



**Grant Thornton**

## Consolidated Financial Statements

The Corporation of the Township of  
Manitouwadge

December 31, 2018



The Corporation of the  
**TOWNSHIP OF MANITOUWADGE**

1 Mississauga Drive  
Manitouwadge, Ontario  
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Telephone (807) 826-3227 Fax (807) 826-4592

**Statement of Administrative Responsibility**

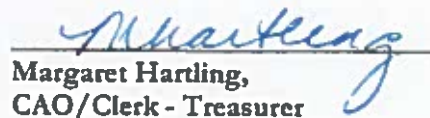
The management of The Corporation of the Township of Manitowadge have prepared the accompanying financial statements and are responsible for their accuracy and integrity. These statements consolidate all operations for which the Township has legislative and financial responsibility. The financial statements 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 2018 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.

  
John MacEachern  
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

## **Opinion**

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

In our opinion, the accompanying 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, 2018, and its results of consolidated operations, its consolidated changes in net financial assets, and its consolidated 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 Consolidated 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 consolidated 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 Consolidated Financial Statements**

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

In preparing the consolidated financial statements, management is responsible for assessing the Township's ability to continue as a going concern, disclosing, as applicable, matters related to a 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 Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

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 consolidated 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 consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Township and the organizations it controls to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

*Grant Thornton LLP*

Thunder Bay, Canada  
July 10, 2019

Chartered Professional Accountants  
Licensed Public Accountants

**The Corporation of the Township of Manitouwadge  
Consolidated Statement of Financial Position**

As at December 31	2018	2017
	\$	\$
<b>FINANCIAL ASSETS</b>		
Cash and temporary investments	7,512,957	6,461,200
Taxes receivable <i>[note 3]</i>	624,156	804,408
Accounts receivable <i>[note 4]</i>	554,587	461,289
<b>Total financial assets</b>	<b>8,691,700</b>	<b>7,726,897</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	440,945	500,959
Due to trust funds	63,000	60,118
Deferred revenue <i>[note 6]</i>	1,126,586	704,162
Landfill closure and post-closure liability <i>[note 8]</i>	745,627	590,920
Long-term debt <i>[note 9]</i>	267,090	445,150
<b>Total liabilities</b>	<b>2,643,248</b>	<b>2,301,309</b>
<b>NET FINANCIAL ASSETS</b>	<b>6,048,452</b>	<b>5,425,588</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets - net <i>[note 10] [schedule 2]</i>	19,446,742	19,429,084
Inventories	1,018	1,018
Prepaid expenses	96,766	15,315
	<b>19,544,526</b>	<b>19,445,417</b>
<b>Accumulated surplus <i>[schedule 1]</i></b>	<b>25,592,978</b>	<b>24,871,005</b>

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

	2018	2018	2017
	Budget	Actual	Actual
	\$	\$	\$
	[note 15]		
<b>REVENUES [schedule 3]</b>			
<b>Taxation</b>			
Residential and farm taxation	2,636,253	2,660,018	2,523,806
Commercial and industrial	1,004,688	1,004,688	925,317
Taxation from other governments	105,694	105,694	113,733
	<b>3,746,635</b>	<b>3,770,400</b>	<b>3,562,856</b>
<b>User charges</b>			
User fees and service charges	1,055,540	1,217,975	1,167,385
	<b>4,802,175</b>	<b>4,988,375</b>	<b>4,730,241</b>
<b>Government transfers</b>			
Government of Canada	134,090	336,490	195,232
Province of Ontario	3,220,770	2,065,294	1,727,148
	<b>3,354,860</b>	<b>2,401,784</b>	<b>1,922,380</b>
<b>Other</b>			
Investment income	10,000	162,224	10,151
Other income	288,880	495,547	188,814
Penalties and interest on taxes	80,000	162,891	147,680
Rents and leases	104,457	166,302	129,775
	<b>483,337</b>	<b>986,964</b>	<b>476,420</b>
<b>Total revenues</b>	<b>8,640,372</b>	<b>8,377,123</b>	<b>7,129,041</b>

	2018	2018	2017
	Budget \$ <i>[note 15]</i>	Actual \$	Actual \$
<b>EXPENSES <i>[note 11] [schedule 3]</i></b>			
General government	1,666,035	2,167,668	1,682,190
Protection to persons and property	879,485	865,145	872,488
Transportation services	1,711,526	1,464,440	1,403,609
Environmental services	1,565,691	1,700,635	1,456,309
Health services	93,168	90,402	84,070
Social and family services	62,900	61,245	66,087
Recreation and cultural services	1,273,365	1,214,765	1,141,717
Planning and development	79,119	90,850	38,881
	<b>7,331,289</b>	<b>7,655,150</b>	<b>6,745,351</b>
<b>NET REVENUES BEFORE UNDERNOTED ITEM</b>			
	<b>1,309,083</b>	<b>721,973</b>	<b>383,690</b>
<b>Other</b>			
Loss on disposal of tangible capital assets	-	-	(115,513)
<b>Annual surplus</b>	<b>1,309,083</b>	<b>721,973</b>	<b>268,177</b>
Accumulated surplus, beginning of year	24,871,005	24,871,005	24,602,828
<b>Accumulated surplus, end of year <i>[schedule 1]</i></b>	<b>26,180,088</b>	<b>25,592,978</b>	<b>24,871,005</b>

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	2018	2018	2017
	Budget \$ <i>[note 15]</i>	Actual \$	Actual \$
<b>Annual surplus</b>	<b>1,309,083</b>	<b>721,973</b>	<b>268,177</b>
Acquisition of tangible capital assets	(3,239,660)	(1,242,492)	(1,136,007)
Amortization of tangible capital assets	1,224,834	1,224,834	1,186,089
Loss disposal of tangible capital assets	-	-	115,513
Acquisition of prepaid expenses	-	(96,766)	(15,315)
Use of prepaid expenses	-	15,315	17,282
<b>Increase (decrease) in net financial assets</b>	<b>(705,743)</b>	<b>622,864</b>	<b>435,739</b>
<b>Net financial assets, beginning of year</b>	<b>5,425,588</b>	<b>5,425,588</b>	<b>4,989,849</b>
<b>Net financial assets, end of year</b>	<b>4,719,845</b>	<b>6,048,452</b>	<b>5,425,588</b>

See accompanying notes to the consolidated financial statements.

## The Corporation of the Township of Manitouwadge Consolidated Statement of Cash Flows

Year ended December 31	2018	2017
	\$	\$
<b>OPERATIONS</b>		
Annual surplus	721,973	268,177
<b>Non-cash charges</b>		
Amortization of tangible capital assets	1,224,834	1,186,089
Landfill closure and post-closure costs	154,707	59,753
Loss on disposal of tangible capital assets	-	115,513
	<b>2,101,514</b>	<b>1,629,532</b>
<b>Net change in non-cash working capital balances</b>		
Decrease (Increase) in taxes receivable	180,252	(17,225)
Decrease (increase) in accounts receivable	(93,298)	6,802
Increase (decrease) in accounts payable and accrued liabilities	(60,014)	3,882
Increase in due to trust funds	2,882	801
Increase in deferred revenue	422,424	51,572
Decrease (increase) in prepaid expenses	(81,451)	1,967
<b>Cash provided by operating transactions</b>	<b>2,472,309</b>	<b>1,677,331</b>
<b>CAPITAL</b>		
Acquisition of tangible capital assets	(1,242,492)	(1,136,007)
Repayment on long-term debt	(178,060)	(178,060)
<b>Cash used in capital transactions</b>	<b>(1,420,552)</b>	<b>(1,314,067)</b>
<b>Increase in cash and temporary investments</b>	<b>1,051,757</b>	<b>363,264</b>
Cash and temporary investments, beginning of year	6,461,200	6,097,936
<b>Cash and temporary investments, end of year</b>	<b>7,512,957</b>	<b>6,461,200</b>

See accompanying notes to the consolidated financial statements.

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# The Corporation of the Township of Manitouwadge

## Notes to the Consolidated Financial Statements

December 31, 2018

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### 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.

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# The Corporation of the Township of Manitouwadge

## Notes to the Consolidated Financial Statements

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December 31, 2018

### **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.

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# The Corporation of the Township of Manitouwadge

## Notes to the Consolidated Financial Statements

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December 31, 2018

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### 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.

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# The Corporation of the Township of Manitouwadge

## Notes to the Consolidated Financial Statements

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December 31, 2018

### [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.

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# The Corporation of the Township of Manitouwadge

## Notes to the Consolidated Financial Statements

December 31, 2018

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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.

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# The Corporation of the Township of Manitouwadge

## Notes to the Consolidated Financial Statements

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December 31, 2018

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### 2. TRUST FUNDS

Trust funds administered by the Township amounting to \$68,037 [2017 - \$65,153] 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

	2018	2017
	\$	\$
Property and business taxes receivable	1,290,403	1,297,052
Allowance for property and business tax arrears	(666,247)	(492,644)
	<u>624,156</u>	<u>804,408</u>

### 4. ACCOUNTS RECEIVABLE

	2018	2017
	\$	\$
Receivables	333,520	257,871
Water receivables	248,478	230,829
Allowance for doubtful receivables	(20,000)	(20,000)
Allowance for doubtful water receivables	(7,411)	(7,411)
	<u>554,587</u>	<u>461,289</u>

### 5. TEMPORARY LOANS

The Township has available a line of credit of \$1,000,000 [2017 - \$1,000,000] for which the Township has provided a borrowing by-law and signed advisory letter of which \$nil [2017 - \$nil] was borrowed at year-end. Interest on the line of credit is calculated at bank prime [3.95 % at year-end].



# The Corporation of the Township of Manitouwadge

## Notes to the Consolidated Financial Statements

December 31, 2018

### 6. DEFERRED REVENUE

	2018 \$	2017 \$
Obligatory reserve funds		
Gas Tax revenue	349,692	543,118
Other deferred revenue		
Restricted deposits	1,700	1,700
Grants	150,345	159,344
OCIF - Water treatment plant renovations	624,849	-
	<b>1,126,586</b>	<b>704,162</b>

The continuity of deferred revenue is as follows:

	Government Transfer \$	Other \$	Total 2018 \$	Total 2017 \$
Balance, beginning of year	543,118	161,044	704,162	652,590
Investment income	8,972	-	8,972	13,926
Gas Tax proceeds	134,092	-	134,092	130,264
Gas Tax revenue earned	(336,490)	-	(336,490)	(195,232)
Other income received in year	663,300	166,678	829,978	161,044
Other amounts earned during the year	(38,451)	(175,677)	(214,128)	(58,430)
Balance, end of year	<b>974,541</b>	<b>152,045</b>	<b>1,126,586</b>	<b>704,162</b>

### 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, \$124,523 [2017 - \$118,802] was contributed to OMERS in the current year.

# The Corporation of the Township of Manitouwadge

## Notes to the Consolidated Financial Statements

December 31, 2018

### 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 28 years, with an anticipated closure date of 2046 and an estimated remaining capacity of 131,729 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% [2017 - 3.9%] for closure costs and 3.9% [2017 - 3.9%] for post-closure cost discounting. The change in the recorded liability is \$154,707 [2017 - \$59,753] based on a total estimated undiscounted outflow in the future of \$3,678,379 [2017 - \$3,101,930], leaving an amount to be recognized in the future of \$2,932,752 [2017 - \$2,511,010] over the closure and post-closure period. Management's estimated accrued liability for these costs of \$745,627 [2017 - \$590,920] 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 \$366,244 [2017 - \$336,168] 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:

	2018 \$	2017 \$
<b>OSIFA</b>		
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.	267,090	445,150

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

	\$
2019	178,060
2020	89,030
	<u>267,090</u>

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# The Corporation of the Township of Manitouwadge

## Notes to the Consolidated Financial Statements

December 31, 2018

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[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 \$15,696 [2017 - \$22,564] 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 2018 [2017 - \$nil].

Interest capitalized during 2018 was \$nil [2017 - \$nil].

There were no contributed tangible capital assets in 2018 [2017 - \$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 2018 was \$18 [2017 - \$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.

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# The Corporation of the Township of Manitouwadge

## Notes to the Consolidated Financial Statements

December 31, 2018

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### **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 Manitowadge

## Notes to the Consolidated Financial Statements

December 31, 2018

### 12. RESERVES AND RESERVE FUNDS

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

	2018 \$	2017 \$
<b>Reserves</b>		
Balance, beginning of year	1,167,259	1,226,638
<b>Increases</b>		
Transfer to reserves	376,670	49,656
<b>Decreases</b>		
Transfer from reserves	220,241	109,035
<b>Balance, end of year</b>	<b>1,323,688</b>	<b>1,167,259</b>
<b>Reserve funds</b>		
Balance, beginning of year	5,310,732	4,935,888
<b>Increases</b>		
Transfer to reserves	575,588	1,171,983
Interest earned	71,654	74,119
Unrealized loss on investment	(23,985)	(78,861)
Interfund allocation of interest	32,521	(17,482)
	655,778	1,149,759
<b>Decreases</b>		
Transfers from reserves	131,245	774,915
<b>Balance, end of year</b>	<b>5,835,265</b>	<b>5,310,732</b>

### 13. DESIGNATED ASSETS

Of the financial assets reported on the Consolidated Statement of Financial Position, the Council has designated \$5,835,265 [2017 - \$5,310,732] 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 2018 charges from the Agency of \$299,139 [2017 - \$299,299]. The estimated operating cost for this water services for 2019 is approximately \$303,695.

# The Corporation of the Township of Manitouwadge

## Notes to the Consolidated Financial Statements

December 31, 2018

### 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 \$
<b>Revenues</b>			
Taxation	3,904,429	(157,794)	3,746,635
User charges	1,055,540	-	1,055,540
Government transfers	3,354,860	-	3,354,860
Other	2,350,284	(1,866,947)	483,337
	<b>10,665,113</b>	<b>(2,024,741)</b>	<b>8,640,372</b>
<b>Expenses</b>			
General government	2,436,743	(770,708)	1,666,035
Protection to persons and property	832,146	47,339	879,485
Transportation services	2,099,969	(388,443)	1,711,526
Environmental services	3,266,759	(1,701,068)	1,565,691
Health services	93,168	-	93,168
Social and family services	62,900	-	62,900
Recreation and cultural services	1,796,118	(522,753)	1,273,365
Planning and development	77,310	1,809	79,119
	<b>10,665,113</b>	<b>(3,333,824)</b>	<b>7,331,289</b>
<b>Annual surplus</b>	<b>-</b>	<b>1,309,083</b>	<b>1,309,083</b>
Interfund transfers	(883,803)	(883,803)	
Capital items	-	3,239,660	
Debt repayments	178,060	178,060	
Amortization	-	(1,224,835)	
<b>Approved surplus</b>	<b>(705,743)</b>	<b>1,309,082</b>	

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

Year ended December 31	2018	2017
	\$	\$
Investment in tangible capital assets	19,446,742	19,429,084
Unfunded		
Long-term debt	(267,090)	(445,150)
Landfill closure and post-closure liabilities	(745,627)	(590,920)
<b>Total surpluses</b>	<b>18,434,025</b>	<b>18,393,014</b>
<b>Reserves set aside for specific purposes by Council</b>		
For working capital	134,194	134,194
For recreation programs and facilities	123,600	123,600
For replacement of equipment and capital projects	774,712	554,142
For other projects	291,182	355,323
<b>Total reserves</b>	<b>1,323,688</b>	<b>1,167,259</b>
<b>Reserve funds set aside for specific purposes by Council</b>		
For assessment appeals	1,678,966	1,445,080
For recreation programs and facilities	455,195	448,424
For replacement of equipment and capital projects	1,978,932	1,954,213
For landfill closure and post-closure care	366,244	336,168
For contingencies	1,355,928	1,126,847
<b>Total reserve funds</b>	<b>5,835,265</b>	<b>5,310,732</b>
<b>Accumulated surplus</b>	<b>25,592,978</b>	<b>24,871,005</b>

# The Corporation of the Township of Manitowadge Consolidated Schedule of Tangible Capital Assets

Year ended December 31, 2018

## Schedule 2

	General						Infrastructure			Totals	
	Land \$	Improvements \$	Buildings \$	Vehicles \$	Library Collections \$	Assets Under Construction \$	Machinery Equipment \$	Underground and Other Networks \$	Office Equipment \$	2018 \$	2017 \$
<b>COST</b>											
Balance, beginning of year	97,467	864,784	10,629,402	2,140,628	81,150	-	5,160,220	34,032,340	136,892	53,142,881	52,266,765
Add											
Additions during the year	-	-	376,282	75,337	7,098	-	358,400	425,375	-	1,242,492	1,136,007
Less											
Disposals in the year	-	-	-	-	7,538	-	-	-	-	7,538	259,891
Balance, end of year	97,467	864,784	11,005,684	2,215,963	80,710	-	5,518,620	34,457,715	136,892	54,377,835	53,142,881
<b>ACCUMULATED AMORTIZATION</b>											
Balance, beginning 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
Add											
Amortization during the year	-	3,561	264,357	67,256	8,825	-	173,794	705,189	1,852	1,224,834	1,186,089
Less											
Disposals in the year	-	-	-	-	7,538	-	-	-	-	7,538	144,378
Balance, end of year	-	839,922	7,607,778	1,234,769	42,423	-	3,505,208	21,567,369	133,624	34,931,093	33,713,797
Net book value, beginning of year	97,467	28,423	3,285,981	973,113	40,014	-	1,828,806	13,170,160	5,120	19,428,084	19,594,679
Net book value, end of year	97,467	24,862	3,397,906	981,194	38,287	-	2,013,412	12,890,346	3,268	19,446,742	19,429,084



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

Year ended December 31, 2018

Schedule 3

	General Government		Protection to Persons and Property		Transportation Services		Environmental Services		Health Services	
	2018 \$	2017 \$	2018 \$	2017 \$	2018 \$	2017 \$	2018 \$	2017 \$	2018 \$	2017 \$
<b>Revenues</b>										
Taxation	3,770,400	3,562,856	-	-	-	-	-	-	-	-
Government transfers	-	-	-	-	336,490	195,232	-	-	-	-
Provincial grants	1,718,100	1,674,000	9,806	19,422	142,500	-	177,862	18,805	-	-
User fees and service charges	13,678	7,088	-	19,425	85,889	92,462	917,250	884,733	-	-
Investment income	162,224	10,151	-	-	-	-	-	-	-	-
Other income	495,547	188,814	-	-	-	-	-	-	-	-
Penalties and interest on taxes	162,891	147,680	-	-	-	-	-	-	-	-
Rents and leases	161,984	125,209	-	-	-	-	-	-	-	-
	<b>6,484,824</b>	<b>5,715,798</b>	<b>9,806</b>	<b>38,847</b>	<b>564,879</b>	<b>287,694</b>	<b>1,095,112</b>	<b>903,538</b>	-	-
<b>Expenses</b>										
Salaries, wages and employee benefits	518,714	488,726	258,728	260,656	657,875	662,873	222,501	162,998	6,856	3,046
Long-term debt charges	-	-	-	-	-	-	58,086	18,912	-	-
Materials	1,372,946	975,162	82,854	82,264	374,501	324,689	896,725	760,836	952	-
Contracted services	179,323	86,073	451,224	474,300	-	-	-	-	36,986	35,412
Rent and financials	9,178	44,453	-	-	4,497	2,603	10,508	-	-	-
External transfers to others	-	-	-	-	-	-	-	-	45,608	45,612
Amortization	87,507	87,776	72,339	55,268	427,567	413,444	512,815	513,563	-	-
	<b>2,167,668</b>	<b>1,682,190</b>	<b>865,145</b>	<b>872,488</b>	<b>1,464,440</b>	<b>1,403,609</b>	<b>1,700,635</b>	<b>1,456,309</b>	<b>90,402</b>	<b>84,070</b>
<b>Net revenue (expenses) before undernoted item</b>	<b>4,317,156</b>	<b>4,033,608</b>	<b>(855,339)</b>	<b>(833,641)</b>	<b>(899,561)</b>	<b>(1,115,915)</b>	<b>(605,523)</b>	<b>(552,771)</b>	<b>(90,402)</b>	<b>(84,070)</b>
Loss on disposal of tangible capital assets	-	-	-	-	-	-	-	-	-	-
<b>Annual surplus (deficit)</b>	<b>4,317,156</b>	<b>4,033,608</b>	<b>(855,339)</b>	<b>(833,641)</b>	<b>(899,561)</b>	<b>(1,115,915)</b>	<b>(605,523)</b>	<b>(552,771)</b>	<b>(90,402)</b>	<b>(84,070)</b>

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

Year ended December 31, 2018

**Schedule 3 (continued)**

	Social and Family Services		Recreation and Cultural Services		Planning and Development		Total
	2018	2017	2018	2017	2018	2017	
	\$	\$	\$	\$	\$	\$	\$
<b>Revenues</b>							
Taxation	-	-	-	-	-	-	3,562,856
Government transfers	-	-	-	-	-	-	336,490
Provincial grants	-	-	17,026	14,921	-	-	2,065,294
User fees and service charges	-	-	201,158	163,280	-	397	1,217,975
Investment income	-	-	-	-	-	-	162,224
Other income	-	-	-	-	-	-	495,547
Penalties and interest on taxes	-	-	-	-	-	-	162,891
Rents and leases	-	-	4,318	4,566	-	-	166,302
	-	-	222,502	182,767	-	397	8,377,123
<b>Expenses</b>							
Salaries, wages and employee benefits	-	-	604,325	603,050	20,922	3,700	2,289,921
Long-term debt charges	-	-	-	-	-	-	58,086
Materials	-	-	487,643	424,438	68,119	33,372	3,283,740
Contracted services	-	-	-	-	-	-	667,533
Rent and financials	-	-	-	-	-	-	24,183
External transfers to others	61,245	66,087	-	-	-	-	106,853
Amortization	-	-	122,797	114,229	1,809	1,809	1,224,834
	61,245	66,087	1,214,765	1,141,717	90,850	38,881	7,655,150
<b>Net revenue (expenses) before undernoted item</b>	(61,245)	(66,087)	(992,263)	(958,950)	(90,850)	(38,484)	721,973
Loss on disposal of tangible capital assets	-	-	-	-	-	-	-
<b>Annual surplus (deficit)</b>	-	-	(61,245)	(181,600)	(90,850)	(38,484)	268,177
	-	-	(992,263)	(958,950)	(90,850)	(38,484)	721,973
	-	-	-	-	-	-	(115,513)
	-	-	-	-	-	-	268,177

# 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 Manitowadge

## Opinion

We have audited the financial statements of the Trust Funds of The Corporation of the Township of Manitowadge ("the Township"), which comprise the statement of financial position as at December 31, 2018, and the statements of operations and accumulated surplus, 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 Trust Funds of The Corporation of the Township of Manitowadge as at December 31, 2018, and its results of operations 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 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.

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 a 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.

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. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Township and the organizations it controls to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

*Grant Thornton LLP*

Thunder Bay, Canada  
July 10, 2019

Chartered Professional Accountants  
Licensed Public Accountants

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

As at December 31	2018	2017
	\$	\$
<b>FINANCIAL ASSETS</b>		
Cash	5,037	5,035
Due from The Corporation of the Township of Manitouwadge	63,000	60,118
<b>NET FINANCIAL ASSETS</b>	<b>68,037</b>	<b>65,153</b>
<b>ACCUMULATED SURPLUS</b>	<b>68,037</b>	<b>65,153</b>

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	2018	2017
	\$	\$
<b>REVENUES</b>		
Portion of sales	1,900	900
Interest	984	(96)
	<b>2,884</b>	<b>804</b>
<b>Annual surplus</b>	<b>2,884</b>	<b>804</b>
Accumulated surplus, beginning of year	65,153	64,349
<b>Accumulated surplus, end of year</b>	<b>68,037</b>	<b>65,153</b>

See accompanying notes to the financial statements.

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

Year ended December 31	2018	2017
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Annual surplus	2,884	804
<b>Net changes in non-cash under capital balance</b>		
Due to The Corporation of the Township of Manitouwadge	(2,882)	(801)
<b>Increase in cash during year</b>	<b>2</b>	<b>3</b>
Cash, beginning of year	5,035	5,032
<b>Cash, end of year</b>	<b>5,037</b>	<b>5,035</b>

See accompanying notes to the financial statements.

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

December 31, 2018

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**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 interment 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.