THE CORPORATION OF THE

TOWN OF MATTAWA

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2018

THE CORPORATION OF THE TOWN OF MATTAWA

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers of the
Corporation of the Town of Mattawa

Opinion
We have audited the consolidated financial statements of The Corporation of the Town of Mattawa, which comprise the consolidated statement of financial position as at December 31, 2018, and the consolidated statements of operations, the consolidated change in its net financial assets (debt) and its consolidated cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of The Corporation of the Town of Mattawa as at December 31, 2018, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion
We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Municipality in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

In preparing the consolidated financial statements, management is responsible for assessing the Municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Municipality or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Municipality"s financial reporting process.

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

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

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.

Huntsville, Ontario

Pahapill and Associates Professional Corporation
Chartered Professional Accountants
Authorized to practise public accounting by
The Chartered Professional Accountants of Ontario

THE CORPORATION OF THE TOWN OF MATTAWA

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2018

	2018	2017
FINANCIAL ASSETS		
Cash and cash equivalents	$ 1,936,355	$ 1,671,665
Accounts receivable, net of allowance of $75,000 (2017 - $75,000)	816,722	1,191,806
	2,753,077	**2,863,471**
LIABILITIES		
Accounts payable and accrued liabilities	213,407	145,884
Deferred revenue *(Note 4)*	112,226	212,003
Municipal debt *(Note 5)*	1,209,918	1,044,086
Employee benefits payable *(Note 7)*	160,282	272,636
Landfill closure and post-closure liability *(Note 8)*	122,000	113,900
	1,817,833	**1,788,509**
NET FINANCIAL ASSETS	**935,244**	**1,074,962**
NON-FINANCIAL ASSETS		
Tangible capital assets - net *(Note 11, Schedule 1)*	13,876,392	13,445,650
Inventories of supplies	18,326	14,816
Prepaid expenses	26,521	27,121
	13,921,239	**13,487,587**
ACCUMULATED SURPLUS	**$ 14,856,483**	**$ 14,562,549**

CONTINGENT LIABILITIES (Note 10)

APPROVED ON BEHALF OF COUNCIL:

______________________________ Mayor

THE CORPORATION OF THE TOWN OF MATTAWA

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

FOR THE YEAR ENDED DECEMBER 31, 2018

	Budget 2018 (Note 13)	Actual 2018	Actual 2017
REVENUE			
Property taxes	$ 2,225,658	$ 2,336,114	$ 2,438,300
User fees	993,842	1,041,577	913,985
Government transfers	2,338,528	2,225,749	1,870,982
Other	324,842	498,836	365,654
TOTAL REVENUE	**5,882,870**	**6,102,276**	**5,588,921**
EXPENSES			
General government	979,662	1,072,834	1,009,847
Protection to persons and property	817,540	780,044	807,050
Transportation services	1,167,932	991,871	962,162
Environmental services	1,128,955	1,272,022	476,379
Health services	84,211	84,263	84,268
Social and family services	263,569	263,568	265,078
Recreation and culture	851,301	834,040	717,788
Planning and development	538,396	509,700	533,375
TOTAL EXPENSES	**5,831,566**	**5,808,342**	**4,855,947**
ANNUAL SURPLUS (DEFICIT)	**51,304**	**293,934**	**732,974**
ACCUMULATED SURPLUS, BEGINNING OF YEAR	**14,562,549**	**14,562,549**	**13,829,575**
ACCUMULATED SURPLUS, END OF YEAR	**$ 14,613,853**	**$ 14,856,483**	**$ 14,562,549**

The accompanying notes and schedules are an integral part of these financial statements

THE CORPORATION OF THE TOWN OF MATTAWA

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2018

	Budget 2018 (Note 13)	Actual 2018	Actual 2017
Annual surplus (deficit)	$ 51,304	$ 293,934	$ 732,974
Acquisition of tangible capital assets	(1,164,317)	(1,164,317)	(985,027)
Amortization of tangible capital assets	721,813	721,813	652,200
(Gain)/loss on sale of tangible capital assets	(2,529)	(2,528)	-
Proceeds on sale of tangible capital assets	14,290	14,290	-
Change in supplies inventories	-	(3,510)	(4,316)
Change in prepaid expense	-	600	8,086
Increase (decrease) in net financial assets	(379,439)	(139,718)	403,917
Net financial assets, beginning of year	1,074,962	1,074,962	671,045
Net financial assets, end of year	**$ 695,523**	**$ 935,244**	**$ 1,074,962**

The accompanying notes and schedules are an integral part of these financial statements

THE CORPORATION OF THE TOWN OF MATTAWA

CONSOLIDATED STATEMENT OF CASH FLOW

FOR THE YEAR ENDED DECEMBER 31, 2018

		2018		2017
Operating transactions				
Annual surplus	$	293,934	$	732,974
Non-cash charges to operations:				
Amortization		721,813		652,200
(Gain)/loss on sale of tangible capital assets		(2,528)		-
		1,013,219		1,385,174
Changes in non-cash items:				
Accounts receivable		375,084		16,124
Long-term receivable		-		48,500
Accounts payable and accrued liabilities		67,523		(3,481)
Deferred revenue		(99,777)		91,995
Employee benefits payable		(112,354)		(20,697)
Landfill closure and post closure liability		8,100		(750,000)
Inventories of supplies		(3,510)		(4,316)
Prepaid expenses		600		8,086
		235,666		(613,789)
Cash provided by operating transactions		1,248,885		771,385
Capital transactions				
Acquisition of tangible capital assets		(1,164,317)		(985,027)
Proceeds on disposal of tangible capital asset		14,290		-
Cash applied to capital transactions		(1,150,027)		(985,027)
Investing transactions				
Cash provided by investing transactions		-		-
Financing transactions				
Temporary borrowing		300,000		-
Debt principal repayments		(134,168)		(130,785)
Cash applied to financing transactions		165,832		(130,785)
Net change in cash and cash equivalents		**264,690**		**(344,427)**
Cash and cash equivalents, beginning of year		**1,671,665**		**2,016,092**
Cash and cash equivalents, end of year	**$**	**1,936,355**	**$**	**1,671,665**
Cash flow supplementary information:				
Interest income received	$	110,780	$	121,369
Interest paid		29,057		32,477
Net interest received	$	81,723	$	88,892

THE CORPORATION OF THE TOWN OF MATTAWA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2018

The Corporation of the Town of Mattawa is a municipality in the Province of Ontario, Canada. It conducts its operations guided by the provisions of provincial statutes such as the Municipal Act, 2001, Planning Act, Building Code Act and other related legislation.

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Corporation of the Town of Mattawa (the "Municipality") are prepared by management in accordance with Canadian public sector accounting standards for local governments as recommended in the Public Sector Accounting Board "PSAB" of the Chartered Professional Accountants Canada. Significant aspects of the accounting policies adopted by the Municipality are as follows:

(a) Reporting Entity

These consolidated statements reflect the assets, liabilities, revenues, expenses and reserve and reserve fund balances of the reporting entity. The reporting entity is comprised of all committees of Council and the boards, joint boards and municipal enterprises for which Council is politically accountable as follows:

(i) Consolidated and Proportionally Consolidated entities

The following local boards and departments are consolidated:

Water Department
Library

Inter-organizational transactions and balances between these organizations are eliminated.

(ii) Non-consolidated entities

The following joint local boards are not consolidated:

North Bay Parry Sound District Health Unit
Nipissing District Social Services Administration Board
East Nipissing District Home for the Aged.

(iii) Accounting for school board transactions

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

(b) Basis of Accounting

(i) Accrual basis of accounting

Sources of financing and expenditures are reported on the accrual basis of accounting. This method 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.

(ii) Non-financial assets

Non-financial assets are not available to discharge existing liabilities but are held for use in the provision of Municipal services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

(a) Tangible capital assets
Tangible capital assets are recorded at cost less accumulated amortization, which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Tangible capital assets received as donations are recorded at their fair value at the date of receipt. The cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Land improvements - 20 years
Buildings - 50 years
Machinery, equipment and furniture - 5 to 20 years
Vehicles - 8 to 20 years
Roads - 5 to 60 years
Bridges - 60 years
Water - 60 years
Sewer - 60 years

One half of the annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

Estimated closure and post-closure expenses for active landfill sites as well as the land occupied by the sites are amortized annually on the basis of capacity used during the year as a percentage of the estimated total capacity of the landfill site.

The Municipality has a capitalization threshold of $3,000; individual tangible capital assets, or pooled assets of lesser value are expensed in the year of purchase.

(b) Inventories of supplies
Inventories held for consumption are recorded at the lower of cost and replacement cost.

(iii) Reserves and reserve funds
Certain amounts, as approved by Council, are set aside in reserves and reserve funds for future operating and capital purposes. Balances related to these funds are included in the accumulated surplus of the Consolidated Statement of Financial Position.

(iv) Government transfers
Government transfers are recognized in the financial statements as revenues in the period in which events giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

(v) Deferred revenue
The Municipality receives gas tax revenue from the Federal Government and payments in lieu of parkland under the authority of provincial legislation and Municipal by-laws. These funds are restricted in their use and until applied to the applicable expenditures are recorded as deferred revenue. Amounts applied to qualifying expenditures are recorded as revenue in the fiscal period they are expended. The Municipality also defers recognition of certain government grants which have been collected but for which the related expenditures have yet to be incurred. These amounts will be recognized as revenues in the fiscal year the services are performed.

(vi) Taxation and related revenues

Property tax billings are prepared by the Municipality based on assessment rolls issued by the Municipal Property Assessment Corporation ("MPAC"). Tax rates are established annually by Council, incorporating amounts to be raised for local services and amounts the Municipality is required to collect on behalf of the Province of Ontario in respect of education taxes. A normal part of the assessment process is the issue of supplementary assessment rolls which provide updated information with respect to changes in property assessment. Once a supplementary assessment roll is received, the Municipality determines the taxes applicable and renders supplementary tax billings. Taxation revenues are recorded at the time tax billings are issued. Assessments and the related property taxes are subject to appeal. Tax adjustments as a result of appeals are recorded when the result of the appeal process is known. The Municipality is entitled to collect interest and penalties on overdue taxes. These revenues are recorded in the period the interest and penalties are levied.

(vii) Pensions and employee benefits

The Municipality accounts for its participation in the Ontario Municipal Employee Retirement System (OMERS), a multi-employer public sector pension fund, as a defined contribution plan. Sick leave benefits are accrued where they are vested and subject to pay out when an employee leaves the Municipality's employ.

(viii) Use of estimates

The preparation of consolidated 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 and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Significant items subject to such estimates and assumptions include valuation allowances for accounts receivable and solid waste landfill closure and post-closure liabilities. Actual results could differ from management's best estimates as additional information becomes available in the future. The estimates are reviewed periodically and any resulting adjustments are reported in earnings in the year in which they become known.

THE CORPORATION OF THE TOWN OF MATTAWA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2018

2. CONTRIBUTIONS TO UNCONSOLIDATED JOINT BOARDS

Further to Note 1(a)(ii), the following contributions were made by the Municipality to these boards:

		2018		2017
District of Nipissing Social Services Administration Board	$	208,574	$	207,244
North Bay Parry Sound District Health Unit		70,441		70,441
East Nipissing District Home for the Aged		45,794		48,634
Total contributions made	**$**	**324,809**	**$**	**326,319**

The Municipality is contingently liable for its share, if any, of the accumulated deficits as at the end of the year for these boards. The Municipality's share of the accumulated surpluses (or deficits) of these boards has not been determined at this time.

The Municipality is also contingently liable for its share, if any, of the long-term liabilities issued by other municipalities for these boards. The Municipality's share of these long-term liabilities has not been determined at this time.

3. OPERATIONS OF SCHOOL BOARDS

Further to Note 1(a)(iii), the Municipality is required to collect property taxes and payments-in-lieu of taxes on the behalf of the school boards. The amounts collected, remitted and outstanding are as follows:

		2018		2017
Payable at the beginning of the year	$	1,332	$	131
Taxation and payments-in-lieu, net of adjustments		286,468		297,461
Remitted during the year		(288,738)		(296,260)
Payable (Receivable) at the end of the year	**$**	**(938)**	**$**	**1,332**

4. DEFERRED REVENUE

The 2018 continuity of transactions within the deferred revenues are described below:

		Balance beginning of year		Contributions received		Interest earned		Amounts taken into revenue		Balance end of year
Federal gas tax	$	182,751	$	128,869		1,783	$	(201,177)	$	112,226
Other		29,252		-		-		(29,252)		-
	$	**212,003**	**$**	**128,869**	**$**	**1,783**	**$**	**(230,429)**	**$**	**112,226**

THE CORPORATION OF THE TOWN OF MATTAWA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2018

5. MUNICIPAL DEBT

(a) The balance of the municipal debt reported on the Consolidated Statement of Financial Position is made up of the following:

	2018	2017
Infrastructure Ontario, due July 2027, repayable in semi annual payments of $50,742 including interest calculated at 3.24% and is secured by future funding.	$ 786,773	$ 860,959
Infrastructure Ontario, due December 2020, repayable in semi annual payments of $31,463 including interest calculated at 1.75% and is secured by future funding.	123,145	183,127
Infrastructure Ontario, due December 2023, repayable in semi annual payments of $32,513 including interest calculated at 2.98% and is secured by future funding.	300,000	-
	$ 1,209,918	**$ 1,044,086**

(b) Future estimated principal and interest payments on the municipal debt are as follows:

	Principal	Interest
2019	$ 194,149	$ 35,287
2020	199,420	30,016
2021	141,642	24,868
2022	146,111	20,400
2023	150,720	15,791
2024 onwards	377,876	28,064
	$ 1,209,918	**$ 154,426**

(c) Total charges for the year for municipal debt which are reported in the financial statements are as follows:

	2018	2017
Principal payments	$ 134,168	$ 130,785
Interest	29,057	32,477
	$ 163,225	**$ 163,262**

The annual principal and interest payments required to service the Municipality's debt were within the annual debt repayment limit of $714,831 prescribed by the Ministry of Municipal Affairs and Housing.

6. CREDIT FACILITY AGREEMENT

The Municipality has an authorized operating loan with the Bank of Nova Scotia in the amount of $500,000 (2017 $500,000), of which NIL (2017 NIL) was used at the end of the year. In addition, the Municipality has an authorized revolving term loan for equipment purchases with the Bank of Nova Scotia in the amount of $250,000 (2017 $250,000) of which NIL (2017 NIL) was used at the end of the year.

THE CORPORATION OF THE TOWN OF MATTAWA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2018

7. EMPLOYEE BENEFITS PAYABLE

Under the sick leave benefits plan, unused sick leave can accumulate and employees may become entitled to a cash payment when they leave the Municipality's employment. The liability for these accumulated days amounted to $30,999 (2017 $152,186) at the end of the year.

In addition, the Municipality has a liability for accumulated vacation pay of $129,283 (2017 $120,449) at the end of the year.

8. LANDFILL CLOSURE AND POST CLOSURE LIABILITY

Commencing in 2001, the local government accounting standards issued by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants require that municipalities recognize a liability related to the closure of solid waste landfill sites. This liability encompasses all costs related to the closure and subsequent maintenance of such sites. The liability is recognized in the financial statements over the operating life of the solid waste disposal site, in proportion to its utilized capacity.

The existing Mattawa landfill site operations plan calls for the development of the site in two stages as follows: Stage 1, operating under Certificate of Approval No. A531401, involves all operations since the site's inception in the early 1970's. Usage estimates were provided in an engineering study received in 2017. Based on this data, it is estimated that at December 31, 2018 Stage 1 and 2 have reached 51% capacity (2017 Stage 1 and 2 49%).

An engineering study received in 2018 has decreased the estimated closure and post-closure costs by $750,000 and is included in the statement of operations in 2017.

Estimated closure and post-closure costs for the waste disposal site are as follows:

Total estimated expenditures for closure and post-closure costs	$238,865
Reported liability in the current year	$122,000
Total expenditures remaining to be recognized	$116,865
Utilization/year	4,500 m^3
Estimated remaining usable capacity	76,240 m^3
Remaining landfill site life	17 years
Number of years required for post-closure case	25 years

A cost-sharing agreement is in place with two neighbouring municipalities, the Township of Mattawan and the Township of Papineau-Cameron. All operating expenditures, closure and post-closure expenditures are to be split based on the following breakdown: Mattawa 77%, Papineau-Cameron 20% and Mattawan 3%.

In addition The Municipality continues to negotiate with the Ministry of The Environment as to the parameters of the material amendment to their Certificate of Approval. If successful this amendment would defer closure until combined capacities of both footprints has been utilized. Management is of the view that this amendment would extend the life of the landfill site by at least 25 years.

The Town of Mattawa has established an independent landfill reserve of $622,688 (2017 $585,498) that could be used to mitigate the future impact of these obligations.

THE CORPORATION OF THE TOWN OF MATTAWA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2018

9. CONTRACTUAL OBLIGATIONS

The Municipality has entered into six-year contractual agreements for the collection of garbage and recycling with an option to renew twice for a further three-year period each. The first option to renew has been entered into, with total contracts of $551,492 of which $180,311 relates to 2018.

The Municipality entered into a two-year contractual agreement from January 1, 2018 to December 31, 2019, subject to the receipt of an amended Certificate of Approval from the Ministry of Environment, Conservation and Parks, for the processing of garbage. The commitment for garbage processing is $11,523 per month.

10. CONTINGENT LIABILITY

In the normal course of business, the municipality is named to lawsuits related to its operations. Management is of the view that these lawsuits are without merit and any settlement would not be material to the financial position of the municipality.

11. TANGIBLE CAPITAL ASSETS

Schedule 1 provides information on the tangible capital assets of the Municipality by major asset class. Additional information relating to these assets is provided below.

(a) Capitalization of Interest
The Municipality has a policy of expensing borrowing costs related to the acquisition of tangible capital assets.

THE CORPORATION OF THE TOWN OF MATTAWA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2018

12. SEGMENT DISCLOSURES AND EXPENDITURES BY OBJECT

The Municipality and its Boards and Committees provide a wide range of services to its citizens. The schedule and segment disclosure provides a breakdown of the annual surplus (deficit) reported on the Consolidated Statement of Operations by major reporting segment. The segments correspond to the major functional categories used in the Municipality's Financial Information Return, which include the following activities:

General Government
This segment includes Council, Clerk's Department, and Treasury. This area supports the operating departments in implementing priorities of Council and provides strategic leadership on issues relating to governance, strategic planning and service delivery.

Protection to Persons and Property
This segment includes fire, police, building inspection, and bylaw enforcement. Police services are provided by the Ontario Provincial Police under contract.

Transportation Services
Transportation Services include roadway systems and winter control.

Environmental Services
This segment includes sanitary sewers, waterworks and solid waste management.

Health Services
This segment includes cemeteries, ambulance services as well as payments to the district health unit.

Social and Family Services
This segment consists primarily of payments made to the district social services administration board and home for the aged for the provision of social services such as childcare, social housing, general assistance and assistance to the elderly.

Recreation and Culture
This segment includes parks, recreation programs, recreation facilities and library services.

Planning and Development
This segment includes activities related to planning, zoning and economic development.

Unallocated Amounts
Items are recorded as unallocated amounts when there is no reasonable basis for allocating them to a segment. Major items included in this category are property taxation and related penalty and interest charges, and the municipality's annual Ontario Municipal Partnership Fund unconditional grant.

In preparation of segmented financial information, some allocation of expenses is made. This generally includes charges of rent to specific segments.

THE CORPORATION OF THE TOWN OF MATTAWA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2018

12. SEGMENT DISCLOSURES AND EXPENDITURES BY OBJECT (continued)

FOR THE YEAR ENDED DECEMBER 31, 2018

	General Government	Protection to Persons and Property	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation and Culture	Planning and Development	Unallocated Amounts	Consolidated
REVENUE										
Property taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$2,336,114	$2,336,114
User fees	8,585	280	15,669	973,369	-	-	41,012	2,662	-	1,041,577
Government transfers	243,458	8,266	228,191	242,452	-	-	148,520	13,695	1,341,167	2,225,749
Other	20,834	114,628	67,899	8,069	-	-	109,118	4,085	174,203	498,836
TOTAL REVENUE	272,877	123,174	311,759	1,223,890	-	-	298,650	20,442	3,851,484	6,102,276
EXPENSES										
Salaries, wages and benefits	723,203	161,840	375,219	74,356	-	-	454,406	102,377	-	1,891,401
Long-term debt charges (interest)	-	-	-	29,057	-	-	-	-	-	29,057
Operating expenses	327,346	582,811	281,276	937,348	84,263	263,568	282,137	407,323	-	3,166,072
Amortization	22,285	35,393	335,376	231,261	-	-	97,497	-	-	721,812
TOTAL EXPENSES	1,072,834	780,044	991,871	1,272,022	84,263	263,568	834,040	509,700	-	5,808,342
ANNUAL SURPLUS (DEFICIT)	$ (799,957)	$ (656,870)	$ (680,112)	$ (48,132)	$ (84,263)	$ (263,568)	$ (535,390)	$ (489,258)	$3,851,484	$ 293,934

THE CORPORATION OF THE TOWN OF MATTAWA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2018

12. SEGMENT DISCLOSURES AND EXPENDITURES BY OBJECT (continued)

FOR THE YEAR ENDED DECEMBER 31, 2017

	General Government	Protection to Persons and Property	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation and Culture	Planning and Development	Unallocated Amounts	Consolidated
REVENUE										
Property taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,438,300	$ 2,438,300
User fees	7,003	600	15,802	849,843	-	-	38,000	2,737	-	913,985
Government transfers	273,586	4,131	87,101	151,278	-	-	25,459	96,903	1,232,525	1,870,982
Other	17,288	43,960	39,515	9,715	8,586	-	68,882	30,799	146,909	365,654
TOTAL REVENUE	297,876	48,691	142,418	1,010,836	8,586	-	132,341	130,439	3,817,734	5,588,921
EXPENSES										
Salaries, wages and benefits	624,154	176,182	368,164	73,212	-	-	479,982	92,514	-	1,814,208
Long-term debt charges (interest)	-	-	-	32,477	-	-	-	-	-	32,477
Operating expenses	374,857	605,312	264,189	148,576	84,268	265,078	173,923	440,861	-	2,357,064
Amortization	10,836	25,556	329,809	222,114	-	-	63,883	-	-	652,198
TOTAL EXPENSES	1,009,847	807,050	962,162	476,379	84,268	265,078	717,788	533,375	-	4,855,947
ANNUAL SURPLUS (DEFICIT)	$ (711,971)	$ (758,359)	$ (819,744)	$ 534,457	$ (75,682)	$ (265,078)	$ (585,447)	$ (402,936)	$ 3,817,734	$ 732,974

13. BUDGET FIGURES

The unaudited budget adopted for the current year was prepared on a fund basis, and has been amended to conform with the accounting and reporting standards adopted for the current year actual results.

14. PENSION AGREEMENTS

The Municipality makes contributions to the Ontario Municipal Employee Retirement Fund (OMERS), which is a multi-employer plan, on behalf of certain 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. Each year an independent actuary determines the funding status of OMERS Primary Pension Plan (the Plan) by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial valuation of the Plan was conducted at December 31, 2018. The results of this valuation disclosed total actuarial liabilities of $99,058 million with respect to benefits accrued for service with actuarial assets at that date of $94,867 million indicating an actuarial deficit of $4,191 million. Because OMERS is a multi employer plan, any Plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Municipality does not recognize any share of the Plan surplus or deficit.

The amount contributed to OMERS for 2018 was $104,552 (2017 $99,139) for current service and is included as an expense on the Consolidated Statement of Operations.

THE CORPORATION OF THE TOWN OF MATTAWA

CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2018

Schedule 1

	Land and Land Improvements	Buildings	Machinery and Equipment	Vehicles	Roads and Bridges	Water	Sewer	Assets Under Construction	TOTAL 2018	TOTAL 2017
COST										
Balance, beginning of year	$ 2,884,627	$ 2,828,190	$ 3,098,169	$ 1,280,840	$ 7,917,375	$ 5,599,350	$ 4,808,536	$ 949,871	$29,366,958	$28,390,885
Additions and betterments	115,852	324,270	329,711	-	93,082	40,919	216,579	43,904	1,164,317	985,027
Disposals and writedowns	-	-	(27,800)	(79,888)	-	-	-	-	(107,688)	(8,954)
BALANCE, END OF YEAR	3,000,479	3,152,460	3,400,080	1,200,952	8,010,457	5,640,269	5,025,115	993,775	30,423,587	29,366,958
ACCUMULATED AMORTIZATION										
Balance, beginning of year	1,558,366	1,719,018	2,532,151	510,282	5,841,259	1,424,689	2,335,543	-	15,921,308	15,278,062
Annual amortization	117,789	58,247	84,839	71,889	215,297	93,664	80,088	-	721,813	652,200
Amortization disposals	-	-	(16,038)	(79,888)	-	-	-	-	(95,926)	(8,954)
BALANCE, END OF YEAR	1,676,155	1,777,265	2,600,952	502,283	6,056,556	1,518,353	2,415,631	-	16,547,195	15,921,308
TANGIBLE CAPITAL ASSETS-NET	$ 1,324,324	$ 1,375,195	$ 799,128	$ 698,669	$ 1,953,901	$ 4,121,916	$ 2,609,484	$ 993,775	$13,876,392	$13,445,650

THE CORPORATION OF THE TOWN OF MATTAWA

SUPPLEMENTARY FINANCIAL INFORMATION

JOHN DIXON PUBLIC LIBRARY

Condensed financial information in respect to John Dixon Public Library is provided below.

STATEMENT OF FINANCIAL POSITION

		2018		2017
FINANCIAL ASSETS				
Cash and cash equivalents	$	18,362	$	13,159
Accounts receivable		5,080		9,088
		23,442		**22,247**
LIABILITIES				
Accounts payable and accrued liabilities		8,526		9,486
Payable to own municipality		15,000		15,000
		23,526		**24,486**
NET FINANCIAL ASSETS (DEBT)		**(84)**		**(2,239)**
NON-FINANCIAL ASSETS				
Tangible capital assets - net		11,739		8,338
		11,739		**8,338**
ACCUMULATED SURPLUS (DEFICIT)	**$**	**11,655**	**$**	**6,099**

THE CORPORATION OF THE TOWN OF MATTAWA

SUPPLEMENTARY FINANCIAL INFORMATION

JOHN DIXON PUBLIC LIBRARY

STATEMENT OF OPERATIONS

	Budget 2018 *(Note 13)*	Actual 2018	Actual 2017
REVENUE			
Municipal contributions - Town of Mattawa	$ 87,947	$ 86,072	$ 86,252
- Other municipalities	3,803	6,856	6,861
Provincial grants	11,134	8,778	5,334
OLA - Community access grant	10,000	1,197	6,644
Fines, photocopies and other revenue	1,200	50,000	966
Donations	7,900	10,875	2,527
TOTAL REVENUE	**121,984**	**163,778**	**108,584**
EXPENSES			
Wages, honorarium and benefits	95,400	69,151	68,921
Rent and occupancy costs	4,700	12,726	12,726
Books, periodicals and videos	1,200	1,098	-
Office and supplies	7,250	64,351	5,772
Insurance	2,000	2,254	1,319
Telephone and internet	3,134	3,364	4,601
Repairs and maintenance	500	360	-
Accounting and audit	800	1,346	1,526
Amortization	3,572	3,572	3,693
TOTAL EXPENSES	**118,556**	**158,222**	**98,558**
ANNUAL SURPLUS (DEFICIT)	**3,428**	**5,556**	**10,026**
ACCUMULATED SURPLUS, BEGINNING OF YEAR	**6,099**	**6,099**	**(3,927)**
ACCUMULATED SURPLUS, END OF YEAR	**$ 9,527**	**$ 11,655**	**$ 6,099**

THE CORPORATION OF THE TOWN OF MATTAWA
2018 FINANCIAL HIGHLIGHTS

TAX RATES

	2018 Tax Rates (%)		2017 Tax Rates (%)	
	Township purposes	School Board purposes	Town purposes	School Board purposes
Residential and Farm	1.911531	0.170000	1.977972	0.179000
Multi-residential	2.686274	0.170000	2.779644	0.179000
Commercial Occupied	3.053861	1.090000	3.160008	1.140000
Commercial Vacant	2.137703	0.763000	2.212006	0.798000
Industrial Occupied	4.145728	1.090000	4.289826	1.140000
Industrial Vacant	2.694723	0.708500	2.788387	0.741000
Pipeline	2.248725	1.090000	2.326886	1.098000

TRANSACTIONS FOR THE SCHOOL BOARDS

	2018	2017
Payable (Receivable) at the beginning of the year	$ 1,332	$ 131
Taxation and payments-in-lieu, net of adjustments	286,468	297,461
Remitted during the year	(288,738)	(296,260)
Payable (Receivable) at the end of the year	$ (938)	$ 1,332

These revenues and expenditures are not reflected in the Consolidated Statement of Operations.

NOTES

1. The 2018 financial report consolidates the operations, assets and liabilities of the Town and its local water department and library.

2. The above data has been extracted from the audited 2018 Consolidated Financial Report of the Town and its local boards and committees as described in Note 1. Copies of the 2018 Consolidated Financial Report and the Auditors' Report of Pahapill and Associates Professional Corporation, Chartered Professional Accountants, Huntsville, Ontario are available at the Town office to any resident who wishes to review or analyze the financial operations of the Town in greater detail.

THE CORPORATION OF THE TOWN OF MATTAWA

2018 FINANCIAL HIGHLIGHTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2018

	2018	2017
FINANCIAL ASSETS		
Cash and cash equivalents	$ 1,936,355	$ 1,671,665
Accounts receivable	816,722	1,191,806
	2,753,077	**2,863,471**
LIABILITIES		
Accounts payable and accrued liabilities	213,407	145,884
Deferred revenue	112,226	212,003
Municipal debt	1,209,918	1,044,086
Employee benefits payable	160,282	272,636
Landfill closure and post-closure liability	122,000	113,900
	1,817,833	**1,788,509**
NET FINANCIAL ASSETS (DEBT)	**935,244**	**1,074,962**
NON-FINANCIAL ASSETS		
Tangible capital assets - net	13,876,392	13,445,650
Inventories of supplies	18,326	14,816
Prepaid expenses	26,521	27,121
	13,921,239	**13,487,587**
ACCUMULATED SURPLUS	**$ 14,856,483**	**$ 14,562,549**

THE CORPORATION OF THE TOWN OF MATTAWA

2018 FINANCIAL HIGHLIGHTS

CONSOLIDATED STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2018

	Budget 2018	Actual 2018	Actual 2017
REVENUE			
Property taxes	$ 2,225,658	$ 2,336,114	$ 2,438,300
User fees	993,842	1,041,577	913,985
Government transfers	2,338,528	2,225,749	1,870,982
Other	324,842	498,836	365,654
TOTAL REVENUE	**5,882,870**	**6,102,276**	**5,588,921**
EXPENSES			
General government	979,662	1,072,834	1,009,847
Protection to persons and property	817,540	780,044	807,050
Transportation services	1,167,932	991,871	962,162
Environmental services	1,128,955	1,272,022	476,379
Health services	84,211	84,263	84,268
Social and family services	263,569	263,568	265,078
Recreation and culture	851,301	834,040	717,788
Planning and development	538,396	509,700	533,375
TOTAL EXPENSES	**5,831,566**	**5,808,342**	**4,855,947**
ANNUAL SURPLUS (DEFICIT)	**51,304**	**293,934**	**732,974**
ACCUMULATED SURPLUS, BEGINNING OF YEAR	**14,562,549**	**14,562,549**	**13,829,575**
ACCUMULATED SURPLUS, END OF YEAR	**$ 14,613,853**	**$ 14,856,483**	**$ 14,562,549**