

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

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

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Independent Auditor's Report

To the Members of Council, Inhabitants and Ratepayers of The Corporation of the Township of Pelee

We have audited the accompanying financial statements of The Corporation of the Township of Pelee, which comprise the Consolidated Statement of Financial Position as at December 31, 2016, and the Consolidated Statement of Financial Operations and Accumulated Surplus, Consolidated Statement of Changes in Net Financial Assets (Debt) and Consolidated Statement of 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 of 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 judgement, 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal 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 presentation of the financial statements.

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



Opinion

In our opinion, the consolidated financial statements present fairly in all material respects, the financial position of The Corporation of the Township of Pelee as at December 31, 2016, and their financial performance 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

Essex, Ontario
May 15, 2017

The Corporation of the Township of Pelee Consolidated Statement of Financial Position

December 31	2016	2015
Financial assets		
Taxes receivable	\$ 228,991	\$ 223,627
Accounts receivable	198,442	332,284
Unbilled revenue	155,653	129,350
	583,086	685,261
Liabilities		
Bank indebtedness	632,891	727,261
Accounts payable and accrued liabilities	32,665	101,337
Deferred revenue	1,645	2,745
Net long-term debt (Note 3)	720,186	805,866
	1,387,387	1,637,209
Net financial assets (debt)	(804,301)	(951,948)
Non-financial assets		
Tangible capital assets (Schedule 1)	10,292,457	10,431,241
Prepaid expenses and inventories of supplies	51,755	44,762
	10,344,212	10,476,003
Accumulated surplus (Note 6)	\$ 9,539,911	\$ 9,524,055

Contractual obligations (Note 7)

_____ Treasurer _____ Mayor

**The Corporation of the Township of Pelee
Consolidated Statement of Financial Operations and Accumulated Surplus**

For the year ended December 31	Budget (Note 8) 2016	Actual 2016	Actual 2015
Revenue			
Taxation	\$ 1,753,655	\$ 1,672,249	\$ 1,569,574
Grants	143,672	305,702	2,321,524
User charges	321,940	298,770	289,060
Other	387,097	336,485	351,772
Interest and penalties	35,000	39,587	38,694
	<u>2,641,364</u>	<u>2,652,793</u>	<u>4,570,624</u>
Expenses			
General government	511,227	521,639	473,770
Protection to persons and property	118,265	79,063	58,295
Transportation services	672,122	648,840	442,059
Environmental services	586,176	473,807	775,163
Health services	78,267	82,138	78,730
Recreation and cultural services	681,662	715,926	668,846
Planning and development	132,029	115,524	92,844
	<u>2,779,748</u>	<u>2,636,937</u>	<u>2,589,707</u>
Annual surplus (deficit)	(138,384)	15,856	1,980,917
Accumulated surplus, beginning of year	9,524,055	9,524,055	7,543,138
Accumulated surplus, end of year	\$ 9,385,671	\$ 9,539,911	\$ 9,524,055

**The Corporation of the Township of Pelee
Consolidated Statement of Changes in Net Financial Assets (Debt)**

For the year ended December 31	Budget (Note 8) 2016	Actual 2016	Actual 2015
Annual surplus (deficit)	\$ (138,384)	\$ 15,856	\$ 1,980,917
Acquisition of tangible capital assets	1,480,565	(2,246,661)	(301,826)
Change in tangible capital assets WIP	(1,700,000)	1,999,411	(1,699,693)
Amortization of tangible capital assets	387,000	386,034	317,026
Net change in prepaid expenses	-	(6,993)	-
Net change in net financial assets (debt)	29,181	147,647	296,424
Net financial assets (debt), beginning of year	(951,948)	(951,948)	(1,248,372)
Net financial assets (debt), end of year	\$ (922,767)	\$ (804,301)	\$ (951,948)

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

The Corporation of the Township of Pelee Consolidated Statement of Cash Flows

For the year ended December 31	2016	2015
Cash provided by (used in)		
Operating activities		
Annual surplus for the year	\$ 15,856	\$ 1,980,917
Sources (Uses)		
(Increase) decrease in taxes receivable	(5,364)	30,436
(Increase) decrease in accounts receivable	133,842	(174,118)
Increase in unbilled revenue	(26,303)	(6,747)
Decrease in accounts payable and accrued liabilities	(68,671)	(271,011)
Increase in deferred revenue	(1,100)	1,650
(Increase) in prepaid expenses and inventories of supplies	(6,993)	-
	<u>41,267</u>	<u>1,561,127</u>
Capital activities		
Acquisition of tangible capital assets	(2,246,661)	(301,826)
Change in tangible capital assets work-in-process	1,999,411	(1,699,693)
Amortization	386,034	317,026
	<u>138,784</u>	<u>(1,684,493)</u>
Financing activities		
Long-term debt issued	-	484,643
Long-term debt repaid	(85,681)	(1,229,598)
Net advances (repayments) of bank indebtedness	(94,370)	727,261
	<u>(180,051)</u>	<u>(17,694)</u>
Net change in cash and cash equivalents	-	(141,060)
Cash and cash equivalents, beginning of year	-	<u>141,060</u>
Cash and cash equivalents, end of year	<u>\$ -</u>	<u>\$ -</u>

The Corporation of the Township of Pelee

Notes to the Consolidated Financial Statements

December 31, 2016

1. Summary of significant accounting policies

Management responsibility	The consolidated financial statements of The Corporation of the Township of Pelee (the "Municipality") are the responsibility of management. They have been prepared in accordance with Canadian public sector accounting standards for local governments using guidelines established by the Public Sector Accounting Board of the Canadian Institute of Chartered Professional Accountants. The Corporation of the Township of Pelee is a municipality in the Province of Ontario and operates under the provisions of the Community Charter. The Municipality provides municipal services such as fire, roads, water, wastewater, planning, parks, recreation and other general government services.
Use of estimates	The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.
Basis of consolidation	<p>(i) Consolidated Financial Statements</p> <p>The consolidated statements reflect the assets, liabilities, revenues and expenditures of the revenue fund, capital fund, reserves and reserve funds of all municipal organizations, committees, and boards which are owned or controlled by the Municipality. All inter-entity transactions and balances have been eliminated on consolidation.</p> <p>(ii) Accounting for County and School Board Transactions</p> <p>The Municipality collects taxation revenue on behalf of the school boards and the County of Essex. The taxation and other revenues with respect to the operations of the County and school boards are not reflected in the Consolidated Statement of Operations. In addition, the revenues, expenses, assets and liabilities with respect to the operations of the County and school boards are not reflected in these financial statements except to the extent that any amounts due to or from are reported on the Consolidated Statement of Financial Position in "accounts receivable" or "accounts payable".</p>

The Corporation of the Township of Pelee

Notes to the Consolidated Financial Statements

December 31, 2016

1. Summary of significant accounting policies (continued)

(iii) Trust funds

Funds held in trust by the Municipality, and their related operations are not included in these financial statements. The financial activity and position of the trust funds are reported separately.

Basis of accounting

Revenues and expenditures are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures 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.

The consolidated statement of financial position reflects all of the financial assets and liabilities of the Municipality. Financial assets are those assets which could provide resources to discharge existing liabilities or finance future operations. Municipal position represents the financial position of the Municipality, and is the difference between its assets and liabilities. This provides information about the Municipality's overall future revenue requirements and its ability to finance activities and meet its obligations.

Unbilled revenue

The Municipality incurs costs to maintain and construct municipal drains which are recoverable from the benefiting landowners. In accordance with the Drainage Act these costs can accumulate for a five year period prior to being invoiced. Unbilled revenues represents accumulated drainage costs which have not yet been invoiced to the benefiting landowners.

Deferred revenue

Funds received for specific purposes which are externally restricted by legislation, regulation or agreement and are not available for general municipal purposes are accounted for as deferred revenue on the consolidated statement of financial position. The revenue is recognized in the consolidated statement of operations in the year in which it is used for the specified purpose.

The Corporation of the Township of Pelee

Notes to the Consolidated Financial Statements

December 31, 2016

1. Summary of significant accounting policies (continued)

Taxation and related revenue Taxes are recognized as revenue in the year they are levied. Property tax billings are prepared by the municipality based on assessment rolls issued by the Municipal Property Assessment Corporation ("MPAC"). Tax rates are established annually by Town Council, incorporating amounts to be raised for local services, the requisition made by the County of Essex in respect of County services and amounts the Municipality is required to collect on behalf of the Province of Ontario in respect of education taxes. 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 municipality determines the taxes applicable and renders supplementary tax billings. Taxation revenue is recorded at the time tax billings are issued. Assessments and the related property taxes are subject to appeal and write off for physical changes to the property. Tax adjustments as a result of appeals are recorded when the results of the appeal process are known. The Municipality is entitled to collect interest and penalties on overdue taxes. This revenue is recorded in the period the interest and penalties are levied.

Conditional grant revenue is recognized to the extent the conditions imposed on it have been fulfilled. Unconditional grant revenue is recognized when monies are receivable. Grants for the acquisition of tangible capital assets are recognized in the period in which eligible expenditures are made.

Sanitary sewer and water operations are funded by various revenues including frontage, connection and usage charges. Charges for sewer and water usage are recorded as user fees. Connection fee revenues are recognized when the connection has been established.

User charges and other revenues are recorded on the accrual basis of accounting noted above.

The Corporation of the Township of Pelee

Notes to the Consolidated Financial Statements

December 31, 2016

1. Summary of significant accounting policies (continued)

Government transfers Government transfers, which include legislative grants, are recognized as revenue in the consolidated financial statements where the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. When transfer stipulations give rise to a liability, government transfers are recognized as deferred revenue and recognized as revenue when the stipulations are settled.

Tangible capital assets Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset commencing once the asset is available for productive use. It is the Municipality's policy not to amortize assets in the year of acquisition. The estimated useful lives of the various asset classes are as follows:

Land improvements	40 years
Buildings	25 to 50 years
Vehicles and other equipment	5 to 15 years
Plant and facilities	40 to 50 years
Roads, bridges and other structures	5 to 40 years
Underground and other networks	40 years

Employee future benefits The Municipality does not have any obligation for post-retirement benefits.

The Corporation of the Township of Pelee Notes to the Consolidated Financial Statements

December 31, 2016

2. Bank indebtedness

The Municipality has an authorized line of credit up to \$1,100,000 bearing interest at prime less 0.25%. At December 31, 2016, \$413,346 (2015 - \$298,321) in unused credit was available.

3. Net long-term debt

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

	2016	2015
<i>User Fee Supported</i>		
i) Libro Credit Union, Capital project loan - repayable in blended monthly instalments of \$2,219 including interest at 4%, due December 2, 2019.	\$ 268,958	\$ 285,099
ii) Libro Credit Union, Marina Dock Loan - repayable in blended monthly instalments of \$1,966, including interest of 3.00%, due July 31, 2020.	261,932	277,913
ii) Libro Credit Union, Water Plant Upgrade Commercial Term Loan - repayable in blended monthly instalments of \$1,381, including interest at 3.00%, due December 24, 2020.	189,296	200,000
iv) Libro Credit Union, Road Resurfacing Loan - repayable in blended monthly instalments of \$3,967 including interest at 3.5%, paid in full during the year.	-	42,854
	\$ 720,186	\$ 805,866

Principal payments for the next 4 fiscal years are as follows:

2017	\$ 43,167
2018	44,643
2019	265,348
2020	367,028
	\$ 720,186

Interest payments included in revenue fund expenditures during the year were \$24,720 (2015- \$282,962).

The Corporation of the Township of Pelee

Notes to the Consolidated Financial Statements

December 31, 2016

3. Net long-term debt (continued)

The long-term liabilities issued in the name of the Municipality have received approval by the Municipal Board on or before December 31, 2016. 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.

4. Operations of school boards and the County of Essex

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

	2016	2015
Amount raised	\$ 238,862	\$ 238,477
Amount remitted	\$ 238,862	\$ 238,477

5. Pension plan

The Municipality belongs to the Ontario Municipal Employee Retirement Fund (OMERS), which is a multi-employer plan, on behalf of its staff members. This 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. However, as OMERS does not segregate its pension assets and liabilities information by individual employer, there is not sufficient information to enable the Municipality to account for the plan as a defined benefit plan. As of December 31, 2016 the OMERS plan is in a deficit position. Municipal contributions made on behalf of its employees to OMERS for 2016 was \$44,454 (2015 - \$40,570).

The Corporation of the Township of Pelee Notes to the Consolidated Financial Statements

December 31, 2016

6. Accumulated surplus

(a) Accumulated surplus consists of individual fund surplus/(deficit) as follows:

	2016	2015
Invested in tangible capital assets	\$ 10,292,457	\$ 10,431,241
To be used to offset user charges and taxation	1,307,410	1,156,575
Water operations (Schedule 3)	(2,014,043)	(1,904,679)
Drainage (Schedule 3)	115,281	135,946
Library	37,124	61,315
Amounts to be recovered		
Municipal debt	(720,186)	(805,866)
Reserves and reserve funds (Note 6(b))	521,868	449,523
Total accumulated surplus	\$ 9,539,911	\$ 9,524,055

(b) Reserves and reserve funds consist of individual funds as follows:

	2016	2015
Capital	\$ 298,129	\$ 280,600
Drainage	115,281	133,146
Police	53,503	16,210
Trolley	20,000	-
Gas Tax	11,963	9,903
Tourism Committee	7,880	-
Community Centre	4,055	1,121
Fire Department	3,979	1,270
Library	2,012	2,840
Elections	1,509	1,509
Friends of Pelee	1,258	415
Sportsman's Club	650	-
Eco School	516	516
Official Planning Fees	468	468
Fireworks	465	1,325
Airport	200	200
Reserves and reserve funds, end of year	\$ 521,868	\$ 449,523

7. Contractual obligations

The Municipality has entered into various service agreements. The largest of these relates to The Minister of Community Safety and Correctional Services (Police Services). The obligation under this contract approximates \$40,000 in expenditures on an annual basis. The total expense included in the consolidated statement of financial activities for 2016 is \$36,612 (2015 - \$36,419). The duration of this contract is five years, it expires March 2019, and the contract can be terminated by either party with written notice of one year.

The Corporation of the Township of Pelee

Notes to the Consolidated Financial Statements

December 31, 2016

8. Budget

The Financial Plan (Budget) By-Law adopted by Council on June 13, 2016 was not prepared on a basis consistent with that used to report actual results (Public Sector Accounting Standards). The budget was prepared on a modified accrual basis while Public Sector Accounting Standards now require a full accrual basis. The budget figures anticipated using surpluses accumulated in previous years to reduce current year expenditures in excess of current year revenues to \$nil. In addition, the budget expensed all tangible capital expenditures rather than including amortization expense. As a result, the budget figures presented in the statements of operations and change in net financial assets (debt) represent the Financial Plan adopted by Council on June 13, 2016 with adjustments as follows:

	<u>2016</u>
Financial Plan (Budget) By-Law consolidated surplus/(deficit) for the year	\$ (56,500)
Add:	
Debt principal repayments	85,681
Capital expenditures	<u>219,435</u>
	305,116
Less:	
Amortization	<u>387,000</u>
	<u>\$ (138,384)</u>

9. Comparative amounts

The comparative amounts presented in the financial statements have been restated to conform to the current year's presentation.

The Corporation of the Township of Pelee

Notes to the Consolidated Financial Statements

December 31, 2016

10. Tangible capital assets

The Consolidated Schedule of Tangible Capital Assets (Schedule 1) provides information on the tangible capital assets of the Municipality by major asset class as well as for accumulated amortization of the assets controlled. The reader should be aware of the following information relating to tangible capital assets:

(a) **Contributed Capital Assets**

The Municipality records all tangible capital assets contributed by an external party at fair value on the earlier of the date received or of the transfer of risk and responsibility. Typical examples are roadways, water and sewer lines installed by a developer as part of a subdivision agreement. There were no such transfers in the current or prior year.

(b) **Capitalization of Interest**

The Municipality has a policy of capitalizing borrowing costs incurred when financing the acquisition of a tangible capital asset.

11. Segmented information

The Municipality is a diversified municipal government institution that provides a wide range of services to its citizens such as police, fire, water, wastewater and parks and recreation. 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

General government consists of three categories: governance, corporate management and program support. It includes offices of the Council, Chief Administrative Officer, Information Technology, Financial and Clerk Services.

Protection to Persons and Property

Protection is comprised of Fire and Police Services. The mandate of the Police Services department 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 Service department is responsible to provide fire suppression service; fire prevention programs; training and education related to prevention, detection or extinguishment of fires.

Transportation

The Public Works department is responsible for the delivery of municipal public works services related to the planning, development and maintenance of roadway systems, snow clearing and removal and street lighting. Transportation also includes services related to the harbour and airport.

The Corporation of the Township of Pelee

Notes to the Consolidated Financial Statements

December 31, 2016

11. Segmented information (continued)

Environmental

Environmental services includes Water, Wastewater, Storm sewer, as well as Garbage Collection and Disposal. The department provides drinking water to citizens of Pelee, collecting and treating wastewater, and providing collection and disposal of waste and recycle.

Health

Health services are comprised of public health services which work to improve the overall health of the population and overcome health inequalities by providing services to individuals and communities.

Recreational and Cultural

Recreational and cultural services refers to the operation of Municipally owned recreation facilities, parks, marina and campground.

Planning and Development

Planning and development refers to the operations of the planning consultant who facilitates the orderly growth of the Municipality in accordance with the official plan.

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. Municipal taxation revenue has been allocated based on the percentage of total budgeted expenditures. 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 Schedule of Segment Disclosure (Schedule 2).

**The Corporation of the Township of Pelee
Consolidated Schedule of Tangible Capital Assets - Schedule 1**

December 31, 2016

	2016								
	Land	Land improve- ments	Buildings	Vehicles and other equipment	Plant and facilities	Roads, bridges and other structures	Underground and other networks	Assets under construction	Total
Cost, beginning of year	\$ 122,497	\$ 4,758,602	\$ 886,466	\$ 681,867	\$ 2,832,410	\$ 4,957,489	\$ 379,747	\$ 1,999,411	\$ 16,618,489
Additions	-	-	33,751	13,429	192,376	-	7,694	-	247,250
Disposals/writedowns	-	-	-	(29,054)	-	-	-	-	(29,054)
Other transfers	-	-	-	-	-	-	1,999,411	(1,999,411)	-
Cost, end of year	122,497	4,758,602	920,217	666,242	3,024,786	4,957,489	2,386,852	-	16,836,685
Accumulated amortization, beginning of year	-	2,596,820	434,236	373,356	247,105	2,466,174	69,557	-	6,187,248
Amortization	-	100,006	22,116	34,158	54,912	165,348	9,494	-	386,034
Disposals/writedowns	-	-	-	(29,054)	-	-	-	-	(29,054)
Accumulated amortization, end of year	-	2,696,826	456,352	378,460	302,017	2,631,522	79,051	-	6,544,228
Net carrying amount, end of year	\$ 122,497	\$ 2,061,776	\$ 463,865	\$ 287,782	\$ 2,722,769	\$ 2,325,967	\$ 2,307,801	\$ -	\$ 10,292,457

**The Corporation of the Township of Pelee
Consolidated Schedule of Tangible Capital Assets - Schedule 1**

December 31, 2015

	2015									
	Land	Land improve- ments	Buildings	Vehicles and other equipment	Plant and facilities	Roads, bridges and other structures	Underground and other networks	Assets under construction	Total	
Cost, beginning of year	\$ 122,497	\$ 4,464,987	\$ 886,466	\$ 673,656	\$ 2,832,410	\$ 4,957,489	\$ 379,747	\$ 299,718	\$ 14,616,970	
Additions	-	293,615	-	8,211	-	-	-	1,699,693	2,001,519	
Cost, end of year	122,497	4,758,602	886,466	681,867	2,832,410	4,957,489	379,747	1,999,411	16,618,489	
Accumulated amortization, beginning of year	-	2,523,109	411,806	341,815	192,193	2,341,236	60,063	-	5,870,222	
Amortization	-	73,711	22,430	31,541	54,912	124,938	9,494	-	317,026	
Accumulated amortization, end of year	-	2,596,820	434,236	373,356	247,105	2,466,174	69,557	-	6,187,248	
Net carrying amount, end of year	\$ 122,497	\$ 2,161,782	\$ 452,230	\$ 308,511	\$ 2,585,305	\$ 2,491,315	\$ 310,190	\$ 1,999,411	\$ 10,431,241	

**The Corporation of the Township of Pelee
Schedule of Segment Disclosure - Schedule 2**

For the year ended December 31, 2016

	General government	Protection to persons and property	Transportation	Environmental	Health services	Recreation and cultural services	Planning and development	2016 Total
Revenue								
Taxation	\$ 342,956	\$ 78,446	\$ 373,632	\$ 349,624	\$ 49,435	\$ 451,148	\$ 27,008	\$ 1,672,249
User charges	27,977	-	1,989	60,560	11,744	182,759	13,741	298,770
Grants	145,322	-	25,000	135,380	-	-	-	305,702
Interest	8,119	1,857	8,845	8,277	1,170	10,680	639	39,587
Other	3,573	12,052	59,575	92	-	260,903	290	336,485
	<u>527,947</u>	<u>92,355</u>	<u>469,041</u>	<u>553,933</u>	<u>62,349</u>	<u>905,490</u>	<u>41,678</u>	<u>2,652,793</u>
Expenses								
Salaries and benefits	298,227	6,223	139,050	190,615	2,865	321,041	3,107	961,128
Materials and supplies	188,676	34,478	306,398	196,228	15,931	351,460	13,473	1,106,644
Interest	692	-	16,421	-	-	7,607	-	24,720
Contract service	-	36,612	-	15,322	-	-	7,231	59,165
Amortization	3,835	1,750	186,596	68,456	4,528	29,156	91,713	386,034
Other	30,209	-	375	9,495	58,814	353	-	99,246
	<u>521,639</u>	<u>79,063</u>	<u>648,840</u>	<u>480,116</u>	<u>82,138</u>	<u>709,617</u>	<u>115,524</u>	<u>2,636,937</u>
Annual surplus (deficit) for the year	\$ 6,308	\$ 13,292	\$ (179,799)	\$ 73,817	\$ (19,789)	\$ 195,873	\$ (73,846)	\$ 15,856

**The Corporation of the Township of Pelee
Schedule of Segment Disclosure - Schedule 2**

For the year ended December 31, 2015

	General government	Protection to persons and property	Transportation	Environmental	Health services	Recreation and cultural services	Planning and development	2015 Total
Revenue								
Taxation	\$ 329,462	\$ 59,105	\$ 411,981	\$ 287,444	\$ 44,878	\$ 424,549	\$ 12,155	\$ 1,569,574
User charges	28,085	-	2,111	44,257	12,411	193,546	8,650	289,060
Grants	80,273	-	34,903	2,155,106	-	51,242	-	2,321,524
Interest	8,123	1,457	10,156	7,086	1,106	10,466	300	38,694
Other	4,466	9,329	62,501	209	-	274,961	306	351,772
	<u>450,409</u>	<u>69,891</u>	<u>521,652</u>	<u>2,494,102</u>	<u>58,395</u>	<u>954,764</u>	<u>21,411</u>	<u>4,570,624</u>
Expenses								
Salaries and benefits	280,076	4,885	145,375	204,065	5,795	286,963	1,913	929,072
Material and supplies	165,956	13,992	139,398	205,058	11,598	357,536	8,156	901,694
Interest	774	-	13,316	265,774	-	3,099	-	282,963
Contract service	-	36,418	-	22,126	-	-	10,017	68,561
Amortization	3,835	3,000	143,537	68,456	4,528	20,912	72,758	317,026
Other	23,129	-	433	9,684	56,809	336	-	90,391
	<u>473,770</u>	<u>58,295</u>	<u>442,059</u>	<u>775,163</u>	<u>78,730</u>	<u>668,846</u>	<u>92,844</u>	<u>2,589,707</u>
Annual surplus (deficit) for the year	\$ (23,361)	\$ 11,596	\$ 79,593	\$ 1,718,939	\$ (20,335)	\$ 285,918	\$ (71,433)	\$ 1,980,917

**The Corporation of the Township of Pelee
Schedule of Special Area Charges - Schedule 3**

For the years ended December 31

	Big Marsh Drain	Curry Marsh Drain	West Shore Road Water System	East Shore Road Water System	2016 Total	2015 Total
Revenue						
Grant	\$ 38,445	\$ 15,443	\$ -	\$ -	\$ 53,888	\$ 1,466,722
User charges	133,268	46,188	19,628	7,127	206,211	141,906
	171,713	61,631	19,628	7,127	260,099	1,608,628
Expenditures						
Operator's salary	26,479	10,964	48,539	16,038	102,020	134,583
Operations	145,234	50,667	55,025	16,517	267,443	1,592,333
	171,713	61,631	103,564	32,555	369,463	1,726,916
Revenue over (under) expenditures	-	-	(83,936)	(25,428)	(109,364)	(118,288)
Accumulated net surplus (deficit), beginning of year	47,404	88,542	(1,390,454)	(514,225)	(1,768,733)	(1,517,299)
Transfer from reserve	-	(20,665)	-	-	(20,665)	(133,146)
Accumulated net surplus (deficit), end of year	\$ 47,404	\$ 67,877	\$ (1,474,390)	\$ (539,653)	\$ (1,898,762)	\$ (1,768,733)

**The Corporation of the Township of
Pelee
Trust Funds
Financial Statements
For the year ended December 31, 2016**

Independent Auditor's Report

To the Members of Council, Inhabitants and Ratepayers of The Corporation of the Township of Pelee

We have audited the balance sheet of the trust funds of The Corporation of the Township of Pelee as at December 31, 2016 and the statement of continuity of the trust funds for the year ended and a summary of significant accounting policies (together "the financial statements").

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 necessary to enable the preparation of the 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 the 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 of 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 judgement, 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, made by management, as well as evaluating the overall presentation of the financial statements.

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



Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of the trust funds of The Corporation of the Township of Pelee as at December 31, 2016 and the continuity thereof, in accordance with Canadian public sector accounting standards.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Essex, Ontario
May 15, 2017

**The Corporation of the Township of Pelee
Trust Funds
Balance Sheet**

December 31

	Cemetery and Headstone Care and Maintenance	
	2016	2015
Financial assets and liabilities		
Cash	\$ 7,897	\$ 7,787
	\$ 7,897	\$ 7,787
 Accumulated surplus	 \$ 7,897	 \$ 7,787

**Statement of
Continuity**

For the year ended December 31

	Cemetery and Headstone Care and Maintenance	
	2016	2015
Revenues		
Interest and other	\$ 10	\$ 145
Headstone placement contribution	100	150
	110	295
Expenditures	-	-
Net change in trust funds during the year	110	295
Accumulated surplus, beginning of the year	7,787	7,492
 Accumulated surplus, end of the year	 \$ 7,897	 \$ 7,787

**The Corporation of the Township of Pelee
Trust Funds
Note to Financial Statements**

December 31, 2016

1. Summary of significant accounting policies

The Trust Fund financial statements are the representation of management and have been prepared in accordance with generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Professional Accountants. Precise determination of some assets and liabilities may be dependent upon future events and involves the use of estimates and approximations. These estimates have been based upon the information available using careful judgment and review.

(a) Basis of accounting

- i) Sources of financing and expenditures are reported on the accrual basis of accounting
- ii) The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures 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.