

2016 Financial Report

**THE CORPORATION OF THE
COUNTY OF RENFREW**

THE CORPORATION OF THE COUNTY OF RENFREW

2016 FINANCIAL REPORT

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DEPARTMENT OF FINANCE

MANAGEMENT REPORT

Management's Responsibility for the Consolidated Financial Statements


The accompanying consolidated financial statements for The Corporation of the County of Renfrew are the responsibility of the County's management and have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards for local governments established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

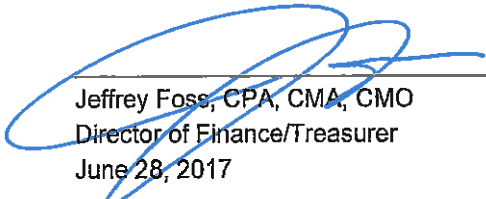
A summary of the significant accounting policies are described in Note 1 to the consolidated financial statements. The preparation of the consolidated financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

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

The Finance & Administration Committee meets with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

The consolidated financial statements have been audited by Scott Rosien Black & Locke, independent external auditors appointed by The Corporation of the County of Renfrew. The accompanying Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on The Corporation of the County of Renfrew's consolidated financial statements.


W. James Hutton
Chief Administrative Officer
June 28, 2017


Jeffrey Foss, CPA, CMA, CMO
Director of Finance/Treasurer
June 28, 2017

INDEPENDENT AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers
of The Corporation of the County of Renfrew

We have audited the accompanying consolidated financial statements of The Corporation of the County of Renfrew, which comprise the consolidated statement of financial position as at December 31, 2016, the consolidated statements of operations, change in net financial assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of 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 about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' 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 auditors consider 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, these consolidated financial statements present fairly, in all material respects, the financial position of The Corporation of the County of Renfrew as at December 31, 2016 and the results of its operations, change in net financial assets and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Scott Rosien Black & Locke

Chartered Professional Accountants
Licensed Public Accountants

Pembroke, Ontario
June 28, 2017

THE CORPORATION OF THE COUNTY OF RENFREW

Consolidated Statement of Financial Position

December 31, 2016, with comparative figures for 2015

	2016	2015
Financial Assets		
Cash	\$ 24,912,148	\$ 17,279,410
Investments (note 4)	8,831,030	8,832,882
Accounts receivable		
Federal Government	568,354	623,820
Provincial Government	89,340	85,228
Other municipalities	191,033	117,484
Other	396,947	722,634
	<u>34,988,852</u>	<u>27,661,458</u>
Financial Liabilities		
Accounts payable and accrued liabilities	7,147,815	6,290,723
Temporary construction loans (note 5)	5,435,871	
Deferred revenue	110,001	111,223
Long-term liabilities (note 6)	6,054,503	6,649,414
Accrued interest on long-term liabilities	67,364	66,543
Post-employment benefits (note 7)	3,145,844	3,230,782
	<u>21,961,398</u>	<u>16,348,685</u>
Net Financial Assets	13,027,454	11,312,773
Non-Financial Assets		
Tangible capital assets - net (note 8)	200,957,212	194,188,101
Tangible capital assets - construction in progress (note 8)	17,706,838	20,163,665
Inventory	609,019	671,425
Prepaid expenses	234,556	215,590
	<u>219,507,625</u>	<u>215,238,781</u>
Accumulated Surplus (note 9)	\$ 232,535,079	\$ 226,551,554

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

THE CORPORATION OF THE COUNTY OF RENFREW

Consolidated Statement of Operations

Year ended December 31, 2016, with comparative figures for 2015

	2016 Budget	2016 Actual	2015 Actual
REVENUES:			
Levies on area municipalities	\$ 41,570,943	\$ 41,298,188	\$ 40,040,424
Other municipal revenue	3,766,007	3,728,939	3,669,085
User fees and service charges	14,605,632	15,733,885	15,358,247
Insurance proceeds	-	-	1,649,145
Government grants	55,462,758	53,248,433	51,672,993
Investment income	415,000	405,539	383,930
Donation, fines and other	1,636,999	1,543,636	1,675,638
Total revenues	117,457,339	115,958,620	114,449,462
EXPENDITURES:			
General government	7,635,555	6,726,378	6,980,229
Protection services	1,088,672	1,005,352	972,853
Transportation services	16,194,372	16,530,881	15,465,550
Health services	16,941,200	17,004,633	16,796,367
Social and family services	51,918,433	52,080,865	49,198,128
Social housing	16,180,272	14,303,227	13,784,610
Planning and development	2,332,026	2,142,068	2,184,809
Loss on disposal of tangible capital assets	-	181,691	346,822
Total expenditures	112,290,530	109,975,095	105,729,368
Annual surplus	5,166,809	5,983,525	8,720,094
Accumulated surplus, beginning of year	226,551,554	226,551,554	217,831,460
Accumulated surplus, end of year	\$ 231,718,363	\$ 232,535,079	\$ 226,551,554

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

THE CORPORATION OF THE COUNTY OF RENFREW

Consolidated Statement of Change in Net Financial Assets

Year ended December 31, 2016, with comparative figures for 2015

	2016 Budget	2016 Actual	2015 Actual
Annual surplus	\$ 5,166,809	\$ 5,983,525	\$ 8,720,094
Amortization of tangible capital assets	11,512,325	11,752,415	11,230,830
Acquisition of tangible capital assets	(20,714,213)	(18,748,142)	(15,835,878)
Loss on disposal of tangible capital assets	-	181,691	346,822
Proceeds on sale of tangible capital assets	-	44,926	-
Reduction in (acquisition of) tangible capital assets under construction	-	2,456,827	(1,205,262)
Decrease in inventory	-	62,405	93,652
Decrease (increase) in prepaid expenses	-	(18,966)	30,552
Increase (decrease) in net financial assets	(4,035,079)	1,714,681	3,380,810
Net financial assets, beginning of year	11,312,773	11,312,773	7,931,963
Net financial assets, end of year	\$ 7,277,694	\$ 13,027,454	\$ 11,312,773

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

THE CORPORATION OF THE COUNTY OF RENFREW

Consolidated Statement of Cash Flows

Year ended December 31, 2016, with comparative figures for 2015

	2016	2015
OPERATIONS		
Annual surplus	\$ 5,983,525	\$ 8,720,094
Non-cash charges to operations:		
Amortization of tangible capital assets	11,752,415	11,230,830
Loss on disposal of tangible capital assets	181,691	346,822
Uses:		
Increase in other accounts receivable	-	(434,678)
Increase in recoverable from Provincial Government	(4,112)	(85,228)
Increase in recoverable from Federal Government	-	(167,418)
Increase in recoverable from other municipalities	(73,549)	-
Increase in prepaid expenses	(18,966)	-
Decrease in post-employment liabilities	(84,938)	(326,266)
Decrease in accounts payable and accrued liabilities	-	(713,791)
Decrease in accrued interest on long-term liabilities	-	(5,554)
Decrease in payable to Provincial Government	-	(774,027)
Decrease in deferred revenue	(1,222)	(5,724)
Total Uses	(182,787)	(2,512,686)
Sources:		
Decrease in other accounts receivable	325,687	-
Decrease in recoverable from other municipalities	-	97,860
Decrease in recoverable from Federal Government	55,466	-
Decrease in inventory	62,405	93,652
Decrease in prepaid expenses	-	30,552
Increase in accounts payable and accrued liabilities	857,092	-
Increase in accrued interest on long-term liabilities	821	-
Total Sources	1,301,471	222,064
Increase in Cash from Operations	19,036,315	18,007,124
CAPITAL		
Acquisition of tangible capital assets	(18,748,142)	(15,835,878)
Proceeds on disposal of tangible capital assets	44,926	-
Reduction in (additions to) tangible capital assets under construction	2,456,827	(1,205,262)
Total Capital	(16,246,389)	(17,041,140)
INVESTING		
Decrease in investments	1,852	9,878
Total Investing	1,852	9,878
FINANCING		
Advances on temporary construction loans	5,435,871	-
Long-term liabilities paid	(594,911)	(567,133)
Total Financing	4,840,960	(567,133)
Increase in cash	7,632,738	408,729
Cash, beginning of year	17,279,410	16,870,681
Cash, end of year	\$ 24,912,148	\$ 17,279,410

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

THE CORPORATION OF THE COUNTY OF RENFREW

Notes to the Consolidated Financial Statements

Year ended December 31, 2016

The Corporation of the County of Renfrew is an upper tier municipality in the Province of Ontario, Canada. The provisions of provincial statutes such as the Municipal Act and related legislation guide its operations.

1. Accounting Policies

The consolidated financial statements of The Corporation of the County of Renfrew are the representation of management and are prepared in accordance with Canadian Public Sector accounting standards for local governments as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by the Corporation are as follows:

(a) (i) Basis of Consolidation

These consolidated financial statements reflect the assets, liabilities, operating revenues and expenditures, reserves, and changes in investment in tangible capital assets and include the activities of all committees of Council.

The Renfrew County Housing Corporation has been consolidated.

All inter-fund assets and liabilities and sources of revenues and expenditures have been eliminated.

(ii) Trust Funds

Trust funds and their related operations administered by The Corporation of the County of Renfrew are not consolidated, but are reported separately on the "Trust Fund Statements of Financial Position, Financial Activities and Changes in Fund Balance".

(b) Basis of Accounting

(i) Accrual Basis of Accounting

Sources of revenue and expenditures are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they are earned 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.

(ii) 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.

(iii) Cash

Cash is defined as cash on hand and cash on deposit, net of outstanding cheques at the reporting date.

THE CORPORATION OF THE COUNTY OF RENFREW

Notes to the Consolidated Financial Statements, continued

Year ended December 31, 2016

1. Accounting Policies (continued)

(b) Basis of Accounting (continued)

(iv) 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 is amortized on a straight-line basis over their estimated useful lives as follows:

	Estimated useful life
Land improvements	20 to 25 years
Buildings	25 to 60 years
Machinery and equipment	5 to 25 years
Vehicles	4 to 20 years
Linear assets	15 to 99 years

Leasehold improvements are amortized on a straight-line basis over the current lease term plus one subsequent lease term.

Construction in progress comprises capital assets under construction, not yet placed into service and pre-construction activities related to specific projects expected to be constructed. Amortization is not recorded on assets under construction.

The Corporation of the County of Renfrew has a capitalization threshold so that individual capital assets of lesser value are expensed.

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt, and that fair value is also recorded as revenue. Similarly, transfers of assets to third parties are recorded as an expense equal to the net book value of the asset as of the date of the transfer.

(v) Accounts Receivable

Accounts receivable are reported net of any allowance for doubtful accounts.

(vi) Inventory

Inventory is valued at the lower of cost or replacement value.

(vii) Deferred Revenue

Deferred revenues represent user charges and fees which have been collected but for which the related services have yet to be performed. These amounts will be recognized as revenues in the fiscal year the related expenditures are incurred or services performed.

THE CORPORATION OF THE COUNTY OF RENFREW

Notes to the Consolidated Financial Statements, continued

Year ended December 31, 2016

1. Accounting Policies (continued)

(b) Basis of Accounting (continued)

(viii) Employee Benefit Plan

The contributions to a multi-employer, defined benefit pension plan are expensed when contributions are due.

The costs of post-employment benefits are recognized when the event that obligates the Corporation occurs. Costs include projected future income payments, health care continuation costs and fees paid to independent administrators of these plans, calculated on a present value basis.

(ix) Use of Estimates

The preparation of these consolidated financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures for the year. These estimates and assumptions, including such areas as post-employment benefits and useful lives of tangible capital assets, are based on the Corporation's best information and judgement and may differ significantly based on actual results.

(x) Financial Instruments

The Corporation has classified its cash and investments as held for trading and they are stated at fair value. Accounts receivable are classified as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities, deferred revenue, long-term liabilities, accrued interest on long-term liabilities and post-employment benefit liabilities are classified as other liabilities which are measured at cost.

(xi) Government Transfers

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

(xii) Liabilities for Contaminated Sites

The liability for remediation of contaminated sites will be recognized when an environmental standard exists, the contamination exceeds the environmental standard, the Corporation is directly responsible for remediation of the contaminated site, and a reasonable estimate of the amount can be made.

2. Trust Funds

Trust funds administered by The Corporation of the County of Renfrew amounting to \$107,510 (2015 – \$106,265) have not been included in the "Consolidated Statement of Financial Position" nor have their operations been included in the "Consolidated Statement of Operations".

THE CORPORATION OF THE COUNTY OF RENFREW

Notes to the Consolidated Financial Statements, continued

Year ended December 31, 2016

3. Pension Agreement

The Corporation of the County of Renfrew, on behalf of its eligible employees, is a participant in the Ontario Municipal Employees Retirement System (OMERS). OMERS is a defined benefit pension plan, fully funded by equal contributions from participating employers and employees, and by the investment earnings of the OMERS Fund. OMERS pensions are calculated using a defined benefit formula, taking into account length of service and average annual wage that is designed to integrate with the pension payable from the Canada Pension Plan.

Because OMERS is a multi-employer pension plan, The Corporation of the County of Renfrew does not recognize any share of the pension plan deficit of \$2.3 billion (2015 – \$5.3 billion) based on the total fair market value of the plan's assets, as this is a joint responsibility of all Ontario municipalities and their employees.

The amount contributed to OMERS for 2016 was \$3,168,549 (2015 – \$3,058,548) for current service and is included as an expenditure on the Consolidated Statement of Operations. At December 31, 2016 there is no liability for past service under this agreement.

4. Investments

Investments are stated at cost plus accrued interest and are comprised of the following:

	2016	2015
Bank of Montreal GIC (October 22/18 – 2.92%)	\$ 1,005,680	\$ 1,005,680
Bank of Montreal GIC (October 15/19 – 2.46%)	1,005,257	1,005,257
Bank of Montreal GIC (September 20/21 – 1.75%)	502,469	-
BMO Trust GIC (Sept 16/20 – 2.16%)	503,166	503,166
CDN Tire GIC (December 5/17 – 2.45%)	400,725	400,725
CDN Western Bank GIC (June 6/16 – 2.4%)	-	405,497
CDN Western Bank GIC (September 18/17 – 2.55%)	503,668	503,668
CDN Western Bank GIC (May 7/18 – 1.86%)	1,012,179	1,012,179
CDN Western Bank GIC (Nov 18/20 – 2.35%)	200,554	200,554
Equitable Bank GIC (September 20/21 – 1.85%)	100,522	-
Home Equity Bank GIC (Sep 16/20 – 2.17%)	100,636	100,636
Home Trust GIC (September 20/16 – 2.55%)	-	100,720
HSBC Bank of Canada GIC (September 20/16 – 2.5%)	-	302,116
HSBC Bank of Canada GIC (Aug 12/20 – 2.10%)	403,268	403,268
Laurentian Bank GIC (September 20/21 – 1.86%)	100,525	-
Montreal Trust GIC (September 20/16 – 2.56%)	-	402,890
Montreal Trust GIC (May 7/20 – 2.20%)	1,014,406	1,014,406
Montreal Trust GIC (June 8/21 – 2.00%)	404,537	-
National Bank GIC (May 7/19 – 2.00%)	1,013,096	1,013,094
National Bank GIC (November 19/19 – 2.53%)	200,582	200,582
Phillips, Hager & North – Canadian Bond	58,459	57,639
President's Choice Bank GIC (November 7/18 – 2.72%)	200,805	200,805
President's Choice Bank GIC (September 20/21 – 1.76%)	100,496	-
	\$ 8,831,030	\$ 8,832,882

THE CORPORATION OF THE COUNTY OF RENFREW

Notes to the Consolidated Financial Statements, continued

Year ended December 31, 2016

5. Temporary Construction Loans

During 2016 the Corporation drew advances upon two temporary construction loans from Ontario Infrastructure and Lands Corporation (OILC) to finance the construction of OPP facilities and the rehabilitation of Claybank Bridge. The construction loans have floating interest rates throughout the term of the loan until they are replaced by a debenture.

The balance of the temporary construction loans at December 31, 2016 are as follows:

OPP Facilities	\$ 4,021,752
Claybank Bridge	<u>1,414,119</u>
	<u>\$ 5,435,871</u>

On February 1, 2017 the Corporation converted the temporary construction loan on the OPP facilities to a 3.01% Amortizing Debenture with a maturity date of February 1, 2032 and semi-annual payments of \$197,926, including interest.

6. Long-Term Liabilities

The balance of the long-term liabilities reported on the Consolidated Statement of Financial Position is made up of long-term liabilities incurred by the Corporation and are outstanding at the end of the year:

	2016	2015
Long-term debt issued by the Corporation bearing interest at 5.656%, payable \$313,405 on April 4 th and October 4 th of each year, including principal and interest. Maturing October 4, 2024.	\$ 3,988,978	\$ 4,373,773
2.435% Mortgage, payable \$4,501 monthly, including principal and interest, maturing April 1, 2019.	217,896	265,989
3.68% Mortgage, payable \$8,490 monthly, including principal and interest, maturing December 1, 2018.	621,835	699,450
3.65% Mortgage, payable \$10,874 monthly, including principal and interest, maturing June 1, 2018.	1,225,794	1,310,202
	<u>\$ 6,054,503</u>	<u>\$ 6,649,414</u>

THE CORPORATION OF THE COUNTY OF RENFREW

Notes to the Consolidated Financial Statements, continued

Year ended December 31, 2016

6. Long-Term Liabilities (continued)

Principal repayments relating to long-term liabilities of \$6,054,503 outstanding as at December 31, 2016 are due as follows:

2017	\$ 624,194
2018	2,160,259
2019	573,026
2020	480,972
2021	508,561
Thereafter	1,707,491
	<u>\$ 6,054,503</u>

The mortgages payable are secured by a first charge on the capital assets of Renfrew County Housing Corporation.

7. Post-Employment Benefits

	2016	2015
Post-employment benefits are summarized as follows:		
Sick leave benefits	\$ 916,795	\$ 1,176,295
Workplace Safety and Insurance Board obligations	2,229,049	2,054,487
	<u>\$ 3,145,844</u>	<u>\$ 3,230,782</u>

- (a) Under the sick leave benefit plan, unused sick leave can accumulate and employees may become entitled to a cash payment when they leave the municipality's employment.

The liability for these accumulated days, to the extent that they have vested and could be taken in cash by an employee on termination, amounted to \$916,795 (2015 – \$1,176,295) at the end of the year.

- (b) The County of Renfrew is a Schedule 2 employer under the Workplace Safety and Insurance Board Act and, as such, has assumed the liability for any costs awarded under the Workplace Safety and Insurance Board Act. An actuarial evaluation undertaken in 2015 determined that the liability for present and future awards is \$2,229,049 as at December 31, 2016.

CORPORATION OF THE COUNTY OF RENFREW

Notes to the Consolidated Financial Statements, continued

Year ended December 31, 2016

8. Tangible Capital Assets

(a) Tangible capital assets by functional classification:

	General Government	Protection Services	Transportation Services	Health Services	Social and Family Services			2015
					Housing	Planning and Development	2016	
Cost								
Balance, beginning of year	\$ 23,326,377	\$ 254,276	\$ 314,892,647	\$ 5,185,407	\$ 58,094,894	\$ 33,202,188	\$ 1,195,899	\$ 436,151,688
Additions during the year	106,142	18,820	13,922,371	644,253	673,075	3,352,575	30,906	18,748,142
Disposals during the year	(27,751)	-	(1,447,201)	(514,816)	(200,556)	(180,788)	(11,336)	(2,382,448)
Balance, end of year	23,404,768	273,096	327,367,817	5,314,844	58,567,413	36,373,975	1,215,469	452,517,382
Accumulated amortization								
Balance, beginning of year	(6,330,166)	(245,099)	(192,877,676)	(3,163,381)	(18,312,439)	(20,416,289)	(618,537)	(241,963,587)
Amortization during the year	(536,228)	(3,894)	(8,267,825)	(755,463)	(1,364,970)	(806,155)	(17,880)	(11,752,415)
Accumulated amortization on disposals	27,751	-	1,275,524	506,173	199,579	135,469	11,336	2,155,832
Balance, end of year	(6,838,643)	(248,993)	(199,869,977)	(3,412,671)	(19,477,830)	(21,086,975)	(625,081)	(251,560,170)
Net book value of tangible capital assets	\$ 16,566,125	\$ 24,103	\$ 127,497,840	\$ 1,902,173	\$ 39,089,583	\$ 15,287,000	\$ 590,388	\$ 200,957,212
Construction in progress	\$ 4,365,937	\$ -	\$ 13,161,700	\$ -	\$ 76,443	\$ 5,677	\$ 97,081	\$ 17,706,838
								\$ 20,163,665

CORPORATION OF THE COUNTY OF RENFREW

Notes to the Consolidated Financial Statements, continued

Year ended December 31, 2016

8. Tangible Capital Assets (continued)

(b) Tangible capital assets by asset class:

Cost	Land		Land Improvements		Buildings	Machinery and Equipment			Leasehold Improvements	Vehicles	Linear Assets	2016	2015
	Land	Improvements	Land	Improvements		Equipment	Buildings	Equipment					
Balance, beginning of year	\$ 6,113,167	\$ 4,001,268	\$ 99,727,726	\$ 9,823,133	\$ 428,748	\$ 12,411,323	\$ 303,646,323	\$ 436,151,688	\$ 424,992,959				
Additions during the year	17,128	173,574	3,439,145	610,849	-	1,486,736	13,020,710	18,748,142	15,835,878				
Disposals during the year	-	-	(192,620)	(226,533)	-	(1,001,616)	(961,679)	(2,382,448)	(4,677,149)				
Balance, end of year	6,130,295	4,174,842	102,974,251	10,207,449	428,748	12,896,443	315,705,354	452,517,382	436,151,688				
Accumulated amortization													
Balance, beginning of year	-	(2,109,071)	(39,549,636)	(6,197,782)	(403,789)	(7,823,333)	(185,879,976)	(241,963,587)	(235,063,084)				
Amortization during the year	-	(129,980)	(2,135,159)	(581,150)	(13,302)	(1,261,736)	(7,631,088)	(11,752,415)	(11,230,830)				
Accumulated amortization on disposals	-	-	151,618	210,653	-	1,001,616	791,945	2,155,832	4,330,327				
Balance, end of year	-	(2,239,051)	(41,533,177)	(6,568,279)	(417,091)	(8,083,453)	(192,719,119)	(251,560,170)	(241,963,587)				
Net book value of tangible capital assets	\$ 6,130,295	\$ 1,935,791	\$ 61,441,074	\$ 3,639,170	\$ 11,657	\$ 4,812,990	\$ 122,986,235	\$ 200,957,212	\$ 194,188,101				
Construction in progress	\$ 97,081	\$ 5,677	\$ 4,391,279	\$ 51,101	\$ -	\$ -	\$ 13,161,700	\$ 17,706,838	\$ 20,163,665				

THE CORPORATION OF THE COUNTY OF RENFREW

Notes to the Consolidated Financial Statements, continued

Year ended December 31, 2016

9. Accumulated Surplus:

	2016	2015
Accumulated surplus comprised of:		
Reserves - current	\$ 19,962,136	\$ 20,467,949
Reserves - capital	10,939,981	4,971,184
Invested in tangible capital assets	218,664,050	214,351,766
Unfunded		
Capital	(7,830,741)	(3,359,149)
Post-employment benefits	(3,145,844)	(3,230,782)
Long-term liabilities	(6,054,503)	(6,649,414)
Accumulated Surplus	\$ 232,535,079	\$ 226,551,554

10. Commitments

(a) Under the terms of various operating lease agreements, future minimum payments over the next four years are as follows:

2017	\$ 299,169
2018	237,421
2019	196,787
2020	200,727
	<u>\$ 934,104</u>

(b) The Renfrew County Housing Corporation has entered into a long-term service agreement with the Ontario Clean Water Agency that ends February 2020.

Future minimum payments are as follows:

2017	\$ 44,491
2018	44,491
2019	44,491
2020	7,416
	<u>\$ 140,889</u>

(c) The Corporation of the County of Renfrew has entered into construction contracts to rehabilitate Claybank Bridge. At December 31, 2016 the contracts totalled \$3,063,122 of which \$1,290,617 was completed. This project is currently funded by a temporary construction loan (note 5).

THE CORPORATION OF THE COUNTY OF RENFREW

Notes to the Consolidated Financial Statements, continued

Year ended December 31, 2016

11. Contingencies

At December 31, 2016 the Corporation of the County of Renfrew is defending itself with respect to legal actions for damages.

The impact of these actions on the consolidated financial statements is not determinable as at the date of the auditors' report. Neither the possible outcome nor the amount of possible settlement, if any, can be foreseen. Therefore, no provision has been made in the consolidated financial statements.

In the event that any amount is payable, it will be recorded as an expenditure in the year it is disbursed.

12. Budget Figures

The operating budget approved by County Council for 2016 is reflected on the consolidated statement of operations. Budget figures have not been audited and are presented for information purposes only. The budgets established for capital investment in tangible capital assets are on a project-oriented basis, the costs of which may be carried out over one or more years and, therefore, may not be comparable with current year's actual expenditure amounts. Budget figures have been reclassified for the purposes of these consolidated financial statements to comply with Public Sector Accounting Board (PSAB) reporting requirements.

13. Service Contract with the Ministry of Community and Social Services and the Ministry of Children and Youth Services

The Corporation of the County of Renfrew has a service contract with the Ministry of Community and Social Services and the Ministry of Children and Youth Services. A review of these programs shows a deficit of \$392,680 as at December 31, 2016. These deficit amounts are reflected in the total receivable from the Province of Ontario (net).

THE CORPORATION OF THE COUNTY OF RENFREW

Notes to the Consolidated Financial Statements, continued

Year ended December 31, 2016

14. Financial instruments

(a) Fair value:

The carrying values of cash, investments, accounts receivable, accounts payable and accrued liabilities, deferred revenue, accrued interest on long-term liabilities and employee benefit liabilities approximate the fair value due to their short-term nature.

The carrying value of the long-term liabilities is considered to be its fair value because the interest rate approximates the market rate that would be available to the Corporation for the same or similar instruments at December 31, 2016.

(b) Interest rate risk:

The long-term liabilities bear interest at fixed interest rates. Consequently, the long-term debt risk exposure is minimal.

(c) Credit risk:

The Corporation provides credit to other agencies and to its tenants during the normal course of operations. The Corporation determines on a continuing basis, the probable losses and records a provision for losses based upon the stated realizable value. Concentration of credit risk with respect to accounts receivable is limited due to the number of other agencies and tenants involved. The Corporation does not run any significant risk with respect to a single account receivable.

It is the Management's opinion that the Corporation is not exposed to significant interest, currency or credit risks arising from its financial instruments.

THE CORPORATION OF THE COUNTY OF RENFREW

Notes to the Consolidated Financial Statements, continued

Year ended December 31, 2016

15. Segmented Information

The Corporation of the County of Renfrew is a municipal government organization that provides a range of services to its residents. County services are reported by function and their activities are separately disclosed in the segmented information.

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. Certain allocation methodologies are employed in the preparation of segmented financial information. Taxation, payments-in-lieu of taxes and certain unconditional government transfers are apportioned based on each segment's net requirements.

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.

General Government

General government consists of the activities of Council and general financial and administrative management of The Corporation of the County of Renfrew and its programs and services.

Protection Services

Protection services include emergency measures and provincial offences operation for The Corporation of the County of Renfrew.

Transportation Services

The activities of the transportation function include construction and maintenance of The Corporation of the County of Renfrew's roads and bridges.

Health Services

The health services function consists of land ambulance services and contributions to the local Health Unit.

Social and Family Services

The social and family services consist of general assistance to inhabitants, homes of the aged and child care services.

Social Housing

The social housing services provides affordable housing to qualified inhabitants of The Corporation of the County of Renfrew.

Planning and Development

The planning and development services function manages commercial, industrial and residential development within The Corporation of the County of Renfrew.

CORPORATION OF THE COUNTY OF RENFREW

Notes to the Consolidated Financial Statements, continued

Year ended December 31, 2016

15. Segmented Information (continued)

For the Year Ended December 31, 2016

	General Government	Protection Services	Transportation Services	Health Services	Social and Family Services	Social Housing	Planning and Development	Consolidated
Revenues								
Levies on area municipalities	\$ 7,032,738	\$ (537,851)	\$ 15,507,159	\$ 8,270,041	\$ 4,717,799	\$ 4,714,278	\$ 1,594,024	\$ 41,298,188
Other municipal revenue	-	112,412	-	1,011,525	2,036,904	561,637	6,461	3,728,939
User fees and service charges	934,691	-	672,933	461,972	8,913,940	4,323,105	427,244	15,733,885
Insurance proceeds	-	-	-	-	-	-	-	-
Government grants	1,577	-	2,951,868	8,116,119	37,370,177	4,591,998	216,694	53,248,433
Investment income	281,351	-	-	56,362	43,132	24,694	-	405,539
Donation, fines and other	1,208	1,527,428	-	15,000	-	-	-	1,543,636
	8,251,565	1,101,989	19,131,960	17,931,019	53,081,952	14,215,712	2,244,423	115,958,620
Expenditures								
Salaries, wages and benefits	3,132,664	390,399	3,303,151	12,982,344	26,720,254	2,174,420	1,669,594	50,372,846
Interest on long-term debt	-	-	-	-	236,754	75,643	-	312,397
Materials	1,161,324	329,254	4,306,785	1,758,984	5,455,449	6,717,951	432,122	20,161,869
Contracted services	1,828,222	184,836	570,998	45,026	7,016,303	2,999,444	22,470	12,667,299
Rents and financial expense	67,922	96,969	82,122	41,557	209,490	1,437,438	-	1,935,498
Transfer payments	-	-	-	1,421,259	11,077,645	92,176	-	12,591,080
Amortization of tangible capital assets	536,228	3,894	8,267,825	755,463	1,364,970	806,155	17,880	11,752,415
Loss on disposal of tangible capital assets	-	-	146,055	-	978	34,658	-	181,691
	6,726,380	1,005,352	16,676,936	17,004,633	52,081,843	14,337,885	2,142,066	109,975,095
Annual surplus (deficit)	\$ 1,525,185	\$ 96,637	\$ 2,455,024	\$ 926,386	\$ 1,000,109	\$ (122,173)	\$ 102,357	\$ 5,983,525

CORPORATION OF THE COUNTY OF RENFREW

Notes to the Consolidated Financial Statements, continued

Year ended December 31, 2016

15. Segmented Information (continued)

For the Year Ended December 31, 2015

	General Government	Protection Services	Transportation Services	Health Services	Social and Family Services	Social Housing	Planning and Development	Consolidated
Revenues								
Levies on area municipalities	\$ 6,519,061	\$ (565,269)	\$ 15,043,880	\$ 8,142,745	\$ 4,878,291	\$ 4,488,739	\$ 1,532,977	\$ 40,040,424
Other municipal revenue	-	112,079	-	1,030,147	1,982,351	535,858	8,650	3,669,085
User fees and service charges	730,406	-	691,030	516,087	8,924,869	4,089,215	406,640	15,358,247
Insurance proceeds	-	-	-	-	-	1,649,145	-	1,649,145
Government grants	-	-	4,073,434	8,037,851	35,311,829	4,041,898	207,981	51,672,993
Investment income	232,430	-	-	63,032	42,238	46,230	-	383,930
Donation, fines and other	278	1,662,856	1,160	-	11,344	-	-	1,675,638
	7,482,175	1,209,666	19,809,504	17,789,862	51,150,922	14,851,085	2,156,248	114,449,462
Expenditures								
Salaries, wages and benefits	3,000,974	373,029	3,234,401	12,790,781	24,662,830	2,013,699	1,732,909	47,808,623
Interest on long-term debt	-	-	-	-	257,914	82,583	-	340,497
Materials	1,140,963	322,371	3,579,556	1,691,990	5,488,659	7,474,574	385,260	20,083,373
Contracted services	1,804,494	176,888	774,801	33,001	6,368,999	1,949,904	48,367	11,156,454
Rents and financial expense	497,615	94,520	89,812	40,121	201,358	1,490,245	-	2,413,671
Transfer payments	-	-	-	1,459,535	10,889,563	-	-	12,349,098
Amortization of tangible capital assets	536,183	6,045	7,786,980	780,939	1,328,805	773,605	18,273	11,230,830
Loss on disposal of tangible capital assets	-	-	254,425	-	87,217	5,180	-	346,822
	6,980,229	972,853	15,719,975	16,796,367	49,285,345	13,789,790	2,184,809	105,729,368
Annual surplus (deficit)	\$ 501,946	\$ 236,813	\$ 4,089,529	\$ 993,495	\$ 1,865,577	\$ 1,061,295	\$ (28,561)	\$ 8,720,094

THE CORPORATION OF THE COUNTY OF RENFREW

Notes to the Consolidated Financial Statements, continued

Year ended December 31, 2016

16. Subsequent Events

On April 28, 2016 County Council passed a By-Law to enter into a significant Asset Donation Agreement with Canadian Pacific Railway Company. The County of Renfrew and its partners, the County of Lanark and Township of Papineau-Cameron will be acquiring 296 km of the CP Rail Corridor over a three year period beginning in October 2016. The County of Renfrew will be responsible for a cash payment of \$360,300 and a donation tax receipt for \$55,624,583 over the next three years. Furthermore, it is anticipated that this transaction will cost a further \$164,000 in legal, survey and closing costs.

Due to unforeseen issues the acquisition date was delayed until 2017.



INDEPENDENT AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers
of The Corporation of the County of Renfrew

We have audited the accompanying trust fund financial statements of The Corporation of the County of Renfrew, which comprise the statement of financial position as at December 31, 2016, the statement of financial activities and changes in fund balance 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 trust fund 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these trust fund 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 trust fund financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the trust fund financial statements. The procedures selected depend on the auditors' 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 auditors consider 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 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 trust fund financial statements present fairly, in all material respects, the financial position of the trust fund of The Corporation of the County of Renfrew as at December 31, 2016 and the results of its financial activities and changes in fund balance for the year then ended in accordance with Canadian public sector accounting standards.

Scott Rosien Black + Locke

Chartered Professional Accountants
Licensed Public Accountants

Pembroke, Ontario
June 28, 2017

THE CORPORATION OF THE COUNTY OF RENFREW

Trust Fund Statement of Financial Position

December 31, 2016, with comparative figures for 2015

	2016	2015
Financial Assets		
Cash	\$ 107,510	\$ 106,265
	\$ 107,510	\$ 106,265
Fund Balance		
Residents' equity	\$ 107,510	\$ 106,265
	\$ 107,510	\$ 106,265

Trust Fund Statement of Financial Activities And Changes in Fund Balance

Year ended December 31, 2016, with comparative figures for 2015

	2016	2015
Revenue:		
Deposits from residents	\$ 902,034	\$ 943,162
Expenditure:		
Payment for maintenance, withdrawals by residents and estate payments	900,789	934,505
Change in Financial Assets	1,245	8,657
Fund Balance at The Beginning of The Year	106,265	97,608
Fund Balance at The End of The Year	\$ 107,510	\$ 106,265

The accompanying note is an integral part of these financial statements.

THE CORPORATION OF THE COUNTY OF RENFREW

Trust Fund

Note to Financial Statements

Year ended December 31, 2016

These financial statements reflect the financial activity and financial position of funds held in trust by The Corporation of the County of Renfrew for residents of Bonnechere Manor and Miramichi Lodge.

1. Significant accounting policies:

(a) Financial instruments:

The Corporation of the County of Renfrew adopted the accounting standards that were issued by the Chartered Professional Accountants of Canada, particularly Section 3855, Financial Instruments – Recognition and Measurement. This section establishes standards for recognizing and measuring financial assets and financial liabilities. All financial instruments must be classified as held for trading, available-for-sale, held to maturity, loans and receivables, or other financial liabilities. The Corporation has classified its cash as held for trading and is stated at fair value.

It is management's opinion that the Corporation is not exposed to significant interest, currency or credit risks arising from its financial instruments.