

Non-Consolidated Financial Statements of

**THE MUNICIPALITY OF
MCDOUGALL**

Year ended December 31, 2014



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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying non-consolidated financial statements of **The Municipality of McDougall** which comprise the non-consolidated statement of financial position as at December 31, 2014, the non-consolidated statements of operations, change in net financial assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Non-Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these non-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 non-consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these non-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 non-consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the non-consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the non-consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the non-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 non-consolidated 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 non-consolidated financial statements present fairly, in all material respects, the financial position of The Municipality of McDougall as at December 31, 2014 and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

April 15, 2015
Sudbury, Canada

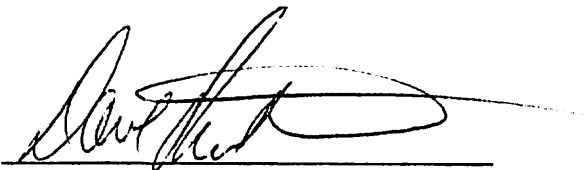
Management's Responsibility for the Non-Consolidated Financial Statements

The accompanying non-consolidated financial statements of The Municipality of McDougall (the "Municipality") are the responsibility of the Municipality's management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of The Chartered Professional Accountants of Canada. A summary of the significant accounting policies are described in Note 1 to the non-consolidated financial statements. The preparation of non-consolidated financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Municipality's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the non-consolidated financial statements. These systems are monitored and evaluated by Management.

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

The non-consolidated financial statements have been audited by KPMG LLP, independent external auditors appointed by the Municipality. The accompanying Independent Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the Municipality's non-consolidated financial statements.

A handwritten signature in black ink, appearing to read "David Rushton", is written over a horizontal line. The signature is fluid and cursive, with a long horizontal stroke extending to the right.

David Rushton
Chief Administrative Officer

THE MUNICIPALITY OF MCDOUGALL

Non-Consolidated Financial Statements

Year ended December 31, 2014

Non-Consolidated Financial Statements

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THE MUNICIPALITY OF MCDougALL

Non-Consolidated Statement of Financial Position

December 31, 2014, with comparative information for 2013

	2014	2013
Financial assets:		
Cash	\$ 2,072,441	\$ 2,256,481
User charges receivable	157,944	219,710
Taxes receivable (note 2)	440,628	497,522
Accounts receivable	303,593	377,433
Water capital debenture (note 6)	255,801	281,567
	<u>3,230,407</u>	<u>3,632,713</u>
Financial liabilities:		
Accounts payable and accrued liabilities	334,549	458,949
Accrued landfill closure costs (note 7)	446,000	532,000
Deferred revenue - obligatory reserve funds (note 4)	55,025	60,170
Long-term debt (note 8)	368,057	536,907
	<u>1,203,631</u>	<u>1,588,026</u>
Net financial assets	2,026,776	2,044,687
Non-financial assets:		
Tangible capital assets (note 9)	42,140,065	42,295,191
Inventory	2,447	4,165
Prepaid expenses	20,568	20,609
	<u>42,163,080</u>	<u>42,319,965</u>
Contingencies (note 15)		
Accumulated surplus (note 10)	\$ 44,189,856	\$ 44,364,652

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

On behalf of the Council:



Mayor

THE MUNICIPALITY OF MCDOUGALL

Non-Consolidated Statement of Operations

Year ended December 31, 2014, with comparative information for 2013

	Budget 2014	Actual 2014	Actual 2013
	(note 5)		
Revenues:			
Taxation	\$ 3,533,797	\$ 3,496,008	\$ 3,375,100
Fees and user charges	1,377,077	1,568,312	1,351,202
Government grants	994,629	1,010,628	1,388,897
Investment income	18,000	33,310	40,508
Other	327,632	236,929	203,066
Total revenues	6,251,135	6,345,187	6,358,773
Expenses:			
General government	945,091	1,014,879	983,617
Protection to persons and property	799,102	899,154	845,113
Transportation services	1,113,500	1,978,885	1,757,484
Environmental services	901,779	1,548,211	1,463,312
Health services	276,897	276,898	267,741
Social family services	414,364	415,571	405,818
Recreation and cultural services	273,141	333,136	341,030
Planning and development	50,360	53,249	51,282
	4,774,234	6,519,983	6,115,397
Annual surplus (deficit)	1,476,901	(174,796)	243,376
Accumulated surplus, beginning of year	44,364,652	44,364,652	44,121,276
Accumulated surplus, end of year	\$ 45,841,553	\$ 44,189,856	\$ 44,364,652

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

THE MUNICIPALITY OF MCDougALL

Non-Consolidated Statement of Change in Net Financial Assets

Year ended December 31, 2014, with comparative information for 2013

	2014	2013
Annual surplus (deficit)	\$ (174,796)	\$ 243,376
Acquisition of tangible capital assets	(1,244,526)	(1,714,075)
Amortization of tangible capital assets	1,397,186	1,323,190
Loss (gain) on sale of tangible capital assets	(10,957)	74,682
Proceeds from sale of tangible capital assets	13,423	37,710
Change in inventory	1,718	(16,303)
Change in prepaid expenses	41	25,119
	156,885	(269,677)
Change in net financial assets	(17,911)	(26,301)
Net financial assets, beginning of year	2,044,687	2,070,988
Net financial assets, end of year	\$ 2,026,776	\$ 2,044,687

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

THE MUNICIPALITY OF MCDOUGALL

Non-Consolidated Statement of Cash Flows

Year ended December 31, 2014, with comparative information for 2013

	2014	2013
Cash provided by (used in):		
Operating activities:		
Annual surplus (deficit)	\$ (174,796)	\$ 243,376
Items not involving cash:		
Amortization of tangible capital assets	1,397,186	1,323,190
Loss (gain) on disposal of capital assets	(10,957)	74,682
Change in landfill closure and post-closure liability	(86,000)	27,000
	<u>1,125,433</u>	<u>1,668,248</u>
Change in non-cash assets and liabilities:		
Decrease in taxes receivable	56,894	130,338
Decrease (increase) in user charges receivable	61,766	(26,871)
Decrease (increase) in accounts receivable	73,840	(49,600)
Decrease (increase) in prepaid expenses	42	(16,303)
Decrease in inventory	1,718	25,119
Increase (decrease) in accounts payable and accrued liabilities	(124,401)	43,619
Decrease in deferred revenue - obligatory reserve funds	(5,145)	(102,572)
Net change in cash from operating activities	<u>1,190,147</u>	<u>1,671,978</u>
Capital activities:		
Cash used to acquire tangible capital assets	(1,244,526)	(1,714,075)
Proceeds from sale of tangible capital assets	13,423	37,710
Net change in cash from capital activities	<u>(1,231,103)</u>	<u>(1,676,365)</u>
Financing activities:		
Repayment of long-term debt	(168,850)	(150,533)
Proceeds from issuance of long-term debt	-	256,510
Net change in cash from financing activities	<u>(168,850)</u>	<u>105,977</u>
Investing activities:		
Principal repayments received on water capital debenture	25,766	24,426
Increase (decrease) in cash	<u>(184,040)</u>	<u>126,016</u>
Cash, beginning of year	2,256,481	2,130,465
Cash, end of year	<u>\$ 2,072,441</u>	<u>\$ 2,256,481</u>

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

THE MUNICIPALITY OF MCDUGALL

Notes to Non-Consolidated Financial Statements

Year ended December 31, 2014

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

1. Significant accounting policies:

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

(a) Reporting entity:

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

Parry Sound Industrial Park

(b) Basis of accounting:

Sources of financing and expenses are reported on the accrual basis of accounting.

The accrual basis of accounting recognizes revenues as they become available and measurable. Expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

(c) Tangible capital assets:

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the tangible capital asset. The cost, less residual value, of the tangible capital assets, excluding land and landfill sites, are amortized on a straight-line basis over their estimated useful lives as follows:

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

THE MUNICIPALITY OF MCDOUGALL

Notes to Non-Consolidated Financial Statements (continued)

Year ended December 31, 2014

1. Significant accounting policies (continued):

(c) Tangible capital assets (continued):

Annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

(i) Contributions of tangible capital assets

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

(ii) Natural resources

Natural resources that have not been purchased are not recognized as assets in the financial statements.

(iii) Works of art and cultural and historic assets

Works of art and cultural and historic assets are not recorded as assets in these financial statements.

(iv) Interest capitalization

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

(d) Revenue recognition:

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

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

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

THE MUNICIPALITY OF MCDougALL

Notes to Non-Consolidated Financial Statements (continued)

Year ended December 31, 2014

1. Significant accounting policies (continued):

(e) Use of estimates:

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenue and expenses during the reporting periods. Significant items subject to such estimates and assumptions include valuation allowances for taxes and user charges receivable, accounts receivable, and estimating provisions for accrued liabilities and landfill closure and post-closure liabilities. Actual results could differ from those estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the year in which they become known.

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

(f) School Boards:

The Municipality collects taxation revenue on behalf of the school boards. The taxation, other revenues, expenses, assets and liabilities with respect to the operations of the school boards are not reflected in these financial statements.

(g) Solid waste management liabilities:

The liability for closure of operational site and post-closure care has been recognized based on estimated future expenses, estimated inflation and the usage of the site's capacity during the year.

(h) Pensions and employee benefits:

The Municipality accounts for its participation in the Ontario Municipal Employee Retirement System ("OMERS"), a multi-employer public sector pension fund, as a defined contribution plan. Vacation entitlements are accrued for as entitlements are earned.

THE MUNICIPALITY OF MCDougALL

Notes to Non-Consolidated Financial Statements (continued)

Year ended December 31, 2014

2. Taxes receivable:

	2014	2013
Current	\$ 265,582	\$ 245,112
Past due	131,813	174,665
Allowance for doubtful accounts	(10,000)	(10,000)
Penalties and interest	53,233	87,745
	<u>\$ 440,628</u>	<u>\$ 497,522</u>

3. Credit facilities:

The Municipality has available a \$700,000 (2013 - \$700,000) demand line of credit. This unsecured line of credit bears interest at the bank's prime rate. At December 31, 2014 \$Nil (2013 - \$Nil) has been drawn against this facility.

4. Deferred revenues - Obligation reserve funds:

The continuity of transactions within the obligatory reserve funds are as described below:

	December 31, 2013	Contributions received	Interest received	Amounts taken to revenue	December 31, 2014
Parkland reserves	\$ 60,170	\$ 15,500	\$ 2,015	\$ (22,660)	\$ 55,025

THE MUNICIPALITY OF MCDougALL

Notes to Non-Consolidated Financial Statements (continued)

Year ended December 31, 2014

5. Budget:

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

	2014
Budget surplus per financial plan	
Add:	
Budgeted net transfers to accumulated surplus	\$ 62,266
Budgeted capital expenditures	1,311,660
Budgeted principal repayments of long-term debt	102,975
Budget surplus per financial statements	\$ 1,476,901

6. Nobel water system capital upgrade:

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

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

The annual payment collected by the Municipality including principal and interest is \$25,766. The balance receivable on December 31, 2014 is \$255,801 (2013 - \$281,567).

THE MUNICIPALITY OF MCDougALL

Notes to Non-Consolidated Financial Statements (continued)

Year ended December 31, 2014

7. Landfill closure and post-closure liability:

The Environmental Protection Act sets out the regulatory requirements to properly close and maintain all active and inactive landfill sites. Under environmental law, there is a requirement for closure and post-closure care of solid waste landfill sites. This requirement is to be provided for over the estimated remaining life of the landfill site based on usage.

Landfill closure and post-closure care requirements have been defined in accordance with industry standards and include final covering and landscaping of the landfill, ongoing environmental monitoring, site inspection and maintenance. The reported liability is based on estimates and assumptions with respect to events extending over a twenty-five year period using the best information available to management. Future events may result in significant changes to the estimated total expenses, capacity used or total capacity and the estimated liability, and would be recognized prospectively, as a change in estimate, when applicable.

Estimated total expenses represent the sum of the discounted future cash flows for closure and post-closure care activities discounted at Municipality's average long-term borrowing rate of 2.89% (2013 - 4.24%). The estimated total landfill closure and post-closure care expenses are calculated to be \$984,495. The estimated liability for these expenses is recognized as the landfill site's capacity is used. At December 31, 2014 an amount of \$446,000 (2013 - \$532,000) with respect to landfill closure and post-closure liabilities has been accrued.

The estimated remaining capacity of the landfill site is 55% of its total estimated capacity and its estimated remaining life is approximately 32 years. The period for post-closure care is estimated to be 25 years.

THE MUNICIPALITY OF MCDougall

Notes to Non-Consolidated Financial Statements (continued)

Year ended December 31, 2014

8. Net long-term liabilities:

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

	2014	2013
Loan payable to Ontario Infrastructure Projects Corporation, due October 2022, repayable in semi annual blended payments of \$20,448 at a interest rate of 5.07% per annum	\$ 266,228	\$ 292,619
Loan payable to the Royal Bank of Canada, due March 2016, repayable in blended monthly payments of \$7,372 at a interest rate of 2.24%, secured by equipment	101,829	186,987
Loan payable to the Royal Bank of Canada, repaid December 2014, repayable in blended monthly payments of \$4,839 at a interest rate of 2.47%, secured by equipment	-	57,301
	<u>\$ 368,057</u>	<u>\$ 536,907</u>

The principal repayments are as follows:

2015	\$ 114,830
2016	43,916
2017	30,669
2018	32,243
2019	33,899
Thereafter	112,500

THE MUNICIPALITY OF MCDougALL

Notes to Non-Consolidated Financial Statements (continued)

Year ended December 31, 2014

9. Tangible capital assets:

Cost	Balance at December 31, 2013	Transfers	Additions	Disposals	Balance at December 31, 2014
Land	\$ 3,393,181	\$ -	\$ 17,790	\$ -	\$ 3,410,971
Land improvements	6,525,835	-	-	-	6,525,835
Buildings	4,800,976	-	105,931	-	4,906,907
Machinery and equipment	3,389,117	-	298,887	26,728	3,661,276
Vehicles	1,398,124	-	-	44,816	1,353,308
Roads, bridges and culverts	27,657,577	-	814,521	565,230	27,906,868
Water and sewer	11,779,737	-	7,397	-	11,787,134
Total	\$ 58,944,547	\$ -	\$ 1,244,526	\$ 636,774	\$ 59,552,299

Accumulated amortization	Balance at December 31, 2013	Disposals	Amortization expense	Balance at December 31, 2014
Land	\$ -	\$ -	\$ -	\$ -
Land improvements	576,197	-	130,517	706,714
Buildings	1,255,257	-	84,785	1,340,042
Machinery and equipment	1,346,184	24,262	227,551	1,549,473
Vehicles	697,318	44,816	73,880	726,382
Roads, bridges and culverts	8,993,191	565,230	600,715	9,028,676
Water and sewer	3,781,209	-	279,738	4,060,947
Total	\$ 16,649,356	\$ 634,308	\$ 1,397,186	\$ 17,412,234

	Net book value December 31, 2013	Net book value December 31, 2014
Land	\$ 3,393,181	\$ 3,410,971
Land improvements	5,949,638	5,819,121
Buildings	3,545,719	3,566,865
Machinery and equipment	2,691,799	2,934,894
Vehicles	51,940	(196,165)
Roads, bridges and culverts	18,664,386	18,878,192
Water and sewer	7,998,528	7,726,187
Total	\$ 42,295,191	\$ 42,140,065

THE MUNICIPALITY OF MCDougALL

Notes to Non-Consolidated Financial Statements (continued)

Year ended December 31, 2014

9. Tangible capital assets (continued):

Cost	Balance at December 31, 2012	Transfers	Additions	Disposals	Balance at December 31, 2013
Land	\$ 3,368,703	\$ -	\$ 24,478	\$ -	\$ 3,393,181
Land improvements	6,525,835	-	-	-	6,525,835
Buildings	4,616,899	-	184,077	-	4,800,976
Machinery and equipment	3,209,459	-	533,656	353,998	3,389,117
Vehicles	1,380,532	-	47,238	29,646	1,398,124
Roads, bridges and culverts	26,738,341	-	923,786	4,550	27,657,577
Water and sewer	11,778,897	-	840	-	11,779,737
Total	\$ 57,618,666	\$ -	\$ 1,714,075	\$ 388,194	\$ 58,944,547

Accumulated amortization	Balance at December 31, 2012	Disposals	Amortization expense	Balance at December 31, 2013
Land	\$ -	\$ -	\$ -	\$ -
Land improvements	445,680	-	130,517	576,197
Buildings	1,173,176	-	82,081	1,255,257
Machinery and equipment	1,390,008	243,880	200,056	1,346,184
Vehicles	655,724	29,646	71,240	697,318
Roads, bridges and culverts	8,435,828	2,275	559,638	8,993,191
Water and sewer	3,501,552	-	279,657	3,781,209
Total	\$ 15,601,968	\$ 275,801	\$ 1,323,189	\$ 16,649,356

	Net book value December 31, 2012	Net book value December 31, 2013
Land	\$ 3,368,703	\$ 3,393,181
Land improvements	6,080,155	5,949,638
Buildings	3,443,723	3,545,719
Machinery and equipment	1,819,450	2,042,933
Vehicles	724,808	700,806
Roads, bridges and culverts	18,302,513	18,664,386
Water and sewer	8,277,345	7,998,528
Total	\$ 42,016,697	\$ 42,295,191

THE MUNICIPALITY OF MCDOUGALL

Notes to Non-Consolidated Financial Statements (continued)

Year ended December 31, 2014

10. Accumulated surplus:

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

	2014	2013
Surplus:		
Invested in tangible capital assets	\$ 41,772,008	\$ 42,050,903
Unfunded:		
Landfill closure costs	(446,000)	(532,000)
Total surplus	41,326,008	41,518,903
Reserves set aside for specific purpose by Council:		
Working capital reserve	846,366	1,028,566
Landfill	1,146,520	1,046,520
Nobel waterworks	528,705	434,192
Crawford septic system	63,552	59,420
Waubamik community centre	9,518	9,518
Elections	1,915	12,000
Legal	38,022	40,036
Capital acquisition	206,850	201,297
Recreation	22,400	14,200
	2,863,848	2,845,749
Accumulated surplus	\$ 44,189,856	\$ 44,364,652

11. Collateral guarantee:

The Municipality of McDougall and other participating municipalities have provided to the Canadian Imperial Bank of Commerce guarantees for the long-term loan owing by Belvedere Heights Home for the Aged. The amount of the Municipality's guarantee is limited to \$280,408.

12. Contributions to Unconsolidated Joint Boards:

The following contributions were made by the Municipality to these joint boards:

	2014	2013
District of Parry Sound Social Services Administration Board	\$ 325,662	\$ 324,455
North Bay Parry Sound Health Unit	85,579	83,854
Belvedere Heights Home for the Aged	89,909	81,363
Parry Sound Area Industrial Park	13,260	13,260
	\$ 514,410	\$ 502,932

THE MUNICIPALITY OF MCDougALL

Notes to Non-Consolidated Financial Statements (continued)

Year ended December 31, 2014

13. Pension agreements:

The Municipality makes contributions to the Ontario Municipal Employee Retirement Fund (OMERS) (the "Plan"), which is a multi-employer plan, on behalf of 22 members of its staff. The Plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay.

The amount contributed to OMERS for 2014 was \$124,187 (2013 - \$123,599) for current service.

14. Operations of school boards:

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

	2014	2013
Taxation	\$ 1,404,011	\$ 1,405,721

15. Contingencies:

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

16. Public sector salary disclosure:

During 2014, one employee was paid a salary, as defined in the Public Sector Salary Disclosure Act, 1996, of \$100,000 or more by the Municipality.

THE MUNICIPALITY OF MCDougALL

Notes to Non-Consolidated Financial Statements (continued)

Year ended December 31, 2014

17. Segmented information:

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

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

- (a) **General Government:** includes corporate services and governance of the Municipality. General government is responsible for human resource management, support to Council for policy development, by-law development in compliance with the Municipal Act, tax billing and collection responsibilities, financial management reporting, monitoring and overall budget status is provided as well as frontline reception and customer service.
- (b) **Protection to Persons and Property:** includes policing, fire protection, protective inspection and control and emergency measures. The mandate of the police services contract is to ensure the safety of the lives and property of citizens; preserve peace and good order; prevent crimes from occurring; detect offenders; and enforce the law. Fire protection includes detection, extinguishing and suppression services; emergency medical first response; and prevention education and training programs. The members of the fire department consist of volunteers. Inspection and control includes building inspection, by-law enforcement and animal control services.
- (c) **Transportation Services:** this department provides the winter and summer maintenance, the repair and the construction of the municipal roads system including bridges and culverts.
- (d) **Environmental Services:** includes the management and maintenance of water system, landfill site, transfer stations, and the waste collection system and disposal system that serves the Municipality.
- (e) **Health Services:** is the ambulance contract and public health services.
- (f) **Social and Family Services:** includes transfer to joint boards that provide general assistance, assistance to aged persons, child care and social housing.
- (g) **Recreation and Cultural Services:** provides recreation and leisure programs and facilities, including community halls, libraries, parks, recreation fields and arena. It also provides building maintenance services to all municipal facilities.
- (h) **Planning and Development:** manages rural development for business interest, environmental concerns, heritage matters, local neighbourhoods and community development. It facilitates economic development by providing services for the approval of all land development plans, the application and enforcement of the zoning by-law and official plan, and the provision of geographic information services.

THE MUNICIPALITY OF MCDOUGALL

Notes to Non-Consolidated Financial Statements (continued)

Year ended December 31, 2014

17. Segmented information (continued):

For each segment separately reported in the schedule below, the segment revenue and expenditures represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information. These municipal services are funded primarily by taxation such as property tax revenue. Taxation and payments-in-lieu of taxes are apportioned to these services based on the net surplus. Certain government transfers, transfer from other funds, and other revenue have been apportioned based on a percentage of budgeted expenses.

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

THE MUNICIPALITY OF MCDOUGALL

Note 17 - Segmented Information (continued)

Year ended December 31, 2014

	General Government	Protection to Persons and Property	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation and Cultural Services	Planning and Development	2014 Total
Revenues:									
Fees and user charges	\$ 203,766	3,010	9,574	1,342,050	-	-	9,912	-	1,568,312
Government grants	765,240	22,912	161,081	47,782	-	-	13,613	-	1,010,628
Investment income	18,761	-	-	14,549	-	-	-	-	33,310
Other	180,930	3,250	7,707	22,382	-	-	22,660	-	236,929
	<u>1,168,697</u>	<u>29,172</u>	<u>178,362</u>	<u>1,426,763</u>	<u>-</u>	<u>-</u>	<u>46,185</u>	<u>-</u>	<u>2,849,179</u>
Expenses:									
Salaries, wages and benefits	629,318	326,769	559,270	351,044	-	-	129,573	-	1,995,974
Materials	168,587	182,196	627,502	414,311	-	-	148,940	-	1,541,536
Contracted services	198,619	314,091	77,439	234,915	276,898	415,571	-	53,249	1,570,782
Rents, financial expenses and other	-	-	-	14,505	-	-	-	-	14,505
Amortization of tangible capital assets	18,355	76,098	714,674	533,436	-	-	54,623	-	1,397,186
	<u>1,014,879</u>	<u>899,154</u>	<u>1,978,885</u>	<u>1,548,211</u>	<u>276,898</u>	<u>415,571</u>	<u>333,136</u>	<u>53,249</u>	<u>6,519,983</u>
Excess (deficiency) of revenues over expenses	153,818	(869,982)	(1,800,523)	(121,448)	(276,898)	(415,571)	(286,951)	(53,249)	(3,670,804)
Funded through:									
Taxation									3,496,008
Annual surplus (deficit)									\$ (174,796)

THE MUNICIPALITY OF MCDUGALL

Note 17 - Segmented Information (continued)

Year ended December 31, 2013

	General Government	Protection to Persons and Property	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation and Cultural Services	Planning and Development	2013 Total
Revenues:									
Fees and user charges	\$ 148,079	3,705	28,110	1,158,613	-	-	12,695	-	1,351,202
Government grants	745,567	11,395	415,889	94,581	-	-	121,465	-	1,388,897
Investment income	18,491	-	-	22,017	-	-	-	-	40,508
Other	149,915	3,460	6,109	(80,118)	-	-	123,700	-	203,066
	1,062,052	18,560	450,108	1,195,093	-	-	257,860	-	2,983,673
Expenses:									
Salaries, wages and benefits	655,507	327,135	522,925	366,363	-	-	153,684	-	2,025,614
Materials	137,232	154,328	502,697	361,489	-	-	136,218	599	1,292,563
Contracted services	173,332	287,891	73,048	197,560	267,741	405,818	-	50,682	1,456,072
Rents, financial expenses and other	-	-	2,164	15,794	-	-	-	-	17,958
Amortization of tangible capital assets	17,546	75,759	656,650	522,106	-	-	51,129	-	1,323,190
	983,617	845,113	1,757,484	1,463,312	267,741	405,818	341,031	51,281	6,115,397
Excess (deficiency) of revenues over expenses	78,435	(826,553)	(1,307,376)	(268,219)	(267,741)	(405,818)	(83,171)	(51,281)	(3,131,724)
Funded through:									
Taxation									3,375,100
Annual surplus									\$ 243,376