

**The Corporation of the Township of St.
Joseph
Consolidated Financial Statements
For the year ended December 31, 2018**

The Corporation of the Township of St. Joseph
Consolidated Financial Statements
For the year ended December 31, 2018

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**The Corporation of the Township of St. Joseph
Management's Responsibility for Financial Reporting**

December 31, 2018

The accompanying consolidated financial statements of The Corporation of the Township of St. Joseph 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 Canadian public sector accounting standards. 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 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 Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the municipality's consolidated financial statements.


_____ Mayor


_____ Treasurer



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Independent Auditor's Report

To the Members of Council, Inhabitants and Ratepayers of
The Corporation of the Township of St. Joseph

Opinion

We have audited the consolidated financial statements of The Corporation of the Township of St. Joseph (the Township), which comprise the consolidated statement of financial position as at December 31, 2018, and the consolidated statements of operations, change in net financial assets and 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 Township as at December 31, 2018, and its consolidated results of operations, its consolidated change in net financial assets, 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 Township in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matters

We have not audited, reviewed, or otherwise attempted to verify the accuracy or completeness of the schedules on pages 19 through 22 of these financial statements.

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 Township's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Township or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the 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 Township'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 Township'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 Township 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 Township 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.



Chartered Professional Accountants, Licensed Public Accountants
Sault Ste. Marie, Ontario
May 1, 2019

**The Corporation of the Township of St. Joseph
Consolidated Statement of Financial Position**

December 31	2018	2017
Financial assets		
Cash and short term investments	\$ 3,492,713	\$ 3,403,776
Taxes receivable	227,683	204,327
Accounts receivable	101,384	101,323
Inventories held for sale	3,214	1,944
	<u>3,824,994</u>	<u>3,711,370</u>
Liabilities		
Accounts payable and accrued liabilities	320,460	366,983
Deferred revenue (Note 6)	262,817	274,444
Accrued landfill closure and post closure costs (Note 3)	68,000	65,000
Post employment and retirement benefits (Note 4)	35,886	38,700
	<u>687,163</u>	<u>745,127</u>
Net financial assets	3,137,831	2,966,243
Non-financial assets		
Tangible capital assets (Schedule 1)	8,822,468	8,787,045
Accumulated surplus (Note 5)	\$ 11,960,299	\$ 11,753,288

On behalf of the Council:


 _____ Mayor


 _____ Treasurer

**The Corporation of the Township of St. Joseph
Consolidated Statement of Operations**

For the year ended December 31	Budget	2018	2017
Revenue			
Taxation (Note 2)	\$ 1,935,770	\$ 1,929,434	\$ 1,851,387
Government grants - Provincial	1,425,054	1,024,080	902,517
Government grants - Federal	137,936	131,089	141,165
Other municipalities	47,271	45,968	39,896
User fees and service charges	420,263	501,968	478,886
Licences, permits and rents	11,100	22,008	9,278
Interest fines and penalties	27,000	37,756	33,285
Investment income	37,605	50,110	45,644
Other	(8,558)	(11,235)	16,953
	<u>4,033,441</u>	<u>3,731,178</u>	<u>3,519,011</u>
Expenses			
General government	491,423	480,480	431,719
Protection services	373,150	374,922	353,935
Transportation services	681,190	684,291	630,694
Environmental services	400,248	441,823	419,445
Health services	432,740	434,430	387,871
Social and family services	618,832	631,878	633,519
Recreation and cultural services	408,177	449,198	399,800
Planning and development	29,835	27,145	25,620
	<u>3,435,595</u>	<u>3,524,167</u>	<u>3,282,603</u>
Annual surplus	597,846	207,011	236,408
Accumulated surplus, beginning of year	<u>11,753,288</u>	<u>11,753,288</u>	<u>11,516,880</u>
Accumulated surplus, end of year	<u>\$ 12,351,134</u>	<u>\$ 11,960,299</u>	<u>\$ 11,753,288</u>

The accompanying notes are an integral part of these financial statements.

The Corporation of the Township of St. Joseph
Consolidated Statement of Change in Net Financial Assets

For the year ended December 31	Budget	2018	2017
Annual surplus	\$ 597,846	\$ 207,011	\$ 236,408
Acquisition of tangible capital assets	(1,242,368)	(544,694)	(442,352)
Amortization of tangible capital assets	304,817	478,115	415,638
Loss on disposal of tangible capital assets	-	29,606	3,546
Proceeds on sale of tangible capital assets	-	1,550	9,500
Net change in net financial assets	(339,705)	171,588	222,740
Net financial assets, beginning of year	2,966,243	2,966,243	2,743,503
Net financial assets, end of year	\$ 2,626,538	\$ 3,137,831	\$ 2,966,243

The accompanying notes are an integral part of these financial statements.

The Corporation of the Township of St. Joseph
Consolidated Statement of Cash Flows

For the year ended December 31

2018

2017

Operating transactions

Annual surplus	\$ 207,011	\$ 236,408
Amortization	478,115	415,638
Loss on disposal of tangible capital assets	29,606	3,546

	714,732	655,592
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Changes in non-cash working capital balances

Taxes receivable	(23,356)	(44,836)
Accounts receivable	(61)	(3,347)
Inventories held for sale and prepaids	(1,270)	(736)
Accounts payable and accrued liabilities	(46,523)	90,279
Deferred revenue	(11,627)	234,525
Accrued landfill costs	3,000	4,000
Accrued sick leave and retirement benefits	(2,814)	5,085

	632,081	940,562
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Capital transactions

Acquisition of tangible capital assets	(544,694)	(442,352)
Proceeds on sale of tangible capital assets	1,550	9,500

	(543,144)	(432,852)
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Net change in cash and cash equivalents

	88,937	507,710
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Cash and cash equivalents, beginning of year

	3,403,776	2,896,066
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Cash and cash equivalents, end of year

	\$ 3,492,713	\$ 3,403,776
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The Corporation of the Township of St. Joseph

Notes to Consolidated Financial Statements

December 31, 2018

1. Summary 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 Chartered Professional Accountants of Canada.

Basis of Consolidation These consolidated financial statements reflect the assets, liabilities, sources of financing and expenditures of all municipal organizations, committees and boards which are owned or controlled by the municipality, including the following:

St. Joseph Township Public Library Board
St. Joseph Township Cemetery Board
St. Joseph Island Planning Board

In addition the St. Joseph Island Museum Board, a joint local board, has been proportionately consolidated at 55%.

Cash and Cash Equivalents

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

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	25 to 50 years
Buildings	25 to 50 years
Machinery and equipment	5 to 30 years
Vehicles	10 to 25 years
Furnishings and fixtures	5 to 20 years
Infrastructure - roads, bridges, culverts & streetlights	25 to 50 years
Infrastructure - road single-surface treatment	7 years
Water treatment and distribution infrastructure	50 years
Wastewater collection and disposal infrastructure	25 to 50 years

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 these other entities 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 financial position of the trust funds are reported separately.

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.

The Corporation of the Township of St. Joseph

Consolidated Summary of Significant Accounting Policies

December 31, 2018

1. Summary of significant accounting policies *(continued)*

- 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** 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.
- Charges for sewer and water usage are recorded as user fees. Connection fee revenues are recognized when the connection has been established.
- Sales of service and other revenue is recognized on an accrual basis as services are provided.
- 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.
- Use of Estimates** The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities 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.

The Corporation of the Township of St. Joseph

Notes to Consolidated Financial Statements

December 31, 2018

2. Taxation	2018	2017
Residential and multi-residential	\$ 2,210,943	\$ 2,142,087
Commercial and industrial	69,907	68,864
Taxation from other governments	14,978	14,764
	2,295,828	2,225,715
Deduct: amounts received or receivable for school boards	(366,394)	(374,328)
	\$ 1,929,434	\$ 1,851,387

3. Landfill closure and post-closure costs

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 reflects a discount rate of 4%.

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 94 years and the estimated remaining capacity is 234,500 cubic metres (2017 - 237,000) of the site's total capacity. The estimated length of time needed for post-closure care is 30 years.

It is estimated that the total net present value of the cost to close and maintain the landfill site is \$178,500 (2017 - \$171,600), of which \$68,000 (2017 - \$65,000) has been recognized to December 31, 2018 based on the 38.29% (2017 - 37.63%) cumulative capacity used at that date.

4. Post employment and retirement benefits

The municipality makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of eligible members of its 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 municipality's contributions to OMERS equal those made by the employees. During the year, the municipality contributed \$45,098 (2017 - \$44,437) to the plan. As this is a multi-employer pension plan, these contributions are the municipality's pension benefit expense. Contribution amounts are determined by OMERS which adjusts rates to reflect actuarial requirements. Any surplus or deficit of the pension plan is not included in the municipality's financial statements. At December 31, 2018 OMERS reported an actuarial funding deficit of \$4.2 billion (2017 - \$5.4 billion).

Under the sick leave benefit plan, unused sick leave can accumulate and employees may become entitled to a cash payment of 25% of their accumulated sick leave credits upon meeting specific retirement criteria. Employees forfeit their accrued sick leave credits upon termination of employment for any reason.

The liability for these accumulated days, to the extent that they have vested and could be taken in cash by an employee on retirement, amounted to \$35,886 (2017 - \$38,700) at the end of the year.

The Corporation of the Township of St. Joseph
Notes to Consolidated Financial Statements

December 31, 2018

5. Accumulated surplus

	2018	2017
Reserves set aside for specific purposes by Council		
Working funds	\$ 369,986	\$ 325,127
Administration building & office equipment	56,392	64,954
Election costs	-	7,615
Emergency planning	2,000	2,000
Fire	52,987	98,390
Road improvements	189,443	167,243
Sewage treatment operations	129,850	121,368
Waterworks operations	173,022	160,102
Future landfill closure and post-closure costs	455,515	418,156
CARHS committee	4,433	4,433
Physician recruitment	25,000	25,000
Heritage committee	296	296
Recreation	62,550	59,991
Recreation events	59,039	70,463
Special projects	194,901	194,901
Community improvement	5,000	5,000
War of 1812 committee	6,799	6,799
Planning	32,053	28,336
Museum operations	1,613	1,173
Museum capital	67,537	65,330
Library capital	15,664	10,855
Cemetery	500	500
	1,904,580	1,838,032
Reserve funds set aside for specific purposes by Council		
Seniors amenity centre capital	34,260	38,398
Tangible capital asset replacement	1,184,185	1,064,738
Parking revenue	4,537	4,430
	1,222,982	1,107,566
Total reserves	3,127,562	2,945,598
Equity in tangible capital assets	8,822,468	8,787,045
Boards surplus/deficit	10,269	20,645
	\$ 11,960,299	\$ 11,753,288

Allocation of annual surplus (deficit):

	2018	2017
Reserves and reserve funds	\$ 181,964	\$ 213,775
Equity in tangible capital assets	35,423	13,668
General surplus (deficit)	-	-
Boards surplus/deficit	(10,376)	8,965
	\$ 207,011	\$ 236,408

The Corporation of the Township of St. Joseph
Notes Consolidated to Financial Statements

December 31, 2018

6. Deferred revenue

	Opening balance	Contributions Received	Externally restricted investment income	Revenue Recognized	Ending balance
OCIF	\$ 236,148	\$ -	\$ -	\$ (40,818)	\$ 195,330
Revitalization	-	38,743	-	(24,758)	13,985
Obligatory parks	26,055	2,593	427	-	29,075
Other	12,241	20,597	-	(8,411)	24,427
	\$ 274,444	\$ 61,933	\$ 427	\$ (73,987)	\$ 262,817

7. Trust funds

Trust funds administered by the Township amounting to \$49,584 (2017 - \$47,734) have not been included in the "Consolidated Balance Sheet" nor have their operations been included in the "Consolidated Statement of Operations".

8. Credit facility

The municipality has a \$400,000 bank operating line of credit bearing interest at prime and secured by a general security agreement. As at December 31, 2018, a balance of NIL was outstanding on this credit facility.

9. Contingencies and commitments

Legal claims

The Township has been named as a defendant in a legal action. No provision has been recorded in these financial statements as the outcome is not determinable. Any loss as a result of this litigation will be recorded in the period that the loss is probable and measurable.

Commitments

The Township has committed to the purchase of a tandem truck in the amount of \$237,000, which was delivered in January 2019.

10. Public Sector Salary Disclosure Act

For The Corporation of the Township of St. Joseph, no employees were paid salaries, as defined in the Public Sector Salary Disclosure Act, 1996 of \$100,000 or more.

11. 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 department. 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.

The Corporation of the Township of St. Joseph

Notes Consolidated to Financial Statements

December 31, 2018

11. Segmented information (continued)

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 Algoma 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. In addition, the municipality provides alternative residential services for seniors.

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, rink facilities, 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 Schedule 2 - Consolidated Schedule of Segment Disclosure.

The Corporation of the Township of St. Joseph
Schedule 1 - Consolidated Tangible Capital Assets

For the year ended December 31, 2018

	Land	Land Improvements	Buildings	Machinery and Equipment	Vehicles	Furnishings and Fixtures	Infrastructure	Construction in Progress	Total
Cost, beginning of year	\$ 612,448	\$ 1,328,776	\$ 4,392,134	\$ 822,297	\$ 339,537	\$ 20,617	\$ 8,823,855	\$ 38,576	\$ 16,378,240
Additions	-	26,458	107,888	44,559	153,402	-	162,098	50,289	544,694
Disposals	-	-	(42,170)	(18,650)	(20,098)	-	(113,970)	-	(194,888)
Capitalized construction	-	-	11,250	-	-	-	-	(11,250)	-
Cost, end of year	612,448	1,355,234	4,469,102	848,206	472,841	20,617	8,871,983	77,615	16,728,046
Accumulated amortization, beginning of year	-	1,050,724	1,913,819	194,054	149,031	20,617	4,262,950	-	7,591,195
Amortization	-	18,525	92,298	57,059	46,184	-	264,049	-	478,115
Disposals	-	-	(20,241)	(9,423)	(20,098)	-	(113,970)	-	(163,732)
Accumulated amortization, end of year	-	1,069,249	1,985,876	241,690	175,117	20,617	4,413,029	-	7,905,578
Net carrying amount, end of year	\$ 612,448	\$ 285,985	\$ 2,483,226	\$ 606,516	\$ 297,724	\$ -	\$ 4,458,954	\$ 77,615	\$ 8,822,468

The net book value of tangible capital assets not being amortized because they are under construction/development or have been removed from service is \$77,615 (2017 - \$38,576).

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 association with such property cannot be made.

The Corporation of the Township of St. Joseph
Schedule 1 - Consolidated Tangible Capital Assets (Continued)

For the year ended December 31, 2017 (comparative figures)

	Land	Land Improvements	Buildings	Machinery and Equipment	Vehicles	Furnishings and Fixtures	Infrastructure	Construction in Progress	Total
Cost, beginning of year	\$ 612,448	\$ 1,243,717	\$ 4,317,849	\$ 804,056	\$ 339,537	\$ 20,617	\$ 8,638,976	\$ 4,616	\$ 15,981,816
Additions	-	85,059	74,285	35,257	-	-	213,791	33,960	442,352
Disposals	-	-	-	(17,016)	-	-	(28,912)	-	(45,928)
Cost, end of year	612,448	1,328,776	4,392,134	822,297	339,537	20,617	8,823,855	38,576	16,378,240
Accumulated amortization, beginning of year	-	1,029,407	1,825,109	162,067	130,858	20,617	4,040,381	-	7,208,439
Amortization	-	21,317	88,710	35,957	18,173	-	251,481	-	415,638
Disposals	-	-	-	(3,970)	-	-	(28,912)	-	(32,882)
Accumulated amortization, end of year	-	1,050,724	1,913,819	194,054	149,031	20,617	4,262,950	-	7,591,195
Net carrying amount, end of year	\$ 612,448	\$ 278,052	\$ 2,478,315	\$ 628,243	\$ 190,506	\$ -	\$ 4,560,905	\$ 38,576	\$ 8,787,045

The net book value of tangible capital assets not being amortized because they are under construction (or development or have been removed from service) is \$38,576 (2016 - \$4,616).

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 association with such property cannot be made.

The Corporation of the Township of St. Joseph
Schedule 2 - Consolidated Segment Disclosure

For the year ended December 31, 2018

	General Government	Protection	Trans- portation	Environ- mental	Health	Social and Family	Recreation and Cultural	Planning	Consolidated Total
Revenue									
Taxation	\$ 284,048	\$ 257,488	\$ 502,199	\$ 117,378	\$ 306,432	\$ 286,283	\$ 161,704	\$ 13,902	\$ 1,929,434
Government grants - Provincial	100,256	90,881	227,253	104,434	118,440	283,075	94,834	4,907	1,024,080
Government grants - Federal	-	-	76,506	44,375	-	-	10,208	-	131,089
Other municipalities	-	8,787	-	23,192	-	6,084	1,846	6,059	45,968
User fees and service charges	25,208	860	6,849	225,415	2,200	51,920	184,468	5,048	501,968
Licences, permits and rents	1,513	20,495	-	-	-	-	-	-	22,008
Interest fines and penalties	37,756	-	-	-	-	-	-	-	37,756
Investment income	48,142	-	-	-	965	-	754	249	50,110
Other	17,124	-	(3,710)	(21,778)	-	-	(2,871)	-	(11,235)
	514,047	378,511	809,097	493,016	428,037	627,362	450,943	30,165	3,731,178
Expenses									
Salaries and benefits	294,209	43,561	261,245	72,033	21,969	154,524	96,617	1,320	945,478
Materials and supplies	104,765	54,127	164,749	90,948	11,128	71,037	252,850	6,823	756,427
Contracted services	79,423	256,087	19,282	116,224	10,365	15,820	47,040	10,182	554,423
Rents and financial expenses	-	-	-	10,157	-	-	2,847	-	13,004
External transfers and other	-	-	-	-	390,968	385,752	-	-	776,720
Amortization	2,083	21,147	239,015	152,461	-	4,745	49,844	8,820	478,115
	480,480	374,922	684,291	441,823	434,430	631,878	449,198	27,145	3,524,167
Net surplus (deficit)	\$ 33,567	\$ 3,589	\$ 124,806	\$ 51,193	\$ (6,393)	\$ (4,516)	\$ 1,745	\$ 3,020	\$ 207,011

The Corporation of the Township of St. Joseph
Schedule 2 - Consolidated Segment Disclosure (Continued)

For the year ended December 31, 2017 (comparative figures)

	General Government	Protection	Trans- portation	Environ- mental	Health	Social and Family	Recreation and Cultural	Planning	Consolidated Total
Revenue									
Taxation	\$ 279,100	\$ 267,869	\$ 454,488	\$ 86,918	\$ 241,065	\$ 353,852	\$ 153,858	\$ 14,237	\$ 1,851,387
Government grants - Provincial	96,002	92,136	206,325	57,302	88,646	287,645	69,564	4,897	902,517
Government grants - Federal	-	-	75,803	5,625	-	-	59,737	-	141,165
Other municipalities	-	9,439	-	16,586	6,031	-	1,846	5,994	39,896
User fees and service charges	23,290	503	8,417	232,627	600	41,520	166,333	5,596	478,886
Licences, permits and rents	9,278	-	-	-	-	-	-	-	9,278
Interest fines and penalties	33,285	-	-	-	-	-	-	-	33,285
Investment income	45,644	-	-	-	-	-	-	-	45,644
Other	20,499	-	-	-	-	-	(3,546)	-	16,953
	507,098	369,947	745,033	399,058	336,342	683,017	447,792	30,724	3,519,011
Expenses									
Salaries and benefits	278,365	36,020	260,570	82,348	18,188	142,190	83,381	1,240	902,302
Materials and supplies	61,543	51,935	162,841	94,511	7,356	61,303	230,465	8,793	678,747
Contracted services	89,729	246,838	16,541	84,433	9,335	13,508	39,812	6,767	506,963
Rents and financial expenses	-	-	2,251	10,003	-	-	1,934	-	14,188
External transfers and other	-	-	-	-	352,992	411,773	-	-	764,765
Amortization	2,082	19,142	188,491	148,150	-	4,745	44,208	8,820	415,638
	431,719	353,935	630,694	419,445	387,871	633,519	399,800	25,620	3,282,603
Net surplus (deficit)	\$ 75,379	\$ 16,012	\$ 114,339	\$ (20,387)	\$ (51,529)	\$ 49,498	\$ 47,992	\$ 5,104	\$ 236,408

The Corporation of the Township of St. Joseph
Schedule 3 - St. Joseph Township Public Library Board
(Unaudited)

Statement of Operations

For the year ended December 31	Budget	2018	2017
Revenue			
Grants - Ontario	\$ 4,358	\$ 6,038	\$ 15,958
- municipal	33,435	33,435	33,728
Fees and miscellaneous	4,300	3,946	4,790
Interest	-	23	43
Donations	1,400	-	-
	43,493	43,442	54,519
Expense			
Administration and miscellaneous	4,250	2,967	1,893
Audio and video cassettes	950	532	824
Books	6,200	5,812	6,309
Building - utilities, internet and telephone	6,250	5,790	5,711
- maintenance and supplies	1,500	7,280	36,328
Wages and benefits	24,343	26,045	21,986
	43,493	48,426	73,051
Annual surplus (deficit)	-	(4,984)	(18,532)
Accumulated surplus, beginning of year	17,514	17,514	36,046
Accumulated surplus, end of year	\$ 17,514	\$ 12,530	\$ 17,514

Statement of Financial Position

December 31	2018	2017
Financial assets		
Cash	\$ 12,065	\$ 14,227
Accounts receivable	465	3,502
	12,530	17,729
Liabilities		
Accounts payable	-	215
Accumulated surplus	\$ 12,530	\$ 17,514
Accumulated surplus is comprised of:		
Reserve for building fund	\$ 15,664	\$ 10,855
General surplus (deficit)	(3,134)	6,659
	\$ 12,530	\$ 17,514

The Corporation of the Township of St. Joseph
Schedule 4 - St. Joseph Island Museum Board
(Unaudited)

Statement of Operations

For the year ended December 31	Budget	2018	2017
Revenue			
Grants - Canada	\$ 15,495	\$ 6,469	\$ 9,732
- municipal	27,522	27,522	25,916
Donations, admissions and miscellaneous	6,400	12,685	9,996
Memberships	1,600	1,522	1,680
Interest	-	1,355	1,017
	51,017	49,553	48,341
Expense			
Bank charges	250	177	210
Insurance	2,000	1,946	1,894
Professional fees	1,300	1,246	1,246
Repairs and maintenance	3,300	2,367	4,874
Supplies and office costs	9,000	8,068	7,480
Utilities	3,300	2,675	2,880
Wages and benefits	34,208	24,826	26,399
	53,358	41,305	44,983
Annual surplus (deficit)	(2,341)	8,248	3,358
Accumulated surplus, beginning of year	119,999	119,999	116,641
Accumulated surplus, end of year	\$ 117,658	\$ 128,247	\$ 119,999

Statement of Financial Position

December 31	2018	2017
Financial assets		
Cash	\$ 128,256	\$ 120,323
Accounts receivable	274	308
	128,530	120,631
Liabilities		
Accounts payable	283	632
Accumulated surplus	\$ 128,247	\$ 119,999

Accumulated surplus is comprised of:

December 31	Building Fund 2018	Working Fund 2018
Balance, beginning of year	\$ 117,882	\$ 2,117
Operating surplus (deficit)	-	875
Interest	1,355	-
Donations	6,018	-
	\$ 125,255	\$ 2,992

Participating Municipalities

The municipalities participating in the Board are:
 Township of St. Joseph Township of Jocelyn
 Township of Hilton Village of Hilton Beach

The Corporation of the Township of St. Joseph
Schedule 5 - St. Joseph Township Cemetery Board
(Unaudited)

Statement of Operations

For the year ended December 31	Budget	2018	2017
Revenue			
Sale of plots	\$ 1,000	\$ 2,050	\$ 500
Donation	-	150	100
Grant - municipal	6,500	6,500	6,500
Interest earned	500	965	992
	<u>8,000</u>	<u>9,665</u>	<u>8,092</u>
Expense			
Administrative expense	300	404	252
Bank charges	-	8	8
Caretaking expense	7,000	6,831	8,979
Maintenance and supplies	200	2,651	202
Professional fees	350	356	356
Training	150	-	-
	<u>8,000</u>	<u>10,250</u>	<u>9,797</u>
Annual surplus (deficit)	-	(585)	(1,705)
Accumulated surplus, beginning of year	14,487	14,487	16,192
Accumulated surplus, end of year	\$ 14,487	\$ 13,902	\$ 14,487

Statement of Financial Position

December 31	2018	2017
Financial assets		
Cash	\$ 13,902	\$ 14,487
Liabilities		
	-	-
Accumulated surplus	\$ 13,902	\$ 14,487
Accumulated surplus is comprised of:		
Reserve for working funds	\$ 500	\$ 500
General surplus	13,402	13,987
	<u>\$ 13,902</u>	<u>\$ 14,487</u>

The Corporation of the Township of St. Joseph
Schedule 6 - St. Joseph Island Planning Board
(Unaudited)

Statement of Operations

For the year ended December 31	Budget	2018	2017
Revenue			
Grants - municipal	\$ 13,150	\$ 13,150	\$ 13,150
Application fees	3,300	3,600	3,000
Interest	220	249	146
	<u>16,670</u>	<u>16,999</u>	<u>16,296</u>
Expense			
Administration services	6,410	6,411	6,411
Conferences and training	1,000	-	690
General board expenses	2,900	2,658	2,802
Honoraria	2,050	1,320	1,240
Insurance	2,500	2,536	2,446
Professional fees	360	356	356
	<u>15,220</u>	<u>13,281</u>	<u>13,945</u>
Annual surplus	1,450	3,718	2,351
Accumulated surplus, beginning of year	28,335	28,335	25,984
Accumulated surplus, end of year	\$ 29,785	\$ 32,053	\$ 28,335

Statement of Financial Position

December 31	2018	2017
Financial assets		
Cash	\$ 31,548	\$ 28,083
Accounts receivable	505	252
	<u>32,053</u>	<u>28,335</u>
Liabilities		
	-	-
Accumulated surplus (reserve for working funds)	\$ 32,053	\$ 28,335

Note: The accumulated surplus which represents the reserve for working funds is being held for mandatory review and updating of the official plan.

Participating Municipalities

The municipalities participating in the Board are:

Township of St. Joseph
Township of Jocelyn
Township of Hilton
Village of Hilton Beach

**The Corporation of the Township of St.
Joseph
Trust Funds
Financial Statements
For the year ended December 31, 2018**



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Independent Auditor's Report

To the Members of Council, Inhabitants and Ratepayers of
The Corporation of the Township of St. Joseph

Opinion

We have audited the financial statements of the The Corporation of the Township of St. Joseph Trust Funds (the Trust Funds), which comprise the statement of financial position as at December 31, 2018, and the statement of continuity 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 Trust Funds as at December 31, 2018, 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 Trust Funds 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.

Emphasis of Matter - Basis of Accounting

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 Trust Funds 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.

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 Trust Funds'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 Trust Funds or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Trust Funds'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 Trust Funds'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 Trust Funds'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 Trust Funds 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

Sault Ste. Marie, Ontario
May 1, 2019

The Corporation of the Township of St. Joseph
Trust Funds
Cemetery Care and Maintenance
Statement of Financial Position

<u>December 31</u>	<u>2018</u>	<u>2017</u>
Assets		
Cash	\$ 49,584	\$ 47,734
Fund Balances		
Capital	\$ 49,584	\$ 47,734

Statement of Continuity

<u>For the year ended December 31</u>	<u>2018</u>	<u>2017</u>
Balance, beginning of year	\$ 47,734	\$ 47,234
Revenue		
Sale of plots	1,750	500
Monument charge and donations	100	-
	<u>1,850</u>	<u>500</u>
Balance, end of year	\$ 49,584	\$ 47,734

**The Corporation of the Township of St. Joseph
Trust Funds
Cemetery Care and Maintenance
Notes to Financial Statements**

December 31, 2018

1. Significant accounting policies

Management's responsibility

The financial statements of the The Corporation of the Township of St. Joseph Trust Fund are the representation of management and have been prepared in accordance with accrual based accounting principles. Precise determination of some assets and liabilities may be dependent upon future events, 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 revenues and expenses are reported on the accrual basis of accounting.

The accrual basis of accounting recognizes revenues as they become available and measurable; expenses 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.

Nature of 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.

Statement of changes in cash flows

A statement of changes in cash flows has not been provided since the sources and uses of cash are readily apparent from the information included in the financial statements.

2. Cash

Cash is represented by funds on deposit in chartered banks or investment portfolios.