

**The Corporation of
the Township of O'Connor**
Consolidated Financial Statements
For the year ended December 31, 2016

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The Corporation of the Township of O'Connor Management's Statement of Responsibility for Financial Reporting

December 31, 2016

The accompanying consolidated financial statements of the Corporation of the Township of O'Connor are the responsibility of management and have been approved by the Mayor and Council.

These consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards and include certain amounts based on estimates and judgments. When alternative accounting methods exist management has chosen those it deems most appropriate in the circumstances, in order to ensure that the consolidated financial statements are presented fairly, in all material respects.

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 the Corporation's assets are safeguarded from loss and that the accounting records are a reliable basis for the preparation of the consolidated financial statements.

The Mayor and Council are responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements.

The consolidated financial statements have been reported on by the Corporation of the Township of O'Connor's external auditor, BDO Canada LLP in accordance with Canadian generally accepted auditing standards. The auditor's report outlines the scope of their audit and their opinion on the presentation of the information included in the consolidated financial statements. BDO Canada LLP have access to financial management and the Mayor and Council of the Corporation of the Township of O'Connor and meet when required.



Mayor



Clerk Treasurer

Independent Auditor's Report

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

We have audited the accompanying consolidated financial statements of the Corporation of the Township of O'Connor, which comprise the consolidated statement of financial position as at December 31, 2016 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.

Independent Auditor's Report

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Corporation of the Township of O'Connor as at December 31, 2016 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Other Matters

The consolidated financial statements of The Corporation of the Township of O'Connor for the year ended December 31, 2015, were reported on under an unqualified independent auditor's report dated April 11, 2016 by another public accounting firm.


BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

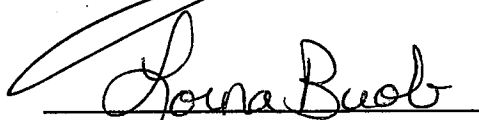
Thunder Bay, Ontario
March 27, 2017

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

<u>December 31</u>	<u>2016</u>	<u>2015</u>
Financial assets		
Cash and cash equivalents	\$ 193,090	\$ 208,590
Taxes receivable	81,160	104,265
Accounts and grants receivable	88,128	24,358
Inventory for resale	5,149	5,338
	<u>367,527</u>	<u>342,551</u>
Liabilities		
Accounts payable and accrued liabilities	75,258	100,324
Deferred taxation revenue	6,053	5,182
Deferred revenue (Note 3)	32,887	38,992
Debt (Note 4)	110,522	146,173
Landfill closure and post-closure liability (Note 5)	23,647	22,436
	<u>248,367</u>	<u>313,107</u>
Net financial assets	<u>119,160</u>	<u>29,444</u>
Non-financial assets		
Tangible capital assets (Note 6)	2,593,924	2,655,370
Prepaid expenses	14,797	4,064
	<u>2,608,721</u>	<u>2,659,434</u>
Accumulated surplus (Note 7)	<u>\$ 2,727,881</u>	<u>\$ 2,688,878</u>



Mayor



Clerk Treasurer

The Corporation of the Township of O'Connor Consolidated Statement of Operations and Accumulated Surplus

For the year ended December 31	2016 Budget	2016 Actual	2015 Actual
	(Note 11)		
Revenue			
Taxation			
Residential and farm	\$ 695,191	\$ 700,702	\$ 649,624
Commercial and industrial	11,320	11,328	14,761
Taxation from other governments	2,237	2,120	2,113
User charges			
Other fees and service charges	10,550	11,817	10,303
Government transfers (Note 8)			
Government of Canada	41,652	49,845	35,402
Province of Ontario	268,245	307,623	257,190
Other municipalities	3,718	3,651	6,809
Other			
Investment income	1,150	1,380	1,217
Other revenues	43,475	60,478	66,586
	<u>1,077,538</u>	<u>1,148,944</u>	<u>1,044,005</u>
Expenses (Note 9)			
General government	311,716	337,975	320,089
Protection to persons and property	169,071	142,502	130,839
Transportation services	488,222	465,546	451,924
Environmental services	30,619	33,921	37,388
Health services	52,775	51,805	49,859
Social and family services	70,283	70,283	75,398
Recreation and cultural services	1,220	1,220	1,220
Planning and development	250	250	250
	<u>1,124,156</u>	<u>1,103,502</u>	<u>1,066,967</u>
Annual surplus (deficit) before undernoted item	(46,618)	45,442	(22,962)
Loss on disposal of tangible capital assets	-	(6,439)	(16,997)
Annual surplus (deficit)	(46,618)	39,003	(39,959)
Accumulated surplus, beginning of year	2,688,878	2,688,878	2,728,837
Accumulated surplus, end of year	\$ 2,642,260	\$ 2,727,881	\$ 2,688,878

**The Corporation of the Township of O'Connor
Consolidated Statement of Change in Net Financial Assets**

For the year ended December 31	2016 Budget	2016 Actual	2015 Actual
	(Note 11)		
Annual surplus (deficit)	\$ (46,618)	\$ 39,003	\$ (39,959)
Acquisition of tangible capital assets	(111,307)	(123,228)	(112,274)
Amortization of tangible capital assets	178,235	178,235	175,121
Loss on disposal of tangible capital assets	-	6,439	16,997
Change in prepaid expenses	-	(10,733)	(767)
Net change in net financial assets	20,310	89,716	39,118
Net financial assets (debt), beginning of year	29,444	29,444	(9,674)
Net financial assets, end of year	\$ 49,754	\$ 119,160	\$ 29,444

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

For the year ended December 31	2016	2015
Operating transactions		
Annual surplus (deficit)	\$ 39,003	\$ (39,959)
Items not involving cash		
Amortization	178,235	175,121
Loss on disposal of tangible capital assets	6,439	16,997
Write down of tangible capital assets	-	-
Landfill closure and post-closure liability	1,211	9,586
	<u>224,888</u>	<u>161,745</u>
Changes in non-cash operating balances		
Taxes receivable	23,105	(6,039)
Accounts and grants receivable	(63,770)	56,396
Inventory for resale	189	106
Accounts payable and accrued liabilities	(25,066)	24,002
Deferred taxation revenue	871	520
Deferred revenue	(6,105)	4,223
Prepaid expenses	(10,733)	(767)
	<u>143,379</u>	<u>240,186</u>
Capital transactions		
Acquisition of tangible capital assets	(123,228)	(112,274)
Financing transactions		
Repayment of debt	(35,651)	(35,331)
Increase (decrease) in cash and cash equivalents for the year	<u>(15,500)</u>	<u>92,581</u>
Cash and cash equivalents, beginning of year	<u>208,590</u>	<u>116,009</u>
Cash and cash equivalents, end of year	<u>\$ 193,090</u>	<u>\$ 208,590</u>

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

The Corporation of the Township of O'Connor Notes to Consolidated Financial Statements

December 31, 2016

1. Significant Accounting Policies

Management's Responsibility for the Financial Statements The consolidated financial statements of the Township are the responsibility of management. They have been prepared in accordance with Canadian generally accepted accounting principles established by the Public Sector Accounting Board of CPA Canada. The Corporation of the Township of O'Connor (the "Township") is a municipality in the Province of Ontario and operates under the provisions of Provincial statutes, such as the Municipal Act and related legislation. The Township provides municipal services such as protection to persons and property, public works, planning, recreation and other general government services.

Reporting Entity The consolidated financial statements reflect the assets, liabilities, revenue and expenses of all municipal organizations, committees and Boards which are owned or controlled by the Township.

A government partnership exists where the Township has shared control over the board or entity. The Township's pro-rata share of the assets, liabilities, revenues and expenses is reflected in the consolidated financial statements using the proportionate consolidation method. The following entities have been proportionately consolidated:

Thunder Bay Area Emergency Measures Organization
Lakehead Rural Planning Board

The Township contributes to the following joint local boards, which are not proportionately consolidated in these statements:

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

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

The Corporation of the Township of O'Connor Notes to Consolidated Financial Statements

December 31, 2016

1. Significant Accounting Policies (cont'd)

Inventory for Resale	Inventories held for resale are recorded at the lower of cost and net realizable value.																					
Accounting for School Board Transactions	<p>The Township collects taxation revenue on behalf of the school boards.</p> <p>The taxation, other revenue, expenditures, assets and liabilities with respect to the operations of the school boards are not reflected in the current fund balances of these consolidated financial statements. Education taxes collected by the Township and over-remitted or not remitted to the respective school boards as at December 31 are reported as a financial asset or liability on the consolidated statement of financial position.</p>																					
Tangible Capital Assets	<p>Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset commencing once the assets are available for productive use as follows:</p> <table border="0" style="margin-left: 40px;"> <tr> <td>Land improvements</td> <td style="text-align: right;">-</td> <td style="text-align: right;">25 to 75 years</td> </tr> <tr> <td>Buildings</td> <td style="text-align: right;">-</td> <td style="text-align: right;">40 to 80 years</td> </tr> <tr> <td>Vehicles</td> <td style="text-align: right;">-</td> <td style="text-align: right;">15 to 20 years</td> </tr> <tr> <td>Computer software</td> <td style="text-align: right;">-</td> <td style="text-align: right;">5 years</td> </tr> <tr> <td>Machinery and equipment</td> <td style="text-align: right;">-</td> <td style="text-align: right;">10 to 20 years</td> </tr> <tr> <td>Roads</td> <td style="text-align: right;">-</td> <td style="text-align: right;">15 to 45 years</td> </tr> <tr> <td>Bridges and culverts</td> <td style="text-align: right;">-</td> <td style="text-align: right;">50 to 100 years</td> </tr> </table> <p>Assets under construction are not amortized until the asset is available for use.</p> <p>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.</p>	Land improvements	-	25 to 75 years	Buildings	-	40 to 80 years	Vehicles	-	15 to 20 years	Computer software	-	5 years	Machinery and equipment	-	10 to 20 years	Roads	-	15 to 45 years	Bridges and culverts	-	50 to 100 years
Land improvements	-	25 to 75 years																				
Buildings	-	40 to 80 years																				
Vehicles	-	15 to 20 years																				
Computer software	-	5 years																				
Machinery and equipment	-	10 to 20 years																				
Roads	-	15 to 45 years																				
Bridges and culverts	-	50 to 100 years																				
Trust Funds	Any funds held in trust by the Township, and their related operations, are not included in these consolidated financial statements. The financial activity and position of the trust funds are reported separately.																					

The Corporation of the Township of O'Connor Notes to Consolidated Financial Statements

December 31, 2016

1. Significant Accounting Policies (cont'd)

Pension and Employee Benefits	The Township is an employer member of the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer, defined benefit pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investments of the assets and administration of the benefits. The Township records pension expense when contributions are due.
Deferred Revenue	Funds received for specific purposes which are externally restricted by legislation, regulation or agreement and are not available for general municipal purposes are accounted for as deferred revenue on the consolidated statement of financial position. The revenue is recognized in the consolidated statement of operations in the year in which it is used for the specified purpose.
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 expense as the landfill sites' capacity is used.
Revenue Recognition	<p>User charges and fees 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. Interest is recognized as it is earned.</p> <p>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 consolidated statement of financial position. The revenue is recognized in the consolidated statement of operations and accumulated surplus in the year in which it is used for the specified purpose.</p>

The Corporation of the Township of O'Connor Notes to Consolidated Financial Statements

December 31, 2016

1. Significant Accounting Policies (cont'd)

- Government Transfers** Government transfers, which include legislative grants, are recognized in the consolidated financial statements in the period in which events giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amount can be made unless the transfer contains stipulations that create a liability. If the transfer contains stipulations that create a liability, the related revenue is recognized over the period that the liability is extinguished.
- Taxation Revenue** The amount of the total property tax levy is determined each year through Council's approval of the annual operating budget. Municipal tax rates are set annually by Council for each class or type of property, in accordance with legislation and Council approved policies, in order to raise the revenues required to meeting operating budget requirements. Education tax rates are established by the Province each year in order to fund the costs of education on a Province wide basis.
- Property assessments, on which property taxes are based, are established by the Municipal Property Assessment Corporation. The current value assessment ("CVA") of a property represents an estimated market value of a property as of a fixed date. Assessed value for all properties within the municipality are provided to the Township in the form of the returned assessment roll in December of each year.
- The amount of property tax levied on an individual property is the product of the CVA of the property and the tax rate for the class, together with any adjustments that reflect Council approved mitigation or other tax policy measures.
- Use of Estimates** The preparation of consolidated financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future. Significant estimates in these consolidated financial statements include assumptions used in estimating provisions for doubtful taxes and accounts receivable, useful lives of tangible capital assets, and landfill closure and post closure liabilities.

The Corporation of the Township of O'Connor Notes to Consolidated Financial Statements

December 31, 2016

1. Significant Accounting Policies (cont'd)

Liability for Contaminated Sites	A contaminated site is a site at which substances occur in concentrations that exceed the maximum acceptable amounts under an environmental standard. Sites that are currently in productive use are only considered a contaminated site if unexpected events result in contamination. A liability for remediation of contaminated sites is recognized when the Township is directly responsible or accepts responsibility; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made. The liability includes all costs directly attributable to remediation activities including post remediation operations, maintenance and monitoring. The liability is recorded net of any expected recoveries.
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2. Temporary Borrowings

The Township's credit facilities include an operating loan with authorized credit of \$100,000 which carries interest at prime plus 1.25%. As at December 31, 2016, the Township utilized \$nil (2015 - \$nil) of this facility. The prime rate was 2.7% at December 31, 2016.

3. Deferred Revenue

	<u>2016</u>	<u>2015</u>
Federal Gas Tax	\$ 11,646	\$ 19,839
Ontario Air Ambulance - Helipad maintenance	21,241	19,153
	<u>\$ 32,887</u>	<u>\$ 38,992</u>

The net change during the year in the deferred revenue is made up as follows:

	<u>2016</u>	<u>2015</u>
Balance, beginning of year	\$ 38,992	\$ 34,769
Transfers from revenue	45,152	43,169
Transfers to revenue	(51,257)	(38,946)
Balance, end of year	<u>\$ 32,887</u>	<u>\$ 38,992</u>

Federal Gas Tax

The Ministry requires the Municipality to put unspent gas tax funding into a reserve fund. The funding and interest earned in the reserve must be spent on approved projects.

The Corporation of the Township of O'Connor Notes to Consolidated Financial Statements

December 31, 2016

4. Debt

	2016	2015
Canadian Imperial Bank of Commerce		
Demand loan payable in monthly instalments of \$1,315 plus interest at prime plus 1.25% (3.95% at year-end), maturing September 2020	\$ 59,103	\$ 74,883
Demand loan payable in monthly instalments of \$1,601 plus interest at prime plus 1.25% (3.95% at year-end), maturing September 2020	47,723	60,450
Ontario Infrastructure Projects Corporation		
Debenture loan payable in 20 semi-annual blended payments of \$3,782, including interest at 4.63%, ending February 2017	3,696	10,840
	\$ 110,522	\$ 146,173

Principal repayments due in the next four years, assuming the loans are not demanded and terms remain consistent, are approximately as follows:

Year	Amount
2017	\$ 32,000
2018	29,000
2019	29,000
2020	20,522
	\$ 110,522

5. Landfill Closure and Post-Closure Liability

The statement of financial position reflects liabilities for anticipated future costs related to the closing and monitoring of the existing landfill site. This liability is recognized over the operating life of the waste disposal site, in proportion to the site's utilized capacity.

The Township has provided an amount of \$38,768 in the infrastructure and disposal site reserve to fund this liability and future landfill expansion (Note 7).

Total estimated expenditures for closure and post-closure costs	\$59,140
Landfill closure and post-closure liabilities as at December 31, 2016	\$23,647
Total expenditures remaining to be recognized	\$35,493
Remaining capacity of the site (cubic metres)	24,006
Remaining landfill site life (years)	38
Number of years required for post-closure care	20

The Corporation of the Township of O'Connor
Notes to Consolidated Financial Statements

December 31, 2016

6. Tangible Capital Assets

	General					Infrastructure							2016 Total	2015 Total
	Land and Land Improvements	Buildings	Vehicles	Computer Software	Machinery and Equipment	Land and Land Improvements	Buildings	Vehicles	Roads	Machinery and Equipment	Bridges and Culverts	Computer Software		
Cost, beginning 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
Additions (write-downs)	-	-	-	-	-	-	-	23,046	65,192	(3,103)	38,093	-	123,228	112,274
Disposals	-	-	(9,480)	-	-	-	-	-	(39,208)	-	(29,547)	-	(78,235)	(73,758)
Cost, end of year	117,826	622,037	150,766	21,710	141,414	4,245	34,995	368,839	981,092	320,858	2,610,039	2,511	5,376,332	5,331,339
Accumulated amortization, beginning 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
Amortization	3,068	12,914	12,775	3,140	6,691	9	857	13,621	45,677	20,235	59,248	-	178,235	175,121
Disposals	-	-	(9,480)	-	-	-	-	-	(39,208)	-	(23,108)	-	(71,796)	(56,761)
Accumulated amortization, end of year	76,700	166,149	69,126	12,197	106,594	2,302	20,497	254,869	662,106	170,614	1,238,743	2,511	2,782,408	2,675,969
Net carrying amount, end of year	\$ 41,126	\$ 455,888	\$ 81,640	\$ 9,513	\$ 34,820	\$ 1,943	\$ 14,498	\$ 113,970	\$ 318,986	\$ 150,244	\$ 1,371,296	\$ -	\$ 2,593,924	\$ 2,655,370

The Corporation of the Township of O'Connor Notes to Consolidated Financial Statements

December 31, 2016

7. Accumulated Surplus

The Township segregates its accumulated surplus into the following categories:

	2016	2015
Surpluses		
General fund	\$ (12,784)	\$ (29,784)
Investment in tangible capital assets	2,593,924	2,655,370
Unfunded		
Debt	(110,522)	(146,173)
Total surpluses	2,470,618	2,479,413
Reserves set aside for specific purposes by Council		
For working capital	58,578	58,578
For roads equipment	45,603	31,488
For office equipment	12,748	12,748
For municipal building	32,823	25,440
For fire training and equipment	29,743	13,243
For infrastructure and disposal site	77,768	67,968
Total reserves	257,263	209,465
Accumulated surplus	\$ 2,727,881	\$ 2,688,878

The investment in tangible capital assets represents amounts already spent and invested in infrastructure and other non-financial assets.

Reserves represent funds set aside by By-law or Council resolution for specific purposes.

The Corporation of the Township of O'Connor Notes to Consolidated Financial Statements

December 31, 2016

8. Government Transfers

	Budget 2016	2016	2015
Federal			
AMO - Federal Gas Tax	\$ 41,652	\$ 49,845	\$ 35,402
Provincial			
Ministry of Municipal Affairs and Housing	-	56,312	-
Ministry of Agriculture, Food and Rural Affairs	25,000	25,000	25,000
Ontario Municipal Partnership Fund	221,700	221,700	227,200
Other	21,545	4,611	4,990
	<u>268,245</u>	<u>307,623</u>	<u>257,190</u>
Other Municipalities			
Provincial offences	3,718	3,651	6,809
	<u>\$ 313,615</u>	<u>\$ 361,119</u>	<u>\$ 299,401</u>

9. Expenses By Object

	Budget 2016	2016	2015
Salaries, wages and employee benefits	\$ 390,765	\$ 379,942	\$ 370,241
Interest on long-term debt	5,360	5,263	6,877
Materials and supplies	341,233	332,130	316,733
Contracted services	26,016	24,642	26,052
Rents and financial expenses	-	56	255
External transfers	182,547	183,234	171,687
Amortization	178,234	178,235	175,122
	<u>\$ 1,124,155</u>	<u>\$ 1,103,502</u>	<u>\$ 1,066,967</u>

The Corporation of the Township of O'Connor Notes to Consolidated Financial Statements

December 31, 2016

10. Pension and Employee Benefits

The Township makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of its full time 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.

OMERS provides pension services to approximately 470,000 active, inactive and retired members and approximately 1,000 employers. Each year an independent actuary determines the funding status of OMERS Primary Pension Plan ("the Plan") by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial valuation of the Plan was conducted at December 31, 2016. The results of this valuation disclosed total actuarial liabilities of \$87.6 billion (\$81.9 billion in 2015) in respect of benefits accrued for service with actuarial assets at that date of \$81.8 billion (\$74.9 billion in 2015) indicating an actuarial deficit of \$5.8 billion (\$7.0 billion in 2015). Because OMERS is a multi-employer Plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Township does not recognize any share of the OMERS pension surplus or deficit. Contributions made by the Township to OMERS for 2016 were \$20,336 (\$21,681 in 2015), which is included as an expense on the consolidated statement of operations and accumulated surplus.

11. Budget

The Financial Plan (Budget) By-Law adopted by Council on May 24, 2016 was not prepared on a basis consistent with that used to report actual results (Public Sector Accounting Standards). The budget was prepared on a modified accrual basis, while Public Sector Accounting Standards require a full accrual basis. The budget figures anticipated using surpluses accumulated in previous years to reduce current year expenditures in excess of current year revenues. In addition, the budget expensed all tangible capital expenditures rather than including amortization expense and included debt repayments as well. As a result, the budget figures presented in the statements of operations and accumulated surplus and changes in net financial assets represent the Financial Plan adopted by Council on May 24, 2016, with adjustments as follows:

Financial Plan (Budget) Bylaw surplus for the year	\$	-
Add:		
Capital expenditures		111,307
Budgeted transfers to reserves		9,498
Debt repayment		35,652
Less:		
Budgeted transfers from reserves		(24,840)
Amortization		(178,235)
		(178,235)
Budget deficit per statement of operations	\$	(46,618)

The Corporation of the Township of O'Connor Notes to Consolidated Financial Statements

December 31, 2016

12. Trust Funds

The trust fund administered by the Township amounting to \$28,462 (2015 - \$27,062) have not been included in the consolidated statement of financial position nor have the operations been included in the consolidated statement of operations and accumulated surplus. At December 31, 2016, the trust fund balances are as follows:

		2016		2015
Township of O'Connor Cemetery Perpetual Care Trust Fund	\$	21,379	\$	20,429
O'Connor Free Methodist Church Perpetual Care Trust Fund		7,083		6,633
	\$	28,462	\$	27,062

13. Intangibles

Any items inherited by right of the Crown, such as Crown lands, forests, water, and mineral resources, are not recognized in the financial statements as intangibles.

14. Comparative Figures

Certain comparative figures have been reclassified to conform with current year financial statement presentation.

15. Segmented Information

The Corporation of the Township of O'Connor provides a wide range of services to its citizens. Distinguishable functional segments have been separately disclosed in the segmented information. The nature of the segments and the activities they encompass are as follows:

a) General Government

General government is comprised of various administrative services including general administration and finance, the services of the Mayor and Council, the health and safety program, and the operation and maintenance of the Township Office. Township office staff provide a variety of services for citizens plus provide support for other departments and programs. Assessment services, provided by Municipal Property Assessment Corporation, are responsible for providing services to both citizens and the Township.

The Corporation of the Township of O'Connor Notes to Consolidated Financial Statements

December 31, 2016

15. Segmented Information (cont'd)

b) Protection to Persons and Property

Protection services include fire services, police services, protective inspection and control, and services provided by the Lakehead Region Conservation Authority and the Thunder Bay Area Emergency Measures Organization. The volunteer fire department is responsible for being the first response to emergencies in the Township and is responsible for staffing, training, and the maintenance of the fire halls, fleet, and personal protective and fire fighting equipment. Police services are contracted through the Ontario Provincial Police and building inspections are currently contracted out to ensure compliance with building code and zoning requirements.

c) Transportation Services

Transportation services include roadway maintenance of the Municipal roadway systems, culverts, brushing and dust suppressant, flood control and winter control that includes plowing and salt/sand application. Included in this segment is maintenance of all public works equipment and the garage.

d) Environmental Services

The Township provides waste disposal at a landfill site and includes recycling and landfill site operations and waste minimization programs.

e) Health Services

Health services include public health services and ambulance services. Public health services cover the Township's contribution to the activities to 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. This reporting segment also covers the operation and maintenance of the O'Connor Cemetery and the O'Connor Free Methodist Church Cemetery.

f) Social and Family Services

Social and family services represent 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 Consolidated Financial Statements

December 31, 2016

g) Recreational 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-Paipouge Public Library Board and provides community access to local and global information resources that support lifelong learning, research and leisure activities.

h) Planning and Development

Planning and development manages rural development for business interest, environmental concerns, local community, and overall planning and community development including approval of all land development plans. 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.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies.

**The Corporation of the Township of O'Connor
Notes to Consolidated Financial Statements**

15. Segmented Information (cont'd)

	General Government	Protection to Persons and Property	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation and Cultural Services	Planning and Development	2016 Total
Revenue									
Taxation	\$ 714,150	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	714,150
Government transfers - operating	223,525	3,651	-	-	1,566	-	1,220	-	229,962
Government transfers - capital	56,312	-	74,845	-	-	-	-	-	131,157
User fees and service charges	4,969	-	-	5,223	1,625	-	-	-	11,817
Investment income	1,380	-	-	-	-	-	-	-	1,380
Other revenues	25,479	6,332	28,207	-	-	-	-	460	60,478
	<u>1,025,815</u>	<u>9,983</u>	<u>103,052</u>	<u>5,223</u>	<u>3,191</u>	<u>-</u>	<u>1,220</u>	<u>460</u>	<u>1,148,944</u>
Expenses									
Salaries, wages and employee benefits	167,607	25,114	170,100	15,111	2,010	-	-	-	379,942
Interest on long-term debt	-	2,163	3,100	-	-	-	-	-	5,263
Materials and supplies	141,659	30,595	150,479	9,397	-	-	-	-	332,130
Contracted services	11,291	5,043	2,219	4,869	-	-	1,220	-	24,642
Rents and financial	56	-	-	-	-	-	-	-	56
External transfers	-	59,436	-	3,470	49,795	70,283	-	250	183,234
Amortization	17,362	20,151	139,648	1,074	-	-	-	-	178,235
	<u>337,975</u>	<u>142,502</u>	<u>465,546</u>	<u>33,921</u>	<u>51,805</u>	<u>70,283</u>	<u>1,220</u>	<u>250</u>	<u>1,103,502</u>
Net revenues (expenses) before undernoted item	<u>687,840</u>	<u>(132,519)</u>	<u>(362,494)</u>	<u>(28,698)</u>	<u>(48,614)</u>	<u>(70,283)</u>	<u>-</u>	<u>210</u>	<u>45,442</u>
Loss on disposal of tangible capital assets	(6,439)	-	-	-	-	-	-	-	(6,439)
Annual surplus (deficit)	<u>\$ 681,401</u>	<u>\$ (132,519)</u>	<u>\$ (362,494)</u>	<u>\$ (28,698)</u>	<u>\$ (48,614)</u>	<u>\$ (70,283)</u>	<u>\$ -</u>	<u>\$ 210</u>	<u>\$ 39,003</u>

**The Corporation of the Township of O'Connor
Notes to Consolidated Financial Statements**

15. Segmented Information (cont'd)

	General Government	Protection to Persons and Property	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation and Cultural Services	Planning and Development	2015 Total
Revenue									
Taxation	\$ 666,498	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	666,498
Government transfers - operating	227,200	7,009	-	-	3,570	-	1,220	-	238,999
Government transfers - capital	-	-	60,402	-	-	-	-	-	60,402
User fees and service charges	1,958	-	-	6,220	2,125	-	-	-	10,303
Investment income	1,217	-	-	-	-	-	-	-	1,217
Other revenues	36,345	13,672	15,644	-	-	-	-	925	66,586
	<u>933,218</u>	<u>20,681</u>	<u>76,046</u>	<u>6,220</u>	<u>5,695</u>	<u>-</u>	<u>1,220</u>	<u>925</u>	<u>1,044,005</u>
Expenses									
Salaries, wages and employee benefits	168,371	24,915	161,938	13,285	1,732	-	-	-	370,241
Interest on long-term debt	-	2,741	4,136	-	-	-	-	-	6,877
Materials and supplies	123,145	32,372	146,551	14,665	-	-	-	-	316,733
Contracted services	11,278	6,544	2,464	4,546	-	-	1,220	-	26,052
Rents and financial	255	-	-	-	-	-	-	-	255
External transfers	-	44,094	-	3,818	48,127	75,398	-	250	171,687
Amortization	17,040	20,173	136,835	1,074	-	-	-	-	175,122
	<u>320,089</u>	<u>130,839</u>	<u>451,924</u>	<u>37,388</u>	<u>49,859</u>	<u>75,398</u>	<u>1,220</u>	<u>250</u>	<u>1,066,967</u>
Net revenues (expenses) before undernoted item	613,129	(110,158)	(375,878)	(31,168)	(44,164)	(75,398)	-	675	(22,962)
Loss on disposal of tangible capital assets	(16,997)	-	-	-	-	-	-	-	(16,997)
Annual surplus (deficit)	<u>\$ 596,132</u>	<u>\$ (110,158)</u>	<u>\$ (375,878)</u>	<u>\$ (31,168)</u>	<u>\$ (44,164)</u>	<u>\$ (75,398)</u>	<u>\$ -</u>	<u>675</u>	<u>\$ (39,959)</u>