

North Algona Wilberforce Township

Financial Statements

For the year ended 31 December 2018

MACKILLICAN & ASSOCIATES

CHARTERED PROFESSIONAL ACCOUNTANTS



North Algona Wilberforce Township

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Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of the Corporation of North Algona Wilberforce Township (the "Township") are the responsibility of the Township's management and have been prepared in compliance with legislation, and in accordance with Canadian Public Sector Accounting Standards. A summary of the significant accounting policies is contained in Note 1 to the consolidated financial statements. The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Township's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

The Council meets with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

The consolidated financial statements have been audited by MacKillican & Associates, independent external auditors appointed by the Township. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Township's consolidated financial statements.



Andrew Sprunt
CAO/Operations Manager

North Algona Wilberforce Township
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For the year ended 31 December 2018

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INDEPENDENT AUDITOR'S REPORT

To the Members of Council,
Inhabitants and Ratepayers of the
Corporation of North Algona Wilberforce Township.

Opinion

We have audited the consolidated financial statements of the Township of North Algona Wilberforce (the Township), which comprise the consolidated statement of financial position as at 31 December 2018, and the consolidated statement of operations and accumulated surplus, consolidated statement of changes in net financial assets and consolidated statement of 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 financial position of the Township as at 31 December 2018, and its financial performance and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards (PSAB).

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 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 Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PSAB, 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.

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 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 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.

A further description of the auditor's responsibilities for the audit of the financial statements is located at MacKillican's website at: http://mackillicans.com/PDF/Auditors_Responsibilities.pdf. This description forms part of our auditor's report.

MacKillican & Associates

RENFREW, Ontario.
18 June 2019.

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Licensed Public Accountants.

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North Algona Wilberforce Township
Consolidated Statement of Financial Position
As at 31 December 2018
(with 2017 figures for comparison)

	<u>2018</u>	<u>2017</u>
Financial assets:		
Cash and cash equivalents	\$ 2,135,791	\$ 1,360,838
Taxes receivable	752,933	782,953
Accounts receivable	222,949	489,541
Investments (Note 14)	<u>739,783</u>	<u>729,822</u>
	<u>\$ 3,851,456</u>	<u>\$ 3,363,154</u>
Liabilities:		
Accounts payable and accrued liabilities	\$ 489,519	\$ 180,355
Deferred revenue - obligatory reserve funds (Note 5)	167,227	75,310
- other	191,553	
Lien note (Note 13)	64,500	107,500
Landfill closure and post closure costs (Note 6)	173,503	173,419
Net long term liabilities (Note 13)	<u>170,371</u>	<u>219,224</u>
	<u>\$ 1,256,673</u>	<u>\$ 755,808</u>
Net financial assets	<u>\$ 2,594,783</u>	<u>\$ 2,607,346</u>
Non-financial assets:		
Tangible capital assets (net)	\$ 19,142,142	\$ 19,649,427
Inventories of supplies	28,452	30,654
Prepaid expenses	<u>1,680</u>	<u>2,844</u>
	<u>\$ 19,172,274</u>	<u>\$ 19,682,925</u>
Accumulated surplus	<u>\$ 21,767,057</u>	<u>\$ 22,290,271</u>
Accumulated surplus comprised of:		
Equity in tangible capital assets (Note 11)	\$ 18,913,467	\$ 19,333,024
Reserves and reserve funds (Note 16)	3,027,093	3,130,666
Unfunded - landfill closure and post closure costs (Note 3)	<u>(173,503)</u>	<u>(173,419)</u>
Total accumulated surplus	<u>\$ 21,767,057</u>	<u>\$ 22,290,271</u>

(See accompanying notes)

North Algona Wilberforce Township
Consolidated Statement of Operations and Accumulated Surplus

For the year ended 31 December 2018
(with 2018 budget and 2017 actual figures for comparison)

	2018 <u>Budget</u>	2018 <u>Actual</u>	2017 <u>Actual</u>
Revenue:			
Taxation and user charges	\$ 2,855,996	\$ 2,862,711	\$ 2,722,809
Government transfers:			
Ontario	915,523	585,358	668,326
Canada	170,518	5,040	176,729
Other municipalities	10,000	1,343	1,343
Other	<u>543,898</u>	<u>691,490</u>	<u>561,951</u>
	<u>\$ 4,485,935</u>	<u>\$ 4,154,599</u>	<u>\$ 4,131,158</u>
Expenses:			
General government	\$ 984,094	\$ 742,626	\$ 604,841
Protection to persons and property	951,475	916,355	976,315
Transportation services	2,431,956	2,210,162	2,179,085
Environmental services	596,334	539,005	531,005
Health services	23,000	23,000	23,000
Recreation and cultural services	277,200	245,607	212,811
Planning and development	<u>2,000</u>	<u>1,058</u>	<u>1,382</u>
	<u>\$ 5,266,059</u>	<u>\$ 4,677,813</u>	<u>\$ 4,528,439</u>
Shortfall of revenue over expenses	\$ (780,124)	\$ (523,214)	\$ (397,281)
Accumulated surplus at the beginning of the year	<u>22,290,271</u>	<u>22,290,271</u>	<u>22,687,552</u>
Accumulated surplus at the end of the year	<u>\$ 21,510,147</u>	<u>\$ 21,767,057</u>	<u>\$ 22,290,271</u>

(See accompanying notes)

North Algona Wilberforce Township
Consolidated Statement of Changes in Net Financial Assets
For the year ended 31 December 2018
 (with 2018 budget and 2017 actual figures for comparison)

	2018 <u>Budget</u>	2018 <u>Actual</u>	2017 <u>Actual</u>
Shortfall of revenue over expenses	\$ (780,124)	\$ (523,214)	\$ (397,281)
Amortization of tangible capital assets	1,370,710	1,370,710	1,486,054
Acquisition of tangible capital assets	(1,552,601)	(865,336)	(442,655)
Gain on sale of tangible capital assets		(4,534)	(3,500)
Proceeds on sale of tangible capital asset		6,445	3,500
Consumption (acquisition) of inventory		2,202	(3,126)
Consumption (acquisition) of prepaid expenses	<u> </u>	<u>1,164</u>	<u>(948)</u>
Increase (decrease) in net financial assets	\$ (962,015)	\$ (12,563)	\$ 642,044
Net financial assets at the beginning of the year	<u>2,607,346</u>	<u>2,607,346</u>	<u>1,965,302</u>
Net financial assets at the end of the year	<u>\$ 1,645,331</u>	<u>\$ 2,594,783</u>	<u>\$ 2,607,346</u>

(See accompanying notes)

North Algona Wilberforce Township
Consolidated Statement of Cash Flows
For the year ended 31 December 2018
(with 2017 figures for comparison)

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities:		
Shortfall of revenue over expenses	\$ (523,214)	\$ (397,281)
Add (deduct) items which do not involve cash:		
Amortization	1,370,710	1,486,054
Gain on disposal of tangible capital asset	(4,534)	(3,500)
Landfill closure and post closure costs	84	10,519
Deferred revenue	<u>283,470</u>	<u>(44,549)</u>
	<u>\$ 1,126,516</u>	<u>\$ 1,051,243</u>
Net change in non cash working capital balances related to operations:		
Decrease (increase) in taxes receivable	\$ 30,020	\$ (74,713)
Decrease (increase) in accounts receivable	266,592	(19,529)
Decrease (increase) in inventory	2,202	(3,126)
Decrease (increase) in prepaid expenses	1,164	(948)
Increase (decrease) in accounts payable and accrued liabilities	<u>309,164</u>	<u>4,029</u>
	<u>\$ 609,142</u>	<u>\$ (94,287)</u>
Cash flows from operating activities	<u>\$ 1,735,658</u>	<u>\$ 956,956</u>
Cash flows used for financing activities:		
Long term debt repayment	\$ (48,853)	\$ (47,240)
Lien note repayment	(43,000)	(43,000)
Loan proceeds	<u> </u>	<u>12,550</u>
Cash flows used for financing activities	<u>\$ (91,853)</u>	<u>\$ (77,690)</u>
Cash flows used for capital activities:		
Additions to tangible capital assets:		
Transportation services	\$ (862,043)	\$ (413,544)
Enviromental services	(3,293)	(29,111)
Proceeds from sale of tangible capital assets	6,445	3,500
Acquisition of investment	<u>(9,961)</u>	<u>(25,154)</u>
Cash flows used for capital activities	<u>\$ (868,852)</u>	<u>\$ (464,309)</u>
Increase in cash and cash equivalents during the year	\$ 774,953	\$ 414,957
Cash and cash equivalents at the beginning of the year	<u>1,360,838</u>	<u>945,881</u>
Cash and cash equivalents at the end of the year	<u><u>\$ 2,135,791</u></u>	<u><u>\$ 1,360,838</u></u>

(See accompanying notes)

North Algona Wilberforce Township
Notes to the Consolidated Financial Statements
For the year ended 31 December 2018

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Corporation of North Algona Wilberforce Township are the representation of management prepared in accordance with generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada.

The focus of PSAB financial statements is on the financial position of the Township and changes thereto. The Consolidated Statement of Financial Position reports financial assets and liabilities. Financial assets are available to provide resources to discharge existing liabilities or finance future operations. Municipal position represents the financial position of the Township and is the difference between financial assets and liabilities. This information explains the Township's overall future revenue requirements and its ability to finance activities and meet its obligations.

(a) Reporting Entity

- (i) The consolidated financial statements reflect financial assets, liabilities, operating revenue and expenses, reserves, reserve funds, and changes in investment in tangible capital assets of the Township. The reporting entity is comprised of all organizations, committees and local boards accountable for the administration of their financial affairs and resources to the Township and which are owned or controlled by the Township. Interdepartmental and organizational transactions and balances between these organizations are eliminated.

In addition the Township is a member of a joint local board. These financial statements include, based on the Township's share of total municipal contributions, the Township's proportionate share of the assets, liabilities, revenues and expenditures of the following joint board:

	% share
Ottawa Valley Waste Management Board	8.15

(ii) Accounting for County and School Board Transactions

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

(b) Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting recognizes revenues in the period in which transactions or events occurred that gave rise to the revenue; expenses are recognized in the period goods or services are acquired and a liability is incurred or transfers are due.

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used for certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred, services performed or the tangible capital assets are acquired.

North Algona Wilberforce Township
Notes to the Consolidated Financial Statements
For the year ended 31 December 2018

(c) 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 excess of revenue over expenses, provides the change in net financial assets for the year.

(d) Tangible Capital Assets

(i) Tangible capital assets (TCAs) are recorded at cost, which include all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Where the cost was not readily determinable, the assets were valued at their current fair market value and then discounted back to their in-service date using the Non-Residential Building Construction Price Index (NRBCPI) for infrastructure and using the Consumer Price Index (CPI) for all other assets. Land for road segments is valued at \$ 1.00 per segment. All other land is valued at cost. Where cost was not readily determinable, the land was given a value of \$ 1.00 per segment. 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 - 40 years
Machinery and equipment	5 - 15 years
Vehicles	5 - 20 years
Linear assets	10 - 40 years

Amortization is calculated commencing the first month of the year following acquisition using the above rates. In the year of disposal, a full year of amortization will be charged against the asset. Capital work in progress is not amortized until it is put into service.

The Township has a capitalization threshold of \$ 5,000, so that individual TCAs of lesser value are expensed, unless they are pooled because, collectively, they have significant value, or for operational reasons.

(ii) 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 expenditure equal to the net book value of the assets as of the date of transfer.

(e) Investment Income

Investment income earned on current funds (other than obligatory reserve funds) is reported as revenue in the period earned. Investment income earned on externally restricted funds is added to the fund balance and forms part of the respective deferred revenue balance.

(f) Government Transfers

Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or are the result of a direct financial return.

Government transfers are recognized in the financial statements in the period in which the events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amounts can be made.

North Algona Wilberforce Township
Notes to the Consolidated Financial Statements
For the year ended 31 December 2018

(g) Deferred Revenue

Certain amounts are received pursuant to regulations or agreement and may only be used in the conduct of certain programs or in the delivery of specific services and transactions. These amounts are recognized as revenue in the fiscal year the related expenditures are incurred or services performed.

(h) Deferred Revenue - Obligatory Reserve Funds

The Township receives restricted contributions under the authority of provincial and federal legislation and Township by-laws. These funds by their nature are restricted in their use and, until applied to applicable costs, are recorded as deferred revenue. Amounts applied to qualifying expenditures are recorded as revenue in the fiscal period they are expended.

(i) 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, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the year. Actual results could differ from these estimates. Significant estimates include the allowance for doubtful taxes, landfill closure and post closure costs and the useful life and recoverable amounts of tangible capital assets.

(j) Cash and Cash Equivalents

Cash and cash equivalents are comprised of cash on hand and in bank and investments due no greater than three months from the date of acquisition or that are cashable on demand.

(k) Revenue Recognition

Taxation revenue consists of non-exchange transactions. It is recognized in the period to which the assessment relates and reasonable estimates of amounts can be made. Annual revenue also includes adjustments related to reassessments or appeals related to prior years. Fees and user charges relate to licensing fees, fees for use of various programming and fees imposed based on specific activities. Revenue is recognized when the activity is performed or when the services are rendered.

(l) Inventories

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

(m) Landfill Site Closure and Post Closure Costs

The Township accrues landfill site closure and post closure care requirements that have been defined in accordance with industry standards and include final covering and landscaping of the landfill, pumping of ground water and leachates from the site, and ongoing environmental monitoring, site inspection and maintenance. The reported liability is based on estimates and assumptions with respect to events extending over a 25 year period using the best information available to management.

2. FINANCIAL INSTRUMENTS

Financial instruments include cash and cash equivalents, accounts receivable, investments, accounts payable and accrued liabilities, lien note and net long term liabilities. Unless otherwise noted, it is management's opinion that the Municipality is not exposed to significant interest, currency or credit risks arising from these financial instruments.

The carrying amounts reported on the statement of financial position for cash and cash equivalents, accounts receivable, investments, accounts payable and accrued liabilities, lien note and net long term liabilities, approximates their fair values, except for investments as described in Note 14.

North Algona Wilberforce Township
Notes to the Consolidated Financial Statements
For the year ended 31 December 2018

3. AMOUNTS TO BE RECOVERED

Amounts to be recovered represent the requirement of the Township to raise funds in subsequent periods to finance unfunded liabilities, comprised of the landfill closure and post closure liabilities.

4. OPERATIONS OF SCHOOL BOARDS AND COUNTY OF RENFREW

Requisitions were made by the School Boards and County of Renfrew requiring the Township to collect property taxes and payments in lieu of property taxes on their behalf. The amounts collected and remitted are as follows:

	<u>School Boards</u>	<u>County</u>
Property taxes	\$ 874,971	\$ 1,612,720
Payments in lieu	<u>65</u>	<u>7,588</u>
	<u>\$ 875,036</u>	<u>\$ 1,620,308</u>

5. DEFERRED REVENUE - OBLIGATORY RESERVE FUNDS

A requirement of the public sector accounting principles of the Chartered Professional Accountants of Canada is that obligatory reserve funds be reported as deferred revenue. This requirement is in place because federal, provincial and municipal legislation restricts how these funds may be used. The balances in the obligatory reserve funds of the Township are summarized below:

- (a) The balance of deferred revenue - obligatory reserve funds on the "Consolidated Statement of Financial Position" at the end of the year is comprised of the following externally restricted reserve funds:

	<u>2018</u>	<u>2017</u>
Gasoline Tax - Federal	\$ <u>167,227</u>	\$ <u>75,310</u>

- (b) Transactions during the year in the deferred revenue - obligatory reserve funds are as follows:

	<u>2018</u>	<u>2017</u>
Balance at the beginning of the year	\$ 75,310	\$ 107,672
Gas tax revenue received	91,509	88,895
Interest earned	408	
Used to purchase tangible capital assets	<u> </u>	<u>(121,257)</u>
Balance at the end of the year	<u>\$ 167,227</u>	<u>\$ 75,310</u>

6. LANDFILL CLOSURE AND POST CLOSURE LIABILITY

The Ottawa Valley Waste Management Board assumed control of a landfill site and also assumed liability for its closure and post closure care. These financial statements recognize a liability for closure and post closure care to the extent that the site has been used to date. The Township has also recognized a liability for the post closure care for another landfill site.

The Environmental Protection Act sets out the regulatory requirements to properly close and maintain all active and inactive landfill sites. Under environmental law, there is a requirement for closure and post closure care of solid waste landfill sites. This requirement is to be provided for over the estimated remaining life of the landfill site based on usage.

North Algona Wilberforce Township
Notes to the Consolidated Financial Statements
For the year ended 31 December 2018

6. LANDFILL CLOSURE AND POST CLOSURE LIABILITY (Continued)

Landfill closure and post closure care requirements have been defined in accordance with industry standards and include final covering and landscaping of the landfill, pumping ground water and leachates from the site, and ongoing environmental monitoring, site inspection and maintenance. Some closure costs are incurred on an ongoing basis and are included in the yearly fiscal operating budget. All remaining expected closure and post closure costs have been discounted at 5.23% which is the Board's average long term borrowing rate, net of estimated inflation of 2%. The Board has designated the investment of \$ 197,118 for settling closure and post closure liabilities.

The reported liability is based on estimates and assumptions with respect to events extending over the useful life and estimated post closure care period using the best information available to management. Future events may result in significant changes to the estimated total expenditures, capacity used or total capacity and the estimated liability, and would be recognized prospectively, as a change in estimate, when applicable.

Landfill sites' estimated remaining capacity in cubic metres	627,665
Landfill sites' remaining useful life in years	16
Expected years of post closure care	75

7. CONTINGENT LIABILITIES

The nature of municipal activities is such that there may be litigation pending or in prospect at any time. The Township is not aware of any claims or possible claims as at 31 December 2018.

8. BUDGET FIGURES

The operating budget approved by the North Algona Wilberforce Township for 2018 is reflected on the Consolidated Statement of Operations and Accumulated Surplus. The budget established for capital investment in tangible capital assets is on a project-oriented basis, the costs of which may be carried out over one or more years and, therefore, may not be comparable with current year's actual expenditure amounts. As well, the Township does not budget activity within reserves and reserve funds, with the exception being those transactions which affect either operations or capital investments. Budget figures have been reclassified for the purpose of these financial statements to comply with PSAB reporting requirements. Both the consolidated statement of operations and accumulated surplus and change in net assets include budgeted amounts which are unaudited.

9. TANGIBLE CAPITAL ASSETS

The Schedule of Tangible Capital Assets provides information on the tangible capital assets of the Township by major asset class and by function, as well as for accumulated amortization of the assets controlled. The reader should be aware of the following information relating to tangible capital assets:

(i) Contributed Tangible Capital Assets

The Township records all tangible capital assets contributed by an external party at fair value on the earlier of the date received or of the transfer of risk and responsibility. Typical examples are roadways, water and sewer lines installed by a developer as part of a subdivision agreement. There were no such transfers in 2018 (Nil in 2017).

North Algona Wilberforce Township
Notes to the Consolidated Financial Statements
For the year ended 31 December 2018

9. TANGIBLE CAPITAL ASSETS (Continued)

(ii) 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 such assets are the Township's road allowances. The 2018 road network had segments, each of which has been assigned a value of one dollar for the road allowance itself.

10. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's financial statement presentation.

11. EQUITY IN TANGIBLE CAPITAL ASSETS

	<u>2018</u>	<u>2017</u>
Tangible capital assets - net	\$ 19,142,142	\$ 19,649,427
Net long term liabilities (Note 13)	(170,371)	(219,224)
Lien note (Note 13)	<u>(58,304)</u>	<u>(97,179)</u>
Equity in tangible capital assets	<u>\$ 18,913,467</u>	<u>\$ 19,333,024</u>

12. JOINT LOCAL BOARDS

Ottawa Valley Waste Management Board:

The Ottawa Valley Waste Management Board is a joint local board which was formed to direct the operation of the Ottawa Valley Waste Recovery Centre.

The Township's proportionate share of the contributions to the Board is 8.15% (2017 - 8.12%). The Township had the following transactions with the Board:

	<u>2018</u>	<u>2017</u>
Tipping fees	\$ 40,807	\$ 43,893
Hauling fees	<u>22,640</u>	<u>22,610</u>
	<u>\$ 63,447</u>	<u>\$ 66,503</u>

Further, the Township made the following debt payments on behalf of the Board:

	<u>2018</u>	<u>2017</u>
Long term debt interest	\$ 13,819	\$ 17,195
Long term debt principal	<u>48,853</u>	<u>47,241</u>
	<u>\$ 62,672</u>	<u>\$ 64,436</u>

North Algona Wilberforce Township
Notes to the Consolidated Financial Statements
For the year ended 31 December 2018

12. JOINT LOCAL BOARDS (Continued)

Summary financial information for the year ended 31 December 2018 and the Township's proportionate share are as follows:

	<u>Total</u>	<u>Township's Share</u>
Net financial asset (debt)	\$ 220,324	\$ 41,513
Non-financial assets	<u>12,827,693</u>	<u>918,669</u>
Accumulated surplus	<u>\$ 13,048,017</u>	<u>\$ 960,182</u>
Revenue	\$ 6,199,656	\$ 505,272
Expenses	<u>5,717,781</u>	<u>466,772</u>
Excess of revenue over expenses	<u>\$ 481,875</u>	<u>\$ 38,500</u>

13. NET LONG TERM LIABILITIES

	<u>2018</u>	<u>2017</u>
(a) Debenture, interest at 7.23%, paid semi-annually, \$ 35,800 principal payment, payable annually, maturing 2022	\$ 143,200	\$ 179,000
Debenture, interest at 1.80%, paid semi-annually, \$ 1,604 principal and interest, maturing 2020	6,274	9,329
Infrastructure Ontario lien note, interest at 1.40%, paid semi-annually, \$ 21,500 principal payment, payable semi-annually, maturing 2020	64,500	107,500
Capital lease, interest at 4.45%, paid monthly, \$ 689 principal and interest, maturing 2020	11,983	19,545
Capital lease, interest at 1.99%, paid semi annual, \$ 1,325 principal and interest, maturing 2022	<u>8,914</u>	<u>11,350</u>
Net long term liabilities at the end of the year	<u>\$ 234,871</u>	<u>\$ 326,724</u>

(b) Principal payments required on the net long term liabilities are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 92,274	\$ 10,449	\$ 102,723
2020	67,101	6,835	73,936
2021	38,385	3,883	42,268
2022	<u>37,111</u>	<u>1,294</u>	<u>38,405</u>
	<u>\$ 234,871</u>	<u>\$ 22,461</u>	<u>\$ 257,332</u>

14. INVESTMENTS

Investments consist of a variety of fixed income securities, term investments and an investment savings account. The fixed income securities have effective interest rates of 1.94% to 4.87% which are cashable and with maturity dates from 14 January 2019 to 5 March 2040. Fair market value of investments at 31 December 2018 is \$ 740,173 (2017 - \$ 731,777).

North Algona Wilberforce Township
Notes to the Consolidated Financial Statements
For the year ended 31 December 2018

15. CONTRACTUAL OBLIGATIONS

The Township has not negotiated a contract with the Ontario Provincial Police for the provision of policing services, however the Ontario Provincial Police provide policing services on an annual basis. Annual charges are determined based on the level of service and are reconciled to actual costs in the following year. The contract for 2018 was \$ 527,746 (2017 - \$ 539,266).

16. RESERVES AND RESERVE FUNDS

Reserves and reserve funds are internally restricted and are not available for use without the approval of Council.

17. SEGMENTED INFORMATION

- (a) The Township is responsible for providing a wide range of services to its citizens. The Township reports on functional areas and programs in its consolidated financial statements. A brief description of each segment follows:
- i) General government is comprised of Council and administration and is responsible for the overall governance and management of the Municipality.
 - ii) Protection is comprised of police, fire, and other protective services.
 - iii) Transportation is comprised of roads including parking, signs and signals, streetlights and the maintenance of roads of the Township.
 - iv) Environmental services include water supply and distribution, wastewater treatment, and solid waste and recycling services.
 - v) Recreation and cultural services include parks and recreation and libraries.
 - vi) Planning and development services are comprised of managing development for residential and business interests, as well as infrastructure and parks.

North Algona Wilberforce Township
Notes to the Consolidated Financial Statements
For the year ended 31 December 2018

17. SEGMENTED INFORMATION (Continued)

(b) For each functional area, expenditures represent both amounts that are directly attributable to the functional area and amounts that are allocated on a reasonable basis. The expenditures for 31 December 2018 are as follows:

	Salaries and benefits	Interest on long term debt	Materials and contracted services	Rent and external transfers	Amortization	Total
General government	\$ 387,783		\$ 345,623		\$ 9,220	\$ 742,626
Protection services	154,765	\$ 1,353	704,641		55,596	916,355
Transportation services	387,745		568,476		1,253,941	2,210,162
Environmental services	33,117	13,819	447,208		44,861	539,005
Health services				\$ 23,000		23,000
Recreation services	35,648		86,082	116,785	7,092	245,607
Planning and development			1,058			1,058
	<u>\$ 999,058</u>	<u>\$ 15,172</u>	<u>\$ 2,153,088</u>	<u>\$ 139,785</u>	<u>\$ 1,370,710</u>	<u>\$ 4,677,813</u>

(c) The expenditures for 31 December 2017 are as follows:

	Salaries and benefits	Interest on long term debt	Materials and contracted services	Rent and external transfers	Amortization	Total
General government	\$ 205,813		\$ 389,509		\$ 9,519	\$ 604,841
Protection services	172,736	\$ 1,955	742,937		58,687	976,315
Transportation services	349,842		494,908		1,364,335	2,209,085
Environmental services	36,138	17,195	431,252		46,420	531,005
Health services				\$ 23,000		23,000
Recreation services	37,065		54,825	113,828	7,093	212,811
Planning and development			1,382			1,382
	<u>\$ 801,594</u>	<u>\$ 19,150</u>	<u>\$ 2,114,813</u>	<u>\$ 136,828</u>	<u>\$ 1,486,054</u>	<u>\$ 4,558,439</u>

18. PENSION CONTRIBUTIONS

The Municipality makes contributions to the Ontario Municipal Employees Retirement System (OMERS), a multi-employer pension plan. The plan provides defined pension benefits to employees based on their length of service and rates of pay. During the year ended 31 December 2018, the Municipality contributed \$ 36,734 to the plan and is included as an expense in the consolidated statement of operations. The Township does not recognize in its consolidated financial statements any share of the pension plan deficit as this is a joint responsibility of all Ontario municipalities and their employees. The pension plan surplus (deficit) for 2018 is (\$ 2,790,000,000) (2017 - \$ 605,000,000) based on the fair market value of the plan's assets.

North Algona Wilberforce Township

Schedule of General Operations

For the year ended 31 December 2018

(with 2018 budget and 2017 actual figures for comparison)

	<u>2018</u> <u>Budget</u>	<u>2018</u> <u>Actual</u>	<u>2017</u> <u>Actual</u>
Revenue:			
Net municipal taxation	\$ 2,855,996	\$ 2,862,711	\$ 2,722,809
Government transfers:			
Ontario	915,523	585,358	668,326
Canada	170,518	5,040	176,729
Other municipalities	10,000	10,000	1,343
Other	<u>200,410</u>	<u>298,388</u>	<u>180,668</u>
	<u>\$ 4,142,447</u>	<u>\$ 3,761,497</u>	<u>\$ 3,749,875</u>
Expenses:			
General government	\$ 984,094	\$ 742,626	\$ 604,841
Protection to persons and property	951,475	916,355	976,315
Transportation services	2,481,956	2,210,162	2,179,085
Environmental services	209,832	184,403	207,017
Health services	23,000	23,000	23,000
Recreation and cultural services	289,200	245,607	212,811
Planning and development	<u>2,000</u>	<u>1,058</u>	<u>1,382</u>
	<u>\$ 4,941,557</u>	<u>\$ 4,323,211</u>	<u>\$ 4,204,451</u>
Shortfall of revenue over expenses	<u>\$ (799,110)</u>	<u>\$ (561,714)</u>	<u>\$ (454,576)</u>
Transfers:			
Transfer from (to) reserves	\$ 958,680	\$ 131,599	\$ (537,827)
Transfer from (to) equity in tangible capital assets	<u>(159,570)</u>	<u>430,115</u>	<u>992,403</u>
Net transfers	<u>\$ 799,110</u>	<u>\$ 561,714</u>	<u>\$ 454,576</u>
Change in general surplus for the year	\$ -	\$ -	\$ -
General surplus at the beginning of the year	<u>-</u>	<u>-</u>	<u>-</u>
General surplus at the end of the year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

(See accompanying notes)

North Algona Wilberforce Township
Consolidated Schedule of Tangible Capital Assets

For the year ended 31 December 2018
(with 2017 figures for comparison)

Segmented by asset class: <u>Cost</u>	Balance at 31 December <u>2017</u>	<u>Additions</u>	Disposals, write-offs and adjustments	Balance at 31 December <u>2018</u>
Land	\$ 268,969			\$ 268,969
Land improvements	2,448			2,448
Buildings	2,183,522	\$ 864		2,184,386
Machinery and equipment	2,088,411			2,088,411
Vehicles	1,622,617	46,783	\$ (31,843)	1,637,557
Linear assets	43,679,453	756,633	32,328	44,468,414
Capital work in progress	<u>32,328</u>	<u>61,056</u>	<u>(32,328)</u>	<u>61,056</u>
Total	<u>\$ 49,877,748</u>	<u>\$ 865,336</u>	<u>\$ (31,843)</u>	<u>\$ 50,711,241</u>

<u>Accumulated amortization</u>	Balance at 31 December <u>2017</u>	<u>Amortization</u>	Disposals, write-offs and adjustments	Balance at 31 December <u>2018</u>
Land improvements	\$ 1,567	\$ 98		\$ 1,665
Buildings	1,143,364	47,491		1,190,855
Machinery and equipment	1,513,393	92,985		1,606,378
Vehicles	968,573	117,569	\$ (29,932)	1,056,210
Linear assets	<u>26,601,424</u>	<u>1,112,567</u>		<u>27,713,991</u>
Total	<u>\$ 30,228,321</u>	<u>\$ 1,370,710</u>	<u>\$ (29,932)</u>	<u>\$ 31,569,099</u>

<u>Net book value</u>	Balance at 31 December <u>2017</u>	Balance at 31 December <u>2018</u>
Land	\$ 268,969	\$ 268,969
Land improvements	881	783
Buildings	1,040,158	993,531
Machinery and equipment	575,018	482,033
Vehicles	654,044	581,347
Linear assets	17,078,029	16,754,423
Capital work in progress	<u>32,328</u>	<u>61,056</u>
Total	<u>\$ 19,649,427</u>	<u>\$ 19,142,142</u>

(See accompanying notes)

North Algona Wilberforce Township
Consolidated Schedule of Tangible Capital Assets

For the year ended 31 December 2018
(with 2017 figures for comparison)

Segmented by function: <u>Cost</u>	Balance at 31 December <u>2017</u>	<u>Additions</u>	Disposals, write-offs and adjustments	Balance at 31 December <u>2018</u>
General government	\$ 261,022			\$ 261,022
Protection services	1,580,413			1,580,413
Transportation services	46,076,042	\$ 862,043		46,938,085
Environmental services	1,634,300	3,293	\$ (31,843)	1,605,750
Recreation and cultural services	<u>325,971</u>			<u>325,971</u>
Total	<u>\$ 49,877,748</u>	<u>\$ 865,336</u>	<u>\$ (31,843)</u>	<u>\$ 50,711,241</u>

<u>Accumulated amortization</u>	Balance at 31 December <u>2017</u>	<u>Amortization</u>	Disposals, write-offs and adjustments	Balance at 31 December <u>2018</u>
General government	\$ 183,618	\$ 9,220		\$ 192,838
Protection services	1,053,597	55,596		1,109,193
Transportation services	28,099,155	1,253,941		29,353,096
Environmental services	654,579	44,861	\$ (29,932)	669,508
Recreation and cultural services	<u>237,372</u>	<u>7,092</u>		<u>244,464</u>
Total	<u>\$ 30,228,321</u>	<u>\$ 1,370,710</u>	<u>\$ (29,932)</u>	<u>\$ 31,569,099</u>

<u>Net book value</u>	Balance at 31 December <u>2017</u>	Balance at 31 December <u>2018</u>
General government	\$ 77,404	\$ 68,184
Protection services	526,816	471,220
Transportation services	17,976,887	17,584,989
Environmental services	979,721	936,242
Recreation and cultural services	<u>88,599</u>	<u>81,507</u>
Total	<u>\$ 19,649,427</u>	<u>\$ 19,142,142</u>

(See accompanying notes)

North Algona Wilberforce Township
Consolidated Schedule of Reserves and Reserve Funds

For the year ended 31 December 2018
(with 2017 figures for comparison)

	<u>2018</u>	<u>2017</u>
Contributions:		
From operations	\$ 1,004,054	\$ 837,676
Lot levies	1,603	
Investment income	<u>7</u>	
	<u>\$ 1,005,664</u>	<u>\$ 837,676</u>
Transfers:		
Transfer to operations	\$ 480,369	\$ 214,813
Transfer to tangible capital acquisitions	<u>628,868</u>	<u>39,787</u>
	<u>\$ 1,109,237</u>	<u>\$ 254,600</u>
Change in reserves and reserve funds balance	\$ (103,573)	\$ 583,076
Reserves and reserve funds at the beginning of the year	<u>3,130,666</u>	<u>2,547,590</u>
Reserves and reserve funds at the end of the year	<u><u>\$ 3,027,093</u></u>	<u><u>\$ 3,130,666</u></u>
Reserves:		
Working funds	\$ 818,738	\$ 1,160,211
Election		13,500
Friends of fire department	25,000	
Administration	1,279	1,279
Fire	598,712	459,768
Environment	147,928	135,928
Recreation	4,000	25,469
Emergency measures	4,326	4,326
Doctor recruitment	16,000	11,000
Ottawa Valley Waste Management Board	324,568	296,541
Roads	1,059,760	997,472
Policing	<u>20,000</u>	<u>20,000</u>
Total reserves	\$ 3,020,311	\$ 3,125,494
Discretionary reserve fund set aside for specific purpose:		
Recreation land	<u>6,782</u>	<u>5,172</u>
Total reserves and reserve funds	<u><u>\$ 3,027,093</u></u>	<u><u>\$ 3,130,666</u></u>

(See accompanying notes)