

THE CORPORATION OF THE TOWNSHIP OF ENNISKILLEN

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2018

THE CORPORATION OF THE TOWNSHIP OF ENNISKILLEN

DECEMBER 31, 2018

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INDEPENDENT AUDITORS' REPORT

PARTNERS

STEPHEN J. OUTRIDGE, CPA, CA
KEVIN M. SABOURIN, CPA, CA
JAMES D. KEARNEY, CPA, CA (RET.)

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

Opinion

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

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

Basis for Opinion

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

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

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

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

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



Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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.

Wallaceburg, Ontario
May 21, 2019

Baily Kearney Ferguson LLP
Chartered Professional Accountants
Licensed Public Accountants

THE CORPORATION OF THE TOWNSHIP OF ENNISKILLEN
(Incorporated under the Laws of Ontario)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2018

	2018	2017
FINANCIAL ASSETS		
Cash and bank	\$ 2,615,639	\$ 2,542,110
Investments (Note 3)	785,252	775,881
Taxes receivable	86,459	134,283
User charges receivable	28,907	27,480
Accounts receivable	391,583	877,960
Unbilled revenue	260,748	229,341
Long-term receivables	72,922	104,821
TOTAL FINANCIAL ASSETS	4,241,510	4,691,876
FINANCIAL LIABILITIES		
Accounts payable and accrued liabilities	434,895	392,245
Deferred revenue (Note 4)	23,857	17,536
Tile drain debenture prelevies	7,378	14,592
TOTAL FINANCIAL LIABILITIES	466,130	424,373
NET FINANCIAL ASSETS	3,775,380	4,267,503
NON-FINANCIAL ASSETS		
Inventories of supplies	80,233	47,893
Tangible capital assets (Note 5)	19,014,593	18,551,523
TOTAL NON-FINANCIAL ASSETS	19,094,826	18,599,416
ACCUMULATED SURPLUS (Note 6)	\$ 22,870,206	\$ 22,866,919

APPROVED ON BEHALF OF THE COUNCIL

_____ MAYOR

_____ TREASURER/ADMINISTRATOR

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

THE CORPORATION OF THE TOWNSHIP OF ENNISKILLEN

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

FOR THE YEAR ENDED DECEMBER 31, 2018

	2018 Budget (Note 14)	2018 Actual	2017 Actual
REVENUE			
Taxation	\$ 2,091,300	\$ 2,355,612	\$ 2,025,858
User charges	1,950,000	1,730,471	2,013,029
Government of Canada	93,300	93,899	127,272
Province of Ontario	569,289	525,449	578,082
Other municipalities	-	9,433	10,476
Investment income and other	35,000	93,911	62,066
Penalties and interest on taxes	25,000	22,461	29,761
Gain (loss) on disposal of tangible capital assets	-	45,268	(37,095)
TOTAL REVENUE	4,763,889	4,876,504	4,809,449
EXPENSES			
General government	526,910	491,931	546,204
Protection to persons and property	457,950	855,520	722,133
Transportation	1,981,800	1,919,472	1,750,197
Environmental services	1,712,939	1,540,049	1,741,465
Health services	3,500	1,860	2,324
Recreation and culture	45,790	50,006	48,346
Planning and development	35,000	14,379	23,146
TOTAL EXPENSES	4,763,889	4,873,217	4,833,815
ANNUAL SURPLUS (DEFICIT)	-	3,287	(24,366)
ACCUMULATED SURPLUS, beginning of year	22,891,285	22,866,919	22,891,285
ACCUMULATED SURPLUS, end of year	\$ 22,891,285	\$ 22,870,206	\$ 22,866,919

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

THE CORPORATION OF THE TOWNSHIP OF ENNISKILLEN

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2018

	2018	2017
ANNUAL SURPLUS (DEFICIT)	\$ 3,287	\$ (24,366)
Acquisition of tangible capital assets	(1,596,650)	(369,874)
Amortization of tangible capital assets	910,447	783,581
Loss (gain) on sale of tangible capital assets	(45,268)	37,095
Proceeds on sale of tangible capital assets	268,401	154,000
Acquisition of supplies inventories	(32,340)	17,233
CHANGE IN NET FINANCIAL ASSETS	(492,123)	597,669
NET FINANCIAL ASSETS, beginning of year	4,267,503	3,669,834
NET FINANCIAL ASSETS, end of year	\$ 3,775,380	\$ 4,267,503

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

THE CORPORATION OF THE TOWNSHIP OF ENNISKILLEN

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2018

	2018	2017
OPERATING ACTIVITIES		
Annual surplus (deficit)	\$ 3,287	\$ (24,366)
Items not requiring cash		
Amortization	910,447	783,581
(Gain) loss on sale of tangible capital assets	(45,268)	37,095
	868,466	796,310
Changes in non-cash assets and liabilities related to operations		
Taxes receivable	47,824	7,325
User charges receivable	(1,427)	2,804
Accounts receivable	486,377	(245,446)
Unbilled revenue	(31,407)	107
Long-term receivables	31,899	13,584
Accounts payable and accrued liabilities	42,650	111,824
Deferred revenue	6,321	3,057
Tile drain debenture prelevies	(7,214)	-
Inventories of supplies	(32,340)	17,233
Cash provided by operating activities	1,411,149	706,798
CAPITAL ACTIVITIES		
Additions to tangible capital assets	(1,596,650)	(369,874)
Proceeds on sale of tangible capital assets	268,401	154,000
Cash used in capital activities	(1,328,249)	(215,874)
INCREASE IN CASH AND CASH EQUIVALENTS, during the year	82,900	490,924
CASH AND CASH EQUIVALENTS, beginning of the year	3,317,991	2,827,067
CASH AND CASH EQUIVALENTS, end of the year	\$ 3,400,891	\$ 3,317,991
REPRESENTED BY		
Cash and bank	\$ 2,615,639	\$ 2,542,110
Investments	785,252	775,881
	\$ 3,400,891	\$ 3,317,991

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

THE CORPORATION OF THE TOWNSHIP OF ENNISKILLEN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2018

The Corporation of the Township of Enniskillen is a lower tier municipality that was created in 1855 in the Province of Ontario. The Township provides municipal services such as police, fire, public works, planning, parks and recreation, and other general government operations. It conducts its operations guided by the provisions of provincial statutes such as the Municipal Act, Municipal affairs Act and related legislation.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) MANAGEMENT RESPONSIBILITY

The consolidated financial statements of The Corporation of the Township of Enniskillen are the representation of management prepared in accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants - Canada ("CPA Canada"). Significant accounting policies adopted by the Township are as follows:

(b) BASIS OF CONSOLIDATION

These consolidated financial statements reflect the assets, liabilities, revenue and expenses, changes in tangible capital assets and accumulated surplus of the reporting entity. All interfund assets and liabilities and revenue and expenses have been eliminated on consolidation.

The following municipal enterprise owned or controlled by Council has been consolidated:

Enniskillen Water Area

(c) BASIS OF ACCOUNTING

Revenue and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes all revenue in the period in which the transactions or events occurred that gave rise to the revenue; expenses are recognized as they are incurred and measurable as a result of the 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 Township. Financial assets are those assets which could provide resources to discharge existing liabilities or finance future operations. Municipal position represents the financial position of the Township, and is the difference between its assets and liabilities. This provides information about the Township's overall future revenue requirements and its ability to finance activities and meet its obligations.

(d) ACCOUNTING FOR REGION AND SCHOOL BOARD TRANSACTIONS

The taxation, other revenue, expenses, assets and liabilities with respect to the operations of the school boards and the County of Lambton are not reflected in the municipal fund balances of these consolidated financial statements.

(e) TRUST FUNDS

Trust funds and their related operations administered by the Township are not consolidated nor have their operations been included in the Consolidated Statement of Operations and Accumulated Surplus, but are reported separately on the Trust Funds Statement of Financial Position and Statement of Operations which are shown on pages 18 and 19.

THE CORPORATION OF THE TOWNSHIP OF ENNISKILLEN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(f) RESERVE AND RESERVE FUNDS

Certain amounts, as approved by council, are set aside in reserves and reserve funds for future operating and capital purposes. Reserve funds are interest bearing and the current year interest is accounted for as an adjustment within accumulated surplus. Transfers to and/or from reserved and reserve funds are an adjustment to the respective funds when approved.

(g) INVESTMENTS

Investments consist of Guaranteed Investment Certificates and are recorded at cost plus accrued interest. If the market value of investments becomes lower than cost and this decline is considered to be other than temporary, the investments are written down to market value.

(h) CASH AND CASH EQUIVALENTS

The organization's policy is to present bank balances under cash and cash equivalents including investments consisting of Guaranteed Investment Certificates.

(i) NON-FINANCIAL ASSETS

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.

(i) TANGIBLE CAPITAL ASSETS

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets excluding land and landfill sites, are amortized on a straight-line basis over their estimated useful lives as follows:

Asset	Useful life - years
Building and building improvements	20 - 50
Vehicles, machinery and equipment	5 - 20
Water and wastewater infrastructure	20 - 80
Roads infrastructure - base	50
Roads infrastructure - surface	15 - 20

Annual amortization is charged in the year of acquisition. Assets under construction are not amortized until the asset is available for productive use.

(ii) CONTRIBUTIONS OF TANGIBLE CAPITAL ASSETS

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and also are recorded as revenue.

(iii) NATURAL RESOURCES

Natural resources that have not been purchased are not recognized as assets in the consolidated financial statements.

THE CORPORATION OF THE TOWNSHIP OF ENNISKILLEN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(iv) WORKS OF ART AND CULTURAL AND HISTORIC ASSETS

Works of art and cultural and historic assets are not recorded as assets in these consolidated financial statements.

(v) TANGIBLE CAPITAL ASSETS DISCLOSED AT NOMINAL VALUES

Where an estimate of fair market value could not be made, the tangible capital asset was recognized at a nominal value. Land is the only category where nominal values were assigned.

(vi) LEASED TANGIBLE CAPITAL ASSETS

Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as leased tangible capital assets. All other leases are accounted for as operating leases and the related payments are charged to expenses as incurred.

(vii) INVENTORIES OF SUPPLIES

Inventories of supplies held for consumption are recorded at cost.

(j) DEFERRED REVENUE

Revenue restricted by legislation, regulation or agreement and not available for general municipal purposes is reported as deferred revenue on the consolidated statement of financial position. The revenue is reported on the consolidated statement of operations in the year in which it is used for the specified purpose.

(k) GOVERNMENT TRANSFERS

Government transfers are recognized in the consolidated financial statements as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amounts can be made. Funding that is stipulated to be used for specific purposes is only recognized as revenue in the fiscal year that the related expenses are incurred and services are performed. If funding is received for which the related expenses have not yet been incurred or services performed, these amounts are recorded as a liability at year end.

THE CORPORATION OF THE TOWNSHIP OF ENNISKILLEN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(l) REVENUE RECOGNITION

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

Taxation revenues are recorded at the time the taxes are levied. Assessments and related property taxes are subject to appeal. Tax adjustments as a result of appeals are recorded as a reduction of tax revenue when the result of the appeal process is reasonably certain. The Township is entitled to collect interest and penalties on overdue taxes and these revenues are recorded in the period the interest and penalties are levied. Tax revenue is recorded net of reductions including rebates. Taxes receivable are reported net of any expense or allowance for doubtful accounts.

Grant revenue is recognized when the amount has been determined and approval has been obtained. If the grants relate to specific expenses, the revenue is recognized when the resources have been used for the specified purpose.

User charges are recorded when the service has been provided, the amount is determinable and collectibility is assured.

Investment income is reported as revenue in the period earned.

(m) USE OF ESTIMATES

The preparation of the 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 consolidated financial statements, and the reported amounts of revenue and expenses during the period.

Actual results could differ from these estimates.

Significant items subject to such estimates and assumptions include valuation allowances for taxes and accounts receivable, certain accrued liabilities and the carrying value of tangible capital assets.

2. CASH AND BANK

The Township's bank accounts are held at two chartered banks.

3. INVESTMENTS

The investments consist of Guaranteed Investment Certificates, are classified as held-to-maturity and are recorded at cost plus accrued interest. The investments bear interest at varying rates between 2.00% and 3.08% and mature between December, 2019 and December, 2020. At year end the carrying values approximated their market values. Interest earned on investments in the year was \$68,367 (2017 - \$41,289).

THE CORPORATION OF THE TOWNSHIP OF ENNISKILLEN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2018

4. DEFERRED REVENUE

The net change during the year in the restricted deferred revenue balance is made up as follows:

	PARKLAND	GAS TAX	2018 TOTAL	2017 TOTAL
Deferred revenue, beginning of the year	\$ 17,536	\$ -	\$ 17,536	\$ 14,479
Restricted funds received during the year	5,916	93,327	99,243	93,732
Interest earned	405	479	884	417
Revenue recognized during the year	-	(93,806)	(93,806)	(91,092)
Deferred revenue, end of the year	\$ 23,857	\$ -	\$ 23,857	\$ 17,536

THE CORPORATION OF THE TOWNSHIP OF ENNISKILLEN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2018

5. TANGIBLE CAPITAL ASSETS

Cost	Balance 2017	Additions	Disposals	Balance 2018
Land	\$ 105,596	\$ -	\$ -	\$ 105,596
Building and building improvements	2,290,515	372,600	(52,001)	2,611,114
Vehicles, machinery and equipment	3,287,554	549,100	(420,257)	3,416,397
Water and wastewater infrastructure	7,607,598	-	-	7,607,598
Road infrastructure	21,849,787	674,950	(177,303)	22,347,434
	\$ 35,141,050	\$ 1,596,650	\$ (649,561)	\$ 36,088,139

Accumulated Amortization	Balance 2017	Amortization	Disposals	Balance 2018
Building and building improvements	\$ 1,007,694	\$ 59,795	\$ (42,230)	\$ 1,025,259
Vehicles, machinery and equipment	2,001,317	135,318	(213,112)	1,923,523
Water and wastewater infrastructure	2,508,721	95,095	-	2,603,816
Road infrastructure	11,071,795	620,240	(171,087)	11,520,948
	\$ 16,589,527	\$ 910,448	\$ (426,429)	\$ 17,073,546

Net Book Value	2017	2018
Land	\$ 105,596	\$ 105,596
Building and building improvements	1,282,821	1,585,855
Vehicles, machinery and equipment	1,286,237	1,492,874
Water and wastewater infrastructure	5,098,877	5,003,782
Road infrastructure	10,777,992	10,826,486
	\$ 18,551,523	\$ 19,014,593

THE CORPORATION OF THE TOWNSHIP OF ENNISKILLEN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2018

5. TANGIBLE CAPITAL ASSETS (cont.)

Cost	Balance 2016	Additions	Disposals	Balance 2017
Land	\$ 105,596	\$ -	\$ -	\$ 105,596
Building and building improvements	2,290,515	-	-	2,290,515
Vehicles, machinery and equipment	3,571,763	113,590	(397,799)	3,287,554
Water and wastewater infrastructure	7,607,598	-	-	7,607,598
Road infrastructure	21,646,215	256,284	(52,712)	21,849,787
	\$ 35,221,687	\$ 369,874	\$ (450,511)	\$ 35,141,050

Accumulated Amortization	Balance 2016	Amortization	Disposals	Balance 2017
Building and building improvements	\$ 954,290	\$ 53,404	\$ -	\$ 1,007,694
Vehicles, machinery and equipment	2,049,420	158,600	(206,703)	2,001,317
Water and wastewater infrastructure	2,413,626	95,095	-	2,508,721
Road infrastructure	10,648,025	476,482	(52,712)	11,071,795
	\$ 16,065,361	\$ 783,581	\$ (259,415)	\$ 16,589,527

THE CORPORATION OF THE TOWNSHIP OF ENNISKILLEN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2018

6. ACCUMULATED SURPLUS

The accumulated surplus is comprised of the following:

	2018	2017
Surplus (Deficit)		
Available to offset future revenue requirements		
General surplus taxation	\$ 2,907	\$ 444,103
Water	2,392,044	2,288,129
Oil Springs Fire	-	6,769
Inwood Fire	-	8,513
Revitalization and Scholarship	55,556	-
Oil City sewers	70,553	81,602
Marthaville streetlights	3,499	1,386
Oil City streetlights	7,499	5,321
Howlett Lane streetlights	5,261	5,003
Consolidated Fire surplus	242,277	306,582
	2,779,596	3,147,408
Net book value of tangible capital assets	19,014,593	18,551,523
Acquisition of tangible capital assets to be recovered through taxation or user charges	(517,527)	(420,555)
	18,497,066	18,130,968
Reserves	1,593,544	1,588,543
	\$ 22,870,206	\$ 22,866,919
RESERVES SET ASIDE FOR SPECIFIC PURPOSE BY COUNCIL:		
Working capital	\$ 558,792	\$ 558,792
Water capital	922,732	890,832
Insurance	39,099	34,099
Water and municipal drainage debentures	72,921	104,820
	\$ 1,593,544	\$ 1,588,543

THE CORPORATION OF THE TOWNSHIP OF ENNISKILLEN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2018

7. OPERATIONS OF SCHOOL BOARDS AND THE COUNTY OF LAMBTON

The total levies raised on behalf of the school board and the County of Lambton are comprised of the following:

	SCHOOL BOARDS		COUNTY OF LAMBTON	
	2018	2017	2018	2017
Taxation and user charges	\$ 1,071,724	\$ 1,065,423	\$ 1,803,932	\$ 1,753,354
Share of payment in lieu	-	-	5,314	4,907
Requisitions	\$ 1,071,724	\$ 1,065,423	\$ 1,809,246	\$ 1,758,261

8. TRUST FUNDS

The trust funds administered by the Township amounting to \$9,992 (2017 - \$9,889) have not been included in the consolidated statement of financial position nor have the operations been included in the consolidated statement of operations.

9. NET LONG-TERM LIABILITIES

(a) Net long-term liabilities is made up of the following:

	2018	2017
Tile drainage loans, maturing 2019 - 2027	\$ 339,286	\$ 247,224
Of the long-term liabilities shown above, the responsibility for payment of principal and interest charges for tile drainage loans has been assumed by individuals. At the end of the year, the outstanding principal amount of the liability is	(339,286)	(247,224)
	\$ -	\$ -

(b) Of the total long-term liabilities reported in (a) of this note, \$218,643 in principal payments are payable from 2019 to 2023 and \$120,643 from 2024 to 2028 and are summarized as follows:

	2019 to 2023	2024 to 2028
From benefiting landowners	\$ 218,643	\$ 120,643

(c) The Township is contingently liable for the long-term liabilities with respect to the tile drainage loans. The total amount outstanding at December 31, 2018 is \$339,286 (2017 - \$247,224) and is not recorded on the consolidated statement of financial position.

(d) The long-term liabilities have been approved by by-law. The annual principal and interest payments required to service these liabilities are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.

THE CORPORATION OF THE TOWNSHIP OF ENNISKILLEN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2018

10. SEGMENTED INFORMATION

The Township is a municipal government institution that provides a wide range of services to its citizens, including police, fire and water. For management reporting purposes, the operations and activities are organized and reported by fund. Funds were created for the purpose of recording specific activities to attain certain objectives in accordance with specific regulations, restrictions or limitations.

Segmented information has been identified based upon lines of service provided by the Township. The Township services are provided by departments and their activities are reported by functional area in the body of the consolidated financial statements. Certain lines of service that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

(a) General Government

General Government is comprised of governance, corporate management and program support.

(b) Protection to persons and property

Protection is comprised of the Police Services, Fire, conservation authority, protective inspection and control, emergency measures and Provincial offences. The mandate of the Police Services department is to ensure the safety of the lives and property of citizens; preserve peace and good order; prevent crimes from occurring; detect offenders; and enforce the law. The Fire department is responsible to provide fire suppression services; fire prevention programs; training and education related to prevention; and detection or extinguishment of fires.

(c) Public Works - Transportation

The Public Works department is responsible for the delivery of municipal public works services related to the planning, development and maintenance of roadway systems, the maintenance of parks and open space, and street lighting.

(d) Public Works - Environment

The Township is responsible for environmental programs such as the engineering and operation of Water and Wastewater systems and Waste Management, the latter of which encompasses Solid Waste Collection and Recycling.

(e) Health Services

Health Services includes Public Health and Ambulance Services.

(f) Recreation and Cultural Services

Recreation and Cultural Services include Parks, Recreation Programs and Facilities, libraries and cultural services. The Community Services Department provides public services that contribute to neighbourhood development and sustainability through the provision of recreation and leisure services, and the development and maintenance of various parks and recreational facilities.

(g) Planning and Development

The Planning and Development department manages development for business interest, environmental concerns and land development plans.

Certain allocation methodologies are employed in the preparation of segmented financial information. Taxation and payments in lieu are apportioned to current fund services based on the fund segment's net surplus, and general program support costs are apportioned based on a percentage of total expenditure by segment.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 1.

THE CORPORATION OF THE TOWNSHIP OF ENNISKILLEN

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2018

10. SEGMENTED INFORMATION

2018

	General Government	Protection	Public Works- Transportation	Public Works - Environmental	Health Services	Recreation and Culture	Planning and Development	Total
Revenue								
Taxation	\$ 2,355,612	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,355,612
User charges	-	15,717	47,166	1,650,626	-	9,902	7,060	1,730,471
Grants	9,433	-	619,348	-	-	-	-	628,781
Investment income and other	68,367	-	-	25,544	-	-	-	93,911
Penalties and interest on taxes	22,461	-	-	-	-	-	-	22,461
Gain on sale of tangible capital assets	-	-	45,268	-	-	-	-	45,268
Total revenue	2,455,873	15,717	711,782	1,676,170	-	9,902	7,060	4,876,504
Expenses								
Salaries, wages and benefits	350,304	-	328,196	132,328	-	4,782	14,379	829,989
Operating	128,792	827,082	865,428	1,276,470	1,860	33,148	-	3,132,780
Amortization	12,835	28,438	725,847	131,252	-	12,076	-	910,448
Total expenses	491,931	855,520	1,919,471	1,540,050	1,860	50,006	14,379	4,873,217
Annual surplus (deficit)	\$ 1,963,942	\$ (839,803)	\$(1,207,689)	\$ 136,120	\$ (1,860)	\$ (40,104)	\$ (7,319)	\$ 3,287

THE CORPORATION OF THE TOWNSHIP OF ENNISKILLEN

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2018

10. SEGMENTED INFORMATION

2017

	General Government	Protection	Public Works- Transportation	Public Works - Environmental	Health Services	Recreation and Culture	Planning and Development	Total
Revenue								
Taxation	\$ 2,025,858	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,025,858
User charges	-	8,909	88,700	1,896,773	-	9,592	9,055	2,013,029
Grants	10,476	-	705,354	-	-	-	-	715,830
Investment income and other	41,289	-	-	20,777	-	-	-	62,066
Penalties and interest on taxes	29,761	-	-	-	-	-	-	29,761
Loss on sale of tangible capital assets	-	-	(37,095)	-	-	-	-	(37,095)
Total revenue	2,107,384	8,909	756,959	1,917,550	-	9,592	9,055	4,809,449
Expenses								
Salaries, wages and benefits	345,311	-	321,476	155,926	-	5,846	23,146	851,705
Operating	187,793	691,049	822,038	1,465,372	2,324	29,953	-	3,198,529
Amortization	13,100	31,084	606,683	120,167	-	12,547	-	783,581
Total expenses	546,204	722,133	1,750,197	1,741,465	2,324	48,346	23,146	4,833,815
Annual surplus (deficit)	\$ 1,561,180	\$ (713,224)	\$ (993,238)	\$ 176,085	\$ (2,324)	\$ (38,754)	\$ (14,091)	\$ (24,366)

THE CORPORATION OF THE TOWNSHIP OF ENNISKILLEN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2018

11. LIABILITY FOR VESTED SICK LEAVE BENEFITS

Subsequent to January 1, 2007, 10 sick days per year are granted and may be paid out or accumulated to a maximum of 85 (2017 - 85) days. If unused, the amount accumulated is not paid out. At the year end, the liability for the accumulated days amounted to \$25,000 (2017 - \$25,000) and is included in accounts payable and accrued liabilities.

12. EXPENSES BY OBJECT

Total expenses classified by object are as follows:

	2018	2017
Salaries, wages and employee benefits	\$ 829,989	\$ 851,705
Materials and services	3,132,780	3,198,529
Amortization	910,448	783,581
	\$ 4,873,217	\$ 4,833,815

13. SALARY DISCLOSURE

In 2018, one employee was paid a salary, as defined in the Public Sector Salary Disclosure Act, 1996, of \$100,000 or more.

14. BUDGET DATA

The approved operating and capital budgets are approved by Council in March 2018 and reflected on the consolidated statement of operations and accumulated surplus for municipal projects. The capital projects benefiting and assessed to landowners and developers, for example water, wastewater, and drainage are not budgeted for. The budgets established for capital projects are on project-oriented basis the costs of which may be carried out over one or more years and therefore, may not be comparable with the current year amounts. Amortization was not contemplated on development of the budget and, as such, has not been included.

15. CREDIT FACILITY AGREEMENT

Effective May 1, 2015 the Township entered into a credit facility arrangement with its main financial institution. The amount available at any under this credit facility is \$750,000 via an operating loan. Any balance borrowed will accrue interest at the bank's prime lending rate plus 0.50% per annum. Council authorized the borrowing limit pursuant to by-law. The credit facility was not utilized at year end.

16. COMPARATIVE FIGURES

Certain of the comparative figures have been reclassified to conform with the method of financial statement presentation adopted for the current year.



PARTNERS

STEPHEN J. OUTRIDGE, CPA, CA
KEVIN M. SABOURIN, CPA, CA
JAMES D. KEARNEY, CPA, CA (RET.)

INDEPENDENT AUDITORS' REPORT

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

Opinion

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

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

Basis for Opinion

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

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

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

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

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



Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Wallaceburg, Ontario
May 21, 2019

Bailey Kearney Ferguson LLP
Chartered Professional Accountants
Licensed Public Accountants

THE CORPORATION OF THE TOWNSHIP OF ENNISKILLEN
(Incorporated under the Laws of Ontario)

TRUST FUNDS STATEMENT OF FINANCIAL POSITION

	AS AT DECEMBER 31, 2018	
	2018	2017
FINANCIAL ASSETS		
Cash and bank	\$ 9,992	\$ 9,889
FINANCIAL LIABILITIES		
Due to Township	98	98
NET FINANCIAL ASSETS AND ACCUMULATED SURPLUS	\$ 9,894	\$ 9,791

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

THE CORPORATION OF THE TOWNSHIP OF ENNISKILLEN

TRUST FUNDS STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

FOR THE YEAR ENDED DECEMBER 31, 2018

	2018	2017
REVENUE		
Interest and donations	\$ 103	\$ 233
ANNUAL SURPLUS	103	233
ACCUMULATED SURPLUS, beginning of year	9,791	9,558
ACCUMULATED SURPLUS, end of year	\$ 9,894	\$ 9,791

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

THE CORPORATION OF THE TOWNSHIP OF ENNISKILLEN

TRUST FUNDS STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2018

	2018 Actual	2017 Actual
ANNUAL SURPLUS	\$ 103	\$ 233
NET FINANCIAL ASSETS, beginning of year	9,791	9,558
NET FINANCIAL ASSETS, end of year	\$ 9,894	\$ 9,791

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

THE CORPORATION OF THE TOWNSHIP OF ENNISKILLEN

TRUST FUNDS STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2018

	2018	2017
OPERATING ACTIVITIES		
Annual surplus	\$ 103	\$ 233
INCREASE IN CASH AND BANK, during the year	103	233
CASH AND BANK, beginning of the year	9,889	9,656
CASH AND BANK, end of the year	\$ 9,992	\$ 9,889

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

THE CORPORATION OF THE TOWNSHIP OF ENNISKILLEN

NOTE TO THE TRUST FUNDS FINANCIAL STATEMENTS

DECEMBER 31, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) MANAGEMENT RESPONSIBILITY

The trust funds financial statements of The Corporation of the Township of Enniskillen are the representation of management prepared in accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants - Canada ("CPA Canada"). Significant accounting policies adopted by the Township are as follows:

(b) REPORTING ENTITY

The financial statements reflect the assets, liabilities, revenues and expenses of the Township's trust funds. The Township's assets, liabilities, revenues and expenses are reported separately in the Township's consolidated financial statements.

(c) REVENUE RECOGNITION

Investment income is reported as revenue in the period earned.