



Consolidated Financial Statements

The Corporation of the Town of Marathon

December 31, 2017



The Corporation of the Town of Marathon  
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## Statement of Administrative Responsibility

The management of the Corporation of the Town of Marathon has prepared the accompanying consolidated financial statements and is responsible for their accuracy and integrity. These statements consolidate all operations for which the Municipality has legislative and financial responsibility. The consolidated financial statements have been prepared by management in accordance with the accounting principles generally accepted for the public sector as prescribed by the Public Sector Accounting Board [PSAB] of CPA Canada.


In fulfilling its responsibilities and recognizing the limits inherent in all systems, the administration has developed and maintains a system of internal control designed to provide reasonable assurance that Municipality's assets are safeguarded from loss and that the accounting records are a reliable basis for the preparation of the consolidated financial statements.

Council reviews and approves the consolidated financial statements before such statements are submitted to the Ministry of Municipal Affairs and published for the residents of the Corporation of the Town of Marathon. The external auditors have access to, and meet with, Municipal Council to discuss their audit and the results of their examination.

The 2017 Financial Statements have been reported on by the Corporation of the Town of Marathon's external auditors, Grant Thornton LLP. The auditors were appointed by Marathon's Town Council. The auditors' report outlines the scope of their audit and their opinion on the presentation of the information included in the consolidated financial statements.

  
Daryl Skworchinski  
Chief Administrative  
Officer / Clerk

  
Chuck Verbo  
Finance & Administration  
Manager / Treasurer

  
Rick Dumas  
Mayor



respect. works here.

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# Independent Auditor's Report

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To the Members of Council, Inhabitants and Ratepayers of  
The Corporation of the Town of Marathon

We have audited the accompanying consolidated financial statements of The Corporation of the Town of Marathon, which comprise the consolidated statement of financial position as at December 31, 2017, and the consolidated statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

## **Management's responsibility for the 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.

## **Auditor's responsibility**

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

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

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

**Opinion**

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

*Grant Thornton LLP*

Thunder Bay, Canada  
June 25, 2018

Chartered Professional Accountants  
Licensed Public Accountants

# The Corporation of the Town of Marathon

## Consolidated Statement of Financial Position

As at December 31	2017	2016
	\$	\$
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents <i>[note 3]</i>	2,379,603	3,512,282
Investments <i>[note 4]</i>	5,167,261	3,825,784
Taxes receivable <i>[note 5]</i>	631,331	1,668,468
User charges receivable	50,134	53,690
Accounts receivable	835,082	190,587
<b>Total financial assets</b>	<b>9,063,411</b>	9,250,811
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	796,179	1,767,958
Deferred revenue <i>[note 8]</i>	635,597	326,245
Debt <i>[note 9]</i>	1,779,155	1,891,118
Landfill closure and post-closure liability <i>[note 10]</i>	555,917	610,206
<b>Total liabilities</b>	<b>3,766,848</b>	4,595,527
<b>NET FINANCIAL ASSETS</b>	<b>5,296,563</b>	4,655,284
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets - net <i>[schedule 2]</i>	36,796,783	37,564,614
Prepaid expenses	7,940	18,260
	<b>36,804,723</b>	37,582,874
<b>Accumulated surplus <i>[schedule 1]</i></b>	<b>42,101,286</b>	42,238,158

See accompanying notes to the consolidated financial statements.

# The Corporation of the Town of Marathon Consolidated Statement of Operations and Accumulated Surplus

Year ended December 31	2017	2017	2016
	Budget	Actual	Actual
	\$	\$	\$
	<i>[note 15]</i>		
<b>REVENUES [schedule 3]</b>			
Taxation	4,919,910	4,941,305	4,965,126
<b>User charges</b>			
Water and sewer	1,251,344	1,211,076	1,154,152
Other fees and service charges	1,098,257	1,277,430	1,178,387
	<b>2,349,601</b>	<b>2,488,506</b>	<b>2,332,539</b>
<b>Government transfers</b>			
Government of Canada	191,885	125,602	753,977
Province of Ontario	2,091,368	2,167,539	2,363,427
	<b>2,283,253</b>	<b>2,293,141</b>	<b>3,117,404</b>
<b>Other</b>			
Investment income	79,874	97,902	79,813
Penalties and interest on taxes	100,000	161,689	133,717
Gain (loss) on disposal of tangible capital assets	5,000	(758)	7,271
Sundry	71,300	83,233	159,973
	<b>256,174</b>	<b>342,066</b>	<b>380,774</b>
<b>Total revenues</b>	<b>9,808,938</b>	<b>10,065,018</b>	<b>10,795,843</b>
<b>EXPENSES [schedule 3]</b>			
General government	1,661,222	1,760,560	1,831,658
Protection to persons and property	1,645,693	1,657,643	1,855,730
Transportation services	1,999,979	2,121,323	2,078,823
Environmental services	2,011,583	1,732,489	1,883,860
Health services	291,003	274,347	274,615
Social and family services	191,952	308,321	372,069
Recreation and cultural services	2,102,047	2,081,561	2,061,339
Planning and development	269,586	265,646	273,487
	<b>10,173,065</b>	<b>10,201,890</b>	<b>10,631,581</b>
<b>NET REVENUES (EXPENSES)</b>	<b>(364,127)</b>	<b>(136,872)</b>	<b>164,262</b>
<b>Annual surplus (deficit)</b>	<b>(364,127)</b>	<b>(136,872)</b>	<b>164,262</b>
Accumulated surplus, beginning of year	42,238,158	42,238,158	42,073,896
<b>Accumulated surplus, end of year</b>	<b>41,874,031</b>	<b>42,101,286</b>	<b>42,238,158</b>

See accompanying notes to the consolidated financial statements.

## The Corporation of the Town of Marathon Consolidated Statement of Change in Net Financial Assets

Year ended December 31	2017	2017	2016
	Budget \$ <i>[note 15]</i>	Actual \$	Actual \$
<b>Annual surplus (deficit)</b>	<b>(364,127)</b>	<b>(136,872)</b>	164,262
Acquisition of tangible capital assets	<b>(865,986)</b>	<b>(865,986)</b>	(1,607,542)
Amortization of tangible capital assets	<b>1,601,434</b>	<b>1,601,434</b>	1,606,109
Proceeds on disposal of tangible capital assets	-	<b>31,625</b>	10,089
Loss (gain) on disposal of tangible capital assets	-	<b>758</b>	(7,271)
Acquisition of prepaid expenses	-	<b>(7,940)</b>	(18,260)
Use of prepaid expenses	-	<b>18,260</b>	19,433
<b>Increase in net financial assets</b>	<b>371,321</b>	<b>641,279</b>	166,820
Net financial assets, beginning of year	<b>4,655,284</b>	<b>4,655,284</b>	4,488,464
<b>Net financial assets, end of year</b>	<b>5,026,605</b>	<b>5,296,563</b>	4,655,284

See accompanying notes to the consolidated financial statements.



# The Corporation of the Town of Marathon

## Consolidated Statement of Cash Flows

Year ended December 31	2017	2016
	\$	\$
<b>OPERATIONS</b>		
Annual surplus (deficit)	(136,872)	164,262
<b>Non-cash charges</b>		
Amortization of tangible capital assets	1,601,434	1,606,109
Loss (gain) on disposal of tangible capital assets	758	(7,271)
Decrease in landfill closure and post-closure liability	(54,289)	(7,240)
	<b>1,411,031</b>	<b>1,755,860</b>
<b>Net change in non-cash working capital balances</b>		
Decrease (increase) in taxes receivable	1,037,137	(54,188)
Decrease (increase) in user charges receivable	3,556	(40,312)
Decrease (increase) in accounts receivable	(644,495)	462,727
Decrease in accounts payable and accrued liabilities	(907,033)	(294,534)
Increase (decrease) in deferred revenue	244,606	(500,100)
Decrease in prepaid expenses	10,320	1,173
<b>Cash provided by operating transactions</b>	<b>1,155,122</b>	<b>1,330,626</b>
<b>CAPITAL</b>		
Acquisition of tangible capital assets	(865,986)	(1,607,542)
Proceeds on disposal of tangible capital assets	31,625	10,089
<b>Cash used in capital transactions</b>	<b>(834,361)</b>	<b>(1,597,453)</b>
<b>INVESTING</b>		
Acquisition of investments, net	(1,341,477)	(1,247,818)
<b>Cash used in investing transactions</b>	<b>(1,341,477)</b>	<b>(1,247,818)</b>
<b>FINANCING</b>		
Repayment of long-term debt	(111,963)	(926,646)
<b>Cash used in financing transactions</b>	<b>(111,963)</b>	<b>(926,646)</b>
<b>Decrease in cash and cash equivalents</b>	<b>(1,132,679)</b>	<b>(2,441,291)</b>
Opening cash and cash equivalents	3,512,282	5,953,573
<b>Closing cash and cash equivalents</b>	<b>2,379,603</b>	<b>3,512,282</b>

See accompanying notes to the consolidated financial statements.

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# The Corporation of the Town of Marathon

## Notes to the Consolidated Financial Statements

December 31, 2017

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### GENERAL

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

### 1. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements of The Corporation of the Town of Marathon ("Town") are prepared by management in accordance with accounting policies generally accepted for the local government as prescribed by the Public Sector Accounting Board ("PSAB") of CPA Canada. The more significant of these accounting policies are as follows:

#### [a] Basis of consolidation

##### Reporting entity

These consolidated financial statements reflect the financial assets, liabilities, revenues and expenses, and accumulated surplus of the reporting entity. The reporting entity is comprised of all organizations, local boards, and committees accountable for the administration of their financial affairs and resources, to the Town, and which are owned or controlled by the Town. Accordingly, the following are consolidated in these financial statements.

Marathon Centennial Public Library Board  
Marathon Economic Development Corporation

All interfund balances and transactions have been eliminated.

##### Local boards

The financial activities of certain entities associated with the Town are not consolidated. The Town's contributions to these entities are recorded in the Consolidated Statement of Operations and Accumulated Surplus. The entities that are accounted for in this manner are:

Thunder Bay District Health Unit  
The District of Thunder Bay Social Services Administration Board

##### Trust funds

Certain assets have been conveyed or assigned to the Town to be administered as directed by agreement or statute. The Town holds the assets for the benefit of and stand in fiduciary relationships to the beneficiaries, as a result, the trust funds and assets are excluded from these financial statements.

##### Accounting for school board transactions

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

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# The Corporation of the Town of Marathon

## Notes to the Consolidated Financial Statements

December 31, 2017

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### [b] Basis of accounting

#### Accrual accounting

The Town uses the accrual basis of accounting which recognizes the effect of transactions and events in the period in which the transactions and events occur, regardless of whether there has been a receipt or payment of cash or its equivalent. The Town recognizes a liability until the obligation or conditions underlying the liability is partly or wholly satisfied and recognizes an asset until the future economic benefit underlying the asset is partly or wholly used or lost.

#### Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and balances in banks and credit unions.

#### Employee benefits

The Town accounts for its participation in the Ontario Municipal Employee Retirement System ("OMERS"), a multi-employer public sector pension fund, as a defined contribution plan. Obligations for sick leave under employee benefits payable are accrued as the employees render the services necessary to earn the benefits. Vacation pay and other post-employment benefits are charged to operations in the year earned.

#### 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. The change in non-financial assets during the year, together with the annual surplus, provides the change in net financial assets for the year.

#### [a] Tangible capital assets

Tangible capital assets are recorded at cost less accumulated amortization and write-downs, if any. Cost includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Buildings	20 to 60 years
Land improvements	20 to 40 years
Machinery and equipment	10 to 30 years
Other	5 to 20 years
Transportation - roads and other structures	20 to 80 years
Underground and other networks	30 to 60 years
Vehicles	10 to 20 years

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# The Corporation of the Town of Marathon

## Notes to the Consolidated Financial Statements

December 31, 2017

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Amortization charged in the year of acquisition and in the year of disposal is based on the number of months the asset is in use in that year. Assets under construction are not amortized until the asset is available for productive use, at which time they are transferred to their respective tangible capital asset categories.

[b] Contribution of tangible capital assets

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt, and that fair value is also recorded as revenue. Similarly, transfers of assets to third parties are recorded as an expense equal to the net book value of the asset as of the date of transfer.

[c] Tangible capital assets recognized at nominal value

Assets for which there is a difficulty of determining a tenable valuation are assigned a nominal value of one dollar.

[d] Capitalization of interest

The Town has a policy of capitalizing borrowing costs incurred when financing the acquisition of a tangible capital asset, for those interest costs incurred up to the date the asset goes into use, per PS 3150.17.

[e] Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property to the Town are accounted for as the acquisition of a capital asset and the incurrence of an obligation. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

### **Taxation revenue**

Taxes are recognized as assets and revenue when they meet the definition of an asset, are authorized and the taxable event occurs, which for property taxes is the period for which the tax is levied.

At each financial statement date, management evaluates the extent to which the taxes receivable are ultimately collectible and valuation allowances are used to reflect tax receivables at their net recoverable amount.

At each financial statement date, management evaluates the likelihood of having to repay taxes collected under tax measures that have been deemed authorized using the concept of legislative convention and recognizes a liability when required. Related refunds are accounted for in the period in which the change in estimate occurs.

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# The Corporation of the Town of Marathon

## Notes to the Consolidated Financial Statements

December 31, 2017

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### **Reserves and reserve funds**

Council segregates its accumulated surplus into various categories including reserve and reserve funds which are specifically for future operating and capital purposes.

### **Revenue recognition**

User charges and fees are recognized as revenue in the period in which the related services are performed. Amounts collected for which the related services have yet to be performed are recognized as a liability and recognized as revenue when the related services are performed.

Investment income earned on surplus funds are reported as revenue in the period earned. Investment income earned on obligatory reserve funds is added to the fund balance and forms part of the deferred revenue balance.

Funds received, other than government transfers and tax revenue, for specific purposes which are externally restricted by legislation, regulation or agreement and are not available for general purposes are accounted for as deferred revenue on the Consolidated Statement of Financial Position. The revenue is recognized in the Consolidated Statement of Operations and Accumulated Surplus in the year in which it is used for the specified purpose.

### **Government transfers**

Government transfers are transfers of monetary assets or tangible capital assets from a government to an individual, an organization or another government that are not the result of an exchange transaction, expected to be repaid in the future or expected to produce a direct financial return. Government transfers received are recognized in the financial statements as a revenue when the transfers are authorized and all eligibility criteria have been met except when there is a stipulation that gives rise to an obligation that meets the definition of a liability. In that case, the transfer is recorded as a liability and recognized as revenue as the stipulations are met.

Government transfers made to a recipient by the Town are recorded as an expense when they are authorized and the recipient meets all eligibility criteria.

The Town receives Gas Tax proceeds from the Federal Government through the Association of Municipalities of Ontario. These funds, by their nature are restricted in their use and, until applied to specific expenses, are recorded as deferred revenue. Amounts applied to qualifying projects are recorded as revenue in the fiscal period they are expended.

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# The Corporation of the Town of Marathon

## Notes to the Consolidated Financial Statements

December 31, 2017

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### Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. These estimates and assumptions are based on management's historical experiences, best knowledge of current events and actions that the Town may undertake in the future. Significant accounting estimates include valuation allowance for accounts receivable, estimated useful lives of tangible capital assets, employee benefits payable and solid waste landfill closure and post-closure liabilities. Actual results could differ from these estimates.

### Landfill closure and post-closure liability

The obligation to close and maintain solid waste landfill sites is based on the estimated future expenses in current dollars, adjusted for estimated inflation and is charged to expenses as the landfill site's capacity is used.

## 2. CEMETERY CARE AND MAINTENANCE TRUST FUND

The only trust fund currently administered by the Town is the Cemetery Care and Maintenance Trust Fund. This trust fund which amounts to \$58,369 [2016 - \$56,006] has not been included in the Consolidated Statement of Financial Position nor has its operations been included in the Consolidated Statement of Operations and Accumulated Surplus.

## 3. CASH AND CASH EQUIVALENTS

The Town has available a line of credit of \$1,500,000 [2016 - \$1,500,000] for which the Town has provided a general security agreement of which \$nil [2016 - \$nil] was borrowed at year-end. Interest on the line of credit is calculated at bank prime less 0.75%.

## 4. INVESTMENTS

Investments consist of Guaranteed Investment Certificates of \$3,798,604 [2016 - \$2,745,000] maturing dates ranging from January, 2018 to November, 2018 yielding interest rates of 1.24% to 1.88% [2016 - 1.4% to 1.6%]. Investments in Bond and Equity Funds of \$1,368,657 [2016 - \$1,080,784] are held and administered by the One Investment Program.

# The Corporation of the Town of Marathon

## Notes to the Consolidated Financial Statements

December 31, 2017

### 5. TAXES RECEIVABLE

	2017	2016
	\$	\$
Property and business taxes receivable	5,580,331	10,318,468
Allowance for property and business tax arrears	(4,949,000)	(8,650,000)
	<b>631,331</b>	<b>1,668,468</b>

### 6. PENSION AGREEMENTS

The Town makes contributions to the Ontario Municipal Employees Retirement Fund ("OMERS"), which is a multi-employer plan, on behalf of members of its staff. The plan is a defined benefit plan which specifies the amount of retirement benefit to be received by the employees based on the length of service and rates of pay. The amount contributed to OMERS for 2017 was \$224,497 [2016 - \$207,222] for current service.

### 7. EMPLOYEE FUTURE BENEFIT OBLIGATIONS

Under the sick leave benefit plan, unused sick leave is paid out in the following year. Prior to 2017, the COPE union could accumulate sick leave but in March, 2017, COPE signed a memorandum of understanding where any unused sick leave is paid out in the following year.

The liability for sick leave amounted to \$33,777 [2016 - \$58,858] at the end of the year.

### 8. DEFERRED REVENUE

	2017	2016
	\$	\$
Unearned Gas Tax proceeds	505,315	293,621
Unearned Provincial Grant - Healthy Kids	26,648	19,928
Other	11,997	12,696
Unearned Provincial Funding - Infrastructure	91,637	-
	<b>635,597</b>	<b>326,245</b>

The continuity of deferred revenue is as follows:

	2017	2016
	\$	\$
<b>Balance, beginning of year</b>	<b>326,245</b>	826,345
Gas Tax grant funding proceeds received	211,694	212,919
Gas Tax funding utilized	-	(664,826)
Conditional grant and other revenue received	127,586	188,741
Conditional grant and other revenue utilized	(29,928)	(236,934)
<b>Balance, end of year</b>	<b>635,597</b>	<b>326,245</b>

# The Corporation of the Town of Marathon

## Notes to the Consolidated Financial Statements

December 31, 2017

### 9. DEBT

[a] The balance of debt reported on the Consolidated Statement of Financial Position is made up of the following:

	2017	2016
	\$	\$
<b>Ontario Infrastructure and Lands Corporation</b>		
Debenture loan repayable in semi-annual payments of \$82,161 including interest at 2.81% maturing October, 2030.	1,779,155	1,891,118
<b>Long-term portion</b>	<b>1,779,155</b>	<b>1,891,118</b>

[b] Principal due on debt over the next five years and thereafter, assuming the loan is refinanced under similar terms, is as follows:

	\$
2018	115,131
2019	118,389
2020	121,739
2021	125,184
2022	128,727
Thereafter	1,169,985
	<b>1,779,155</b>

[c] The debenture in [a] issued in the name of the Town has been approved by by-law #1889. The annual principal and interest payments required to service these liabilities are within the annual debt repayment limit prescribed by the Ontario Ministry of Municipal Affairs and Housing.

[d] Total interest charges for debt reported on the Consolidated Statement of Operations and Accumulated Surplus are \$51,559 [2016 - \$67,505].

### 10. LANDFILL CLOSURE AND POST-CLOSURE

Legislation requires closure and post-closure care of solid waste and landfill sites. Closure costs include final covering and landscaping of the landfill and implementation of drainage and gas management plans. Post-closure care requirements include cap maintenance, groundwater monitoring, gas management system operations, inspections and annual reports.

The Town owns and operates one landfill site and one closed landfill site. The active landfill site was opened in July, 2015 covering 16.1 acres with a capacity of 256,688 tonnes. As at December 31, 2017, the remaining capacity of the site is estimated at 222,719 tonnes representing 86.8% of the total capacity. The open site is expected to close when it reaches its capacity in 2147.



# The Corporation of the Town of Marathon

## Notes to the Consolidated Financial Statements

December 31, 2017

The closure and post-closure costs for the open landfill site, and the post-closure costs for the closed site, are based upon best estimates by management. Post-closure care for the open landfill site is estimated to be required for 20 years from the date of closure. Post-closure care for the closed landfill site is estimated to be required until 2036.

The liability of \$555,917 [2016 - \$610,206] for closure and post-closure costs of the active site and the post-closure of the closed site, has been reported on the Consolidated Statement of Financial Position.

	2017 \$	2016 \$
<b>[a] Operating landfill site (Camp 19)</b>		
Estimated closure and post-closure costs over the next 150 years [ 2016 - 151 years]	<b>1,169,723</b>	1,169,273
Discount rate	<b>2.81 %</b>	2.81 %
Discounted cost	<b>257,731</b>	453,150
Expected year capacity will be reached	<b>2147</b>	2147
Capacity (tonnes):		
Used to date	<b>33,969</b>	16,071
Remaining	<b>222,719</b>	240,617
Total	<b>256,688</b>	256,688
Percent utilized	<b>13.23 %</b>	6.67 %
Liability based on the percentage utilized	<b>34,107</b>	28,371
<b>[b] Closed landfill site (Penn Lake Road)</b>		
Estimated closure and post-closure costs over the next 18 years [2016 - 19 years]	<b>531,664</b>	592,497
Discount rate	<b>2.81 %</b>	2.81 %
Liability based on discounted cost	<b>521,810</b>	581,835
Landfill closure and post-closure liability	<b>555,917</b>	610,206

The liability recognized in the financial statements is subject to measurement uncertainty. The recognized amounts are based on the Town's best information and judgement. Amount could change by more than a material amount in the long-term.

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# The Corporation of the Town of Marathon

## Notes to the Consolidated Financial Statements

December 31, 2017

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### 11. TANGIBLE CAPITAL ASSETS

Schedule 2 provides information on the tangible capital assets of the Town by major asset class, as well as accumulated amortization of the assets controlled.

There were \$nil in write-downs of assets in 2017 [2016 - \$nil].

Interest capitalized during 2017 was \$nil [2016 - \$nil].

There were no contributed tangible capital assets in 2017 [2016 - \$nil].

There were no assets recorded at a nominal value in 2017 [2016 - \$nil].

### 12. SEGMENTED INFORMATION

The Town of Marathon is a diversified municipal government institution that provides a wide range of services to its citizens, including police, fire, ambulance and water. For management reporting purposes the Town's 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 special regulations, restrictions or limitations. Municipal services are provided by departments and their activities are reported in these funds. Certain departments that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

#### **General government**

General government services are comprised of various administrative services, including the Finance Department, Corporate Services Departments, and Mayor and Council.

#### **Protection to persons and property**

Protection to persons and property is comprised of police services, fire services and protective inspection and control. The police services are contracted from the Ontario Provincial Police. The Fire Services Department is responsible for fire suppression, fire prevention programs, training and education related to prevention, detection or extinguishment of fires. Protective inspection and control ensures an acceptable quality of building construction and maintenance of properties through enforcement of construction codes, building standards and bylaws for the protection of occupants.

#### **Transportation services**

Transportation services include roadways, winter control, parking and street lighting. Roadways covers the delivery of municipal public works services related to the planning, development and maintenance of roadway systems, culverts and sidewalks. Winter control includes snowplowing, sanding and salting, snow removal and flood control. Street lighting plans, develops and maintains the street lighting system.

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# The Corporation of the Town of Marathon

## Notes to the Consolidated Financial Statements

December 31, 2017

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### **Environmental services**

Environmental services consist of waterworks, sanitary sewer, waste collection and disposal and recycling. Waterworks provides drinking water to the citizens of Marathon. Sanitary sewer collects and treats wastewater. Waste collection and disposal and recycling includes the collection of solid waste, landfill site operations and waste minimization programs.

### **Health services**

Health services includes public health services and ambulance services. Public health services represents the Town of Marathon's contribution to the activities of the Thunder Bay District Health Unit. The Thunder Bay District Health Unit provides health information and prevention-related clinical services; advocates for healthy public policy; investigates reportable diseases; and upholds regulations that apply to public health.

### **Social and family services**

Social and family services represents the Town of Marathon's contribution to the activities of The District of Thunder Bay Social Services Administration Board (TBDSSAB). TBDSSAB is responsible for Ontario Works program delivery, child care services and social housing.

### **Recreation and cultural services**

Recreation and cultural services include parks, recreation programs and facilities, public library and contributions to cultural organizations. The community services department provides public services that contribute to neighbourhood development and sustainability through the provision of recreation and leisure services such as fitness and aquatic programs, the development and maintenance of various recreational facilities and the maintenance of parks and open spaces. The public library is dedicated to providing community access to local and global information resources that support lifelong learning, research and leisure activities. The Town makes contributions to various cultural organizations under specific funding programs.

### **Planning and development**

The planning and development department manages urban development for business interest, environmental concerns, heritage matters and local neighbourhoods through city planning and community development and approval of all land development plans.

For additional information see the Consolidated Schedule of Segment Disclosure (Schedule 3).

# The Corporation of the Town of Marathon

## Notes to the Consolidated Financial Statements

December 31, 2017

### 13. RESERVES AND RESERVE FUNDS

The continuity of reserves and reserve funds, which make up a part of accumulated surplus noted in Schedule 1, is as follows:

	2017	2016
	\$	\$
<b>Reserves</b>		
Balance, beginning of year	3,750,186	4,107,059
<b>Increases</b>		
Contributions to reserves	206,831	15,569
<b>Decreases</b>		
Contribution to operations	62,801	372,442
<b>Balance, end of year</b>	<b>3,894,216</b>	<b>3,750,186</b>
<b>Reserve funds</b>		
Balance, beginning of year	2,782,808	2,258,488
<b>Increases</b>		
Contributions to reserve funds	259,489	501,660
Interest earned	39,109	22,660
	<b>298,598</b>	<b>524,320</b>
<b>Decreases</b>		
Contributions to operations	44,528	-
<b>Balance, end of year</b>	<b>3,036,878</b>	<b>2,782,808</b>

Subsequent to year-end, the general fund surplus has been reduced by an amount of \$194,289 transferred to the reserve for acquisition of capital assets as authorized by resolution on June 11, 2018. Had the reduction not been made, the balance of the general fund surplus would have been \$902,770.

### 14. DESIGNATED ASSETS

Of the financial assets reported on the Consolidated Statement of Financial Position, the Council has designated \$3,036,878 [2016 - \$2,782,808] to support reserve funds.

# The Corporation of the Town of Marathon

## Notes to the Consolidated Financial Statements

December 31, 2017

### 15. BUDGET FIGURES

Public Sector Accounting Standards require a comparison of the results for the period with those originally planned on the same basis as that used for actual results. The fiscal plan in the Statement of Operations and Accumulated Surplus has been adjusted to be presented on a consistent basis as actual results. Below is a reconciliation of the figures from the approved fiscal plan to the fiscal plan per the financial statements:

	Approved Fiscal Plan \$	Adjustments \$	Fiscal Plan per Financial Statements \$
<b>Revenues</b>			
Taxation	4,919,910	-	4,919,910
User charges	2,349,601	-	2,349,601
Government transfers	2,283,253	-	2,283,253
Other	256,174	-	256,174
	<b>9,808,938</b>	-	<b>9,808,938</b>
<b>Expenses</b>			
General government	1,689,524	(28,302)	1,661,222
Protection to persons and property	1,622,424	23,269	1,645,693
Transportation services	1,807,769	192,210	1,999,979
Environmental services	2,107,426	(95,843)	2,011,583
Health services	257,015	33,988	291,003
Social and family services	191,952	-	191,952
Recreation and cultural services	1,890,152	211,895	2,102,047
Planning and development	242,676	26,910	269,586
	<b>9,808,938</b>	<b>364,127</b>	<b>10,173,065</b>
<b>Annual surplus</b>	-	<b>(364,127)</b>	<b>(364,127)</b>
Interfund transfers	-	(55,145)	
Capital items	-	1,126,200	
Debt repayments	-	111,963	
Amortization	-	(1,601,434)	
Landfill	-	54,289	
<b>Approved surplus</b>	-	<b>(364,127)</b>	

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# The Corporation of the Town of Marathon

## Notes to the Consolidated Financial Statements

December 31, 2017

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### 16. COMMITMENTS

The Town has certain multi-year service agreements and equipment operating leases. The future minimum annual payments over the next three years is as follows:

	\$
2018	472,962
2019	410,976
2020	10,192
	<hr/> 894,130 <hr/>

The most significant commitment is the contract with Northern Waterwork Inc. to operate the municipality's water and wastewater facilities from January 1, 2014 to December 31, 2018.

### 17. COMPARATIVE CONSOLIDATED FINANCIAL STATEMENTS

The comparative consolidated financial statements have been reclassified from statements previously presented to conform to the presentation of the 2017 consolidated financial statements.

# The Corporation of the Town of Marathon Schedule 1 Consolidated Schedule of Accumulated Surplus

Year ended December 31	2017	2016
	\$	\$
<b>Surplus</b>		
General fund	708,481	702,070
Investments in tangible capital assets	36,796,783	37,564,614
Unfunded		
Debt	(1,779,155)	(1,891,118)
Employee benefits and post-employment benefits	-	(60,196)
Landfill closure and post-closure liability	(555,917)	(610,206)
<b>Total surplus</b>	<b>35,170,192</b>	<b>35,705,164</b>
<b>Reserves set aside for specific purposes by Council</b>		
For acquisition of capital assets	1,485,067	1,280,841
For working capital	2,409,149	2,409,149
For sick leave	-	60,196
<b>Total reserves</b>	<b>3,894,216</b>	<b>3,750,186</b>
<b>Reserve funds set aside for specific purposes by Council</b>		
For acquisition of capital assets	117,092	126,530
For water and sewer operations	2,623,567	2,362,848
For development	17,348	17,183
For tax appeal	278,871	276,247
<b>Total reserve funds</b>	<b>3,036,878</b>	<b>2,782,808</b>
<b>Accumulated surplus</b>	<b>42,101,286</b>	<b>42,238,158</b>

**The Corporation of the Town of Marathon**  
**Consolidated Schedule of Tangible Capital Assets**

**Schedule 2**

Year ended December 31, 2017

	General						Infrastructure			Totals	
	Land \$	Land Improvements \$	Buildings \$	Vehicles \$	Machinery and Equipment \$	Other \$	Roads and Other Structures \$	Underground and Other Networks \$	Assets Under Construction \$	2017 \$	2016 \$
<b>COST</b>											
Balance, beginning of year	4,286,219	11,336,763	13,475,293	4,591,616	3,233,262	599,483	18,148,881	16,991,596	-	72,663,113	71,455,341
<b>Add</b>											
Additions during the year	-	11,428	-	509,621	156,898	21,468	-	141,640	24,931	865,986	1,607,542
<b>Less</b>											
Disposals during the year	-	-	-	170,333	-	18,896	352,200	-	-	541,429	399,770
Balance, end of year	4,286,219	11,348,191	13,475,293	4,930,904	3,390,160	602,055	17,796,681	17,133,236	24,931	72,987,670	72,663,113
<b>ACCUMULATED AMORTIZATION</b>											
Balance, beginning of year	-	6,184,521	7,639,177	2,295,532	1,871,085	376,365	9,047,004	7,684,815	-	35,098,499	33,889,342
<b>Add</b>											
Amortization during the year	-	165,939	264,882	230,002	101,945	59,605	489,850	289,211	-	1,601,434	1,606,109
<b>Less</b>											
Accumulated amortization on disposals	-	-	-	137,950	-	18,896	352,200	-	-	509,046	396,952
Balance, end of year	-	6,350,460	7,904,059	2,387,584	1,973,030	417,074	9,184,654	7,974,026	-	36,190,887	35,098,499
<b>Net book value, beginning of year</b>	4,286,219	5,152,242	5,836,116	2,296,084	1,362,177	223,118	9,101,877	9,306,781	-	37,564,614	37,565,999
<b>Net book value, end of year</b>	4,286,219	4,997,731	5,571,234	2,543,320	1,417,130	184,981	8,612,027	9,159,210	24,931	36,796,783	37,564,614



**The Corporation of the Town of Marathon**  
**Consolidated Schedule of Segment Disclosure**

**Schedule 3**

Year ended December 31, 2017

	General Government		Protection to Persons and Property		Transportation Services		Environmental Services		Health Services	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Revenues</b>										
Taxation	4,941,305	4,965,126	-	-	-	-	-	-	-	-
Government transfers	1,967,533	1,933,405	62,104	36,762	-	-	75,034	101,392	-	-
User fees and service charges	34,884	32,979	212,010	177,577	230,495	867,733	1,426,731	1,372,313	129,256	127,516
Other revenues	244,164	299,404	-	-	-	-	-	-	-	-
Interest income - general	97,902	79,813	-	-	-	-	-	-	-	-
	<b>7,285,788</b>	<b>7,310,727</b>	<b>274,114</b>	<b>214,339</b>	<b>230,495</b>	<b>867,733</b>	<b>1,501,765</b>	<b>1,473,705</b>	<b>129,256</b>	<b>127,516</b>
<b>Expenses</b>										
Salaries, wages and employee benefits	835,682	805,236	301,709	285,726	943,920	842,283	347,776	320,584	18,069	20,513
Debt charges	51,559	67,505	-	-	-	-	-	-	-	-
Materials	638,789	673,252	152,681	155,798	459,802	514,309	339,706	361,644	7,988	8,904
Contracted services	179,652	218,590	1,139,984	1,347,028	52,552	65,286	526,561	683,675	41,901	32,982
Rent and financials	11,362	12,152	-	-	4,839	3,038	-	-	-	-
External transfers	-	-	-	-	-	-	-	-	172,401	178,229
Amortization	43,516	54,923	63,269	67,178	660,210	653,907	518,446	517,957	33,988	33,987
	<b>1,760,560</b>	<b>1,831,658</b>	<b>1,657,643</b>	<b>1,855,730</b>	<b>2,121,323</b>	<b>2,078,823</b>	<b>1,732,489</b>	<b>1,883,860</b>	<b>274,347</b>	<b>274,615</b>
<b>Annual surplus (deficit)</b>	<b>5,525,228</b>	<b>5,479,069</b>	<b>(1,383,529)</b>	<b>(1,641,391)</b>	<b>(1,890,828)</b>	<b>(1,211,090)</b>	<b>(230,724)</b>	<b>(410,155)</b>	<b>(145,091)</b>	<b>(147,099)</b>

**The Corporation of the Town of Marathon**  
**Consolidated Schedule of Segment Disclosure**

**Schedule 3 (continued)**

Year ended December 31, 2017

	Social and Family Services		Recreation and Cultural Services		Planning and Development		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Revenues</b>								
Taxation	-	-	-	-	-	-	<b>4,941,305</b>	4,965,126
Government transfers	<b>116,369</b>	158,813	<b>61,101</b>	59,149	<b>11,000</b>	21,197	<b>2,293,141</b>	2,310,718
User fees and service charges	-	-	<b>455,130</b>	562,664	-	-	<b>2,488,506</b>	3,140,782
Other revenues	-	-	-	-	-	-	<b>244,164</b>	299,404
Interest income - general	-	-	-	-	-	-	<b>97,902</b>	79,813
	<b>116,369</b>	158,813	<b>516,231</b>	621,813	<b>11,000</b>	21,197	<b>10,065,018</b>	10,795,843
<b>Expenses</b>								
Salaries, wages and employee benefits	-	-	<b>1,070,311</b>	1,119,939	<b>132,695</b>	135,115	<b>3,650,162</b>	3,529,396
Debt charges	-	-	-	-	-	-	<b>51,559</b>	67,505
Materials	<b>116,369</b>	158,813	<b>658,651</b>	600,431	<b>93,025</b>	93,910	<b>2,467,011</b>	2,567,061
Contracted services	<b>5,000</b>	5,000	<b>109,230</b>	99,268	<b>1,016</b>	6,048	<b>2,055,896</b>	2,457,877
Rent and financials	-	-	<b>274</b>	1,958	-	-	<b>16,475</b>	17,148
External transfers	<b>186,952</b>	208,256	-	-	-	-	<b>359,353</b>	386,485
Amortization	-	-	<b>243,095</b>	239,743	<b>38,910</b>	38,414	<b>1,601,434</b>	1,606,109
	<b>308,321</b>	372,069	<b>2,081,561</b>	2,061,339	<b>265,646</b>	273,487	<b>10,201,890</b>	10,631,581
<b>Annual surplus (deficit)</b>	<b>(191,952)</b>	(213,256)	<b>(1,565,330)</b>	(1,439,526)	<b>(254,646)</b>	(252,290)	<b>(136,872)</b>	164,262

# Independent Auditor's Report

Grant Thornton LLP  
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To the Board Members, Members of Council, Inhabitants and Ratepayers of  
The Corporation of the Town of Marathon

We have audited the accompanying financial statements of Marathon Centennial Public Library Board, which comprise the statement of financial position as at December 31, 2017, and the statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

## **Management's responsibility 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.

## **Auditor's responsibility**

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

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

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

**Basis for qualified opinion**

In common with many not-for-profit organizations, the Board derives a portion of its revenue from donations and user fees, the completeness of which is not susceptible to conclusive audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the organization and we were unable to determine whether any adjustments for unrecorded revenues might be necessary to various revenue accounts and excess (deficiency) of revenues over expenses and accumulated surplus for the year.

**Qualified opinion**

In our opinion, except for the effects of the matter described in the Basis for qualified opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Marathon Centennial Public Library Board as at December 31, 2017, and the results of its operations, changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

*Grant Thornton LLP*

Thunder Bay, Canada  
June 25, 2018

Chartered Professional Accountants  
Licensed Public Accountants

## Marathon Centennial Public Library Board Statement of Financial Position

As at December 31	2017	2016
	\$	\$
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents	23,887	46,094
Accounts receivable	1,291	-
Harmonized Sales Tax recoverable	1,517	4,861
<b>Total financial assets</b>	<b>26,695</b>	<b>50,955</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	10,636	13,952
Due to The Corporation of the Town of Marathon	-	19,239
<b>Total liabilities</b>	<b>10,636</b>	<b>33,191</b>
<b>NET FINANCIAL ASSETS</b>	<b>16,059</b>	<b>17,764</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets - net <i>[note 5]</i>	65,223	81,886
<b>Accumulated surplus <i>[note 3]</i></b>	<b>81,282</b>	<b>99,650</b>

See accompanying notes to the financial statements.

## Marathon Centennial Public Library Board Statement of Operations and Accumulated Surplus

Year ended December 31	2017	2017	2016
	Budget \$ <i>[note 7]</i>	Actual \$	Actual \$
<b>REVENUES</b>			
Municipal contribution	133,600	132,780	150,000
Grants	52,700	56,583	56,274
Other	3,400	8,770	4,948
<b>Total revenues</b>	<b>189,700</b>	<b>198,133</b>	211,222
<b>EXPENSES</b>			
Amortization	23,539	23,539	20,197
Equipment and circulation material	5,000	11,555	9,501
Office supplies	12,550	8,418	14,062
Programming	3,000	9,598	3,239
Professional	7,150	1,878	5,816
Training and travel	4,000	4,019	3,392
Utilities	15,000	13,161	15,888
Wages and benefits	131,000	144,333	138,627
<b>Total expenses</b>	<b>201,239</b>	<b>216,501</b>	210,722
<b>Excess (deficiency) of revenues over expenses for the year</b>	<b>(11,539)</b>	<b>(18,368)</b>	500
<b>Annual surplus (deficit)</b>	<b>(11,539)</b>	<b>(18,368)</b>	500
Accumulated surplus, beginning of year	99,650	99,650	99,150
<b>Accumulated surplus, end of year</b>	<b>88,111</b>	<b>81,282</b>	99,650

See accompanying notes to the financial statements.

## Marathon Centennial Public Library Board Statement of Change in Net Financial Assets

Year ended December 31	2017	2017	2016
	Budget \$ <i>[note 7]</i>	Actual \$	Actual \$
<b>Annual surplus (deficit)</b>	<b>(11,539)</b>	<b>(18,368)</b>	500
Acquisition of tangible capital assets	<b>(12,000)</b>	<b>(6,876)</b>	(18,569)
Amortization of tangible capital assets	<b>23,539</b>	<b>23,539</b>	20,197
Adjustment to tangible capital assets	-	-	(139)
Increase (decrease) in net financial assets	-	<b>(1,705)</b>	1,989
Net financial assets , beginning of year	-	<b>17,764</b>	15,775
<b>Net financial assets, end of year</b>	-	<b>16,059</b>	17,764

See accompanying notes to the financial statements.

## Marathon Centennial Public Library Board Statement of Cash Flows

Year ended December 31	2017	2016
	\$	\$
<b>OPERATIONS</b>		
Annual surplus (deficit)	(18,368)	500
<b>Non-cash charges</b>		
Amortization of tangible capital assets	23,539	20,197
Adjustment to tangible capital assets	-	(139)
	<b>5,171</b>	<b>20,558</b>
<b>Net change in non-cash working capital balances</b>		
Decrease (increase) in accounts receivable	(1,291)	2,425
Decrease (increase) in Harmonized Sales Tax recoverable	3,344	(894)
Decrease in accounts payable and accrued liabilities	(3,316)	(5,052)
Increase (decrease) in advance to The Corporation of the Town of Marathon	(19,239)	19,239
<b>Cash provided by (used in) operating transactions</b>	<b>(15,331)</b>	<b>36,276</b>
<b>CAPITAL</b>		
Acquisition of tangible capital assets	(6,876)	(18,569)
<b>Cash used in capital transactions</b>	<b>(6,876)</b>	<b>(18,569)</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>(22,207)</b>	<b>17,707</b>
Opening cash and cash equivalents	46,094	28,387
<b>Closing cash and cash equivalents</b>	<b>23,887</b>	<b>46,094</b>

See accompanying notes to the financial statements.



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# Marathon Centennial Public Library Board

## Notes to the Financial Statements

December 31, 2017

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### GENERAL

The Marathon Centennial Public Library Board is a Board of the Town of Marathon in the Province of Ontario, Canada. It conducts its operations guided by provisions of provincial and municipal statutes and related legislation.

### 1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements of the Marathon Centennial Public Library Board are prepared by management in accordance with accounting policies generally accepted for the public sector as prescribed by the Public Sector Accounting Board ("PSAB") of CPA Canada.

#### Basis of accounting

##### Accrual accounting

Sources of financing and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

#### Tangible capital assets

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

Computer hardware	5 years
Furniture and equipment	10 years
Library collection	10 years
Library retrofit	10 years

Assets under construction are not amortized until the asset is available for productive use.

#### 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.

#### Leases

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

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# **Marathon Centennial Public Library Board**

## **Notes to the Financial Statements**

December 31, 2017

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### **Cash and cash equivalents**

Cash and cash equivalents consists of cash on deposit and cash on hand.

### **Reporting entity**

The financial statements reflect the assets, liabilities, revenues and expenses of the Board.

### **Revenue recognition**

Government grants are recognized when approved to the extent the related expenses have been incurred and collection can be reasonably assured.

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

### **Deferred revenue**

Deferred revenue is comprised of donations subject to externally imposed restrictions with respect to its use and the unspent portion of conditional grants.

### **Use of estimates**

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates and assumptions are based on management's historical experience, best knowledge of current events and actions that the Board may undertake in the future. Significant accounting estimates include allowance for doubtful accounts. Actual results could differ from those estimates.

### **Budget figures**

The operating budget approved by the Library Board for 2017 is reflected on the Statement of Operations and Accumulated Surplus. The budget established for capital investment in tangible capital assets are on a project-oriented basis, the costs of which may be incurred over a number of years and therefore may not be comparable with the current year's actual expenses. Budget figures have been restated to be comparable with the PSAB reporting reflected in the actual results.

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# Marathon Centennial Public Library Board

## Notes to the Financial Statements

December 31, 2017

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### 2. RESERVE FUND

The reserve fund is being held by the Town in the amount of \$nil [2016 - \$2,780].

### 3. ACCUMULATED SURPLUS

	2017	2016
	\$	\$
General fund	16,059	17,764
Investment in tangible capital assets	65,223	81,886
<b>Total surplus</b>	<b>81,282</b>	<b>99,650</b>

### 4. COMMITMENTS

The organization leases various office equipment under operating leases. The future minimum annual lease payments over the next five years are as follows:

	\$
2018	1,392
2019	1,392
2020	1,392
2021	1,392
2022	232
	<b>5,800</b>

# Marathon Centennial Public Library Board

## Notes to the Financial Statements

December 31, 2017

### 5. TANGIBLE CAPITAL ASSETS

	Library collection \$	Library retrofit \$	Computer hardware \$	Furniture and equipment \$	2017 Total \$	2016 Total \$
<b>COST</b>						
Balance, beginning of year	148,280	13,378	21,167	11,562	194,387	195,885
<b>Add</b>						
Additions during the year	3,437	-	-	3,439	6,876	18,569
<b>Less</b>						
Disposals during the year	18,896	-	-	-	18,896	16,158
Adjustments	-	-	-	-	-	3,909
Balance, end of year	132,821	13,378	21,167	15,001	182,367	194,387
<b>ACCUMULATED AMORTIZATION</b>						
Balance, beginning of year	79,978	11,361	12,285	8,877	112,501	112,510
<b>Add</b>						
Amortization during the year	16,240	1,345	4,960	994	23,539	20,197
<b>Less</b>						
Accumulated amortization on disposals	18,896	-	-	-	18,896	16,158
Adjustments	-	-	-	-	-	4,048
Balance, end of year	77,322	12,706	17,245	9,871	117,144	112,501
<b>Net book value, end of year</b>	<b>55,499</b>	<b>672</b>	<b>3,922</b>	<b>5,130</b>	<b>65,223</b>	<b>81,886</b>

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# Marathon Centennial Public Library Board

## Notes to the Financial Statements

December 31, 2017

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### 6. PENSION AGREEMENTS

The organization makes contributions to the Ontario Municipal Employees Retirement Fund ("OMERS"), which is a multi-employer plan, on behalf of members of its staff. The plan is a defined benefit plan which specifies the amount of retirement benefit to be received by the employees based on the length of service and rates of pay. The amount contributed to OMERS for 2017 was \$6,412 [2016 - \$7,095] for current service.

### 7. BUDGET FIGURES

The operating budget approved by the Board for 2017 is reflected on the Consolidated Statement of Operations and Accumulated Surplus. The budget established for capital investment in tangible capital assets are on a project-oriented basis, the costs of which may be incurred over a number of years and therefore may not be comparable with the current year's actual expenditures. The Board does not budget activity within reserves and reserve funds, with the exception being those transactions which affect either operations or capital investments. Budget figures have been restated to be comparable with the PSAB reporting reflected in the actual results. Below is a reconciliation of figures from the approved fiscal plan to the fiscal plan per the financial statements.

	Approved 2017 Budget \$	PSAB Adjustment \$	PSAB Adjusted Budget \$
<b>Revenues</b>	<b>189,700</b>	-	<b>189,700</b>
<b>Expenses</b>	<b>189,700</b>	<b>11,539</b>	<b>201,239</b>
<b>Annual deficit</b>	-	<b>(11,539)</b>	<b>(11,539)</b>
Less:			
Acquisition of tangible capital assets	-	<b>(12,000)</b>	<b>(12,000)</b>
Add:			
Amortization of tangible capital assets	-	<b>23,539</b>	<b>23,539</b>
	-	<b>11,539</b>	<b>11,539</b>
<b>Increase in net financial assets</b>	-	-	-

### 8. COMPARATIVE FINANCIAL STATEMENTS

The comparative financial statements have been reclassified from statements previously presented to conform to the presentation of the 2017 financial statements.

# Independent Auditor's Report

Grant Thornton LLP  
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Thunder Bay, ON  
P7B5Z8  
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To the Members of Council, Inhabitants and Ratepayers of  
The Corporation of the Town of Marathon

We have audited the accompanying financial statements of the Cemetery Care and Maintenance Trust Fund of The Corporation of the Town of Marathon, which comprise the statement of financial position as at December 31, 2017, and the statement of operations and accumulated surplus and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

## **Management's responsibility 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.

## **Auditor's responsibility**

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

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

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

**Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Cemetery Care and Maintenance Trust Fund of The Corporation of the Town of Marathon as at December 31, 2017, and the results of its operations for the year then ended in accordance with Canadian public sector accounting standards.



Thunder Bay, Canada  
June 25, 2018

Chartered Professional Accountants  
Licensed Public Accountants

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**The Corporation of the Town of Marathon  
Cemetery Care and Maintenance Trust Fund  
Statement of Financial Position**

As at December 31	2017	2016
	\$	\$
<b>FINANCIAL ASSETS</b>		
Cash	56,542	54,574
Due from The Corporation of the Town of Marathon	1,827	1,432
	<b>58,369</b>	<b>56,006</b>
<b>Accumulated surplus</b>	<b>58,369</b>	<b>56,006</b>

See accompanying notes to the financial statements.



**The Corporation of the Town of Marathon  
Cemetery Care and Maintenance Trust Fund  
Statement of Operations and Accumulated Surplus**

Year ended December 31	2017	2016
	\$	\$
<b>REVENUES</b>		
Interest earned	535	430
Sale of plots and interments	4,263	3,121
Provision in lieu of portion of plot sales	350	850
<b>Total revenues</b>	<b>5,148</b>	<b>4,401</b>
<b>EXPENSES</b>		
Cemetery maintenance	2,785	2,051
<b>NET REVENUES</b>	<b>2,363</b>	<b>2,350</b>
<b>Annual surplus</b>	<b>2,363</b>	<b>2,350</b>
Accumulated surplus, beginning of year	56,006	53,656
<b>Accumulated surplus, end of year</b>	<b>58,369</b>	<b>56,006</b>

See accompanying notes to the financial statements.

**The Corporation of the Town of Marathon  
Cemetery Care and Maintenance Trust Fund  
Statement of Cash Flows**

Year ended December 31	2017	2016
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Annual surplus	<b>2,363</b>	2,350
<b>Net change in non-cash working capital balances</b>		
Decrease (increase) in due from The Corporation of the Town of Marathon	<b>(395)</b>	1,280
<b>Cash provided by operating activities</b>	<b>1,968</b>	3,630
<b>Increase in cash during year</b>	<b>1,968</b>	3,630
Cash position, beginning of year	<b>54,574</b>	50,944
<b>Cash position, end of year</b>	<b>56,542</b>	54,574

See accompanying notes to the financial statements.

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# **The Corporation of the Town of Marathon Cemetery Care and Maintenance Trust Fund Notes to the Financial Statements**

December 31, 2017

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## **1. NATURE OF BUSINESS**

The Corporation of the Town of Marathon administers a perpetual care trust fund for the future care of the cemetery. The cemetery provides interment services for the benefit of the citizens of Marathon.

## **2. ACCOUNTING POLICY**

### **Basis of accounting**

Capital receipts, interest earned and expenses are reported on the accrual basis of accounting which recognizes revenues as they become available and measurable, and expenses as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.