



Financial Statements

The Corporation of the Township of O'Connor

December 31, 2013



# TOWNSHIP OF O'CONNOR

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*Mayor*  
Ron Nelson

*Clerk-Treasurer*  
Lorna Buob

*Councillors*  
Gwen Garbutt  
Jerry Loan  
Bishop Racicot  
Jim Vezina

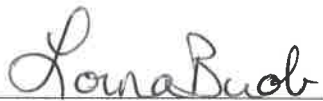
## **Statement of Administrative Responsibility**

The management of The Corporation of the Township of O'Connor 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 the CICA.

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 O'Connor. The external auditors have access to, and meet with Municipal Council to discuss their audit and the results of their examination.

The 2013 Financial Statements have been reported on by The Corporation of the Township of O'Connor's external auditors, Grant Thornton LLP, the auditors appointed by Municipal Council. The independent auditor's report outlines the scope of their audit and their opinion on the presentation of the information included in the financial statements.

  
\_\_\_\_\_  
Lorna Buob, Clerk-Treasurer

  
\_\_\_\_\_  
Ron Nelson, Mayor

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# Independent Auditor's Report

**Grant Thornton LLP**

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To the Members of Council, Inhabitants and Ratepayers of  
The Corporation of the Township of O'Connor

We have audited the accompanying financial statements of The Corporation of the Township of O'Connor, which comprise the statement of financial position as at December 31, 2013, and the statements of operations and accumulated surplus, change in net financial debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's responsibility for the financial statements**

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

### **Auditor's responsibility**

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

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

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

**Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Corporation of the Township of O'Connor as at December 31, 2013, and the results of its operations, changes in net financial debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

*Grant Thornton LLP*

Thunder Bay, Canada  
March 10, 2014

Chartered Accountants  
Licensed Public Accountants

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

As at December 31	2013	2012
	\$	\$
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents	361,165	88,048
Taxes receivable	88,033	73,095
Accounts receivable	49,883	40,785
Inventory for resale	5,686	5,824
<b>Total financial assets</b>	<b>504,767</b>	<b>207,752</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	77,533	68,425
Prepaid taxes	4,890	4,628
Deferred revenue <i>[note 3]</i>	248,994	20,252
Debt <i>[note 5]</i>	216,530	251,264
Landfill closure and post-closure liability <i>[note 6]</i>	10,719	12,045
<b>Total liabilities</b>	<b>558,666</b>	<b>356,614</b>
<b>NET DEBT</b>	<b>(53,899)</b>	<b>(148,862)</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets - net <i>[note 7] [schedule 2]</i>	2,480,151	2,501,162
Prepaid expenses	480	348
	<b>2,480,631</b>	<b>2,501,510</b>
<b>Accumulated surplus <i>[schedule 1]</i></b>	<b>2,426,732</b>	<b>2,352,648</b>

See accompanying notes to the financial statements.

# The Corporation of the Township of O'Connor

## Statement of Operations and Accumulated Surplus

Year ended December 31

	Budget 2013 \$ <i>[note 10]</i>	Actual 2013 \$	Actual 2012 \$
<b>REVENUES [schedule 3]</b>			
<b>Taxation</b>			
Residential and farm taxation	563,616	573,483	518,293
Commercial and industrial	12,609	12,609	12,094
Taxation from other governments	2,066	2,066	3,111
	<b>578,291</b>	<b>588,158</b>	533,498
<b>User charges</b>			
Other fees and service charges	5,925	10,055	6,171
	<b>584,216</b>	<b>598,213</b>	539,669
<b>Government transfers</b>			
Government of Canada	145,668	67,022	45,279
Province of Ontario	332,157	331,546	270,537
	<b>477,825</b>	<b>398,568</b>	315,816
<b>Other</b>			
Investment income	2,200	1,868	836
Other income	46,180	60,928	53,180
	<b>48,380</b>	<b>62,796</b>	54,016
<b>Total revenues</b>	<b>1,110,421</b>	<b>1,059,577</b>	909,501

	Budget 2013 \$ [note 10]	Actual 2013 \$	Actual 2012 \$
<b>EXPENSES [note 8] [schedule 3]</b>			
General government	299,593	310,964	275,583
Protection to persons and property	106,919	99,119	97,194
Transportation services	419,794	426,042	415,607
Environmental services	28,469	24,712	24,954
Health services	49,056	48,747	44,570
Social and family services	78,050	74,439	77,226
Recreation and cultural services	1,220	1,220	1,220
Planning and development	250	250	250
	<b>983,351</b>	<b>985,493</b>	936,604
<b>NET REVENUES (EXPENSES) BEFORE UNDERNOTED ITEM</b>	<b>127,070</b>	<b>74,084</b>	<b>(27,103)</b>
<b>Other expenses</b>			
Loss on disposal of tangible capital assets	-	-	(12,815)
<b>Annual surplus (deficit)</b>	<b>127,070</b>	<b>74,084</b>	<b>(39,918)</b>
Accumulated surplus (deficit), beginning of year	(4,163)	2,352,648	2,392,566
<b>Accumulated surplus, end of year [schedule 1]</b>	<b>122,907</b>	<b>2,426,732</b>	<b>2,352,648</b>

See accompanying notes to the financial statements.



## The Corporation of the Township of O'Connor

### Statement of Change in Net Financial Debt

Year ended December 31

	Budget 2013 \$ <i>[note 10]</i>	Actual 2013 \$	Actual 2012 \$
<b>Annual surplus (deficit)</b>	<b>127,070</b>	<b>74,084</b>	<b>(39,918)</b>
Acquisition of tangible capital assets	<b>(254,713)</b>	<b>(139,467)</b>	<b>(141,529)</b>
Amortization of tangible capital assets	<b>160,478</b>	<b>160,478</b>	169,038
Proceeds on disposal of tangible capital assets	-	-	568
Loss on disposal of tangible capital assets	-	-	12,815
Acquisition of prepaid expenses	-	<b>(480)</b>	<b>(348)</b>
Use of prepaid expenses	-	<b>348</b>	-
<b>Decrease in net debt</b>	<b>32,835</b>	<b>94,963</b>	<b>626</b>
Net debt, beginning of year	<b>(148,862)</b>	<b>(148,862)</b>	<b>(149,488)</b>
<b>Net debt, end of year</b>	<b>(116,027)</b>	<b>(53,899)</b>	<b>(148,862)</b>

See accompanying notes to the financial statements.

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

Year ended December 31	2013	2012
	\$	\$
<b>OPERATIONS</b>		
Annual surplus (deficit)	74,084	(39,918)
<b>Non-cash charges</b>		
Amortization of tangible capital assets	160,478	169,038
Landfill closure and post-closure costs	(1,326)	674
Loss on disposal of tangible capital assets	-	12,815
	<b>233,236</b>	<b>142,609</b>
<b>Net change in non-cash working capital balances</b>		
Increase in taxes receivable	(14,938)	(17,993)
Increase in accounts receivable	(9,098)	(12,696)
Decrease in inventory	138	133
Increase in accounts payable and accrued liabilities	9,108	13,180
Increase in prepaid taxes	262	1,748
Increase in deferred revenue	228,742	5,195
Increase in prepaid expenses	(132)	(348)
<b>Cash provided by operating transactions</b>	<b>447,318</b>	<b>131,828</b>
<b>CAPITAL</b>		
Acquisition of tangible capital assets	(139,467)	(141,529)
Proceeds on disposal of tangible capital assets	-	568
<b>Cash used in capital transactions</b>	<b>(139,467)</b>	<b>(140,961)</b>
<b>FINANCING</b>		
Debt principal repayment	(34,734)	(32,670)
Proceeds from issue of debt	-	25,000
<b>Cash used in financing transactions</b>	<b>(34,734)</b>	<b>(7,670)</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>273,117</b>	<b>(16,803)</b>
Opening cash and cash equivalents	88,048	104,851
<b>Closing cash and cash equivalents</b>	<b>361,165</b>	<b>88,048</b>

See accompanying notes to the financial statements.

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# The Corporation of the Township of O'Connor

## Notes to the Financial Statements

December 31, 2013

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### GENERAL

The Corporation of the Township of O'Connor 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 financial statements of The Corporation of the Township of O'Connor are prepared by management in accordance with accounting policies generally accepted for the local government as prescribed by the Public Sector Accounting Board ("PSAB") of the CICA. The more significant of these accounting policies are as follows:

#### [a] Basis of consolidation

##### Reporting entity

These financial statements reflect the 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.

The reporting entity only includes the Township.

##### Government partnerships

Certain organizations in which the Township participates are accounted for on a proportionate consolidation basis, consistent with the treatment for government partnerships. Under the proportionate consolidation basis of accounting, the Township pro-rata share of the assets, liabilities, revenues and expenditures that are subject to shared control is combined on a line-by-line basis with similar items in the Township's financial statements. The entities that are accounted for in this manner are:

Thunder Bay Area Emergency Measures Organization  
Lakehead Rural Planning Board

##### Local boards

The financial activities of certain entities associated with the Township are not consolidated. The Township's contributions to these entities are recorded in the 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

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# The Corporation of the Township of O'Connor

## Notes to the Financial Statements

December 31, 2013

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### **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.

### **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 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 cash equivalents**

Cash and cash equivalents consist of cash on hand, balances in banks, and short-term highly liquid investments readily convertible to cash.

### **Inventories held for resale**

Inventories held for resale are recorded at the lower of cost and net realizable value.

### **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 the services necessary to earn the benefits. Vacation pay and other post-employment benefits are charged to operations in the year earned.

### **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 annual surplus (deficit), provides the change in net financial assets (debt) for the year.

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# The Corporation of the Township of O'Connor

## Notes to the Financial Statements

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December 31, 2013

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[a] Tangible capital assets

[i] Tangible capital assets are recorded at cost less accumulated amortization and write-downs, if any. Costs 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:

Land improvements	25 to 75 years
Buildings	40 to 80 years
Computer software	5 years
Machinery and equipment	10 to 20 years
Vehicles	15 to 20 years
Transportation	
- roads	15 to 45 years
- bridges and culverts	50 to 100 years

In the year of acquisition or in the year of disposal, amortization is charged based on the months in use. 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.

[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 expense equal to the net book value of the asset as of the date of transfer.

[iii] 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.

[iv] 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.

[v] Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of 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.

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# The Corporation of the Township of O'Connor

## Notes to the Financial Statements

December 31, 2013

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### **Reserves**

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

### **Taxation revenue**

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

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

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

### **Government transfers**

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

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

The 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.

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# The Corporation of the Township of O'Connor

## Notes to the Financial Statements

December 31, 2013

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### **Revenue recognition**

User charges and other revenues 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 are reported as revenue 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 Statement of Financial Position. The revenue is recognized in the Statement of Operations and Accumulated Surplus in the year in which it is used for the specified purpose.

### **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 estimated useful lives of tangible capital assets 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.

## **2. TRUST FUNDS**

Trust funds administered by the Township amounting to \$25,212 [2012 - \$24,312] have not been included in the Statement of Financial Position nor have their operations been included in the Statement of Operations and Accumulated Surplus.

# The Corporation of the Township of O'Connor

## Notes to the Financial Statements

December 31, 2013

### 3. DEFERRED REVENUE

	2013 \$	2012 \$
Obligatory reserve funds		
Gas Tax revenue	13,176	4,207
Other deferred revenue		
Enabling Accessibility Fund	39,733	-
Municipal Infrastructure Investment Initiative		
- bridge replacement	149,444	-
Ontario Air Ambulance - Helipad maintenance	17,393	15,511
Ontario Trillium Foundation	6,177	-
Other administration	7,587	534
Small Rural & Northern Municipal Infrastructure Fund	15,484	-
	<b>248,994</b>	<b>20,252</b>

The continuity of deferred revenue is as follows:

	Government Transfer \$	Other \$	Total 2013 \$	Total 2012 \$
<b>Balance, beginning of year</b>	<b>19,718</b>	<b>534</b>	<b>20,252</b>	15,057
Other administration income received	-	7,094	7,094	534
Conditional grant proceeds received in year	313,187	-	313,187	47,672
Revenue recognized in year	(91,498)	(41)	(91,539)	(43,011)
<b>Balance, end of year</b>	<b>241,407</b>	<b>7,587</b>	<b>248,994</b>	<b>20,252</b>

### 4. 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 retirement benefit to be received by the employees based on the length of service and rates of pay. The amount contributed to OMERS for 2013 was \$20,328 [2012 - \$18,528] for current service.



# The Corporation of the Township of O'Connor

## Notes to the Financial Statements

December 31, 2013

### 5. DEBT

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

	2013 \$	2012 \$
<b>Canadian Imperial Bank of Commerce</b>		
Demand loan payable in monthly instalments of \$1,315 plus interest at prime plus 1.25% [4.25% at year-end], maturing September, 2020.	106,443	122,223
Demand loan payable in monthly instalments of \$1,061 plus interest at prime plus 1.25% [4.25% at year-end], maturing September, 2020.	85,904	98,631
<b>Ontario Infrastructure Projects Corporation</b>		
Debenture loan payable in 20 semi-annual blended payments of \$3,782, including interest at 4.63%, ending February, 2017.	24,183	30,410
	<b>216,530</b>	<b>251,264</b>

[b] Principal repayments over the next seven years, assuming the loans are not demanded and terms remain consistent, are as follows:

	\$
2014	35,026
2015	35,331
2016	35,651
2017	32,204
2018	28,507
2019	28,507
2020	21,304
	<b>216,530</b>

[c] The debt approved after January 1, 1993 has been approved by by-law. The annual principal and interest payments required to service these liabilities are within the annual debt repayment limit prescribed by the Ontario Ministry of Municipal Affairs and Housing.

[d] Total interest charges for debt reported on the Statement of Operations and Accumulated Surplus are \$10,166 [2012 - \$10,851].

[e] All debt is secured by a borrowing by-law.

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# The Corporation of the Township of O'Connor

## Notes to the Financial Statements

December 31, 2013

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### 6. LANDFILL CLOSURE AND POST-CLOSURE

The main components of the landfill closure plan includes final capping using selected specific layers of impermeable materials based on an engineered cap design and implementation of a drainage management plan and gas management plan. The post-closure care requirements will involve cap maintenance, groundwater monitoring, gas management system operation and maintenance, and annual inspections and reports as in accordance with Ministry of Environment regulations.

The estimated liability for this care is the present value for future cash flows associated with closure and post-closure costs discounted using the Township's average long-term borrowing rate of 5%. The change in the recorded liability is \$(1,326) [2012 - \$674] based on a total estimated undiscounted outflow in the future of \$461,560 [2012 - \$562,528], leaving an amount to be recognized in the future of \$450,841 [2012 - \$550,483] over the closure and post-closure period. An amount of \$23,168 [2012 - \$18,168] has been provided in the infrastructure and disposal site reserve to fund this liability and future landfill expansion [schedule 1]. The liability is expected to be funded through budget allocations to a landfill reserve over the remaining life of the landfill.

The estimated remaining life of the site is approximately 56 years and the estimated capacity remaining is 25,725 cubic metres. Post-closure care is estimated to continue for a period of approximately 20 years.

### 7. 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 2013 [2012 - \$nil].

Interest capitalized during 2013 was \$nil [2012 - \$nil].

There were no contributed tangible capital assets in 2013 [2012 - \$nil].

Certain assets were recorded at a nominal value on adoption of tangible capital assets due to the difficulty in determining an appropriate value. This includes the land relating to the roads network. There are 84 kilometres of land relating to road allowances assigned a value of \$10 per kilometre. The total of assets so valued in 2013 was \$840 [2012 - \$840].

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# The Corporation of the Township of O'Connor

## Notes to the Financial Statements

December 31, 2013

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### 8. SEGMENTED INFORMATION

The Township provides a wide range of services to its citizens. The Schedule of Segment Disclosure provides a breakdown of the annual surplus (deficit) reported on the Statement of Operations and Accumulated Surplus by major reporting segment. The segments correspond to the major functional categories used in the Township's Financial Information Return, which include the following activities:

#### **General government**

General government comprises various administrative services, including Finance, Corporate Services, and Mayor and Council.

#### **Protection to persons and property**

Protection to persons and property is comprised of police services, fire services, and protective inspection and control. The police services are provided by the Ontario Provincial Police. The Fire Services Department is responsible for fire suppression; fire prevention programs; training and education related to prevention, detection or extinguishment of fires. Protective inspection and control ensures an acceptable quality of building construction and maintenance of properties through enforcement of construction codes, building standards and by-laws for the protection of occupants. Protective inspection and control also represents the Township's contribution to the activities of the Thunder Bay Area Emergency Measures Organization (EMO).

#### **Transportation services**

Transportation services include roadways and winter control. Roadways covers the delivery of municipal public works services related to the planning, development and maintenance of roadway systems and culverts. Winter control includes snowplowing, sanding and salting, snow removal, and flood control.

#### **Environmental services**

Environmental services consist of waste disposal and recycling. Waste disposal and recycling includes the landfill site operations and recycle bins.

#### **Health services**

Health services includes public health services and ambulance services. Public health services represents the Township's contribution to the activities of the Thunder Bay District Health Unit. The Thunder Bay District Health Unit provides health information and prevention-related clinical services; advocates for healthy public policy; investigates reportable diseases; and upholds regulations that apply to public health.

#### **Social and family services**

Social and family services represents the Township's contribution to the activities of The District of Thunder Bay Social Services Administration Board (TBDSSAB). TBDSSAB is responsible for Ontario Works program delivery, child care services and social housing.

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# The Corporation of the Township of O'Connor

## Notes to the Financial Statements

December 31, 2013

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### Recreation and cultural services

Recreation and cultural services include recreation facilities and public library services. The Township provides for the development and maintenance of various recreational facilities. The public library services are contracted with the Oliver-Paipoonge Public Library Board and provides community access to local and global information resources that support lifelong learning, research and leisure activities.

### Planning and development

The Planning and Development Department includes planning and zoning activities. The Township's contributions to the activities of the Lakehead Rural Planning Board are included in planning activities. The Township also has a Committee of Adjustments which deals with minor variances within the Township.

For additional information see the Schedule of Segment Disclosure (Schedule 3).

## 9. RESERVES

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

	2013 \$	2012 \$
<b>Balance, beginning of year</b>	<b>118,958</b>	125,608
<b>Increases</b>		
Transfer to reserves	69,324	11,600
<b>Decreases</b>		
Transfer from reserves	9,557	18,250
<b>Balance, end of year</b>	<b>178,725</b>	118,958

The general fund surplus has been decreased by an amount of \$69,324 transferred to reserves as authorized by various resolutions issued subsequent to year-end. Had these transfers not been made, the balance of the Township's surpluses would have been as follows: general fund surplus of \$64,429 and reserves of \$109,401.

# The Corporation of the Township of O'Connor

## Notes to the Financial Statements

December 31, 2013

### 10. 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 Statements 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 2013 Budget \$	PSAB Adjustment \$	PSAB Adjusted Budget \$
<b>Revenue</b>	<b>1,215,160</b>	<b>(104,739)</b>	<b>1,110,421</b>
<b>Expenses</b>	<b>1,211,000</b>	<b>(227,649)</b>	<b>983,351</b>
<b>Annual surplus</b>	<b>4,160</b>	<b>122,910</b>	<b>127,070</b>
Less:			
Acquisition of tangible capital assets	-	(254,713)	(254,713)
Transfer to reserves	4,172	(4,172)	-
Debt principal repayment	34,734	(34,734)	-
Add:			
Amortization of tangible capital assets	-	160,478	160,478
Landfill closure and post-closure costs	(674)	674	-
Transfer from reserves	(9,557)	9,557	-
	<b>28,675</b>	<b>(122,910)</b>	<b>(94,235)</b>
<b>Decrease in net debt</b>	<b>32,835</b>	<b>-</b>	<b>32,835</b>

### 11. COMPARATIVE FINANCIAL STATEMENTS

The comparative financial statements have been reclassified from statements previously presented to conform to the presentation of the 2013 financial statements.

**The Corporation of the Township of O'Connor**  
**Schedule 1**  
**Schedule of Accumulated Surplus**

Year ended December 31	2013	2012
	\$	\$
<b>Surpluses</b>		
General fund	(4,895)	(4,163)
Investments in tangible capital assets	2,480,151	2,501,162
Unfunded		
Debt	(216,530)	(251,264)
Landfill closure and post-closure liability	(10,719)	(12,045)
<b>Total surpluses</b>	<b>2,248,007</b>	<b>2,233,690</b>
<b>Reserves set aside for specific purposes by Council</b>		
For working capital	50,578	45,578
For roads equipment	8,988	5,988
For office equipment	12,748	5,424
For municipal building	45,000	-
For fire training and equipment	13,243	18,800
For infrastructure and disposal site	48,168	43,168
<b>Total reserves</b>	<b>178,725</b>	<b>118,958</b>
<b>Accumulated surplus</b>	<b>2,426,732</b>	<b>2,352,648</b>

Schedule 2

The Corporation of the Township of O'Connor  
 Schedule of Tangible Capital Assets

Year ended December 31, 2013

	General							Infrastructure					Totals			
	Land and Land Improvements	Buildings	Vehicles	Computer Software	Machinery and Equipment	Assets under Construction	Land and Land Improvements	Buildings	Vehicles	Roads	Machinery and Equipment	Bridges and Culverts	Computer Software	Assets under Construction	2013	2012
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>COST</b>																
Balance, beginning of year	117,826	497,090	152,274	15,072	144,273	-	4,245	34,995	345,793	933,445	296,711	2,304,837	2,511	-	4,849,072	4,806,750
Add	-	-	-	-	6,741	55,735	-	-	-	56,302	230	-	-	20,459	139,467	141,529
Less	-	-	-	-	9,600	-	-	-	-	-	-	-	-	-	-	99,207
Balance, end of year	117,826	497,090	152,274	15,072	141,414	55,735	4,245	34,995	345,793	939,618	296,941	2,304,837	2,511	20,459	4,925,810	4,849,072
<b>ACCUMULATED AMORTIZATION</b>																
Balance, beginning of year	63,537	124,593	30,019	13,336	88,912	-	2,266	17,069	201,249	641,700	93,798	1,068,920	2,511	-	2,347,910	2,264,696
Add	3,365	6,795	11,855	732	7,211	-	9	857	13,333	41,287	19,004	56,030	-	-	160,478	169,038
Less	-	-	-	-	9,600	-	-	-	-	53,129	-	-	-	-	-	85,824
Balance, end of year	66,902	131,388	41,874	14,068	86,523	-	2,275	17,926	214,582	629,858	112,802	1,124,950	2,511	-	2,445,659	2,347,910
<b>Net book value, beginning of year</b>	54,289	372,497	122,255	1,736	55,361	-	1,979	17,926	144,544	291,745	202,913	1,235,917	-	-	2,501,162	2,596,189
<b>Net book value, end of year</b>	50,924	365,702	110,400	1,004	54,891	55,735	1,970	17,069	131,211	306,760	184,139	1,179,887	-	20,459	2,480,151	2,501,162

# The Corporation of the Township of O'Connor Schedule of Segment Disclosure

Year ended December 31, 2013

## Schedule 3

	General Government		Protection to Persons and Property		Transportation Services		Environmental Services		Health Services	
	2013 \$	2012 \$	2013 \$	2012 \$	2013 \$	2012 \$	2013 \$	2012 \$	2013 \$	2012 \$
<b>Revenues</b>										
Taxation	588,158	533,498	-	-	-	-	-	-	-	-
Government transfers	286,130	262,565	3,143	7,227	54,145	44,307	-	-	1,617	497
User fees and service charges	2,156	925	-	-	-	-	7,349	4,261	550	985
Other revenues	39,637	30,566	3,780	15,101	16,961	6,488	-	-	-	-
Investment income - general	1,868	836	-	-	-	-	-	-	-	-
	<b>917,949</b>	<b>828,390</b>	<b>6,923</b>	<b>22,328</b>	<b>71,106</b>	<b>50,795</b>	<b>7,349</b>	<b>4,261</b>	<b>2,167</b>	<b>1,482</b>
<b>Expenses</b>										
Salaries, wages and employee benefits	157,981	157,137	3,242	5,734	164,052	155,106	11,735	11,233	2,172	654
Long-term debt charges	-	-	3,943	3,663	6,223	7,188	-	-	-	-
Materials	87,994	79,997	44,274	44,186	125,247	111,538	3,338	2,691	-	-
Contracted services	55,372	28,567	3,040	2,837	-	-	4,369	6,004	-	-
Rent and financial expenses	25	290	-	-	-	-	-	-	-	-
External transfers to others	-	-	25,328	24,177	-	-	4,196	3,952	46,575	43,916
Amortization	9,592	9,592	19,292	16,597	130,520	141,775	1,074	1,074	-	-
Loss on disposal of tangible capital assets	-	-	-	-	-	12,815	-	-	-	-
	<b>310,964</b>	<b>275,583</b>	<b>99,119</b>	<b>97,194</b>	<b>426,042</b>	<b>428,422</b>	<b>24,712</b>	<b>24,954</b>	<b>48,747</b>	<b>44,570</b>
<b>Annual surplus (deficit)</b>	<b>606,985</b>	<b>552,807</b>	<b>(92,196)</b>	<b>(74,866)</b>	<b>(354,936)</b>	<b>(377,627)</b>	<b>(17,363)</b>	<b>(20,693)</b>	<b>(46,580)</b>	<b>(43,088)</b>



**The Corporation of the Township of O'Connor**  
**Schedule of Segment Disclosure**  
 Year ended December 31, 2013

**Schedule 3 (continued)**

	Social and Family Services		Recreation and Cultural Services		Planning and Development		Total
	2013	2012	2013	2012	2013	2012	
<b>Revenues</b>							
Taxation	-	-	-	-	-	-	533,498
Government transfers	-	-	53,533	1,220	-	-	315,816
User fees and service charges	-	-	-	-	-	-	6,171
Other revenues	-	-	-	-	550	1,025	53,180
Investment income - general	-	-	-	-	-	-	836
	<b>74,439</b>	<b>77,226</b>	<b>53,533</b>	<b>1,220</b>	<b>550</b>	<b>1,025</b>	<b>1,059,577</b>
<b>Expenses</b>							
Salaries, wages and employee benefits	-	-	-	-	-	-	329,864
Long-term debt charges	-	-	-	-	-	-	10,851
Materials	-	-	-	-	-	-	238,412
Contracted services	-	-	1,220	1,220	-	-	38,628
Rent and financial expenses	-	-	-	-	-	-	290
External transfers to others	74,439	77,226	-	-	250	250	149,521
Amortization	-	-	-	-	-	-	169,038
Loss on disposal of tangible capital assets	-	-	-	-	-	-	12,815
	<b>(74,439)</b>	<b>(77,226)</b>	<b>1,220</b>	<b>1,220</b>	<b>250</b>	<b>250</b>	<b>949,419</b>
<b>Annual surplus (deficit)</b>			<b>52,313</b>	-	<b>300</b>	<b>775</b>	<b>(39,918)</b>

# Independent Auditor's Report

**Grant Thornton LLP**

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To the Members of Council, Inhabitants and Ratepayers of  
The Corporation of the Township of O'Connor

We have audited the accompanying financial statements of The Corporation of the Township of O'Connor Trust Funds, which comprise the statement of financial position as at December 31, 2013, and the statement of operations and accumulated surplus, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's responsibility for the financial statements**

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

**Auditor's responsibility**

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

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

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

**Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Corporation of the Township of O'Connor Trust Funds as at December 31, 2013, and the results of its operations for the year then ended in accordance with Canadian public sector accounting standards.

*Grant Thornton LLP*

Thunder Bay, Canada  
March 10, 2014

Chartered Accountants  
Licensed Public Accountants

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

As at December 31

			2013	2012
	Township of O'Connor Cemetery Perpetual Care \$	O'Connor Free Methodist Church Perpetual Care \$	Total \$	Total \$
<b>FINANCIAL ASSETS</b>				
Investments <i>[note 3]</i>	19,229	5,983	25,212	24,111
Due from Township	400	-	400	229
<b>Total financial assets</b>	<b>19,629</b>	<b>5,983</b>	<b>25,612</b>	<b>24,340</b>
<b>LIABILITIES</b>				
Due to Township	-	-	-	28
<b>Accumulated surplus</b>	<b>19,629</b>	<b>5,983</b>	<b>25,612</b>	<b>24,312</b>

See accompanying notes to the financial statements.

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

Year ended December 31			2013	2012
	Township of O'Connor Cemetery Perpetual Care \$	O'Connor Free Methodist Church Perpetual Care \$	Total \$	Total \$
<b>REVENUES</b>				
Interest earned	276	88	364	478
Plots and monuments	1,200	100	1,300	680
<b>Total revenues</b>	<b>1,476</b>	<b>188</b>	<b>1,664</b>	<b>1,158</b>
<b>EXPENSES</b>				
Transfers to Township	276	88	364	478
<b>Annual surplus</b>	<b>1,200</b>	<b>100</b>	<b>1,300</b>	<b>680</b>
Accumulated surplus, beginning of year	18,429	5,883	24,312	23,632
<b>Accumulated surplus, end of year</b>	<b>19,629</b>	<b>5,983</b>	<b>25,612</b>	<b>24,312</b>

See accompanying notes to the financial statements.

**The Corporation of the Township of O'Connor  
Trust Funds  
Statement of Cash Flows**

Year ended December 31	2013	2012
	\$	\$
<b>OPERATIONS</b>		
Annual surplus	1,300	680
Net changes in non-cash working capital balances		
Due from Township	(171)	(229)
Due to Township	(28)	(786)
<b>Cash provided by (used in) operating transactions</b>	<b>1,101</b>	<b>(335)</b>
<b>FINANCING ACTIVITY</b>		
Increase in investments	(1,101)	335
<b>Cash provided by (used in) financing activity</b>	<b>(1,101)</b>	<b>335</b>
<b>Increase in cash during year</b>	<b>-</b>	<b>-</b>
Cash position, beginning of year	-	-
<b>Cash position, end of year</b>	<b>-</b>	<b>-</b>

See accompanying notes to the financial statements.

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# The Corporation of the Township of O'Connor Trust Funds

## Notes to the Financial Statements

December 31, 2013

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### 1. NATURE OF BUSINESS

The Corporation of the Township of O'Connor administers a perpetual care trust fund for the future care of the cemetery. The cemetery provides internment services for the benefit of the citizens of O'Connor. The Corporation of the Township of O'Connor also administers the O'Connor Free Methodist Church Perpetual Care Trust Fund for the future care of the Free Methodist Church cemetery.

### 2. ACCOUNTING POLICY

#### Basis of accounting

- [i] Income is reported on the accrual basis of accounting.
- [ii] Expenses are reported on the accrual basis of accounting, which recognizes expenses as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

### 3. INVESTMENTS

	2013	2012
	\$	\$
Guaranteed Investment Certificates	25,212	-
Bond fund	-	24,111
	25,212	24,111

The Guaranteed Investment Certificates have a one-year term with 1.5% interest rate, maturing December 31, 2014. The prior year investment consisted of a Bond Fund administered by ONE - The Public Sector Group of Funds.