



**Corporation of the Township of
Hornepayne
Consolidated Financial Statements
For the year ended December 31, 2018**

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Consolidated Financial Statements
For the year ended December 31, 2018**

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**Corporation of the Township of Hornepayne
Management's Responsibility for Financial Reporting**

December 31, 2018


The accompanying consolidated financial statements of the Corporation of the Township of Hornepayne and all the information in this annual report are the responsibility of management and have been approved by the CAO/Clerk and Treasurer on behalf of Council.

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Consolidated financial statements are not precise since they include certain amounts based on estimates and judgements. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the consolidated financial statements are presented fairly, in all material respects.

The municipality maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the municipality's assets are appropriately accounted for and adequately safeguarded.

The municipal Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements.

The consolidated financial statements have been audited by BDO Canada LLP in accordance with Canadian generally accepted auditing standards on behalf of the ratepayers and inhabitants of the municipality. The accompanying Independent Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the municipality's consolidated financial statements.


CAO/Clerk


Treasurer



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Independent Auditor's Report

To the Members of Council, Inhabitants and Ratepayers of the Corporation of the Township of Hornepayne

Opinion

We have audited the consolidated financial statements of the Corporation of the Township of Hornepayne and its subsidiaries (the Municipality), which comprise the consolidated statement of financial position as at December 31, 2018, and the consolidated statements of operations, the consolidated change of net financial assets (debt) and the 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 consolidated financial position of the Municipality as at December 31, 2018, and its consolidated results from its operations, change in net financial assets (debt) and 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 Municipality 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 the 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 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 Municipality'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 Municipality or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Municipality'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 Municipality'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 Municipality'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 Municipality 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 Municipality to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the 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.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants
Sault Ste. Marie, Ontario
June 10, 2019

**Corporation of the Township of Hornepayne
Consolidated Statement of Financial Position**

December 31	2018	2017
Financial assets		
Cash and cash equivalents	\$ 1,544,941	\$ 485,951
Taxes receivable	337,099	271,697
Accounts receivable	380,658	520,721
Inventories for resale	15,293	18,975
	<u>2,277,991</u>	<u>1,297,344</u>
Liabilities		
Accounts payable and accrued liabilities	201,047	361,945
Employee benefits plan liability (Note 4)	41,600	34,800
Deferred revenue (Note 5)	327,192	59,226
Net long term debt (Note 6)	1,577,537	1,409,716
Solid waste closure and post-closure liabilities (Note 7)	368,539	324,913
	<u>2,515,915</u>	<u>2,190,600</u>
Net debt	<u>(237,924)</u>	<u>(893,256)</u>
Non-financial assets		
Inventories for resale	207,125	199,930
Tangible capital assets (Note 9)	15,825,217	15,350,341
Prepaid expenses and inventories of supplies	62,245	26,721
	<u>16,094,587</u>	<u>15,576,992</u>
Accumulated surplus (Note 10)	<u>\$ 15,856,663</u>	<u>\$ 14,683,736</u>

The accompanying notes are an integral part of these financial statements

**Corporation of the Township of Hornepayne
Consolidated Statement of Operations**

For the year ended December 31	Budget 2018	2018	2017
Revenue			
Taxation (Note 2)	\$ 1,679,000	\$ 1,662,581	\$ 1,609,619
Government grants - Federal	63,855	6,892	64,977
Government grants - Provincial	2,615,395	2,050,283	2,740,459
User fees and service charges	1,411,540	1,183,263	1,086,458
Licenses, permits and rents	85,920	215,597	126,287
Penalties and interest on taxes	50,000	75,639	53,187
Fines and interest penalties	38,700	10,454	37,031
Investment income	15,650	12,161	1,800
Donation and other	108,615	381,818	50,524
Gain (loss) on disposal of tangible capital assets and land	-	(2,614)	(85,586)
	<u>6,068,675</u>	<u>5,596,074</u>	<u>5,684,756</u>
Expenses			
General government	728,709	676,413	824,325
Protection services	331,985	293,154	333,055
Transportation services	942,522	856,414	829,172
Environmental services	1,725,394	1,805,079	1,965,105
Health services	51,500	47,683	99,853
Social and family services	139,020	139,020	138,086
Recreation and cultural services	852,031	599,126	487,872
Planning and development	413,600	6,258	21,766
	<u>5,184,761</u>	<u>4,423,147</u>	<u>4,699,234</u>
Annual surplus	883,914	1,172,927	985,522
Accumulated surplus, beginning of year	14,683,736	14,683,736	13,698,214
Accumulated surplus, end of year	<u>\$ 15,567,650</u>	<u>\$ 15,856,663</u>	<u>\$ 14,683,736</u>

The accompanying notes are an integral part of these financial statements

**Corporation of the Township of Hornepayne
Consolidated Statement of Change in Net Debt**

For the year ended December 31	Budget 2018	2018	2017
Annual surplus	\$ 883,914	\$ 1,172,927	\$ 985,522
Acquisition of tangible capital assets	(1,864,595)	(1,253,096)	(2,098,021)
Amortization of tangible capital assets	775,606	775,606	716,681
Loss on sale of tangible capital assets	-	2,614	195,356
	(205,075)	698,051	(200,462)
Prepaid expenses and inventory of supplies	-	(35,524)	475
Inventories for resale	-	(7,195)	10,482
Net change in net debt	(205,075)	655,332	(189,505)
Net debt, beginning of year	(893,256)	(893,256)	(703,751)
Net debt, end of year	\$ (1,098,331)	\$ (237,924)	\$ (893,256)

The accompanying notes are an integral part of these financial statements

**Corporation of the Township of Hornepayne
Consolidated Statement of Cash Flows**

For the year ended December 31	2018	2017
Operating transactions		
Annual surplus	\$ 1,172,927	\$ 985,522
Items not involving cash		
Amortization	775,606	716,681
Disposal of tangible capital assets	2,614	195,356
Changes in non-cash operating balances		
Taxes receivable	(65,402)	(43,425)
Accounts receivable	140,063	370,864
Inventories for resale	(3,513)	11,350
Prepaid expenses and inventories of supplies	(35,524)	475
Accounts payable and accrued liabilities	(160,898)	(157,520)
Employee benefits plan liability	6,800	4,000
Deferred revenue	267,966	(1,263,046)
Solid waste closure and post closure liabilities	43,626	37,032
	<u>2,144,265</u>	<u>857,289</u>
Capital transactions		
Acquisition of tangible capital assets	(1,253,096)	(2,098,021)
Financing transactions		
Proceeds from issuance of long-term debt	244,391	-
Repayment of long term debt	(76,570)	(62,537)
	<u>1,058,990</u>	<u>(1,303,269)</u>
Net change in cash and cash equivalents	1,058,990	(1,303,269)
Cash and cash equivalents, beginning of year	485,951	1,789,220
Cash and cash equivalents, end of year	\$ 1,544,941	\$ 485,951

Corporation of the Township of Hornepayne

Notes to Consolidated Financial Statements

December 31, 2018

1. Significant of significant accounting policies

The consolidated financial statements of the municipality have been prepared in accordance with Canadian public sector accounting standards, as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

Basis of consolidation These consolidated statements reflect the assets, liabilities, sources of financing and expenses of all municipal organizations, committees and boards, including the Public Library Board and Hornepayne Recreation Committee, which are owned or controlled by the Municipality.

Cash and cash equivalents Management considers all highly liquid investments with maturity of three months or less at acquisition to be cash equivalents.

Trust funds Funds held in trust by the Municipality and their related operations are not included in these consolidated financial statements. The financial activity and financial position of the trust funds are reported separately.

Tangible capital assets Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset commencing once the asset is available for productive use as follows:

Land improvements	10 years
Buildings	20 to 40 years
Roads infrastructure	15 to 25 years
Machinery and equipment	5 to 20 years
Water treatment and distribution infrastructure	15 to 50 years
Wastewater collection and disposal infrastructure	10 to 50 years
Vehicles	5 to 15 years
Furniture and equipment	5 to 10 years

Leased assets Leases entered into that transfer substantially all the benefits and risks associated with ownership are recorded as the acquisition of a tangible capital asset and the incurrence of an obligation. The asset is amortized in a manner consistent with tangible capital assets owned by the Municipality, and the obligation, including interest thereon, is liquidated over the term of the lease. All other leases are accounted for as operating leases, and the rental costs are expensed as incurred.

Collection of taxes on behalf of other taxation authorities The Municipality collects taxation revenue on behalf of other entities. Such levies, other revenues, expenses, assets and liabilities with respect to the operations of entities are not reflected in these financial statements.

Corporation of the Township of Hornepayne
Notes to Consolidated Financial Statements

December 31, 2018

1. Significant accounting policies (continued)

Retirement benefits and other employee benefit plans	The municipality provides pension benefits to specified employees through the Ontario Municipal Employees Retirement Fund (OMERS), a multi-employer plan. The municipality's contributions due during the period are expensed as incurred. The municipality provides other post-employment benefits. These costs accumulate over the period of service provided by employees and are determined using management's best estimates.
Solid waste landfills	The estimated costs to close and maintain solid waste landfill sites are based on estimated future expenses in current dollars, discounted, adjusted for estimated inflation, and are charged to expense as the landfill site's capacity is used. Future events may result in significant changes to the estimated total expenses, capacity used, or total capacity and the estimated liability and would be recognized prospectively, as a change in estimate, when applicable.
Deferred revenue	Funds received for specific purposes which are externally restricted by legislation, regulation or agreement and are not available for general municipal purposes are accounted for as deferred revenue on the consolidated statement of financial position. The revenue is recognized in the consolidated statement of operations in the year in which it is used for the specified purpose.
Government transfers	Government transfers are recognized as revenue in the financial statements when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.
Revenue recognition	<p>Taxes are recorded at estimated amounts when they meet the definition of an asset, have been authorized and the taxable event occurs. For property taxes, the taxable event is the period for which the tax is levied. Taxes receivable are recognized net of an allowance for anticipated uncollectable amounts.</p> <p>Charges for sewer and water usage are recorded as user fees. User fees are recognized as revenue in the year they are levied. Connection fee revenues are recognized when the connection has been established.</p> <p>Conditional grant revenue is recognized to the extent the conditions imposed on it have been fulfilled. Unconditional grant revenue is recognized when monies are receivable.</p> <p>Grants for the acquisition of tangible capital assets are recognized in the period in which eligible expenditures are made. Sales of service and other revenue is recognized on an accrual basis.</p>

Corporation of the Township of Hornepayne
Notes to Consolidated Financial Statements

December 31, 2018

1. Significant accounting policies (continued)

Use of estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

2. Net taxes available for municipal purposes

	2018	2017
Residential and farm taxation	\$ 1,441,864	\$ 1,431,772
Commercial and industrial taxation	159,576	153,214
Supplementary taxation	27,186	5,791
Amounts added to tax bill for collection	24,324	18,846
Taxation from other governments	106,189	101,495
	1,759,139	1,711,118
Deduct: amounts received or receivable for school boards	96,558	101,499
	\$ 1,662,581	\$ 1,609,619

3. Trust funds

Trust funds administered by the Municipality amounting to \$57,973 (2017 - \$56,065) have not been included in the "Consolidated Statement of Financial Position" nor have their operations been included in the "Consolidated Statement of Operations".

Corporation of the Township of Hornepayne
Notes to Consolidated Financial Statements

December 31, 2018

4. Pension plan and future employee benefits

The township makes contributions to the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer plan, on behalf of all permanent, full time members of its staff. The plan is a defined benefit plan that specifies the amount of the retirement benefit to be received by the employees based on length of service and rates of pay. Employees and employers contribute jointly to the plan.

Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the municipality does not recognize any share of the OMERS pension surplus or deficit. Contributions made by the Municipality to OMERS for 2018 were \$61,509 (2017 - \$54,620).

The Municipality's employees may accumulate unused sick days and may become entitled to a cash payment when they leave the Municipality's employment. The Municipality accrues the cost of these employee future benefits over the periods in which the employees can earn the benefits. The cost of these employee future benefits is determined using management's best estimate.

The estimated liability represents the discounted payout at retirement of the retirement allowance and accumulated sick leave using a discount rate of 3.64% the Municipality's long term borrowing rate. The balance at December 31, 2018 is \$41,600 (2017 - \$34,800).

5. Deferred revenue

	Opening balance	Contributions received	Spent funds	Ending balance
Federal gas tax	\$ -	\$ 67,330	\$ 2,289	\$ 65,041
Nuclear Waste Management Organization	59,226	166,462	125,011	100,677
Association of Municipalities Main Street Plan	-	38,512	18,599	19,913
OCIF FC Funding	-	109,088	20,360	88,728
Ontario Community Infrastructure Fund	-	711,563	658,730	52,833
	\$ 59,226	\$ 1,092,955	\$ 824,989	\$ 327,192

The Municipality has entered into an agreement with the Association of Municipalities of Ontario for the transfer of Federal Gas Tax Revenues. Prior to spending the funding, the Municipality is required to obtain written approval for a planned project from the Association. The Municipality applied to spend Federal Gas Tax Revenue during the year. The amount spent has been reflected in deferred revenue at year end.

Corporation of the Township of Hornepayne
Notes to Consolidated Financial Statements

December 31, 2018

6. Net long term debt

Net long term debt reported on the statement of financial position is comprised of the following:

	2018	2017
Ontario Infrastructure and Lands Corporation debenture, repayable \$32,457 semi-annually including interest at 3.64%, due August 2042.	\$ 1,032,582	\$ 1,059,166
Ontario Infrastructure and Lands Corporation debenture, repayable \$22,897 semi-annually including interest at 2.35%, due August 2026.	312,784	350,550
Ontario Infrastructure and Lands Corporation debenture repayable \$12,220 semi-annually including interest at 3.14% due February 2028.	232,171	-
	\$ 1,577,537	\$ 1,409,716

Principal payments due over the next five years and thereafter is as follows:

2019	\$ 135,148
2020	135,148
2021	135,148
2022	135,148
2023	135,148
Thereafter	901,797
	\$ 1,577,537

The municipality's outstanding debt repayment amounts are within the limits established by regulations under section 147 of the Municipal Act. The interest paid relating to the above long term debt was \$52,889 (2017 - \$51,450).

7. Solid waste closure and post-closure liabilities

Solid waste closure and post-closure care requirements have been defined in accordance with industry standards and include final covering and landscaping of the landfill, removal of ground water and leachates, and ongoing environmental monitoring, site inspection and maintenance. The present value of the Municipality's estimated future liability for this expense is recognized as the landfill site's capacity is used. The liability and annual expense is calculated based on the ratio of utilization to total capacity of the landfill site and the discounted estimated cash flows associated with closure and post-closure activities. The reported liability as at year end was \$368,539 (2017 - \$324,913) and reflects a discount rate of 3.64% (2017 - 3.64%).

The liability is based on estimates and assumptions related to events extending over the remaining life of the landfill. The landfill is expected to reach its capacity in 5 years and the estimated remaining capacity is 9,132 cubic metres which is 23% (2017 - 29%) of the site's total capacity. The total undiscounted estimated future expenses for closure and post-closure care are \$863,209 (2017 - \$863,209) leaving an amount to be recognized of \$494,670 (2017 - \$538,296). The estimated length of time needed for post-closure care is 30 years.

**Corporation of the Township of Hornepayne
Notes to Consolidated Financial Statements**

December 31, 2018

8. Public sector salary disclosure act

For 2018, one employee was paid a salary of \$100,000 or more, as defined in the Public Sector Salary Disclosure Act, 1996.

Corporation of the Township of Hornepayne
Notes to Consolidated Financial Statements

December 31, 2018

9. Tangible capital assets

	2018								
	Land	Land Improve-ments	Buildings	Machinery and Equipment	Vehicles	Furnishings and Fixtures	Infra-structure	Construction in Progress	Total
Cost, beginning of year	\$ 32,366	\$ 174,304	\$ 6,126,888	\$ 5,361,447	\$ 1,364,465	\$ 440,294	\$ 23,943,896	\$ -	\$ 37,443,660
Additions	-	-	208,005	176,131	-	29,268	107,770	731,922	1,253,096
Disposals	-	-	-	(6,401)	-	-	-	-	(6,401)
Cost, end of year	32,366	174,304	6,334,893	5,531,177	1,364,465	469,562	24,051,666	731,922	38,690,355
Accumulated amortization, beginning of year	-	174,304	2,300,739	2,820,900	1,002,644	359,926	15,434,806	-	22,093,319
Amortization	-	-	104,353	245,313	42,594	26,715	356,631	-	775,606
Disposals	-	-	-	(3,787)	-	-	-	-	(3,787)
Accumulated amortization, end of year	-	174,304	2,405,092	3,062,426	1,045,238	386,641	15,791,437	-	22,865,138
Net carrying amount, end of year	\$ 32,366	\$ -	\$ 3,929,801	\$ 2,468,751	\$ 319,227	\$ 82,921	\$ 8,260,229	\$ 731,922	\$ 15,825,217

The Municipality holds various works of art and historical treasures. These items are not recognized as tangible capital assets in the financial statements because a reasonable estimate of the future benefits associated with such property cannot be made.

Corporation of the Township of Hornepayne
Notes to Consolidated Financial Statements

December 31, 2017

9. Tangible capital assets (continued for comparative figures)

	Land	Land Improve-ments	Buildings	Machinery and Equipment	Vehicles	Furnishings and Fixtures	Infra-structure	Construction in Progress	Total
Cost, beginning of year	\$ 32,366	\$ 174,304	\$ 6,103,402	\$ 5,491,869	\$ 1,364,465	\$ 440,294	\$ 22,119,156	\$ 109,770	\$ 35,835,626
Additions	-	-	23,486	8,548	-	-	2,065,987	-	2,098,021
Disposals	-	-	-	(138,970)	-	-	(241,247)	(109,770)	(489,987)
Cost, end of year	32,366	174,304	6,126,888	5,361,447	1,364,465	440,294	23,943,896	-	37,443,660
Accumulated amortization, beginning of year	-	174,304	2,191,592	2,673,717	968,469	335,869	15,327,318	-	21,671,269
Amortization	-	-	109,147	247,670	34,175	24,057	301,632	-	716,681
Disposals	-	-	-	(100,487)	-	-	(194,144)	-	(294,631)
Accumulated amortization, end of year	-	174,304	2,300,739	2,820,900	1,002,644	359,926	15,434,806	-	22,093,319
Net carrying amount, end of year	\$ 32,366	\$ -	\$ 3,826,149	\$ 2,540,547	\$ 361,821	\$ 80,368	\$ 8,509,090	\$ -	\$ 15,350,341

The Municipality holds various works of art and historical treasures. These items are not recognized as tangible capital assets in the financial statements because a reasonable estimate of the future benefits associated with such property cannot be made.

Corporation of the Township of Hornepayne
Notes to Consolidated Financial Statements

December 31, 2018

10. Accumulated surplus

Allocation of annual surplus

	2018	2017
Equity in tangible capital assets	\$ 307,057	\$ 1,248,521
Reserve and reserve funds	261,351	(25,343)
General surplus (deficit)	358,096	(239,517)
Library surplus	2,033	1,861
Financed capital assets	244,390	-
	\$ 1,172,927	\$ 985,522

The Municipality segregates its accumulated surplus in the following categories:

	2018	2017
Reserves set aside for specific purposes by Council		
Capital	\$ 53,935	\$ 46,510
Community grant fund	14,242	14,242
Library board	58,160	58,160
Arena	27,224	22,225
Sick leave	59,702	59,703
Student bursary	28,000	26,000
Public works department	6,027	6,027
Recreation - fitness/weight training	8,435	8,435
Recreation committee amounts - skate park	-	46,648
Cemetery	740	740
Airport	21,100	21,100
Community well-being	56,790	42,331
100th Anniversary	14,117	10,200
Planning and development	230,000	-
Water and sewer	45,200	-
Total reserves	623,672	362,321
Reserve funds set aside for specific purposes by Council		
Arena	11,739	11,739
Hot tub	9,465	9,465
Cedar Point Park	1,363	1,363
Total reserve funds	22,567	22,567
Reserves	646,239	384,888
Equity in tangible capital assets	14,247,682	13,940,625
General surplus/deficit	1,004,342	393,023
Unfunded liabilities	(41,600)	(34,800)
	\$ 15,856,663	\$ 14,683,736

Corporation of the Township of Hornepayne
Notes to Consolidated Financial Statements

December 31, 2018

11. Budget

The Financial Plan (Budget) By-Law adopted by Council on May 16, 2018 was not prepared on a basis consistent with that used to report actual results (Public Sector Accounting Standards). The budget was prepared on a modified accrual basis while Public Sector Accounting Standards now require a full accrual basis. The budget figures anticipated use of surpluses accumulated in previous years to reduce current year expenditures in excess of current year revenues to \$nil. In addition, the budget expensed all tangible capital expenditures rather than including amortization expense. As a result, the budget figures presented in the statements of operations and change in net debt represent the Financial Plan adopted by Council on May 16, 2018 with adjustments as follows:

	2018
Financial Plan (Budget) Bylaw deficit for the year	\$ (7,985)
Add:	
Capital expenditures	1,864,595
Principal portion of debt payments	76,570
Less:	
Net inter-fund transfers from reserves	273,660
Amortization	775,606
Proceeds from land sales	-
	\$ 883,914

Corporation of the Township of Hornepayne
Notes to Consolidated Financial Statements

December 31, 2018

12. Segmented Information

The Municipality is a diversified local government institution that provides a wide range of services to its citizens. For management reporting purposes, municipal operations and activities are organized and reported by Fund. Funds were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations.

Municipal services are provided by departments and their activities are reported in these funds. Certain departments that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

General government

The administration department oversees the delivery of all government services. The department is responsible for ensuring that there are adequate policies and procedures in place to safeguard assets and to properly report financial activities. In addition, this department includes the governance activities of council.

Protection

Protection is comprised of the police, fire/emergency, by-law enforcement and building inspections departments. The mandate of the police department is to ensure the safety of the lives and property of citizens; preserve peace and good order; prevent crimes from occurring; detect offenders; and enforce the law. The fire/emergency department is responsible to provide fire suppression service; fire prevention programs; training and education related to prevention, detection or extinguishment of fires. The by-law enforcement and building inspection department ensures properties are in compliance with applicable legislation, by-laws, building standards and construction codes.

Transportation

The transportation department is responsible for the delivery of municipal public works services related to the planning, development and maintenance of roadway systems, winter control and street lighting.

Environmental

The environmental department consist of three distinct utilities - water, wastewater and solid waste disposal. The department provides drinking water to ratepayers, collecting and treating wastewater, and providing garbage collection and waste minimization programs and facilities for solid waste disposal.

Health

Through the Porcupine Health Unit, the municipality contributes to public health services and education and through the Algoma District Services Administration Board, to ambulance services. In addition, this department oversees the care and maintenance of municipal cemeteries.

Social and family

Through the Algoma District Services Administration Board, the Municipality contributes to social assistance payments, child care services and social housing.

Corporation of the Township of Hornepayne
Notes to Consolidated Financial Statements

December 31, 2018

12. Segmented Information (continued)

Recreation and cultural

The recreation and cultural department provides public services that contribute to neighbourhood development and sustainability through the provision of recreation and leisure services such as parks, arena, fitness and sports programs. It provides public services that contribute to healthy communities through partnerships, promotion, prevention, protection and enforcement. The department also contributes towards the information needs of the Municipality's citizens through the provision of library services.

Planning

The planning department provides a diverse bundle of services. It manages development for business interests, environmental concerns, heritage matters and neighbourhoods through planning and community development activities. It facilitates economic development by providing services for the approval of all land development plans.

For each reported segment, revenues and expenses include both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in the summary of significant accounting policies. For additional information see Note 12 - Consolidated Schedule of Segment Disclosure.

Corporation of the Township of Hornepayne
Notes to Consolidated Financial Statements

December 31, 2018

12. Segmented information (continued)

For the year ended December 31	General Government	Protection	Transportation	Environmental	Health	Social and Family	Recreation and Cultural	Planning	2018 Total
Revenue	\$	298,119 \$	499,299 \$	183,813 \$	34,108 \$	98,930 \$	340,396 \$	14,660 \$	1,662,581
Taxation	-	-	6,892	-	-	-	-	-	6,892
Government grants - Federal	-	-	-	-	-	-	-	-	-
Government grants - Provincial	154,010	67,440	177,599	920,499	12,789	34,524	365,890	317,532	2,050,283
User fees and service charges	39,922	-	58,486	1,000,391	-	-	84,464	-	1,183,263
Licenses, permits and rents	25,354	47,440	81,010	61,411	200	-	182	-	215,597
Investment income	12,161	-	-	-	-	-	-	-	12,161
Interest and penalties on taxes, water and sewer	78,633	-	-	7,460	-	-	-	-	86,093
Gain (loss) on disposal of tangible capital assets	(2,614)	-	-	-	-	-	-	-	(2,614)
Other	5,719	-	1,275	370,491	-	-	4,333	-	381,818
	611,304	308,136	824,561	2,544,065	47,097	133,454	795,265	332,192	5,596,074
Expenses	417,064	30,015	341,122	141,780	4,831	-	225,325	-	1,160,137
Salaries and benefits	-	-	-	-	-	-	-	-	-
Interest on long term debt	32,882	18,169	304,528	49,623	-	-	-	-	49,623
Materials and supplies	199,430	206,541	53,000	133,132	5,027	-	228,836	-	722,574
Contracted services	-	-	-	924,591	215	-	89,559	6,258	1,479,594
Rents and financial expenses	20,158	6,554	12,251	2,185	73	-	17,835	-	59,056
External transfers	-	-	-	-	-	139,020	-	-	139,020
Amortization	6,879	31,875	145,513	553,768	37,537	-	37,571	-	176,557
	676,413	293,154	856,414	1,805,079	47,683	139,020	599,126	6,258	4,423,147
Net surplus (deficit)	(65,109)	14,982	(31,853)	738,986	(586)	(5,566)	196,139	325,934	1,172,927
Add:	6,879	31,875	145,513	553,768	-	-	37,571	-	775,606
Less:	(18,334)	-	-	(959,386)	-	-	(275,376)	-	(1,253,096)
Capital assets	(7,425)	-	-	(44,670)	-	-	(300,000)	-	(352,095)
Reserve transfers	-	-	-	(76,570)	-	-	-	-	(76,570)
Principal on LTD	-	-	-	-	-	-	-	-	-
Reconciled total	(83,989)	46,857	113,660	212,128	(868)	(5,566)	(41,666)	25,934	266,772

Corporation of the Township of Hornepayne
Notes to Consolidated Financial Statements

December 31, 2017

12. Segmented information (continued)

For the year ended December 31	General Government	Protection	Transportation	Environmental	Health	Social and Family	Recreation and Cultural	Planning	2017 Total
Revenue									
Taxation	\$ 522,155	\$ 182,117	\$ 464,193	\$ 13,661	\$ 24,319	\$ 90,762	\$ 308,291	\$ 4,121	\$ 1,609,619
Government grants									
- Federal	-	-	64,977	-	-	-	-	-	64,977
Government grants	249,091	86,105	219,470	1,854,532	11,497	42,911	274,905	1,948	2,740,459
- Provincial									
User fees and	729	-	21,696	988,445	1,434	-	75,422	-	1,087,726
service charges									
Licenses, Permits									
and fines	66,353	16,981	-	41,263	-	-	622	-	125,219
Investment income	1,600	-	-	-	-	-	-	-	1,600
Interest and									
penalties on taxes	55,877	19,272	-	15,069	-	-	-	-	90,218
Gain (loss) on									
disposal of									
tangible capital	(85,586)	-	-	-	-	-	-	-	(85,586)
assets									
Other	-	18,558	-	-	-	-	31,966	-	50,524
	810,219	323,033	770,336	2,912,970	37,250	133,673	691,206	6,069	5,684,756
Expenses									
Salaries and									
benefits	374,214	41,166	362,132	112,001	3,971	-	210,852	-	1,104,336
Interest on long									
term debt	-	-	-	41,892	-	-	-	-	41,892
Materials and									
supplies	46,097	12,761	250,489	485,863	2,662	-	149,731	-	947,603
Contracted services	204,756	243,192	59,127	839,275	374	-	123,409	21,766	1,491,899
Rents and financial									
expenses	195,815	3,636	8,231	593	62	-	13,595	-	221,932
External transfers	-	-	-	-	32,069	142,822	-	-	174,891
Amortization	4,221	31,875	149,192	480,837	-	-	50,556	-	716,681
	825,103	332,630	829,171	1,960,461	39,138	142,822	548,143	21,766	4,699,234
Net surplus (deficit)	\$ (14,884)	\$ (9,597)	\$ (58,835)	\$ 952,509	\$ (1,888)	\$ (9,149)	\$ 143,063	\$ (15,697)	\$ 985,522

**Corporation of the Township of Hornepayne
Library Board
(Unaudited)**

Statement of Operations

For the year ended December 31

	Budget	2018	2017
Sources of financing			
Municipal contributions	\$ 100,615	\$ 110,700	\$ 90,530
Province of Ontario grants	13,900	3,763	13,823
Fines and photocopies	1,400	1,443	1,666
Donations	4,000	4,333	7,736
Other	1,650	1,574	1,630
	<u>121,565</u>	<u>121,813</u>	<u>115,385</u>
Applied to			
Amortization	-	19,836	19,836
Subscriptions and films	11,540	10,574	9,455
Equipment	10,100	7,570	11,750
Insurance	460	456	381
Repairs and maintenance	920	419	427
Supplies	4,000	5,565	6,161
Telecommunications	1,930	2,410	1,810
Travel	1,300	1,589	990
Wages and employee benefits	92,940	91,197	82,550
	<u>123,190</u>	<u>139,616</u>	<u>133,360</u>
Deficit for the year	\$ (1,625)	\$ (17,803)	\$ (17,975)