

**The Corporation of
the Township of O'Connor
Financial Statements**
For the year ended December 31, 2018

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

December 31, 2018

The accompanying 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 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 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 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 financial statements.

The 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 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 of
The Corporation of the Township of O'Connor**

Opinion

We have audited the financial statements of the Corporation of the Township of O'Connor (the Township), which comprise the statement of financial position as at December 31, 2018, and the statements of operations and accumulated surplus, change in net financial assets, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Township as at December 31, 2018, and its results of operations, its change in net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Township in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Township's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Township or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Township's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Independent Auditor's Report (cont'd)

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Township's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Township's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Township to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.


BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Thunder Bay, Ontario
April 8, 2019

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

December 31	2018	2017
Financial assets		
Cash and cash equivalents	\$ 94,981	\$ 53,635
Portfolio investments (Note 3)	197,708	84,998
Taxes receivable	64,976	63,939
Accounts and grants receivable	34,888	118,192
Inventory for resale	4,745	4,960
	<u>397,298</u>	<u>325,724</u>
Liabilities		
Accounts payable and accrued liabilities	105,151	97,549
Taxation revenue paid in advance	8,896	9,829
Deferred revenue (Note 4)	84,428	36,636
Long-term debt (Note 5)	64,217	113,233
Landfill closure and post-closure liability (Note 6)	35,575	25,064
	<u>298,267</u>	<u>282,311</u>
Net financial assets	<u>99,031</u>	<u>43,413</u>
Non-financial assets		
Tangible capital assets (Note 7)	2,662,784	2,763,275
Prepaid expenses	20,545	12,913
	<u>2,683,329</u>	<u>2,776,188</u>
Accumulated surplus (Note 8)	<u>\$ 2,782,360</u>	<u>\$ 2,819,601</u>

 Mayor

 Clerk Treasurer

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

For the year ended December 31	2018 Budget	2018 Actual	2017 Actual
	(Note 12)		
Revenue			
Taxation			
Residential and farm	\$ 734,822	\$ 739,772	\$ 702,577
Commercial and industrial	9,381	9,300	9,928
Taxation from other governments	1,258	1,204	1,634
User charges			
Other fees and service charges	7,730	10,682	16,397
Government transfers (Note 9)			
Government of Canada	43,636	46,876	40,923
Province of Ontario	324,259	254,803	379,907
Other municipalities	3,930	3,930	6,837
Other			
Investment income	1,500	3,051	1,314
Other revenues	39,036	56,180	49,006
	<u>1,165,552</u>	<u>1,125,798</u>	<u>1,208,523</u>
Expenses (Note 10)			
General government	328,665	326,364	309,819
Protection to persons and property	173,735	170,398	152,357
Transportation services	471,799	477,148	494,517
Environmental services	37,973	43,576	34,308
Health services	67,750	63,931	58,307
Social and family services	77,725	77,725	75,796
Recreation and cultural services	1,220	1,220	1,220
Planning and development	250	250	250
	<u>1,159,117</u>	<u>1,160,612</u>	<u>1,126,574</u>
Annual surplus (deficit) before undernoted item	6,435	(34,814)	81,949
Gain (loss) on disposal of tangible capital assets	-	(2,427)	9,771
Annual surplus (deficit)	6,435	(37,241)	91,720
Accumulated surplus, beginning of year	2,819,601	2,819,601	2,727,881
Accumulated surplus, end of year	\$ 2,826,036	\$ 2,782,360	\$ 2,819,601

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

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

For the year ended December 31	2018 Budget	2018 Actual	2017 Actual
	(Note 12)		
Annual surplus (deficit)	\$ 6,435	\$ (37,241)	\$ 91,720
Acquisition of tangible capital assets	(168,768)	(86,068)	(373,349)
Amortization of tangible capital assets	184,132	184,132	182,269
Loss (gain) on disposal of tangible capital assets	-	2,427	(9,771)
Proceeds on sale of tangible capital assets	-	-	31,500
Change in prepaid expenses	-	(7,632)	1,884
Net change in net financial assets	21,799	55,618	(75,747)
Net financial assets, beginning of year	43,413	43,413	119,160
Net financial assets, end of year	\$ 65,212	\$ 99,031	\$ 43,413

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

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

For the year ended December 31	2018	2017
Operating transactions		
Annual surplus (deficit)	\$ (37,241)	\$ 91,720
Items not involving cash		
Amortization	184,132	182,269
Loss (gain) on disposal of tangible capital assets	2,427	(9,771)
Landfill closure and post-closure liability	10,511	1,417
	<u>159,829</u>	<u>265,635</u>
Changes in non-cash operating balances		
Taxes receivable	(1,037)	17,221
Accounts and grants receivable	83,304	(30,064)
Inventory for resale	215	189
Accounts payable and accrued liabilities	7,602	22,291
Taxation revenue paid in advance	(933)	3,776
Deferred revenue	47,792	3,749
Prepaid expenses	(7,632)	1,884
	<u>289,140</u>	<u>284,681</u>
Capital transactions		
Acquisition of tangible capital assets	(86,068)	(373,349)
Proceeds on sale of tangible capital assets	-	31,500
	<u>(86,068)</u>	<u>(341,849)</u>
Investing transactions		
Redemption (purchase) of portfolio investments	(112,710)	108,954
Financing transactions		
Advances of long-term debt	-	40,000
Repayment of long-term debt	(49,016)	(37,289)
	<u>(49,016)</u>	<u>2,711</u>
Increase in cash and cash equivalents for the year	41,346	54,497
Cash and cash equivalents, beginning of year	53,635	(862)
Cash and cash equivalents, end of year	\$ 94,981	\$ 53,635

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

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

December 31, 2018

1. Significant Accounting Policies

Management's Responsibility for the Financial Statements	The 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	<p>The financial statements reflect the assets, liabilities, revenue and expenses of all municipal organizations, committees and Boards which are owned or controlled by the Township.</p> <p>The Township contributes to the following joint local boards, which are not proportionately consolidated in these statements:</p> <p style="text-align: center;"> Lakehead Police Services Board Lakehead Rural Planning Board Thunder Bay District Health Unit The District of Thunder Bay Social Services Administration Board </p>
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.
Portfolio Investments	Portfolio investments are recorded at cost unless there has been a decline in the market value, which is other than temporary in nature, in which case the investments are written down to market value.

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

December 31, 2018

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 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 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: 20px;"> <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 financial statements. The financial activity and position of the trust funds are reported separately.																					

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

December 31, 2018

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 statement of financial position. The revenue is recognized in the 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 site's 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 statement of financial position. The revenue is recognized in the 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 Financial Statements

December 31, 2018

1. Significant Accounting Policies (cont'd)

Government Transfers	Government transfers, which include legislative grants, are recognized in the 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	<p>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.</p> <p>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.</p> <p>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.</p>
Use of Estimates	The preparation of 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 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 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 Financial Statements

December 31, 2018

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 a revolving demand line of credit with authorized credit of \$100,000 which carries interest at prime plus 1.25%. As at December 31, 2018, the Township utilized \$nil (2017 - \$nil) of this facility. The prime rate was 3.95% at December 31, 2018.

3. Portfolio Investments

	2018 Cost	2018 Market Value	2017 Cost	2017 Market Value
Money Market	\$ 197,708	\$ 197,519	\$ 84,998	\$ 84,948

Portfolio investments are comprised of a money market fund through ONE Investment.

4. Deferred Revenue

	2018	2017
Federal Gas Tax	\$ 10,105	\$ 13,113
Main Street Revitalization	38,463	-
Ontario Community Infrastructure Fund	11,138	-
Ontario Air Ambulance - Helipad maintenance	24,722	23,523
	<u>\$ 84,428</u>	<u>\$ 36,636</u>

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

December 31, 2018

4. Deferred Revenue (cont'd)

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

	2018	2017
Balance, beginning of year	\$ 36,636	\$ 32,887
Transfers from revenue	136,329	45,890
Transfers to revenue	(88,537)	(42,141)
Balance, end of year	\$ 84,428	\$ 36,636

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.

5. Long-term Debt

	2018	2017
Canadian Imperial Bank of Commerce		
Demand loan payable in monthly instalments of \$1,313 plus interest at prime plus 1.25% (5.20% at year-end), maturing September 2020 and secured by a general security agreement	\$ 27,578	\$ 43,338
Demand loan payable in monthly instalments of \$1,061 plus interest at prime plus 1.25% (5.20% at year-end), maturing September 2020 and secured by a general security agreement	22,271	34,997
Demand loan payable in monthly instalments of \$1,813 including interest at prime plus 1.25% (5.20% at year-end), maturing September 2019 and secured by a general security agreement as well as a specific security interest on certain heavy equipment with a net book value of \$85,526	14,368	34,898
	\$ 64,217	\$ 113,233

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

Year	Amount
2019	\$ 43,000
2020	21,217
	\$ 64,217

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

December 31, 2018

6. 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 \$45,668 in the infrastructure and disposal site reserve to fund this liability and future landfill expansion (Note 8).

Total estimated expenditures for closure and post-closure costs as at December 31, 2018	\$82,455
Landfill closure and post-closure liabilities as at December 31, 2018	\$35,575
Total expenditures remaining to be recognized	\$46,880
Remaining capacity of the site (cubic metres)	22,742
Remaining landfill site life (years)	36
Number of years required for post-closure care	20

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

December 31, 2018

7. Tangible Capital Assets

	General					Infrastructure							2018 Total	2017 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	\$ 659,047	\$ 150,766	\$ 21,710	\$ 156,067	\$ 4,245	\$ 34,995	\$ 377,421	\$ 991,149	\$ 353,217	\$ 2,681,650	\$ 2,511	\$ 5,550,604	\$ 5,376,332
Additions	-	-	-	448	-	-	-	-	80,788	1,409	3,423	-	86,068	373,349
Disposals	-	-	-	(1,845)	-	-	-	-	(36,963)	-	(395)	-	(39,203)	(199,077)
Cost, end of year	117,826	659,047	150,766	20,313	156,067	4,245	34,995	377,421	1,034,974	354,626	2,684,678	2,511	5,597,469	5,550,604
Accumulated amortization, beginning of year	79,769	173,214	79,248	15,337	111,701	2,314	21,355	269,428	679,179	138,711	1,214,562	2,511	2,787,329	2,782,408
Amortization	3,068	14,229	7,395	3,092	5,597	9	857	13,525	50,046	21,906	64,408	-	184,132	182,269
Disposals	-	-	-	(1,658)	-	-	-	-	(34,723)	-	(395)	-	(36,776)	(177,348)
Accumulated amortization, end of year	82,837	187,443	86,643	16,771	117,298	2,323	22,212	282,953	694,502	160,617	1,278,575	2,511	2,934,685	2,787,329
Net carrying amount, end of year	\$ 34,989	\$ 471,604	\$ 64,123	\$ 3,542	\$ 38,769	\$ 1,922	\$ 12,783	\$ 94,468	\$ 340,472	\$ 194,009	\$ 1,406,103	\$ -	\$ 2,662,784	\$ 2,763,275

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

December 31, 2018

8. Accumulated Surplus

The Township segregates its accumulated surplus into the following categories:

	<u>2018</u>	<u>2017</u>
Surpluses (deficits)		
General fund	\$ (44,315)	\$ (26,989)
Investment in tangible capital assets	2,662,784	2,763,275
Unfunded		
Debt	<u>(64,217)</u>	<u>(113,233)</u>
Total surpluses	<u>2,554,252</u>	<u>2,623,053</u>
Reserves set aside for specific purposes by Council		
For working capital	40,043	37,543
For roads equipment	38,950	13,950
For office equipment	11,408	12,748
For municipal building	27,023	27,023
For fire training and equipment	26,016	26,016
For infrastructure and disposal site	<u>84,668</u>	<u>79,268</u>
Total reserves	<u>228,108</u>	<u>196,548</u>
Accumulated surplus	<u>\$ 2,782,360</u>	<u>\$ 2,819,601</u>

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 Financial Statements

December 31, 2018

9. Government Transfers

	Budget 2018	2018	2017
Federal			
AMO - Federal Gas Tax	\$ 43,636	\$ 46,876	\$ 40,923
Provincial			
Ministry of Agriculture, Food and Rural Affairs	50,000	39,243	50,000
Ministry of Municipal Affairs and Housing	-	-	(127)
Ministry of Infrastructure	-	-	75,000
Ontario Municipal Partnership Fund	183,600	196,100	217,800
Ontario Trillium Foundation	-	-	28,700
Other	90,659	19,460	8,534
	<u>324,259</u>	<u>254,803</u>	<u>379,907</u>
Other Municipalities			
Provincial offences	3,930	3,930	6,837
	<u>\$ 371,825</u>	<u>\$ 305,609</u>	<u>\$ 427,667</u>

10. Expenses By Object

	Budget 2018	2018	2017
Salaries, wages and employee benefits	\$ 420,635	\$ 414,519	\$ 400,788
Interest on long-term debt	4,676	4,336	4,257
Materials and supplies	300,785	308,693	305,858
Contracted services	27,888	27,373	26,849
Rents and financial expenses	-	-	187
External transfers	221,001	221,559	206,366
Amortization	184,132	184,132	182,269
	<u>\$ 1,159,117</u>	<u>\$ 1,160,612</u>	<u>\$ 1,126,574</u>

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

December 31, 2018

11. 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 almost half a million active 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, 2018. The results of this valuation disclosed total actuarial liabilities of \$100.1 billion (\$94.4 billion in 2017) in respect of benefits accrued for service with actuarial assets at that date of \$95.9 billion (\$89.0 billion in 2017) indicating an actuarial deficit of \$4.2 billion (\$5.4 billion in 2017). 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 2018 were \$21,725 (\$21,014 in 2017), which is included as an expense on the statement of operations and accumulated surplus.

12. Budget

The Financial Plan (Budget) By-Law adopted by Council on May 28, 2018 was not prepared on a basis consistent with that used to report actual results (Canadian public sector accounting standards). The budget was prepared on a modified accrual basis, while Canadian 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 28, 2018, with adjustments as follows:

Financial Plan (Budget) Bylaw surplus for the year	\$	-
Add:		
Capital expenditures		168,768
Budgeted transfers to reserves		2,427
Debt repayment		48,527
Less:		
Budgeted transfers from reserves		(29,155)
Amortization		(184,132)
		<hr/>
Budget deficit per statement of operations	\$	<u>6,435</u>

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

December 31, 2018

13. Trust Funds

The trust fund administered by the Township amounting to \$31,775 (2017 - \$30,375) have not been included in the statement of financial position nor have the operations been included in the statement of operations and accumulated surplus. At December 31, 2018, the trust fund balances are as follows:

	2018	2017
Township of O'Connor Cemetery Perpetual Care Trust Fund	\$ 23,779	\$ 22,729
O'Connor Free Methodist Church Perpetual Care Trust Fund	7,996	7,646
	\$ 31,775	\$ 30,375

14. 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.

15. Comparative Figures

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

16. 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 Financial Statements

December 31, 2018

16. 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. 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 Financial Statements

December 31, 2018

16. Segmented Information (cont'd)

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-Paipoonge 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 Financial Statements**

16. 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	2018 Total
Revenue									
Taxation	\$ 750,276	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	750,276
Government transfers - operating	198,756	17,095	-	-	2,301	-	1,220	-	219,372
Government transfers - capital	118	-	86,119	-	-	-	-	-	86,237
User fees and service charges	950	-	-	8,132	1,600	-	-	-	10,682
Investment income	3,051	-	-	-	-	-	-	-	3,051
Other revenues	19,475	7,047	28,933	-	-	-	-	725	56,180
	<u>972,626</u>	<u>24,142</u>	<u>115,052</u>	<u>8,132</u>	<u>3,901</u>	<u>-</u>	<u>1,220</u>	<u>725</u>	<u>1,125,798</u>
Expenses									
Salaries, wages and employee benefits	187,247	27,290	177,561	18,633	3,788	-	-	-	414,519
Interest on long-term debt	-	1,390	2,946	-	-	-	-	-	4,336
Materials and supplies	107,834	41,852	145,031	13,976	-	-	-	-	308,693
Contracted services	12,593	6,794	858	5,908	-	-	1,220	-	27,373
External transfers	-	79,456	-	3,985	60,143	77,725	-	250	221,559
Amortization	18,690	13,616	150,752	1,074	-	-	-	-	184,132
	<u>326,364</u>	<u>170,398</u>	<u>477,148</u>	<u>43,576</u>	<u>63,931</u>	<u>77,725</u>	<u>1,220</u>	<u>250</u>	<u>1,160,612</u>
Net revenues (expenses) before undernoted item	<u>646,262</u>	<u>(146,256)</u>	<u>(362,096)</u>	<u>(35,444)</u>	<u>(60,030)</u>	<u>(77,725)</u>	<u>-</u>	<u>475</u>	<u>(34,814)</u>
Loss on disposal of tangible capital assets	(2,427)	-	-	-	-	-	-	-	(2,427)
Annual surplus (deficit)	<u>\$ 643,835</u>	<u>\$ (146,256)</u>	<u>\$ (362,096)</u>	<u>\$ (35,444)</u>	<u>\$ (60,030)</u>	<u>\$ (77,725)</u>	<u>\$ -</u>	<u>\$ 475</u>	<u>\$ (37,241)</u>

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

16. 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	2017 Total
Revenue									
Taxation	\$ 714,139	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	714,139
Government transfers - operating	218,771	12,142	-	-	1,038	-	1,220	-	233,171
Government transfers - capital	(127)	-	165,923	-	-	-	28,700	-	194,496
User fees and service charges	3,901	-	-	11,196	1,300	-	-	-	16,397
Investment income	1,314	-	-	-	-	-	-	-	1,314
Other revenues	20,177	3,732	24,572	-	-	-	-	525	49,006
	<u>958,175</u>	<u>15,874</u>	<u>190,495</u>	<u>11,196</u>	<u>2,338</u>	<u>-</u>	<u>29,920</u>	<u>525</u>	<u>1,208,523</u>
Expenses									
Salaries, wages and employee benefits	182,693	22,468	178,377	13,926	3,324	-	-	-	400,788
Interest on long-term debt	-	1,713	2,544	-	-	-	-	-	4,257
Materials and supplies	96,902	33,882	163,782	11,292	-	-	-	-	305,858
Contracted services	12,176	6,715	2,335	4,403	-	-	1,220	-	26,849
Rents and financial	187	-	-	-	-	-	-	-	187
External transfers	-	71,724	-	3,613	54,983	75,796	-	250	206,366
Amortization	17,861	15,855	147,479	1,074	-	-	-	-	182,269
	<u>309,819</u>	<u>152,357</u>	<u>494,517</u>	<u>34,308</u>	<u>58,307</u>	<u>75,796</u>	<u>1,220</u>	<u>250</u>	<u>1,126,574</u>
Net revenues (expenses) before undernoted item	648,356	(136,483)	(304,022)	(23,112)	(55,969)	(75,796)	28,700	275	81,949
Gain on disposal of tangible capital assets	9,771	-	-	-	-	-	-	-	9,771
Annual surplus (deficit)	<u>\$ 658,127</u>	<u>\$ (136,483)</u>	<u>\$ (304,022)</u>	<u>\$ (23,112)</u>	<u>\$ (55,969)</u>	<u>\$ (75,796)</u>	<u>\$ 28,700</u>	<u>\$ 275</u>	<u>\$ 91,720</u>