

**The Corporation of the
Township of Emo**
Consolidated Financial Statements
For the year ended
December 31, 2019

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Emo**
Consolidated Financial Statements
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The Corporation of the Township of Emo Management's Responsibility for Financial Reporting

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

The consolidated financial statements have been prepared by management in accordance with Public Sector Accounting Principles. Consolidated financial statements are not precise since they include certain amounts based on estimates and judgments. 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 Township 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 Township's assets are appropriately accounted for and adequately safeguarded.

The Township 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 Council reviews the Township's consolidated financial statements and meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the annual report, the consolidated financial statements and the external auditor's report.

The consolidated financial statements have been audited by BDO Canada LLP in accordance with Canadian generally accepted auditing standards on behalf of the members. BDO Canada LLP have full and free access to the Council.

_____ Mayor

_____ Treasurer



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BDO Canada LLP
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Fort Frances ON P9A 0A7 Canada

Independent Auditor's Report

To the Members of Council of
The Corporation of the Township of Emo

Opinion

We have audited the consolidated financial statements of the Corporation of the Township of Emo and its subsidiaries (the Group), which comprise the Consolidated Statement of Financial Position as at December 31, 2019, and the Consolidated Statement of Operations, the Consolidated Statement of Change in Net Financial Assets and the Consolidated Statement of Cash Flows for the year then ended, and Notes to 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 Group as at December 31, 2019, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group 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 Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Fort Frances, Ontario
September 28, 2020

The Corporation of the Township of Emo Consolidated Statement of Financial Position

December 31	2019	2018
Financial assets		
Cash and cash equivalents	\$ 1,434,013	\$ 818,393
Taxes receivable	235,178	211,945
Accounts receivable	632,824	1,125,650
Investments (Note 1)	<u>2,811,477</u>	<u>3,063,079</u>
	<u>5,113,492</u>	<u>5,219,067</u>
Liabilities		
Accounts payable and accrued liabilities	191,147	1,115,558
Deferred revenue (Note 2)	437,090	267,590
Employee benefits payable	58,867	46,846
Solid waste closure and post-closure liabilities (Note 4)	181,737	169,998
Long-term debt (Note 3)	<u>1,730,940</u>	<u>1,852,796</u>
	<u>2,599,781</u>	<u>3,452,788</u>
Net financial assets	<u>2,513,711</u>	<u>1,766,279</u>
Non-financial assets		
Tangible capital assets (Note 5)	14,694,468	14,128,511
Prepaid expenses	21,621	22,394
Inventory of supplies	<u>325</u>	<u>44,606</u>
	<u>14,716,414</u>	<u>14,195,511</u>
Accumulated surplus (Note 6)	<u>\$ 17,230,125</u>	<u>\$ 15,961,790</u>

_____ Mayor

_____ Treasurer

The Corporation of the Township of Emo Consolidated Statement of Operations

For the year ended December 31	Budget 2019	2019	2018
	(Note 12)		
Revenue			
Taxation	\$ 1,770,730	\$ 1,780,282	\$ 1,630,006
Government transfers - Federal (Note 9)	4,000	4,000	4,000
Government transfers - Provincial (Note 10)	1,557,000	847,021	2,065,915
User fees and service charges	502,000	668,831	658,422
Investment income	-	81,676	70,762
Municipal grants	10,000	176,736	182,869
Other income (Note 7)	168,500	1,192,045	269,144
	4,012,230	4,750,591	4,881,118
Expenses			
General government	589,838	528,540	586,066
Protection services	447,868	379,012	405,226
Transportation services	870,658	703,001	699,509
Environmental services	1,003,929	895,618	824,750
Health services	282,000	261,474	250,992
Social and family services	32,000	23,763	25,510
Social housing	110,000	119,613	89,686
Recreation and cultural services	293,140	546,630	635,009
Planning and development	50,000	24,605	20,168
	3,679,433	3,482,256	3,536,916
Annual surplus	332,797	1,268,335	1,344,202
Accumulated surplus, beginning of year	15,961,790	15,961,790	14,617,588
Accumulated surplus, end of year	\$ 16,294,587	\$ 17,230,125	\$ 15,961,790

**The Corporation of the Township of Emo
Consolidated Statement of Change in Net Financial Assets**

For the year ended December 31	Budget 2019	2019	2018
	(Note 12)		
Annual surplus	\$ 332,797	\$ 1,268,335	\$ 1,344,202
Acquisition of tangible capital assets	(1,291,000)	(1,119,477)	(2,256,002)
Amortization of tangible capital assets	552,303	552,303	523,171
Loss (gain) on disposal of tangible capital assets	-	689	(1,137)
Proceeds on sale of tangible capital assets	-	528	1,137
	(405,900)	702,378	(388,629)
Acquisition of prepaid expenses	-	773	(1,128)
Acquisition of inventories	-	44,281	(21,332)
Net change in net financial assets	(405,900)	747,432	(411,089)
Net financial assets, beginning of year	1,766,279	1,766,279	2,177,368
Net financial assets, end of year	\$ 1,360,379	\$ 2,513,711	\$ 1,766,279

The Corporation of the Township of Emo Consolidated Statement of Cash Flows

For the year ended December 31	2019	2018
Operating transactions		
Annual surplus	\$ 1,268,335	\$ 1,344,202
Items not involving cash		
Amortization	552,303	523,171
Loss (gain) on disposal of tangible capital assets	689	(1,137)
Changes in non-cash operating balances		
Taxes receivable	(23,233)	(48,389)
Accounts receivable	492,826	(751,072)
Inventories of supplies	44,281	(21,332)
Prepaid expenses	773	(1,128)
Accounts payable and accrued liabilities	(924,411)	1,029,779
Post employment benefits	12,021	34,569
Deferred revenue	169,500	102,621
Solid waste closure and post-closure liabilities	11,739	11,104
	<u>1,604,823</u>	<u>2,222,388</u>
Capital transactions		
Acquisition of tangible capital assets	(1,119,477)	(2,256,002)
Proceeds on sale of tangible capital assets	528	1,137
	<u>(1,118,949)</u>	<u>(2,254,865)</u>
Investing transactions		
Decrease (increase) in investments	<u>251,602</u>	<u>(68,141)</u>
Financing transactions		
Repayment of long-term debt	<u>(121,856)</u>	<u>(121,856)</u>
Net change in cash and cash equivalents	615,620	(222,474)
Cash and cash equivalents, beginning of year	<u>818,393</u>	<u>1,040,867</u>
Cash and cash equivalents, end of year	<u>\$ 1,434,013</u>	<u>\$ 818,393</u>

The Corporation of the Township of Emo Summary of Significant Accounting Policies

December 31, 2019

Basis of Consolidation The consolidated financial statements reflect the assets, liabilities, revenues and expenditures of all municipal Organizations, committees, and boards which are owned or controlled by Council.

A government partnership exists where the Municipality has shared control over the board or entity. The Municipality's pro-rata share of the assets, liabilities, revenues and expenditures are reflected in the consolidated financial statements using the proportionate consolidation method. No proportionate interest or government partnerships are reflected in the consolidated financial statements.

The following boards are not consolidated:

Northwestern Health Unit
Rainy River District Social Services Administration Board

Government business enterprises and partnerships are separate legal entities which do not rely on the Municipality for funding. Investments in government business enterprises are accounted for using the modified equity method. No government business enterprises are reflected in the consolidated financial statements.

Basis of Accounting Revenues and expenditures are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

The consolidated statement of financial position reflects all of the financial assets and liabilities of the Municipality. Financial assets are those assets which could provide resources to discharge existing liabilities or finance future operations. 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 revenues over expenses, provides the change in net financial assets for the year. Accumulated surplus represents the financial position of the Municipality, and is the difference between its' assets and liabilities. This provides information about the Municipality's overall future revenue requirements and its' ability to finance activities and meet its' obligations.

**Cash and Cash
Equivalents**

The policy of the Municipality is to disclose bank balances under cash and cash equivalents including bank overdrafts and lines of credit with balances that fluctuate frequently from being positive to being overdrawn and temporary investments with a maturity of three months or less from the date of acquisition.

The Corporation of the Township of Emo Summary of Significant Accounting Policies

December 31, 2019

Investments The Municipality accounts for its investments at cost. The carrying value of an investment is written down to its net recoverable amount if a decline in value is judged to be other than temporary.

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:

Buildings and facilities	25 to 50 years
Equipment and vehicles	10 to 40 years
Roads	10 to 80 years
Culverts and bridges	40 to 80 years
Sewer and water	20 to 60 years
Other	5 to 10 years

Revenue Recognition 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. As taxes recorded are initially based on management's best estimate of the taxes that will be received, it is possible that changes in future conditions, such as reassessments due to audits, appeals and court decision, could result in a change in the amount of tax revenue recognized. Taxes receivable are recognized net of an allowance for anticipated uncollectible amounts. Taxation revenue is initially recognized based on management's best estimate of the taxes that will be received. However, the total amount of tax revenue recognized may change due to future reassessments such as audits, appeals and court decisions.

User fees and other revenues are recognized when the services are performed or goods are delivered and there is reasonable assurance of collection.

Pension Plan The Municipality is an employer member of the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer, defined benefit pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of the benefits. The Municipality has adopted defined contribution plan accounting principles for this Plan because insufficient information is available to apply defined benefit plan accounting principles. The Municipality records as pension expense the current service cost, amortization of past service costs and interest costs related to the future employer contributions to the Plan for past employee service.

The Corporation of the Township of Emo Summary of Significant Accounting Policies

December 31, 2019

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, which include legislative grants, are recognized as revenue in the consolidated 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. When transfer stipulations give rise to a liability, government transfers are recognized as deferred revenue and recognized as revenue when the stipulations are settled.
School Boards	The Municipality collects taxation revenue on behalf of the school boards. The taxation, other revenues, expenditures, assets and liabilities with respect to the operations of the school boards are not reflected in these consolidated financial statements.
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 position of the trust funds are reported separately on the trust funds statement of continuity and balance sheet.
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.
Use of Estimates	<p>The preparation of consolidated 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 consolidated 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.</p> <p>The estimates used in preparation of these consolidated financial statements are the useful lives of the property, plant and equipment, the capacity of the landfill site, the useful life of the landfill site, the post-closure costs of the landfill and taxation revenue.</p>

The Corporation of the Township of Emo Notes to Consolidated Financial Statements

December 31, 2019

1. Investments

	2019	2018
Restricted, bond and money market funds	\$ 2,689,238	\$ 2,601,847
Unrestricted, bond and money market funds	122,239	461,232
	\$ 2,811,477	\$ 3,063,079

The investments are valued at cost and have no stated interest rates. The income from investments for the year was \$81,676 (2018 - \$70,762). The market value of the Municipality's marketable securities was \$2,666,315 (2018 - \$2,914,163).

Certain surplus funds are set aside by by-laws or Council resolution for specific purposes and referred to as reserve funds. Investments restricted by Council resolution represent the assets that are maintained in respect of those reserve funds (Note 6).

2. Deferred Revenue

	Opening balance	Contributions received	Externally restricted investment income	Revenue recognized	Ending balance
Federal gas tax	\$ 235,025	\$ 162,117	\$ 3,160	\$ -	\$ 400,302
Main Street Revitalization	22,099	-	-	-	22,099
Other deferred	10,466	4,748	-	(525)	14,689
	\$ 267,590	\$ 166,865	\$ 3,160	\$ (525)	\$ 437,090

Federal Gas Tax

The Federal Government advances the Municipality funding related to gasoline tax. This funding must be spent on approved infrastructure projects. The funding can be deferred for a maximum of 5 years.

Main Street Revitalization

Funds relate to the Main Street Revitalization Project. These funds are to be spent on approved infrastructure projects and, therefore, are deferred until the funds are spent and the projects are completed.

The Corporation of the Township of Emo Notes to Consolidated Financial Statements

December 31, 2019

3. Long-term Debt

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

	2019	2018
CIBC bank loan, prime + 0%, principal plus interest, monthly payments of \$13,314, due March 31, 2036	\$ 1,730,940	\$ 1,852,796
Current portion	121,856	121,856
	\$ 1,609,084	\$ 1,730,940

Principal repayments and interest are due as follows:

	Principal Repayments	Interest	Total
2020	\$ 121,856	\$ 66,166	\$ 188,022
2021	121,856	61,353	183,209
2022	121,856	56,539	178,395
2023	121,856	51,726	173,582
2024	121,856	46,913	168,769
Thereafter	1,121,660	205,761	1,327,421
	\$ 1,730,940	\$ 488,458	\$ 2,219,398

The gross interest paid relating to the above long-term debt was \$70,972 (2018 - \$68,597).

The Corporation of the Township of Emo Notes to Consolidated Financial Statements

December 31, 2019

4. 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 liability for the landfill site is recorded at \$181,737 (2018 - \$169,998), which represents the present value of closure and post-closure costs for 100% of the current site's opened cells, using the average long-term borrowing rate of 5%. The liability is recorded based on the capacity of the landfill used to date. The total estimated future expenditures for closure and post-closure care are \$319,000 leaving an amount to be recognized of \$137,263. The estimated remaining capacity of the site's opened cells are approximately 40,840 cubic metres, which will be filled in 19 years. Post-closure care is estimated to continue for a period of 36 years.

The Municipality has \$292,165 (2018 - \$286,001) in an investment which relates to the solid waste closure and post-closure liability. The landfill liability is over funded by \$110,428 (2018 - \$116,003).

**The Corporation of the Township of Emo
Notes to Consolidated Financial Statements**

December 31, 2019							2019	
5. Tangible Capital Assets								
	Land	Buildings and facilities	Equipment and vehicles	Roads	Culverts and bridges	Sewer and water	Other	Total
Cost, beginning of year	\$ 119,652	\$ 4,366,427	\$ 3,610,951	\$ 1,555,672	\$ 206,793	\$ 11,502,006	\$ 554,974	\$ 21,916,475
Additions	-	-	139,534	357,842	-	622,101	-	1,119,477
Disposals	-	-	(139,182)	-	-	-	-	(139,182)
Cost, end of year	119,652	4,366,427	3,611,303	1,913,514	206,793	12,124,107	554,974	22,896,770
Accumulated amortization, beginning of year	-	1,977,664	2,027,855	1,029,742	145,246	2,155,431	452,026	7,787,964
Amortization	-	82,580	172,881	89,293	5,170	199,670	2,709	552,303
Disposals	-	-	(137,965)	-	-	-	-	(137,965)
Accumulated amortization, end of year	-	2,060,244	2,062,771	1,119,035	150,416	2,355,101	454,735	8,202,302
Net carrying amount, end of year	\$ 119,652	\$ 2,306,183	\$ 1,548,532	\$ 794,479	\$ 56,377	\$ 9,769,006	\$ 100,239	\$ 14,694,468

During the year, the Municipality received a contribution of assets from a subdivision. The assets were constructed in 2010 and contributed to the Municipality in 2019. The cost paid by the subdivision to build the assets was \$916,868 which is the cost base of the asset. Contribution revenue has been recognized in the year.

**The Corporation of the Township of Emo
Notes to Consolidated Financial Statements**

December 31, 2019

							2018	
5. Tangible Capital Assets (continued)	Land	Buildings and facilities	Equipment and vehicles	Roads	Culverts and bridges	Sewer and water	Other	Total
Cost, beginning of year	\$ 51,804	\$ 4,354,930	\$ 3,086,434	\$ 1,471,696	\$ 186,770	\$ 9,978,909	\$ 554,974	\$ 19,685,517
Additions	67,848	11,497	549,561	83,976	20,023	1,523,097	-	2,256,002
Disposals	-	-	(25,044)	-	-	-	-	(25,044)
Cost, end of year	119,652	4,366,427	3,610,951	1,555,672	206,793	11,502,006	554,974	21,916,475
Accumulated amortization, beginning of year	-	1,893,068	1,884,022	970,693	140,076	1,962,470	439,508	7,289,837
Amortization	-	84,596	168,877	59,049	5,170	192,961	12,518	523,171
Disposals	-	-	(25,044)	-	-	-	-	(25,044)
Accumulated amortization, end of year	-	1,977,664	2,027,855	1,029,742	145,246	2,155,431	452,026	7,787,964
Net carrying amount, end of year	\$ 119,652	\$ 2,388,763	\$ 1,583,096	\$ 525,930	\$ 61,547	\$ 9,346,575	\$ 102,948	\$ 14,128,511

The Corporation of the Township of Emo Notes to Consolidated Financial Statements

December 31, 2019

6. Accumulated Surplus

The Municipality segregates its accumulated surplus in the following categories:

	2019	2018
<u>Investment in tangible capital assets</u>		
Tangible capital assets	\$ 14,694,468	\$ 14,128,511
Long-term debt	(1,730,940)	(1,852,796)
Total tangible capital assets	12,963,528	12,275,715
<u>Current operations</u>		
General operating	833,292	420,969
Parks	(53,005)	(62,218)
Recreation	52,192	28,869
Cemetery	99,222	110,129
Libraries	94,215	79,830
Arena	(29,889)	(70,080)
Total operating surplus	996,027	507,499
<u>Other allocated deficits</u>		
Landfill closure	(181,737)	(169,998)
Employee future benefits	(58,867)	(46,846)
Total other allocated deficits	(240,604)	(216,844)
<u>Reserve funds</u>		
Replacement of capital assets	1,524,713	1,462,042
Landfill closures	292,165	286,001
Sick leave	14,791	14,475
Fire department	135,891	132,976
Water and sewer	733,378	717,995
Total reserve funds	2,700,938	2,613,489
Working capital reserve	810,236	781,931
Total surplus	\$ 17,230,125	\$ 15,961,790

The investment in tangible capital assets represents amounts already spent and invested in infrastructure and other non-financial assets.

Reserve funds represent funds set aside by by-law or Council resolution for specific purposes.

The Corporation of the Township of Emo Notes to Consolidated Financial Statements

December 31, 2019

7. Other Income

	2019	2018
Penalties and interest on taxation	\$ 32,654	\$ 28,698
Contributed assets	916,868	-
Licenses, permits and rents	135,334	164,245
Donations	44,923	37,084
Gain (loss) on disposal of tangible capital assets	(689)	1,137
Other	62,955	37,980
	\$ 1,192,045	\$ 269,144

8. Pension Agreement

The employees of the Municipality participate in the Ontario Municipal Employees Retirement System (OMERS). The Municipality also makes contributions to the OMERS plan on behalf of its employees. The plan has a defined benefit option at retirement available to some employees, which specifies the amount of the retirement benefit to be received by the employees based on length of service and rates of pay. However, the plan is accounted for as a defined contribution plan as insufficient information is available to account for the plan as a defined benefit plan. The Municipality is only one of a number of employers that participate in the plan and the financial information provided to the Municipality on the basis of the contractual agreements, is usually insufficient to reliably measure the Municipality's proportionate share in the plan asset and liabilities.

The contributions payable in exchange for services rendered during a period is recognized as an expense during that period. The Municipality's employer portion of amounts paid to OMERS during the year ended December 31, 2019, was \$50,167 (2018 - \$52,734).

As at December 31, 2019, the OMERS plan was 97% funded (December 31, 2018 - 96%) and reported an actuarial funding deficit of \$3.4 billion (2018 - \$4.2 billion). OMERS has a strategy to return the plan to a fully funded position. The Municipality is not able to assess the implications, if any, of this strategy or of the withdrawal of other participating entities from the OMERS plan on its future contributions.

9. Government Transfers - Federal

	2019	2018
Operating		
Total operating transfers	\$ 4,000	\$ 4,000
Total federal transfers	\$ 4,000	\$ 4,000

The Corporation of the Township of Emo Notes to Consolidated Financial Statements

December 31, 2019

10. Government Transfers - Provincial

	2019	2018
Operating		
Province of Ontario		
Ontario Municipal Partnership Fund	\$ 432,000	\$ 454,900
Stewardship Ontario	7,542	10,704
Other	15,244	15,572
Total operating transfers	454,786	481,176
Tangible capital assets		
Province of Ontario		
Association of Municipalities of Ontario	-	16,725
Ministry of Rural Affairs	117,235	1,420,787
Minister of Infrastructure	-	145,992
Other	275,000	1,235
Total tangible capital asset transfers	392,235	1,584,739
Total provincial transfers	\$ 847,021	\$ 2,065,915

11. Expenses by Object

	2019	2018
Salaries, wages and employee benefits	\$ 939,346	\$ 1,011,249
Materials	1,130,698	1,124,727
Contracted services	264,866	269,757
Rents and financial expenses	213,395	258,971
Contributions to other Organizations	381,648	349,041
Amortization	552,303	523,171
Total	\$ 3,482,256	\$ 3,536,916

The Corporation of the Township of Emo Notes to Consolidated Financial Statements

December 31, 2019

12. Budget

The Financial Plan (Budget) By-Law adopted by Council on July 23, 2019, 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 did not include amortization expense. As a result, the budget figures presented in the consolidated statements of operations and change in net financial assets represent the Financial Plan adopted by Council on July 23, 2019, with adjustments as follows:

	2019
Financial Plan (Budget) By-Law deficit for the year	\$ (420,900)
Add:	
Capital expenditures	1,306,000
Less:	
Amortization	(552,303)
Budget surplus per consolidated statement of operations	\$ 332,797

13. Operations of School Boards

During the year, the following taxation revenue was raised and remitted:

	2019	2018
School boards	\$ 246,860	\$ 247,223

14. Trust Funds

The trust funds administered by the Municipality amounting to \$85,692 (2018 - \$83,425) have not been included in the consolidated statement of financial position nor have the operations been included in the consolidated statement of operations.

The Corporation of the Township of Emo Notes to Consolidated Financial Statements

December 31, 2019

15. Contributions to Unconsolidated Boards

The following contributions were made by the Municipality to these boards.

	2019	2018
Northwestern Health Unit	\$ 62,740	\$ 62,563
Rainy River District Social Services Administration Board	315,670	281,130
	<u>\$ 378,410</u>	<u>\$ 343,693</u>

16. Subsequent Event

Subsequent to year end, the impact of COVID-19 in Canada and on the global economy increased significantly. As the impact of COVID-19 continues, there could be future impact on the Municipality, its citizens, employees, suppliers and other third party business associates that could impact the timing and amounts realized on the Municipality's assets and future ability to deliver services and projects. At this time, the full potential impact of COVID-19 on the Municipality is not known. Although the disruption from the virus is expected to be temporary, given the dynamic nature of these circumstances the duration of the disruption and the related financial impact cannot be reasonably estimated at this time. The Municipality's ability to continue delivering non-essential services and employ related staff will depend on the legislative mandates from the various levels of government. The Municipality will continue to focus on collecting receivables, managing expenditures and leveraging existing reserves and available credit facilities to ensure it is able to continue providing essential services to its citizens.

17. Segmented Information

The Corporation of the Township of Emo is a diversified municipal government institution that provides a wide range of services to its citizens. The management of the Municipality considers decisions based on separate service areas. These service areas are: general government, protection services, transportation services, environmental services, health services, social and family services, social housing, recreation and cultural services and planning and development.

Descriptions of the services and funds that management bases their decisions on, are as follows:

General Government

General government consists of governance, Corporate management and program support. These categories relate to operations of all of the various programs and services that the Municipality offers to its citizens.

The Corporation of the Township of Emo

Notes to Consolidated Financial Statements

December 31, 2019

17. Segmented Information (continued)

Protection Services

Protection is comprised of police service and fire protection. Police service is contracted out to the Ontario Provincial Police. The fire department is responsible for providing fire suppression service, fire prevention programs, training and education related to prevention, detection or extinguishment of fires. The members of the fire department consist of volunteers.

Transportation Services

The transportation services area provides construction and maintenance of roadways throughout the Municipality.

Environmental Services

Environmental services consist of the management and maintenance of the sanitary sewer system, waterworks system, and waste disposal facility located within the municipal borders.

Health Services

Health services are comprised of public health services and ambulance services. The Municipality contributes to local boards which provide these services to the citizens of the Municipality.

Social and Family Services

Social and family services are comprised of general assistance, child care and assistance to the aged. The Municipality contributes to local boards which provide these services to the citizens of the Municipality.

Social Housing

The Municipality contributes to a local board, which provides social housing if the citizens of the Corporation of the Township of Emo require the service.

Recreation and Cultural Services

This service area consists of the operation and maintenance of local parks, recreation facilities, cultural facilities and the town library.

Planning and Development

This service relates to zoning issues as well as planning of various municipal maintenance projects.

The Corporation of the Township of Emo

Notes to Consolidated Financial Statements

December 31, 2019

17. Segmented Information (continued)

For the year ended December 31	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Family Services	Social and Services	Social Housing	Recreation and Cultural Services	Planning and Development	2019 Total
Revenue	\$ 268,168	\$ 190,962	\$ 328,526	\$ 454,024	\$ 167,409	\$ 45,881	\$ 94,883	\$ 184,118	\$ 46,311	\$ 1,780,282	
Taxation	-	25	7,970	539,385	9,217	-	-	111,334	900	668,831	
Fees and user charges	4,000	705	60,399	7,542	-	-	-	142,567	-	215,213	
Conditional grants	106,497	75,837	130,467	180,305	66,483	18,221	37,681	73,118	18,391	707,000	
Unconditional grants	-	4,782	-	-	-	-	-	43,926	-	48,708	
Municipal grants	-	-	-	56,836	-	-	-	-	-	56,836	
Capital	191,863	136,626	235,048	324,836	119,774	32,826	67,885	131,729	33,134	1,273,721	
Other	570,528	408,937	762,410	1,562,928	362,883	96,928	200,449	686,792	98,736	4,750,591	
Expenses											
Wages and benefits	310,955	43,403	310,480	12,693	17,000	-	-	244,815	-	939,346	
Materials	112,824	103,454	239,143	454,957	7,232	-	-	197,595	15,493	1,130,698	
Contracted services	28,295	179,614	-	47,845	-	-	-	-	9,112	264,866	
Rents and financial	43,565	9,823	23,769	104,994	1,225	-	-	30,019	-	213,395	
External transfers	2,393	-	-	-	235,879	23,763	119,613	-	-	381,648	
Amortization	30,508	42,718	129,609	275,129	138	-	-	74,201	-	552,303	
	528,540	379,012	703,001	895,618	261,474	23,763	119,613	546,630	24,605	3,482,256	
Net surplus	\$ 41,988	\$ 29,925	\$ 59,409	\$ 667,310	\$ 101,409	\$ 73,165	\$ 80,836	\$ 140,162	\$ 74,131	\$ 1,268,335	

The Corporation of the Township of Emo

Notes to Consolidated Financial Statements

December 31, 2019

17. Segmented Information (continued)

For the year ended December 31	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Family Services	Social and Services	Social Housing	Recreation and Cultural Services	Planning and Development	2018 Total
Revenue											
Taxation	\$ 268,248	\$ 175,585	\$ 299,330	\$ 375,157	\$ 145,989	\$ 42,074	\$ 71,650	\$ 212,360	\$ 39,613	\$ 1,630,006	
Fees and user charges	-	3,500	3,853	516,903	9,450	-	-	121,566	3,150	658,422	
Conditional grants	4,000	1,584	50,000	10,704	-	-	-	142,016	-	208,304	
Unconditional grants	74,862	49,002	83,538	104,698	40,742	11,742	19,996	59,265	11,055	454,900	
Municipal grants	-	22,643	-	-	-	-	-	32,198	-	54,841	
Capital	-	-	-	1,516,779	-	-	-	17,960	-	1,534,739	
Other	55,938	36,615	62,420	78,232	30,443	8,774	14,941	44,283	8,260	339,906	
	403,048	288,929	499,141	2,602,473	226,624	62,590	106,587	629,648	62,078	4,881,118	
Expenses											
Wages and benefits	315,682	47,937	273,127	91,044	17,000	-	-	266,430	79	1,011,249	
Materials	122,933	120,944	293,236	313,753	400	-	-	262,195	11,266	1,124,727	
Contracted services	27,538	183,661	-	49,685	-	-	-	-	8,873	269,757	
Rents and financial	86,467	9,432	23,972	105,607	1,006	-	-	32,487	-	258,971	
External transfers	1,977	-	-	-	231,868	25,510	89,686	-	-	349,041	
Amortization	31,469	43,252	109,174	264,661	718	-	-	73,897	-	523,171	
	586,066	405,226	699,509	824,750	250,992	25,510	89,686	635,009	20,168	3,536,916	
Net surplus (deficit)	\$ (183,018)	\$ (116,297)	\$ (200,368)	\$ 1,777,723	\$ (24,368)	\$ 37,080	\$ 16,901	\$ (5,361)	\$ 41,910	\$ 1,344,202	

For each reported segment, revenues and expenditures represent 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. Taxation, payments-in-lieu of taxes, certain government grants and other revenue have been apportioned based on a percentage of budgeted expenditures.



Independent Auditor's Report

To the Members of Council of
The Corporation of the Township of Emo

Opinion

We have audited the financial statements of the Corporation of the Township of Emo Trust Funds (the Entity), which comprise the Balance Sheet as at December 31, 2019, and the Statement of Continuity for the year then ended, and Notes to Financial Statements, including a Summary of Significant Accounting Policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2019, and the continuity thereof, in accordance with the basis of accounting as described in Note 1.

Basis of 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 Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Basis of Accounting and Restrictions on Use

Without modifying our opinion, we draw attention to Note 1 to the financial statements which describes the basis of accounting. The financial statements are prepared to assist the Corporation of the Township of Emo to comply with the reporting requirements of the Bereavement Authority of Ontario. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the management of the Corporation of the Township of Emo and the Bereavement Authority of Ontario and should not be used by parties other than the management of the Corporation of the Township of Emo and the Bereavement Authority of Ontario.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the basis of accounting as described in Note 1, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.



Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Fort Frances, Ontario
September 28, 2020

**The Corporation of the Township of Emo
Trust Funds
Balance Sheet**

December 31	Cemetery Care and Maintenance	Ontario Home Renewal Program	McMillian Trust	2019	2018
Assets					
Accounts receivable	\$ -	\$ 2,200	\$ -	\$ 2,200	\$ 2,200
Investments, lower of cost or market	54,221	-	29,271	83,492	81,225
	\$ 54,221	\$ 2,200	\$ 29,271	\$ 85,692	\$ 83,425
Liabilities					
Balance - capital	\$ 36,185	\$ 2,200	\$ 14,000	\$ 52,385	\$ 52,385
- income	13,708	-	15,271	28,979	28,248
- due to operator	4,328	-	-	4,328	2,792
	\$ 54,221	\$ 2,200	\$ 29,271	\$ 85,692	\$ 83,425

The Corporation of the Township of Emo
Trust Funds
Statement of Continuity

December 31	Cemetery Care and Maintenance	Ontario Home Renewal Program	McMillian Trust	2019	2018
Balance, beginning of year	\$ 52,563	\$ 2,200	\$ 28,662	\$ 83,425	\$ 78,692
Capital receipts					
Contributions	650	-	-	650	3,200
Interest earned	1,008	-	609	1,617	1,533
	1,658	-	609	2,267	4,733
Expenditures	-	-	-	-	-
Balance, end of year	\$ 54,221	\$ 2,200	\$ 29,271	\$ 85,692	\$ 83,425

The Corporation of the Township of Emo Trust Funds Notes to Financial Statements

December 31, 2019

1. Summary of Significant Accounting Policies

Management's Responsibility	The financial statements of the Corporation of the Township of Emo trust funds are the representation of management and have been prepared in accordance with accrual based accounting principals. Precise determination of some assets and liabilities may be dependent upon future events and estimates and approximations. These estimates and approximations have been based upon the available information, using careful judgement and review.
Accrual Basis of Accounting	Sources of financing and expenditures are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipts of goods or services and the creation of a legal obligation to pay.
Basis of Consolidation	These trust funds have not been consolidated with the financial statements of the Municipality.

2. Nature of Trust Funds

Cemetery Care and Maintenance Trust Fund

The Cemetery Care and Maintenance Trust Fund was established in accordance with the Cemeteries Act for the care and maintenance of certain cemetery grounds.

Ontario Home Renewal Program

The Ontario Home Renewal Program was established by the Ontario Ministry of Housing in 1973 to provide grants for Municipalities to make loans to assist owner occupants to repair, rehabilitate and improve their homes to local property standards. Individual loans were limited to \$7,500, of which the maximum forgivable portion was \$4,000.

The Ontario Home Renewal Program was cancelled by the Ministry of Housing on July 16, 1993. Funds held in trust by Municipalities for this program are to be remitted to the Ministry of Housing by March 1 each year.

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

December 31, 2019

2. Nature of Trust Funds (continued)

Ontario Home Renewal Program loans receivable at December 31, 2019, comprise repayable loans of \$2,200 (2018 - \$2,200). In the event of the sale or lease of the home or in the event of the homeowner ceasing to occupy the home, the balance of the repayable loan immediately becomes due and payable by the homeowner.

McMillian Trust

The McMillian Trust is an endowment fund that was setup with a donation from a citizen. The principal of the donation is not to be spent. The interest can be spent on parks or cemetery.