

**The Corporation of the  
Town of Rainy River**  
Consolidated Financial Statements  
For the year ended December 31, 2019

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For the year ended December 31, 2019

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## The Corporation of the Town of Rainy River Management's Responsibility for the Consolidated Financial Statements

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The accompanying consolidated financial statements of the Corporation of the Town of Rainy River and all the information in the consolidated financial statements are the responsibility of management and have been approved by the Mayor and CAO/Clerk-Treasurer on behalf of Council.

The consolidated financial statements have been prepared by management in accordance with Public Sector Accounting Principles. 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 the Council.

\_\_\_\_\_ Mayor

\_\_\_\_\_ CAO/Clerk-Treasurer

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## Independent Auditor's Report

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To the Members of Council of the Corporation of the Town of Rainy River

### Opinion

We have audited the accompanying consolidated financial statements of the Corporation of the Town of Rainy River (the Municipality), which are comprised of the consolidated statement of financial position as at December 31, 2019, and the consolidated statement of operations, the consolidated statement of change in net debt and the consolidated statement of cash flows for the year then ended, and notes to consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Municipality as at December 31, 2019, and its consolidated results of operations, its consolidated change in net debt, and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the 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 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 Municipality's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Municipality or to cease operations, or has no realistic alternative but to do so.

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

### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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





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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities with the Municipality to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

*BDO Canada LLP*

Chartered Professional Accountants, Licensed Public Accountants

Fort Frances, Ontario  
November 30, 2020

## The Corporation of the Town of Rainy River Consolidated Statement of Financial Position

December 31	2019	2018
<b>Financial assets</b>		
Cash and cash equivalents	\$ -	\$ 538,641
Investments (Note 1)	25,958	1,025,387
Taxes receivable (Note 2)	165,055	170,649
Accounts receivable	1,859,694	598,788
	2,050,707	2,333,465
<b>Liabilities</b>		
Bank indebtedness (Note 3)	273,083	-
Accounts payable and accrued liabilities	1,562,386	454,901
Deferred revenue (Note 4)	103,673	1,951,045
Net long-term debt (Note 5)	255,370	355,806
Solid waste closure and post-closure liabilities (Note 6)	36,365	33,236
Future employee benefits (Note 7)	52,467	53,879
	2,283,344	2,848,867
<b>Net debt</b>	<b>(232,637)</b>	<b>(515,402)</b>
<b>Non-financial assets</b>		
Tangible capital assets (Note 8)	23,617,994	18,863,790
Tangible capital assets under construction	-	1,531,473
Inventory of supplies	21,076	21,059
Prepaid expenses	41,455	14,394
	23,680,525	20,430,716
<b>Accumulated surplus (Note 9)</b>	<b>\$ 23,447,888</b>	<b>\$ 19,915,314</b>

Contingent liabilities (Note 15)

Commitments (Note 20)

\_\_\_\_\_ Mayor

\_\_\_\_\_ CAO/Clerk-Treasurer

## The Corporation of the Town of Rainy River Consolidated Statement of Operations

For the year ended December 31	Budget 2019	2019	2018
<b>Revenue</b>			
Taxation	\$ 730,906	\$ 737,511	\$ 721,184
Government transfers - Federal (Note 10)	48,962	137,134	77,799
Government transfers - Provincial (Note 11)	694,264	4,508,893	1,807,442
User fees and service charges	749,581	742,404	679,997
Investment income (loss)	1,925	102,272	(1,772)
Municipal grants	18,553	27,997	17,955
Other income (Note 12)	145,559	190,962	173,260
	<u>2,389,750</u>	<u>6,447,173</u>	<u>3,475,865</u>
<b>Expenses</b>			
General government	534,283	488,811	472,567
Protection services	254,377	241,769	289,790
Transportation services	613,258	724,273	577,732
Environmental services	846,142	858,731	810,234
Health services	141,627	141,577	139,293
Social and family services	13,390	15,341	21,031
Social housing	32,835	32,835	27,201
Recreation and cultural services	438,896	380,277	377,951
Planning and development	5,649	30,985	5,649
	<u>2,880,457</u>	<u>2,914,599</u>	<u>2,721,448</u>
<b>Annual surplus (deficit)</b>	<u>(490,707)</u>	<u>3,532,574</u>	<u>754,417</u>
<b>Accumulated surplus, beginning of year</b>	<u>19,915,314</u>	<u>19,915,314</u>	<u>19,160,897</u>
<b>Accumulated surplus, end of year</b>	<u>\$ 19,424,607</u>	<u>\$ 23,447,888</u>	<u>\$ 19,915,314</u>

**The Corporation of the Town of Rainy River  
Consolidated Statement of Change in Net Debt**

For the year ended December 31	Budget 2019	2019	2018
Annual surplus (deficit)	\$ (490,707)	\$ 3,532,574	\$ 754,417
Acquisition of tangible capital assets	(280,997)	(5,631,704)	(1,868,935)
Amortization of tangible capital assets	710,759	877,500	710,759
Gain on disposal of tangible capital assets	-	(4,725)	(300)
Proceeds on sale of tangible capital assets	-	4,725	300
Capitalization of tangible capital assets under construction	-	1,531,473	211,447
	<b>(60,945)</b>	<b>309,843</b>	<b>(192,312)</b>
Use/consumption (acquisition) of inventory of supplies	-	(17)	-
Use/consumption (acquisition) of prepaid expenses	-	(27,061)	700
<b>Net change in net debt</b>	<b>(60,945)</b>	<b>282,765</b>	<b>(191,612)</b>
<b>Net debt, beginning of year</b>	<b>(515,402)</b>	<b>(515,402)</b>	<b>(323,790)</b>
<b>Net debt, end of year</b>	<b>\$ (576,347)</b>	<b>\$ (232,637)</b>	<b>\$ (515,402)</b>



## The Corporation of the Town of Rainy River Consolidated Statement of Cash Flows

For the year ended December 31	2019	2018
<b>Operating transactions</b>		
Annual surplus	\$ 3,532,574	\$ 754,417
Items not involving cash		
Amortization	877,500	710,759
Gain on disposal of tangible capital assets	(4,725)	(300)
Changes in non-cash operating balances		
Taxes receivable	5,594	53,177
Accounts receivable	(1,260,906)	12,446
Prepaid expenses and inventory of supplies	(27,078)	700
Accounts payable and accrued liabilities	1,107,485	(424,843)
Deferred revenue	(1,847,372)	1,911,123
Solid waste closure and post-closure liabilities	3,129	3,010
Future employee benefits	(1,412)	4,093
	<u>2,384,789</u>	<u>3,024,582</u>
<b>Capital transactions</b>		
Acquisition of tangible capital assets	(5,631,704)	(1,868,935)
Proceeds on sale of tangible capital assets	4,725	300
Capitalization of tangible capital assets under construction	1,531,473	211,447
	<u>(4,095,506)</u>	<u>(1,657,188)</u>
<b>Investing transactions</b>		
Proceeds on disposition of portfolio investments	999,429	-
Decrease (increase) in investments	-	(870,064)
	<u>999,429</u>	<u>(870,064)</u>
<b>Financing transactions</b>		
Repayment of long-term debt	(100,436)	(29,654)
Proceeds from issuance of long-term debt	-	70,000
	<u>(100,436)</u>	<u>40,346</u>
<b>Net change in cash and cash equivalents</b>	<b>(811,724)</b>	<b>537,676</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>538,641</b>	<b>965</b>
<b>Cash and cash equivalents (bank indebtedness), end of year</b>	<b>\$ (273,083)</b>	<b>\$ 538,641</b>
<b>Represented by</b>		
Cash and cash equivalents	\$ -	\$ 538,641
Bank indebtedness	(273,083)	-
	<u>\$ (273,083)</u>	<u>\$ 538,641</u>

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

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## The Corporation of the Town of Rainy River Summary of Significant Accounting Policies

December 31, 2019

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

The consolidated financial statements of the Municipality are the responsibility of management. They have been prepared in accordance with Canadian accounting principles established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada (CPA).

**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, liabilities, revenues and expenditures have been eliminated on consolidation.

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

Rainy River Recreation Board Inc.

The Municipality has a government partnership in place. The partnership is accounted for on a proportionate consolidation basis whereby the Municipality's pro-rata share of each of the assets, liabilities, revenue and expenditures are combined on a line by line basis in the consolidated financial statements. The Municipality has a 33.33% ownership in the government partnership. The government partnership that has been consolidated is:

Rainy River Health Care Committee

The following boards are not consolidated:

Northwestern Health Unit  
Rainy River District Social Services Administration Board

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## The Corporation of the Town of Rainy River Summary of Significant Accounting Policies

December 31, 2019

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**Basis of Accounting** Revenues 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.

**Cash and Cash Equivalents** The policy of the Municipality is to disclose bank balances under cash and cash equivalents including bank overdrafts and lines of credit with balances that fluctuate frequently from being positive to being overdrawn and temporary investments with a maturity of three months or less from the date of acquisition.

**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.

**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 to 60 years
Buildings	15 to 60 years
Machinery and equipment	10 to 20 years
Roads and bridges	10 to 80 years
Water infrastructure	30 to 80 years
Sewer infrastructure	30 to 80 years
Vehicles	15 to 20 years
Computer hardware and software	10 years

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## The Corporation of the Town of Rainy River Summary of Significant Accounting Policies

December 31, 2019

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<b>Trust Funds</b>	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.
<b>Revenue Recognition</b>	<p>Taxes are recorded at estimated amounts when they meet the definition of an asset, have been authorized and the taxable event occurs. For property taxes, the taxable event is the period for which the tax is levied. As taxes recorded are initially based on management's best estimate of the taxes that will be received, it is possible that changes in future conditions, such as reassessments due to audits, appeals and court decisions, could result in a change in the amount of tax revenue recognized. Taxes receivable are recognized net of allowance for anticipated uncollected amounts.</p> <p>User fees and other revenues are recognized when the services are performed or goods are delivered and there is reasonable assurance of collection.</p>
<b>Deferred Revenue</b>	Funds received for specific purposes which are externally restricted by legislation, regulation or agreement and are not available for general municipal purposes are accounted for as deferred revenue on the consolidated statement of financial position. The revenue is recognized on the consolidated statement of operations in the year in which it is used for the specified purpose.
<b>Government Transfers</b>	Government transfers are recognized as revenue on 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. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized on the statement of operations as the stipulation liabilities are settled.
<b>School Boards</b>	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.
<b>Solid Waste Landfills</b>	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.



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# The Corporation of the Town of Rainy River Summary of Significant Accounting Policies

December 31, 2019

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**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 tangible capital assets, the capacity of the landfill site, the useful lives of the landfill site, the post-closure costs of the landfill and taxation revenue.

**Pension Agreement**

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 records pension expense with contributions that are due.

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## The Corporation of the Town of Rainy River Notes to Consolidated Financial Statements

December 31, 2019

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### 1. Investments

	2019	2018
Investments restricted by Council resolution		
Restricted cash	\$ 22,923	\$ 22,422
Bond fund	3,035	2,965
	25,958	25,387
Other restricted investments		
Equity fund	-	1,000,000
	\$ 25,958	\$ 1,025,387

The income (loss) from investments for the year was \$99,121 (2018 - \$(3,572)). The Municipality's investments restricted by Council resolution have a market value of \$25,958 (2018 - \$25,311). The Municipality's other restricted investments have a market value of \$NIL (2018 - \$936,477).

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 the assets that are maintained in respect of those reserve funds (Note 9).

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### 2. Taxes Receivable

	2019	2018
Taxes receivable	\$ 173,537	\$ 183,916
Allowance for doubtful accounts	(8,482)	(13,267)
	\$ 165,055	\$ 170,649

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### 3. Bank Indebtedness

Bank indebtedness consists of a credit facility with a Canadian Chartered Bank. The maximum authorized amount is \$300,000 and bears interest at the bank's prime rate plus 1.0%.

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## The Corporation of the Town of Rainy River Notes to Consolidated Financial Statements

December 31, 2019

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#### 4. Deferred Revenue

	Opening balance	Contributions received	Externally restricted investment income	Revenue recognized	Ending balance
Federal gas tax	\$ -	\$ 103,599	\$ -	\$ (103,599)	-
Infrastructure programs	1,881,167	3,417,580	-	(5,298,747)	-
Other	69,878	71,512	-	(37,717)	103,673
	<u>\$ 1,951,045</u>	<u>\$ 3,592,691</u>	<u>\$ -</u>	<u>\$ (5,440,063)</u>	<u>\$ 103,673</u>

#### Federal Gas Tax

The Federal Government advances 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.

#### Infrastructure Programs

These programs relate to various capital grants that are required to be spent on infrastructure. Until the funding has been spent on infrastructure it has not been earned and therefore, has been deferred.

## The Corporation of the Town of Rainy River Notes to Consolidated Financial Statements

December 31, 2019

### 5. Net Long-term Debt

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

	2019	2018
Ontario Infrastructure and Lands Corporation Loan, debenture loan, 2.62%, blended semi-annual payments of \$18,863. Matures March 1, 2027.	\$ 255,370	\$ 285,806
Term loan, interest payable monthly at a rate of 4.95%, principal due at maturity. Matured May 30, 2019. Secured by a general security agreement.	-	70,000
	\$ 255,370	\$ 355,806

Principal and interest repayments relating to net long-term debt of \$255,370 outstanding are due as follows:

	Principal Repayments	Interest	Total
2020	\$ 31,239	\$ 6,487	\$ 37,726
2021	32,062	5,664	37,726
2022	32,908	4,818	37,726
2023	33,776	3,950	37,726
2024	34,667	3,060	37,727
Thereafter	90,718	3,596	94,314
	\$ 255,370	\$ 27,575	\$ 282,945



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# The Corporation of the Town of Rainy River

## Notes to Consolidated Financial Statements

December 31, 2019

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### 6. 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 \$36,365 (2018 - \$33,236) and represents the present value of closure and post-closure costs for 100% of the current site's opened cells, using the average long-term borrowing rate of 3.84%. 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 223,948 cubic meters, which are estimated to be filled in 168 years. Post-closure care is estimated to continue for a period of 25 years. The estimated present value of total expenditures for closure and post-closure care are \$359,365 (2018 - \$346,142), and the amount remaining to be recognized is \$323,000 (2018 - \$312,906).

The liability is expected to be funded through budget allocations to a landfill reserve over the remaining life of the landfill.

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### 7. Future Employee Benefits

	2019	2018
Pre-May 2006 accumulated sick leave	\$ 14,742	\$ 14,585
Post-May 2006 accumulated sick leave	4,652	5,273
Accumulated vacation payable	33,073	34,021
	<u>\$ 52,467</u>	<u>\$ 53,879</u>

A pre-May 2006 accumulated sick leave liability balance exists for employees who have been employed by the Municipality prior to May 2006 and had accumulated unused sick leave credits at that time. Any accumulated unused sick leave credits at May 2006 were frozen and are available to be used by eligible employees during their remaining years of employment with the Municipality or paid out at 50% of the accumulated balance upon termination or retirement. The value of the credits available to eligible employees is based on their current employment wage rates.

Subsequent to May 2006, employees are provided sick leave credits on an annual basis and any unused accumulated sick leave credits at year end are paid out in the following year at a rate of 50% of the accumulated unused credit balance.

Vacation entitlements are earned by employees in the current year and available for use in the following year.

**The Corporation of the Town of Rainy River  
Notes to Consolidated Financial Statements**

December 31, 2019

	2019								
8. Tangible Capital Assets	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	\$ 860,694	\$ 2,163,991	\$ 1,231,571	\$ 7,527,382	\$ 6,862,412	\$ 10,542,484	\$ 277,323	\$ 70,975	\$ 29,536,832
Additions	142,385	92,780	-	3,609,404	1,030,558	738,126	18,451	-	5,631,704
Disposals	-	-	-	-	-	-	(39,045)	-	(39,045)
Cost, end of year	1,003,079	2,256,771	1,231,571	11,136,786	7,892,970	11,280,610	256,729	70,975	35,129,491
Accumulated amortization, beginning of year	169,824	1,215,256	747,477	2,903,125	1,795,561	3,590,741	194,082	56,976	10,673,042
Amortization	23,975	49,573	52,558	387,525	144,820	204,667	11,237	3,145	877,500
Disposals	-	-	-	-	-	-	(39,045)	-	(39,045)
Accumulated amortization, end of year	193,799	1,264,829	800,035	3,290,650	1,940,381	3,795,408	166,274	60,121	11,511,497
Net carrying amount, end of year	\$ 809,280	\$ 991,942	\$ 431,536	\$ 7,846,136	\$ 5,952,589	\$ 7,485,202	\$ 90,455	\$ 10,854	\$ 23,617,994

## The Corporation of the Town of Rainy River Notes to Consolidated Financial Statements

December 31, 2019

8. Tangible Capital Assets (continued)

											2018
	Land and land improvements	Buildings	Machinery and equipment	Roads and bridges infrastructure	Water infrastructure	Sewer infrastructure	Vehicles	Computer hardware and software			
Cost, beginning of year	\$ 850,612	\$ 2,163,991	\$ 1,201,262	\$ 6,597,626	\$ 6,278,753	\$ 10,227,355	\$ 289,123	\$ 70,975	\$ 27,679,697		
Additions	10,082	-	30,309	929,756	583,659	315,129	-	-	1,868,935		
Disposals	-	-	-	-	-	-	(11,800)	-	(11,800)		
Cost, end of year	860,694	2,163,991	1,231,571	7,527,382	6,862,412	10,542,484	277,323	70,975	29,536,832		
Accumulated amortization, beginning of year	149,409	1,171,826	689,665	2,645,367	1,668,581	3,399,836	195,568	53,831	9,974,083		
Amortization	20,415	43,430	57,812	257,758	126,980	190,905	10,314	3,145	710,759		
Disposals	-	-	-	-	-	-	(11,800)	-	(11,800)		
Accumulated amortization, end of year	169,824	1,215,256	747,477	2,903,125	1,795,561	3,590,741	194,082	56,976	10,673,042		
Net carrying amount, end of year	\$ 690,870	\$ 948,735	\$ 484,094	\$ 4,624,257	\$ 5,066,851	\$ 6,951,743	\$ 83,241	\$ 13,999	\$ 18,863,790		

The net book value of tangible capital assets not being amortized because they are under construction is \$NIL (2018 - \$1,531,473). These items are recognized separately as tangible capital assets under construction on the consolidated statement of financial position.

## The Corporation of the Town of Rainy River Notes to Consolidated Financial Statements

December 31, 2019

### 9. Accumulated Surplus

The Municipality segregates its accumulated surplus in the following categories:

	2019	2018
Investment in tangible capital assets		
Tangible capital assets	\$ 23,617,994	\$ 20,395,263
Long-term debt	(255,370)	(285,806)
	23,362,624	20,109,457
General operating	-	188,634
Water	(111,392)	(366,686)
Sewer	(163,830)	(405,610)
Recreation board	(27,870)	(1,695)
Cemetery	(33,296)	(29,031)
Library	20,317	18,575
Health Care Committee	(12,666)	(13,163)
Heritage Square Committee	2,595	2,282
	(326,142)	(606,694)
Other allocated deficits		
Landfill closure	(36,365)	(33,236)
Employee future benefits	(52,467)	(53,879)
	(88,832)	(87,115)
Reserve funds		
Hydro sale	334,363	334,363
Water	3,402	3,402
Locum house	3,035	2,965
Library	22,922	22,422
Sick leave	21,817	21,817
Fire department	18,946	18,945
Health centre	7,945	7,944
	412,430	411,858
Working capital reserve	87,808	87,808
	\$ 23,447,888	\$ 19,915,314

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. At December 31, 2019, the Municipality had \$25,958 (2018 - \$25,387) in investments restricted by Council resolution with respect to those reserve funds. As a result, there were \$386,472 (2018 - \$386,471) in unfunded reserve funds.



## The Corporation of the Town of Rainy River Notes to Consolidated Financial Statements

December 31, 2019

### 10. Government Transfers - Federal

	2019	2018
<b>Operating</b>		
Other	\$ 33,535	\$ 24,162
<b>Tangible capital assets</b>		
Association of Municipalities of Ontario		
Federal Gas Tax Fund	103,599	53,637
<b>Total federal transfers</b>	\$ 137,134	\$ 77,799

### 11. Government Transfers - Provincial

	2019	2018
<b>Operating</b>		
Ontario Municipal Partnership Fund	\$ 631,000	\$ 631,000
Ontario Modernization Fund	241,600	-
Ontario Cannabis Legalization Implementation Fund	15,000	-
Other	85,164	51,352
<b>Total operating transfers</b>	972,764	682,352
<b>Tangible capital assets</b>		
Clean Water and Wastewater Fund (Ontario)	-	227,370
Ontario Community Infrastructure Fund	1,339,280	397,219
Connecting Links Program	2,196,849	500,501
<b>Total tangible capital assets transfers</b>	3,536,129	1,125,090
<b>Total provincial transfers</b>	\$ 4,508,893	\$ 1,807,442

## The Corporation of the Town of Rainy River Notes to Consolidated Financial Statements

December 31, 2019

### 12. Other Income

	2019	2018
Penalties and interest on taxes	\$ 28,034	\$ 34,127
Licences and permits	10,444	5,727
Rents, concessions and franchises	47,082	46,058
Donations	32,877	21,750
Gain on disposal of tangible capital assets	4,725	300
Provincial offences	3,189	4,731
Other fines	9,856	8,594
Miscellaneous	54,755	51,973
	\$ 190,962	\$ 173,260

### 13. Expenses by Object

	2019	2018
Salaries, wages and employee benefits	\$ 828,624	\$ 802,091
Interest on long-term debt	7,290	8,073
Materials	559,386	522,692
Contracted services	323,280	337,857
Rent and financial expenses	190,716	170,774
Contributions to other Organizations	127,803	169,202
Amortization	877,500	710,759
	\$ 2,914,599	\$ 2,721,448

### 14. Operations of School Boards

	2019	2018
During the year, the following taxation revenue was raised and remitted to the school boards	\$ 63,830	\$ 68,534

### 15. Contingent Liabilities

The Municipality has identified soil contamination on municipal property and retained a third party engineer to assess and remediate any soil impacted. While the engineer was able to excavate soil that was deemed contaminated, they were unable to completely assess the extent of the contamination due to infrastructure and natural features preventing an increase in the area or depth of the excavation and assessment. As a result of these limitations, the extent of the remaining contamination, if any, is undeterminable at this time and no liability for the future costs of remediation have been recognized. Should any loss result from future remediation, such loss will be charged to operations in the year of remediation. The property is still in productive use as at December 31, 2019.

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## The Corporation of the Town of Rainy River Notes to Consolidated Financial Statements

December 31, 2019

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### 16. Contributions to Unconsolidated Boards

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

	2019	2018
Northwestern Health Unit	\$ 39,055	\$ 39,617
Rainy River District Social Services Administration Board		
Ambulance service	47,608	47,411
General assistance	2,250	3,248
Child care	3,941	4,041
Social housing	32,835	27,201
	<u>\$ 125,689</u>	<u>\$ 121,518</u>

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### 17. Pension Agreements

The employees of the Municipality participate in the Ontario Municipal Employees 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 Municipality is only one of a number of employers that participate in the Plan and the financial information provided to the Municipality on the basis of the contractual agreements, is usually insufficient to reliably measure the Municipality's proportionate share in the plan assets and liabilities.

The contribution payable in exchange for services rendered during a period is recognized as an expense during that period. The Municipality's employer portion of amounts paid to OMERS during the year ended December 31, 2019, was \$38,816 (2018 - \$40,423).

As at December 31, 2019, the OMERS plan was 97% funded (December 31, 2018 - 96%) and reported an actuarial funding deficit of \$3.4 billion (2018 - \$4.2 billion). OMERS has a strategy to return the Plan to a fully funded position. The Municipality is not able to assess the implications, if any, of this strategy or of the withdrawal of other participating entities from the OMERS plan on its future contributions.

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## The Corporation of the Town of Rainy River Notes to Consolidated Financial Statements

December 31, 2019

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### 18. Budget

The Financial Plan (Budget) By-Law adopted by Council on July 8, 2019, was not prepared on a basis consistent with that used to report actual results (Canadian public sector accounting standards). The budget was prepared on a modified accrual basis while Canadian public sector accounting standards now require a full accrual basis. The budget figures anticipated to use surpluses accumulated in previous years to reduce current year expenses in excess of current year revenues to \$NIL. In addition, the budget did not include amortization expense. As a result, the budget figures presented in the consolidated statements of operations and change in net debt represent the Financial Plan adopted by Council on July 8, 2019, with adjustments as follows:

	<u>2019</u>
Financial Plan (Budget) By-Law deficit for the year	\$ (94,721)
Add:	
Capital expenditures	280,997
Budgeted transfers to reserve funds	48,963
Less:	
Budgeted transfers from reserve funds	(15,187)
Amortization	<u>(710,759)</u>
Budget deficit per statement of operations	<u>\$ (490,707)</u>

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### 19. Trust Funds

The trust funds administered by the Municipality amounting to \$120,876 (2018 - \$130,166) have not been included on the consolidated statement of financial position nor have their operations been included on the consolidated statement of operations.



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## The Corporation of the Town of Rainy River Notes to Consolidated Financial Statements

December 31, 2019

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### 20. Commitments

#### *Locum Housing*

The Municipality has entered into an agreement with two other municipalities to construct and maintain housing for locum doctors in the Town of Rainy River. In the event that insufficient grants, contributions, donations or fundraising proceeds are available to cover the costs of the construction and furnishings of the housing, the parties to the agreement have agreed to provide the necessary funds to complete the project by way of repayable loans, bearing interest at prime up to the maximum set by the committee.

#### *Ornge Helipad*

The Municipality has entered into an agreement with Ornge for the access and maintenance of the Helipad located in Rainy River. The Municipality has committed to provide ongoing maintenance and repair to the Helipad until the end of the agreement on March 31, 2020. Ornge has agreed to provide a fee of up to \$3,500 per fiscal year (April 1st to March 31st) to the Municipality in order to assist with the related costs.

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### 21. Subsequent Events

Subsequent to year end, the impact of COVID-19 in Canada and on the global economy increased significantly. As the impact of COVID-19 continues, there could be further impact on the Municipality, its citizens, employees, suppliers and other third party business associates that could impact the timing and amounts realized on the Municipality's assets and future ability to deliver services and projects. At this time, the full potential impact of COVID-19 on the Municipality is not known. Although the disruption from the virus is expected to be temporary, given the dynamic nature of the circumstances, the duration of disruption and the related financial impact cannot be reasonably estimated at this time. The Municipality's ability to continue delivering non-essential services and employ related staff, will depend on legislative mandates from the various levels of government. The Municipality will continue to focus on collecting revenues, managing expenditures and leveraging existing and available credit facilities to ensure it is able to continue providing essential services to its citizens.

## The Corporation of the Town of Rainy River Notes to Consolidated Financial Statements

December 31, 2019

### 22. Government Partnership

On July 11, 2011, the Municipality entered into an agreement with three other communities to jointly construct and maintain housing for locum physicians and medical students. All revenues and costs related to the development and operations will be shared based on each community's financial contribution to the project. Upon entering into the agreement, each community made a \$25,000 refundable contribution leaving each community with a 25% proportional interest.

In September 2015, one of the member communities withdrew from the partnership and was refunded their original \$25,000 member contribution. For each of the remaining three member communities, the exit of this partner resulted in an increase in their proportionate interest of the partnership to 33.33%.

	2019		2018	
	Total	Municipality Portion	Total	Municipality Portion
Financial assets	\$ 47,216	\$ 15,739	\$ 45,032	\$ 15,011
Financial liabilities	76,110	25,369	75,627	25,209
Net financial assets (debt)	(28,894)	(9,630)	(30,595)	(10,198)
Non-financial assets	411,322	137,107	417,290	139,097
Accumulated surplus	<b>\$ 382,428</b>	<b>\$ 127,477</b>	<b>\$ 386,695</b>	<b>\$ 128,899</b>

  

	2019		2018	
	Total	Municipality Portion	Total	Municipality Portion
Revenue	\$ 16,005	\$ 5,335	\$ 15,796	\$ 5,265
Expenses	20,272	6,757	14,184	4,728
Annual surplus (deficit)	(4,267)	(1,422)	1,612	537
Accumulated surplus, beginning of year	386,695	128,899	385,083	128,362
Accumulated surplus, end of year	<b>\$ 382,428</b>	<b>\$ 127,477</b>	<b>\$ 386,695</b>	<b>\$ 128,899</b>

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# The Corporation of the Town of Rainy River

## Notes to Consolidated Financial Statements

December 31, 2019

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### 23. Segmented Information

The Corporation of the Town of Rainy River 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 extinguishments of fires. The members of the fire department consist of volunteers.

#### **Transportation Services**

The transportation services area provides construction and maintenance of the roadways throughout the Municipality.

#### **Environmental Services**

Environmental services consist 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.

#### **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 Rainy River 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 Rainy River Notes to Consolidated Financial Statements

December 31, 2019

## 23. 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	2019 Total
<b>Revenue</b>											
Taxation	\$ 246,299	\$ 235,550	\$ 33,455	\$ 93,162	\$ 55,197	\$ 15,190	\$ 27,681	\$ 27,793	\$ 3,184	\$ 737,511	
Fees and user charges	5,180	-	27,725	601,925	5,790	-	-	101,784	-	742,404	
Conditional grants	-	-	2,963,226	688,156	-	34,348	-	54,290	18,407	3,758,427	
Unconditional grants	145,984	1,995	158,158	541,946	27,483	212	4,367	3,625	3,830	887,600	
Municipal grants	9,444	-	-	-	-	-	-	18,553	-	27,997	
Other	48,228	4,306	137,742	17,161	53,226	88	286	30,931	1,266	293,234	
	455,135	241,851	3,320,306	1,942,350	141,696	49,838	32,334	236,976	26,687	6,447,173	
<b>Expenses</b>											
Wages and benefits	282,609	-	151,859	204,250	9,662	399	-	159,590	20,255	828,624	
Interest on long- term debt	-	-	-	7,290	-	-	-	-	-	7,290	
Materials	56,297	34,054	132,862	145,879	28,944	4,963	-	152,279	4,158	559,386	
Contracted services	14,558	202,669	13,837	86,567	-	-	-	-	5,649	323,280	
Rent and financial	128,164	-	-	28,851	7,786	3,788	-	22,127	-	190,716	
External transfers	1,114	-	-	-	87,663	6,191	32,835	-	-	127,803	
Amortization	6,069	5,046	425,715	385,944	7,522	-	-	46,281	923	877,500	
	488,811	241,769	724,273	858,731	141,577	15,341	32,835	380,277	30,985	2,914,599	
<b>Net surplus (deficit)</b>	\$ (33,676)	\$ 82	\$ 2,596,033	\$ 1,083,619	\$ 119	\$ 34,497	\$ (501)	\$ (143,301)	\$ (4,298)	\$ 3,532,574	



## The Corporation of the Town of Rainy River Notes to Consolidated Financial Statements

December 31, 2019

### 2.3. 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	2018 Total
Revenue											
Taxation	\$ 267,292	\$ 144,221	\$ 82,742	\$ 34,982	\$ 104,339	\$ 6,396	\$ -	\$ -	\$ 75,563	\$ 5,649	\$ 721,184
Fees and user charges	6,016	-	16,828	558,847	3,770	4,317	-	-	90,219	-	679,997
Conditional grants	504,268	-	504,268	678,226	-	6,325	-	-	65,422	-	1,254,241
Unconditional grants	168,565	126,186	17,033	30,608	91,291	3,410	65,302	-	128,605	-	631,000
Municipal grants	-	34,294	-	-	-	-	-	-	17,955	-	17,955
Other	56,985	-	14,947	8,318	24,810	927	6,574	-	18,562	6,071	171,488
	498,858	304,701	635,818	1,310,981	224,210	21,375	71,876	-	396,326	11,720	3,475,865
Expenses											
Wages and benefits	279,444	-	122,488	216,587	12,681	720	-	-	170,171	-	802,091
Interest on long-term debt	-	-	-	8,073	-	-	-	-	-	-	8,073
Materials	66,023	17,516	136,098	129,280	25,029	6,182	-	-	142,564	-	522,692
Contracted services	16,834	220,383	21,670	73,321	-	-	-	-	-	5,649	337,857
Rent and financial	105,392	-	-	28,631	6,991	6,840	-	-	22,920	-	170,774
External transfers	839	46,845	-	-	87,028	7,289	27,201	-	-	-	169,202
Amortization	4,035	5,046	297,476	354,342	7,564	-	-	-	42,296	-	710,759
	472,567	289,790	577,732	810,234	139,293	21,031	27,201	-	377,951	5,649	2,721,448
Net surplus	\$ 26,291	\$ 14,911	\$ 58,086	\$ 500,747	\$ 84,917	\$ 344	\$ 44,675	\$ -	\$ 18,375	\$ 6,071	\$ 754,417

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.



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## Independent Auditor's Report

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To the Members of Council of the Corporation of the Town of Rainy River

### Opinion

We have audited the accompanying financial statements of the Corporation of the Town of Rainy River Trust Funds (the Entity), which comprise the balance sheet as at December 31, 2019, and the statement of continuity for the year then ended, and notes to 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 Entity as at December 31, 2019, and the continuity thereof, in accordance with the basis of accounting as described in Note 1.

### 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 Entity 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.

### Basis of Accounting

Without modifying our opinion, we draw attention to Note 1 to the financial statements which describes the basis of accounting. The financial statements are prepared to assist the Corporation of the Town of Rainy River to comply with the reporting requirements of the Bereavement Authority of Ontario. As a result, the financial statements may not be suitable for another purpose.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the basis of accounting as described in Note 1, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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



### Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity 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.

*BDO Canada LLP*

Chartered Professional Accountants, Licensed Public Accountants

Fort Frances, Ontario  
November 30, 2020



**The Corporation of the Town of Rainy River  
Trust Funds  
Balance Sheet**

December 31, 2019	Library	Cemetery Perpetual Care	Ontario Home Renewal Program	2019 Total	2018 Total
<b>Assets</b>					
Cash	\$ -	\$ 3,157	\$ -	\$ 3,157	\$ 1,989
Investments at cost					
Deposit receipts	-	123,775	-	123,775	128,350
Accounts receivable					
Long-term	-	-	-	-	2,095
	\$ -	\$ 126,932	\$ -	\$ 126,932	\$ 132,434
<b>Liabilities</b>					
Accounts payable	\$ -	\$ 6,056	\$ -	\$ 6,056	\$ 2,268
Balance capital	-	120,876	-	120,876	130,166
	\$ -	\$ 126,932	\$ -	\$ 126,932	\$ 132,434

**Statement of Continuity**

December 31, 2019	Library	Cemetery Perpetual Care	Ontario Home Renewal Program	2019 Total	2018 Total
Balance, beginning of year	\$ 7,727	\$ 120,344	\$ 2,095	\$ 130,166	\$ 129,302
<b>Capital receipts</b>					
Care receipts and contributions	-	1,032	-	1,032	788
Interest earned	-	3,152	-	3,152	1,870
	-	4,184	-	4,184	2,658
<b>Expenditures</b>					
Transfers to operations	7,727	-	2,095	9,822	-
Interest paid to cemetery	-	3,652	-	3,652	1,794
	7,727	3,652	2,095	13,474	1,794
Balance, end of year	\$ -	\$ 120,876	\$ -	\$ 120,876	\$ 130,166



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# The Corporation of the Town of Rainy River Trust Funds Notes to Financial Statements

December 31, 2019

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## 1. Summary of Significant Accounting Policies

**Management's Responsibility** The financial statements of the Corporation of the Town of Rainy River Trust Funds are the representation of management and have been prepared in accordance with accrual based accounting principals. 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.

**Basis of Consolidation** These trust funds have not been consolidated with the financial statements of the Municipality.

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## 2. Cemetery Perpetual Care Trust Fund

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

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## 3. Ontario Home Renewal Program

The Ontario Home Renewal Program was established by the Ontario Ministry of Housing in 1973 to provide grants for Municipalities to make loans to assist owner occupants to repair, rehabilitate and improve their homes to local property standards. The loans were in the form of repayable and forgivable loans depending on household income. Individual loans were limited to \$7,500, of which the maximum forgivable portion was \$4,000.

As of July 16, 1993, the Ontario Home Renewal Program was discontinued and Municipalities were prohibited from issuing further loans as of that date. All OHRP funds held in municipal trust accounts as of December 31, 1993, were remitted to the Province by March 1, 1994. Any loans receivable under the program which are collected subsequent to December 31, 1993, are remitted to the Province by March 1 of the following year. However, Municipalities will be provided an administration fee of five per cent of the balances collected after December 31, 1993, and are permitted to retain the interest earned on unremitted OHRP trust account balances.

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**The Corporation of the Town of Rainy River  
Trust Funds  
Notes to Financial Statements**

**December 31, 2019**

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**4. Library Trust Fund**

The Library Trust Fund was established from a bequest for the purpose of maintaining the Library building.

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**5. Statement of Changes in Cash Flows**

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