

**THE CORPORATION OF THE MUNICIPALITY
OF CENTRAL ELGIN
Consolidated Financial Statements
December 31, 2016**

THE CORPORATION OF THE MUNICIPALITY OF CENTRAL ELGIN
Consolidated Financial Statements
For the Year Ended December 31, 2016

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INDEPENDENT AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers of
The Corporation of the Municipality of Central Elgin:

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of **The Corporation of the Municipality of Central Elgin**, which comprise the consolidated statement of financial position as at December 31, 2016, and the consolidated statements of operations and accumulated surplus, changes in net debt, and cash flow 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 accounting standards for public sector entities and for such internal control as management determines is necessary to enable the preparation of 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 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 whether the consolidated financial statements are free of 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.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the consolidated statement of financial position of **The Corporation of the Municipality of Central Elgin** as at December 31, 2016, and the consolidated statements of operations and accumulated surplus, changes in net debt, and cash flow for the year then ended in accordance with Canadian accounting standards for public sector entities.

St. Thomas, Ontario

November 13, 2017

Graham Scott Enns LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Licensed Public Accountants

THE CORPORATION OF THE MUNICIPALITY OF CENTRAL ELGIN

Consolidated Statement of Financial Position December 31, 2016

	2016	2015
	<u>\$</u>	<u>\$</u>
ASSETS		
Financial Assets		
Cash	1,712,540	4,737,962
Loan receivable (Note 3)	1,077,000	1,077,000
Taxes receivable (Note 4)	2,759,561	2,403,481
Accounts receivable	2,552,576	2,464,796
Investments (Note 2)	6,239,480	8,548,631
Investment in EARTH Corporation (Note 6)	<u>1,444,979</u>	<u>1,337,333</u>
Total financial assets	<u>15,786,136</u>	<u>20,569,203</u>
LIABILITIES		
Deferred revenue - obligatory reserve funds (Note 7)	7,831,978	10,831,028
Accounts payable and accrued liabilities	5,436,822	5,248,420
Net long-term liabilities (Note 10)	<u>18,861,662</u>	<u>20,284,334</u>
Total financial liabilities	<u>32,130,462</u>	<u>36,363,782</u>
NET FINANCIAL DEBT	<u>(16,344,326)</u>	<u>(15,794,579)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 11)	134,835,231	127,256,129
Inventories	602,713	534,768
Prepaid expenses	<u>89,410</u>	<u>150,009</u>
Total non-financial assets	<u>135,527,354</u>	<u>127,940,906</u>
ACCUMULATED SURPLUS (NOTE 12)	<u>119,183,028</u>	<u>112,146,327</u>

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

THE CORPORATION OF THE MUNICIPALITY OF CENTRAL ELGIN

**Consolidated Statement of Operations and Accumulated Surplus
For the Year Ended December 31, 2016**

	Budget (Note 15) <u>\$</u>	Actual 2016 <u>\$</u>	Actual 2015 <u>\$</u>
REVENUES			
Property taxation	12,021,046	12,177,009	11,896,391
Taxation from other governments	445,759	452,988	449,302
User charges	4,634,068	4,561,273	4,268,264
Funding transfer- Federal	444,097	554,209	815,422
- Provincial	2,901,054	1,941,209	1,290,262
- Other Municipalities	1,355,496	2,378,472	941,280
Contribution - benefiting land owners & developers	1,064,124	641,732	1,290,513
Harbour agreement funding	1,122,412	2,980,824	4,679,264
Investment income	99,155	122,372	269,842
Penalties and interest	307,878	364,353	323,989
Other	717,027	964,347	725,474
ERTH Corporation equity income (Note 6)	-	107,646	23,503
	<u>25,112,116</u>	<u>27,246,434</u>	<u>26,973,506</u>
EXPENSES			
General government	1,779,188	1,972,632	1,714,198
Protection to persons and property	3,977,345	4,158,494	3,834,309
Transportation services	5,824,668	5,737,488	5,213,051
Environmental services	5,092,326	4,694,648	4,589,017
Health services	45,263	40,020	56,411
Social housing	199,046	199,046	196,550
Recreation and cultural services	1,986,006	2,424,446	2,217,173
Planning and development	295,789	582,228	398,258
Loss (gain) on disposal of tangible capital assets	-	400,731	(21,684)
	<u>19,199,631</u>	<u>20,209,733</u>	<u>18,197,283</u>
ANNUAL SURPLUS	<u>5,912,485</u>	<u>7,036,701</u>	<u>8,776,223</u>
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>112,146,327</u>	<u>112,146,327</u>	<u>103,370,104</u>
ACCUMULATED SURPLUS, END OF YEAR (NOTE 12)	<u><u>118,058,812</u></u>	<u><u>119,183,028</u></u>	<u><u>112,146,327</u></u>

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

THE CORPORATION OF THE MUNICIPALITY OF CENTRAL ELGIN

**Consolidated Statement of Change in Net Debt
For the Year Ended December 31, 2016**

	Budget (Note 15) \$	Actual 2016 \$	Actual 2015 \$
ANNUAL SURPLUS	5,912,485	7,036,701	8,776,223
Acquisition of tangible capital assets	(11,433,047)	(12,250,015)	(14,138,363)
Amortization of tangible capital assets	3,837,832	3,837,832	3,519,242
Proceeds on disposal of tangible capital assets	-	432,350	52,276
Change in inventories and prepaid expenses	-	(7,346)	(559,668)
Loss (gain) on disposal of tangible capital assets	<u>-</u>	<u>400,731</u>	<u>(21,684)</u>
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(1,682,730)	(549,747)	(2,371,974)
NET DEBT, BEGINNING OF YEAR	<u>(15,794,579)</u>	<u>(15,794,579)</u>	<u>(13,422,605)</u>
NET DEBT, END OF YEAR	<u>(17,477,309)</u>	<u>(16,344,326)</u>	<u>(15,794,579)</u>

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

THE CORPORATION OF THE MUNICIPALITY OF CENTRAL ELGIN

Consolidated Statement of Cash Flows For the Year Ended December 31, 2016

	2016	2015
	<u>\$</u>	<u>\$</u>
OPERATING ACTIVITIES		
Annual surplus	7,036,701	8,776,223
Add (deduct) items not involving cash:		
Amortization of tangible capital assets	3,837,832	3,519,242
ERTH Corporation equity income (Note 6)	(107,646)	(23,503)
Loss (gain) on disposal of tangible capital assets	<u>400,731</u>	<u>(21,684)</u>
	11,167,618	12,250,278
Change in non-cash assets and liabilities related to operations (Note 16 [b])	<u>(3,261,854)</u>	<u>(3,779,197)</u>
	<u>7,905,764</u>	<u>8,471,081</u>
INVESTING ACTIVITIES		
Redemption of (purchase of) investments	<u>2,309,151</u>	<u>4,176,862</u>
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(12,250,015)	(14,138,363)
Proceeds on disposal of tangible capital assets	<u>432,350</u>	<u>52,276</u>
	<u>(11,817,665)</u>	<u>(14,086,087)</u>
FINANCING ACTIVITIES		
Short-term financing repayments	-	(6,500,000)
Long-term debt advances	-	10,383,238
Long-term debt repayment	<u>(1,422,672)</u>	<u>(765,670)</u>
	<u>(1,422,672)</u>	<u>3,117,568</u>
NET CHANGE IN CASH	(3,025,422)	1,679,424
CASH, BEGINNING OF YEAR	<u>4,737,962</u>	<u>3,058,538</u>
CASH, END OF YEAR	<u><u>1,712,540</u></u>	<u><u>4,737,962</u></u>
SUPPLEMENTARY INFORMATION:		
Cash paid for interest on debt	<u>713,643</u>	<u>601,563</u>
Cash received for interest on investments	<u>330,764</u>	<u>582,296</u>

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

THE CORPORATION OF THE MUNICIPALITY OF CENTRAL ELGIN

Notes to the Consolidated Financial Statements For the Year Ended December 31, 2016

The Corporation of the Municipality of Central Elgin (the "Municipality") is a municipality in the Province of Ontario. It conducts its operations guided by the provisions of provincial statutes such as the Municipal Act, Municipal Affairs Act and related legislation.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The 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 of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the Municipality are as follows:

Reporting Entity

The consolidated financial statements reflect the assets, liabilities, revenues, expenses 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 Municipality and which are 100% owned or controlled by the Municipality.

Consolidated Entities

The Municipality consolidates the Central Elgin Municipal Non-Profit Housing Corporation. Any interdepartmental and inter-organizational transactions and balances between these organizations are eliminated.

Proportionate Consolidation

The Elgin Area Primary Water Board, Port Burwell Water Board, Elgin Area Secondary Water Board, Aylmer Area Water Board and East Elgin Medical Facility have been consolidated on a proportionate basis. The Water Boards are proportionately consolidated based upon the water flow used by the Municipality in proportion to the entire flows provided by the joint boards.

Equity Accounting

The investment in EARTH Corporation (a Government Business Enterprise) is accounted for on a modified equity basis, consistent with the generally accepted accounting treatment for government business enterprises. Under the modified equity basis, the business enterprise's accounting principles are not adjusted to conform with those of the Municipality, and inter-organizational transactions and balances are not eliminated. The Municipality recognizes its equity interest in the annual income or loss of EARTH Corporation in its consolidated statement of operations with corresponding increase or decrease in its investment asset account. Any dividends that the Municipality may receive from EARTH Corporation will be reflected as a reduction in the investment asset account.

THE CORPORATION OF THE MUNICIPALITY OF CENTRAL ELGIN

Notes to the Consolidated Financial Statements For the Year Ended December 31, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounting for School Board Transactions

Although the Municipality collects taxation 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 statements.

Trust Funds

Trust funds and their related operations administered by the Municipality are not included in these consolidated financial statements.

Basis of Accounting

The consolidated financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the creation of a legal obligation to pay.

Government Transfers

Government transfers are recognized in the consolidated financial statements as revenues in the financial period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met including performance and return requirements, and reasonable estimates of the amounts can be determined. Any amount received but restricted is recorded as deferred revenue in accordance with Section 3100 of the Public Sector Accounting Handbook and recognized as revenue in the period in which the resources are used for the purpose specified.

In addition, the Municipality periodically receives senior government capital funding in the form of infrastructure grants and receives ongoing funding from both senior levels of government as a result of an allocation of the gas tax funds. During the year, the Municipality received \$nil (2015 - \$nil) from other municipalities that was applied against the cost of the tangible capital assets.

Deferred Revenue

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used in the conduct of certain programs, in the completion of specific work. In addition, certain user charges and fees which have been collected but for which the related services have yet to be performed. Revenue is recognized in the period when the related expense are incurred, services preformed.

THE CORPORATION OF THE MUNICIPALITY OF CENTRAL ELGIN

Notes to the Consolidated Financial Statements For the Year Ended December 31, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investment Income

Investment income is reported as revenue in the period earned. When required by funding government or related Act, investment income earned on deferred revenue is added to the investment and forms part of the deferred revenue balance.

Tax Revenues

In 2016 the Municipality received \$12,629,997 (2015 - \$12,345,693) in property tax revenues for municipal purposes. The authority to levy and collect property taxes is established under the Municipal Act 2001, the Assessment Act, the Education Act, and other legislation.

The amount of the total annual property tax levy is determined each year through Council's approval of the annual 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 revenue required to meet operating budget requirements. Education tax rates are established by the Province each year in order to fund costs of education on a Province-wide basis.

Taxation revenues are recorded at the time billings are issued. Additional property tax revenue can be added throughout the year, related to new properties that become occupied, or that become subject to property tax, after the return of the annual assessment roll used for billing purposes. The Municipality may receive supplementary assessment rolls over the course of the year from MPAC that identify new or omitted assessments. Property taxes for these supplementary/omitted amounts are then billed according to the approved tax rate for the property class.

Taxation revenues in any year may also be reduced as a result of reductions in assessment value rising from assessment and/or tax appeals. Each year, an amount is identified to cover the estimated amount of revenue loss attributable to assessment appeals, tax appeals or other deficiencies in tax revenue (e.g. uncollectible amounts, write-offs, etc.).

Employee Benefit Plans

The Municipality accounts for its participation in the Ontario Municipal Employees Retirement System (OMERS), a multi-employer public sector pension fund, as a defined contribution plan. The OMERS plan specifies the retirement benefits to be received by the employees based on the length of service and pay rates. Employee benefits include post employment benefits. Post employment benefits are subject to actuarial valuations and are accrued in accordance with the projected benefit method, prorated on service and management's best estimate of salary escalation and retirement ages of employees. Any actuarial gains and losses related to past service of employees are amortized over the expected average remaining service period.

THE CORPORATION OF THE MUNICIPALITY OF CENTRAL ELGIN

Notes to the Consolidated Financial Statements For the Year Ended December 31, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Non-Financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the Change in Net Financial Assets for the year.

i) 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, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Building and components	20 to 75 years
Vehicles	7 to 15 years
Fire trucks	20 years
Machinery and equipment	5 to 30 years
Land improvements	25 years
Plants and facilities	20 to 75 years
Roads	6 to 60 years
Bridges and other structures	40 to 80 years
Underground and other networks	15 to 100 years

No amortization is charged in the year of acquisition and a full year of amortization is charged in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

ii) 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. During the year roads and underground networks contributed to the Municipality totalled \$nil (2015 - \$nil) and were capitalized at their fair value at the time of receipt.

iii) Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

THE CORPORATION OF THE MUNICIPALITY OF CENTRAL ELGIN

Notes to the Consolidated Financial Statements For the Year Ended December 31, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

iv) Inventories

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

v) 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.

vi) Interest capitalization

Interest costs attributable to financing up-front costs of the acquisition, construction, or development of tangible capital assets will be expensed in the operating budget, and not capitalized.

Use of Estimates

The preparation of financial statements in conformity with Canadian accounting standards for public sector entities 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 date of the financial statements, and the reported amounts of revenues and expenditures during the period. Significant estimates include assumptions used in estimating useful life and net realizable value of tangible capital assets, provisions for accrued liabilities and in performing actuarial valuations of employee future benefits. Actual results could differ from these estimates.

Environmental Provisions and Contaminated Sites

The Municipality may be exposed to litigation or other costs of remediation due to contaminated properties in its jurisdiction. A liability for remediation is recognized in the financial statements when an environmental standard exists, contamination exceeds the standard, the government is responsible for the remediation and a reasonable estimate of the liability can be made. As at December 31, 2015 there were no properties that the Municipality was responsible to remedy and as such no liability has been accrued.

Recent Accounting Pronouncements

PSAB released a standard related to Financial Instruments (PS 3450). The standard applies to all local governments for fiscal years beginning on or after April 1, 2019. The standard applies to all types of financial instruments. The new standard requires equity and derivative instruments be measured at fair value, with changes in value being recorded in statement of remeasurement gains/losses. The standard gives the option of cost/amortized cost vs. fair value of remaining instruments, which is elected upon by the government organization. The Municipality has not yet determined what, if any, financial reporting implications may arise from this standard.

THE CORPORATION OF THE MUNICIPALITY OF CENTRAL ELGIN

Notes to the Consolidated Financial Statements For the Year Ended December 31, 2016

2. HARBOUR TRANSFER

During 2010 the Municipality signed an agreement with the Federal Ministry of Transport to transfer the harbour property in Port Stanley. As part of this transfer the Municipality also entered into an operating agreement and contribution agreement. As part of the contribution agreement the Municipality received \$13,515,900 to be maintained in a separate bank account for the term of the contribution agreement (September 2030). These funds can be used for eligible expenditures as outlined in the contribution agreement and any unexpended funds must be returned to the Ministry of Transport at the end of the contribution agreement. At year end, the Municipality had invested these funds in fixed income and cash equivalents as follows:

	2016		2015	
	Cost	Market Value	Cost	Market Value
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Federal and provincial bonds	3,870,580	4,037,246	5,164,783	5,395,455
Corporate bonds	1,635,892	1,640,024	1,295,728	1,352,898
Cash and cash equivalents	<u>733,008</u>	<u>733,008</u>	<u>2,066,544</u>	<u>2,066,544</u>
	<u>6,239,480</u>	<u>6,410,278</u>	<u>8,527,055</u>	<u>8,814,897</u>

The federal and provincial bonds mature on dates ranging from 2019-2020 and yielding interest rates from 4.0% to 4.15% and the corporate bonds mature from 2019-2022 and yielding an interest rate from 2.12% to 4.60%. These investments earned interest of \$231,244 (2015 -\$417,356) and a gain on sale of \$8,606 (2015 - gain of \$120,468). This income is reported in the Obligatory Reserve Funds. The Municipality has \$2,118 (2015 - \$607,425) of cash included in the cash and cash equivalents presented on the balance sheet that is related to the Harbour Contribution Agreement - Obligatory Reserve Funds (Note 7). These assets are reported as an obligatory reserve fund as per the Harbour contribution agreement.

3. LOAN RECEIVABLE

The loan arose on September 1, 2000 as a result of the restructuring of the Hydro-Electric Power Commission of the Corporation of the Municipality of Central Elgin under Bill 35. The loan is receivable from EARTH Corporation with no specific terms of repayment, bearing interest at a rate of 7.25% commencing January 1, 2003. In 2016, \$78,083 (2015 - \$78,083) was charged and received on this loan. The loan is convertible to Class B shares of EARTH Corporation.

THE CORPORATION OF THE MUNICIPALITY OF CENTRAL ELGIN

Notes to the Consolidated Financial Statements For the Year Ended December 31, 2016

4. TAXES RECEIVABLE

Taxes receivable are reported net of allowance for doubtful accounts. Balances as at December 31 were as follows:

	2016	2015
	<u>\$</u>	<u>\$</u>
Taxes receivable	2,598,678	2,317,439
Penalties and interest	231,004	156,163
Allowance for doubtful accounts	<u>(70,121)</u>	<u>(70,121)</u>
	<u>2,759,561</u>	<u>2,403,481</u>

5. BANK INDEBTEDNESS

The Municipality has available a \$3,500,000 line of credit with the Bank of Montreal. This line of credit bears interest at the bank's prime rate. At year end, the Municipality had been advanced \$nil (2015 - \$nil) on this facility.

THE CORPORATION OF THE MUNICIPALITY OF CENTRAL ELGIN

Notes to the Consolidated Financial Statements For the Year Ended December 31, 2016

6. INVESTMENT IN EARTH CORPORATION

The Municipality owns 9.22% (2015 - 9.22%) of EARTH Corporation and received \$- (2015 - \$-) in dividends during the year. The EARTH Corporation is the electricity distribution utility for the Municipality's urban residents.

As a business enterprise of the Municipality it is accounted for on a modified equity basis in these financial statements and reports only the Municipality's portion of income (loss) on the financial statements. The following table provides condensed supplementary financial information for the EARTH Corporation for the year ended December 31:

	<u>2016</u>	<u>2015</u>
	<u>\$</u>	<u>\$</u>
Financial Position:		
Current assets	18,845,749	18,045,167
Capital and other long-term assets	53,227,201	50,617,472
Regulatory assets	7,933,983	6,154,937
Total assets	<u>80,006,933</u>	<u>74,817,576</u>
Current liabilities	23,688,356	20,969,790
Other liabilities	37,637,196	37,397,725
Regulatory liabilities	4,589,895	3,525,686
Total Liabilities	<u>65,915,447</u>	<u>61,893,201</u>
Total share capital and equity	<u>14,091,486</u>	<u>12,924,375</u>
Results of operations:		
Total revenues from operations	91,044,239	83,471,032
Total operating and other expenses	89,877,128	83,216,212
Total net income	<u>1,167,111</u>	<u>254,820</u>
Municipality portion of net income - 9.22%	107,646	23,503
Opening investment in EARTH Corporation	<u>1,337,333</u>	<u>1,313,830</u>
	<u>1,444,979</u>	<u>1,337,333</u>

THE CORPORATION OF THE MUNICIPALITY OF CENTRAL ELGIN

Notes to the Consolidated Financial Statements For the Year Ended December 31, 2016

7. DEFERRED REVENUE - OBLIGATORY RESERVE FUNDS

A requirement of the public sector accounting principles of the Canadian Institute of Chartered Accountants, is that obligatory reserve funds be reported as deferred revenue. This requirement is in place as provincial legislation restricts 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 Municipality are summarized below:

	2016	2015
	<u>\$</u>	<u>\$</u>
Development charges	1,088,614	687,594
Federal gasoline tax	-	80,952
Parkland	270,050	238,085
Harbour contribution agreement	6,220,029	8,957,212
Other	<u>253,285</u>	<u>867,185</u>
	<u>7,831,978</u>	<u>10,831,028</u>

8. GUARANTEES AND COMMITMENTS

The Municipality has provided a letter of credit for \$778,000 to the Department of Fisheries and Oceans. This letter of credit has a monthly fee of 0.1%.

9. OPERATION OF SCHOOL BOARDS AND THE COUNTY OF ELGIN

During 2016, requisitions were made by the school boards and the County of Elgin requiring the Municipality to collect property taxes and payments in lieu of property taxes on their behalf. The amounts collected and remitted are summarized below:

	School Boards	County
	<u>\$</u>	<u>\$</u>
Taxation and user charges	3,456,511	9,225,095
Share of payments in lieu of taxes	<u>-</u>	<u>290,852</u>
Amounts requisitioned	<u>3,456,511</u>	<u>9,515,947</u>

THE CORPORATION OF THE MUNICIPALITY OF CENTRAL ELGIN

Notes to the Consolidated Financial Statements For the Year Ended December 31, 2016

10. LONG-TERM LIABILITIES

- a) The balance of the long-term liabilities reported on the Consolidated Statement of Financial Position consists of the following:

	2016	2015
	<u>\$</u>	<u>\$</u>
Total long-term liabilities incurred by the Municipality and outstanding at the end of the year	18,517,484	20,056,860
Long-term liabilities assumed by the Municipality	<u>344,178</u>	<u>227,474</u>
Total long-term liabilities at the end of the year	<u>18,861,662</u>	<u>20,284,334</u>

Principal repayments are summarized as follows:

	2017	2018	2019	2020	2021	Beyond	Total
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Recoverable from:							
Tax revenue	323,633	331,545	339,651	347,954	356,461	1,515,147	3,214,391
User charges	<u>1,351,365</u>	<u>1,370,670</u>	<u>1,385,208</u>	<u>1,411,047</u>	<u>1,437,681</u>	<u>8,691,300</u>	<u>15,647,271</u>
	<u>1,674,998</u>	<u>1,702,215</u>	<u>1,724,859</u>	<u>1,759,001</u>	<u>1,794,142</u>	<u>10,206,447</u>	<u>18,861,662</u>

- b) All long-term liabilities issued on or before December 31, 1992 have received approval of the Ontario Municipal Board. Long-term liabilities issued after January 31, 1993 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 rates range from 2.43% to 6%. Interest expense on long-term liabilities in 2016 amounted to \$717,590 (2015 - \$505,800);
- d) Subsequent to the year end, the Municipality obtained two new financing arrangements to fund the capital fund. This debt will be financed by user fees and development charges. The first debt arrangement is for \$4,619,179, with interest at 2.45%, repayable in blended semi-annual payments of \$261,810, due May 2027. The second debt arrangement is for \$19,131,221, with interest at 3.33%, repayable in blended semi-annual payments of \$566,739, due June 2042.

THE CORPORATION OF THE MUNICIPALITY OF CENTRAL ELGIN

Notes to the Consolidated Financial Statements For the Year Ended December 31, 2016

11. TANGIBLE CAPITAL ASSETS

December 31, 2016

Cost	Opening	Additions	Disposals	Ending
<u>Infrastructure</u>				
Land	91,876	820,021	(820,021)	91,876
Buildings/Building Improvements	17,455,061	404,973	(4,307)	17,855,727
Machinery and Equipment	4,823,132	315,919	(16,925)	5,122,126
Linear - Roadways	59,850,024	1,309,975	-	61,159,999
Linear - Sewer and Water Services	42,518,390	3,005,287	(1,872)	45,521,805
Infrastructure Total	<u>124,738,483</u>	<u>5,856,175</u>	<u>(843,125)</u>	<u>129,751,533</u>
<u>General</u>				
Land	2,813,664	420,739	-	3,234,403
Land Improvements	2,057,074	102,314	-	2,159,388
Building/Building Improvements	10,444,105	116,289	(26,120)	10,534,274
Machinery and Equipment	2,934,981	348,310	(10,996)	3,272,295
Vehicle	4,443,472	905,462	(111,570)	5,237,364
General Total	<u>22,693,296</u>	<u>1,893,114</u>	<u>(148,686)</u>	<u>24,437,724</u>
Assets under construction	24,302,967	8,318,046	(3,817,320)	28,803,693
Total Cost	<u>171,734,746</u>	<u>16,067,335</u>	<u>(4,809,131)</u>	<u>182,992,950</u>
Accumulated Amortization				
<u>Infrastructure</u>				
Buildings/Building Improvements	4,958,240	465,221	(4,307)	5,419,154
Machinery and Equipment	3,211,829	86,337	(16,925)	3,281,241
Linear - Roadways	19,378,610	1,698,719	-	21,077,329
Linear - Sewer and Water Services	8,694,169	521,433	(1,872)	9,213,730
Infrastructure Total	<u>36,242,848</u>	<u>2,771,710</u>	<u>(23,104)</u>	<u>38,991,454</u>
<u>General</u>				
Land Improvements	822,855	100,873	-	923,728
Building/Building Improvements	4,222,896	269,901	(13,060)	4,479,737
Machinery and Equipment	1,552,632	142,120	(10,996)	1,683,756
Vehicle	1,637,386	553,228	(111,570)	2,079,044
General Total	<u>8,235,769</u>	<u>1,066,122</u>	<u>(135,626)</u>	<u>9,166,265</u>
Total Accumulated Amortization	<u>44,478,617</u>	<u>3,837,832</u>	<u>(158,730)</u>	<u>48,157,719</u>
Net Book Value				
<u>Infrastructure</u>				
Land	91,876			91,876
Building/Building Improvements	12,496,821			12,436,573
Machinery and Equipment	1,611,303			1,840,885
Linear - Roadways	40,471,414			40,082,670
Linear - Sewer and Water Services	33,824,221			36,308,075
	<u>88,495,635</u>			<u>90,760,079</u>
<u>General</u>				
Land	2,813,664			3,234,403
Land Improvements	1,234,219			1,235,660
Building/Building Improvements	6,221,209			6,054,537
Machinery and Equipment	1,382,349			1,588,539
Vehicles	2,806,086			3,158,320
	<u>14,457,527</u>			<u>15,271,459</u>
Assets under construction	24,302,967			28,803,693
Total Net Book Value	<u>127,256,129</u>			<u>134,835,231</u>

THE CORPORATION OF THE MUNICIPALITY OF CENTRAL ELGIN

**Notes to the Consolidated Financial Statements
For the Year Ended December 31, 2016**

11. TANGIBLE CAPITAL ASSETS (CONTINUED)

December 31, 2015

Cost	Opening	Additions	Disposals	Ending
<u>Infrastructure</u>				
Land	91,876	-	-	91,876
Buildings/Building Improvements	16,583,086	874,494	(2,519)	17,455,061
Machinery and Equipment	4,815,011	43,074	(34,953)	4,823,132
Linear - Roadways	57,659,263	2,190,761	-	59,850,024
Linear - Sewer and Water Services	42,511,764	6,626	-	42,518,390
Infrastructure Total	<u>121,661,000</u>	<u>3,114,955</u>	<u>(37,472)</u>	<u>124,738,483</u>
<u>General</u>				
Land	2,813,664	-	-	2,813,664
Land Improvements	2,057,074	-	-	2,057,074
Building/Building Improvements	10,323,096	121,009	-	10,444,105
Machinery and Equipment	2,657,049	331,016	(53,084)	2,934,981
Vehicle	3,533,691	1,149,079	(239,298)	4,443,472
General Total	<u>21,384,574</u>	<u>1,601,104</u>	<u>(292,382)</u>	<u>22,693,296</u>
Assets under construction	14,880,663	9,571,121	(148,817)	24,302,967
Total Cost	<u>157,926,237</u>	<u>14,287,180</u>	<u>(478,671)</u>	<u>171,734,746</u>

Accumulated Amortization	Opening	Amortization	Disposal	Ending
<u>Infrastructure</u>				
Buildings/Building Improvements	4,537,572	423,187	(2,519)	4,958,240
Machinery and Equipment	3,138,757	107,961	(34,889)	3,211,829
Linear - Roadways	17,827,773	1,550,837	-	19,378,610
Linear - Sewer and Water Services	8,200,577	493,592	-	8,694,169
Infrastructure Total	<u>33,704,679</u>	<u>2,575,577</u>	<u>(37,408)</u>	<u>36,242,848</u>
<u>General</u>				
Land Improvements	721,982	100,873	-	822,855
Building/Building Improvements	3,961,071	261,825	-	4,222,896
Machinery and Equipment	1,499,195	105,744	(52,307)	1,552,632
Vehicle	1,371,710	475,223	(209,547)	1,637,386
General Total	<u>7,553,958</u>	<u>943,665</u>	<u>(261,854)</u>	<u>8,235,769</u>
Total Accumulated Amortization	<u>41,258,637</u>	<u>3,519,242</u>	<u>(299,262)</u>	<u>44,478,617</u>

Net Book Value	Opening	Ending
<u>Infrastructure</u>		
Land	91,876	91,876
Building/Building Improvements	12,045,514	12,496,821
Machinery and Equipment	1,676,254	1,611,303
Linear - Roadways	39,831,490	40,471,414
Linear - Sewer and Water Services	34,311,187	33,824,221
	<u>87,956,321</u>	<u>88,495,635</u>
<u>General</u>		
Land	2,813,664	2,813,664
Land Improvements	1,335,092	1,234,219
Building/Building Improvements	6,362,025	6,221,209
Machinery and Equipment	1,157,854	1,382,349
Vehicles	2,161,981	2,806,086
	<u>13,830,616</u>	<u>14,457,527</u>
Assets under construction	14,880,663	24,302,967
Total Net Book Value	<u>116,667,600</u>	<u>127,256,129</u>

THE CORPORATION OF THE MUNICIPALITY OF CENTRAL ELGIN

Notes to the Consolidated Financial Statements For the Year Ended December 31, 2016

12. ACCUMULATED SURPLUS

The accumulated surplus consists of individual fund surplus/(deficit) and reserves/reserve funds as follows:

	2016	2015
	<u>\$</u>	<u>\$</u>
SURPLUS		
General revenue fund	721,444	222,770
Sewer operations	313,415	163,843
Water operations	(276,868)	(225,363)
Invested in tangible capital assets	134,835,231	127,256,129
Invested in EARTH Corporation	2,521,979	2,414,333
Capital fund	(11,754,711)	(8,444,059)
Reserves and reserve funds	<u>11,684,200</u>	<u>11,043,008</u>
	138,044,690	132,430,661
AMOUNTS TO BE RECOVERED		
Net long-term debt	<u>(18,861,662)</u>	<u>(20,284,334)</u>
ACCUMULATED SURPLUS	<u>119,183,028</u>	<u>112,146,327</u>
RESERVES AND RESERVE FUNDS		
Reserves set aside for specific purposes by council:		
- for working capital	1,330,213	1,330,213
- for current purposes	4,249,707	4,219,582
- for capital purposes	<u>4,234,732</u>	<u>3,657,571</u>
Total reserves	<u>9,814,652</u>	<u>9,207,366</u>
Reserve funds set aside for specific purposes by council:		
- for replacement of equipment	12,267	12,150
- for replacement of sanitary and storm sewers	1,385,875	1,241,361
- for replacement of water systems	203,771	243,233
- for sick leave	20,554	20,360
- for social housing capital projects	125,778	187,663
- from lot levies and parking revenues	104,995	104,302
- for capital projects	<u>16,308</u>	<u>26,573</u>
Total reserve funds	<u>1,869,548</u>	<u>1,835,642</u>

THE CORPORATION OF THE MUNICIPALITY OF CENTRAL ELGIN

Notes to the Consolidated Financial Statements For the Year Ended December 31, 2016

13. PENSION AGREEMENTS

The Municipality makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of approximately 50 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.

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 the members have earned to date. The most recent actuarial valuation of the Plan was conducted December 31, 2016, and the results of this valuation disclosed actuarial liabilities of \$87.0 billion in respect of benefits accrued for service with actuarial assets at that date of \$81.3 billion leaving an actuarial deficit of \$5.7 billion.

Since any surpluses or deficits are a joint responsibility of all Ontario municipalities and their employees, the Municipality does not recognize any share of the OMERS Pension surplus or deficit in these consolidated financial statements.

The amount contributed to OMERS for 2016 was \$365,462 (2015 - \$331,475).

14. CONTINGENT LIABILITIES

As at December 31, 2016 certain legal actions are pending against the Municipality. The final outcome of the outstanding claims cannot be determined at this time. However, management believes that ultimate disposition of these matters will not materially exceed the amounts recorded in these consolidated financial statements.

Estimated costs to settle claims are based on available information and projections of estimated future expenses developed based on the Municipality's historical experience. Claims are reported as an operating expense in the year of the loss, where the costs are deemed to be likely and can be reasonably determined. Claim provisions are reported as a liability in the consolidated statement of financial position.

THE CORPORATION OF THE MUNICIPALITY OF CENTRAL ELGIN

Notes to the Consolidated Financial Statements For the Year Ended December 31, 2016

15. BUDGET FIGURES

The operating budget approved by the council of the Municipality for 2016 is reflected on the consolidated statement of operations. Budget figures have been reclassified for the purposes of these financial statements to comply with PSAB reporting requirements. These adjustments include reserve transfers, capital expenditures, amortization and debt financing and repayment.

	Approved Budget	Adjustments	PSAB Budget
	<u>\$</u>	<u>\$</u>	<u>\$</u>
REVENUES			
Property taxation	12,021,046	-	12,021,046
Taxation from other governments	445,759	-	445,759
User charges	4,421,118	212,950	4,634,068
Transfer payments			
Federal	-	444,097	444,097
Provincial	677,686	2,223,368	2,901,054
Other municipalities	706,100	649,396	1,355,496
Contributions - benefiting land owners & developers	413,833	650,291	1,064,124
Harbour funding agreement	1,122,412	-	1,122,412
Investment income	90,920	8,235	99,155
Penalties and interest on taxes	307,878	-	307,878
Other	687,027	30,000	717,027
Reserve transfers and borrowing	5,303,284	(5,303,284)	-
Capital funding - revenue	<u>3,285,221</u>	<u>(3,285,221)</u>	<u>-</u>
Total Revenues	<u>29,482,284</u>	<u>(4,370,168)</u>	<u>25,112,116</u>
EXPENSES			
General government	1,471,357	307,831	1,779,188
Protection to persons and property	3,689,168	288,177	3,977,345
Transportation services	3,782,083	2,042,585	5,824,668
Environmental services	5,512,034	(419,708)	5,092,326
Health services	45,263	-	45,263
Social housing	-	199,046	199,046
Recreation and cultural services	1,696,310	289,696	1,986,006
Planning and development	295,789	-	295,789
Capital expenditures and reserve transfers	<u>12,990,280</u>	<u>(12,990,280)</u>	<u>-</u>
Total Expenses	<u>29,482,284</u>	<u>(10,282,653)</u>	<u>19,199,631</u>
BUDGETED ANNUAL SURPLUS	<u>-</u>	<u>5,912,485</u>	<u>5,912,485</u>

THE CORPORATION OF THE MUNICIPALITY OF CENTRAL ELGIN

Notes to the Consolidated Financial Statements For the Year Ended December 31, 2016

16. SUPPLEMENTARY INFORMATION:

	2016	2015
	<u>\$</u>	<u>\$</u>
[a] Current fund expenditures by object:		
Salaries, wages and employee benefits	6,376,374	5,680,351
Long-term debt interest expense	717,590	505,800
Materials	4,977,973	5,344,051
Contracted services	3,597,116	2,932,868
Rents and financial expenses	168,378	112,422
Amortization and loss on disposal of capital assets	4,238,563	3,497,558
Transfer to others	<u>133,739</u>	<u>124,233</u>
	<u>20,209,733</u>	<u>18,197,283</u>
[b] Change in non-cash assets and liabilities related to operations:		
(Increase) decrease in taxes receivable	(356,080)	(339,301)
(Increase) decrease in accounts receivable	(87,780)	(3,181)
(Increase) decrease in inventories and prepaid expenses	(7,346)	(559,668)
Increase (decrease) in accounts payable and accrued liabilities	188,402	1,637,346
Increase (decrease) in deferred revenue - obligatory reserve funds	<u>(2,999,050)</u>	<u>(4,514,393)</u>
	<u>(3,261,854)</u>	<u>(3,779,197)</u>

THE CORPORATION OF THE MUNICIPALITY OF CENTRAL ELGIN

Notes to the Consolidated Financial Statements For the Year Ended December 31, 2016

17. SEGMENTED INFORMATION

The Municipality is a diversified municipal government institution that provides a wide range of services to its citizens, including contract police services, fire, roads, community services, water and sewer. For management reporting purposes the Municipality's operations and activities are organized and reported by Fund. Funds were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations.

The Municipality 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 provided, are as follows:

Protection

Protection is comprised of the Police Services Board and Fire departments. The mandate of the Police Services Board, by way of contact with the Ontario Provincial Police, 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. The Fire department is responsible to provide fire suppression service; fire prevention programs; training and education related to prevention, detection or extinguishment of fires.

Community Services

The Parks and Recreation department provides public services that contribute to neighbourhood development and sustainability through the provision of parks, recreation and leisure services. It provides public services that contribute to healthy communities through partnerships, promotion, prevention and protection.

The County of Elgin is contracted to provide the information needs of the Municipality's citizens through the provision of library services.

Planning, By-Law Enforcement and Economic Development

The Planning, Property and Development departments provides a diverse bundle of services. It manages urban development for business interest, environmental concerns, heritage matters, local neighbourhoods and the downtown through city planning, community development, and parks planning. It ensures an acceptable quality of building construction and maintenance of properties through enforcement of construction codes, building standards and by-law for the protection of occupants. It facilitates economic development through its economic development programs.

THE CORPORATION OF THE MUNICIPALITY OF CENTRAL ELGIN

Notes to the Consolidated Financial Statements For the Year Ended December 31, 2016

17. SEGMENTED INFORMATION (CONTINUED)

Public Works

The Physical Services department is responsible for the delivery of municipal public works services related to the planning, development and maintenance of both county and municipal roadway and municipal drainage systems, the maintenance of parking, street lighting and the harbour.

The Water and Waste Funds

Water, stormwater and wastewater disposal is provided by the Water and Sewer Department. The department provides drinking water to citizens of Central Elgin, as well as, collection and treatment of stormwater and wastewater.

Social Housing

The Municipal Non-Profit Housing Corporation provides low income housing to the community.

Finance and Administration

This segment includes a number of support functions that are responsible for maintenance of buildings, Mayor and Council, the Clerk's department, Treasury Department and Human Resources Department.

Other Funds

This segment includes the remaining departments and activities of the Municipality. Some of the larger activities in this segment include Solid Waste Collection and Disposal., Emergency Measures and Animal Control, Public Health Services, Business Improvement Association, Conservation authorities, and Cemetery maintenance.

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. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information. The General Revenue Fund reports on municipal services that are funded primarily by taxation such as property and business tax revenues. Taxation and payments-in-lieu of taxes are apportioned to General Revenue Fund services based on the Fund's net surplus. Certain government transfers, transfer from other funds, and other revenues 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 consolidated financial statements as disclosed in Note 1. For additional information see the Consolidated Schedule of Segment Disclosure – Current Fund Operations and Schedule of Segment Disclosure – Current Fund Operations.

THE CORPORATION OF THE MUNICIPALITY OF CENTRAL ELGIN

**Consolidated Schedule of Segment Disclosure
For the Year Ended December 31, 2016**

	Social Housing	Planning	Public Works	Finance & Administration	Protection	Water and Waste Funds	Community Services	Other Funds	Consolidated
	\$	\$	\$	\$	\$	\$	\$	\$	\$
REVENUES									
Taxation	-	221,805	3,743,827	1,471,357	3,098,237	-	1,696,310	2,398,461	12,629,997
Sales of services and regulatory fees	212,950	-	-	-	-	3,820,065	478,266	49,992	4,561,273
Government transfers	-	9,648	2,799,920	385,700	46,959	1,244,752	-	386,911	4,873,890
Other	-	-	2,496,654	492,807	80,230	542,938	-	1,460,999	5,073,628
ERTH Corporation net income	-	-	-	-	-	-	-	107,646	107,646
	<u>212,950</u>	<u>231,453</u>	<u>9,040,401</u>	<u>2,349,864</u>	<u>3,225,426</u>	<u>5,607,755</u>	<u>2,174,576</u>	<u>4,404,009</u>	<u>27,246,434</u>
EXPENSES									
Salaries, wages and employees benefits	27,400	27	1,813,014	1,235,532	812,217	868,887	1,272,335	346,962	6,376,374
Long-term debt interest expense	-	6,416	87,879	-	-	627,295	-	-	717,590
Materials	162,521	513,655	1,436,643	338,017	464,928	834,232	607,948	600,027	4,977,973
Contracted services, rents and financial	-	843	390,906	276,853	1,993,672	298,737	243,046	695,176	3,899,233
Loss (gain) on disposal of capital assets	-	-	-	387,671	-	13,060	-	-	400,731
Amortization	9,125	-	2,082,543	122,228	308,177	1,014,642	301,117	-	3,837,832
	<u>199,046</u>	<u>520,941</u>	<u>5,826,987</u>	<u>2,360,301</u>	<u>3,578,994</u>	<u>3,656,853</u>	<u>2,424,446</u>	<u>1,642,165</u>	<u>20,209,733</u>
ANNUAL SURPLUS (DEFICIT)	<u>13,904</u>	<u>(289,488)</u>	<u>3,213,414</u>	<u>(10,437)</u>	<u>(353,568)</u>	<u>1,950,902</u>	<u>(249,870)</u>	<u>2,761,844</u>	<u>7,036,701</u>

THE CORPORATION OF THE MUNICIPALITY OF CENTRAL ELGIN

**Consolidated Schedule of Segment Disclosure
For the Year Ended December 31, 2015**

	Social Housing	Planning	Public Works	Finance & Administration	Protection	Water and Waste Funds	Community Services	Other Funds	Consolidated
	\$	\$	\$	\$	\$	\$	\$	\$	\$
REVENUES									
Taxation	-	361,102	3,584,430	1,458,125	2,751,314	-	1,607,885	2,582,837	12,345,693
Sales of services and regulatory fees	211,270	-	-	28,436	-	3,513,008	515,550	-	4,268,264
Government transfers	-	-	1,728,027	453,700	47,929	134,382	50,000	632,926	3,046,964
Other	-	30,050	4,848,498	556,398	95,302	1,118,778	84,639	555,417	7,289,082
ERTH Corporation net loss	-	-	-	-	-	-	-	23,503	23,503
	<u>211,270</u>	<u>391,152</u>	<u>10,160,955</u>	<u>2,496,659</u>	<u>2,894,545</u>	<u>4,766,168</u>	<u>2,258,074</u>	<u>3,794,683</u>	<u>26,973,506</u>
EXPENSES									
Salaries, wages and employees benefits	27,400	31	1,719,908	1,064,566	692,587	796,077	1,072,740	307,042	5,680,351
Long-term debt interest expense	-	10,170	-	-	-	495,630	-	-	505,800
Materials	159,858	290,864	1,414,773	377,789	415,983	1,146,056	811,259	727,469	5,344,051
Contracted services, rents and financial	-	21,208	244,852	185,964	1,839,396	128,097	65,254	684,752	3,169,523
Loss on disposal of capital assets	-	-	(11,372)	-	(10,312)	-	-	-	(21,684)
Amortization	9,292	-	1,882,207	85,879	281,252	992,696	267,921	-	3,519,242
	<u>196,550</u>	<u>322,273</u>	<u>5,250,363</u>	<u>1,714,198</u>	<u>3,218,906</u>	<u>3,558,556</u>	<u>2,217,174</u>	<u>1,719,263</u>	<u>18,197,283</u>
ANNUAL SURPLUS (DEFICIT)	<u>14,720</u>	<u>68,879</u>	<u>4,910,592</u>	<u>782,461</u>	<u>(324,361)</u>	<u>1,207,612</u>	<u>40,900</u>	<u>2,075,420</u>	<u>8,776,223</u>