



Consolidated Financial Statements

The Corporation of the Township of
Manitouwadge

December 31, 2017



The Corporation of the
TOWNSHIP OF MANITOUWADGE

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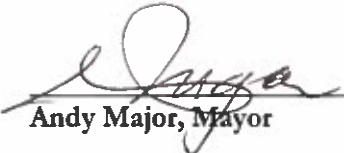
Statement of Administrative Responsibility

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

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

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

The 2017 Financial Statements have been reported on by The Corporation of the Township of Manitowadge's external auditors, Grant Thornton LLP, the auditors appointed by Municipal Council. The auditors' report outlines the scope of their audit and their opinion on the presentation of the information included in the financial statements.


Andy Major, Mayor


Margaret Hartling, CAO/Clerk -
Treasurer

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Independent Auditor's Report

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To the Members of Council, Inhabitants and Ratepayers of
The Corporation of the Township of Manitouwadge

We have audited the accompanying consolidated financial statements of The Corporation of the Township of Manitouwadge, which comprise the consolidated statement of financial position as at December 31, 2017 and the consolidated statements of operations and accumulated surplus, changes 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 financial statements

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

Auditor's responsibility

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

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

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

Opinion

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

Grant Thornton LLP

Thunder Bay, Canada
September 12, 2018

Chartered Professional Accountants
Licensed Public Accountants

The Corporation of the Township of Manitouwadge

Consolidated Statement of Financial Position

As at December 31	2017	2016
	\$	\$
FINANCIAL ASSETS		
Cash and temporary investments	6,461,200	6,097,936
Taxes receivable <i>[note 3]</i>	804,408	787,183
Accounts receivable <i>[note 4]</i>	461,289	468,091
Total financial assets	7,726,897	7,353,210
LIABILITIES		
Accounts payable and accrued liabilities	500,959	497,077
Due to trust funds	60,118	59,317
Deferred revenue <i>[note 6]</i>	704,162	652,590
Landfill closure and post-closure liability <i>[note 8]</i>	590,920	531,167
Long-term debt <i>[note 9]</i>	445,150	623,210
Total liabilities	2,301,309	2,363,361
NET FINANCIAL ASSETS	5,425,588	4,989,849
NON-FINANCIAL ASSETS		
Tangible capital assets - net <i>[note 10] [schedule 2]</i>	19,429,084	19,594,679
Inventories	1,018	1,018
Prepaid expenses	15,315	17,282
	19,445,417	19,612,979
Accumulated surplus <i>[schedule 1]</i>	24,871,005	24,602,828

See accompanying notes to the consolidated financial statements.

The Corporation of the Township of Manitouwadge

Consolidated Statement of Operations and Accumulated Surplus

Year ended December 31	2017	2017	2016
	Budget	Actual	Actual
	\$	\$	\$
	<i>[note 15]</i>		
REVENUES [schedule 3]			
Taxation			
Residential and farm taxation	2,510,722	2,523,806	2,475,997
Commercial and industrial	926,317	925,317	1,017,648
Taxation from other governments	113,733	113,733	93,645
	3,550,772	3,562,856	3,587,290
User charges			
User fees and service charges	1,033,259	1,167,385	1,145,167
	4,584,031	4,730,241	4,732,457
Government transfers			
Government of Canada	130,263	195,232	100,000
Province of Ontario	1,790,189	1,727,148	1,693,024
	1,920,452	1,922,380	1,793,024
Other			
Investment income	7,500	10,151	48,665
Other income	313,232	188,814	200,715
Penalties and interest on taxes	70,000	147,680	150,660
Rents and leases	157,585	129,775	144,691
	548,317	476,420	544,731
Total revenues	7,052,800	7,129,041	7,070,212

	2017	2017	2016
	Budget	Actual	Actual
	\$	\$	\$
	<i>[note 15]</i>		
EXPENSES <i>[note 11] [schedule 3]</i>			
General government	2,237,871	1,682,190	1,142,483
Protection to persons and property	910,863	872,488	972,203
Transportation services	1,604,925	1,403,609	1,401,281
Environmental services	1,569,357	1,456,309	1,638,915
Health services	82,902	84,070	86,369
Social and family services	66,100	66,087	75,591
Recreation and cultural services	1,239,070	1,141,717	1,162,446
Planning and development	98,564	38,881	31,774
	7,809,652	6,745,351	6,511,062
NET REVENUES (EXPENSES) BEFORE UNDERNOTED ITEM	(756,852)	383,690	559,150
Other			
Loss on disposal of tangible capital assets	-	(115,513)	-
Annual surplus (deficit)	(756,852)	268,177	559,150
Accumulated surplus, beginning of year	-	24,602,828	24,043,678
Accumulated surplus (deficit) , end of year <i>[schedule 1]</i>	(756,852)	24,871,005	24,602,828

See accompanying notes to the consolidated financial statements.

The Corporation of the Township of Manitouwadge Consolidated Statement of Changes in Net Financial Assets

Year ended December 31	2017	2017	2016
	Budget	Actual	Actual
	\$	\$	\$
	<i>[note 15]</i>		
Annual surplus (deficit)	(756,852)	268,177	559,150
Acquisition of tangible capital assets	(1,319,929)	(1,136,007)	(918,105)
Amortization of tangible capital assets	1,186,089	1,186,089	1,153,870
Loss disposal of tangible capital assets	-	115,513	-
Acquisition of prepaid expenses	-	(15,315)	(17,282)
Use of prepaid expenses	-	17,282	83,417
Increase (decrease) in net financial assets	(890,692)	435,739	861,050
Net financial assets, beginning of year	-	4,989,849	4,128,799
Net financial assets, end of year	(890,692)	5,425,588	4,989,849

See accompanying notes to the consolidated financial statements.

The Corporation of the Township of Manitouwadge

Consolidated Statement of Cash Flows

Year ended December 31	2017	2016
	\$	\$
OPERATIONS		
Annual surplus	268,177	559,150
Non-cash charges		
Amortization of tangible capital assets	1,186,089	1,153,870
Landfill closure and post-closure costs	59,753	74,705
Loss on disposal of tangible capital assets	115,513	-
	1,629,532	1,787,725
Net change in non-cash working capital balances		
Increase in taxes receivable	(17,225)	(151,441)
Decrease (increase) in accounts receivable	6,802	(142,435)
Increase (decrease) in accounts payable and accrued liabilities	3,882	(126,824)
Increase in due to trust funds	801	1,024
Increase in deferred revenue	51,572	134,944
Decrease in prepaid expenses	1,967	66,138
Cash provided by operating transactions	1,677,331	1,569,131
CAPITAL		
Acquisition of tangible capital assets	(1,136,007)	(918,105)
Repayment on long-term debt	(178,060)	(178,060)
Cash used in capital transactions	(1,314,067)	(1,096,165)
Increase in cash and temporary investments	363,264	472,966
Cash and temporary investments, beginning of year	6,097,936	5,624,970
Cash and temporary investments, end of year	6,461,200	6,097,936

See accompanying notes to the consolidated financial statements.

The Corporation of the Township of Manitouwadge

Notes to the Consolidated Financial Statements

December 31, 2017

GENERAL

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

1. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements of The Corporation of the Township of Manitouwadge are prepared by management in accordance with accounting principles generally accepted for local government, as prescribed by the Public Sector Accounting Board ("PSAB") of CPA Canada. The more significant of these accounting policies are as follows:

[a] Basis of consolidation

Reporting entity

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

Manitouwadge Public Library Board

All interfund balances and transactions have been eliminated.

Local boards

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

Thunder Bay District Health Unit

The District of Thunder Bay Social Services Administration Board

Trust funds

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

The Corporation of the Township of Manitouwadge

Notes to the Consolidated Financial Statements

December 31, 2017

Accounting for school board transactions

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

[b] Basis of accounting

Accrual accounting

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

Cash and temporary investments

Cash and temporary investments consist of cash on hand, balances in banks and investments in mutual funds.

Pension and employee benefits

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

The Corporation of the Township of Manitouwadge

Notes to the Consolidated Financial Statements

December 31, 2017

Non-financial assets

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

[a] Tangible capital assets

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

Buildings	15 to 40 years
Infrastructure	15 to 50 years
Land improvements	10 years
Library collections	10 years
Machinery and equipment	5 to 20 years
Office equipment	5 to 20 years
Vehicles	10 to 25 years

One-half of the annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use, at which time they are transferred to their respective tangible capital asset categories.

[b] Contribution of tangible capital assets

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

[c] Tangible capital assets recognized at nominal value

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

[d] Capitalization of interest

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

The Corporation of the Township of Manitouwadge

Notes to the Consolidated Financial Statements

December 31, 2017

[e] Leases

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

[f] Inventories

Inventories held for consumption are recorded at the lower of cost or replacement cost.

Reserves and reserve funds

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

Taxation revenue

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

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

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

Government transfers

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

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

The Corporation of the Township of Manitouwadge

Notes to the Consolidated Financial Statements

December 31, 2017

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

Revenue recognition

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.

Investment income earned on surplus funds is recognized in the period earned. Investment income earned on obligatory reserve funds is added to the fund balance and forms part of the deferred revenue balance.

Funds received, other than government transfers and tax revenue, for specific purposes which are externally restricted by legislation, regulation or agreement and are not available for general purposes are accounted for as deferred revenue on the 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.

Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. These estimates and assumptions are based on management's historical experience, best knowledge of current events and actions that the Township may undertake in the future. Significant accounting estimates include valuation allowance for accounts receivable, estimated useful lives of tangible capital assets, employee benefits payable and solid waste landfill closure and post-closure liabilities. Actual results could differ from these estimates.

Landfill closure and post-closure liability

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

The Corporation of the Township of Manitowadge

Notes to the Consolidated Financial Statements

December 31, 2017

2. TRUST FUNDS

Trust funds administered by the Township amounting to \$65,153 [2016 - \$64,349] have not been included in the Consolidated Statement of Financial Position nor have their operations been included in the Consolidated Statement of Operations and Accumulated Surplus.

3. TAXES RECEIVABLE

	2017	2016
	\$	\$
Property and business taxes receivable	1,297,052	1,085,509
Allowance for property and business tax arrear	(492,644)	(298,326)
	804,408	787,183

4. ACCOUNTS RECEIVABLE

	2017	2016
	\$	\$
Trade receivables	257,871	310,281
Water receivables	230,829	199,753
Allowance for doubtful trade receivables	(20,000)	(32,657)
Allowance for doubtful water receivables	(7,411)	(9,286)
	461,289	468,091

5. TEMPORARY LOANS

The Township has available a line of credit of \$1,000,000 [2016 - \$1,000,000] for which the Township has provided a borrowing by-law and signed advisory letter of which \$nil [2016 - \$nil] was borrowed at year-end. Interest on the line of credit is calculated at bank prime [3.2% at year-end].

The Corporation of the Township of Manitouwadge

Notes to the Consolidated Financial Statements

December 31, 2017

6. DEFERRED REVENUE

	2017 \$	2016 \$
Obligatory reserve funds		
Gas Tax revenue	543,118	594,160
Other deferred revenue		
Restricted deposits	1,700	3,930
Grants	159,344	54,500
	704,162	652,590

The continuity of deferred revenue is as follows:

	Government Transfer \$	Other \$	Total 2017 \$	Total 2016 \$
Balance, beginning of year	594,160	58,430	652,590	517,646
Investment income	13,926	-	13,926	3,672
Gas Tax proceeds	130,264	-	130,264	127,997
Amounts deferred during the year	-	161,044	161,044	58,430
Other amounts earned during the year	(195,232)	(58,430)	(253,662)	(55,155)
Balance, end of year	543,118	161,044	704,162	652,590

7. PENSION AGREEMENTS

The Township makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of certain members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay.

Effective January 1, 2015, contribution rates ranged from 9.0% to 15.9% depending on the proposed retirement age and the level of earnings. As a result, \$118,802 [2016 - \$143,362] was contributed to OMERS in the current year.

The Corporation of the Township of Manitouwadge

Notes to the Consolidated Financial Statements

December 31, 2017

8. LANDFILL CLOSURE AND POST-CLOSURE

The Township operates a landfill site. The obligation to close and maintain solid waste landfill sites is based on the estimated future expenses in current dollars, adjusted for estimated inflation and is charged to expenses as the landfill site's capacity is used. The Township completed an updated engineering study during the year to assist in the computation of the required closure and post-closure liability. The remaining useful life of the site has been determined to be 29 years, with an anticipated closure date of 2046 and an estimated remaining capacity of 136,376 cubic metres. Post-closure care is estimated to continue for a period of approximately 30 years. The estimated liability is the present value for future cash flows associated with the closure and post-closure care discounted using a rate of 3.9% [2016 - 3.9%] for closure costs and 3.9% [2016 - 3.9%] for post-closure cost discounting. The change in the recorded liability is \$59,753 [2016 - \$74,705] based on a total estimated undiscounted outflow in the future of \$3,101,930 [2016 - \$2,968,630], leaving an amount to be recognized in the future of \$2,511,010 [2016 - \$2,437,463] over the closure and post-closure period. Management's estimated accrued liability for these costs of \$590,920 [2016 - \$531,167] is included as a liability on the Consolidated Statement of Financial Position. The liability is expected to be funded through budget allocations to a landfill reserve over the remaining life of the landfill.

An amount of \$336,168 [2016 - \$311,635] has been provided in the landfill closure and post-closure care reserve to fund this liability and future landfill expansion [Schedule 1].

9. LONG-TERM DEBT

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

	2017	2016
	\$	\$
OSIFA		
Semi-annually payments of \$89,030 plus interest at annual rate of 3.9%, with a term of 10 years and set to mature on June 15, 2020.		445,150
623,210		

[b] Principal due on debt is summarized as follows:

	\$
2018	178,060
2019	178,060
2020	89,030
	445,150

The Corporation of the Township of Manitouwadge

Notes to the Consolidated Financial Statements

December 31, 2017

[c] Commencing in December, 2005, the Township applied for and received funding from OSIFA to finance its water and sewer infrastructure upgrade project. The terms of the financing allow for the Township to convert the borrowings into debentures at the conclusion of the capital project. Until such time as the borrowings are converted, there are no fixed repayment terms, but interest will be applied on the outstanding loan balance.

[d] There was interest on long-term debt in the current year of \$22,564 [2016 - \$29,594] reflected in the Consolidated Statement of Operations and Accumulated Surplus as expense in environmental services.

10. TANGIBLE CAPITAL ASSETS

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

There were no write-downs of assets in 2017 [2016 - \$nil].

Interest capitalized during 2017 was \$nil [2016 - \$nil].

There were no contributed tangible capital assets in 2017 [2016 - \$nil].

Certain assets have been recorded at a nominal value on adoption of tangible capital assets due to the difficulty in determining an appropriate value. Municipal lands along with numerous furnishings are assigned nominal values. The total of assets so valued in 2017 was \$18 [2016 - \$18].

11. SEGMENTED INFORMATION

The Township of Manitouwadge is a diversified municipal government institution that provides a wide range of services to its citizens, including police, fire, health care, ambulance, public transit and water. For management reporting purposes the Government's operations and activities are organized and reported by department. The annual budget is distributed based on department activity and size. The Township has two main reserve funds, operating and capital for their respective purposes.

Township services are provided by departments and their activities are reported in the consolidated financial statements. Certain departments that have been separately disclosed in the segmented information schedule, along with the services they provide, as follows:

General government

General government segment is comprised of three categories; governance, corporate management and program support. These categories encompass the Clerk / Manager's office, Mayor and Council, Elections, Treasury, budgets and bill collection.

The Corporation of the Township of Manitouwadge

Notes to the Consolidated Financial Statements

December 31, 2017

Protection to persons and property

Township policing is provided under contract by the Ontario Provincial Police. The fire department is responsible for providing fire suppression service; fire prevention programs; training and education related to prevention, and detection or extinguishment of fires. The Protection to persons and property segment also includes activities related to municipal by-law enforcement.

Transportation services

The Transportation department is responsible for providing local public transportation service. Public works is involved with the planning, development and maintenance of municipal roads and streets, street lighting and the municipal airport.

Environmental services

The Water and Waste department consists of three distinct utilities - water, wastewater and solid waste disposal. The department provides drinking water to citizens of Manitouwadge, collecting and treating wastewater, and providing collection disposal and waste minimization programs and facilities for solid waste.

Health services

Health services include ambulance and other public health services as well as management of the Township cemetery. The Township contracts its ambulance services out but maintains the cemetery internally as part of this segment.

Social and family services

This segment includes transfers for funding related to welfare, child care and social assistance. The Township provides assistance to those in need of counseling or in need of funding to help maintain a healthy living standard.

Recreation and cultural services

The Community Services department provides public services that contribute to neighbourhood development and sustainability through the provision of recreation and leisure services such as fitness programs, a municipal pool and arena, golf course and ski hill. The department also contributes towards the information needs of the Township's citizens through the provision of library services.

Planning and development

The Planning department provides a diverse bundle of services. It manages urban development for business interests, environmental concerns and heritage matters through Township planning and community development. It ensures an acceptable quality of building construction and maintenance of properties through enforcement of construction codes, building standards and by-law for the protection of occupants. It facilitates economic development by providing services for the approval of all land development plans and the processing of building permits applications.

For additional information see the Consolidated Schedule of Segment Disclosure [Schedule 3].

The Corporation of the Township of Manitouwadge

Notes to the Consolidated Financial Statements

December 31, 2017

12. RESERVES AND RESERVE FUNDS

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

	2017 \$	2016 \$
Reserves		
Balance, beginning of year	1,226,638	1,302,230
Increases		
Transfer to reserves	49,656	123,000
Decreases		
Transfer from reserves	109,035	198,592
Balance, end of year	1,167,259	1,226,638
Reserve funds		
Balance, beginning of year	4,935,888	4,168,736
Increases		
Transfer to reserves	1,171,983	818,677
Interest earned	74,119	76,017
Unrealized loss on investment	(78,861)	(54,664)
Interfund allocation of interest	(17,482)	6,980
	1,149,759	847,010
Decreases		
Transfers from reserves	774,915	79,858
Balance, end of year	5,310,732	4,935,888

13. DESIGNATED ASSETS

Of the financial assets reported on the Consolidated Statement of Financial Position, the Council has designated \$5,310,732 [2016 - \$4,935,888] to support reserve funds.

14. CONTRACTUAL OBLIGATIONS

Ontario Clean Water Agency

In accordance with a service agreement entered into by the Township with the Ontario Clean Water Agency ("Agency"), the operation of the Township's water and wastewater treatment system is operated by the Agency. Included in the Statement of Operations and Accumulated Surplus are the 2017 charges from the Agency of \$299,299 [2016 - \$236,121]. The estimated operating cost for this water services for 2018 is approximately \$299,139.

The Corporation of the Township of Manitouwadge

Notes to the Consolidated Financial Statements

December 31, 2017

15. BUDGET FIGURES

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

	Approved Fiscal Plan \$	Adjustments \$	Fiscal Plan per Financial Statements \$
Revenues			
Taxation	3,703,762	(152,990)	3,550,772
User charges	1,033,259	-	1,033,259
Government transfers	1,920,452	-	1,920,452
Other	2,679,998	(2,131,681)	548,317
	9,337,471	(2,284,671)	7,052,800
Expenses			
General government	2,658,357	(420,486)	2,237,871
Protection to persons and property	1,536,267	(625,404)	910,863
Transportation services	1,816,980	(212,055)	1,604,925
Environmental services	1,723,220	(153,863)	1,569,357
Health services	82,902	-	82,902
Social and family services	66,100	-	66,100
Recreation and cultural services	1,356,890	(117,820)	1,239,070
Planning and development	96,755	1,809	98,564
	9,337,471	(1,527,819)	7,809,652
Annual surplus	-	(756,852)	(756,852)
Interfund transfers	(1,068,752)	(1,068,752)	
Capital items	-	1,319,929	
Debt repayments	178,060	178,060	
Amortization	-	(1,186,089)	
Approved surplus	(890,692)	(756,852)	

16. COMPARATIVE CONSOLIDATED FINANCIAL STATEMENTS

The comparative consolidated financial statements have been reclassified from statements previously presented to conform to the presentation of the 2017 consolidated financial statements.

The Corporation of the Township of Manitouwadge
Schedule 1
Consolidated Schedule of Accumulated Surplus

Year ended December 31	2017	2016
	\$	\$
Investment in tangible capital assets	19,429,084	19,594,679
Unfunded		
Long-term debt	(445,150)	(623,210)
Landfill closure and post-closure liabilities	(590,920)	(531,167)
Total surpluses	18,393,014	18,440,302
Reserves set aside for specific purposes by Council		
For working capital	134,194	134,194
For recreation programs and facilities	123,600	123,600
For replacement of equipment and capital projects	554,142	609,554
For other projects	355,323	359,290
Total reserves	1,167,259	1,226,638
Reserve funds set aside for specific purposes by Council		
For assessment appeals	1,445,080	1,147,580
For recreation programs and facilities	448,424	348,947
For replacement of equipment and capital projects	1,954,213	2,146,593
For landfill closure and post-closure care	336,168	311,635
For contingencies	1,126,847	981,133
Total reserve funds	5,310,732	4,935,888
Accumulated surplus	24,871,005	24,602,828

**The Corporation of the Township of Manitouwadge
Consolidated Schedule of Tangible Capital Assets**

Schedule 2

Year ended December 31, 2017

	General					Assets Under Construction	Infrastructure			Totals	
	Land	Land Improvements	Buildings	Vehicles	Library Collections		Machinery Equipment	Underground and Other Networks	Office Equipment	2017	2016
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
COST											
Balance, beginning of year	97,467	864,784	10,771,745	1,361,675	78,142	-	4,923,720	34,032,340	136,892	52,266,765	51,355,364
Add											
Additions during the year	-	-	109,801	778,951	10,755	-	236,500	-	-	1,136,007	918,105
Less											
Disposals in the year	-	-	252,144	-	7,747	-	-	-	-	259,891	6,704
Balance, end of year	97,467	864,784	10,629,402	2,140,626	81,150	-	5,160,220	34,032,340	136,892	53,142,881	52,266,765
ACCUMULATED AMORTIZATION											
Balance, beginning of year	-	832,800	7,225,213	1,122,712	39,993	-	3,176,144	20,145,435	129,789	32,672,086	31,524,920
Add											
Amortization during the year	-	3,561	254,839	44,801	8,890	-	155,270	716,745	1,983	1,186,089	1,153,870
Less											
Disposals in the year	-	-	136,631	-	7,747	-	-	-	-	144,378	6,704
Balance, end of year	-	836,361	7,343,421	1,167,513	41,136	-	3,331,414	20,862,180	131,772	33,713,797	32,672,086
Net book value, beginning of year	97,467	31,984	3,546,532	238,963	38,149	-	1,747,576	13,886,905	7,103	19,594,679	19,830,444
Net book value, end of year	97,467	28,423	3,285,981	973,113	40,014	-	1,828,806	13,170,160	5,120	19,429,084	19,594,679

The Corporation of the Township of Manitowadge
Consolidated Schedule of Segment Disclosure

Schedule 3

Year ended December 31, 2017

	General Government		Protection to Persons and Property		Transportation Services		Environmental Services		Health Services	
	2017 \$	2016 \$	2017 \$	2016 \$	2017 \$	2016 \$	2017 \$	2016 \$	2017 \$	2016 \$
Revenues										
Taxation	3,562,856	3,587,290	-	-	-	-	-	-	-	-
Government transfers	-	-	-	-	195,232	-	-	-	-	-
Provincial grants	1,674,000	1,621,500	19,422	12,611	-	-	18,805	56,038	-	-
User fees and service charges	7,088	6,193	19,425	11,584	92,462	143,113	884,733	843,096	-	-
Investment income	10,151	48,665	-	-	-	-	-	-	-	-
Other income	188,814	200,715	-	-	-	-	-	-	-	-
Penalties and interest on taxes	147,680	150,660	-	-	-	-	-	-	-	-
Rents and leases	125,209	141,555	-	-	-	-	-	-	-	-
	5,715,798	5,756,578	38,847	24,195	287,694	143,113	903,538	899,134	-	-
Expenses										
Salaries, wages and employee benefits	488,726	466,576	260,656	261,392	662,873	673,833	162,998	276,431	3,046	5,313
Long-term debt charges	-	-	-	-	-	-	18,912	40,677	-	-
Materials	975,162	509,609	82,264	68,924	324,689	318,988	760,836	788,379	-	509
Contracted services	86,073	87,927	474,300	590,880	-	-	-	-	35,412	34,939
Rent and financials	44,453	13,309	-	-	2,603	2,561	-	19,065	-	-
External transfers to others	-	-	-	-	-	-	-	-	45,612	45,608
Amortization	87,776	65,062	55,268	51,007	413,444	405,899	513,563	514,363	-	-
	1,682,190	1,142,483	872,488	972,203	1,403,609	1,401,281	1,456,309	1,638,915	84,070	86,369
Net revenue (expenses) before undernoted item	4,033,608	4,614,095	(833,641)	(948,008)	(1,115,915)	(1,258,168)	(552,771)	(739,781)	(84,070)	(86,369)
Loss on disposal of tangible capital assets	-	-	-	-	-	-	-	-	-	-
Annual surplus (deficit)	4,033,608	4,614,095	(833,641)	(948,008)	(1,115,915)	(1,258,168)	(552,771)	(739,781)	(84,070)	(86,369)

The Corporation of the Township of Manitouwadge
Consolidated Schedule of Segment Disclosure

Schedule 3 (continued)

Year ended December 31, 2017

	Social and Family Services		Recreation and Cultural Services		Planning and Development		Total	
	2017 \$	2016 \$	2017 \$	2016 \$	2017 \$	2016 \$	2017 \$	2016 \$
Revenues								
Taxation	-	-	-	-	-	-	3,562,856	3,587,290
Government transfers	-	-	-	100,000	-	-	195,232	100,000
Provincial grants	-	-	14,921	-	-	2,875	1,727,148	1,693,024
User fees and service charges	-	-	163,280	136,397	397	4,784	1,167,385	1,145,167
Investment income	-	-	-	-	-	-	10,151	48,665
Other income	-	-	-	-	-	-	188,814	200,715
Penalties and interest on taxes	-	-	-	-	-	-	147,680	150,660
Rents and leases	-	-	4,566	3,136	-	-	129,775	144,691
	-	-	182,767	239,533	397	7,659	7,129,041	7,070,212
Expenses								
Salaries, wages and employee benefits	-	-	603,050	637,489	3,700	2,972	2,185,049	2,324,006
Long-term debt charges	-	-	-	-	-	-	18,912	40,677
Materials	-	-	424,438	415,471	33,372	26,993	2,600,761	2,128,873
Contracted services	-	-	-	-	-	-	595,785	713,746
Rent and financials	-	-	-	-	-	-	47,056	34,935
External transfers to others	66,087	69,347	-	-	-	-	111,699	114,955
Amortization	-	6,244	114,229	109,486	1,809	1,809	1,186,089	1,153,870
	66,087	75,591	1,141,717	1,162,446	38,881	31,774	6,745,351	6,511,062
Net revenue (expenses) before undernoted item	(66,087)	(75,591)	(958,950)	(922,913)	(38,484)	(24,115)	383,690	559,150
Loss on disposal of tangible capital assets	-	-	(115,513)	-	-	-	(115,513)	-
Annual surplus (deficit)	-	(75,591)	(958,950)	(922,913)	(38,484)	(24,115)	268,177	559,150

Independent Auditor's Report

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To the Committee Members, Members of Council,
Inhabitants and Ratepayers of The Corporation of the
Township of Manitouwadge

We have audited the accompanying financial statements of the Trust Funds of The Corporation of the Township of Manitouwadge which comprise the statement of financial position as at December 31, 2017 and the statements of operations and accumulated surplus and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditor's responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Trust Funds of The Corporation of the Township of Manitouwadge as at December 31, 2017 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.



Thunder Bay, Canada
September 12, 2018

Chartered Professional Accountants
Licensed Public Accountants

**The Corporation of the Township of Manitouwadge
Trust Funds
Statement of Financial Position**

As at December 31	2017	2016
	\$	\$
FINANCIAL ASSETS		
Cash	5,035	5,032
Due from The Corporation of the Township of Manitouwadge	60,118	59,317
NET FINANCIAL ASSETS	65,153	64,349
ACCUMULATED SURPLUS	65,153	64,349

See accompanying notes to the financial statements.

**The Corporation of the Township of Manitouwadge
Trust Funds
Statement of Operations and Accumulated Surplus**

Year ended December 31	2017	2016
	\$	\$
REVENUES		
Portion of sales	900	600
Interest	(96)	430
	804	1,030
Annual surplus	804	1,030
Accumulated surplus, beginning of year	64,349	63,319
Accumulated surplus, end of year	65,153	64,349

See accompanying notes to the financial statements.

**The Corporation of the Township of Manitouwadge
Trust Funds
Statement of Cash Flows**

Year ended December 31	2017	2016
	\$	\$
OPERATING ACTIVITIES		
Annual surplus	804	1,030
Net changes in non-cash under capital balance		
Due to The Corporation of the Township of Manitouwadge	(801)	(1,028)
Increase in cash during year	3	2
Cash, beginning of year	5,032	5,030
Cash, end of year	5,035	5,032

See accompanying notes to the financial statements.

**The Corporation of the Township of Manitouwadge
Trust Funds
Notes to the Financial Statements**

December 31, 2017

1. NATURE OF BUSINESS

The Corporation of the Township of Manitouwadge administers a perpetual care trust fund for the future care of the cemetery. The cemetery provides internment services for the benefit of the citizens of Manitouwadge.

2. ACCOUNTING POLICY

Accrual accounting

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