



Financial Statements

The Corporation of the Township of O'Connor

December 31, 2015



TOWNSHIP OF O'CONNOR

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Mayor
Jim Vezina

Clerk-Treasurer
Lorna Buob

Councillors
Chantal Alkins
Kevin Foekens
Jerry Loan
Bishop Racicot

Statement of Administrative Responsibility

The management of The Corporation of the Township of O'Connor have prepared the accompanying financial statements and are responsible for their accuracy and integrity. These statements consolidate all operations for which the Township has legislative and financial responsibility. The financial statements have been prepared by management in accordance with the accounting principles generally accepted for the public sector as prescribed by the Public Sector Accounting Board [PSAB] of CPA Canada.

In fulfilling its responsibilities and recognizing the limits inherent in all systems, the administration has developed and maintains a system of internal control designed to provide reasonable assurance that Municipal assets are safeguarded from loss and that the accounting records are a reliable basis for the preparation of the financial statements.

The Municipal Council reviews and approves the financial statements before such statements are submitted to the Ministry of Municipal Affairs and Housing and published for the residents of The Corporation of the Township of O'Connor. The external auditors have access to, and meet with Municipal Council to discuss their audit and the results of their examination.

The 2015 Financial Statements have been reported on by The Corporation of the Township of O'Connor's external auditors, Grant Thornton LLP, the auditors appointed by Municipal Council. The independent auditor's report outlines the scope of their audit and their opinion on the presentation of the information included in the financial statements.

Lorna Buob, Clerk-Treasurer

Jim Vezina, Mayor

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Independent Auditor's Report

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To the Members of Council, Inhabitants and Ratepayers of
The Corporation of the Township of O'Connor

We have audited the accompanying financial statements of The Corporation of the Township of O'Connor, which comprise the statement of financial position as at December 31, 2015, and the statements of operations and accumulated surplus (deficit), change in net financial assets (debt) and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditor's responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Corporation of the Township of O'Connor as at December 31, 2015, and the results of its operations, changes in net financial assets (debt) and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.



Thunder Bay, Canada
April 11, 2016

Chartered Professional Accountants
Licensed Public Accountants

The Corporation of the Township of O'Connor Statement of Financial Position

As at December 31	2015	2014
	\$	\$
FINANCIAL ASSETS		
Cash and cash equivalents	208,590	116,009
Taxes receivable	104,265	98,226
Accounts receivable	24,358	80,754
Inventory for resale	5,338	5,444
Total financial assets	342,551	300,433
LIABILITIES		
Accounts payable and accrued liabilities	100,324	76,322
Prepaid taxes	5,182	4,662
Deferred revenue <i>[note 3]</i>	38,992	34,769
Debt <i>[note 5]</i>	146,173	181,504
Landfill closure and post-closure liability <i>[note 6]</i>	22,436	12,850
Total liabilities	313,107	310,107
NET FINANCIAL ASSETS (DEBT)	29,444	(9,674)
NON-FINANCIAL ASSETS		
Tangible capital assets - net <i>[note 7] [schedule 2]</i>	2,655,370	2,735,214
Prepaid expenses	4,064	3,297
	2,659,434	2,738,511
Accumulated surplus <i>[schedule 1]</i>	2,688,878	2,728,837

See accompanying notes to the financial statements.

The Corporation of the Township of O'Connor

Statement of Operations and Accumulated Surplus (Deficit)

Year ended December 31

	Budget 2015 \$ <i>[note 10]</i>	Actual 2015 \$	Actual 2014 \$
REVENUES [schedule 3]			
Taxation			
Residential and farm taxation	653,166	649,624	611,939
Commercial and industrial	12,326	14,761	14,164
Taxation from other governments	2,231	2,113	2,095
	667,723	666,498	628,198
User charges			
Other fees and service charges	8,275	10,303	8,388
	675,998	676,801	636,586
Government transfers			
Government of Canada	55,241	35,402	92,952
Province of Ontario	263,969	263,999	522,268
	319,210	299,401	615,220
Other			
Investment income	1,200	1,217	2,291
Other income	69,165	66,586	99,608
	70,365	67,803	101,899
Total revenues	1,065,573	1,044,005	1,353,705

	Budget 2015 \$ [note 10]	Actual 2015 \$	Actual 2014 \$
EXPENSES [note 8] [schedule 3]			
General government	352,565	320,089	351,725
Protection to persons and property	128,188	130,839	106,653
Transportation services	463,590	451,924	437,611
Environmental services	30,769	37,388	27,320
Health services	52,234	49,859	50,780
Social and family services	75,517	75,398	73,012
Recreation and cultural services	1,220	1,220	1,220
Planning and development	250	250	250
	1,104,333	1,066,967	1,048,571
NET REVENUES (EXPENSES) BEFORE UNDERNOTED ITEM	(38,760)	(22,962)	305,134
Other expenses			
Loss on disposal of tangible capital assets	-	(16,997)	(3,029)
Annual surplus (deficit)	(38,760)	(39,959)	302,105
Accumulated surplus, beginning of year	-	2,728,837	2,426,732
Accumulated surplus (deficit), end of year [schedule 1]	(38,760)	2,688,878	2,728,837

See accompanying notes to the financial statements.

The Corporation of the Township of O'Connor Statement of Change in Net Financial Assets (Debt)

Year ended December 31

	Budget 2015 \$ <i>[note 10]</i>	Actual 2015 \$	Actual 2014 \$
Annual surplus (deficit)	(38,760)	(39,959)	302,105
Acquisition of tangible capital assets	(102,916)	(112,274)	(430,103)
Amortization of tangible capital assets	175,121	175,121	165,505
Loss on disposal of tangible capital assets	-	16,997	3,029
Reclassification of tangible capital assets	-	-	6,506
Acquisition of prepaid expenses	-	(4,064)	(3,297)
Use of prepaid expenses	-	3,297	480
Decrease in net financial assets	33,445	39,118	44,225
Net financial debt, beginning of year	-	(9,674)	(53,899)
Net financial assets (debt), end of year	33,445	29,444	(9,674)

See accompanying notes to the financial statements.

The Corporation of the Township of O'Connor Statement of Cash Flows

Year ended December 31	2015	2014
	\$	\$
OPERATIONS		
Annual surplus (deficit)	(39,959)	302,105
Non-cash charges		
Amortization of tangible capital assets	175,121	165,505
Landfill closure and post-closure costs	9,586	2,131
Loss on disposal of tangible capital assets	16,997	3,029
Reclassification of tangible capital assets	-	6,506
	161,745	479,276
Net change in non-cash working capital balances		
Increase in taxes receivable	(6,039)	(10,193)
Increase (decrease) in accounts receivable	56,396	(30,871)
Decrease in inventory	106	242
Increase (decrease) in accounts payable and accrued liabilities	24,002	(1,211)
Increase (decrease) in prepaid taxes	520	(228)
Increase (decrease) in deferred revenue	4,223	(214,225)
Increase in prepaid expenses	(767)	(2,817)
Cash provided by operating transactions	240,186	219,973
CAPITAL		
Acquisition of tangible capital assets	(112,274)	(430,103)
Cash used in capital transactions	(112,274)	(430,103)
FINANCING		
Debt principal repayment	(35,331)	(35,026)
Cash used in financing transactions	(35,331)	(35,026)
Increase (decrease) in cash and cash equivalents	92,581	(245,156)
Opening cash and cash equivalents	116,009	361,165
Closing cash and cash equivalents	208,590	116,009

See accompanying notes to the financial statements.

The Corporation of the Township of O'Connor

Notes to the Financial Statements

December 31, 2015

GENERAL

The Corporation of the Township of O'Connor is a municipality in the Province of Ontario, Canada. It conducts its operations guided by the provisions of provincial statutes such as the Municipal Act and related legislation.

1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements of The Corporation of the Township of O'Connor are prepared by management in accordance with accounting policies generally accepted for the local government as prescribed by the Public Sector Accounting Board ("PSAB") of the CICA. The more significant of these accounting policies are as follows:

[a] Basis of consolidation

Reporting entity

These financial statements reflect the assets, liabilities, revenues and expenses, and accumulated surplus of the reporting entity. The reporting entity is comprised of all organizations, local boards and committees accountable for the administration of their financial affairs and resources, to the Township, and which are owned or controlled by the Township.

The reporting entity includes only the Township.

Government partnerships

Certain organizations in which the Township participates are accounted for on a proportionate consolidation basis, consistent with the treatment for government partnerships. Under the proportionate consolidation basis of accounting, the Township's pro-rata share of the assets, liabilities, revenues and expenses that are subject to shared control is combined on a line-by-line basis with similar items in the Township's financial statements. The entities that are accounted for in this manner are:

Thunder Bay Area Emergency Measures Organization
Lakehead Rural Planning Board

Local boards

The financial activities of certain entities associated with the Township are not consolidated. The Township's contributions to these entities are recorded in the Statement of Operations and Accumulated Surplus (Deficit). The entities that are accounted for in this manner are:

Thunder Bay District Health Unit
The District of Thunder Bay Social Services Administration Board

The Corporation of the Township of O'Connor

Notes to the Financial Statements

December 31, 2015

Trust funds

Certain assets have been conveyed or assigned to the Township to be administered as directed by agreement or statute. The Township holds the assets for the benefit of and stand in fiduciary relationship to the beneficiaries, as a result, the trust funds and assets are excluded from the financial statements.

Accounting for school board transactions

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

[b] Basis of accounting

Accrual accounting

The Township uses the accrual basis of accounting which recognizes the effect of transactions and events in the period in which the transactions and events occur, regardless of whether there has been a receipt or payment of cash or its equivalent. It recognizes a liability until the obligation or conditions underlying the liability is partly or wholly satisfied and recognizes an asset until the future economic benefit underlying the asset is partly or wholly used or lost.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances in banks, and short-term highly liquid investments readily convertible to cash.

Inventories held for resale

Inventories held for resale are recorded at the lower of cost and net realizable value.

Pension and employee benefits

The Township accounts for its participation in the Ontario Municipal Employee Retirement System (OMERS), a multi-employer defined benefit plan, as a defined contribution plan. Obligations for sick leave under employee benefits payable are accrued as the employees render the services necessary to earn the benefits. Vacation pay and other post-employment benefits are charged to operations in the year earned.

Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year, and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the annual surplus (deficit), provides the change in net financial assets (debt) for the year.

The Corporation of the Township of O'Connor

Notes to the Financial Statements

December 31, 2015

[a] Tangible capital assets

[i] Tangible capital assets are recorded at cost less accumulated amortization and write-downs, if any. Costs include all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Land improvements	25 to 75 years
Buildings	40 to 80 years
Computer software	5 years
Machinery and equipment	10 to 20 years
Vehicles	15 to 20 years
Transportation	
- roads	15 to 45 years
- bridges and culverts	50 to 100 years

In the year of acquisition or in the year of disposal, amortization is charged based on the months in use. Assets under construction are not amortized until the asset is available for productive use, at which time they are transferred to their respective tangible capital asset categories.

[ii] Contribution of tangible capital assets

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

[iii] Tangible capital assets recognized at nominal value

Certain assets have been assigned a nominal value because of the difficulty of determining a tenable valuation. The most significant of such assets are the Township's road allowances.

[iv] Capitalization of interest

The Township has a policy of capitalizing borrowing costs incurred when financing the acquisition of a tangible capital asset, for those interest costs incurred up to the date the asset goes into use.

[v] Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property to the Township are accounted for as the acquisition of a capital asset and the incurrence of an obligation. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

The Corporation of the Township of O'Connor

Notes to the Financial Statements

December 31, 2015

Reserves

Council segregates its accumulated surplus into various categories including reserves which are specifically for future operating and capital purposes.

Taxation revenue

Taxes are recognized as assets and revenue when they meet the definition of an asset, are authorized and the taxable event occurs, which for property taxes is generally the period for which the tax is levied.

At each financial statement date, management evaluates the extent to which its taxes receivable are ultimately collectible and valuation allowances are used to reflect taxes receivable at their net recoverable amount.

At each financial statement date, management evaluates the likelihood of having to repay taxes collected under tax measures that have been deemed authorized using the concept of legislative convention and recognizes a liability when required. Related refunds are accounted for in the period in which the change in estimate occurs.

Government transfers

Government transfers are transfers of monetary assets or tangible capital assets from a government to an individual, an organization or another government that are not the result of an exchange transaction, expected to be repaid in the future or expected to produce a direct financial return. Government transfers received are recognized in the financial statements as revenue when the transfers are authorized and all eligibility criteria have been met except when there is a stipulation that gives rise to an obligation that meets the definition of a liability. In that case, the transfer is recorded as a liability and recognized as revenue as the stipulations are met.

Government transfers made to a recipient by the Township are recorded as an expense when they are authorized and the recipient meets all eligibility criteria.

The Township receives Gas Tax proceeds from the Federal Government through the Association of Municipalities of Ontario. These funds, by their nature, are restricted in their use and, until applied to specific expenses, are recorded as deferred revenue. Amounts applied to qualifying projects are recorded as revenue in the fiscal period they are expended.

The Corporation of the Township of O'Connor

Notes to the Financial Statements

December 31, 2015

Revenue recognition

User charges and other revenues are recognized as revenue in the period in which the related services are performed. Amounts collected for which the related services have yet to be performed are recognized as a liability and recognized as revenue when the related services are performed.

Investment income earned on surplus funds are reported as revenue in the period earned. Investment income earned on balances in deferred revenue is added to and forms part of the deferred revenue balance.

Funds received, other than government transfers and tax revenue, for specific purposes which are externally restricted by legislation, regulation or agreement and are not available for general purposes are accounted for as deferred revenue on the Statement of Financial Position. The revenue is recognized in the Statement of Operations and Accumulated Surplus (Deficit) in the year in which it is used for the specified purpose.

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 date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. These estimates and assumptions are based on management's historical experience, best knowledge of current events and actions that the Township may undertake in the future. Significant accounting estimates include estimated useful lives of tangible capital assets and solid waste landfill closure and post-closure liability estimates. Actual results could differ from these estimates.

Landfill closure and post-closure liability

The obligation to close and maintain solid waste landfill sites is based on the estimated future expenses in current dollars, adjusted for estimated inflation and is charged to expenses as the landfill site's capacity is used.

2. TRUST FUNDS

Trust funds administered by the Township amounting to \$27,062 [2014 - \$26,412] have not been included in the Statement of Financial Position nor have their operations been included in the Statement of Operations and Accumulated Surplus (Deficit).

The Corporation of the Township of O'Connor

Notes to the Financial Statements

December 31, 2015

3. DEFERRED REVENUE

	2015 \$	2014 \$
Gas Tax revenue	19,839	15,572
Ontario Air Ambulance - Helipad maintenance	19,153	19,197
	38,992	34,769

The continuity of deferred revenue is as follows:

	Government Transfer \$	Other \$	Total 2015 \$	Total 2014 \$
Balance, beginning of year	34,769	-	34,769	248,994
Conditional grant proceeds received in year	43,169	-	43,169	150,670
Revenue recognized in year	(38,946)	-	(38,946)	(364,895)
Balance, end of year	38,992	-	38,992	34,769

4. PENSION AGREEMENTS

The Township makes contributions to the Ontario Municipal Employees Retirement Fund ("OMERS"), which is a multi-employer plan, on behalf of certain members of its staff. The plan is a defined benefit plan which specifies the amount of retirement benefit to be received by the employees based on the length of service and rates of pay. The amount contributed to OMERS for 2015 was \$21,681 [2014 - \$20,921] for current service.

The Corporation of the Township of O'Connor

Notes to the Financial Statements

December 31, 2015

5. DEBT

[a] The balance of debt reported on the Statement of Financial Position is made up of the following:

	2015 \$	2014 \$
Canadian Imperial Bank of Commerce		
Demand loan payable in monthly instalments of \$1,315 plus interest at prime plus 1.25% [4.25% at year-end], maturing September, 2020.	74,883	90,663
Demand loan payable in monthly instalments of \$1,061 plus interest at prime plus 1.25% [4.25% at year-end], maturing September, 2020.	60,450	73,177
Ontario Infrastructure Projects Corporation		
Debenture loan payable in 20 semi-annual blended payments of \$3,782, including interest at 4.63%, ending February, 2017.	10,840	17,664
	146,173	181,504

[b] Principal repayments over the next five years, assuming the loans are not demanded and terms remain consistent, are as follows:

	\$
2016	35,651
2017	32,204
2018	28,507
2019	28,507
2020	21,304
	146,173

[c] The debt approved after January 1, 1993 has 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 Ontario Ministry of Municipal Affairs and Housing.

[d] Total interest charges for debt reported on the Statement of Operations and Accumulated Surplus (Deficit) are \$6,787 [2014 - \$8,663].

[e] The Township has available a line of credit of \$100,000 for which the Township has provided a borrowing by-law of which \$nil [2014 - \$nil] was borrowed at year-end. Interest on the line of credit is calculated at bank prime plus 1.25%.

The Corporation of the Township of O'Connor

Notes to the Financial Statements

December 31, 2015

6. LANDFILL CLOSURE AND POST-CLOSURE

The main components of the landfill closure plan includes final capping using selected specific layers of impermeable materials based on an engineered cap design and implementation of a drainage management plan and gas management plan. The post-closure care requirements will involve cap maintenance, groundwater monitoring, gas management system operation and maintenance, and annual inspections and reports as in accordance with Ministry of Environment regulations.

The estimated liability for this care is the present value for future cash flows associated with closure and post-closure costs discounted using the Township's average long-term borrowing rate of 4%. The change in the recorded liability is \$9,586 [2014 - \$2,131] based on a total estimated undiscounted outflow in the future of \$275,127 [2014 - \$344,296], leaving an amount to be recognized in the future of \$252,691 [2014 - \$331,446] over the closure and post-closure period. An amount of \$28,968 [2014 - \$26,668] has been provided in the infrastructure and disposal site reserve to fund this liability and future landfill expansion [Schedule 1]. The liability is expected to be funded through budget allocations to a landfill reserve over the remaining life of the landfill.

The estimated remaining life of the site is approximately 40 years and the estimated capacity remaining is 24,638 cubic metres. Post-closure care is estimated to continue for a period of approximately 20 years.

7. TANGIBLE CAPITAL ASSETS

Schedule 2 provides information on the tangible capital assets of the Township by major asset class, as well as accumulated amortization of the assets controlled.

There were no write-downs of assets in 2015 [2014 - \$nil].

Interest capitalized during 2015 was \$nil [2014 - \$nil].

There were no contributed tangible capital assets in 2015 [2014 - \$nil].

Certain assets were recorded at a nominal value on adoption of tangible capital assets due to the difficulty in determining a tenable valuation. This includes the land relating to the roads network. There are 84 kilometres of land relating to road allowances assigned a value of \$10 per kilometre. The total of assets so valued in 2015 was \$840 [2014 - \$840].

The Corporation of the Township of O'Connor

Notes to the Financial Statements

December 31, 2015

8. SEGMENTED INFORMATION

The Township provides a wide range of services to its citizens. The Schedule of Segment Disclosure provides a break-down of the annual surplus (deficit) reported on the Statement of Operations and Accumulated Surplus (Deficit) by major reporting segment. The segments correspond to the major functional categories used in the Township's Financial Information Return, which include the following activities:

General government

General government comprises various administrative services, including Finance, Corporate Services, and Mayor and Council.

Protection to persons and property

Protection to persons and property is comprised of police services, fire services, and protective inspection and control. The police services are provided by the Ontario Provincial Police. The Fire Services Department is responsible for fire suppression; fire prevention programs; training and education related to prevention, detection or extinguishment of fires. Protective inspection and control ensures an acceptable quality of building construction and maintenance of properties through enforcement of construction codes, building standards and by-laws for the protection of occupants. Protective inspection and control also represents the Township's contribution to the activities of the Thunder Bay Area Emergency Measures Organization (EMO).

Transportation services

Transportation services include roadways and winter control. Roadways covers the delivery of municipal public works services related to the planning, development and maintenance of roadway systems and culverts. Winter control includes snowplowing, sanding and salting, snow removal, and flood control.

Environmental services

Environmental services consist of waste disposal and recycling. Waste disposal and recycling includes the landfill site operations and recycle bins.

Health services

Health services includes public health services and ambulance services. Public health services represents the Township's contribution to the activities of the Thunder Bay District Health Unit. The Thunder Bay District Health Unit provides health information and prevention-related clinical services; advocates for healthy public policy; investigates reportable diseases; and upholds regulations that apply to public health.

Social and family services

Social and family services represents the Township's contribution to the activities of The District of Thunder Bay Social Services Administration Board (TBDSSAB). TBDSSAB is responsible for Ontario Works program delivery, child care services and social housing.

The Corporation of the Township of O'Connor

Notes to the Financial Statements

December 31, 2015

Recreation and cultural services

Recreation and cultural services include recreation facilities and public library services. The Township provides for the development and maintenance of various recreational facilities. The public library services are contracted with the Oliver-Paipoonge Public Library Board and provides community access to local and global information resources that support lifelong learning, research and leisure activities.

Planning and development

Planning and development includes planning and zoning activities. The Township's contributions to the activities of the Lakehead Rural Planning Board are included in planning activities. The Township also has a Committee of Adjustment which deals with minor variances within the Township.

For additional information see the Schedule of Segment Disclosure (Schedule 3).

9. RESERVES

The continuity of reserves that make up a part of the accumulated surplus noted in Schedule 1 is as follows:

	2015 \$	2014 \$
Balance, beginning of year	189,665	178,725
Increases		
Transfer to reserves	23,300	40,500
Decreases		
Transfer from reserves	3,500	29,560
Balance, end of year	209,465	189,665

The general fund surplus has been decreased by an amount of \$23,300 transferred to reserves as authorized by various resolutions issued subsequent to year-end. Had these transfers not been made, the balance of the Township's surpluses would have been as follows: general fund surplus of \$15,885 and reserves of \$186,165.

The Corporation of the Township of O'Connor

Notes to the Financial Statements

December 31, 2015

10. BUDGET FIGURES

Public Sector Accounting Standards require a comparison of the results for the period with those originally planned on the same basis as that used for actual results. The fiscal plan in the Statement of Operations and Accumulated Surplus (Deficit) has been adjusted to be presented on a consistent basis as actual results. Below is a reconciliation of the figures from the approved fiscal plan to the fiscal plan per the financial statements:

	Approved 2015 Budget \$	PSAB Adjustment \$	PSAB Adjusted Budget \$
Revenue	1,164,035	(98,462)	1,065,573
Expenses	1,162,421	(58,088)	1,104,333
Annual surplus (deficit)	1,614	(40,374)	(38,760)
Less:			
Acquisition of tangible capital assets	-	(102,916)	(102,916)
Debt principal repayment	35,331	(35,331)	-
Add:			
Amortization of tangible capital assets	-	175,121	175,121
Transfer from reserves	(3,500)	3,500	-
	31,831	40,374	72,205
Decrease in net debt	33,445	-	33,445

11. COMPARATIVE FINANCIAL STATEMENTS

The comparative financial statements have been reclassified from statements previously presented to conform to the presentation of the 2015 financial statements.

The Corporation of the Township of O'Connor
Schedule 1
Schedule of Accumulated Surplus

Year ended December 31	2015	2014
	\$	\$
Surpluses		
General fund	(7,415)	(1,688)
Investments in tangible capital assets	2,655,437	2,735,214
Unfunded		
Debt	(146,173)	(181,504)
Landfill closure and post-closure liability	(22,436)	(12,850)
Total surpluses	2,479,413	2,539,172
Reserves set aside for specific purposes by Council		
For working capital	58,578	58,578
For roads equipment	31,488	26,488
For office equipment	12,748	12,748
For municipal building	25,440	25,440
For fire training and equipment	13,243	14,743
For infrastructure and disposal site	67,968	51,668
Total reserves	209,465	189,665
Accumulated surplus	2,688,878	2,728,837

The Corporation of the Township of O'Connor
Schedule of Tangible Capital Assets

Year ended December 31, 2015

Schedule 2

	General										Totals					
	Land and Land Improvements \$	Buildings \$	Vehicles \$	Computer Software \$	Machinery and Equipment \$	Assets under Construction \$	Land and Land Improvements \$	Buildings \$	Vehicles \$	Roads \$	Machinery and Equipment \$	Bridges and Culverts \$	Computer Software \$	Assets under Construction \$	2015 \$	2014 \$
COST																
Balance, beginning of year	117,826	622,037	156,893	13,844	141,414	-	4,245	34,995	345,793	959,425	297,513	2,596,327	2,511	-	5,292,823	4,925,810
Add	-	-	3,353	9,058	-	-	-	-	-	55,619	26,448	17,796	-	-	112,274	430,103
Less	-	-	-	1,192	-	-	-	-	-	59,936	-	12,630	-	-	73,758	63,090
Balance, end of year	117,826	622,037	160,246	21,710	141,414	-	4,245	34,995	345,793	955,108	323,961	2,601,493	2,511	-	5,331,339	5,292,823
ACCUMULATED AMORTIZATION																
Balance, beginning of year	70,267	140,321	53,391	7,372	93,213	-	2,284	18,783	227,915	655,134	131,594	1,154,824	2,511	-	2,557,609	2,445,659
Add	3,365	12,914	12,440	2,877	6,690	-	9	857	13,333	45,029	18,785	58,822	-	-	175,121	165,505
Less	-	-	-	1,192	-	-	-	-	-	44,526	-	11,043	-	-	56,761	53,555
Balance, end of year	73,632	153,235	65,831	9,057	99,903	-	2,293	19,640	241,248	655,637	150,379	1,202,603	2,511	-	2,675,969	2,557,609
Net book value, beginning of year	47,559	481,716	103,502	6,472	48,201	-	1,961	16,212	117,878	304,291	165,919	1,441,503	-	-	2,735,214	2,501,162
Net book value, end of year	44,194	468,802	94,415	12,653	41,511	-	1,952	15,355	104,545	299,471	173,582	1,398,890	-	-	2,655,370	2,735,214

Schedule 3

**The Corporation of the Township of O'Connor
Schedule of Segment Disclosure**

Year ended December 31, 2015

	General Government		Protection to Persons and Property		Transportation Services		Environmental Services		Health Services	
	2015 \$	2014 \$	2015 \$	2014 \$	2015 \$	2014 \$	2015 \$	2014 \$	2015 \$	2014 \$
Revenues										
Taxation	666,498	628,198	-	-	-	-	-	-	-	-
Government transfers	227,200	295,476	7,009	7,125	60,402	309,702	-	-	3,570	1,697
User fees and service charges	1,958	1,344	-	-	-	-	6,220	5,769	2,125	1,275
Other revenues	36,345	47,071	13,672	13,520	15,644	38,392	-	-	-	-
Investment income - general	1,217	2,291	-	-	-	-	-	-	-	-
	933,218	974,380	20,681	20,645	76,046	348,094	6,220	5,769	5,695	2,972
Expenses										
Salaries, wages and employee benefits	168,564	158,174	8,178	4,342	160,912	151,511	13,285	11,196	1,732	1,243
Long-term debt charges	-	-	2,741	3,402	4,136	5,261	-	-	-	-
Materials	103,291	148,682	48,761	43,201	147,577	147,014	14,665	6,589	-	-
Contracted services	30,939	33,013	6,892	3,690	2,464	-	4,546	4,700	-	-
Rent and financial expenses	255	500	-	-	-	-	-	-	-	-
External transfers to others	-	-	44,094	32,768	-	-	3,818	3,761	48,127	49,537
Amortization	17,040	11,356	20,173	19,250	136,835	133,825	1,074	1,074	-	-
Loss on disposal of tangible capital assets	16,997	3,029	-	-	-	-	-	-	-	-
	337,086	354,754	130,839	106,653	451,924	437,611	37,388	27,320	49,859	50,780
Annual surplus (deficit)	596,132	619,626	(110,158)	(86,008)	(375,878)	(89,517)	(31,168)	(21,551)	(44,164)	(47,808)

Schedule 3 (continued)

**The Corporation of the Township of O'Connor
Schedule of Segment Disclosure**

Year ended December 31, 2015

	Social and Family Services		Recreation and Cultural Services		Planning and Development		Total
	2015	2014	2015	2014	2015	2014	
	\$	\$	\$	\$	\$	\$	\$
Revenues							
Taxation	-	-	-	-	-	-	628,198
Government transfers	-	-	1,220	1,220	-	-	299,401
User fees and service charges	-	-	-	-	-	-	10,303
Other revenues	-	-	-	-	925	625	66,586
Investment income - general	-	-	-	-	-	-	1,217
	-	-	1,220	1,220	925	625	1,044,005
							1,353,705
Expenses							
Salaries, wages and employee benefits	-	-	-	-	-	-	326,466
Long-term debt charges	-	-	-	-	-	-	8,663
Materials	-	-	-	-	-	-	314,294
Contracted services	-	-	1,220	1,220	-	-	46,061
Rent and financial expenses	-	-	-	-	-	-	500
External transfers to others	75,398	73,012	-	-	250	250	171,687
Amortization	-	-	-	-	-	-	175,122
Loss on disposal of tangible capital assets	-	-	-	-	-	-	16,997
	75,398	73,012	1,220	1,220	250	250	1,083,964
							1,051,600
Annual surplus (deficit)	(75,398)	(73,012)	-	-	675	375	302,105

Independent Auditor's Report

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To the Members of Council, Inhabitants and Ratepayers of
The Corporation of the Township of O'Connor

We have audited the accompanying financial statements of The Corporation of the Township of O'Connor Trust Funds, which comprise the statement of financial position as at December 31, 2015, and the statement of operations and accumulated surplus, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditor's responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Corporation of the Township of O'Connor Trust Funds as at December 31, 2015, and the results of its operations for the year then ended in accordance with Canadian public sector accounting standards.

Grant Thornton LLP

Thunder Bay, Canada
April 11, 2016

Chartered Professional Accountants
Licensed Public Accountants

**The Corporation of the Township of O'Connor
Trust Funds
Statement of Financial Position**

As at December 31

2015

2014

	Township of O'Connor Cemetery Perpetual Care \$	O'Connor Free Methodist Church Perpetual Care \$	Total \$	Total \$
FINANCIAL ASSETS				
Investments <i>[note 3]</i>	20,429	6,633	27,062	26,412
NET FINANCIAL ASSETS	20,429	6,633	27,062	26,412
Accumulated surplus	20,429	6,633	27,062	26,412

See accompanying notes to the financial statements.

**The Corporation of the Township of O'Connor
Trust Funds
Statement of Operations and Accumulated Surplus**

Year ended December 31 2015 2014

	Township of O'Connor Cemetery Perpetual Care \$	O'Connor Free Methodist Church Perpetual Care \$	Total \$	Total \$
REVENUES				
Interest earned	313	97	410	378
Plots and monuments	250	400	650	800
	563	497	1,060	1,178
EXPENSES				
Transfers to Township	313	97	410	378
Annual surplus	250	400	650	800
Accumulated surplus, beginning of year	20,179	6,233	26,412	25,612
Accumulated surplus, end of year	20,429	6,633	27,062	26,412

See accompanying notes to the financial statements.

**The Corporation of the Township of O'Connor
Trust Funds
Statement of Cash Flows**

Year ended December 31	2015	2014
	\$	\$
OPERATIONS		
Annual surplus	650	800
Net changes in non-cash working capital balances		
Due from The Corporation of the Township of O'Connor	-	400
Cash provided by operating transactions	650	1,200
FINANCING ACTIVITY		
Increase in investments	(650)	(1,200)
Cash used in financing activity	(650)	(1,200)
Increase in cash during year	-	-
Cash position, beginning of year	-	-
Cash position, end of year	-	-

See accompanying notes to the financial statements.

**The Corporation of the Township of O'Connor
Trust Funds
Notes to the Financial Statements**
December 31, 2015

1. NATURE OF BUSINESS

The Corporation of the Township of O'Connor administers a perpetual care trust fund for the future care of the cemetery. The cemetery provides internment services for the benefit of the citizens of O'Connor. The Corporation of the Township of O'Connor also administers the O'Connor Free Methodist Church Perpetual Care Trust Fund for the future care of the Free Methodist Church cemetery.

2. ACCOUNTING POLICY

Basis of accounting

- [i] Income is reported on the accrual basis of accounting.
- [ii] Expenses are reported on the accrual basis of accounting, which recognizes expenses 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.

3. INVESTMENTS

	2015	2014
	\$	\$
Guaranteed Investment Certificates	27,062	26,412

The Guaranteed Investment Certificates have a one-year term with 1.35% interest rate, maturing December 31, 2016.