

5. ACCUMULATED NET REVENUE AT THE END OF THE YEAR
The balance in the revenue fund at the year end is available to reduce the levies of the following classes of ratepayers:

	1977	1976
General ratepayers	\$ 9,877	\$ 6,475
Special area ratepayers	10,422	12,119
School board ratepayers	6,873	6,880
	<u>\$27,172</u>	<u>\$25,474</u>

6. CHARGES FOR NET LONG-TERM LIABILITIES
Total charges for the year for net long-term liabilities were as follows:

	1977	1976
Principal payments	\$1,311	\$1,203
Interest	3,071	3,179
	<u>\$4,382</u>	<u>\$4,382</u>

Of the total charges shown above \$2,629 were paid from the special area account and \$1,753 from the waterworks account. These charges are included in expenditure on the "Statement of Revenue and Expenditure" classified under environmental services.

7. LIABILITY FOR VESTED SICK LEAVE BENEFITS
Under the sick leave benefit plan, unused sick leave can accumulate and employees may become entitled to a cash payment when they leave the municipality's employment.

The liability for these accumulated days, to the extent that they have vested and could be taken in cash by an employee on terminating, amounted to \$5,698 at the end of the year. No provision has been made for this liability.

8. THE ANTI-INFLATION ACT
The municipality, its local boards and commissions are by agreement between the Government of Canada and the Government of the Province of Ontario dated January 13, 1976 subject to The Anti-Inflation Act (Canada) and the national guidelines. This legislation limits increases in compensation payments effective October 14, 1975.

9. OTHER CAPITAL OUTLAYS
The Township has undertaken the construction of various works to service a new subdivision area. As all of the capital costs of this project, to the extent that they are not recovered from government grants, are required to be reimbursed by the owner, neither the expenditures nor the recovery of expenditures to December 31, 1977, are included in the attached statements. Only the amount of \$157,131 representing federal government grants on this project have been included in the statement of Capital operations.

10. COMMITMENTS
A commitment to provide funds toward the capital costs of a new hospital has been accepted by the municipality. It is estimated that the Township's portion of these costs, reduced by the \$17,443 paid to the hospital in 1977, will amount to approximately \$362,000. An amount of \$50,106 has been provided in a reserve fund toward this commitment and is included on the balance sheet.

To the Members of Council
Inhabitants and Ratepayers
of the Township of Terrace Bay

We have examined the consolidated financial statements of the Corporation of the Township of Terrace Bay and its local boards and enterprises for the year ended December 31, 1977, as shown on the attached index. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Township and its local boards as at December 31, 1977, and the results of their operations for the year then ended, in accordance with accounting principles generally accepted for Ontario municipalities applied, after giving retroactive effect to the changes referred to in note 1(a) to the financial statements, on a basis consistent with that of the preceding year.

Thunder Bay, Ontario
April 22, 1978
Licence No. 595

Thorne Riddell & Co.

Thorne Riddell & Co.
Chartered Accountants