

**The Corporation of
the Township of O'Connor
Financial Statements**
For the year ended December 31, 2020

	Contents
Management's Statement of Responsibility for Financial Reporting	2
Independent Auditor's Report	3
Financial Statements	
Statement of Financial Position	5
Statement of Operations and Accumulated Surplus	6
Statement of Change in Net Assets	7
Statement of Cash Flows	8
Notes to the Financial Statements	9

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

December 31, 2020

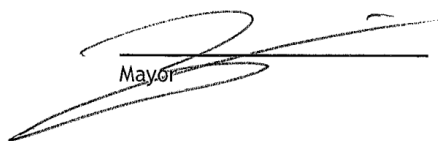
The accompanying financial statements of the Corporation of the Township of O'Connor are the responsibility of management and have been approved by the Mayor and Council.

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, 2020, and the statements of operations and accumulated surplus, change in net 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, 2020, and its results of operations, its change in net 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 12, 2021

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

December 31	2020	2019
Financial assets		
Cash and cash equivalents (Note 3)	\$ 353,102	\$ 153,365
Portfolio investments	-	263,254
Taxes receivable	62,449	68,578
Accounts and grants receivable	142,451	61,733
Inventory for resale	4,391	4,631
	<u>562,393</u>	<u>551,561</u>
Liabilities		
Accounts payable and accrued liabilities	95,225	94,572
Taxation revenue paid in advance	4,595	5,234
Deferred revenue (Note 4)	148,127	134,022
Debt	-	21,363
Landfill closure and post-closure liability (Note 5)	145,249	74,139
	<u>393,196</u>	<u>329,330</u>
Net assets	<u>169,197</u>	<u>222,231</u>
Non-financial assets		
Tangible capital assets (Note 6)	2,702,037	2,648,576
Prepaid expenses	27,706	28,055
	<u>2,729,743</u>	<u>2,676,631</u>
Accumulated surplus (Note 7)	<u>\$ 2,898,940</u>	<u>\$ 2,898,862</u>

 Mayor

 Clerk Treasurer

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

For the year ended December 31	2020 Budget	2020 Actual	2019 Actual
	(Note 11)		
Revenue			
Taxation			
Residential and farm	\$ 757,693	\$ 764,068	\$ 749,558
Commercial and industrial	8,811	8,737	8,652
Taxation from other governments	1,718	2,070	1,570
User charges			
Other fees and service charges	16,770	27,767	36,268
Government transfers (Note 8)			
Government of Canada	141,453	124,403	58,225
Province of Ontario	246,274	260,895	431,964
Other municipalities	1,000	1,206	1,736
Other			
Investment income	3,100	3,596	6,070
Other revenues	30,467	51,774	30,062
	1,207,286	1,244,516	1,324,105
Expenses (Note 9)			
General government	325,071	339,248	333,008
Protection to persons and property	164,280	160,065	161,147
Transportation services	463,929	456,168	485,416
Environmental services	37,762	116,032	73,710
Health services	76,567	79,291	71,451
Social and family services	85,075	85,075	80,258
Recreation and cultural services	1,220	1,220	1,220
Planning and development	250	250	250
	1,154,154	1,237,349	1,206,460
Annual surplus before undernoted item	53,132	7,167	117,645
Loss on disposal of tangible capital assets	-	(7,089)	(1,143)
Annual surplus	53,132	78	116,502
Accumulated surplus, beginning of year	2,898,862	2,898,862	2,782,360
Accumulated surplus, end of year	\$ 2,951,994	\$ 2,898,940	\$ 2,898,862

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 Assets**

For the year ended December 31	2020 Budget	2020 Actual	2019 Actual
	(Note 11)		
Annual surplus	\$ 53,132	\$ 78	\$ 116,502
Acquisition of tangible capital assets	(248,305)	(241,647)	(165,876)
Amortization of tangible capital assets	181,097	181,097	178,441
Loss on disposal of tangible capital assets	-	7,089	1,143
Proceeds on sale of tangible capital assets	-	-	500
Change in prepaid expenses	-	349	(7,510)
Net change in net assets	(14,076)	(53,034)	123,200
Net assets, beginning of year	222,231	222,231	99,031
Net assets, end of year	\$ 208,155	\$ 169,197	\$ 222,231

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	2020	2019
Operating transactions		
Annual surplus	\$ 78	\$ 116,502
Items not involving cash		
Amortization	181,097	178,441
Loss on disposal of tangible capital assets	7,089	1,143
Landfill closure and post-closure liability	71,110	38,564
	<u>259,374</u>	<u>334,650</u>
Changes in non-cash operating balances		
Taxes receivable	6,129	(3,602)
Accounts and grants receivable	(80,718)	(26,845)
Inventory for resale	240	114
Accounts payable and accrued liabilities	653	(10,579)
Taxation revenue paid in advance	(639)	(3,662)
Deferred revenue	14,105	49,594
Prepaid expenses	349	(7,510)
	<u>199,493</u>	<u>332,160</u>
Capital transactions		
Acquisition of tangible capital assets	(241,647)	(165,876)
Proceeds on sale of tangible capital assets	-	500
	<u>(241,647)</u>	<u>(165,376)</u>
Investing transactions		
Redemption (purchase) of portfolio investments	<u>263,254</u>	<u>(65,546)</u>
Financing transactions		
Repayment of long-term debt	<u>(21,363)</u>	<u>(42,854)</u>
Increase in cash and cash equivalents for the year	199,737	58,384
Cash and cash equivalents, beginning of year	153,365	94,981
Cash and cash equivalents, end of year	\$ 353,102	\$ 153,365

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, 2020

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, transportation, 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 high interest savings accounts.
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.
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, expenses, 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>

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

December 31, 2020

1. Significant Accounting Policies (cont'd)

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	<p>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.</p>																					
Pension and Employee Benefits	<p>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.</p>																					
Deferred Revenue	<p>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.</p>																					

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

December 31, 2020

1. Significant Accounting Policies (cont'd)

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>
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>

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

December 31, 2020

1. Significant Accounting Policies (cont'd)

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.

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.

2. Uncertainty Due to COVID-19

On March 11, 2020, the World Health Organization declared the COVID-19 outbreak as a pandemic based on the rapid increase in exposure globally. On March 17, 2020, the Province of Ontario declared a state of emergency which was followed shortly by the closure of non-essential workplaces. The Township's office was closed to the public for periods throughout the year while the landfill was able to remain open for regular hours as it is outdoors and physical distancing could be maintained. The final set of tax instalment payments were deferred from June/August to August/October to provide financial relief for ratepayers. Additionally, there were no penalties charged for three months on any outstanding balances starting in May 2020. These changes resulted in lower penalty revenue than the prior year, but more than what was budgeted for 2020. More meetings were held virtually which decreased travel expenses for Council and staff. The Ministry of Municipal Affairs and Housing provided funding to assist with the purchase of personal protective equipment and other items needed for the Township employees and Council members to work safely and remotely when needed.

The pandemic and its impacts continue to persist beyond the December 31, 2020 year-end. The closures and government restrictions are expected to be temporary and fluid based on the course of the virus. Given the dynamic nature of these circumstances and the duration of business disruptions, the related financial impact cannot be reasonably estimated at this time.

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

December 31, 2020

3. Cash and Cash Equivalents

	<u>2020</u>	<u>2019</u>
Operating bank account - CIBC	23,723	51,820
High interest savings account - ONE Investment	329,279	101,445
Petty cash	100	100
	<u>353,102</u>	<u>153,365</u>

The Township's high interest savings account earns interest at a rate of 0.915% at year-end (2019 - 2.415%).

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, 2020, the Township utilized \$nil (2019 - \$nil) of this facility. The prime rate was 2.45% at December 31, 2020.

4. Deferred Revenue

	<u>2020</u>	<u>2019</u>
Federal Gas Tax	\$ 21,327	\$ 36,827
Main Street Revitalization	-	9,099
Ontario Community Infrastructure Fund	81,303	62,067
Ontario Air Ambulance - Helipad maintenance	26,128	26,029
COVID-19 Safe Restart	19,369	-
	<u>\$ 148,127</u>	<u>\$ 134,022</u>

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

	<u>2020</u>	<u>2019</u>
Balance, beginning of year	\$ 134,022	\$ 84,428
Transfers from revenue	130,929	140,084
Transfers to revenue	(116,824)	(90,490)
Balance, end of year	<u>\$ 148,127</u>	<u>\$ 134,022</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 Financial Statements

December 31, 2020

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 \$50,000 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 as at December 31, 2020	\$295,808
Landfill closure and post-closure liabilities as at December 31, 2020	\$145,249
Total expenditures remaining to be recognized	\$150,559
Remaining capacity of the site (cubic metres)	20,359
Remaining landfill site life (years)	27
Number of years required for post-closure care	25

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

December 31, 2020

6. Tangible Capital Assets

	General					Infrastructure						2020 Total	2019 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		
Cost, beginning of year	\$ 117,826	\$ 659,047	\$ 150,766	\$ 20,607	\$ 185,969	\$ 4,245	\$ 34,995	\$ 389,174	\$ 1,084,022	\$ 354,901	\$ 2,685,366	\$ 5,686,918	\$ 5,597,469
Additions	-	4,125	-	1,703	12,925	-	-	-	82,044	187	140,663	241,647	165,876
Disposals	(7,868)	-	-	(680)	-	-	-	-	(51,727)	-	(48,036)	(108,311)	(76,427)
Cost, end of year	109,958	663,172	150,766	21,630	198,894	4,245	34,995	389,174	1,114,339	355,088	2,777,993	5,820,254	5,686,918
Accumulated amortization, beginning of year	84,720	201,672	94,038	19,183	123,238	2,332	23,069	270,483	696,551	182,538	1,340,518	3,038,342	2,934,685
Amortization	1,569	14,283	5,980	1,102	7,545	9	857	14,586	48,215	21,754	65,197	181,097	178,441
Disposals	(7,553)	-	-	(680)	-	-	-	-	(51,727)	-	(41,262)	(101,222)	(74,784)
Accumulated amortization, end of year	78,736	215,955	100,018	19,605	130,783	2,341	23,926	285,069	693,039	204,292	1,364,453	3,118,217	3,038,342
Net carrying amount, end of year	\$ 31,222	\$ 447,217	\$ 50,748	\$ 2,025	\$ 68,111	\$ 1,904	\$ 11,069	\$ 104,105	\$ 421,300	\$ 150,796	\$ 1,413,540	\$ 2,702,037	\$ 2,648,576

The net book value of tangible capital assets not being amortized because they are under construction is \$NIL (2019 - 16,982).

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

December 31, 2020

7. Accumulated Surplus

The Township segregates its accumulated surplus into the following categories:

	<u>2020</u>	<u>2019</u>
Surpluses (deficits)		
General fund	\$ (148,448)	\$ (77,609)
Investment in tangible capital assets	2,702,037	2,648,576
Unfunded debt	-	(21,363)
Total surpluses	<u>2,553,589</u>	<u>2,549,604</u>
Reserves set aside for specific purposes by Council		
For working capital	62,979	36,043
For roads equipment	30,000	17,713
For office equipment	11,258	11,258
For municipal building	27,023	27,023
For fire training and equipment	13,974	16,074
For infrastructure and disposal site	89,000	89,000
For levy stabilization	111,117	152,147
Total reserves	<u>345,351</u>	<u>349,258</u>
Accumulated surplus	<u>\$ 2,898,940</u>	<u>\$ 2,898,862</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, 2020

8. Government Transfers

	Budget 2020	2020	2019
Federal			
AMO - Federal Gas Tax	\$ 69,250	\$ 55,978	\$ 58,225
Investing in Canada Infrastructure Program	72,203	68,425	-
	141,453	124,403	58,225
Provincial			
Ministry of Agriculture, Food and Rural Affairs	31,527	31,977	-
Ministry of Municipal Affairs and Housing - Safe Restart	-	16,331	-
Ministry of Municipal Affairs and Housing - Municipal Modernization	-	-	208,200
Ministry of Municipal Affairs and Housing Investing in Canada	-	-	5,000
Infrastructure Program	40,108	38,010	-
Ontario Municipal Partnership Fund	158,900	158,900	176,500
Other	15,739	15,677	42,264
	246,274	260,895	431,964
Other Municipalities			
Provincial Offences Act	1,000	1,206	1,736
	\$ 388,727	\$ 386,504	\$ 491,925

9. Expenses By Object

	Budget 2020	2020	2019
Salaries, wages and employee benefits	\$ 434,454	\$ 440,863	\$ 445,329
Interest on long-term debt	-	-	2,200
Materials and supplies	274,416	347,181	327,010
Contracted services	26,925	26,578	24,840
Rents and financial expenses	520	426	13
External transfers	237,022	241,204	228,627
Amortization	181,097	181,097	178,441
	\$ 1,154,434	\$ 1,237,349	\$ 1,206,460

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

December 31, 2020

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 over half a million active, deferred, 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, 2020. The results of this valuation disclosed total actuarial liabilities of \$113.1 billion (\$107.7 billion in 2019) in respect of benefits accrued for service with actuarial assets at that date of \$109.8 billion (\$104.3 billion in 2019) indicating an actuarial deficit of \$3.3 billion (\$3.4 billion in 2019). 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 2020 were \$28,839 (\$26,206 in 2019), which is included as an expense on the statement of operations and accumulated surplus.

11. Budget

The Financial Plan (Budget) By-Law adopted by Council on June 22, 2020 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 expenses in excess of current year revenues. In addition, the budget expensed all tangible capital expenses 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 assets represent the Financial Plan adopted by Council on June 22, 2020, with adjustments as follows:

Financial Plan (Budget) Bylaw surplus for the year	\$	-
Add:		
Capital expenses		248,305
Budgeted transfers to reserves		7,122
Prior year deficit included in budget		3,469
Debt repayment		21,363
Less:		
Budgeted transfers from reserves		(46,030)
Amortization		(181,097)
		<hr/>
Budget surplus per statement of operations	\$	<u>53,132</u>

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

December 31, 2020

12. Trust Funds

The trust funds administered by the Township amounting to \$34,625 (2019 - \$31,925) 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, the trust fund balances are as follows:

	2020	2019
Township of O'Connor Cemetery Perpetual Care Trust Fund	\$ 26,479	\$ 23,929
O'Connor Free Methodist Church Perpetual Care Trust Fund	8,146	7,996
	\$ 34,625	\$ 31,925

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 Financial Statements

December 31, 2020

17. Segmented Information (cont'd)

b) Protection to Persons and Property

Protection services include fire, police, 911 and building inspection. 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. Building inspections are completed 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. Services provided by Lakehead Region Conservation Authority are also included. Recognition of the landfill closure and post-closure liability is included in this segment.

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.

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, 2020

17. 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**

December 31, 2020

17. 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	2020 Total
Revenue									
Taxation	\$ 774,875	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	774,875
Government transfers - operating	176,715	39,651	-	-	3,402	-	1,220	-	220,988
Government transfers - capital	9,136	-	156,380	-	-	-	-	-	165,516
User fees and service charges	1,429	6,078	10,217	8,643	1,400	-	-	-	27,767
Investment income	3,596	-	-	-	-	-	-	-	3,596
Other revenues	16,843	12,760	21,496	-	-	-	-	675	51,774
	<u>982,594</u>	<u>58,489</u>	<u>188,093</u>	<u>8,643</u>	<u>4,802</u>	<u>-</u>	<u>1,220</u>	<u>675</u>	<u>1,244,516</u>
Expenses									
Salaries, wages and employee benefits	209,137	25,767	178,608	21,252	6,099	-	-	-	440,863
Materials and supplies	100,591	38,290	125,304	82,996	-	-	-	-	347,181
Contracted services	12,658	4,972	1,638	6,090	-	-	1,220	-	26,578
Rents and financial	426	-	-	-	-	-	-	-	426
External transfers	-	78,067	-	4,620	73,192	85,075	-	250	241,204
Amortization	16,436	12,969	150,618	1,074	-	-	-	-	181,097
	<u>339,248</u>	<u>160,065</u>	<u>456,168</u>	<u>116,032</u>	<u>79,291</u>	<u>85,075</u>	<u>1,220</u>	<u>250</u>	<u>1,237,349</u>
Annual surplus (deficit) before undernoted item	643,346	(101,576)	(268,075)	(107,389)	(74,489)	(85,075)	-	425	7,167
Loss on disposal of tangible capital assets	-	-	(7,089)	-	-	-	-	-	(7,089)
Annual surplus (deficit)	<u>\$ 643,346</u>	<u>\$ (101,576)</u>	<u>\$ (275,164)</u>	<u>\$ (107,389)</u>	<u>\$ (74,489)</u>	<u>\$ (85,075)</u>	<u>\$ -</u>	<u>\$ 425</u>	<u>\$ 78</u>

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

December 31, 2020

17. Segmented Information (cont'd)

	General Government	Protection to Persons and Property	Transportation Services	Environmenta l Services	Health Services	Social and Family Services	Recreation and Cultural Services	Planning and Development	2019 Total
Revenue									
Taxation	\$ 759,780	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	759,780
Government transfers - operating	385,462	9,753	-	-	2,192	-	1,220	-	398,627
Government transfers - capital	35,073	-	58,225	-	-	-	-	-	93,298
User fees and service charges	1,822	3,170	23,635	6,066	1,575	-	-	-	36,268
Investment income	6,070	-	-	-	-	-	-	-	6,070
Other revenues	22,941	230	6,066	-	-	-	-	825	30,062
	<u>1,211,148</u>	<u>13,153</u>	<u>87,926</u>	<u>6,066</u>	<u>3,767</u>	<u>-</u>	<u>1,220</u>	<u>825</u>	<u>1,324,105</u>
Expenses									
Salaries, wages and employee benefits	205,642	27,415	189,208	17,805	5,259	-	-	-	445,329
Interest on long-term debt	-	854	1,346	-	-	-	-	-	2,200
Materials and supplies	97,647	35,846	147,673	45,844	-	-	-	-	327,010
Contracted services	12,291	5,446	1,210	4,673	-	-	1,220	-	24,840
Rents and financial	13	-	-	-	-	-	-	-	13
External transfers	-	77,613	-	4,314	66,192	80,258	-	250	228,627
Amortization	17,415	13,973	145,979	1,074	-	-	-	-	178,441
	<u>333,008</u>	<u>161,147</u>	<u>485,416</u>	<u>73,710</u>	<u>71,451</u>	<u>80,258</u>	<u>1,220</u>	<u>250</u>	<u>1,206,460</u>
Annual surplus (deficit) before undernoted item	878,140	(147,994)	(397,490)	(67,644)	(67,684)	(80,258)	-	575	117,645
Gain on disposal of tangible capital assets	(1,143)	-	-	-	-	-	-	-	(1,143)
Annual surplus (deficit)	<u>\$ 876,997</u>	<u>\$ (147,994)</u>	<u>\$ (397,490)</u>	<u>\$ (67,644)</u>	<u>\$ (67,684)</u>	<u>\$ (80,258)</u>	<u>\$ -</u>	<u>\$ 575</u>	<u>\$ 116,502</u>