	2,997	-	-	-	-	2,570	99,303
	3,467,338	65,090	208,435	28,600	8,650	-	7,670	119,320	3,905,103
Expenses									
Salaries, wages and employee benefits	304,042	92,128	510,550	28,942	375	-	3,337	3,380	942,754
Materials and supplies	200,531	162,525	568,053	430,756	5,352	-	31,854	6,527	1,405,598
Contracted services	55,778	291,237	13,432	31,013	-	-	-	-	391,460
External transfers	-	20,980	-	-	242,065	369,648	-	250	632,943
Amortization	8,883	55,282	547,842	-	-	-	5,855	-	617,862
	569,234	622,152	1,639,877	490,711	247,792	369,648	41,046	10,157	3,990,617
Net revenues (expenses) before undernoted item	2,898,104	(557,062)	(1,431,442)	(462,111)	(239,142)	(369,648)	(33,376)	109,163	(85,514)
Gain on disposal of tangible capital assets	-	-	31,648	-	-	-	-	-	31,648
Annual surplus (deficit)	\$ 2,898,104	\$ (557,062)	\$ (1,399,794)	\$ (462,111)	\$ (239,142)	\$ (369,648)	\$ (33,376)	\$ 109,163	\$ (53,866)

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

16. 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
Blake Community Hall Board
Schedule of Operations
(Unaudited)**

For the year ended December 31	2017 Budget	2017 Actual	2016 Actual
Revenue			
Hall rentals	\$ 500	\$ 477	\$ 668
Expenses			
Fuel	4,000	2,914	2,313
Insurance	1,500	906	333
Miscellaneous	2,500	106	1,889
Repairs, maintenance and renovations	8,000	1,434	6,406
Salaries and benefits	4,109	3,310	3,025
Telephone	710	683	680
Utilities	2,000	1,342	1,308
	22,819	10,695	15,954
Net expenses	\$ (22,319)	\$ (10,218)	\$ (15,286)

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

For the year ended December 31	2017 Budget	2017 Actual	2016 Actual
Revenue			
Sale of plots and monuments	\$ 1,500	\$ 1,650	\$ 1,900
Expenses			
Maintenance of buildings and grounds	5,000	5,352	1,343
Transfer to Cemetery Perpetual Care Trust Fund	-	-	2,048
Salaries, honorariums and benefits	500	375	425
	5,500	5,727	3,816
Net expenses	\$ (4,000)	\$ (4,077)	\$ (1,916)