

Municipality of Chatham-Kent

Finance, Budget & Information Technology Services

Financial Services

To: Mayor and Members of Council
From: Matt Torrance, MBA, CPA, CGA
Supervisor, Accounting Operations
Date: July 26, 2018
Subject: 2017 Audited Financial Statements

Recommendation

It is recommended that:

1. The audited financial statements for the year ended December 31, 2017 be approved.

Background

Under section 286 of the Municipal Act, 2001, Finance is responsible for payments and collections, for record keeping, for investments and for providing Council with financial information. All financial statements are prepared by Municipal staff. The Auditor reviews these statements to ensure compliance with legislation, regulations and accounting standards.

Since its inception, the Municipality of Chatham-Kent has had its financial records and its financial control systems audited annually by an independent firm of external auditors appointed under contract by Council. The senior audit partner meets directly with the Audit Policy Committee in closed session at least annually, with Municipal staff absent, to obtain comments and instructions. In addition to the standard audit report, the auditor conducts extra tests and examinations based on the Audit Policy Committee's concerns. Results of the audit are shared directly with the Audit Policy Committee and ultimately the statements are approved by Council in this report.

As well as investigating specific Council concerns, the external auditors' objectives are to:

- Obtain assurance that the financial statements are free of material misstatement
- Evaluate the fairness of presentation of the financial statements in accordance with local government accounting standards established by the Public Sector Accounting Board (PSAB) and the Chartered Professional Accountants of Canada (CPA Canada).

- Report to administration and to Council on:
 - significant internal control weaknesses
 - errors noted during the audit
 - any matters the auditor believes should be disclosed

Other statutory financial audits that can occur include:

- Canada Revenue Agency (CRA) audits of employer statutory remittances
- CRA audits of HST returns
- Ministry Program specific audits

The Municipality also engages HST/Retail Sales tax specialists for non-statutory audits to ensure the proper amount of federal and provincial sales tax is charged or claimed.

Copies of the draft audited financial statements are attached as Appendix A and a final signed version will be presented on the municipal website once approved by Council. A synopsis of the financial results will be published in local papers following acceptance of this report (section 295.1, Municipal Act).

Financial statement information is prepared using information from the Financial Information Return (FIR) which is a statutory report filed with the Ministry of Municipal Affairs and Housing annually. Copies of the FIR and financial statements are available on request, free of charge (section 295.2, Municipal Act).

Comments

The external auditor has concluded a review of the records of the Corporation and has issued an unqualified audit opinion on the basis of this review. This means that there were no significant internal financial control weaknesses or material errors noted during the audit.

Audit Policy Committee

The Audit Policy Committee met on July 11, 2018 with the Audit Partner from Deloitte and received the Year-End Communication Report detailing their findings. The committee reviewed the financial statements in detail and the minutes of the meeting are included in the Consent Agenda of the August 13 Council meeting. The committee passed the following motion:

That the Audit Policy Committee receive the 2017 Audited Financial Statements and recommend the approval of the statements to Council.

Reported 2017 results

The following are additional comments regarding the financial statements.

This excerpt from the Consolidated Statement of Operations and Accumulated Surplus (see page 4 of the attached financial statement) lists the total revenues, expenses, and the resulting excess revenues over expenses.

	2017	2016
Revenues	\$357,436,462	\$335,176,880
Expenses	\$317,742,523	\$314,063,167
Excess revenues over expenses before other items	\$39,693,939	\$21,113,713
Income from subsidiary	\$9,638,992	\$2,409,161
Excess revenues over expenses	\$49,332,931	\$23,522,874

The Municipal 2017 year-end cash basis surplus is \$2,238,010 (\$2,710,260 in 2016). Budget and Performance Services will provide in a separate 2017 final variance report where the surplus originated and recommendations on its use. This figure is included as part of the \$49,332,931 (\$23,552,874 in 2016) excess revenue over expenses reported on the Consolidated Statement of Operations and Accumulated Surplus. The \$49.3 million surplus (under the new accounting rules introduced in 2009) is calculated using accrual accounting, whereas the balanced budget is approved by Council on the cash required basis. Previous to 2009, under modified cash accounting, investments in bridges and roads etc. were written off immediately against in-year surpluses. Under accrual accounting, the cost of capital assets is to be written off against tax revenues over the useful life of the asset. Some of the assets have a useful life of 50+ years. This results in amortization expense much less than expensed over the cash requirements for replacement. For this reason there will usually be an annual surplus in the operating statement. The following table indicates the relation between the \$49.3 million accrual accounting surplus in the financial statements to the \$2.2 million surplus as per the balanced cash budget approved by Council during the 2017 budget deliberations.

	2017	2016
Accrual basis surplus as per Financial Statements	\$49,332,931	\$23,522,874
Adjustments:		
Amortization	\$37,928,036	\$41,210,372
Taxation, Grant, & Other	(\$7,930,462)	\$7,699,237
Long-term debt repayment	(\$9,777,716)	(\$9,648,791)
Income from subsidiary	(\$9,638,922)	(\$2,409,161)
Change in employee future benefits	\$2,867,613	\$2,252,107
Acquisition of tangible capital assets	(\$53,149,381)	(\$35,733,333)
Gain on sale of tangible capital assets	(\$505,247)	(\$10,739)
Proceeds on sale of tangible capital assets	\$1,117,177	\$491,217
Change in WIP tangible capital assets	(\$6,224,744)	(\$4,072,806)
Change in working capital	(\$1,483,413)	(\$20,510,634)
Change in interest accrual on LTD	(\$297,863)	(\$80,083)
Cash basis surplus as previously reported to Council	\$2,238,010	\$2,710,260

The attached consolidated municipal financial statements include the PUC (Water/Wastewater), the Library, Museums, Board of Health and Police Services Board, along with all other municipal services. Separate audits for the Public Health Division, Library and Children's Services programs were also prepared as required for their specific reporting purposes and are available upon request. One time special audits are done as required for grant or loan purposes. Municipal trust activities are audited separately. Entegrus Incorporated and 2351839 Ontario Limited (WDC Rail) financial

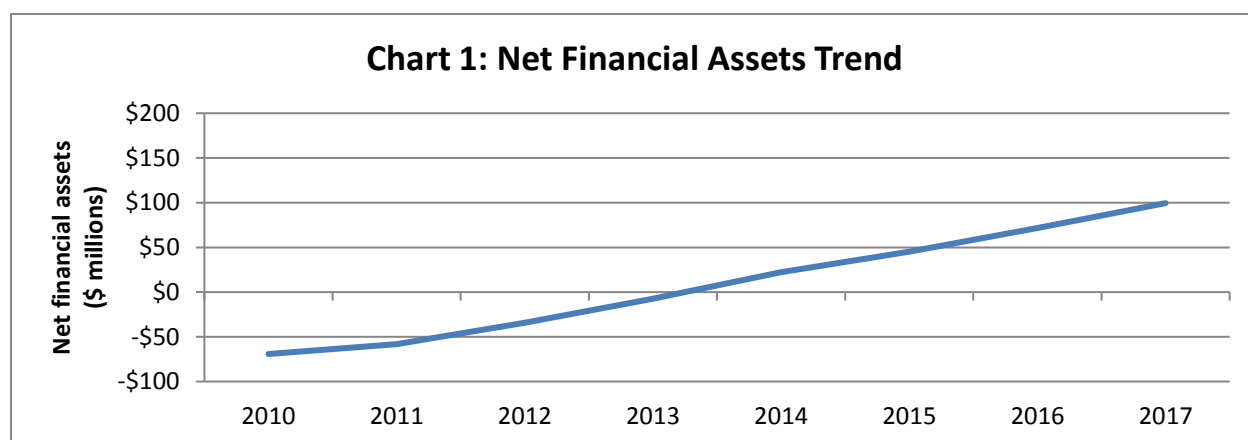
results are reflected in separate audited statements. The 2017 net income of these operations is reported on the Statement of Operations as “Income from Subsidiaries”. The accumulated investment in these operations are reported as “Investment in Entegrus Inc.” and “Deficiency in 2351839 Ontario Limited” on the Statement of Financial Position.

The following excerpt from the Consolidated Statement of Financial Position (see page 3 of the attached financial statement) lists the total assets, liabilities, and the resulting accumulated surplus.

	2017	2016
Financial assets	\$306,427,958	\$271,951,413
Liabilities	<u>\$206,942,542</u>	<u>\$200,385,874</u>
Net financial assets	\$99,485,416	\$71,565,539
Non-financial assets	<u>\$839,986,835</u>	<u>\$818,573,781</u>
Accumulated surplus	\$939,472,251	\$890,139,320

Net Financial Assets

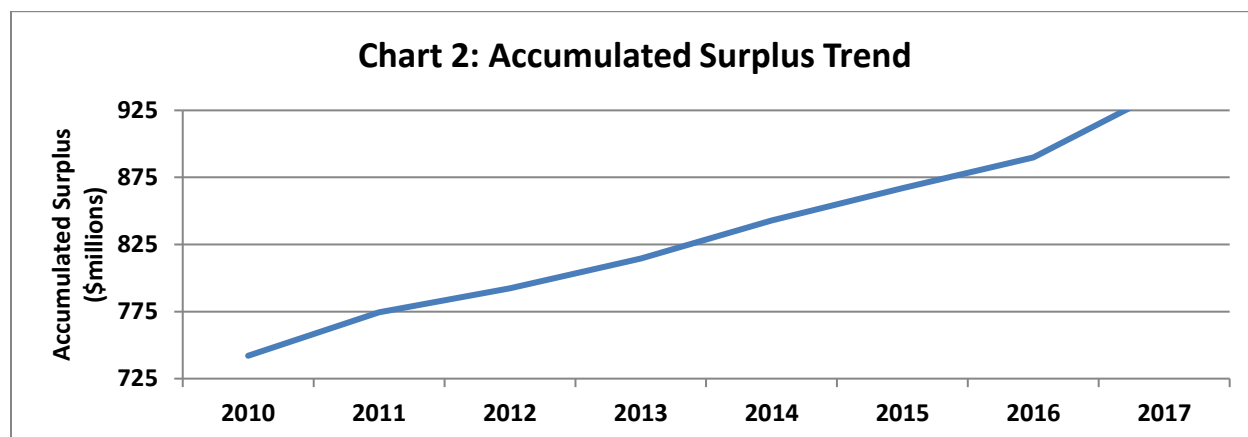
An important indicator of a government’s financial position is its net financial assets, calculated as the difference between its liabilities and financial assets. Net financial assets provides a measure of the future revenues required to pay for past transactions and events. The net financial assets condition of the Municipality has been steadily improving over the past few years as indicated in Chart 1 below, as it has risen from the low of a \$69 million net debt position in 2010 to a positive net financial assets position of \$99 million in 2017.



Accumulated Surplus

Accumulated Surplus includes Net Financial Assets (Debt) plus Non-Financial Assets such as capital assets, inventory and prepaid expenses. Chatham-Kent’s Accumulated Surplus at December 31, 2017 was \$939,472,251. The accumulated surplus is the primary indicator of resources available to the Municipality to provide future services. This figure consists of the net investments in tangible capital assets, the investment in Entegrus Inc. and WDC Rail, accumulated fund balances, and reserves, less amounts

to be recovered in the future. Note 14 (see page 21 of the attached financial statement) lists the various allocations of surplus. Chart 2 below indicates the trend in the accumulated surplus.



Some of the significant items included in the accumulated surplus are detailed below.

Invested in tangible capital assets is the net investment in tangible capital assets of the Municipality less any outstanding debt related to this investment. The following excerpt from Note 13 (see page 20 of the attached financial statement) lists the net book value of Chatham-Kent's assets.

	2017	2016
Land and land improvements	\$52,962,228	\$53,146,818
Buildings	\$123,382,857	\$127,534,344
Equipment	\$49,618,339	\$49,861,930
Vehicles	\$28,603,809	\$25,763,297
Underground Linear	\$212,992,520	\$213,015,322
Plants and facilities	\$26,911,278	\$20,933,688
Bridges	\$134,260,809	\$127,221,342
Transportation	\$179,527,453	\$175,835,272
Other assets	<u>\$2,339,270</u>	<u>\$2,677,137</u>
	\$810,598,564	\$795,989,150
Assets under construction	<u>\$27,974,955</u>	<u>\$21,750,211</u>
Total tangible capital assets	\$838,573,519	\$817,739,361

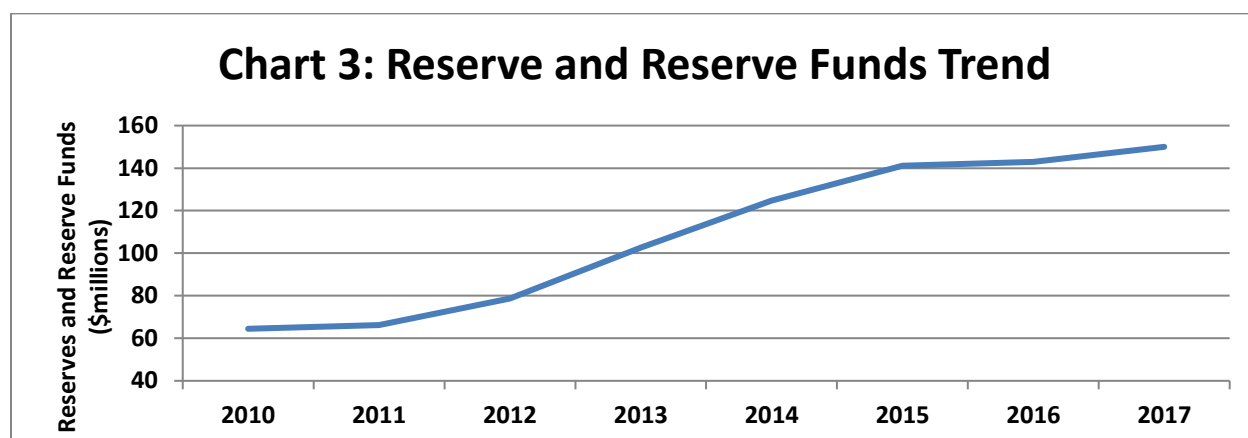
Entegrus Inc., net equity is represented by the Municipality's share of Retained Earnings plus the value of the shares and long-term note payable to the Municipality for consideration of the original transfer of net assets to Entegrus¹.

¹ The value placed on Entegrus securities is based on cost and may not reflect market values.

	2017	2016
Service Revenue	\$129,675,155	\$139,086,427
Cost of Power	<u>\$112,802,121</u>	<u>\$119,701,794</u>
Gross Margin	\$16,873,034	\$19,384,633
Operating Income	\$20,394,521	\$22,844,997
Net Earnings (100%)	\$10,812,364	\$3,024,130
Retained Earnings (End of Year)	\$28,101,392	\$20,489,028

2351839 Ontario Ltd. (WDC Rail), net equity is the Municipality's 100% share of the accumulated 2013 through 2017 WDC Rail net loss totaling \$507,541 (\$415,405 in 2016)².

Reserves and Reserve Funds are the reserve balances at year-end. Chart 3 below indicates the trend with total Reserves and Reserve Funds. See Appendix B for a more detailed breakdown. Also, see Note 14 of the attached financial statements. Reserve balances include amounts encumbered.



Unfunded are for items that are not required to be funded by current accounting regulations, but represent a future cost to the Municipality that financial statement readers should be aware of, and are required to be reported by PSAB regulations. The required disclosures include:

- Post-employment benefits such as life insurance and medical benefits that will be incurred and will potentially be due at some future time. The discount rate used by the actuarial consultant in determining the net present value of future benefits was 3.5% (3.5% in 2016)
- Estimated future liabilities as provided by Workplace Safety & Insurance Board
- Staff vacation credits that have been earned but not taken at year-end
- Interest on long-term debt accrued but not paid by year-end

Dividends Paid to C-K	\$2,880,000	\$2,520,000
Dividends Paid to Corix Utilities	\$320,000	\$280,000

² The value placed on WDC Rail securities is based on cost and may not reflect market values.

	2017	2016
Revenue	\$37,093	\$14,265
Expenses	\$129,228	\$130,883
Operating Loss	\$92,135	\$116,618
Retained Earnings (End of Year)	(\$507,541)	(\$415,405)

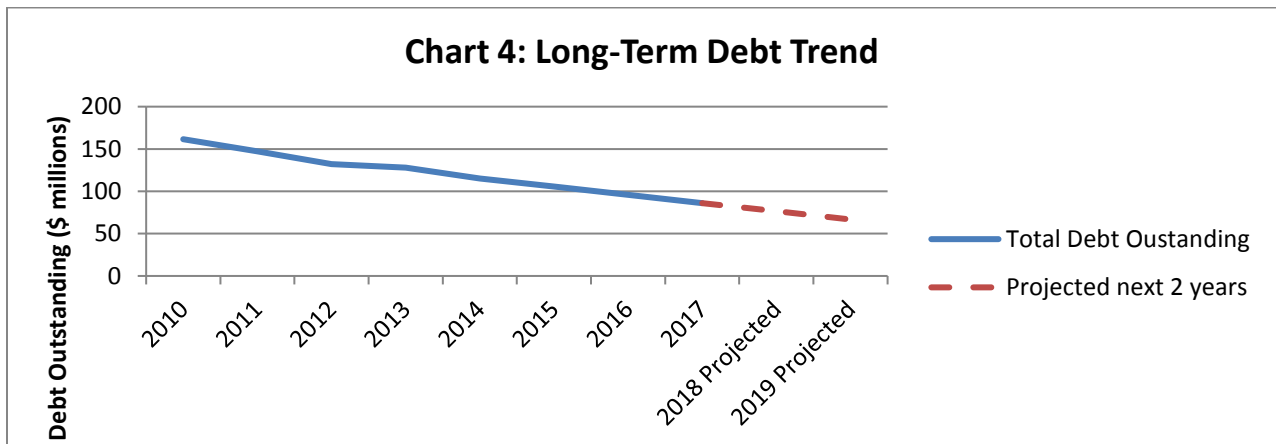
A detailed breakdown of these future obligations to be funded by tax dollars is found below:

	2017	2016
Employee future benefits	\$34,485,830	\$32,153,421
WSIB obligation	\$7,358,381	\$6,918,197
Vacation pay	\$3,215,004	\$3,119,986
Total unfunded employee future benefits	\$45,059,215	\$42,191,604
Interest on long-term liabilities	\$566,068	\$944,014

The Municipality provides funding for these liabilities through the budget process in the year of disbursement.

Long Term Liabilities

Net long-term liabilities are the balances of debentures outstanding. Notes 10 and 11 (see pages 18 and 19 of the financial statement attachment) provide details of the long-term liabilities. The debt trend is indicated in Chart 4 below, and as Council has not approved any current or future projects with debt funding, two further years of reductions are indicated.



The debenture detail is provided in Figure 1 below. There was no new debt issued in 2017 (\$0 in 2016). The “Funded By” columns identify the sources of future funding to service the debt payments. The tax funded obligation is currently approximately \$17 million.

Figure 1 Chatham-Kent Long Term Debt as at December 31, 2017							
				Funded by:			
Debt Issue #	Rate %	Term	Total	PUC rates	PUC locals	Mun. Tax	Mun. Other
Debt Issued by the Municipality of Chatham-Kent							
2004-02	2.73	20	43,400,000 (A)	43,400,000			
2005-01	4.94	20	43,000,000 (B)			13,299,000	29,701,000
2005-02	2.53	20	22,128,742 (C)	22,128,742			
2007-01	2.52	20	2,800,000 (D)	2,800,000			
2007-02	4.94	20	5,170,000 (E)				5,170,000
2010-01	4.22	10	12,533,100 (F)			12,533,100	
2010-02	4.88	20	24,244,728 (G)	24,244,728			
2010-03	2	20	2,000,000 (H)	2,000,000			
2013-01	3.91	20	7,978,000 (I)			7,978,000	
Subtotal			163,254,570	94,573,470	0	33,810,100	34,871,000
Less Principal amounts repaid by							
		31-Dec-17	-79,671,383	-45,816,894	0	-16,794,651	-17,059,838
Chatham-Kent Issued Debt Outstanding at Dec 31, 2017			\$83,583,187	\$48,756,576	\$0	\$17,015,449	\$17,811,162
Other Debt assumed by Chatham-Kent							
Social Housing download	Various	Various					
31-Dec-17							
			2,831,891(J)				2,831,891
Total Debt Outstanding Dec 31, 2017			\$86,415,078	\$48,756,576	\$0	\$17,015,449	\$20,643,053

(A) OMEIFA Debenture: Water \$17,725,000, Wastewater \$25,675,000

(B) OSIFA Debenture: Riverview Gardens \$40,300,000 33% tax funded, Bloomfield Business Park \$2,700,000

(C) OMEIFA Debenture: Water \$19,253,236, Wastewater \$2,875,506

(D) OMEIFA Debenture: Wastewater \$2,800,000

(E) OSIFA Debenture: Social Housing – Wallaceburg Housing Corporation purchase \$5,170,000

(F) OSIFA Debenture: Bridges \$10,533,100, Lifecycle Roads \$1,700,000, Lifecycle Buildings \$300,000

(G) OSIFA Debenture: Water \$9,200,151, Wastewater 15,044,577

(H) Federation of Canadian Municipalities Debenture \$2,000,000

(I) OILC Debenture: John D. Bradley Convention Centre \$7,645,000, Social Housing - Riverview Terrace \$333,000

(J) Debt came with the Social Housing units on transfer to the Municipality from the Province in 2001.

A component of social housing costs are tax funded. The debt is held by Provincial agencies.

Development Charges Act

Under section 43 of the Development Charges Act, 1997, the Treasurer is required to give Council a statement of activity for the Development Charges Reserve Fund. Figure 2 below is a summary of the fund activity.

Figure 2 Development Charges Reserve Fund						
	2017			2016		
	Roads	Water	Sewer	Roads	Water	Sewer
Opening Balance	\$0	\$0	\$0	\$0	\$0	\$0
Contribution from developers	\$0	\$224,468	\$260,076	\$0	\$361,167	\$198,495
Interest Earned	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
	\$0	\$224,468	\$260,076	\$0	\$361,167	\$198,495
Use of funds:						
Investment in Capital	<u>\$0</u>	<u>\$224,468</u>	<u>\$260,076</u>	<u>\$0</u>	<u>\$361,167</u>	<u>\$198,495</u>
Ending Balance	\$0	\$0	\$0	\$0	\$0	\$0

Budget Figures

Budget figures provided as part of the Consolidated Statement of Operations and Accumulated Surplus (see page 4 of the financial statement attachment) do not reflect the balanced 2017 Budget as approved by Council for the following reasons:

- Capital projects benefiting and assessed to landowners and developers, such as water, wastewater, drainage and sidewalks / curb and gutters are not part of the annual budget process and are shown as a local improvement receivable on the Statement of Financial Position
- Capital projects for industrial lands are not part of the budget process and are shown as land held for resale in the Statement of Financial Position
- Under PSAB standards, transfers to/from reserves/capital are not considered as a source of expense/revenue for Municipal activities and are not included in the financial statement budget
- Amortization expense is not included in the Council approved budget as it does not require cash, but is included on the financial statement budget
- Cash raised for the purpose of building or improving tangible capital assets is included as revenue in the Council approved budget and the expenditure of building the asset is included as well. However, in the financial statements, only the revenue budgets (taxes, user fees, grants) are included as the expenditure is an asset amortized over the life of the asset.

Public Utilities Commission

PUC operations are integrated into those of the Municipality. Its activities are audited along with municipal operations. Separate financial statements are prepared and presented annually to the Commission. A summary cash basis statement for 2017 is presented below along with the 2016 comparison.

As at December 31	Water		Wastewater	
	2017	2016	2017	2016
Revenues	\$24,857,222	\$23,494,635	\$18,455,723	\$17,779,563
Expenditures	\$22,250,385	\$20,125,674	\$17,181,084	\$17,053,220
Net Income	\$2,606,837	\$3,368,961	\$1,274,639	\$726,343
Reserve Fund Balance (End of Year)	\$5,269,858	\$7,329,357	\$5,821,204	\$8,414,756

Municipal Leasing

Under regulation 266/02 of the Municipal Act, Council established a financial leasing policy by which the Treasurer shall report annually to Council the impact on municipal finances of financial leases.

Financial leases are a form of indebtedness that if material, can impact on the municipal annual debt repayment limit.

Under the leasing policy:

Section 1. Any lease or cumulative group of leases that exceeds a term of one year that is entered into by the Municipality, being in effect at any one time, shall be considered material if collectively all leasing payments incurred in any calendar year exceeds 2% of the Municipal Annual Debt Repayment Limit as determined by the Treasurer.

Once the 2% limit has been exceeded all leases subsequently entered into by the Municipality shall be considered material.

Section 3. Leasing done for any of the following reasons with a lease term exceeding, or expected to exceed, one year shall be considered a "reportable" lease for the purpose of this policy:

- Capital items leased as a form of financing
- Like equipment with a leased value exceeding \$10,000 annually
- Goods or services only available through lease where collectively lease payments exceed \$20,000 annually
- Leases entered into following a buy versus lease analysis for any property and for any amount

Where, in the opinion of the Treasurer, a lease meets the criteria under this policy as “reportable” or, where the Chief Legal Officer considers a lease reportable for any other reason, Council reports which deal with leasing shall be reviewed and commented on, in the body of the report, by the Treasurer and (as appropriate) by the Chief Legal Officer.

<u>Materiality Calculations</u>	
Annual Debt Limit (December 31, 2017)	³ \$40,049,679
2% of this limit (established by policy)	\$800,994
Financial Lease Payments 2017	
Fleet	\$138,031
Copiers	<u>\$159,541</u>
Total	\$343,140

The Municipality does not often use financial leases, as the cost of other forms of indebtedness is more advantageous. Because 2017 financial lease payments are less than 2% of the annual repayment limit established by the Province under regulation 403/02, the value of the leases is not considered material under the financial leasing policy and therefore, will not be deducted from the municipal annual repayment limit for 2017.

Areas of Strategic Focus and Critical Success Factors

The recommendation in this report supports the following areas of strategic focus:

- Economic Prosperity:
Chatham-Kent is an innovative and thriving community with a diversified economy
- A Healthy and Safe Community:
Chatham-Kent is a healthy and safe community with sustainable population growth
- People and Culture:
Chatham-Kent is recognized as a culturally vibrant, dynamic, and creative community

³ 2015 Annual Debt Limit Calculation (Effective January 1, 2017)

1 Gross Debt Charges		
	Principal	\$9,724,255
	Interest	\$4,614,448
	Subtotal	\$14,338,703
2 OCWA		
		-
3 Long term commitments		
		\$474,000
4 Debt Charges for Lease Purchases		
		-
5 SUBTOTAL DEBT CHARGES		
		\$14,812,703
6 Debt Charges for Utilities		
		-
7 Downtown Revitalization Loans		
		-
8 Tile Drainage & Shoreline Assistance		
		\$599,802
9 SUBTOTAL TO BE EXCLUDED		
		-
10 NET DEBT CHARGES		
		\$14,212,901

11 Total Revenue Fund Revenues	\$327,484,051
13 Drainage/shoreline fees	\$148,821
14 Donated TCA	\$2,076,279
15 Grants from other governments	
Ontario	\$100,551,103
Canada	\$7,005,698
Other Municipalities, other items	\$212,937
Total Grants from Governments	\$107,769,738
16 Deferred Revenue Earned (Development Charges)	\$438,894
Amounts to be deducted from revenue	\$110,433,732
17 Net Revenue Fund Funds	\$217,050,319
18 25% of net revenue fund	\$54,262,580
19 Annual Repayment Limit	\$40,049,679

At 4% interest, the Municipality has the capacity to borrow an additional \$544 million with repayment amortized over 20 years.

- Environmental Sustainability:
Chatham-Kent is a community that is environmentally sustainable and promotes stewardship of our natural resources

The recommendation in this report supports the following critical success factors:

- Financial Sustainability:
The Corporation of the Municipality of Chatham-Kent is financially sustainable
- Open, Transparent and Effective Governance:
The Corporation of the Municipality of Chatham-Kent is open, transparent and effectively governed with efficient and bold, visionary leadership
- Has the potential to support all areas of strategic focus & critical success factors
- Neutral issues (does not support negatively or positively)

Consultation

Prior to finalization of the published statements, all departments reviewed their respective areas. The external auditor has concluded a review of the records of the Corporation and has issued an unqualified audit opinion on the basis of this review. This means that there were no significant internal financial control weaknesses or material errors noted during the audit. The Audit Policy Committee has reviewed the statements.

Financial Implications

The accumulated Municipal surplus of \$2,238,010 will be addressed in a separate Budget & Performance Services report to Council. The cost of the external audit is part of the approved annual budget.

The audit is performed annually in accordance with Section 296 of the Municipal Act. As part of this review, the Auditor:

- Reviewed the accounts and transactions of the Municipality and expressed an opinion.
- Performed duties as required under the Municipal Act and as directed by Council.

A Request for Proposal for Auditing Services was awarded in 2013. The 2017 audit was the fifth of a five year term. A new Request for Proposal for Auditing Services was issued in 2018 with Deloitte LLP. being the successful submission for a period covering 2018 to 2022.

Prepared by:

Reviewed by:

Matt Torrance, CPA, CGA
Supervisor, Accounting Operations

Steven Brown, CPA, CMA
Director, Financial Services

Reviewed by:

Mike Turner, CPA, CMA
Chief Financial Officer, Treasurer

Attachments: App A – Consolidated Financial Statements-Municipality of Chatham-Kent
App B – Chatham-Kent Summary of Reserves

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Consolidated financial statements of

**The Corporation of the
Municipality of Chatham-Kent**

December 31, 2017

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The Corporation of the Municipality of Chatham-Kent

December 31, 2017

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Independent Auditor's Report

To the Members of Council, and the Citizens of
The Corporation of the Municipality of Chatham-Kent

We have audited the accompanying consolidated financial statements of The Corporation of the Municipality of Chatham-Kent, which comprise the consolidated statement of financial position as at December 31, 2017, and the consolidated statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the 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.

Auditor's 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 auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of The Corporation of the Municipality of Chatham-Kent as at December 31, 2017 and the results of its operations, changes in net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Professional Accountants
Licensed Public Accountants
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The Corporation of the Municipality of Chatham-Kent

Consolidated statement of financial position
as at December 31, 2017

	2017	2016
	\$	\$
Financial assets		
Cash	142,787,368	125,937,071
Taxes receivable	9,687,020	10,007,467
Accounts receivable	42,067,714	36,392,348
Investment in Entegrus Inc (Note 2)	57,980,640	43,389,512
Note receivable from Entegrus Inc. (Notes 2,4)	23,523,326	23,523,326
Note receivable from 2351839 Ontario Limited (Notes 3,5)	4,800,000	4,800,000
Land held for resale	4,194,412	4,494,019
Other assets	476,302	352,218
Local improvements receivable (Note 12)	20,911,175	23,055,452
	306,427,957	271,951,413
Liabilities		
Accounts payable and accrued liabilities	42,471,059	30,761,325
Accrued interest (Note 11)	566,068	863,931
Accrued employee benefits (Note 7)	46,984,562	44,008,794
Deferred revenue (Note 9)	29,998,234	28,143,625
Deficiency in 2351839 Ontario Limited (Note 3)	507,540	415,405
Long-term liabilities (Note 10)	86,415,078	96,192,794
	206,942,541	200,385,874
Net financial assets	99,485,416	71,565,539
Non-financial assets		
Tangible capital assets (Note 13)	838,573,519	817,739,361
Inventory	1,002,908	593,763
Prepaid expenses	410,408	240,657
	839,986,835	818,573,781
Accumulated surplus (Note 14)	939,472,251	890,139,320

The accompanying notes to the consolidated financial statements are an integral part of this consolidated financial statement.

The Corporation of the Municipality of Chatham-Kent

Consolidated statement of operations and accumulated surplus year ended December 31, 2017

	2017	2017	2016
	Budget	Actual	Actual
	\$	\$	\$
Revenues			
Taxation and user charges:			
Property taxation (Note 15)	149,191,425	149,191,316	144,537,255
User charges	65,498,746	76,077,122	70,605,330
	214,690,171	225,268,438	215,142,585
Grants			
Government of Canada	9,180,045	8,615,322	6,520,679
Province of Ontario	110,806,674	109,404,644	104,352,140
	119,986,719	118,019,966	110,872,819
Other			
Investment income	1,403,750	3,731,732	3,631,810
Penalties and interest on taxes:	1,560,000	1,425,955	1,388,338
Contributions from landowners and developers	-	484,544	559,662
Sale of land and equipment	289,332	613,987	166,562
Provincial offences administration	2,002,500	1,841,680	1,964,816
Other	845,435	5,544,913	1,439,549
Gain (loss) on disposal of tangible capital asset	-	505,247	10,739
	6,101,017	14,148,058	9,161,476
Total revenue	340,777,907	357,436,462	335,176,880
Expenses			
General government	9,811,687	6,815,651	4,283,962
Protection of persons and property	58,806,952	58,249,176	56,309,459
Transportation services	47,698,715	52,045,989	51,272,652
Environmental services	51,363,133	49,116,648	49,981,414
Health services	24,981,436	24,490,447	23,356,088
Social and family services	92,316,523	83,669,889	85,903,156
Social housing	16,434,871	14,781,975	13,237,210
Recreation and cultural services:	24,274,157	23,954,416	24,939,201
Planning and development	4,491,904	4,618,332	4,780,025
Total expenses	330,179,378	317,742,523	314,063,167
Excess revenues over expenses before other items	10,598,529	39,693,939	21,113,713
Other items			
Income from subsidiaries	-	9,638,992	2,409,161
Excess of revenues over expense:	10,598,529	49,332,931	23,522,874
Accumulated surplus, beginning of year	890,139,320	890,139,320	866,616,446
Accumulated surplus, end of year	900,737,849	939,472,251	890,139,320

The accompanying notes to the consolidated financial statements are an integral part of this consolidated financial statement.

The Corporation of the Municipality of Chatham-Kent

Consolidated statement of change in net financial assets
year ended December 31, 2017

	2017	2016
	\$	\$
Excess of revenues over expenses	49,332,931	23,522,874
Acquisition of tangible capital assets	(53,149,381)	(35,733,331)
(Increase) decrease in tangible capital assets construction in progress	(6,224,744)	(4,072,806)
Amortization of tangible capital assets	37,928,036	41,210,372
Gain on sale of tangible capital assets	(505,247)	(10,739)
Proceeds of sale of tangible capital assets	1,117,177	491,215
Change in inventory	(409,145)	(216,542)
Change in prepaids	(169,748)	1,019,103
Change in net financial assets	27,919,878	26,210,145
Net financial assets, beginning of year	71,565,538	45,355,393
Net financial assets, end of year	99,485,416	71,565,538

The accompanying notes to the consolidated financial statements are an integral part of this consolidated financial statement.

The Corporation of the Municipality of Chatham-Kent

Consolidated statement of cash flows year ended December 31, 2017

	2017	2016
	\$.
Operating transactions		
Excess of revenues over expenses	49,332,931	23,522,873
Items not involving cash		
Amortization	37,928,036	41,210,372
Loss (gain) on sale of tangible capital assets	(505,247)	(10,739)
Income from subsidiaries	(9,638,992)	(2,409,161)
Change in Taxes Receivable	320,447	(546,355)
Change in Accounts Receivable	(5,675,366)	708,371
Change in Land Held for Resale	299,607	-
Change in Other Assets	(124,084)	108,462
Change in Local Improvements Receivable	2,144,277	(2,847,073)
Change in Accounts Payable and Accrued Liabilities	11,709,736	(818,760)
Change in obligations to be funded from future revenues	2,677,905	2,204,141
Decrease in inventory	(409,145)	(216,541)
Decrease in prepaid expenses	(169,751)	1,019,103
Deferred revenue	1,854,609	1,437,699
	89,744,962	63,362,392
Financing transactions		
New note issued	-	(150,000)
Long-term debt repayment	(9,777,716)	(9,648,791)
	(9,777,716)	(9,798,791)
Capital transactions		
Acquisition of tangible capital assets	(59,374,126)	(39,806,139)
Proceeds of sale of tangible capital assets	1,117,177	491,215
	(58,256,949)	(39,314,924)
Investing transaction		
Dividends received from Entegrus Inc.	2,880,000	2,520,000
Investment in Entegus	(7,740,000)	-
	(4,860,000)	2,520,000
Net increase in cash	16,850,298	16,768,677
Cash, beginning of year	125,937,071	109,168,394
Cash, end of year	142,787,368	125,937,071

The accompanying notes to the consolidated financial statements are an integral part of this consolidated financial statement.

The Corporation of the Municipality of Chatham-Kent

Notes to the consolidated financial statements December 31, 2017

1. Significant accounting policies

The consolidated financial statements of The Corporation of the Municipality of Chatham-Kent (the "Municipality") have been prepared by management in accordance with Canadian public sector accounting standards. Significant aspects of the accounting policies adopted by the Municipality are as follows:

Basis of consolidation

These consolidated financial statements reflect the assets, liabilities, revenues and expenses of the reporting entity and include the activities of all committees of Council and the following local boards and municipal entities which are under the control of Council:

- Chatham-Kent Public Libraries;
- Chatham-Kent Museums;
- Public Utilities Commission for the Municipality of Chatham-Kent - Water / Wastewater Division;
- Chatham-Kent Police Services Board; and
- Chatham-Kent Board of Health.

All interfund assets and liabilities and revenues and expenses have been eliminated with the exception of loans or advances between reserve funds and any other fund of the Municipality and the resulting interest income and expenditures.

Subsidiaries

Entegrus Inc. and 2351839 Ontario Limited are accounted for on a modified equity basis, consistent with the generally accepted accounting treatment for government business enterprises. Under the modified equity basis, the business enterprise's accounting principles are not adjusted to conform with those of the Municipality, and inter-organizational transactions and balances are not eliminated.

Accounting for school board transactions

The taxation and other revenues with respect to the operations of the school boards are reflected in the consolidated statement of operations and accumulated surplus, but with no effect on Municipal Fund balances since the total is shown as a deduction.

In addition, the expenses, assets and liabilities with respect to the operations of the school boards are not reflected in these financial statements except to the extent that any overlevies are reported on the Consolidated statement of financial position as "other current liabilities".

Trust funds

Trust funds and their related operations administered by the Municipality are not consolidated, but are reported separately on the Trust Funds Statement of continuity and Balance sheet.

Basis of accounting

The consolidated financial statements are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable, and expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

The Corporation of the Municipality of Chatham-Kent

Notes to the consolidated financial statements December 31, 2017

1. Significant accounting policies (continued)

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 an asset. The cost, less residual value, of the tangible capital asset is amortized on a straight-line basis over the estimated useful life as follows:

	Years
Land improvements	20-50
Buildings	15-40
Equipment	4-30
Vehicles	5-20
Underground linear	30-75
Plants and facilities	20-40
Bridges	50-75
Transportation	15-50
Other assets	5-10

Amortization is charged beginning in the month following when the asset was available for productive use and to the month of disposal if the disposal date is after the 15th day of the month. Assets under construction are not amortized until the asset is available for productive use.

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

Works of art, artifacts, cultural or historic assets are not recorded as assets in the financial statements.

Land held for resale

Land held for resale is recorded at the lower of cost and net realizable value. Costs include amounts for land acquisition and improvements to prepare the land for sale or servicing.

Government transfers

Government transfers are recognized in the financial statements as revenues 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.

Tax revenue

Tax Revenue is recognized on all taxable properties within the Municipality that are included in the tax roll provided by the Municipal Property Assessment Corporation, using property values included in the tax roll or property values that can be reasonably estimated by the Municipality as it relates to supplementary or omitted assessments, at tax rates authorized by Council for the Municipality's own purposes in the period for which the tax is levied.

Investment income

Investment income earned on surpluses, reserves and reserve funds (other than obligatory reserve funds) are reported as revenue in the period earned. Investment income earned on obligatory reserve funds is added to the fund balance and forms part of deferred revenue.

The Corporation of the Municipality of Chatham-Kent

Notes to the consolidated financial statements
December 31, 2017

1. Significant accounting policies (continued)

Management estimates

The preparation of these financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount 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 expenses during the reporting period. Significant items subject to such estimates and assumptions include valuation allowances for receivables, accrued liabilities, obligations related to employee future benefits and the carrying value of tangible capital assets. Actual results could differ from those estimates.

Employee future benefit obligations

The cost of future benefits earned by employees is actuarially determined using the projected benefit method prorated on service and assumptions of mortality and termination rates, retirement age and expected inflation rates.

Actuarial gains and losses are amortized linearly over the Expected Average Remaining Service Lifetime (EARSL) of active employees.

2. Investment in Entegrus Inc.

Chatham-Kent Energy Inc. (CKE) and its wholly-owned subsidiaries, Chatham-Kent Hydro Inc. and Chatham-Kent Utility Services Inc., were incorporated September 22, 2000 under the *Business Corporations Act (Ontario)*.

CKE also has a wholly-owned subsidiary, Middlesex Power Distribution Corporation (MPDC), which it purchased 100% of the outstanding common shares on June 30, 2005.

Effective January 1, 2012 CKH and MPDC amalgamated to continue as Chatham Kent Hydro Inc. Effective January 19, 2012 the names of CKE and its wholly-owned subsidiaries were amended as follows:

Former name

Chatham-Kent Energy Inc.
Chatham-Kent Hydro Inc.
Chatham-Kent Utility Services Inc.
Chatham-Kent Transmission Inc.

Amended name

Entegrus Inc. ("Entegrus")
Entegrus Power Lines Inc. ("EPI")
Entegrus Services Inc. ("ESI")
Entegrus Transmission Inc. ("EFT")

Entegrus is owned 90% by the Municipality of Chatham-Kent and 10% by Corix Utilities.

The principal activity of Entegrus and its' subsidiaries is to distribute electricity to customers within the Municipality of Chatham-Kent, Middlesex County and the County of Elgin under the license issued by the Ontario Energy Board ("OEB"). Other activities of Entegrus, and its subsidiaries, are to provide energy services, meter services, and street lighting services.

The Corporation of the Municipality of Chatham-Kent

Notes to the consolidated financial statements December 31, 2017

2. Investment in Entegrus Inc. (continued)

Under a municipal by-law, dated September 5, 2000, the former Public Utilities Commission of the Municipality of Chatham-Kent – Electrical Division and the Municipality transferred the assets, liabilities and employees associated with the distribution of electricity at book value effective October 1, 2000. The book value of the net assets transferred to CKE at October 1, 2000 was \$47,379,124. In consideration for the transfer, CKE issued long-term notes payable to the Municipality in the aggregate principal amount of \$23,523,326 together with shares valued at \$23,855,798.

The incorporation and subsequent reorganization was required by provisions of Bill 35, *The Energy Competition Act, 1998* enacted by the Province of Ontario to introduce competition in the electricity market.

In 2008 CKE issued 222 common shares to Corix which represents a 10% ownership.

In 2017 Entegrus issued an additional 400 shares. 360 shares were purchased by the Municipality of Chatham-Kent at a cost of \$7,740,000. The remaining 40 shares were sold to Corix at a cost of \$860,000. This additional investment did not change the percentage of ownership for the Municipality of Chatham-Kent or Corix.

The following table provides condensed supplementary consolidated financial information for Entegrus and its subsidiaries for the year ended December 31:

	2017	2016
	\$	\$
Financial position		
Assets		
Current	30,474,520	27,414,027
Capital	95,645,806	90,071,428
Other	20,169,063	5,323,166
Total assets	146,289,389	122,808,621
Liabilities		
Current	46,350,015	38,045,404
Notes payable to Municipality of Chatham-Kent	23,523,326	23,523,326
Other	11,110,621	10,662,289
Total liabilities	80,983,962	72,231,019
Equity		
Share capital	35,482,150	26,882,150
Retained earnings	28,101,392	20,489,028
Total equity	63,583,542	47,371,178
Regulatory		
Regulatory credit balances	1,721,885	3,206,424
Total regulatory	1,721,885	3,206,424
Total liabilities equity and regulatory	146,289,389	122,808,621

The Corporation of the Municipality of Chatham-Kent

Notes to the consolidated financial statements
December 31, 2017

2. Investment in Entegrus Inc. (continued)

	2017	2016
	\$	\$
Financial activities		
Revenue	133,196,642	142,546,791
Expenses	130,266,715	136,934,136
	2,929,927	5,612,655
Payment in lieu of taxes	(646,852)	776,267
Net movement in regulatory balances, net of tax	(917,234)	1,234,202
Remeasurement of employee benefits	(419,351)	578,056
Unrealized gain on investment	(5,899,000)	-
Dividends paid	3,200,000	2,800,000
Change in retained earnings	7,612,364	224,130
Municipality of Chatham-Kent's investment represented by:		
Investment in shares of Entegrus	31,595,798	23,855,798
Accumulated profit less dividends received	26,384,842	19,533,714
	57,980,640	43,389,512
Corix Utilities' investment represented by:		
Investment in shares of Entegrus	3,886,352	3,026,352
Accumulated profit less dividends received	1,716,550	955,314
	5,602,902	3,981,666

(a) Equity in Entegrus Inc.

	2017	2016
	\$	\$
Balance, beginning of year	66,912,838	66,711,121
Changes during the year		
Investment in shares of Entegrus	7,740,000	-
Net earnings for the year	9,731,128	2,721,717
Dividends paid	(2,880,000)	(2,520,000)
Balance, end of year	81,503,966	66,912,838
	2017	2016
	\$	\$
Investment in Entegrus Inc.	57,980,640	43,389,512
Notes receivable from Entegrus Inc.	23,523,326	23,523,326
Balance, end of year	81,503,966	66,912,838

The Corporation of the Municipality of Chatham-Kent

Notes to the consolidated financial statements December 31, 2017

2. Investment in Entegrus Inc. (continued)

(b) Related party transactions and balances

The following summarizes the Municipality's related party transactions and balances with Entegrus for the year ended December 31, 2017 and December 31, 2016:

	2017	2016
	\$	\$
Transactions		
Revenue		
Administrative services	558,736	569,570
Asset management	54,153	162,631
Interest on promissory note	1,067,959	1,380,816
Expenses		
Energy purchases (at commercial rates)	5,680,455	7,131,885
Billing and collection services - water/wastewater	2,300,974	2,284,040
Streetlight maintenance	171,307	239,961
Balances		
Amounts due from Entegrus Inc.		
Promissory note receivable	23,523,326	23,523,326
Accounts receivable	23,667,835	21,449,021

3. Investment in 2351839 Ontario Limited

2351839 Ontario Limited operating as WDC Rail, incorporated November 29th, 2012 under the *Canada Business Corporations Act*, owns railway land assets and is wholly owned by the Municipality of Chatham-Kent.

On October 3, 2013, the closing date for the transfer and purchase of the railway, WDC Rail sold its future interest in the railway fixtures comprised of, among other things, the steel track materials and ties but not the land.

The Corporation of the Municipality of Chatham-Kent

Notes to the consolidated financial statements December 31, 2017

3. Investment in 2351839 Ontario Limited (continued)

The following table provides condensed supplementary financial information for WDC Rail for the year ended December 31:

	2017	2016
	\$	\$
Financial position		
Assets		
Current	35,589	75,786
Capital	4,461,931	4,461,931
Total assets	4,497,520	4,537,717
Liabilities		
Current	205,061	153,122
Note payable to Municipality of Chatham-Kent	4,800,000	4,800,000
Total liabilities	5,005,061	4,953,122
Equity		
Share capital	1	1
Deficit	(507,541)	(415,406)
Total deficit	(507,540)	(415,405)
Total liabilities and equity	4,497,521	4,537,717
Financial activities		
Revenue	37,093	14,265
Expenses	129,228	130,883
	(92,135)	(116,618)
Payment in lieu of taxes	-	-
Dividends paid	-	-
Change in retained earnings	(92,135)	(116,618)
Municipality of Chatham-Kent's investment represented by:		
Balance, beginning of year	(415,406)	(298,788)
Changes during year		
Investment in shares of company		
Net Loss for the year	(92,135)	(116,618)
Dividends Paid	-	-
Balance, end of year	(507,541)	(415,406)

The Corporation of the Municipality of Chatham-Kent

Notes to the consolidated financial statements
December 31, 2017

3. Investment in 2351839 Ontario Limited (continued)

(a) Equity in WDC Rail

	2017	2016
	\$	\$
Balance, beginning of year	584,595	701,213
Changes during the year		
Investment in the Company		
Note receivable issued to the Company		
Net loss for the year	(92,135)	(116,618)
Balance, end of year	492,460	584,595
	2017	2016
	\$	\$
Investment in the Company	(507,540)	(415,405)
Notes receivable from the Company	4,800,000	4,800,000
Balance, end of year	4,292,460	4,384,595

(b) Related party transactions and balances

The following summarizes the Municipality's related party transactions with WDC Rail for the year ended December 31, 2017 and December 31, 2016 with balances as at December 31, 2017 and December 31, 2016:

	2017	2016
	\$	\$
Transactions		
Revenue		
Interest on promissory note	68,000	59,063
Drainage Assessments	1,972	5,599
Expenses		
Easements	-	-
Balances		
Amounts due from the Company		
Promissory note receivable	4,800,000	4,800,000
Accounts receivable	201,897	133,897

4. Note receivable from Entegrus Inc.

Note receivable is due from Entegrus Inc. with no set repayment terms and interest payable monthly at 4.54%. The Municipality received an interest payment in the current year of \$1,067,959 (2016 - \$1,380,819).

The Corporation of the Municipality of Chatham-Kent

Notes to the consolidated financial statements December 31, 2017

5. Note receivable from 2351839 Ontario Limited

Note receivable is due from 2351839 Ontario Limited with no set repayment terms and interest payable at a rate equal to the interest amount payable by the Municipality on funds borrowed from its financial institution in the year for which the interest is charged (2017 - 1.25%). The Municipality recorded revenue for interest in the current year of \$60,000 (2016 - \$59,062).

6. Trust funds

Trust funds administered by the Municipality amounting to \$5,237,590 (2016 - \$5,141,301) have not been included in the consolidated statement of financial position nor have their operations been included in the consolidated statement of operations and accumulated surplus.

7. Accrued employee benefits

The Municipality has accrued employee benefits as follows:

	2017	2016
	\$	\$
Employee future benefits	35,873,476	33,424,938
Workplace safety and insurance obligations	7,358,381	6,918,197
Vested sick leave	58,081	58,081
Vacation credits	3,694,624	3,607,578
	46,984,562	44,008,794

The accrued benefits above are described as follows:

(a) Employee future benefits

The Municipality pays certain medical and life insurance benefits on behalf of its retired and current employees. The accrued benefit liability at December 31, 2017 of \$35,873,476 (2016 - \$33,424,938) was determined by actuarial valuation using a discount rate of 3.5% (2016 - 3.5%). A comprehensive actuarial valuation of the future liability for employee future benefits was conducted as at December 31, 2015 and has been extrapolated to estimate the liability for the 2017 period. The next required valuation will be as of December 31, 2018.

Information about the Municipality's life and health plan is as follows:

	2017	2016
	\$	\$
Accrued benefit liability as at January 1, 2017	33,424,938	30,338,661
Expense for the period	3,589,325	4,135,854
Benefits paid during the period	(1,140,787)	(1,049,577)
Estimated accrued benefit liability as at December 31, 2017	35,873,476	33,424,938

The Corporation of the Municipality of Chatham-Kent

Notes to the consolidated financial statements December 31, 2017

7. **Accrued employee benefits (continued)**

The main actuarial assumptions employed for the valuation are as follows:

(i) General inflation

Future inflation levels, as measured by changes in the Consumers Price Index ("CPI"), were assumed to be 2.5% in 2017 and thereafter.

(ii) Interest (discount) rate

The present value as at December 31, 2017 of the future benefits was determined using a discount rate of 3.25%. The expense for the year ended December 31, 2016, was determined using a discount rate of 3.5%.

(iii) Health costs

Drug costs were assumed to increase at 8.0% per year grading down to 3.5% over 10 years.

(iv) Dental costs

Dental costs were assumed to increase at 3.5% annually.

(a) Workplace safety and insurance obligations

Effective January 1, 2010, the Municipality became a Schedule I employer under the Workplace Safety and Insurance Act for most of its divisions. The Municipality remits payments to the Workplace Safety and Insurance Board (WSIB) as required to fund and administer disability payments.

For the period of January 1, 2001 to December 31, 2009, the Municipality was a Schedule II employer for most of its divisions. The estimated future liability relating to WSIB for this time period amounted to \$7,358,381 (2016 - \$6,918,197) and an accrual has been recorded for 2017. A Workplace Safety and Insurance Reserve relating to Schedule II claims has also been established to protect against any unknown future liability, and has a balance of \$2,480,357 (2016 - \$2,340,261). The Municipality also maintained an insurance policy, which protects the Municipality against financial exposure to a catastrophic loss in excess of \$1,000,000 while Schedule II was in place.

(c) Vested sick leave

Under some of the pre-amalgamation municipal sick leave benefit plans, unused sick leave could accumulate and employees may become entitled to a cash payment when they leave the Municipality's employment. The Municipality has not offered vested sick leave and thus the amounts will no longer accumulate.

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 \$58,081 (2016 - \$58,081) at the end of the year and is reported as an accrued liability on the Consolidated statement of financial position. An amount of \$0 (2016 - \$0) was paid to employees who left the Municipality's employment during the current year.

(d) Vacation credits

Under the provisions of certain employee vacation plans, some vacation credits are earned as at December 31 but are generally unavailable for use until a later date. In addition, the provisions of certain plans allow the accumulation of vacation credits for use in future periods. The approximate value of these credits as at December 31, 2017 is \$3,694,624 (2016 - \$3,607,578) and is reported as an accrued liability on the Consolidated Statement of Financial Position.

Funding for these benefits will be provided through taxation in the year of disbursement.

The Corporation of the Municipality of Chatham-Kent

Notes to the consolidated financial statements
December 31, 2017

8. Pension agreement

The Municipality makes contributions to the Ontario Municipal Employees Retirement System (OMERS) which is a multi-employer plan, on behalf of 1348 (2016 1,368) members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. Contributions were made in the 2017 calendar year at rates ranging from 9.0% to 15.8% (2016 - 9.0% to 15.8%) depending on the member's designated retirement age and level of earnings. The amount contributed to OMERS for 2017 was \$9,186,200 (2016 - \$9,021,141) for current service and this is included on the Consolidated Statement of Operations and Accumulated Surplus. As at December 31, 2017 the OMERS plan is in a deficit of \$5.4 (2016 - \$5.7 Billion), which will be addressed through temporary contribution rate increases, benefit reductions, and investment returns.

9. Deferred revenue - obligatory reserve funds

A requirement of the public sector accounting standards is that obligatory reserve funds be reported as deferred revenue. This requirement is in place as provincial legislation restricts how these funds may be used and under certain circumstances these funds may possibly be refunded. The balances in the obligatory reserve funds of the Municipality are summarized as follows:

	2017	2016
	\$	\$
For building code act	1,791,543	937,514
For parkland purposes	112,505	176,810
For Federal gas tax	16,102,266	14,980,075
For Provincial gas tax	4,624,166	4,543,555
Deferred revenue - obligatory reserve funds	22,630,480	20,637,954
Other deferred revenue		
Deferred taxes	1,085,226	1,818,188
Deferred grants	3,471,084	3,332,131
Other	2,811,444	2,355,352
Total deferred revenue	29,998,234	28,143,625

The Corporation of the Municipality of Chatham-Kent

Notes to the consolidated financial statements December 31, 2017

10. Net long-term liabilities

- (a) The balance of net long-term liabilities reported on the Consolidated statement of financial position is made up of the following:

	2017	2016
	\$	\$
Total long-term liabilities incurred by the Municipality including those incurred on behalf of former municipalities and municipal enterprises and outstanding at the end of the year.	88,801,289	98,942,970
Of the long-term liabilities shown above, the Municipality is contingently liable for long-term liabilities with respect to tile drainage and shoreline property assistance loans. The responsibility for payment of principal and interest charges has been assumed by individual landowners.	(2,386,211)	(2,750,176)
Net long-term liabilities at the end of the year	86,415,078	96,192,794

- (b) Principal due on net long-term liabilities reported in a), is summarized as follows:

	2018 to 2022	2023 to 2027	2028 and thereafter
	\$	\$	\$
From general municipal revenue	9,430,993	4,516,060	3,068,396
From benefiting landowners	12,855,082	7,787,971	-
From benefiting water ratepayers	12,640,982	8,598,167	1,688,448
From benefiting wastewater ratepayers	13,030,600	9,684,330	3,114,049
	47,957,657	30,586,528	7,870,893

- (c) Included in the principal amount in a) is \$6,320,697 (2016 - \$7,504,887) related to the Non-Profit Social Housing division.
- (d) All net long-term liabilities on the Consolidated statement of financial position are payable in Canadian dollars.
- (e) The long-term liabilities listed in a) were issued in the name of the Municipality or former municipalities and approved by Council have received approval of the Ontario Municipal Board prior to January 1, 1993. Those issues approved by Council after December 31, 1992 have been approved by by-law. The annual principal and interest payments required to service these liabilities are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.
- (f) The municipal long-term liabilities listed in a) are repayable at rates ranging from 2.0% to 8.1%, and the tile drainage and shoreline property assistance loans are repayable at rates up to 6%.

The Corporation of the Municipality of Chatham-Kent

Notes to the consolidated financial statements
December 31, 2017

11. Charges for net long-term liabilities

Total activity for the year for net long-term liabilities is as follows:

	2017	2016
	\$	\$
Beginning balance	96,192,794	105,841,586
Principal payments	(9,777,716)	(9,648,791)
New debt issued	-	-
Ending balance	86,415,078	96,192,794

Net interest payments related to long-term liabilities in the current year were \$3,768,649 (2016 - \$4,170,843) and are reported in the Consolidated statement of operations and accumulated surplus.

Accrual of interest on net long-term liabilities

A provision for the interest on long-term debt that has been accrued but not paid in the current year is estimated to be \$566,068 (2016 - \$863,931) and is reported as an accrued liability on the Consolidated statement of financial position.

12. Local improvements receivable

Improvements to infrastructure are often requested by residents, such as extending waterlines, sewers, sidewalks, or curb and gutters to new areas, or repairs and upgrades to municipal drains. The Municipality records the outstanding ratepayer funding of these local improvements as a receivable in the Consolidated Statement of Financial Position.

	2017	2016
	\$	\$
Local improvements receivable for capital projects on tax roll		
Wastewater	568,259	651,053
Water	1,390,924	1,102,506
Drainage	18,775,346	21,148,731
Other	176,646	153,162
	20,911,175	23,055,452

The Corporation of the Municipality of Chatham-Kent

Notes to the consolidated financial statements
December 31, 2017

13. Tangible capital assets

The net book value of the tangible capital assets is comprised of the following:

	2017	2016
	\$	\$
Land and land improvements	52,962,228	53,146,818
Buildings	123,382,857	127,534,344
Equipment	49,618,339	49,861,930
Vehicles	28,603,809	25,763,297
Underground linear	212,992,520	213,015,322
Plants and facilities	26,911,278	20,933,688
Bridges	134,260,809	127,221,342
Transportation	179,527,453	175,835,272
Other assets	2,339,270	2,677,136
	810,598,564	795,989,150
Assets under construction	27,974,955	21,750,211
	838,573,519	817,739,361

For additional information, see the Consolidated schedule of tangible capital assets.

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The Corporation of the Municipality of Chatham-Kent

Notes to the consolidated financial statements
December 31, 2017

14. Accumulated surplus

Accumulated surplus consists of individual fund surplus (deficit) and reserves as follows:

	2017	2016
	\$	\$
Surplus		
Invested in tangible capital assets	760,153,788	727,049,633
Entegrus, net equity	81,503,966	66,912,838
WDC Rail	(507,542)	(415,406)
Business Improvement Area	-	-
Prelevies for benefitting landowners	133,504	134,129
Other	3,925,463	(597,741)
Obligations to be funded from future years	(9,490,447)	(1,911,168)
Unfunded		
Employee future benefits, workplace safety and vacation	(45,059,214)	(42,191,601)
Accrued interest on long-term liabilities	(566,068)	(863,931)
Accrued Environmental Liability	(500,000)	(500,000)
	789,593,449	747,616,753
Surplus allocated to reserves		
For acquisition of capital assets	63,967,104	60,355,856
For public liability insurance	2,780,470	2,677,875
For various programs, facilities	55,185,842	51,704,187
For strategic and community development	9,350,675	5,294,333
For water	5,269,858	7,329,357
For wastewater	5,821,204	8,414,756
	142,375,153	135,776,364
Surplus allocated to reserve funds		
For community investment	7,286,580	6,537,586
For parking purposes	217,066	208,616
	7,503,646	6,746,203
Total accumulated surplus	939,472,251	890,139,320

The Corporation of the Municipality of Chatham-Kent

Notes to the consolidated financial statements
December 31, 2017

15. Taxation revenue

a) Taxation collected on behalf of school boards

The net taxation levies collected on behalf of the school boards are comprised of the following:

	2017	2016
	\$	\$
Taxation	27,867,702	28,556,299
Requisitions	(27,867,702)	(28,556,299)
Net levy for the year	-	-

Included in accounts receivable are levies owing from the school board totaling \$406,621 (2016 \$818,564).

b) Taxation revenue by major tax class

2017	Taxes - own purpose	Payments in lieu	Supplementary taxes	Rebates & Write-offs	2017 Total
	\$	\$	\$	\$	\$
Residential	94,995,533	752,647	515,213	(1,343,893)	94,919,500
Multi-Residential	5,794,754	-	15,480	(130,401)	5,679,833
Commercial	26,587,654	2,195,118	458,805	(1,638,401)	27,603,176
Industrial	5,876,169	5,322	72,030	(98,828)	5,854,693
Pipelines	1,672,471	-	10,900	-	1,683,371
Landfill	186,401	-	-	-	186,401
Farmlands	12,177,227	5,082	245,020	223,415	12,650,744
Managed Forests	6,107	-	-	-	6,107
Other	397,886	635,710	16,640	(340,047)	710,189
Capping program	(268,635)	-	-	165,936	(102,699)
Total tax revenue	147,425,567	3,593,879	1,334,088	(3,162,219)	149,191,316

2016	Taxes - own purpose	Payments in lieu	Supplementary taxes	Rebates & Write-offs	2016 Total
	\$	\$	\$	\$	\$
Residential	92,075,204	649,068	700,157	(739,202)	92,685,227
Multi-Residential	6,378,607	-	(41,334)	(79,032)	6,258,241
Commercial	27,682,026	2,160,299	310,651	(1,450,794)	28,702,182
Industrial	6,016,350	5,302	31,037	(545,253)	5,507,436
Pipelines	1,622,425	-	2,781	-	1,625,206
Farmlands	10,716,789	4,516	51,034	57,155	10,829,495
Managed Forests	5,165	-	-	-	5,165
Other	426,144	620,417	12,670	(618,163)	441,068
Capping program	(1,601,705)	-	-	84,939	(1,516,766)
Total tax revenue	143,321,005	3,439,602	1,066,998	(3,290,350)	144,537,255

The Corporation of the Municipality of Chatham-Kent

Notes to the consolidated financial statements December 31, 2017

16. Self-insurance

In recent years, there have been substantial increases in the premiums charged by the insurance industry for public liability insurance. As a result, the Municipality has undertaken some portion of the risk, which would normally have been covered by outside insurers.

The Municipality is self-insured for property damage claims up to \$100,000 and for liability claims up to \$250,000 for any individual claim. Outside coverage is in place for claims in excess of these limits.

The Municipality has made a provision for a reserve for self-insurance which as at December 31, 2017 amounted to \$3,919,962 (2016 - \$3,854,154) and is reported on the consolidated statement of financial position under reserves. The provision for the year of \$1,309,223 (2016 - \$1,318,846) less claims settled \$1,010,103 (2016 - \$432,402) has been reported as an expenditure on the Consolidated statement of operations and accumulated surplus.

Other Operating Surpluses, related to insurance, in the amount of \$70,061 (2016 - \$75,335) have been transferred to the reserve.

17. Provincial offences administration

The Municipality cannot reliably estimate the collections of Provincial Offences Administration revenue, accordingly, revenue is recognized on the cash basis.

The Ministry of the Attorney General requires the following disclosure of all municipal partners administering Provincial Offences Administration. The gross revenues collected at the Provincial Offences Court in 2017 were \$1,841,680 (2016 - \$1,964,816) and net revenue was \$350,847 (2016 - \$401,731).

18. Segmented information

The Municipality provides a diverse range of services to its citizens. The Consolidated schedule of segment disclosure has grouped various services into segments to provide a further breakdown of the revenues and expenses attributable to each segment. 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.

The services included in each segment are as follows:

General government

General government is comprised of governance, corporate management and program support.

Protection services

Protection is comprised of fire, police, conservation authority, protective inspection and control, emergency measures and provincial offenses.

Transportation services

Transportation is comprised of roads, winter control, transit, parking, street lighting and air transportation.

Environmental services

Environmental is comprised of storm sewer systems, waste collection, waste disposal, and recycling.

Health services

Health is comprised of public health, hospital support, ambulance and cemeteries.

Social and family services

Social and family is comprised of Ontario Works, assistance to aged persons and child care.

Social housing

Social housing provides for a variety of housing services.

The Corporation of the Municipality of Chatham-Kent

Notes to the consolidated financial statements
December 31, 2017

18. Segmented information (continued)

Recreational and cultural services

Recreation and culture is comprised of parks, recreation programs, recreation facilities, libraries and cultural services.

Planning and development services

Planning and development is comprised of planning and zoning, commercial and industrial development, residential development, agricultural and reforestation, and tile drainage and shoreline assistance.

Water and wastewater services

Water and wastewater provides safe drinking water and collects and treats wastewater.

Other items and corporations

Other items and corporations is comprised of the revenue from subsidiaries and items not related specifically to the other categories.

19. Commitments

- (a) The Municipality has entered into several contracts for the provision of various services. The obligation over the remaining life of the contracts are:

	\$
2018	6,852,676
2019	6,796,390
2020	6,852,398
2021	5,731,350
	<hr/> 26,232,814

- (b) The Municipality has entered into several other long-term commitments. The obligation over the remaining life of the contracts are:

	\$
2018	660,000
2019	660,000
2020	325,000
	<hr/> 1,645,000

20. Budget figures

The approved operating and capital budgets are reflected on the Consolidated statement of operations and accumulated surplus for municipal projects. Those capital projects benefiting and assessed to landowners and developers, for example water, wastewater, drainage, and industrial lands, are not budgeted for. The budgets established for capital fund operations 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 the current year amounts.

The Corporation of the Municipality of Chatham-Kent

Notes to the consolidated financial statements
December 31, 2017

21. Contingent liabilities

From time to time, as is common with other municipalities, the Municipality is the subject of litigation. In the opinion of management, any litigation outstanding, if successful, would not have a material impact on the consolidated financial statement.

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The Corporation of the Municipality of Chatham-Kent

Consolidated schedule of tangible capital assets

year ended December 31, 2017

	Land and land improvements	Buildings	Equipment	Vehicles	Underground linear	Plants and facilities	Bridges	Transportation	Other assets	Total 2017	Total 2016
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Municipal											
Cost											
Balance, beginning of the year	58,227,279	151,662,684	34,999,262	53,032,623	113,870,881	3,272,370	191,752,442	432,851,634	6,436,730	1,046,105,906	1,022,139,583
Add: Additions during the year	837,758	1,673,269	3,547,222	6,478,459	1,077,077	-	10,049,518	15,896,210	345,674	39,905,189	30,775,076
Less: Disposals during the year	109,436	503,544	706,599	5,068,392	-	-	324,769	4,219,685	18,276	10,950,702	6,808,752
Balance, end of the year	58,955,602	152,832,409	37,839,885	54,442,690	114,947,959	3,272,370	201,477,191	444,528,160	6,764,128	1,075,060,394	1,046,105,906
Accumulated amortization											
Balance, beginning of the year	11,989,929	63,088,602	17,598,063	27,887,051	56,210,776	1,681,630	64,531,100	257,016,362	3,759,594	503,763,108	481,698,276
Add: Amortization for the year	983,134	3,548,441	2,685,622	3,527,574	2,051,380	81,544	2,931,506	11,978,844	683,540	28,471,583	28,383,267
Less: Accumulated amortization on disposals	70,221	387,223	702,060	4,920,267	-	-	246,224	3,994,500	18,276	10,338,772	6,328,529
Balance, end of the year	12,902,841	66,249,820	19,581,624	26,494,357	58,262,156	1,763,174	67,216,382	265,000,706	4,424,858	521,895,919	503,753,014
Net book value of municipal assets	46,052,761	86,582,589	18,258,261	27,948,333	56,685,803	1,509,196	134,260,809	179,527,453	2,339,270	553,164,474	542,352,893
Waterworks											
Cost											
Balance, beginning of the year	2,232,112	25,692,984	32,968,391	716,519	163,376,953	29,416,533	-	-	-	254,403,493	251,632,687
Add: Additions during the year	-	-	216,214	85,773	4,147,827	3,167,866	-	-	-	7,617,678	2,804,728
Less: Disposals during the year	-	-	15,775	89,546	-	-	-	-	-	105,321	33,923
Balance, end of the year	2,232,112	25,692,984	33,168,829	712,746	167,524,780	32,584,398	-	-	-	261,915,850	254,403,493
Accumulated amortization											
Balance, beginning of the year	-	13,919,588	16,807,703	492,272	58,899,887	12,613,806	-	-	-	102,733,256	95,092,279
Add: Amortization for the year	-	557,047	978,093	45,863	2,222,887	753,802	-	-	-	4,557,691	7,674,645
Less: Accumulated amortization on disposals	-	-	15,775	89,546	-	-	-	-	-	105,321	33,668
Balance, end of the year	-	14,476,634	17,770,021	448,590	61,122,774	13,367,607	-	-	-	107,185,626	102,733,256
Net book value of waterworks assets	2,232,112	11,216,350	15,398,808	264,157	106,402,006	19,216,791	-	-	-	154,730,223	151,670,236
Wastewater											
Cost											
Balance, beginning of the year	4,677,355	60,138,637	42,328,839	750,090	94,480,612	10,021,505	-	-	-	212,397,039	210,269,987
Add: Additions during the year	-	-	1,000,513	64,220	689,951	3,871,830	-	-	-	5,626,514	2,153,529
Less: Disposals during the year	-	-	13,575	7,529	-	-	-	-	-	21,104	26,477
Balance, end of the year	4,677,355	60,138,637	43,315,777	806,782	95,170,563	13,893,335	-	-	-	218,002,449	212,397,039
Accumulated amortization											
Balance, beginning of the year	-	32,951,770	26,028,796	356,613	43,602,461	7,481,284	-	-	-	110,420,923	105,305,035
Add: Amortization for the year	-	1,602,949	1,339,287	66,378	1,663,390	226,760	-	-	-	4,898,764	5,152,460
Less: Accumulated Amortization on Disposals	-	-	13,575	7,529	-	-	-	-	-	21,104	26,477
Balance, end of the year	-	34,554,719	27,354,508	415,462	45,265,851	7,708,044	-	-	-	115,298,584	110,431,017
Net book value of wastewater assets	4,677,355	25,583,918	15,961,270	391,320	49,904,712	6,185,291	-	-	-	102,703,865	101,966,021
Assets under construction	-	-	-	-	-	-	-	-	-	27,974,955	21,750,211
Total value of tangible capital assets	52,962,228	123,382,857	49,618,339	28,603,809	212,992,520	26,911,278	134,260,809	179,527,453	2,339,270	838,573,519	817,739,361

The Corporation of the Municipality of Chatham-Kent

Consolidated schedule of segment disclosure

year ended December 31, 2017

	General government	Protection services	Transportation services	Environmental services	Health services	Social and family services	Social housing	Recreation and cultural services	Planning and development services	Water and wastewater services	Other items and corporations	Eliminations	2017 Consolidated	2016 Consolidated
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenues														
Taxation	5,362,011	55,802,324	37,575,599	9,966,586	8,373,925	13,223,840	8,822,924	18,054,570	(4,020)	-	-	(7,986,443)	149,191,316	144,537,255
Sales of service	743,617	702,760	3,350,923	4,228,093	895,146	8,219,024	2,569,987	5,487,300	850,893	44,276,119	4,753,260	-	76,077,122	70,605,328
Government transfers	12,566	1,656,065	11,291,591	-	15,215,918	62,215,292	3,490,927	443,148	3,771,459	-	19,923,000	-	118,019,966	110,872,819
Other	-	-	-	-	-	-	-	-	-	-	23,281,803	-	23,281,803	11,559,899
	6,118,194	58,161,149	52,218,113	14,194,679	24,484,989	83,658,156	14,883,838	23,985,018	4,618,332	44,276,119	47,958,063	(7,986,443)	366,570,207	337,575,301
Expenses														
Salaries and benefits	18,697,393	43,628,781	10,440,853	2,040,696	8,783,904	31,045,262	1,997,421	10,328,280	2,768,992	8,041,114	-	-	137,772,693	136,216,748
Goods and services	15,001,421	3,981,502	17,700,552	9,088,108	12,585,071	9,628,238	3,543,246	6,144,679	1,204,815	13,415,730	-	-	92,293,361	86,614,181
Interest	4,311	-	175,789	-	-	969,971	374,488	242,472	225,867	1,638,769	-	-	3,631,667	4,261,751
Transfers (to) from other segments	(27,751,752)	7,031,566	6,623,468	1,019,965	2,327,102	4,784,186	19,793	3,463,479	364,049	2,118,144	-	-	-	-
External transfers	-	1,140,194	1,500	-	135,000	35,970,486	8,335,366	506,279	27,941	-	-	-	46,116,766	45,760,115
Amortization	864,282	2,467,133	17,103,827	2,045,910	659,370	1,271,746	511,661	3,269,227	26,668	9,708,212	-	-	37,928,036	41,210,372
Loss (gain) on disposal of tangible capital assets	(697,459)	(88,027)	172,124	-	(5,458)	(11,733)	101,863	30,602	-	(7,160)	-	-	(505,247)	(10,739)
	6,118,196	58,161,149	52,218,113	14,194,679	24,484,989	83,658,156	14,883,838	23,985,018	4,618,332	34,914,809	-	-	317,237,276	314,052,428
Net surplus	(2)	-	-	-	-	-	-	-	-	9,361,310	47,958,063	(7,986,443)	49,332,931	23,522,873

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CHATHAM-KENT SUMMARY OF RESERVES					
As At December 31, 2017					
				Actuals	Actuals
				Dec 31	Dec 31
				2017	2016
Per Audited Financial Statements					
		Reserves - General		78,346,875	82,847,046
		Reserves - Lifecycle		10,612,562	52,929,318
		Reserves - Lifeamp		53,415,717	-
		Reserve Funds		7,503,646	6,746,203
		Deferred Revenue - Obligatory Reserve Funds		22,630,480	20,637,954
				172,509,279	163,160,522
Details					
		Assigned		143,432,139	136,079,184
		Mandated		29,077,140	27,081,338
				172,509,279	163,160,522
MANDATED:					
	Dept	Division	Details		
	HFS	Social Housing	Social Housing IAH	152,375	211,673.97
	HFS	Social Housing	Lifecycle - Social Housing DOOR	62,700	62,700.00
	HFS	Social Housing	SH Min Finance Pln - Wallaceburg	530,222	552,494.94
	HFS	Children Services	Res CS Mitigation Grant	3,635,366	3,608,211.05
	CDS	Building Code Act	Bill 124	1,791,543	937,513.51
	CDS	Parkland		112,505	176,810.48
	CDS	Municipal Properties	Wheatley pool	42,043	42,042.54
	CDS	Planning	Communit Leadership-Brwnfld	383,428	334,885.80
	IES	Transit	Prov Gas Tax	4,624,166	4,543,555.10
	IES	Transit	Transit	281,444	276,657.00
	IES	Transit	Res Transit (Chat Conv)	1,287,935	1,287,934.53
	IES	Infrastructure	Fed Gas Tax	16,102,266	14,980,075.28
	Police	Police	Police Services Board	71,148	66,783.96
TOTAL MANDATED:				29,077,140	27,081,338

CHATHAM-KENT SUMMARY OF RESERVES					
As At December 31, 2017					
				Actuals	Actuals
				Dec 31	Dec 31
				2017	2016
ASSIGNED:					
	Dept	Division	Details		
	Corp	Community Investment Fund		7,286,580	6,537,586.44
	Corp	All Depts	Encumbrances	2,791,250	2,153,512.48
	Corp	In camera	Contract issues	9,676,599	10,336,406.46
	Corp	Insurance Risk	Insurance Risk	2,780,470	2,677,875.23
	Corp	All Depts	Lifeamp - ITS CK Lifecycle Workstations	893,495	1,263,370.69
	Corp	All Depts	Green Energy Initiatives	625,134	625,133.68
	Corp	All Depts	Energy Price Fluctuation	804,506	-
	Corp	All Depts	Misc. other	17,561	17,561.44
	Corp	All Depts	Lifeamp - Facility Replacement	977,210	-
	Corp	Elections	Lifecycle - Elections	354,777	306,690.25
	Corp	WSIB Risk Reserve	WSIB Risk	515,600	860,006.08
	Corp	Strategic	Strategic Development	5,770,487	1,707,910.24
	Corp	Strategic	Community Improvement	331,766	251,543.54
	Corp	Strategic	Community Partnerships	149,641	149,641.44
	Corp	Strategic	Community Support	2,370,000	2,505,000.00
	Corp	Strategic	Property Dispositions	267,510	180,268.47
	Corp	Strategic	WDC Rail (CSX Rail)	1,050,000	1,050,000.00
	Corp	Tourism	Tourism	427,554	376,874.71
	Corp	Corp	Strategic Planning	95,352	95,352.00
	Corp	Corp	ECIP	250,000	250,000.00
	CDS	Parks, Cemetery, Horticulture	Lifeamp - Recreation Playground Replace/mtce	663,433	746,051.40
	CDS	Parks, Cemetery, Horticulture	Lifeamp - Parks	831,442	783,461.13
	CDS	Parks, Cemetery, Horticulture	Lifecycle - Fit Parks	148,066	148,066.00
	CDS	Parks, Cemetery, Horticulture	Clearville Park	126,933	87,040.80
	CDS	Parks, Cemetery, Horticulture	Lifeamp - Outdoor Pools	361,567	299,628.28
	CDS	Parks, Cemetery, Horticulture	Lifecycle - Reforestation	189,318	103,670.39
	CDS	Parks, Cemetery, Horticulture	Lifeamp - Trails	890,696	791,468.90
	CDS	Parks, Cemetery, Horticulture	CASO Rail Trail	101,678	475,877.66
	CDS	Parks, Cemetery, Horticulture	Lifeamp - Cemetery	470,923	443,513.62
	CDS	Parks, Cemetery, Horticulture	Columbaria	156,038	78,095.31
	CDS	Parks, Cemetery, Horticulture	Emerald Ash Borer	162,037	162,037.17
	CDS	Building Enforcement & Licensing Services	Building Dept operation		-
	CDS	Building Enforcement & Licensing Services	Animal Shelter Fac. Maint.	10,000	-
	CDS	Wish Centre	Lifeamp - Wish Centre building	615,280	503,670.96
	CDS	Planning	Planning Special Projects	-	39,664.74
	CDS	Capitol Theatre	Capitol Theatre Improvement	43,800	16,790.00
	CDS	Culture - Kiwanis	Theatre Improvement Fund	175,228	-
	FES	Ambulance	General	766,689	766,688.74
	FES	Ambulance	Ambulance Operations CK/PROV	695,484	695,484.22
	FES	Ambulance	Lifeamp - Ambulance Equipment	361,581	246,240.59
	FES	Ambulance	Lifeamp - Ambulance Stations	418,534	362,645.51
	FES	Fire	Res- Fire Health Care	54,850	27,856.00
	CS	Finance	Financial Software - Project Delta	604,188	710,000.18
	CS	Info Tech	Lifeamp ITS - GIS system	503,457	567,313.08

CHATHAM-KENT SUMMARY OF RESERVES					
As At December 31, 2017					
				Actuals	Actuals
				Dec 31	Dec 31
				2017	2016
CS	Info Tech	ITS, Strategic Plan		196,026	135,520.49
CS	Info Tech	Lifecycle ITS - Web		304,254	304,253.72
CS	Info Tech	Lifeamp ITS - Copy/Printing Equipment		406,331	338,659.77
CS	Info Tech	Lifeamp ITS - Computer Hardware		1,314,564	985,794.18
CS	Info Tech	Lifeamp ITS - Computer Software		4,147,121	4,311,723.97
CS	Info Tech	Lifeamp ITS - Computer Network		2,751,720	2,190,833.28
CS	Info Tech	ITS - Telecommunications		568,658	568,657.65
CS	Info Tech	Lifeamp ITS - Applications		831,801	1,038,141.95
CS	Info Tech	Lifeamp ITS - Corporate Technology		101,244	54,566.39
CS	Info Tech	Lifeamp ITS - GIS Data		241,849	136,961.88
CS	Info Tech	Lifecycle ITS/PUC - Workstation		97,130	110,410.00
HFS	Senior Services	Homes Operational		760,971	1,085,705.90
HFS	Senior Services	Senior Centre Contingency		62,677	55,224.39
HFS	Senior Services	Senior Services WSIB		807,992	535,768.72
HFS	Senior Services	Lifeamp - Senior Services Capital Homes		1,694,390	841,303.29
HFS	Ontario Works	OW Corporate Initiatives		5,360,520	5,244,897.97
HFS	Ontario Works	Future Economic Downturns		4,384,486	3,345,554.30
HFS	Ontario Works	Lifeamp - OW Computer		775,567	689,761.22
HFS	Health Unit	CK portion		637,474	701,641.22
HFS	Social Housing	Social Housing Operation		4,477,131	4,095,885.51
HFS	Social Housing	Lifeamp - Social Housing Buildings		1,776,462	2,895,594.95
HFS	Social Housing	CK Affordable Housing		250,000	-
HFS	Children Services	Children's Services		7,072	7,072.00
IES	Parking	Chatham Downtown		217,066	208,616.24
IES	Public Works	Gravel Pit		459,692	459,691.51
IES	Public Works	Lifeamp - Gravel Roads		382,924	433,518.17
IES	Public Works	Lifeamp - Paved Roads		1,573,930	2,473,560.25
IES	Public Works	Lifeamp - Bridges		5,358,708	2,592,455.02
IES	Public Works	Lifeamp - Culverts		1,635,301	1,379,130.68
IES	Public Works	Lifeamp - Sidewalks		27,144	196,065.54
IES	Public Works	Lifeamp - Railway Crossings Signals		647,815	557,814.37
IES	Public Works	Winter Control		3,270,887	3,636,226.95
IES	Public Works	Lifeamp - Storm Sewers (Collector Network)		5,996,073	9,115,422.80
IES	Public Works	Lifeamp - Active Transportation		513,624	450,896.73
IES	Public Works	Lifeamp - Streetlight Poles		292,159	276,937.60
IES	Public Works	Grass Tender		144,900	144,900.00
IES	Public Works	LED Lighting		447,449	187,534.04
IES	Public Works	Res Infrastructure Backlog		4,351,613	4,288,700.46
IES	Public Works	Lifeamp - Parking Lots		596,958	542,746.12
IES	Public Works	Lifecycle - Winds Farms		197,003	147,003.22
IES	Public Works	Lifeamp - Road Safety and Guide Rails		1,068,536	566,326.50
IES	Public Works	Res Mun Bldgs PABC		117,636	117,636.23
IES	Public Works	Road Side Assessment		838,363	-
IES	Public Works	Lifeamp - Signage 401 Corridor		20,000	-
IES	Public Works	Lifeamp - Airport		26,501	-
IES	Public Works	Lifeamp - Curb & Gutter		10,000	-
IES	Public Works	Lifeamp - Railway Crossing - Rubberized		20,000	-
IES	Public Works	Lifeamp - Storm Pump Station		25,000	-
IES	Public Works	Lifeamp - Storm Sewers (TDS)		85,000	-
IES	Public Works	Lifeamp - Storm Sewers Combined (Seperation)		50,000	-
IES	Public Works	Lifeamp - Storm Water Management		5,000	-
IES	Public Works	Lifeamp - Streetlights		5,000	-

CHATHAM-KENT SUMMARY OF RESERVES					
As At December 31, 2017					
				Actuals	Actuals
				Dec 31	Dec 31
				2017	2016
IES	Engineering	Lifecycle - AM/FM		95,097	114,652.97
IES	Engineering	Lifecycle - Capital Budget		8,099,671	7,412,478.55
IES	Engineering	Lifeamp - Buildings		4,073,334	2,375,185.71
IES	Engineering	Lifeamp - Traffic Assets (Signal)		5,000	-
IES	Engineering	Lifeamp - Traffic Assets (Parking Equipment)		5,000	-
IES	Environmental	Agriculture Hazardous Waste Days			-
IES	Environmental	Waste Diversion Ontario		1,086,518	844,045.56
IES	Environmental	Haul Route Road MTCE		132,917	119,507.06
IES	Fleet	Lifeamp - Fleet Shop Equipment		202,996	168,509.85
IES	Transit	Lifeamp - Transit Assets		5,000	-
IES	Rec Facilities	Lifeamp - Halls - Rec Fac		10,000	-
IES	Rec Facilities	Lifeamp - Parks - Rec Fac		59,000	-
IES	Rec Facilities	Lifeamp - Pools Building Replacement		10,000	-
IES	Rec Facilities	Lifeamp - Splashpads Maintenance		2,500	-
IES	Rec Facilities	Lifeamp - Sport Fields		40,000	-
IES	Rec Facilities	Lifeamp - Convention Centre		350,037	262,263.65
IES	Rec Facilities	Lifeamp - Recreation Arena		2,365,796	2,275,154.98
IES	Rec Facilities	Recreation - other			-
IES	Rec Facilities	Lifeamp - Recreation Indoor Pools Replace		98,509	46,460.00
IES	Rec Facilities	Lifeamp - Community Halls		322,246	301,536.28
IES	Rec Facilities	Lifeamp - Splashpads		116,300	87,800.00
IES	Rec Facilities	Lifeamp - Arenas Replacement		193,810	-
IES	Rec Facilities	Lifeamp - Buildings Community Development		87,000	-
Police	Police	Mandatory Policing Issues		341,311	251,885.05
Police	Police	Police Litigation		465,391	551,233.90
Police	Police	Lifecycle - IT		478,956	353,347.01
Police	Police	Police Communication Centre		197,161	163,150.63
Police	Police	Police Business Plan		416,770	271,654.31
Police	Police	Police Issues		213,269	213,269.00
Police	Police	Lifecycle - Police QM		74,113	108,752.28
Police	Police	Police Health Care		276,609	198,873.67
Police	Police	Police 911 Evolution Network		50,000	50,000.00
Police	Police	Police Health Benefits		239,481	-
PUC	Water			5,269,858	7,329,357
PUC	Wastewater			5,821,204	8,414,756
		Fleet (Ambulance, Police, Fire, Public works, other) :		6,100,848	7,395,526
TOTAL ASSIGNED:				143,432,139	136,079,184