

**The Corporation of the
Town of Fort Frances
Consolidated Financial Statements
For the year ended December 31, 2017**

We have reviewed and approved these final draft audited consolidated financial statements:

Treasurer

Date

Mayor

Date

**The Corporation of the
Town of Fort Frances
Consolidated Financial Statements
For the year ended December 31, 2017**

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The Corporation of the Town of Fort Frances Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of the Corporation of the Town of Fort Frances 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. The 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 Town 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 Town's assets are appropriately accounted for and adequately safeguarded.

The Town 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 Town'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 Council.

Mayor

Treasurer

Independent Auditor's Report

To the Mayor and Councilors of
The Corporation of the Town of Fort Frances

We have audited the accompanying consolidated financial statements of the Corporation of the Town of Fort Frances as at December 31, 2017, which comprise the Consolidated Statement of Financial Position as at December 31, 2017, 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 a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly in all material respects, the consolidated financial position of the Corporation of the Town of Fort Frances as at December 31, 2017, and the results of operations, change in net financial assets and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Professional Accountants, Licensed Public Accountants

Fort Frances, Ontario
June 25, 2018

The Corporation of the Town of Fort Frances Consolidated Statement of Financial Position

December 31	2017	2016
Financial assets		
Cash and cash equivalents (Note 1)	\$ 1,242,982	\$ 612,183
Taxes receivable	331,719	583,529
Accounts receivable	3,943,647	4,176,776
Investments (Note 2)	11,452,328	10,742,115
Investment in government business enterprises (Note 3)	6,062,050	6,051,247
Loans receivable (Note 4)	311,111	377,777
	<u>23,343,837</u>	<u>22,543,627</u>
Liabilities		
Accounts payable and accrued liabilities	3,436,122	4,406,686
Deferred revenue (Note 6)	199,071	405,751
Net long-term debt (Note 7)	1,670,537	2,281,831
Solid waste closure and post-closure liabilities (Note 8)	874,498	851,138
Post-employment benefits liabilities (Note 9)	222,454	234,843
	<u>6,402,682</u>	<u>8,180,249</u>
Net financial assets	<u>16,941,155</u>	<u>14,363,378</u>
Non-financial assets		
Tangible capital assets (Note 10)	98,789,228	96,773,358
Tangible capital assets under construction	153,139	392,486
Land held for sale	50,475	305,794
Inventory of supplies	393,856	436,709
Prepaid expenses	228,157	227,941
	<u>99,614,855</u>	<u>98,136,288</u>
Accumulated surplus (Note 11)	<u>\$ 116,556,010</u>	<u>\$ 112,499,666</u>
Contingent liabilities (Note 16)		

_____ Treasurer

_____ Mayor

The Corporation of the Town of Fort Frances Consolidated Statement of Operations

For the year ended December 31	Budget 2017	2017	2016
Revenue			
Taxation	\$ 11,169,234	\$ 11,215,874	\$ 11,006,299
Government transfers - Federal (Note 12)	1,877,682	1,712,089	1,896,950
Government transfers - Provincial (Note 13)	7,013,313	6,074,930	6,409,610
User fees and service charges	8,295,195	8,518,141	8,288,182
Permits, licenses and fines	64,514	74,934	64,387
Investment income	54,500	263,688	277,410
Income from government business enterprises (Note 3)	-	10,803	36,901
Other income (Note 14)	555,624	1,014,444	738,164
	<u>29,030,062</u>	<u>28,884,903</u>	<u>28,717,903</u>
Expenses			
General government	2,393,080	2,828,832	2,506,861
Protection services	3,437,086	3,785,998	4,108,006
Transportation services	4,926,383	4,929,681	4,925,913
Environmental services	5,169,783	4,798,917	5,192,698
Health services	2,709,432	1,812,112	1,521,354
Social and family services	1,678,018	1,902,044	1,940,974
Social housing	-	644,964	700,959
Recreation and cultural services	3,769,973	3,835,737	3,920,049
Planning and development	319,403	290,274	357,642
	<u>24,403,158</u>	<u>24,828,559</u>	<u>25,174,456</u>
Annual surplus	<u>4,626,904</u>	<u>4,056,344</u>	<u>3,543,447</u>
Accumulated surplus, beginning of year	<u>112,499,666</u>	<u>112,499,666</u>	<u>108,956,219</u>
Accumulated surplus, end of year	<u>\$117,126,570</u>	<u>\$116,556,010</u>	<u>\$112,499,666</u>

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

The Corporation of the Town of Fort Frances Consolidated Statement of Change in Net Financial Assets

For the year ended December 31	Budget 2017	2017	2016
Annual surplus	\$ 4,626,904	\$ 4,056,344	\$ 3,543,447
Acquisition of tangible capital assets	(7,568,731)	(6,363,907)	(9,627,310)
Amortization of tangible capital assets	4,100,000	4,325,875	4,027,473
Loss (gain) on sale of tangible capital assets	-	(37,225)	129,645
Proceeds on sale of tangible capital assets	-	59,386	207,968
Disposals of land held for sale	-	255,318	567,042
Capitalization of tangible capital assets under construction	-	239,347	(287,972)
	1,158,173	2,535,138	(1,439,707)
Acquisition of prepaid expenses and inventory of supplies	-	42,639	17,286
Net change in net financial assets	1,158,173	2,577,777	(1,422,421)
Net financial assets, beginning of year	14,363,378	14,363,378	15,785,799
Net financial assets, end of year	\$ 15,521,551	\$ 16,941,155	\$ 14,363,378

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

The Corporation of the Town of Fort Frances Consolidated Statement of Cash Flows

For the year ended December 31	2017	2016
Operating transactions		
Annual surplus	\$ 4,056,344	\$ 3,543,447
Items not involving cash		
Loss (income) from government business enterprises	(10,803)	(36,901)
Amortization	4,325,875	4,027,473
Loss (gain) on disposal of tangible capital assets	(37,225)	129,645
Loss on disposal of land held for sale	54,218	172,042
Changes in non-cash operating balances		
Taxes receivable	251,810	205,706
Accounts receivable	233,129	(1,459,530)
Loans receivable	66,667	97,967
Inventory of supplies	42,854	(22,154)
Prepaid expenses	(216)	39,440
Accounts payable and accrued liabilities	(970,564)	1,539,676
Deferred revenue	(206,680)	(199,240)
Solid waste closure and post-closure liabilities	23,360	23,360
Post-employment benefits	(12,389)	(15,237)
	<u>7,816,380</u>	<u>8,045,694</u>
Capital transactions		
Acquisition of tangible capital assets	(6,363,907)	(9,627,310)
Proceeds on sale of tangible capital assets	59,386	207,968
Acquisition of tangible capital assets under construction	239,347	(287,972)
	<u>(6,065,174)</u>	<u>(9,707,314)</u>
Investing transactions		
Decrease (increase) in investments	(710,213)	2,023,807
Proceeds on disposition of land held for sale	201,100	395,000
	<u>(509,113)</u>	<u>2,418,807</u>
Financing transactions		
Repayment of long-term debt	(611,294)	(618,264)
Net change in cash and cash equivalents	<u>630,799</u>	<u>138,923</u>
Cash and cash equivalents, beginning of year	<u>612,183</u>	<u>473,260</u>
Cash and cash equivalents, end of year	<u>\$ 1,242,982</u>	<u>\$ 612,183</u>

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

The Corporation of the Town of Fort Frances Summary of Significant Accounting Policies

December 31, 2017

**Management's
Responsibility for the
Consolidated Financial
Statements**

The consolidated financial statements of the Corporation of the Town of Fort Frances are the representations of management. They have been prepared in accordance with Canadian accounting principles established by the Public Sector Accounting Board of CPA Canada.

Basis of Accounting

The consolidated financial statements of the Corporation of the Town of Fort Frances are the representations of management. They have been prepared in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board of CPA Canada.

Revenues and expenditures 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 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.

Basis of Consolidation

The consolidated financial statements reflect the assets, liabilities, revenue and expenses of all municipal Organizations, committees and boards which are owned or controlled by the Municipality. All interfund assets and liabilities and revenues and expenditures have been eliminated on consolidation.

The following boards and municipal enterprises owned or controlled by Council have been consolidated:

Library Board
Waterworks
Business Improvement Area

The Corporation of the Town of Fort Frances Summary of Significant Accounting Policies

December 31, 2017

Basis of Consolidation (continued)

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 are separate legal entities which do not rely on the Municipality for funding. The Municipality's government business enterprises consist of investments in Fort Frances Power Corporation and Fort Frances Network Services Corporation. These investments are accounted for using the modified equity basis of accounting. Under this method, the government business enterprise's accounting policies, which follow Canadian generally accepted accounting principles for publicly accountable enterprises, are not adjusted to conform with Public Sector Accounting Standards and inter-entity transactions and balances are not eliminated.

Cash and Cash Equivalents

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

Inventory

Inventory of supplies is recorded at the lower of cost or net replacement value.

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.

Loans Receivable

Loans receivable are reported on the Municipality's consolidated statement of financial position at the lower of cost and net recoverable value.

The Corporation of the Town of Fort Frances Summary of Significant Accounting Policies

December 31, 2017

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	40 years
Buildings	40 years
Machinery and equipment	10 to 15 years
Roads and bridges	15 to 80 years
Water infrastructure	40 to 80 years
Sewer infrastructure	40 to 80 years
Vehicles	7 to 12 years
Computer hardware and software	5 years

Revenue Recognition

The Municipality prepares property tax billings based on assessment rolls issued by the Municipal Property Assessment Corporation (MPAC), in accordance with rates established and approved annually by Council and the Province of Ontario. Taxation revenue is recognized 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.

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

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.

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.

The Corporation of the Town of Fort Frances Summary of Significant Accounting Policies

December 31, 2017

Retirement Benefits and Other Employee Benefit Plans

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.

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.

Use of Estimates

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.

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 closure and post-closure costs of the landfill, the present value of the Municipality's employee post-retirement benefits, and taxation revenue.

Trust Funds

Trust 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.

The Corporation of the Town of Fort Frances Notes to Consolidated Financial Statements

December 31, 2017

1. Cash and Cash Equivalents

The balance of cash and cash equivalents reported on the consolidated statement of financial position is made up of the following:

	2017	2016
Unrestricted	\$ 31,388	\$ 455,565
Restricted by Council resolution	1,211,594	156,618
	<u>\$ 1,242,982</u>	<u>\$ 612,183</u>

Certain surplus funds are set aside by by-laws or Council resolution for specific purposes and referred to as reserve funds. Cash and cash equivalents restricted by Council resolution represent assets that are maintained in respect of those reserve funds (Note 11).

2. Investments

	2017	2016
Investments restricted by Council resolution		
Bond funds	\$ 8,026,213	\$ 7,845,191
Money market funds	2,515	2,422
GIC's, 2.25% annual interest rate	321,114	367,207
GIC's, 1.50% annual interest rate	51,044	-
GIC's, 1.15% annual interest rate	2,045,679	2,525,669
	<u>10,446,565</u>	<u>10,740,489</u>
Unrestricted investments		
GIC's, 1.15% annual interest rate	1,004,127	-
Money market funds	1,636	1,626
	<u>1,005,763</u>	<u>1,626</u>
	<u>\$ 11,452,328</u>	<u>\$ 10,742,115</u>

The income from investments for the year was \$214,984 (2016 - \$232,617).

The Corporation of the Town of Fort Frances Notes to Consolidated Financial Statements

December 31, 2017

2. Investments (continued)

The effective interest rate of the Municipality's restricted bond funds was 2.35% (2016 - 2.31%). The Municipality's restricted bond funds have a market value of \$7,699,842 (2016 - \$7,711,528).

The effective interest rate of the Municipality's restricted money market funds was 0.63% (2016 - 0.51%). The Municipality's restricted money market funds have a market value of \$2,436 (2016 - \$2,422).

The effective interest rate of the Municipality's unrestricted money market funds was 0.61% (2016 - 0.45%). The Municipality's unrestricted money market funds have a market value of \$1,636 (2016 - \$1,626).

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 assets that are maintained in respect of those reserve funds (Note 11).

3. Investment in Government Business Enterprises

	2017	2016
Fort Frances Power Corporation	\$ 6,008,912	\$ 5,997,692
Fort Frances Network Services Corporation	53,138	53,555
	<u>\$ 6,062,050</u>	<u>\$ 6,051,247</u>

The Corporation of the Town of Fort Frances Notes to Consolidated Financial Statements

December 31, 2017

3. Investment in Government Business Enterprises (continued)

Fort Frances Power Corporation

Fort Frances Power Corporation is a Corporation that was created for the purpose of distributing electrical power to the Town of Fort Frances. The Municipality holds 100% of the common shares of Fort Frances Power Corporation. The condensed supplementary financial information is as follows:

	2017	2016
Financial position		
Current assets	\$ 5,289,693	\$ 5,805,082
Property, plant and equipment	3,967,414	3,647,160
Regulatory assets	145,136	93,368
Future income tax assets	158,852	168,618
Total assets	9,561,095	9,714,228
Current liabilities	3,250,498	3,318,720
Regulatory liabilities	301,685	397,816
Total liabilities	3,552,183	3,716,536
Net assets		
Equity	\$ 6,008,912	\$ 5,997,692
Results of operations		
Revenue	\$ 10,737,551	\$ 11,505,673
Expenses	(10,726,331)	(11,468,286)
Net income for the year	\$ 11,220	\$ 37,387

The Corporation of the Town of Fort Frances Notes to Consolidated Financial Statements

December 31, 2017

3. Investment in Government Business Enterprises (continued)

Fort Frances Network Services Corporation

Fort Frances Network Services Corporation is a Corporation that was created for the purpose of providing utility maintenance services to the Town of Fort Frances. The Municipality holds 100% of the common shares of Fort Frances Network Services Corporation. The condensed supplementary financial information is as follows:

	2017	2016
Financial position		
Cash and bank	\$ 54,012	\$ 53,442
Accounts receivable	114	113
Total assets	54,126	53,555
Total liabilities	988	-
Net assets		
Equity	\$ 53,138	\$ 53,555
Results of operations		
Revenue	\$ 457	\$ 380
Expenses	(874)	(866)
Net loss for the year	\$ (417)	\$ (486)

The Corporation of the Town of Fort Frances Notes to Consolidated Financial Statements

December 31, 2017

4. Loans Receivable

Loans receivable reported on the consolidated statement of financial position are comprised of the following:

	2017	2016
Fort Frances Community Clinic loan, repayable at \$5,556 monthly, non-interest bearing. Secured by a general security agreement in first priority position on and over any and all assets of the borrower. Matures August 1, 2022.	\$ 311,111	\$ 377,777

Loans receivable are restricted by Council resolution and represent assets that are maintained in respect of reserve funds (Note 11).

5. Bank Indebtedness

Bank indebtedness is secured by general security agreements covering certain assets of the Municipality. The maximum authorized amount is \$4,000,000 and bears interest at the prime rate. As at December 31, 2017, \$187,022 (2016 - \$NIL) was drawn under this facility.

6. Deferred Revenue

	Opening balance	Contributions received	Externally restricted investment income	Revenue recognized	Ending balance
Federal and provincial gas tax	\$ 223,217	\$ 562,802	\$ 10,539	\$ (710,200)	\$ 86,358
Other	182,534	112,713	-	(182,534)	112,713
	\$ 405,751	\$ 675,515	\$ 10,539	\$ (892,734)	\$ 199,071

Federal and Provincial Gas Tax

The Federal and Provincial Governments advance 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.

The Corporation of the Town of Fort Frances Notes to Consolidated Financial Statements

December 31, 2017

7. Net Long-term Debt

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

	<u>2017</u>	<u>2016</u>
Demand bank loan, payable at \$26,284 monthly, plus interest at 4.397%. Unsecured, matures December 31, 2022.	\$ 1,577,051	\$ -
Debenture debt, annual payments of \$229,023, including interest at rates between 6.3% to 9%. Unsecured, matured December 1, 2017.	-	372,313
Demand bank loan, payable at \$7,051 monthly, including interest at 3.3%. Unsecured, matured December 31, 2017.	-	779,689
Demand bank loan, payable at \$7,791 monthly, plus interest at 4.19%. Unsecured, matures December 30, 2018.	93,486	186,972
Demand bank loan, payable at \$7,143 monthly, plus interest at 3.36%. Unsecured, matured December 31, 2017.	-	942,857
	<u>\$ 1,670,537</u>	<u>\$ 2,281,831</u>

Principal and interest repayments relating to net long-term debt of \$1,670,537 outstanding are due as follows:

	Principal Repayments	Interest	Total
2018	\$ 408,897	\$ 64,788	\$ 473,685
2019	315,410	49,211	364,621
2020	315,410	35,418	350,828
2021	315,410	21,404	336,814
2022	315,410	7,501	322,911
	<u>\$ 1,670,537</u>	<u>\$ 178,322</u>	<u>\$ 1,848,859</u>

The gross interest paid relating to the above long-term debt was \$76,879 (2016 - \$110,250).

The Corporation of the Town of Fort Frances Notes to Consolidated Financial Statements

December 31, 2017

8. 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 \$874,498 (2016 - \$851,138) and represents the present value of closure and post-closure costs for 79% of the current site's opened cells, using the average long-term borrowing rate of 3.0%. The liability is recorded based on the capacity of the landfill used to date. The estimated remaining capacity of the site's opened cells are approximately 110,000 cubic meters, which will be filled in 10 years. Post-closure care is estimated to continue for a period of 25 years.

The liability is expected to be funded through budget allocations to a landfill reserve over the remaining life of the landfill. The Municipality has \$641,959 (2016 - \$544,695) in an investment which relates to the solid waste closure and post-closure liability. The landfill liability is therefore underfunded by \$232,539 (2016 - \$306,443) at year end.

The Corporation of the Town of Fort Frances Notes to Consolidated Financial Statements

December 31, 2017

9. Post-Employment Benefits Liabilities

Post-employment benefits liabilities reported on the consolidated statement of financial position are comprised of the following:

	2017	2016
Post-retirement benefits liability	\$ 209,954	\$ 222,343
Life insurance coverage	12,500	12,500
	<u>\$ 222,454</u>	<u>\$ 234,843</u>

On February 4, 2011, the Municipality became responsible for providing the following post-retirement benefits on behalf of its eligible full-time employees who are members of the Fort Frances Professional Fire Fighters Association:

- Extended health care
- Dental benefits

The latest actuarial valuation was performed on December 31, 2016.

Post-Retirement Benefits Liabilities

	2017	2016
Accrued post-retirement benefits obligation	\$ 190,711	\$ 199,885
Unamortized actuarial gains	19,243	22,458
Post-retirement benefits liabilities	<u>\$ 209,954</u>	<u>\$ 222,343</u>

Post-Retirement Benefits Expenditures

	2017	2016
Current year service costs	\$ 3,608	\$ 2,480
Interest on accrued benefit obligation	5,251	7,700
Amortization of net estimation adjustments	(3,215)	(2,615)
Post-retirement benefits expenditures	<u>\$ 5,644</u>	<u>\$ 7,565</u>
Benefit payments during the year	<u>\$ 18,033</u>	<u>\$ 16,552</u>

The significant actuarial assumptions adopted and estimated for the calculation of the accrued benefit obligations are as follows:

	2017	2016
Discount on accrued benefit obligations	2.70%	2.70%
Dental cost trend rates	3.0%	3.0%
Extended health care trend rates	6.0%	6.25%

For December 31, 2017, extended health care trend rates are assumed to be 6.0%, decreasing by 0.25% per annum to an ultimate rate of 4.5% thereafter.

As at December 31, 2017, the Municipality's post-retirement benefits were 100% unfunded.

**The Corporation of the Town of Fort Frances
Notes to Consolidated Financial Statements**

December 31, 2017

10. Tangible Capital Assets

	2017						
	Land and land improvements	Buildings	Machinery and equipment	Roads and bridges	Water infrastructure	Sewer infrastructure	Computer hardware and software
Cost, beginning of year	\$ 3,575,851	\$ 53,511,699	\$ 10,667,022	\$ 58,564,879	\$ 21,059,318	\$ 23,228,960	\$ 3,320,214
Additions	2,291,135	130,774	652,411	1,568,500	478,265	923,003	236,152
Disposals	-	-	(319,813)	-	-	-	(143,563)
Cost, end of year	5,866,986	53,642,473	10,999,620	60,133,379	21,537,583	24,151,963	3,412,803
Accumulated amortization, beginning of year	509,017	23,445,931	4,236,923	30,818,912	6,798,922	9,202,902	2,338,940
Amortization	108,282	1,059,472	636,597	1,599,354	315,315	336,129	199,426
Disposals	-	-	(304,185)	-	-	-	(143,563)
Accumulated amortization, end of year	617,299	24,505,403	4,569,335	32,418,266	7,114,237	9,539,031	2,394,803
Net carrying amount, end of year	\$ 5,249,687	\$ 29,137,070	\$ 6,430,285	\$ 27,715,113	\$ 14,423,346	\$ 14,612,932	\$ 1,018,000
							\$ 202,795
							\$ 98,789,228

**The Corporation of the Town of Fort Frances
Notes to Consolidated Financial Statements**

December 31, 2017

10. Tangible Capital Assets (continued)

										2016
	Land and land improvements	Buildings	Machinery and equipment	Roads and bridges	Water infrastructure	Sewer infrastructure	Vehicles	Computer hardware and software	Total	
Cost, beginning of year	\$ 3,777,943	\$ 53,427,628	\$ 7,604,336	\$ 55,221,965	\$ 19,785,441	\$ 22,088,560	\$ 3,308,900	\$ 439,481	\$ 165,654,254	
Additions	127,834	84,071	3,459,786	3,342,914	1,273,877	1,140,400	46,259	152,169	9,627,310	
Disposals	(329,926)	-	(397,100)	-	-	-	(34,945)	(27,370)	(789,341)	
Cost, end of year	3,575,851	53,511,699	10,667,022	58,564,879	21,059,318	23,228,960	3,320,214	564,280	174,492,223	
Accumulated amortization, beginning of year	352,813	22,362,741	4,129,276	29,365,762	6,496,659	8,876,121	2,222,157	337,591	74,143,120	
Amortization	156,204	1,083,190	497,060	1,453,150	302,263	326,781	151,728	57,097	4,027,473	
Disposals	-	-	(389,413)	-	-	-	(34,945)	(27,370)	(451,728)	
Accumulated amortization, end of year	509,017	23,445,931	4,236,923	30,818,912	6,798,922	9,202,902	2,338,940	367,318	77,718,865	
Net carrying amount, end of year	\$ 3,066,834	\$ 30,065,768	\$ 6,430,099	\$ 27,745,967	\$ 14,260,396	\$ 14,026,058	\$ 981,274	\$ 196,962	\$ 96,773,358	

The net book value of tangible capital assets not being amortized because they are under construction is \$153,139 (2016 - \$392,486). These items are recognized separately as tangible capital assets under construction in the consolidated statement of financial position.

The Corporation of the Town of Fort Frances Notes to Consolidated Financial Statements

December 31, 2017

11. Accumulated Surplus

The Municipality segregates its accumulated surplus in the following categories:

	2017	2016
Investment in tangible capital assets		
Tangible capital assets	\$ 98,942,367	\$ 97,165,843
Long-term debt	(1,670,537)	(2,281,831)
Land held for sale	50,476	305,794
Total investment in tangible capital assets	97,322,306	95,189,806
General operating	378,269	171,346
Business improvement area	46,447	37,553
Total operating surplus	424,716	208,899
Other allocated deficits		
Landfill closure	(874,498)	(851,138)
Employee future benefits	(222,454)	(234,843)
Total other allocated deficits	(1,096,952)	(1,085,981)
Reserve funds		
Waterworks projects	4,899,978	3,723,793
Replacement of vehicles and equipment	819,668	982,924
Library building	634,896	642,984
Landfill closure	641,959	544,695
Parks and cemeteries	50,402	48,747
Social and family assistance	89,634	127,066
Corporate projects and contingencies	5,533,332	4,913,744
Cultural projects	60,757	50,641
Townsend theatre	113,264	101,101
Total reserve funds	12,843,890	11,135,695
Working capital reserve	1,000,000	1,000,000
Investment in government business enterprises	6,062,050	6,051,247
	\$116,556,010	\$112,499,666

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 Town of Fort Frances Notes to Consolidated Financial Statements

December 31, 2017

12. Government Transfers - Federal

	2017	2016
Operating		
Other	\$ 16,311	\$ 20,437
Tangible Capital Assets		
Association of Municipalities of Ontario		
Federal Gas Tax Fund	601,805	762,937
Industry Canada - FedNor	451,976	30,553
New Building Canada Fund	-	948,023
Clean Water and Wastewater Fund	583,669	-
Other	58,328	135,000
Total tangible capital asset transfers	1,695,778	1,876,513
Total federal transfers	\$ 1,712,089	\$ 1,896,950

13. Government Transfers - Provincial

	2017	2016
Operating		
Province of Ontario		
Ontario Municipal Partnership Fund	\$ 3,106,500	\$ 2,934,100
Ministry of Transportation	58,395	68,942
Ontario Seniors' Secretariat	41,733	46,160
Rainy River District Social Services		
Administration Board	1,103,181	1,099,394
Ontario Financial Services	-	363,923
Other	340,329	295,458
Total operating transfers	4,650,138	4,807,977
Tangible Capital Assets		
Province of Ontario		
Clean Water and Wastewater Fund	291,834	-
Ministry of Transportation	246,179	1,399,968
Northern Ontario Heritage Fund	703,856	44,190
Other	182,923	157,475
Total tangible capital asset transfers	1,424,792	1,601,633
Total provincial transfers	\$ 6,074,930	\$ 6,409,610

The Corporation of the Town of Fort Frances Notes to Consolidated Financial Statements

December 31, 2017

14. Other Income

	2017	2016
Penalties and interest on taxes	\$ 116,938	\$ 142,454
Rents, concessions and franchises	89,983	101,699
Donations	364,050	271,889
Gain (loss) on sale of tangible capital assets	37,225	(129,645)
Loss on sale of land held for sale	(54,218)	(172,042)
Provincial offences	419,173	477,791
Insurance proceeds and other recoveries	41,293	46,018
	<u>\$ 1,014,444</u>	<u>\$ 738,164</u>

15. Expenses by Object

	2017	2016
Salaries, wages and employee benefits	\$ 8,634,352	\$ 8,296,612
Long-term debt charges - interest	76,879	110,250
Materials	3,537,837	3,620,785
Contracted services	4,548,434	5,197,166
Rents and financial expenses	1,122,855	1,353,497
Contributions to other organizations	2,582,327	2,568,673
Amortization	4,325,875	4,027,473
	<u>\$ 24,828,559</u>	<u>\$ 25,174,456</u>

16. Contingent Liabilities

Various lawsuits have been filed against the Municipality for incidents which arose in the ordinary course of business as well as land claims. These lawsuits include the following specific claim:

A claim in the amount of \$2,000,000 has been filed against the Municipality that is in relation to disputed costs between the Municipality and a contractor involved in the rehabilitation of Municipal infrastructure. In the opinion of management and legal counsel, the outcome of the lawsuit, now pending, is not determinable. Should any loss result from the resolution of these claims, such loss will be charged to operations in the year of resolution.

The Corporation of the Town of Fort Frances Notes to Consolidated Financial Statements

December 31, 2017

17. Related Party Transactions

The Municipality owns 100% of the common shares of Fort Frances Power Corporation. Fort Frances Power Corporation provides electricity and services to the Municipality. Fort Frances Power Corporation also contracts the Municipality for the provision of accounting and administrative services. The following is a summary of the significant related party transactions for the year:

	2017	2016
Revenue from services provided to Fort Frances Power Corporation	\$ 170,276	\$ 198,456
Expenses for electricity purchased from Fort Frances Power Corporation	\$ 896,609	\$ 812,302
Other purchased services provided by Fort Frances Power Corporation	82,821	16,033
	<u>\$ 979,430</u>	<u>\$ 828,335</u>

18. Operations of School Boards

	2017	2016
During the year, the following taxation revenue was raised and remitted to the school boards	\$ 1,523,085	\$ 1,701,246

The Corporation of the Town of Fort Frances Notes to Consolidated Financial Statements

December 31, 2017

19. Pension Agreements

The employees of the Municipality participate in the Ontario Municipal 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 plan to be received by the employees based on length of service and rates of pay. However, the plan is accounted for as a defined contributions plan as insufficient information is available to account for the plan as a defined benefit plan. The contribution payable in exchange for services rendered during a period is recognized as an expense during that period.

OMERS provides pension services to more than 482,000 active and retired members and approximately 985 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, 2017. The results of this valuation disclosed total actuarial liabilities of \$94,431 million in respect of benefits accrued for service with actuarial assets at that date of \$89,028 million indicating an actuarial deficit of \$5,403 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 Corporation does not recognize any share of the OMERS pension surplus or deficit. Contributions made by the Municipality to OMERS for 2017 were \$530,062 (2016 - \$533,922) for current services.

20. Trust Funds

The Trust Funds administered by the Municipality amounting to \$1,098,197 (2016 - \$1,170,151) have not been included in the consolidated statement of financial position nor have their operations been included in the consolidated statement of operations.

21. Contributions to Unconsolidated Boards

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

	2017	2016
Northwestern Health Unit	\$ 368,813	\$ 368,813
Rainy River District Social Services Administration Board		
Ambulance service	1,061,363	840,800
General assistance	89,076	159,926
Child care	125,249	119,702
Social housing	644,964	700,959
	<u>\$ 2,289,465</u>	<u>\$ 2,190,200</u>

The Corporation of the Town of Fort Frances Notes to Consolidated Financial Statements

December 31, 2017

22. Segmented Information

The Corporation of the Town of Fort Frances 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.

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 to provide fire suppression service, fire prevention programs, training and education related to prevention, detection or extinguishment of fires.

Transportation Services

The transportation services area provides construction and maintenance of the roadways throughout the Municipality as well as the municipal airport.

Environmental Services

Environmental services consists 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 service. The Municipality contributes to local boards which provide these services to the citizens of the Municipality.

The Corporation of the Town of Fort Frances Notes to Consolidated Financial Statements

December 31, 2017

22. Segmented Information (continued)

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 Town of Fort Frances 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

These services relate to zoning issues as well as planning of various municipal maintenance projects.

The Corporation of the Town of Fort Frances Notes to Consolidated Financial Statements

December 31, 2017

22. Segmented Information (continued)

For the year ended December 31	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Family Services	Social and Social Services	Social Housing	Recreation and Cultural Services	Planning and Development	2017 Total
Revenue											
Taxation	\$ 755,751	\$ 1,654,219	\$ 1,556,846	\$ 1,909,100	\$ 1,875,762	\$ 338,474	\$ 1,348,523	\$ 122,092	\$ 11,215,874		
Fees and user charges	239,512	55,045	677,261	6,004,061	43,104	437,999	-	-	954,415	107,444	8,518,141
Conditional grants	1,155,833	124,055	1,483,294	572,745	-	1,152,764	-	-	171,829	20,000	4,680,520
Unconditional grants	209,322	458,175	431,205	528,770	519,537	83,748	373,505	33,816	458,421	33,816	3,106,499
Other	91,899	201,156	189,315	232,150	228,096	41,359	163,983	14,847	201,264	14,847	1,363,869
	<u>2,452,317</u>	<u>2,492,650</u>	<u>4,337,921</u>	<u>9,246,826</u>	<u>2,666,499</u>	<u>2,063,441</u>	<u>1,886,011</u>	<u>298,199</u>	<u>3,441,036</u>	<u>298,199</u>	<u>28,884,903</u>
Expenses											
Wages and benefits	1,425,652	1,155,968	1,592,161	900,755	268,886	1,307,040	-	-	1,942,597	41,293	8,634,352
Long-term debt charges (interest)	55,176	-	5,344	3,564	-	-	-	-	12,795	-	76,879
Materials	396,393	220,525	812,546	714,690	31,298	255,226	-	-	960,392	146,767	3,537,837
Contracted services	199,215	2,196,988	533,264	1,358,481	5,307	48,959	-	-	150,157	56,063	4,548,434
Rents and financial	537,402	22,041	89,760	308,539	-	7,341	-	-	114,454	43,318	1,122,855
External transfers	90,328	110,340	-	21,361	1,498,176	214,325	644,964	-	-	2,833	2,582,327
Amortization	124,666	80,136	1,896,606	1,491,527	8,445	69,153	-	-	655,342	-	4,325,875
	<u>2,828,832</u>	<u>3,785,998</u>	<u>4,929,681</u>	<u>4,798,917</u>	<u>1,812,112</u>	<u>1,902,044</u>	<u>644,964</u>	<u>290,274</u>	<u>3,835,737</u>	<u>290,274</u>	<u>24,828,559</u>
Net surplus (deficit)	<u>\$ (376,515)</u>	<u>\$ (1,293,348)</u>	<u>\$ (591,760)</u>	<u>\$ 4,447,909</u>	<u>\$ 854,387</u>	<u>\$ 161,400</u>	<u>\$ 1,241,047</u>	<u>\$ 7,925</u>	<u>\$ (394,701)</u>	<u>\$ 7,925</u>	<u>\$ 4,056,344</u>

The Corporation of the Town of Fort Frances Notes to Consolidated Financial Statements

December 31, 2017

22. 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	2016 Total
Revenue											
Taxation	\$ 1,063,325	\$ 1,760,043	\$ 763,371	\$ 2,060,416	\$ 1,839,560	\$ 341,940	\$ 1,480,883	\$ 1,542,772	\$ 151,989	\$ 11,006,299	
Fees and user charges	256,384	51,207	621,007	5,853,942	72,577	347,772	-	998,544	87,249	8,288,182	
Conditional grants	74,743	82,301	3,179,871	479,956	-	1,154,287	-	391,302	10,000	5,372,460	
Unconditional grants	283,465	469,199	203,502	549,273	490,397	1,816,689	394,779	411,278	40,518	2,934,100	
Other	107,902	178,600	77,463	209,080	186,669	34,901	150,272	156,552	15,423	1,116,862	
	1,785,819	2,541,350	4,845,214	9,152,667	2,589,203	1,972,089	2,025,934	3,500,448	305,179	28,717,903	
Expenses											
Wages and benefits	1,214,996	1,175,616	1,548,136	928,143	188,880	1,194,478	-	1,989,058	57,305	8,296,612	
Long-term debt charges (interest)	60,184	-	8,880	10,549	-	-	-	30,637	-	110,250	
Materials	364,088	243,532	649,602	879,727	42,469	284,575	-	993,545	163,247	3,620,785	
Contracted services	335,433	2,471,554	374,750	1,709,634	3,535	43,539	-	203,036	55,685	5,197,166	
Rents and financial	324,135	27,915	516,724	277,772	-	7,649	-	117,898	81,404	1,353,497	
External transfers	84,348	144,701	-	20,796	1,277,613	340,256	700,959	-	-	2,568,673	
Amortization	123,677	44,688	1,827,821	1,366,077	8,857	70,477	-	585,875	1	4,027,473	
	2,506,861	4,108,006	4,925,913	5,192,698	1,521,354	1,940,974	700,959	3,920,049	357,642	25,174,456	
Net surplus (deficit)	\$ (721,042)	\$ (1,566,656)	\$ (80,699)	\$ 3,959,969	\$ 1,067,849	\$ 31,115	\$ 1,324,975	\$ (419,601)	\$ (52,463)	\$ 3,543,447	

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 Mayor and Councilors of
The Corporation of the Town of Fort Frances

We have audited the accompanying financial information for the trust funds of the Corporation of the Town of Fort Frances, which comprise the balance sheet as at December 31, 2017, and the statement of continuity for the year then ended and a summary of significant accounting policies and other explanatory information. The financial information has been prepared by management based on the basis of accounting as described in Note 1.

Management's Responsibility for the Financial Information

Management is responsible for the preparation and fair presentation of this financial information in accordance with the basis of accounting as described in Note 1; this includes determining that the basis of accounting is an acceptable basis for the presentation of the financial information in the circumstances, and for such internal control as management determines is necessary to enable the preparation of the financial information that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial information presents fairly, in all material respects, the balance sheet for the trust funds of the Corporation of the Town of Fort Frances as at December 31, 2017, and the statement of continuity for the year then ended, in accordance with the basis of accounting as described in Note 1.

Basis of Accounting and Restriction of Use

Without modifying our opinion, we draw attention to the significant accounting policies section of the financial information which describes the basis of accounting. The financial information is prepared to assist the Corporation of the Town of Fort Frances to comply with the reporting requirements of the Bereavement Authority of Ontario. As a result, the financial information may not be suitable for another purpose. Our report is intended solely for the management of the Corporation of the Town of Fort Frances and the Bereavement Authority of Ontario and should not be used by parties other than the management of the Corporation of the Town of Fort Frances and the Bereavement Authority of Ontario.

Chartered Professional Accountants, Licensed Public Accountants

Fort Frances, Ontario
June 25, 2018

The Corporation of the Town of Fort Frances Trust Funds Balance Sheet

December 31, 2017	Multi Use Tennis Court	Cemetery Care and Maintenance	Cemetery Special Care	Community Chest	Rainy River District School Board	2017 Total	2016 Total
Assets							
Cash	\$ 65,386	\$ -	\$ 791	\$ 85,328	\$ -	\$ 151,505	\$ 146,762
Accounts receivable							
Own municipality	-	2,277	-	-	-	2,277	-
Other	-	-	-	-	-	-	10
Investments	-	299,888	710,373	-	-	1,010,261	1,046,863
	\$ 65,386	\$ 302,165	\$ 711,164	\$ 85,328	\$ -	\$ 1,164,043	\$ 1,193,635
Liabilities							
Own Municipality	\$ 65,531	\$ -	\$ -	\$ 315	\$ -	\$ 65,846	\$ 23,484
Balance capital	(145)	302,165	711,164	85,013	-	1,098,197	1,170,151
	\$ 65,386	\$ 302,165	\$ 711,164	\$ 85,328	\$ -	\$ 1,164,043	\$ 1,193,635

Statement of Continuity

December 31, 2017	Multi Use Tennis Court	Cemetery Care and Maintenance	Cemetery Special Care	Community Chest	Rainy River District School Board	2017 Total	2016 Total
Balance, beginning of year	\$ 44,518	\$ 297,307	\$ 691,592	\$ 91,610	\$ 45,124	\$ 1,170,151	\$ 1,558,707
Revenue and receipts							
Care receipts and contributions	-	4,858	29,746	-	-	34,604	20,679
Interest earned	558	-	-	774	-	1,332	24,346
Donations	8,255	-	-	23,418	-	31,673	69,055
	8,813	4,858	29,746	24,192	-	67,609	114,080
Expenditures							
Operations	201	-	-	-	-	201	53
Administration	-	-	-	-	-	-	365
Paid to school board	-	-	-	-	45,124	45,124	420,655
Transfers to Municipality	53,275	-	10,174	-	-	63,449	19,158
Interest paid to cemetery	-	-	-	-	-	-	22,358
Grants	-	-	-	30,789	-	30,789	40,047
	53,476	-	10,174	30,789	45,124	139,563	502,636
Balance, end of year	\$ (145)	\$ 302,165	\$ 711,164	\$ 85,013	\$ -	\$ 1,098,197	\$ 1,170,151

The Corporation of the Town of Fort Frances

Trust Funds

Notes to Financial Statements

December 31, 2017

1. Summary of Significant Accounting Policies

Management's Responsibility The financial information of the Corporation of the Town of Fort Frances Trust Funds is the representation of management and has been prepared in accordance with Canadian Generally Accepted Accounting Principles. 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 judgment 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 receipt of goods or services and the creation of a legal obligation to pay.

2. Multi Use Tennis Court Trust

The Multi Use Tennis Court Trust Fund was established to support fundraising efforts towards the construction of tennis courts.

3. Cemetery Care and Maintenance Trust

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

4. Community Chest Trust

The Community Chest Trust Fund was established to provide grants to individuals to support them with the costs of travel for medical purposes.

**The Corporation of the Town of Fort Frances
Trust Funds
Notes to Financial Statements**

December 31, 2017

5. Rainy River District School Board Trust

The Rainy River District School Board Trust Fund was established as security during the construction of the new Robert Moore School and the Education Centre, and the demolition of the old Robert Moore School.

6. 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 financial information provided.

Draft