

**The Corporation of the
Township of Chisholm
Financial Statements
For the year ended December 31, 2018**

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Financial Statements
For the year ended December 31, 2018

Contents

Independent Auditor's Report	2 - 3
Financial Statements	
Statement of Financial Position	4
Statement of Operations and Accumulated (Deficit) Surplus	5
Statement of Changes in Net Debt	6
Statement of Cash Flows	7
Summary of Significant Accounting Policies	8 - 10
Notes to the Financial Statements	11 - 24



Tel: 705-495-2000
Fax: 705-495-2001
Toll-Free: 800-461-6324
www.bdo.ca

BDO Canada LLP
101 McIntyre Street W
Suite 301
North Bay ON P1B 2Y5 Canada

Independent Auditor's Report

To the Members of Council, Inhabitants and Ratepayers of the
The Corporation of the Township of Chisholm

Opinion

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Municipality as at December 31, 2018, and its financial performance 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 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 financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

In preparing the financial statements, management is responsible for assessing the 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 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 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 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 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.



Chartered Professional Accountants, Licensed Public Accountants

North Bay, Ontario
April 23, 2019

**The Corporation of the Township of Chisholm
Statement of Financial Position**

December 31	2018	2017
Financial assets		
Cash and cash equivalents	\$ 626,686	\$ 127,338
Taxes receivable (Note 1)	315,586	299,524
Accounts receivable (Note 2)	163,258	212,876
Land held for sale	23,110	23,110
	<u>1,128,640</u>	<u>662,848</u>
Liabilities		
Accounts payable (Note 6)	135,954	99,131
Deferred revenue (Note 10)	499,707	114,075
Long-term liabilities (Note 7)	572,017	384,778
Post employment benefits accrual (Note 9)	14,093	22,750
Landfill closure and post closure accrual (Note 8)	180,429	245,378
	<u>1,402,200</u>	<u>866,112</u>
Net debt	<u>(273,560)</u>	<u>(203,264)</u>
Non-financial assets		
Tangible capital assets (Note 4)	5,235,371	5,295,810
Inventories (Note 3)	57,661	71,914
Prepaid expenses	-	7,864
	<u>5,293,032</u>	<u>5,375,588</u>
Accumulated surplus (Note 12)	<u>\$ 5,019,472</u>	<u>\$ 5,172,324</u>

On behalf of Council:

_____, Clerk-Treasurer

_____, Mayor

The Corporation of the Township of Chisholm Statement of Operations and Accumulated Surplus

For the year ended December 31	2018 Budget (Note 14)	2018 Actual	2017 Actual
Revenues			
Taxation (Note 13)	\$ 1,575,537	\$ 1,583,952	\$ 1,513,822
Government transfers and grants	727,801	648,519	575,849
Transfer from obligatory gas tax	-	90,972	11,161
User fees	29,121	41,602	41,547
Other	88,804	95,035	106,883
	<u>2,421,263</u>	<u>2,460,080</u>	<u>2,249,262</u>
Expenses (Note 15)			
Transportation services (Note 7)	1,134,072	1,443,100	1,352,779
General government	419,206	383,363	359,279
Protection to persons and property	329,019	330,084	297,948
Social and family services	286,086	284,120	279,873
Recreation and culture	54,199	56,086	54,911
Health services	44,112	44,645	50,112
Environmental services	102,902	40,537	123,044
Planning and development	32,806	30,997	16,711
	<u>2,402,402</u>	<u>2,612,932</u>	<u>2,534,657</u>
Annual surplus (deficit)	18,861	(152,852)	(285,395)
Accumulated surplus, beginning of year	<u>5,172,324</u>	<u>5,172,324</u>	<u>5,457,719</u>
Accumulated surplus, end of year	<u>\$ 5,191,185</u>	<u>\$ 5,019,472</u>	<u>\$ 5,172,324</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

The Corporation of the Township of Chisholm Statement of Changes in Net Debt

For the year ended December 31	2018 Budget (Note 14)	2018 Actual	2017 Actual
Annual surplus (deficit)	\$ 18,861	\$ (152,852)	\$ (285,395)
Acquisition of tangible capital assets	(553,054)	(415,420)	(239,177)
Amortization of tangible capital assets	451,065	475,859	451,064
Loss on disposition of tangible capital assets	-	-	29,289
	<u>(83,128)</u>	<u>(92,413)</u>	<u>(44,219)</u>
Acquisition of inventories	-	(57,661)	(71,914)
Consumption of inventories	-	71,914	71,914
Deposits paid	-	-	(7,864)
Deposits utilized	-	7,864	-
	<u>-</u>	<u>22,117</u>	<u>(7,864)</u>
Increase in net debt	(83,128)	(70,296)	(52,083)
Net debt, beginning of year	<u>(203,264)</u>	<u>(203,264)</u>	<u>(151,181)</u>
Net debt, end of year	<u>\$ (286,392)</u>	<u>\$ (273,560)</u>	<u>\$ (203,264)</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

The Corporation of the Township of Chisholm Statement of Cash Flows

For the year ended December 31	2018	2017
Cash provided by (used in)		
Operating transactions		
Annual deficit	\$ (152,852)	\$ (285,395)
Items not involving cash		
Amortization of tangible capital assets	475,859	451,064
(Gain) loss on disposal of tangible capital assets	(5,750)	29,289
Land held for sale	-	(23,110)
	<u>317,257</u>	<u>171,848</u>
Changes in non-cash operating balances		
Taxes receivable	(16,062)	24,173
Accounts receivable	49,618	(79,279)
Accounts payable	36,823	(10,681)
Deferred revenue	385,632	67,492
Post employment benefits accrual	(8,657)	1,786
Landfill closure and post closure accrual	(64,949)	16,893
Inventories	14,253	-
Prepaid expenses	7,864	(7,865)
	<u>721,779</u>	<u>184,367</u>
Capital transactions		
Acquisition of tangible capital assets	(415,420)	(239,177)
Proceeds on disposition of tangible capital assets	5,750	-
	<u>(409,670)</u>	<u>(239,177)</u>
Financing transactions		
Repayment of short-term borrowings	-	(100,000)
Proceeds from long-term borrowing	252,000	235,000
Repayment of long-term liabilities	(64,761)	(55,107)
	<u>187,239</u>	<u>79,893</u>
Increase in cash and cash equivalents during the year	499,348	25,083
Cash and cash equivalents, beginning of year	127,338	102,255
Cash and cash equivalents, end of year	\$ 626,686	\$ 127,338

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

The Corporation of the Township of Chisholm

Summary of Significant Accounting Policies

December 31, 2018

Management Responsibility The financial statements of The Corporation of the Township of Chisholm (the "Township") are the representations of management. They have been prepared in accordance with Canadian public sector accounting standards ("PSAB"). The Township provides municipal services such as general government, fire, building, protection to persons, transportation, environmental, health, social, family, recreation, culture, planning and development services.

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

Inventories Inventory of supplies are stated at the lower of cost and replacement cost. Cost is generally determined on the first-in, first-out basis.

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:

Roads	10 to 45 years
Bridges and culverts	20 to 75 years
Buildings	50 to 60 years
Vehicles	5 to 15 years
Machinery and equipment	5 to 20 years
Computer hardware and software	5 to 10 years
Land improvements	20 to 25 years

A full year of amortization is taken in the year of acquisition

Landfill Closure and Post-closure Accrual The estimated costs to close and maintain solid waste landfill sites are based on estimated future expenses in current dollars, discounted, adjusted for estimation inflation, and are charged to expense as the landfill site's capacity is used.

The Corporation of the Township of Chisholm

Summary of Significant Accounting Policies

December 31, 2018

Retirement Benefits and Other Employee Benefit Plans

Liabilities for vacations and sick leave credits earned but not taken are accrued as earned.

The Township 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 Township has adopted defined contribution plan accounting principles for this Plan because insufficient information is available to apply defined benefit plan accounting principles. The Township 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.

Collection of Taxes on Behalf of School Boards

The Township collects taxation revenue on behalf of the school boards. The taxation revenues, other revenues, expenses, assets and liabilities with respect to the operations of the school boards are not reflected in these financial statements.

Trust Funds

Funds held in trust by the Township, and their related operations, are not included in these financial statements.

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

December 31, 2018

Revenue Recognition

- a. **Taxation** 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 uncollectible amounts.
- b. **User fees and other** User fees and other revenue are recognized on an accrual basis.
- c. **Government transfers** Transfer payments, which include legislative grants, are recognized in the financial statements in the period in which the events giving rise to the transfer occurs, providing the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amount can be determined.
- 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.
- Grants for the acquisition of tangible capital assets are recognized in the period in which eligible expenses are made.

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.

In particular, management's estimate for the landfill closure and post-closure liability is subject to measurement uncertainty. The estimate is based on assumptions and calculations contained in an engineer's report completed in 2018, modified as necessary for the passage of time and actual use of the landfill site. Actual results could differ significantly from those estimates because of the uncertainty related to future cost estimates and future use of the landfill site.

The Corporation of the Township of Chisholm Notes to Financial Statements

December 31, 2018

1. Taxes Receivable

	2018	2017
Current taxes	\$ 201,321	\$ 183,475
Taxes in arrears	91,080	94,276
Interest	23,185	21,773
	\$ 315,586	\$ 299,524

Property tax billings are prepared by the Township based on assessment rolls issued by the Municipal Property Assessment Corporation (MPAC). Tax rates are established annually by Council, incorporating amounts to be raised for local services, the requisition made by the various local boards in respect of Regional services and amounts the Township is required to collect on behalf of the Province of Ontario in respect of education taxes. A normal part of the assessment process is the issuance of supplementary assessment rolls which provide updated information with respect to changes in property assessment. Once a supplementary assessment roll is received, the Township determines the taxes applicable and renders supplementary tax billings.

2. Accounts Receivable

	2018	2017
Due from federal government	\$ 9,694	\$ 39,796
Due from provincial government	-	11,161
GST/HST receivable	100,544	90,581
Other receivables	53,020	71,338
	\$ 163,258	\$ 212,876

3. Inventories

	2018	2017
Granular A	\$ 13,988	\$ 20,745
Winter sand	27,376	29,250
Fuel	4,135	3,984
Culverts	12,162	17,935
	\$ 57,661	\$ 71,914

**The Corporation of the Township of Chisholm
Notes to Financial Statements**

December 31, 2018

4. Tangible Capital Assets

	2018								
	Land	Roads	Bridges and Culverts	Buildings	Vehicles	Machinery and Equipment	Computer Hardware and Software	Work in Progress	Total
Cost, beginning of year	\$ 398,811	\$ 15,943,795	\$ 3,334,217	\$ 419,771	\$ 1,161,278	\$ 171,269	\$ 66,940	\$ 44,642	\$ 21,540,723
Additions	-	126,473	-	-	17,299	271,648	-	-	415,420
Disposals	-	-	-	-	(5,000)	-	-	-	(5,000)
Cost, end of year	398,811	16,070,268	3,334,217	419,771	1,173,577	442,917	66,940	44,642	21,951,143
Accumulated amortization, beginning of year	-	13,413,344	1,969,980	122,332	654,512	27,996	56,749	-	16,244,913
Amortization	-	278,416	80,559	13,076	73,103	22,317	8,388	-	475,859
Disposals	-	-	-	-	(5,000)	-	-	-	(5,000)
Accumulated amortization, end of year	-	13,691,760	2,050,539	135,408	722,615	50,313	65,137	-	16,715,772
Net carrying amount, end of year	\$ 398,811	\$ 2,378,508	\$ 1,283,678	\$ 284,363	\$ 450,962	\$ 392,604	\$ 1,803	\$ 44,642	\$ 5,235,371

**The Corporation of the Township of Chisholm
Notes to Financial Statements**

December 31, 2018

4. Tangible Capital Assets (continued)

	2017								
	Land	Roads	Bridges and Culverts	Buildings	Vehicles	Machinery and Equipment	Computer Hardware and Software	Work in Progress	Total
Cost, beginning of year	\$ 398,811	\$ 15,867,771	\$ 3,334,217	\$ 419,771	\$ 1,163,297	\$ 105,090	\$ 66,940	\$ -	\$ 21,355,897
Additions	-	76,024	-	-	52,332	66,179	-	44,642	239,177
Disposals	-	-	-	-	(54,351)	-	-	-	(54,351)
Cost, end of year	398,811	15,943,795	3,334,217	419,771	1,161,278	171,269	66,940	44,642	21,540,723
Accumulated amortization, beginning of year	-	13,147,576	1,889,421	109,256	604,880	19,417	48,361	-	15,818,911
Amortization	-	265,768	80,559	13,076	74,694	8,579	8,388	-	451,064
Disposals	-	-	-	-	(25,062)	-	-	-	(25,062)
Accumulated amortization, end of year	-	13,413,344	1,969,980	122,332	654,512	27,996	56,749	-	16,244,913
Net carrying amount, end of year	\$ 398,811	\$ 2,530,451	\$ 1,364,237	\$ 297,439	\$ 506,766	\$ 143,273	\$ 10,191	\$ 44,642	\$ 5,295,810

The Corporation of the Township of Chisholm Notes to Financial Statements

December 31, 2018

5. Credit Facilities

The Township has a line of credit with a maximum credit limit of \$450,000. The line of credit is due on demand and bears interest at the bank's prime rate plus 0.75%, calculated and payable monthly. The line of credit is unsecured. The balance used at year end was \$Nil (2017 - \$Nil)

6. Accounts Payable

	2018	2017
Trade accounts payable	\$ 135,049	\$ 97,996
Due to school boards	905	1,135
	\$ 135,954	\$ 99,131

7. Long-term Liabilities

	2018	2017
Ontario Infrastructure and Lands Corporation 2.64%, due February 2027, repayable in semi-annual payments of \$13,446 principal and interest, secured by a specific piece of equipment.	\$ 203,556	\$ 224,656
Ontario Infrastructure and Lands Corporation 2.92%, due June 2022, repayable in semi-annual payments of \$11,604 principal and interest, secured by a specific piece of equipment.	76,680	97,197
OIPC debenture - 3.74%, due March 2020, repayable in semi-annual payments of \$9,059 principal and interest.	26,191	42,860
OIPC debenture - 3.24%, due December 2020, repayable in semi-annual payments of \$3,536 principal and interest.	13,590	20,065
Ontario Infrastructure and Lands Corporation 3.29%, due December 2028, repayable in semi-annual payments of \$14,889 principal and interest, secured by a specific piece of equipment.	252,000	-
	\$ 572,017	\$ 384,778

The Corporation of the Township of Chisholm Notes to Financial Statements

December 31, 2018

7. Long-term Liabilities (continued)

Principal repayments for the next five years and thereafter are as follows:

2019	\$ 88,428
2020	82,156
2021	68,332
2022	58,761
2023	48,740
Thereafter	<u>225,600</u>
	<u>\$ 572,017</u>

Interest expense paid relating to the long-term debt above is \$10,529 (2017 - \$9,242) and has been included in transportation services expense on the statement of operations.

8. Landfill Closure and Post-Closure Accrual

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 Township'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 \$180,429 (2017 - \$245,378) and reflects a discount rate of 3.0% (2017 - 3.0%).

The liability is based on estimates and assumptions related to events extending over the remaining life of the landfill. Future events could impact the established total expenses, capacity used or total capacity. If such events occur it would be treated as a change in estimate and dealt with prospectively.

The landfill is expected to reach its capacity in 19 years and the estimated remaining capacity is 18,800 cubic metres which is 47.00% (2017 - 45.00%) of the site's total capacity. The total discounted estimated future expenditures for closure and post-closure care are \$340,433 (2017 - \$446,141) leaving an amount to be recognized of \$160,003 (2017 - \$187,769). The estimated length of time needed for post-closure care is 25 years.

Municipal reserves for the landfill site total \$78,783 (2017 - \$74,283).

The Corporation of the Township of Chisholm Notes to Financial Statements

December 31, 2018

9. Post Employment Benefits Accrual

Under the sick leave benefit plan, unused sick leave can accumulate and employees may become entitled to a cash payment when they leave the Township's employment.

The liability for these accumulated days, to the extent that they have accumulated and could be taken in cash by an employee on termination, amounted to \$14,093 (2017 - \$22,750) at the end of the year. The liability has been calculated using the salary rates in effect at the end of the respective fiscal period. The amount is not expected to be paid out in 2019.

10. Deferred Revenue

	2018	2017
Deferred revenue, beginning of year	\$ 114,075	\$ 46,583
Add:		
Federal gas tax contributions	80,456	78,159
OCIF contributions	374,514	-
AMO contributions	38,788	-
Interest earned	5,271	494
Less:		
Utilization of funds, Federal gas tax	(90,972)	(11,161)
Utilization of funds, OCIF	(22,425)	-
Deferred revenue, end of year	\$ 499,707	\$ 114,075

Gas tax revenue is provided by the Government of Canada. The use of the funding is established by the funding agreement signed between the Township and the Association of Municipalities of Ontario. Gas tax funding must be used towards designated projects as specified in the funding agreements.

The Corporation of the Township of Chisholm

Notes to Financial Statements

December 31, 2018

11. Ontario Municipal Employees Retirement System

The Municipality makes contributions to the Ontario Municipal Employees Retirement Fund ("OMERS"), which is a multi-employer pension plan, on behalf of full-time members of staff. The plan is a defined benefit plan, which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. 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. OMERS provides pension services to almost half a million active and retired members and 1,000 employers.

Each year an independent actuary determines the funding status of OMERS Primary Pension Plan (the Plan) by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial valuation of the Plan was conducted at December 31, 2018. The results of this valuation disclosed total actuarial liabilities of \$100,081 million in respect of benefits accrued for service with actuarial assets at that date of \$95,890 million indicating a going concern actuarial deficit of \$4,191 million. 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 Township to OMERS for 2018 were \$39,773 (2017 - \$33,179).

The Corporation of the Township of Chisholm Notes to Financial Statements

December 31, 2018

12. Accumulated Surplus

The Township segregates its accumulated surplus in the following categories:

	2018	2017
Investment in tangible capital assets (i)	\$ 5,235,371	\$ 5,295,810
Current fund	297,842	239,986
Amounts to be recovered (iii)	(766,540)	(652,905)
Reserves and reserve funds (ii)	252,799	289,433
	\$ 5,019,472	\$ 5,172,324

- i) The investment in tangible capital assets represents amounts already spent and invested in infrastructure and other non-financial assets.
- ii) Capital reserve funds represent funds set aside by bylaw or council resolution for specific purposes.

Fire department	\$ 95,175	\$ 119,475
Working funds	30,963	37,888
Capital expenses	10,685	10,685
Road equipment	-	130
Parks equipment	2,038	2,038
Road expenditure	-	3,426
Aggregate pits	19,600	19,600
Recreational prizes	329	329
Building department	9,827	11,180
Emergency planning	1,899	7,899
Election expenses	2,500	2,500
Landfill closure	78,783	74,283
Monitoring wells	1,000	-
	\$ 252,799	\$ 289,433

The Corporation of the Township of Chisholm Notes to Financial Statements

December 31, 2018

12. Accumulated Surplus (continued)

iii) Represents amounts to be recovered from future taxation revenues.

Landfill closure and post-closure costs to be recovered in future years	\$ 180,429	\$ 245,378
Capital outlay financed by long-term liabilities to be recovered in future years.	572,018	384,777
Post employment benefits liability to be recovered in future years	14,093	22,750
	\$ 766,540	\$ 652,905

13. Taxation

	2018	2017
Taxation raised for municipal purposes	\$ 1,583,410	\$ 1,513,282
Payments in lieu of taxation	542	540
	\$ 1,583,952	\$ 1,513,822

Taxes of \$227,603 (2017 - \$231,022), net of adjustments, raised on behalf of and submitted to the school boards, have not been included in the above totals.

The Corporation of the Township of Chisholm Notes to Financial Statements

December 31, 2018

14. Budget

The Budget By-law adopted by Council on June 19, 2018 was not prepared on a basis consistent with that used to report actual results. The budget was prepared on a modified accrual basis while Canadian public sector accounting standards require a full accrual basis. The budget figures anticipated using surpluses accumulated in previous years to reduce current year expenses in excess of current year revenues to \$Nil. In addition, the budget expensed all tangible capital expenses rather than including amortization expense. As a result, the budget figures presented in the statements of operations and change in net financial assets represent the Financial Plan adopted by Council on June 19, 2018 with adjustments as follows:

	2018
Budget By-law surplus for the year	\$ -
Add:	
Capital expenses	553,054
Debt repayment	64,760
Transfers to reserve funds	27,150
Less:	
Amortization	451,065
Transfers from reserve funds	175,038
Budget deficit per statement of operations	\$ 18,861

15. Expenses by Object

	2018	2017
Salaries and benefits	\$ 695,840	\$ 653,816
Materials	740,222	769,546
Contracted services	676,431	629,058
Interest	10,529	9,242
External transfers	14,051	21,929
Amortization	475,859	451,066
	\$ 2,612,932	\$ 2,534,657

The Corporation of the Township of Chisholm

Notes to Financial Statements

December 31, 2018

16. Trust Fund

The trust fund administered by the Township amounting to \$41,208 (2017 - \$40,845) has not been included in the Statement of Financial Position nor have its operations been included on the Statement of Operations.

17. Segment Disclosures

The Township is a diversified municipal government institution that provides a wide range of services to its citizens such as police and fire. Distinguishable functional segments have been separately disclosed in the segmented information. The nature of the segments and the activities they encompass are as follows:

Council

This relates to the revenues and expenses that are directly attributable to municipal Council functions.

General Government

This relates to the revenues and expenses of the Township itself and cannot be directly attributed to specific segments.

Protection to Persons

Protection is comprised of police services, animal control and livestock evaluators. The police services work to ensure the safety and protection of the citizens and their property.

Fire Department

The fire department is responsible to provide fire suppression service, fire prevention programs, training and education. The members of the fire department consist of volunteers.

Building Department

This department provides a number of services including maintenance and enforcement of building and construction codes.

The Corporation of the Township of Chisholm

Notes to Financial Statements

December 31, 2018

17. Segment Disclosures (continued)

Transportation Services

Transportation is responsible for maintaining the Township's roadway systems.

Environmental Services

Environmental services consists of providing recycling and waste disposal to citizens.

Health, Social and Family Services

Health services are comprised of public health services which works to improve the overall health of the population and overcome health inequalities by providing services to individuals and communities. Social and family services provides services that are meant to help the less fortunate in society. Social housing is provided to help shelter families and elderly in need. Child care funding is provided to subsidize day cares and to provide early learning programs. The ambulance service transports the injured to the hospital and provides emergency medical care to those in distress.

Recreation and Culture

Recreation and culture represents cultural activity support within the Township. This includes maintenance and upkeep of parks, running recreation programs, and providing library services.

Planning and Development

This department provides a number of services including municipal planning and review of all property development plans through its application process.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies. In measuring and reporting segment revenue from transactions with other segments, inter segment transfers are measured on the basis of the percentage of budgeted expenses.

**The Corporation of the Township of Chisholm
Notes to Financial Statements**

December 31, 2018

17. Segment Disclosures (continued)

	Council	General Government	Protection to Persons	Fire Department	Building Department	Transportation Services	Environmental Services	Health, Social & Family Services	Recreation & Culture	Planning & Development	Unallocated Amounts	2018 Total
Revenues												
Government												
transfers and grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 106,502	\$ -	\$ -	\$ -	\$ 16,117	\$ 525,900	\$ 648,519
Taxation	-	-	-	-	-	-	-	-	-	-	1,583,952	1,583,952
Other	-	1,850	5,855	5,750	-	4,931	17,975	846	-	-	57,828	95,035
Transfer from obligatory gas tax reserve	-	-	-	-	-	90,972	-	-	-	-	-	90,972
User fees	-	2,340	-	-	18,428	-	7,498	-	-	13,336	-	41,602
	-	4,190	5,855	5,750	18,428	202,405	25,473	846	-	29,453	2,167,680	2,460,080
Expenses												
Salaries and benefits	25,461	204,130	7,817	32,272	-	407,354	18,806	-	-	-	-	695,840
Materials	6,541	73,176	4,177	59,566	-	576,386	(14,388)	2,033	9,754	22,977	-	740,222
Contracted services	-	60,800	185,733	-	17,540	5,597	36,120	326,732	35,890	8,019	-	676,431
Interest	-	-	-	-	-	10,529	-	-	-	-	-	10,529
External transfers	-	2,018	12,033	-	-	-	-	-	-	-	-	14,051
Amortization	-	11,237	-	10,946	-	443,235	-	-	10,441	-	-	475,859
	32,002	351,361	209,760	102,784	17,540	1,443,101	40,538	328,765	56,085	30,996	-	2,612,932
Annual (deficit) surplus	\$ (32,002)	\$ (347,171)	\$ (203,905)	\$ (97,034)	\$ 888	\$ (1,240,696)	\$ (15,065)	\$ (327,919)	\$ (56,085)	\$ (1,543)	\$ 2,167,680	\$ (152,852)

**The Corporation of the Township of Chisholm
Notes to Financial Statements**

December 31, 2018

17. Segment Disclosures (continued)

	Council	General Government	Protection to Persons	Fire Department	Building Department	Transportation Services	Environmental Services	Health, Social & Family Services	Recreation & Culture	Planning & Development	Unallocated Amounts	2017 Total
Revenues												
Government transfers and grants	\$ -	\$ -	\$ 743	\$ -	\$ -	\$ 100,957	\$ -	\$ -	\$ -	\$ 1,949	\$ 472,200	\$ 575,849
Taxation	-	-	-	-	-	-	-	-	-	-	1,513,822	1,513,822
Other	-	760	4,567	24,179	-	2,814	15,472	-	-	-	59,091	106,883
Transfer from obligatory gas tax reserve	-	-	-	-	-	11,161	-	-	-	-	-	11,161
User fees	-	2,280	-	-	26,085	-	3,833	-	-	9,349	-	41,547
	-	3,040	5,310	24,179	26,085	114,932	19,305	-	-	11,298	2,045,113	2,249,262
Expenses												
Salaries and benefits	22,050	213,422	7,662	33,212	-	359,051	18,419	-	-	-	-	653,816
Materials	8,448	56,167	5,836	45,587	-	565,108	69,438	-	13,319	5,643	-	769,546
Contracted services	-	44,613	169,629	-	12,703	2,222	35,187	322,485	31,151	11,068	-	629,058
Interest	-	-	-	-	-	9,242	-	-	-	-	-	9,242
External transfers	-	3,342	11,087	-	-	-	-	7,500	-	-	-	21,929
Amortization	-	11,237	-	12,232	-	417,156	-	-	10,441	-	-	451,066
	30,498	328,781	194,214	91,031	12,703	1,352,779	123,044	329,985	54,911	16,711	-	2,534,657
Annual (deficit) surplus	\$ (30,498)	\$ (325,741)	\$ (188,904)	\$ (66,852)	\$ 13,382	\$ (1,237,847)	\$ (103,739)	\$ (329,985)	\$ (54,911)	\$ (5,413)	\$ 2,045,113	\$ (285,395)