

**The Corporation of the
Township of Puslinch
Financial Statements
For the year ended December 31, 2016**

The Corporation of the Township of Puslinch
Financial Statements
For the year ended December 31, 2016

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The Corporation of the Township of Puslinch

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Independent Auditor's Report

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

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

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal 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.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the municipality's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality'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 financial statements.

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



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Opinion

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

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

March 15, 2017
Orangeville, Ontario

The Corporation of the Township of Puslinch
Statement of Financial Position

December 31	2016	2015
		(restated) (Note 16)
Assets and Liabilities		
Financial assets		
Cash (Note 1)	\$ 6,833,145	\$ 3,473,845
Temporary investments (Note 2)	26,389	2,008,537
Taxes receivable	293,240	732,326
Trade and other receivable	187,927	249,493
	<u>7,340,701</u>	<u>6,464,201</u>
Liabilities		
Accounts payable and accrued liabilities	482,879	380,131
Grading deposits	97,640	134,908
Security deposits	1,973,922	1,617,417
Post-employment benefits (Note 5)	90,500	88,300
Deferred revenue (Page 24)	854,549	632,280
Long-term liabilities (Note 6)	235,000	345,000
	<u>3,734,490</u>	<u>3,198,036</u>
Net financial assets	3,606,211	3,266,165
Non-financial assets		
Tangible capital assets (Note 3)	<u>19,011,915</u>	<u>19,399,686</u>
Accumulated surplus (Note 8)	\$ 22,618,126	\$ 22,665,851

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

**The Corporation of the Township of Puslinch
Statement of Operations and Accumulated Surplus**

For the year ended December 31	2016	2016	2015
	Budget (Note 11)	Actual	Actual (restated) (Note 16)
Revenue			
Taxation	\$ 3,393,443	\$ 3,684,910	\$ 3,479,014
Fees and user charges	368,064	612,799	441,023
Grants (Note 12)	526,516	467,077	525,840
Other income (Note 10)	818,326	1,002,402	884,436
Obligatory reserve fund revenue recognized	442,064	377,220	491,743
	<u>5,548,413</u>	<u>6,144,408</u>	<u>5,822,056</u>
Expenses			
General government	1,172,494	1,100,898	1,077,196
Protection services	1,063,745	1,188,198	1,172,240
Transportation services	2,640,655	2,764,183	2,687,052
Recreation and cultural services	571,536	541,779	524,870
Planning and development	526,885	597,075	523,145
	<u>5,975,315</u>	<u>6,192,133</u>	<u>5,984,503</u>
Annual deficit (Note 11)	(426,902)	(47,725)	(162,447)
Accumulated surplus, beginning of year, as originally stated	22,665,851	22,665,851	22,914,127
Prior period adjustment (Note 16)	-	-	(85,829)
Accumulated surplus, end of year	<u>\$ 22,238,949</u>	<u>\$ 22,618,126</u>	<u>\$ 22,665,851</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

The Corporation of the Township of Puslinch
Statement of Changes in Net Financial Assets

For the year ended December 31	2016	2016	2015
	Budget (Note 11)	Actual	Actual (restated) (Note 16)
Annual deficit (Page 5)	\$ (426,902)	\$ (47,725)	\$ (162,447)
Acquisition of tangible capital assets	(1,711,412)	(1,314,032)	(1,176,243)
Amortization of tangible capital assets	1,585,935	1,585,935	1,642,480
Loss (gain) on sale of tangible capital assets	-	104,944	(18,878)
Proceeds on disposal of tangible capital assets	-	-	55,690
Write-downs of tangible capital assets	-	10,924	-
	(125,477)	387,771	503,049
Change in prepaid expenses	-	-	102,079
Increase (decrease) in net financial assets	(552,379)	340,046	442,681
Net financial assets, beginning of the year	3,266,165	3,266,165	2,909,313
Prior period adjustment (Note 16)	-	-	(85,829)
Net financial assets, end of the year	\$ 2,713,786	\$ 3,606,211	\$ 3,266,165

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

The Corporation of the Township of Puslinch
Statement of Cash Flows

For the year ended December 31	2016	2015
		(restated) (Note 16)
Cash provided by (used in)		
Operating activities		
Annual deficit	\$ (47,725)	\$ (162,447)
Items not involving cash		
Change in post-employment benefits	2,200	2,471
Amortization of tangible capital assets	1,585,935	1,642,480
Write-down of tangible capital assets	10,924	-
Deferred revenue recognized	(428,057)	(532,963)
Loss (gain) on sale of tangible capital assets	104,944	(18,878)
	<u>1,228,221</u>	<u>930,663</u>
Changes in non-cash working capital balances		
Taxes receivable	439,086	421,086
Trade and other receivable	61,566	(30,643)
Accounts payable and accrued liabilities	102,748	(34,509)
Grading deposits	(37,268)	(68,000)
Security deposits	356,505	83,883
Prepaid expenses	-	102,079
Deferred revenue received	650,326	443,305
	<u>1,572,963</u>	<u>917,201</u>
	<u>2,801,184</u>	<u>1,847,864</u>
Capital transactions		
Cash used to acquire tangible capital assets	(1,314,032)	(1,176,243)
Proceeds on sale of tangible capital assets	-	55,690
	<u>(1,314,032)</u>	<u>(1,120,553)</u>
Financing activities		
Repayment of long-term liabilities	(110,000)	(106,000)
Net change in cash and cash equivalents	<u>1,377,152</u>	<u>621,311</u>
Cash and cash equivalents, beginning of year	<u>5,482,382</u>	<u>4,861,071</u>
Cash and cash equivalents, end of year	<u>\$ 6,859,534</u>	<u>\$ 5,482,382</u>
Cash and cash equivalents are comprised of:		
Cash	\$ 6,833,145	\$ 3,473,845
Temporary investments	26,389	2,008,537
	<u>\$ 6,859,534</u>	<u>\$ 5,482,382</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

The Corporation of the Township of Puslinch Summary of Significant Accounting Policies

December 31, 2016

Management Responsibility

The financial statements of the Corporation of the Township of Puslinch are the representations of management. They have been prepared in accordance with Canadian generally accepted accounting principles established by the Public Sector Accounting Board of the Canadian Institute of Chartered Professional Accountants as prescribed by the Ministry of Municipal Affairs and Housing.

Basis of Accounting

Revenues 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 receipt of goods or services and the creation of a legal obligation to pay.

Use of Estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty and actual results could differ from management's best estimates as additional information becomes available in the future.

Post-Employment Benefits

The contributions to the Ontario Municipal Employees Retirement System ("OMERS"), a multi-employer defined benefit plan are expensed when contributions are due.

The municipality provides post-employment health, dental and life insurance benefits to eligible retired employees. The benefits earned by employees are determined using management's best estimate of expected benefit costs and are expensed as services are rendered.

The Corporation of the Township of Puslinch Summary of Significant Accounting Policies

December 31, 2016

Taxation and Related Revenue Property tax billings are prepared by the Township based on assessment rolls issued by the Municipal Property Assessment Corporation. Tax rates are established annually by Township Council, incorporating amounts to be raised for local services. A normal part of the assessment process is the issue of supplementary assessment rolls, which provide updated information with respect to changes in property assessment. Once a supplementary assessment roll is received, the Township determines the taxes applicable and renders supplementary tax billings. Taxation revenue are recognized as revenue when the amounts are levied on the municipality's ratepayers.

Assessments and the related property taxes are subject to appeal. Taxes are recorded at estimated amounts when they meet the definition of an asset, have been authorized and the taxable event occurs. For property taxes, the taxable event is the period for which the tax is levied. Taxes receivable are recognized net of allowance for anticipated uncollectable amounts.

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

Revenue Recognition

Grading fees are recognized when they are received.

All other fees and user charges are recognized when the related service is provided.

Other income is recorded upon sale of goods or provision of service when collection is reasonably assured.

Investment income earned on surplus funds (other than obligatory reserve funds) are reported as revenue in the period earned. Investment income earned on obligatory reserve funds is recorded directly to each fund balance.

Government transfers are recognized in the financial statements as revenues in the period in which events giving rise to the transfer occur providing the transfers are authorized, and eligibility criteria have been met and reasonable estimates of the amounts can be made.

The Corporation of the Township of Puslinch Summary of Significant Accounting Policies

December 31, 2016

Deferred Revenue	Revenue restricted by legislation, regulation or agreement and not available for general municipal purposes is reported as deferred revenue on the statement of financial position. The revenue is reported on the statement of operations in the year in which it is used for the specified purpose.										
Cash and Cash Equivalents	Cash and cash equivalents include all cash balances and short term highly liquid investments that are readily convertible into cash.										
County and School Board	The municipality collects taxation revenue on behalf of the school boards and the County of Wellington. The taxation, other revenues, expenses, assets and liabilities with respect to the operations of the school boards and the County of Wellington are not reflected in these financial statements.										
Non-financial Assets	Tangible capital and other non-financial assets are accounted for as assets by the municipality because they can be used to provide services in future periods. These assets do not normally provide resources to discharge the liabilities of the municipality unless they are sold.										
Tangible Capital Assets	<p>Tangible capital assets are recorded at cost less accumulated amortization. Costs include all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Amortization is provided over the estimated useful life of the assets, using the straight-line method. The useful life of the assets is based on estimates made by Council. The following rates are used:</p> <table><tr><td>Buildings</td><td style="text-align: right;">40 years</td></tr><tr><td>Furniture and equipment</td><td style="text-align: right;">5 to 20 years</td></tr><tr><td>Roads</td><td style="text-align: right;">10 to 50 years</td></tr><tr><td>Bridges and structures</td><td style="text-align: right;">20 to 50 years</td></tr><tr><td>Vehicles</td><td style="text-align: right;">7 to 15 years</td></tr></table> <p>Tangible capital assets received as contributions are recorded at fair value at the date of receipt and also are recorded as revenue.</p>	Buildings	40 years	Furniture and equipment	5 to 20 years	Roads	10 to 50 years	Bridges and structures	20 to 50 years	Vehicles	7 to 15 years
Buildings	40 years										
Furniture and equipment	5 to 20 years										
Roads	10 to 50 years										
Bridges and structures	20 to 50 years										
Vehicles	7 to 15 years										
Intangible Assets	Intangible assets, art and historic treasures, and items inherited by right of the Crown, such as Crown lands, forests, water, and mineral resources, are not recognized in these financial statements.										

The Corporation of the Township of Puslinch
Notes to Financial Statements

December 31, 2016

1. Cash

	<u>2016</u>	<u>2015</u>
Unrestricted	\$ 5,704,928	\$ 2,400,660
Restricted	1,128,217	1,073,185
	<u>\$ 6,833,145</u>	<u>\$ 3,473,845</u>

The municipality has internally and externally restricted funds that are segregated and will be used only for specific purposes.

The municipality's bank accounts are all held at one financial institution.

2. Temporary Investments

	<u>2016</u>	<u>2015</u>
Term Deposit	<u>\$ 26,389</u>	<u>\$ 2,008,537</u>

The term deposit earns interest at a rate of 1.15% (2015 - 1%) and matures on March 28, 2017 (2015 - February 29, 2016).

The Corporation of the Township of Puslinch
Notes to Financial Statements

December 31, 2016

3. Tangible Capital Assets

	2016							
	Land	Buildings	Furniture and equipment	Roads	Bridges and structures	Vehicles	Assets under construction	Total
Cost, beginning of year	\$ 1,229,008	\$ 4,376,940	\$ 1,113,504	\$ 37,354,569	\$ 6,768,272	\$ 3,069,860	\$ 86,203	\$ 53,998,356
Additions	13,192	127,585	8,115	894,527	-	270,613	-	1,314,032
Disposals	-	-	(42,948)	(1,280,638)	-	-	-	(1,323,586)
Transferred from assets under construction	-	-	-	75,354	-	-	(75,354)	-
Write down	-	-	-	-	-	-	(10,849)	(10,849)
<hr/>								
Cost, end of year	1,242,200	4,504,525	1,078,671	37,043,812	6,768,272	3,340,473	-	53,977,953
Accumulated amortization, beginning of year	-	1,340,628	914,978	28,335,094	2,310,640	1,697,330	-	34,598,670
Amortization	-	109,151	31,280	1,090,028	156,357	199,119	-	1,585,935
Disposals	-	-	(42,948)	(1,175,619)	-	-	-	(1,218,567)
Accumulated amortization, end of year	-	1,449,779	903,310	28,249,503	2,466,997	1,896,449	-	34,966,038
Net carrying amount, end of year	\$ 1,242,200	\$ 3,054,746	\$ 175,361	\$ 8,794,309	\$ 4,301,275	\$ 1,444,024	\$ -	\$ 19,011,915

The Corporation of the Township of Puslinch
Notes to Financial Statements

December 31, 2016

3. Tangible Capital Assets - (continued)

	2015							
	Land	Buildings	Furniture and equipment	Roads	Bridges and structures	Vehicles	Assets under construction	Total
Cost, beginning of year	\$ 1,229,008	\$ 4,354,478	\$ 1,032,209	\$ 37,686,531	\$ 6,638,555	\$ 2,984,305	\$ 77,872	\$ 54,002,958
Additions	-	22,462	67,687	635,009	155,904	273,242	21,939	1,176,243
Disposals	-	-	-	(966,971)	(26,187)	(187,687)	-	(1,180,845)
Transferred from assets under construction	-	-	13,608	-	-	-	(13,608)	-
Cost, end of year	1,229,008	4,376,940	1,113,504	37,354,569	6,768,272	3,069,860	86,203	53,998,356
Accumulated amortization, beginning of year	-	1,233,649	870,848	28,135,965	2,182,438	1,677,323	-	34,100,223
Amortization	-	106,979	44,130	1,137,610	154,389	199,372	-	1,642,480
Disposals	-	-	-	(938,481)	(26,187)	(179,365)	-	(1,144,033)
Accumulated amortization, end of year	-	1,340,628	914,978	28,335,094	2,310,640	1,697,330	-	34,598,670
Net carrying amount, end of year	\$ 1,229,008	\$ 3,036,312	\$ 198,526	\$ 9,019,475	\$ 4,457,632	\$ 1,372,530	\$ 86,203	\$ 19,399,686

The Corporation of the Township of Puslinch
Notes to Financial Statements

December 31, 2016

4. Bank Indebtedness

The Township has undrawn credit of \$1,500,000 for operating. Interest is calculated at the bank's prime rate. This facility is secured by a current borrowing by-law.

5. Post-Employment Benefits

The Township of Puslinch sponsors a defined benefit plan for retirement benefits other than pensions to any full-time employees with ten or more continuous years of service. The plan provides extended health care, dental and life insurance benefits to employees to a maximum of age 65. Total benefit payments paid by the Township on behalf of retirees during the year were \$9,600 (2015 - \$9,285). The employee benefits liabilities as at December 31 are \$90,500 (2015 - \$88,300).

The Township has not made allocations to fund these liabilities at this time and future expenditures are anticipated to be recovered from tax billings.

The total expenses related to retirement benefits other than pensions include the following components:

	<u>2016</u>	<u>2015</u>
Current period benefit cost	\$ 8,700	\$ 8,700
Retirement benefit interest	<u>3,100</u>	<u>3,056</u>
	<u>\$ 11,800</u>	<u>\$ 11,756</u>

The actuarial valuations were based on a number of assumptions about future events such as inflation rates, interest rates, medical inflation rates, wage and salary increases and employee turnover and mortality. The most recent actuarial valuations were performed in 2016. The assumptions used reflect the Township's best estimates.

Discount rate	3.4% per year
Dental premium rates	6% in 2016 to 4% over 8 years
Health care premium rates	7.16% in 2016 to 4% over 20 years
Future salaries	Escalate at 2.5% per year
Future inflation rate	2.5% per year

The Corporation of the Township of Puslinch
Notes to Financial Statements

December 31, 2016

6. Long-term Liabilities

The balance of long-term liabilities reported on the statement of financial position is made up of the following:

	<u>2016</u>	<u>2015</u>
Debenture payable, County of Wellington, variable interest at 3.85% to 5.00%, repayable in variable annual installments (2016 - \$110,000, 2015 - \$106,000), due July 2018.	<u>\$ 235,000</u>	<u>\$ 345,000</u>

Principal payments for the next 2 fiscal years are as follows:

2017	\$ 116,000
2018	119,000
	<u>\$ 235,000</u>

The Corporation of the Township of Puslinch Notes to Financial Statements

December 31, 2016

7. Pension Agreements

The municipality makes contributions to OMERS, which is a multi-employer plan, on behalf of 15 members of its staff. This plan is a defined benefit plan which specifies the amount of the retirement benefits to be received by the employees based on the length of service and rates of pay. Employees and employers contribute jointly to the plan. The employer amount contributed to OMERS for 2016 by the Township of Puslinch was \$116,783 (2015 - \$116,823). The contribution rate for 2016 was 9.0% to 15.9% depending on age and income level (2015 - 9.0% to 15.9%).

OMERS is a multi-employer plan, therefore 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. The last available report for the OMERS plan was December 31, 2015. At that time the plan reported a \$7.0 billion actuarial deficit (2014 - \$7.1 billion actuarial deficit), based on actuarial liabilities of \$81.9 billion (2014 - \$76.9 billion) and actuarial assets of \$74.9 billion (2014 - \$69.8 billion). Ongoing adequacy of the current contribution rates will need to be monitored as fluctuations in the financial markets may lead to increased future funding requirements.

8. Accumulated Surplus

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

	2016	2015
Invested in tangible capital assets		
Tangible capital assets at cost less amortization	\$ 19,011,915	\$ 19,399,686
Capital assets financed by long-term liabilities and to be funded in future years	(235,000)	(345,000)
Total invested in capital assets	18,776,915	19,054,686
Unfunded post-employment benefits	(90,500)	(88,300)
General surplus (Note 11)	429,858	239,670
Barber's Beach street lighting area	1,288	829
Cambridge fire area	1,320	1,087
	19,118,881	19,207,972
Reserves and reserve funds (Note 9)	3,499,245	3,457,879
Accumulated surplus	\$ 22,618,126	\$ 22,665,851

The Corporation of the Township of Puslinch
Notes to Financial Statements

December 31, 2016

9. Reserves and Reserve Funds Set Aside for Specific Purpose by Council

	2016	2015
Reserves		
Working funds	\$ 222,810	\$ 158,901
Contingencies	119,089	109,089
Current purposes	481,420	505,695
Capital purposes	2,675,926	2,684,194
 Reserves and reserve funds set aside for specific purpose by Council	 \$ 3,499,245	 \$ 3,457,879

10. Other Income

	2016	2016	2015
	Budget	Actual	Actual
Penalties and interest on taxation	\$ 181,599	\$ 171,185	\$ 176,907
Investment income	62,900	61,488	72,822
Licenses, permits and rents	334,144	488,896	374,646
Donations	-	-	8,221
Provincial aggregates levy	212,810	238,854	215,182
Other	26,873	41,979	36,658
	\$ 818,326	\$ 1,002,402	\$ 884,436

The Corporation of the Township of Puslinch
Notes to Financial Statements

December 31, 2016

11. Budgets

The budget adopted by Council 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 now require a full accrual basis. The following is a reconciliation of the budget approved by Council.

For comparative purposes, budget amounts reported on the Statement of Operations and Accumulated Surplus have been adjusted for amortization and loss on sale of tangible capital assets.

	2016 Budget	2016 Actual	2015 Actual
Annual deficit (Page 5)	\$ (426,902)	\$ (47,725)	\$ (162,447)
Amortization of tangible capital assets	1,585,935	1,585,935	1,642,480
Change in unfunded liabilities	-	2,200	2,471
Change in other surpluses	-	(692)	683
Net transfers (to) from reserves	1,159,033	1,539,718	1,483,187
Tangible capital assets acquisitions, disposals and write-down	662,379	(41,366)	(624,747)
Debt principal repayments	(1,711,412)	(1,198,164)	(1,139,431)
	-	190,188	(386,991)
Prior year general surplus	-	239,670	626,661
General surplus (Note 8)	\$ -	\$ 429,858	\$ 239,670

The Corporation of the Township of Puslinch
Notes to Financial Statements

December 31, 2016

12. Grants

	2016 Budget	2016 Actual	2015 Actual
Operating			
Province of Ontario			
Ontario Municipal Partnership			
Fund (OMPF)	\$ 405,400	\$ 405,400	\$ 404,600
Conditional - General government	7,500	-	21,784
- Transportation	42,878	42,878	42,878
- Protection	17,260	-	15,000
Unconditional - Recreation and cultural	5,167	5,167	4,729
- Protection	1,500	605	1,849
	<u>479,705</u>	<u>454,050</u>	<u>490,840</u>
Government of Canada			
Conditional - Recreation and cultural	21,811	6,431	-
Other Municipalities			
Unconditional - General government	-	-	10,000
- Planning and development	25,000	-	25,000
- Recreation and cultural	-	6,596	-
	<u>-</u>	<u>6,596</u>	<u>-</u>
Total grants	\$ 526,516	\$ 467,077	\$ 525,840

The Corporation of the Township of Puslinch
Notes to Financial Statements

December 31, 2016

13. Operations of School Boards and the County of Wellington

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

	<u>2016</u>	<u>2015</u>
School boards	\$ 6,254,463	\$ 6,121,852
County of Wellington	<u>13,473,419</u>	<u>12,844,209</u>
	<u>\$ 19,727,882</u>	<u>\$ 18,966,061</u>

14. Commitments

The Township is in an agreement for fire services totaling \$129,300 annually from January 1, 2017 to December 31, 2017.

The Township is in an agreement for information technology services totaling \$25,949 annually from January 1, 2017 to December 31, 2017.

The Township has committed to spend approximately \$108,643 on capital projects in 2017 and beyond on various recreation and planning and development capital projects.

15. Contingent Liabilities

The Township has been served with various claims as a result of accidents and other incidents. The Township is not aware of any possible settlements in excess of its liability insurance coverage. The outcomes of these claims are not determinable at this time. Should any liability be determined and not covered by insurance, it will be recognized in the period when determined.

16. Prior Period Adjustment

During the year management determined that the municipality had a post-employment benefits obligation that had not yet been determined or included in the financial statements. Based on the actuarial report obtained, a prior period adjustment was made to account for the post-employment benefits obligation in the prior year. The adjustment at December 31, 2015 increased the post employment benefits liability by \$88,300, decreased the opening accumulated surplus by \$85,829, decreased the closing accumulated surplus by \$88,300 and expenses increased by \$2,471.

The Corporation of the Township of Puslinch

Notes to Financial Statements

December 31, 2016

17. Segmented Information

The Township of Puslinch is a diversified municipal government institution that provides a wide range of services to its citizens such as recreational and cultural services, planning and development, fire, and transportation services. Distinguishable functional segments have been separately disclosed in the segmented information. The nature of the segments and the activities they encompass are as follows:

General Government

This item relates to the general operations of the municipality itself and cannot be directly attributed to a specific segment.

Protection to Persons and Property

Protection is comprised of fire protection, and bylaw enforcement. The fire department is responsible for providing fire suppression services, fire prevention programs, training and education. The by-law enforcement department works to ensure that citizens and their property are protected by ensuring the Township's bylaws are being adhered to. This department also includes services related to source water protection and other transfers made to the Grand River Conservation Authority, Conservation Halton and Hamilton Conservation Authority.

Transportation

Transportation is responsible for providing the municipality with road maintenance, winter control services, street light maintenance, parking lots and equipment maintenance.

Recreational and Cultural Services

This service area provides public services that contribute to the provision of recreation and leisure services and the maintenance of parks and open space.

Planning and Development

This department provides a number of services including Township planning, maintenance and enforcement of building and construction codes and review of all property development plans through its application process.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies. Amounts that are directly attributable to a number of segments have been allocated on a reasonable basis as follows:

Taxation and payments-in-lieu	Allocated to those segments that are funded by these amounts based on the net surplus for the year
Ontario Municipal Partnership Fund Grants	Allocated to segments based on the net surplus for the year
Provincial Aggregate Levy	Allocated to segments based on the net surplus for the year

The Corporation of the Township of Puslinch
Notes to Financial Statements

December 31, 2016

17. Segmented Information (continued)

For the year ended December 31	General Government	Protection Services	Transportation Services	Recreational and Cultural Services	Planning and Development	2016 Total
Revenue						
Taxation	\$ 626,435	\$ 700,133	\$ 2,063,549	\$ 294,793	\$ -	\$ 3,684,910
Fees and user charges	1,882	193,095	-	167,837	249,985	612,799
Specific grants	49,474	605	-	11,598	-	61,677
OMPF grant	68,918	77,026	227,024	32,432	-	405,400
Provincial aggregate levy	40,605	45,382	133,758	19,109	-	238,854
Other revenue	259,451	32,647	7,812	4,489	459,149	763,548
Obligatory reserve fund revenue recognized	11,557	67,653	291,414	6,596	-	377,220
	1,058,322	1,116,541	2,723,557	536,854	709,134	6,144,408
Expenses						
Salaries and benefits	721,457	503,805	525,499	213,493	328,285	2,292,539
Interest on debt	14,274	-	-	-	-	14,274
Materials and supplies	142,320	335,460	527,129	182,624	59,181	1,246,714
Contracted services	150,762	82,864	252,893	37,736	209,609	733,864
Other transfers	32,475	159,877	-	2,000	-	194,352
Rents and financial expenses	14,022	603	-	4,886	-	19,511
Amortization	25,588	105,589	1,353,718	101,040	-	1,585,935
Loss on sale of tangible capital assets	-	-	104,944	-	-	104,944
	1,100,898	1,188,198	2,764,183	541,779	597,075	6,192,133
Annual surplus (deficit)	\$ (42,576)	\$ (71,657)	\$ (40,626)	\$ (4,925)	\$ 112,059	\$ (47,725)

The Corporation of the Township of Puslinch
Notes to Financial Statements

December 31, 2016

17. Segmented Information (continued)

For the year ended December 31	General Government	Protection Services	Transportation Services	Recreational and Cultural Services	Planning and Development	2015 Total
Revenue						
Taxation	\$ 556,642	\$ 765,383	\$ 1,843,878	\$ 313,111	\$ -	\$ 3,479,014
Fees and user charges	7,705	193,301	-	132,842	107,175	441,023
Specific grants	99,662	16,849	-	4,729	-	121,240
OMPF grant	64,736	89,012	214,438	36,414	-	404,600
Provincial aggregate levy	34,429	47,340	114,047	19,366	-	215,182
Other revenue	262,370	38,624	4,949	7,665	355,646	669,254
Obligatory reserve fund revenue recognized	38,110	1,642	444,512	7,479	-	491,743
	1,063,654	1,152,151	2,621,824	521,606	462,821	5,822,056
Expenses						
Salaries and benefits	738,868	431,551	543,155	216,940	310,725	2,241,239
Interest on debt	19,405	-	-	-	-	19,405
Materials and supplies	134,008	347,830	550,137	150,389	66,190	1,248,554
Contracted services	127,414	135,045	193,494	51,370	146,230	653,553
Other transfers	32,625	155,514	-	1,000	-	189,139
Rents and financial expenses	2,087	586	-	4,674	-	7,347
Amortization	22,789	101,714	1,417,479	100,497	-	1,642,479
Gain on sale of tangible capital assets	-	-	(17,213)	-	-	(17,213)
	1,077,196	1,172,240	2,687,052	524,870	523,145	5,984,503
Annual surplus (deficit)	\$ (13,542)	\$ (20,089)	\$ (65,228)	\$ (3,264)	\$ (60,324)	\$ (162,447)

**The Corporation of the Township of Puslinch
Schedule of Deferred Revenue**

For the year ended December 31, 2016

	Opening	Contributions Received	Investment Income	Revenue Recognized	Ending
Obligatory Reserve Funds					
Development charges	\$ 236,370	\$ 247,541	\$ 4,682	\$ (126,444)	\$ 362,149
Federal gas tax	128,750	213,704	1,738	(250,776)	93,416
Recreational land	216,323	49,574	3,802	-	269,699
Perpetual maintenance	-	25,733	-	-	25,733
	581,443	536,552	10,222	(377,220)	750,997
Other					
Recreation	42,781	17,704	-	(42,781)	17,704
Building permits	8,056	85,848	-	(8,056)	85,848
	\$ 632,280	\$ 640,104	\$ 10,222	\$ (428,057)	\$ 854,549