

Consolidated Financial Statements of

**THE CORPORATION OF THE
MUNICIPALITY OF KILLARNEY**

Year ended December 31, 2017

Management's Responsibility for the Consolidated Financial Statements

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

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

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

Gilles Legault
Deputy Treasurer

Candy Beauvais
Clerk-Treasurer



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INDEPENDENT AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers of The Corporation of the
Municipality of Killarney

We have audited the accompanying consolidated financial statements of The Corporation of the Municipality of Killarney which comprise the consolidated statement of financial position as at December 31, 2017, the consolidated statements of operations and accumulated surplus, 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 Consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these 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 our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we 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 Municipality of Killarney as at December 31, 2017 and its results of operations, its change in net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Sudbury, Canada

June 13, 2018

THE CORPORATION OF THE MUNICIPALITY OF KILLARNEY

Consolidated Financial Statements

Year ended December 31, 2017

Consolidated Financial Statements

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THE CORPORATION OF THE MUNICIPALITY OF KILLARNEY

Consolidated Statement of Financial Position

December 31, 2017, with comparative information for 2016

	2017	2016
Financial assets		
Cash	\$ 3,164,107	\$ 1,673,936
Taxes receivable (note 2)	305,333	274,165
Accounts receivable	370,168	387,827
Water capital debenture (note 4)	407,714	458,904
	<u>4,247,322</u>	<u>2,794,832</u>
Financial liabilities		
Accounts payable and accrued liabilities	368,500	321,828
Deferred revenue - obligatory reserve funds (note 5)	101,316	69,292
Deferred revenue	1,076,463	30,837
Landfill closure and post-closure liability (note 6)	851,000	805,000
Long-term debt (note 7)	863,760	931,762
	<u>3,261,039</u>	<u>2,158,719</u>
Net financial assets	986,283	636,113
Non-financial assets		
Tangible capital assets (note 8)	10,064,693	10,470,270
Prepaid expenses	19,611	23,672
	<u>10,084,304</u>	<u>10,493,942</u>
Commitments (note 12)		
Contingencies (note 13)		
Accumulated surplus (note 9)	<u>\$ 11,070,587</u>	<u>\$ 11,130,055</u>

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

On behalf of the Council:

_____ Mayor

THE CORPORATION OF THE MUNICIPALITY OF KILLARNEY

Consolidated Statement of Operations and Accumulated Surplus

Year ended December 31, 2017, with comparative information for 2016

	2017 Budget (note 10)	2017 Actual	2016 Actual
Revenue:			
Taxation	\$ 2,249,326	\$ 2,308,234	\$ 2,153,781
Fees and user charges	777,243	728,360	727,887
Province of Ontario grants	831,716	733,065	776,869
Government of Canada grants	128,836	93,636	84,376
Investment income	3,500	12,208	10,377
Other income	89,025	69,228	83,017
Total revenue	4,079,646	3,944,731	3,836,307
Expenses:			
General government	819,199	792,591	804,946
Protection to persons and property	357,245	330,370	295,793
Transportation services	605,319	542,114	573,500
Environment services	993,491	1,033,685	1,003,183
Health, social and family services	1,093,800	1,038,588	999,102
Recreational and cultural services	279,930	242,773	224,245
Planning and development	71,785	24,078	43,451
Total expenses	4,220,769	4,004,199	3,944,220
Annual deficit	(141,123)	(59,468)	(107,913)
Accumulated surplus, beginning of year	11,130,055	11,130,055	11,237,968
Accumulated surplus, end of year	\$ 10,988,932	\$ 11,070,587	\$ 11,130,055

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

THE CORPORATION OF THE MUNICIPALITY OF KILLARNEY

Consolidated Statement of Change in Net Financial Assets

Year ended December 31, 2017, with comparative information for 2016

	2017	2016
Annual deficit	\$ (59,468)	\$ (107,913)
Loss on sale of tangible capital assets	-	14,314
Acquisition of tangible capital assets	(227,488)	(267,421)
Amortization of tangible capital assets	633,065	662,314
Change in prepaid expenses	4,061	(1,169)
	409,638	408,038
Change in net financial assets	350,170	300,125
Net financial assets, beginning of year	636,113	335,988
Net financial assets, end of year	\$ 986,283	\$ 636,113

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

THE CORPORATION OF THE MUNICIPALITY OF KILLARNEY

Consolidated Statement of Cash Flows

Year ended December 31, 2017, with comparative information for 2016

	2017	2016
Cash provided by (used in):		
Operating activities:		
Annual deficit	\$ (59,468)	\$ (107,913)
Items not involving cash:		
Loss on sale of tangible capital assets	-	14,314
Amortization of tangible capital assets	633,065	662,314
Change in landfill closure and post-closure liability	46,000	(55,000)
	619,597	513,715
Change in non-cash assets and liabilities:		
Increase in taxes receivable	(31,168)	(6,862)
Increase (decrease) in accounts receivable	17,659	(40,976)
Increase (decrease) in prepaid expenses	4,061	(1,169)
Increase (decrease) in accounts payable and accrued liabilities	46,672	(72,696)
Increase in deferred revenue - obligatory reserve funds	32,024	34,881
Decrease (increase) in deferred revenue	1,045,626	(6,845)
Net change in cash from operating activities	1,734,471	420,048
Capital activities:		
Cash used to acquire tangible capital assets	(227,488)	(267,421)
Financing activities:		
Proceeds from issuance of long-term debt	99,000	-
Repayment of long-term debt	(167,002)	(154,327)
Investing activities:		
Payment received on water capital debenture	51,190	51,190
Cash and cash equivalents	1,490,171	49,490
Cash and cash equivalents, beginning of year	1,673,936	1,624,446
Cash and cash equivalents, end of year	\$ 3,164,107	\$ 1,673,936

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

THE CORPORATION OF THE MUNICIPALITY OF KILLARNEY

Notes to Consolidated Financial Statements

Year ended December 31, 2017

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

1. Significant accounting policies:

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

(a) Reporting entity:

Consolidated entities:

These consolidated financial statements reflect the assets, liabilities, revenues, expenses and fund balances of the reporting entity. The reporting entity includes all organizations, committees and local boards accountable for the administration of their financial affairs and resources to the Municipality and which are owned or controlled by the Municipality.

These consolidated financial statements include the Killarney Community Centre and the Killarney Health Centre.

All inter-departmental and inter-organizational transactions and balances between these organizations are eliminated.

Related entities:

The following joint local boards are not consolidated:

The Manitoulin-Sudbury District Social Services Administration
Board

Sudbury & District Health Unit

(b) 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 the receipt of goods or services and the creation of a legal obligation to pay.

THE CORPORATION OF THE MUNICIPALITY OF KILLARNEY

Notes to Consolidated Financial Statements

Year ended December 31, 2017

1. Significant accounting policies (continued):

(c) Tangible capital assets:

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

Asset	Useful Life - Years
Buildings	25 - 40
Machinery and equipment	5 - 10
Vehicles	5
Plants and facilities	15 - 75
Linear assets	10 - 90

One-half of the annual amortization is charged in the year of acquisition. Assets under construction are not amortized until the asset is available for productive use.

(i) Contributions of tangible capital assets

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

(ii) Natural resources

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

(iii) Works of art and cultural and historic assets

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

(d) Landfill closure and post-closure liabilities:

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

THE CORPORATION OF THE MUNICIPALITY OF KILLARNEY

Notes to Consolidated Financial Statements

Year ended December 31, 2017

1. Significant accounting policies (continued):

(e) Collection of taxes on behalf of school boards:

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

(f) Revenue recognition:

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

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

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

(g) Use of estimates:

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

(h) Pensions and employee benefits:

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

THE CORPORATION OF THE MUNICIPALITY OF KILLARNEY

Notes to Consolidated Financial Statements

Year ended December 31, 2017

2. Taxes receivable:

	2017	2016
Current	\$ 196,912	\$ 140,393
Previous years	28,289	38,873
Prior years	39,317	54,838
Penalties and interest	40,815	40,061
	\$ 305,333	\$ 274,165

3. Credit facilities:

The Municipality has available an undrawn \$400,000 (2016 - \$400,000) demand line of credit. This unsecured line of credit bears interest at the bank's prime rate.

4. Water capital debenture:

The Municipality completed the capital project to provide the service of a water treatment plant to all water users of the village of the Municipality in 2006.

Each property was charged an amount based on their property frontage as per the assessment roll at the time, with the option to pay the full amount up front or over the term of the debenture. The debenture is collected in equal bi-monthly installments as added into the current taxation billings. The debenture is to be collected over 20 years for all residential and commercial property.

The annual payment collected by the Municipality including principal and interest is \$51,190. The balance receivable on December 31, 2017 is \$407,714 (2016 - \$458,904).

5. Deferred revenue - obligatory reserves funds:

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

	December 31, 2016	Contributions received	Interest received	December 31, 2017
Federal gas tax reserves	\$ 55,188	31,251	638	\$ 87,077
Parkland dedication reserves	14,104	-	135	14,239
	\$ 69,292	31,251	773	\$ 101,316

THE CORPORATION OF THE MUNICIPALITY OF KILLARNEY

Notes to Consolidated Financial Statements

Year ended December 31, 2017

6. Landfill closure and post-closure liability:

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

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

The Municipality of Killarney currently operates three solid waste landfill sites at Killarney, Key River and Hartley Bay. The Municipality has title to the Killarney and Key River landfill sites. The liability associated with these sites is based on estimates and assumptions related to events extending over the remaining life of the landfill.

Estimated total expenses represent the sum of the discounted future cash flows for closure and post-closure care activities discounted at the Municipality's average long-term borrowing rate of 4.13% (2016 – 3.38%). The estimated total landfill closure and post-closure care expenses are calculated to be \$945,828. The estimated liability for these expenses is recognized as the landfill site's capacity is used. At December 31, 2017, an amount of \$851,000 (2016 - \$805,000) with respect to landfill closure and post-closure liabilities has been accrued.

At December 31, 2017, the Killarney site was operating at near capacity and the Municipality is in the process of expanding the site. The period for post-closure care is estimated to be 25 years.

At December 31, 2017, the Key River site had an estimated remaining life of approximately 28 years which represents 32% of its total estimated capacity. The period for post-closure care is estimated to be 25 years.

Hartley Bay site's operations and maintenance costs are assumed by the Municipality of Killarney which is owned by the Ministry of Natural Resources.

THE CORPORATION OF THE MUNICIPALITY OF KILLARNEY

Notes to Consolidated Financial Statements

Year ended December 31, 2017

7. Long-term debt:

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

	2017	2016
Bank loan, interest at 2.77%, repayable in monthly instalments of \$3,018 principal and interest, secured by specific asset, due December 2016	\$ –	\$ 32,734
Bank loan, interest at 2.77%, repayable in monthly instalments of \$1,652 principal and interest, secured by specific asset, due January 2019	21,146	40,259
OSIFA loan, interest at 5.20%, repayable in semi-annual instalments of \$37,285 principal and interest, secured by specific asset, due June 2026	507,088	553,472
Bank loan, interest at 2.38%, repayable in monthly instalments of \$1,467 principal and interest, secured by specific asset, due August 2019	28,737	45,439
Bank loan, interest at 2.38%, repayable in monthly instalments of \$2,651 principal and interest, secured by specific asset, due August 2019	51,933	82,119
Bank loan, interest at 2.23%, repayable in monthly instalments of \$1,350 principal and interest, secured by specific asset, due December 2029	166,196	177,739
Bank loan, interest at 2.183%, repayable in monthly instalments of \$1,350 principal and interest, secured by specific asset, due January 2022	48,660	–
Bank loan, interest at 2.78%, repayable in monthly instalments of \$1,350 principal and interest, secured by specific asset, due December 2022	40,000	–
	\$ 863,760	\$ 931,762

Principal repayments are as follows:

2018	\$ 145,398
2019	117,921
2020	86,219
2021	90,094
2022	84,928
Thereafter	339,200
	\$ 863,760

THE CORPORATION OF THE MUNICIPALITY OF KILLARNEY

Notes to Financial Statements

Year ended December 31, 2017

8. Tangible capital assets:

Cost	Balance at December 31, 2016	Additions	Disposals	Transfers	Balance at December 31, 2017
Land	\$ 656,891	-	-	-	656,891
Buildings	5,199,060	65,229	-	-	5,264,289
Machinery and equipment	787,803	29,853	-	-	817,656
Vehicles	568,552	-	-	-	568,552
Plant and facilities	7,489,326	-	-	-	7,489,326
Linear assets	6,872,934	25,458	-	-	6,898,392
Construction in progress	8,074	106,948	-	-	115,022
Total	\$ 21,582,640	227,488	-	-	21,810,128

Accumulated Amortization	Balance at December 31, 2016	Disposals	Amortization	Balance at December 31, 2017
Land	\$ -	-	-	-
Buildings	1,627,547	-	183,360	1,810,907
Machinery and equipment	634,279	-	38,854	673,133
Vehicles	512,899	-	14,880	527,779
Plant and facilities	3,843,481	-	301,626	4,145,107
Linear assets	4,494,164	-	94,345	4,588,509
Construction in progress	-	-	-	-
Total	\$ 11,112,370	-	633,065	11,745,435

	Net book value, December 31, 2016	Net book value, December 31, 2017
Land	\$ 656,891	656,891
Buildings	3,571,513	3,453,382
Machinery and equipment	153,524	144,523
Vehicles	55,653	40,773
Plant and facilities	3,645,845	3,344,219
Linear assets	2,378,770	2,309,883
Construction in progress	8,074	115,022
Total	\$ 10,470,270	10,064,693

THE CORPORATION OF THE MUNICIPALITY OF KILLARNEY

Notes to Financial Statements

Year ended December 31, 2017

8. Tangible capital assets (continued):

Cost	Balance at December 31, 2015	Additions	Disposals	Transfers	Balance at December 31, 2016
Land	\$ 656,891	-	-	-	656,891
Buildings	5,132,221	81,153	(14,314)	-	5,199,060
Machinery and equipment	787,803	-	-	-	787,803
Vehicles	510,306	58,246	-	-	568,552
Plant and facilities	7,375,110	114,216	-	-	7,489,326
Linear assets	6,867,202	5,732	-	-	6,872,934
Construction in progress	-	8,074	-	-	8,074
Total	\$ 21,329,533	267,421	(14,314)	-	21,582,640

Accumulated Amortization	Balance at December 31, 2015	Disposals	Amortization	Balance at December 31, 2016
Land	\$ -	-	-	-
Buildings	1,442,954	-	184,593	1,627,547
Machinery and equipment	564,096	-	70,183	634,279
Vehicles	500,614	-	12,285	512,899
Plant and facilities	3,543,319	-	300,162	3,843,481
Linear assets	4,399,073	-	95,091	4,494,164
Construction in progress	-	-	-	-
Total	\$ 10,450,056	-	662,314	11,112,370

	Net book value, December 31, 2015	Net book value, December 31, 2016
Land	\$ 656,891	656,891
Buildings	3,689,267	3,571,513
Machinery and equipment	223,707	153,524
Vehicles	9,692	55,653
Plant and facilities	3,831,791	3,645,845
Linear assets	2,468,129	2,378,770
Construction in progress	-	8,074
Total	\$ 10,879,477	10,470,270

THE CORPORATION OF THE MUNICIPALITY OF KILLARNEY

Notes to Consolidated Financial Statements

Year ended December 31, 2017

9. Accumulated surplus:

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

	2017	2016
Invested in tangible capital assets	\$ 9,200,933	\$ 9,538,507
Operating accumulated surplus	1,121,145	858,672
Amounts to be recovered:		
Landfill closure and post-closure costs	(851,000)	(805,000)
	9,471,078	9,592,179
Reserve and reserve funds set aside for specific purpose by Council:		
Working capital	440,569	440,569
Group of Seven	183	1,857
Killarney Health Centre capital	50,500	42,500
Fire department capital	40,419	35,419
Landfill closure	206,003	188,194
Water treatment capital	40,802	63,602
Water treatment cost recovery	157,072	155,591
Sewer reserve fund	73,269	49,879
Water reserve fund	113,636	97,212
Museum reserve fund	36,791	36,443
Capital reserve fund	336,634	333,459
Community Centre capital	7,157	6,367
Airport maintenance	89,009	86,784
Vet's cabinet	2,500	-
200 th Celebration	4,965	-
	1,599,509	1,537,876
Accumulated surplus	\$ 11,070,587	\$ 11,130,055

THE CORPORATION OF THE MUNICIPALITY OF KILLARNEY

Notes to Consolidated Financial Statements

Year ended December 31, 2017

10. Budget:

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

Annual surplus per financial plan:	\$	-
Add:		
Principal payments on long-term debt		131,680
Purchase of tangible capital assets		651,027
Less:		
Net reserve transfers		(290,765)
Amortization		(633,065)
<hr/>		
Budget surplus per consolidated financial statements	\$	(141,123)

11. Pension agreements:

The Municipality makes contributions to the Ontario Municipal Employee Retirement Fund (OMERS) (the "Plan"), which is a multi-employer plan, on behalf of 15 members of its staff. The Plan is a defined contribution plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay.

The amount contributed to OMERS was \$42,613 (2016 - \$42,569) for current service.

12. Commitments:

The Municipality has entered into an agreement that expires on December 31, 2018 with the Ontario Clean Water Agency to provide water and sewer maintenance service for an annual cost of approximately \$227,774. The cost of the services is adjusted annually for inflation and for any additional items resulting from a change in the scope of services.

The Municipality has entered into a police services contract with the Province of Ontario for the provision of police services within municipal boundaries. The contract is effective until 2020. During the year, \$211,753 (2016 - \$162,810) was expended on police services.

13. Contingencies:

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

14. Comparative information:

Certain 2016 comparative information have been reclassified to conform with the financial statement presentation adopted for the current year.

THE CORPORATION OF THE MUNICIPALITY OF KILLARNEY

Notes to Consolidated Financial Statements

Year ended December 31, 2017

15. Segmented information:

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

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

- (a) **General Government:** Includes corporate services and governance of the Municipality. General government is responsible for human resource management. Support to Council for policy development, by-law development in compliance with the Municipal Act, tax billing and collection responsibilities, financial management reporting, monitoring and overall budget status is provided as well as frontline reception and customer service.
- (b) **Protection Services:** Includes policing, fire protection, protective inspection and control and emergency measures. The mandate of the police services contract is to ensure the safety of the lives and property of citizens, preserve peace and good order, prevent crimes from occurring, detect offenders and enforce the law. Fire protection includes detection, extinguishing and suppression services and prevention education and training programs. The members of the fire department consist of volunteers.
- (c) **Transportation Services:** This department provides the winter and summer maintenance, the repair and the construction of the municipal roads system including bridges and culverts.
- (d) **Environmental Services:** Includes the management and maintenance of water and wastewater system, landfills, and the recycling and waste collection system that serves the Municipality.
- (e) **Health, Social and Family Services:** Health services are comprised of public health services which works to improve the overall health of the population by providing services to individuals and communities. Social and family services provides services that are meant to help the less fortunate in the society. Social housing is provided to help shelter families and elderly in need. Child care funding is provided to subsidize day cares and to provide early learning programs. The ambulance service transports the injured to the hospital and provides emergency medical care to those in distress.
- (f) **Recreation and Cultural Services:** Provides recreation and leisure programs and facilities, including community halls, libraries, parks, recreation fields and arena. It also provides building maintenance services to all municipal facilities.

THE CORPORATION OF THE MUNICIPALITY OF KILLARNEY

Notes to Consolidated Financial Statements

Year ended December 31, 2017

15. Segmented information (continued):

- (g) Planning and Development: Manages rural development for business interest, environmental concerns, heritage matters, local neighbourhoods and community development. It facilitates economic development by providing services for the approval of all land development plans, the application and enforcement of the zoning by-law and official plan, and the provision of geographic information services.

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

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

THE CORPORATION OF THE MUNICIPALITY

OF KILLARNEY

Note 16 - Segmented Information (continued)

Year ended December 31, 2017

	General Government	Protection Services	Transportation Services	Environmental Services	Health, Social, and Family Services	Recreation and Cultural Services	Planning and Development	2017 Total
Revenue:								
Fees and user charges	\$ 118,543	53,489	6,723	457,794	55,166	36,645	-	728,360
Province of Ontario grants	397,591	-	25,458	-	308,950	1,066	-	733,065
Government of Canada grants	2,800	-	15,477	75,359	-	-	-	93,636
Investment income	6,841	-	830	4,537	-	-	-	12,208
Other	48,695	225	2,324	11,277	6,707	-	-	69,228
	574,470	53,714	50,812	548,967	370,823	37,711	-	1,636,497
Expenses:								
Salaries, wages and benefits	455,767	30,109	136,112	100,321	212,522	51,694	369	986,894
Materials	232,154	46,109	295,798	308,813	166,686	88,929	4,969	1,143,458
Contracted services	37,665	250,737	-	299,300	865	1,316	18,740	608,623
External agencies	-	-	-	-	632,159	-	-	632,159
Amortization of tangible capital assets	67,005	3,415	110,204	325,251	26,356	100,834	-	633,065
	792,591	330,370	542,114	1,033,685	1,038,588	242,773	24,078	4,004,199
Deficiency of revenue over expenses	(218,121)	(276,656)	(491,302)	(484,718)	(667,765)	(205,062)	(24,078)	(2,367,702)
Funded through:								
Taxation								2,308,234
Annual deficit								\$ (59,468)

THE CORPORATION OF THE MUNICIPALITY

OF KILLARNEY

Note 16 - Segmented Information (continued)

Year ended December 31, 2017

	General Government	Protection Services	Transportation Services	Environmental Services	Health, Social, and Family Services	Recreation and Cultural Services	Planning and Development	2016 Total
Revenue:								
Fees and user charges	\$ 111,290	14,040	12,388	462,737	92,679	34,753	-	727,887
Province of Ontario grants	424,373	-	25,000	-	326,430	1,066	-	776,869
Government of Canada grants	3,903	-	80,473	-	-	-	-	84,376
Investment income	5,215	-	321	4,569	-	272	-	10,377
Other	51,332	200	3,017	21,815	6,653	-	-	83,017
	596,113	14,240	121,199	489,121	425,762	36,091	-	1,682,526
Expenses:								
Salaries, wages and benefits	451,293	30,345	140,186	94,549	233,745	35,788	3,432	989,338
Materials	249,108	61,118	299,210	270,557	162,605	79,092	22,254	1,143,944
Contracted services	36,096	203,010	-	314,290	2,698	1,066	17,765	574,925
External agencies	-	-	-	-	573,699	-	-	573,699
Amortization of tangible capital assets	68,449	1,320	134,104	323,787	26,355	108,299	-	662,314
	804,946	295,793	573,500	1,003,183	999,102	224,245	43,451	3,944,220
Deficiency of revenue over expenses	(208,833)	(281,553)	(452,301)	(514,062)	(573,340)	(188,154)	(43,451)	(2,261,694)
Funded through:								
Taxation								2,153,781
Annual deficit								\$ (107,913)