



Township of Prince Financial Statements

For the Year Ended December 31, 2015

Independence

At the core of the provision of external audit services is the concept of independence. Accounting and Auditing Standards Board AASB require us to communicate to the Mayor and Council, at least annually, all relationships between BDO Canada LLP and Township of Prince, that, may reasonably be thought to bear on our independence for the forthcoming audit of the organization.

In determining which relationships to report, we have considered the applicable legislation and relevant rules of professional conduct covering such matters as the following:

- holding of a financial interest, either directly or indirectly in a client
- holding a position, either directly or indirectly, that gives the right or responsibility to exert significant influence over the financial or accounting policies of a client
- personal or business relationships of immediate family, close relatives, partners or retired partners, either directly or indirectly, with a client
- economic dependence on a client
- provision of services in addition to the external audit engagement

Accordingly, we hereby confirm that we are independent with respect to the Township of Prince



Responsibilities of the Auditor

Management is responsible for the preparation of the financial statements, which includes responsibilities related to internal control, such as

- designing and maintaining accounting records
- selecting and applying accounting policies
- safeguarding assets
- preventing and detecting fraud and error

The auditor's responsibility is to express an opinion on the financial statements based on an audit thereof



Materiality...

Materiality can be defined as follows:

Misstatements, including omitted financial statement disclosures, are considered to be material if they, individually or in aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on estimation of 2016 total revenue (less one time items) we have set the materiality at \$38,000. We then completed the audit to 75% of this materiality or \$28,500.

We will communicate all corrected and uncorrected misstatements identified during our audit to the Audit Committee, other than those which we determine to be “clearly trivial”. Misstatements are considered to be clearly trivial for purposes of the audit when they are inconsequential both individually and in aggregate.

Independent Auditor's Report

To the Members of Council, Inhabitants and Ratepayers of
Township of Prince

We have audited the accompanying consolidated financial statements of Township of Prince, which comprise the consolidated statement of financial position as at December 31, 2015 and the consolidated statements of operations, 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 Township of Prince as at December 31, 2015 and the consolidated results of its operations, change in its net financial assets and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Professional Accountants, Licensed Public Accountants

Sault Ste. Marie, Ontario
May 10, 2016

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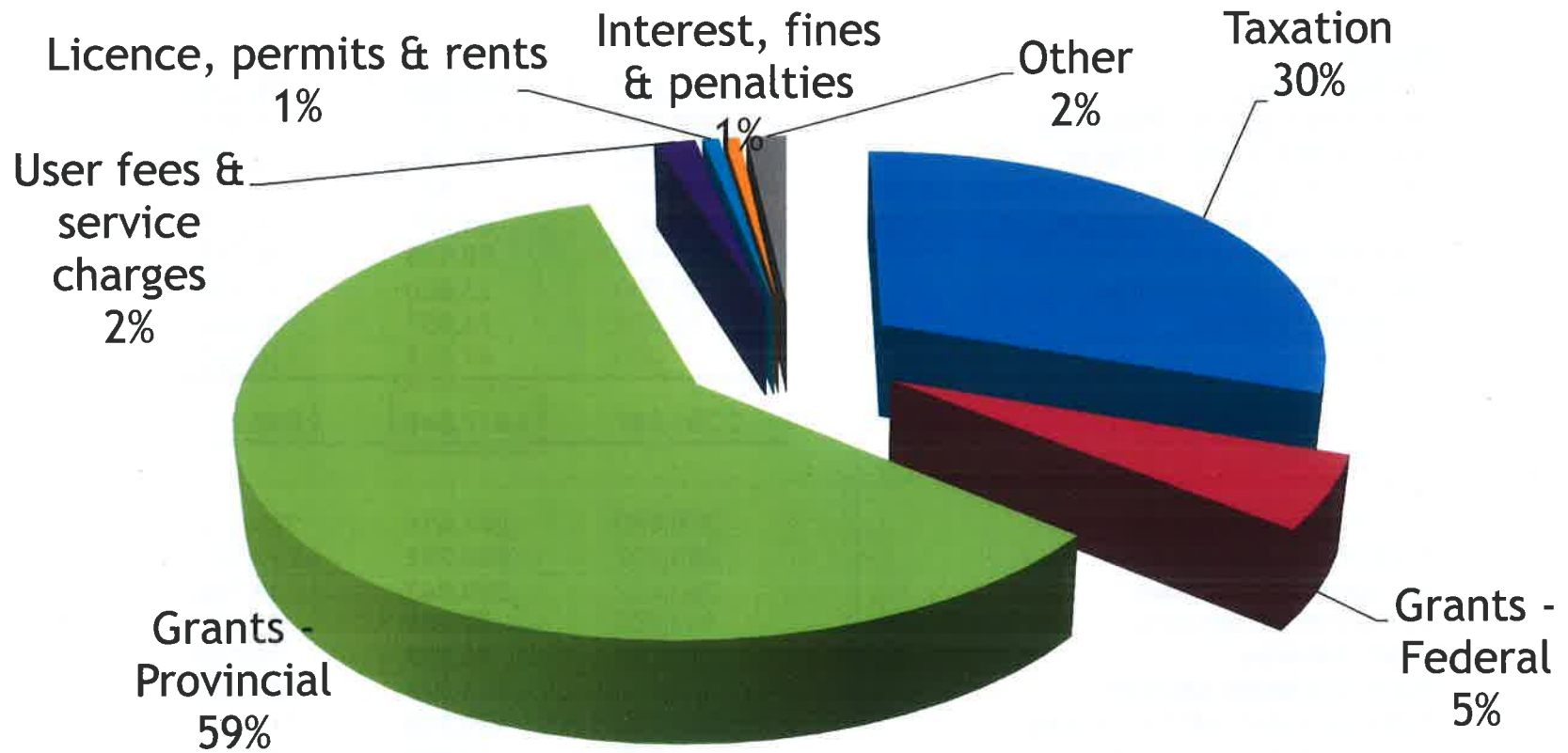
Township of Prince Consolidated Statement of Financial Position

| December 31 | 2015 | 2014 |
|--|---------------------|---------------------|
| Financial assets | | |
| Cash and short term investments | \$ 1,554,043 | \$ 1,247,087 |
| Taxes receivable | 142,959 | 99,660 |
| Accounts receivable | 63,833 | 64,373 |
| | <u>1,760,835</u> | <u>1,411,120</u> |
| Liabilities | | |
| Accounts payable and accrued liabilities | 185,161 | 66,233 |
| Deferred revenue (Note 8) | 136,054 | 179,462 |
| Post employment and retirement benefits (Note 5) | 5,216 | 5,216 |
| | <u>326,431</u> | <u>250,911</u> |
| Net financial assets | <u>1,434,404</u> | <u>1,160,209</u> |
| Non-financial assets | | |
| Tangible capital assets (Schedule 1) | 3,352,404 | 1,614,083 |
| Prepaid expenses | 9,471 | 984 |
| | <u>3,361,875</u> | <u>1,615,067</u> |
| Accumulated surplus (Note 3) | <u>\$ 4,796,279</u> | <u>\$ 2,775,276</u> |

Township of Prince Consolidated Statement of Operations

| For the year ended December 31 | Budget | 2015 | 2014 |
|---|---------------------|---------------------|---------------------|
| Revenue | | | |
| Taxation (Note 2) | \$ 1,079,597 | \$ 1,103,559 | \$ 978,528 |
| Government grants - Provincial | 898,567 | 2,140,973 | 581,354 |
| Government grants - Federal | 168,592 | 197,582 | 150,360 |
| Other municipalities | 7,000 | 590 | 5,536 |
| User fees and service charges | 72,801 | 63,577 | 39,211 |
| Licences, permits and rents | 33,630 | 26,136 | 36,555 |
| Interest fines and penalties | 20,000 | 23,800 | 11,794 |
| Investment income | 10,600 | 14,607 | 17,042 |
| Other | 300 | 47,022 | 116,325 |
| | <u>2,291,087</u> | <u>3,617,846</u> | <u>1,936,705</u> |
| Expenses | | | |
| General government | 379,640 | 297,514 | 324,513 |
| Protection services | 262,232 | 236,782 | 217,583 |
| Transportation services | 282,422 | 229,943 | 233,766 |
| Environmental services | 103,000 | 89,235 | 55,265 |
| Health services | 77,264 | 76,232 | 76,009 |
| Social and family services | 535,114 | 533,829 | 535,797 |
| Recreation and cultural services | 114,123 | 120,639 | 118,944 |
| Planning and development | 7,500 | 12,669 | 18,750 |
| | <u>1,761,295</u> | <u>1,596,843</u> | <u>1,580,627</u> |
| Annual surplus | 529,792 | 2,021,003 | 356,078 |
| Accumulated surplus, beginning of year | <u>2,775,276</u> | <u>2,775,276</u> | <u>2,419,198</u> |
| Accumulated surplus, end of year | <u>\$ 3,305,068</u> | <u>\$ 4,796,279</u> | <u>\$ 2,775,276</u> |

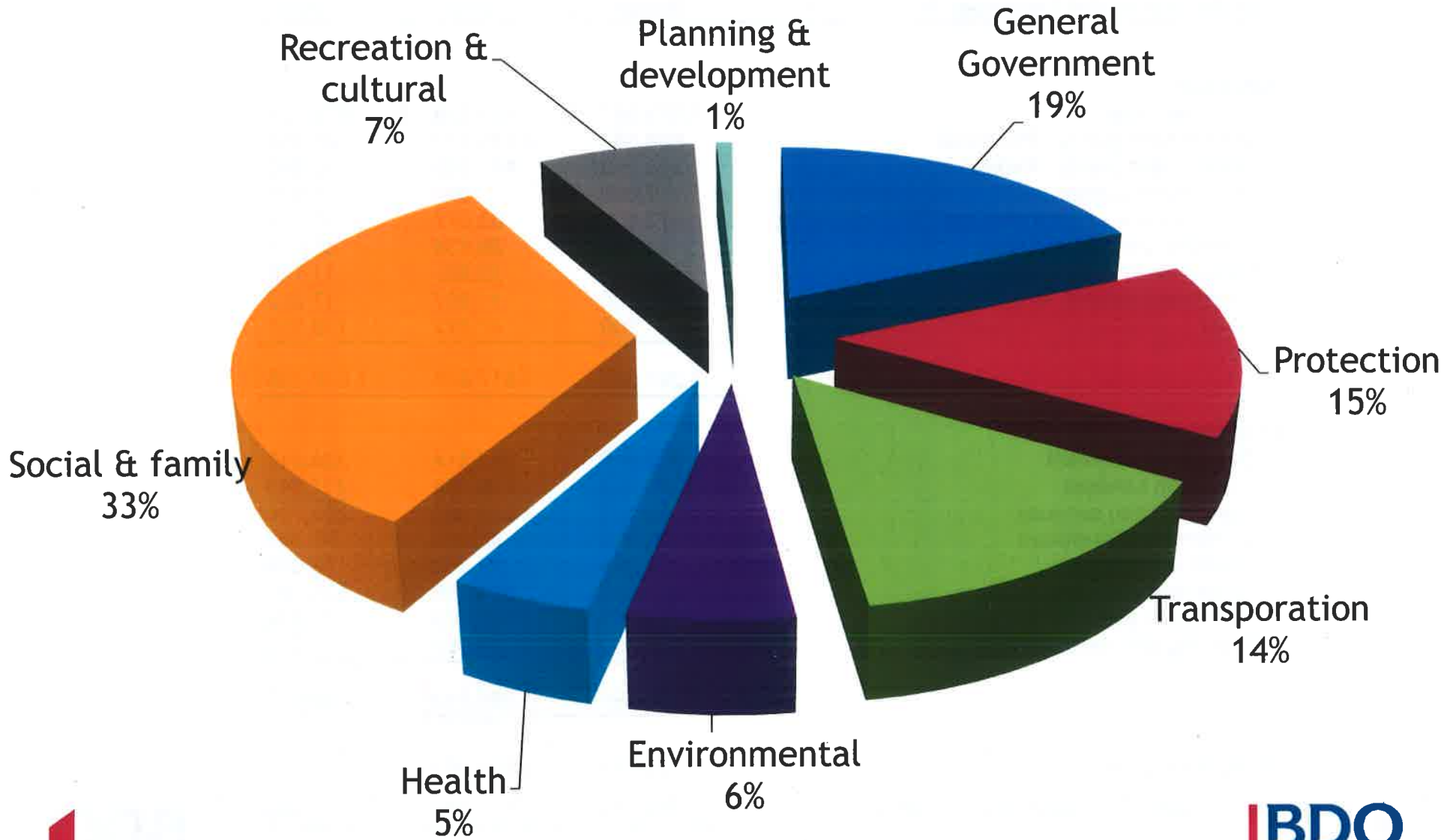
REVENUE BY TYPE



Township of Prince Consolidated Statement of Operations

| For the year ended December 31 | Budget | 2015 | 2014 |
|---|---------------------|---------------------|---------------------|
| Revenue | | | |
| Taxation (Note 2) | \$ 1,079,597 | \$ 1,103,559 | \$ 978,528 |
| Government grants - Provincial | 898,567 | 2,140,973 | 581,354 |
| Government grants - Federal | 168,592 | 197,582 | 150,360 |
| Other municipalities | 7,000 | 590 | 5,536 |
| User fees and service charges | 72,801 | 63,577 | 39,211 |
| Licences, permits and rents | 33,630 | 26,136 | 36,555 |
| Interest fines and penalties | 20,000 | 23,800 | 11,794 |
| Investment income | 10,600 | 14,607 | 17,042 |
| Other | 300 | 47,022 | 116,325 |
| | <u>2,291,087</u> | <u>3,617,846</u> | <u>1,936,705</u> |
| Expenses | | | |
| General government | 379,640 | 297,514 | 324,513 |
| Protection services | 262,232 | 236,782 | 217,583 |
| Transportation services | 282,422 | 229,943 | 233,766 |
| Environmental services | 103,000 | 89,235 | 55,265 |
| Health services | 77,264 | 76,232 | 76,009 |
| Social and family services | 535,114 | 533,829 | 535,797 |
| Recreation and cultural services | 114,123 | 120,639 | 118,944 |
| Planning and development | 7,500 | 12,669 | 18,750 |
| | <u>1,761,295</u> | <u>1,596,843</u> | <u>1,580,627</u> |
| Annual surplus | 529,792 | 2,021,003 | 356,078 |
| Accumulated surplus, beginning of year | <u>2,775,276</u> | <u>2,775,276</u> | <u>2,419,198</u> |
| Accumulated surplus, end of year | <u>\$ 3,305,068</u> | <u>\$ 4,796,279</u> | <u>\$ 2,775,276</u> |

BREAKDOWN OF EXPENSES



Township of Prince Consolidated Statement of Operations

| For the year ended December 31 | Budget | 2015 | 2014 |
|---|---------------------|---------------------|---------------------|
| Revenue | | | |
| Taxation (Note 2) | \$ 1,079,597 | \$ 1,103,559 | \$ 978,528 |
| Government grants - Provincial | 898,567 | 2,140,973 | 581,354 |
| Government grants - Federal | 168,592 | 197,582 | 150,360 |
| Other municipalities | 7,000 | 590 | 5,536 |
| User fees and service charges | 72,801 | 63,577 | 39,211 |
| Licences, permits and rents | 33,630 | 26,136 | 36,555 |
| Interest fines and penalties | 20,000 | 23,800 | 11,794 |
| Investment income | 10,600 | 14,607 | 17,042 |
| Other | 300 | 47,022 | 116,325 |
| | <u>2,291,087</u> | <u>3,617,846</u> | <u>1,936,705</u> |
| Expenses | | | |
| General government | 379,640 | 297,514 | 324,513 |
| Protection services | 262,232 | 236,782 | 217,583 |
| Transportation services | 282,422 | 229,943 | 233,766 |
| Environmental services | 103,000 | 89,235 | 55,265 |
| Health services | 77,264 | 76,232 | 76,009 |
| Social and family services | 535,114 | 533,829 | 535,797 |
| Recreation and cultural services | 114,123 | 120,639 | 118,944 |
| Planning and development | 7,500 | 12,669 | 18,750 |
| | <u>1,761,295</u> | <u>1,596,843</u> | <u>1,580,627</u> |
| Annual surplus | 529,792 | 2,021,003 | 356,078 |
| Accumulated surplus, beginning of year | 2,775,276 | 2,775,276 | 2,419,198 |
| Accumulated surplus, end of year | <u>\$ 3,305,068</u> | <u>\$ 4,796,279</u> | <u>\$ 2,775,276</u> |

Accumulated surplus

| | 2015 | 2014 |
|--|---------------------|---------------------|
| Reserves set aside for specific purposes by Council | | |
| Working funds | \$ 579,394 | \$ 579,394 |
| Other | 230,654 | 230,654 |
| Museum restoration | 11,898 | 11,898 |
| Recreation, current purposes | (8,603) | 1,397 |
| Roads | 99,874 | 196,874 |
| Fire | 30,000 | 42,000 |
| Parks | 30,000 | 30,000 |
| Total reserves | 973,217 | 1,092,217 |
| Reserve funds set aside for specific purposes by Council | | |
| Parks | 35,449 | 35,448 |
| Fire | 26,325 | 26,325 |
| Total reserve funds | 61,774 | 61,773 |
| Total reserves | 1,034,991 | 1,153,990 |
| Equity in tangible capital assets | 3,352,404 | 1,614,083 |
| General surplus | 373,920 | - |
| Library surplus | 33,536 | 12,407 |
| Museum deficit | (2,683) | (4,803) |
| Parent and Child Resource Centre surplus (deficit) | 4,111 | (401) |
| | \$ 4,796,279 | \$ 2,775,276 |

Allocation of annual surplus

| | 2015 | 2014 |
|--|---------------------|-------------------|
| Equity in tangible capital assets | \$ 1,738,321 | \$ 83,629 |
| Reserve and reserve funds | (118,999) | 260,156 |
| General surplus | 373,920 | - |
| Library surplus | 21,129 | 5,683 |
| Museum surplus | 2,120 | 6,133 |
| Parent and Child Resource Centre surplus | 4,512 | 477 |
| | \$ 2,021,003 | \$ 356,078 |

**Township of Prince
Schedule 2 - Consolidated Segment Disclosure**

For the year ended December 31, 2015

| | General Government | Protection | Transportation | Environmental | Health | Social and Family | Recreation and Cultural | Planning | Consolidated Total |
|--------------------------------|--------------------|------------------|---------------------|--------------------|--------------------|-------------------|-------------------------|-------------------|---------------------|
| Revenue | | | | | | | | | |
| Taxation | \$ 245,083 | \$ 232,024 | \$ 246,138 | \$ 51,754 | \$ 26,098 | \$ 232,825 | \$ 66,470 | \$ 2,367 | \$ 1,103,559 |
| Government grants - Provincial | 97,256 | 67,343 | 1,707,883 | 14,970 | 7,549 | 208,664 | 36,023 | 1,285 | 2,140,973 |
| Government grants - Federal | - | - | 91,738 | - | - | 95,677 | 10,167 | - | 197,582 |
| Other municipalities | - | - | - | - | - | - | 590 | - | 590 |
| User fees and service charges | 13,896 | - | 2,791 | 5,282 | 550 | 6,234 | 33,424 | 1,400 | 63,577 |
| Licences, permits and rents | 17,001 | - | - | - | - | - | 9,135 | - | 26,136 |
| Interest fines and penalties | 23,800 | - | - | - | - | - | - | - | 23,800 |
| Investment income | 14,607 | - | - | - | - | - | - | - | 14,607 |
| Other | 9,240 | - | - | - | - | - | 37,782 | - | 47,022 |
| | 420,883 | 300,167 | 2,048,550 | 72,006 | 34,197 | 543,400 | 193,591 | 5,052 | 3,617,846 |
| Expenses | | | | | | | | | |
| Salaries and benefits | 202,510 | 17,555 | 61,702 | 8,916 | 2,229 | 189,069 | 5,044 | - | 487,025 |
| Materials and supplies | 74,532 | 56,818 | 96,730 | 57,189 | 2,127 | 77,787 | 97,372 | 7,831 | 470,386 |
| Contracted services | 19,857 | 151,605 | 21,525 | 23,130 | - | - | - | 997 | 217,114 |
| Rents and financial expenses | - | - | - | - | - | - | - | 3,841 | 3,841 |
| External transfers and other | - | - | - | - | 71,876 | 266,973 | - | - | 338,849 |
| Amortization | 615 | 10,804 | 49,986 | - | - | - | 18,223 | - | 79,628 |
| | 297,514 | 236,782 | 229,943 | 89,235 | 76,232 | 533,829 | 120,639 | 12,669 | 1,596,843 |
| Net surplus (deficit) | \$ 123,369 | \$ 63,385 | \$ 1,818,607 | \$ (17,229) | \$ (42,035) | \$ 9,571 | \$ 72,952 | \$ (7,617) | \$ 2,021,003 |

For the year ended December 31, 2014 (comparative figures)

| | | | | | | | | | |
|------------------------------|------------------|-------------------|-----------------|-------------------|-----------------|-------------------|-------------------|-------------------|-------------------|
| Net surplus (deficit) | \$ 13,725 | \$ 121,360 | \$ 4,629 | \$ (2,327) | \$ 7,736 | \$ 218,611 | \$ (1,310) | \$ (6,346) | \$ 356,078 |
|------------------------------|------------------|-------------------|-----------------|-------------------|-----------------|-------------------|-------------------|-------------------|-------------------|