

**CORPORATION OF THE
MUNICIPALITY OF TRENT HILLS**

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2020

**CORPORATION OF THE
MUNICIPALITY OF TRENT HILLS**

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CORPORATION OF THE MUNICIPALITY OF TRENT HILLS

For The Year Ended December 31, 2020

MANAGEMENT REPORT

The accompanying consolidated financial statements of the Corporation of the Municipality of Trent Hills are the responsibility of management and have been approved by Council.

The consolidated financial statements have been prepared by management in accordance with Canadian Public Sector Accounting Standards. Financial statements are not precise since they include certain amounts based on estimates and judgements. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the financial statements are presented fairly, in all material respects.

The Municipality 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 Municipality's assets are appropriately accounted for and adequately safeguarded.

The Municipality's Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving financial statements.

Council reviews and approves the Municipality's financial statements for issuance to the members of Council, inhabitants and ratepayers of the Corporation of the Municipality of Trent Hills. Council meets periodically with management, as well as the external auditor, 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 financial statements and the independent auditor's report.

The consolidated financial statements have been audited by Baker Tilly KDN LLP in accordance with Canadian generally accepted auditing standards on behalf of the Municipality. Baker Tilly KDN LLP has full and free access to Council.

A handwritten signature in black ink, appearing to be "Tom", written over a horizontal line.

Mayor

A handwritten signature in black ink, appearing to be "Valerie Akh", written over a horizontal line.

Director of Finance/Treasurer

May 4, 2021

INDEPENDENT AUDITOR'S REPORT**To the Members of Council, Inhabitants and Ratepayers
of the Corporation of the Municipality of Trent Hills***Opinion*

We have audited the consolidated financial statements of the Corporation of the Municipality of Trent Hills and its local boards (the Municipality), which comprise the consolidated statement of financial position as at December 31, 2020, the consolidated statements of operations and accumulated surplus, change in net debt and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Municipality as at December 31, 2020, and the results of its consolidated operations 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 the 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 consolidated financial information of the entities or business activities within 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.

Baker Tilly KDN LLP

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
May 5, 2021

**CORPORATION OF THE MUNICIPALITY OF
TRENT HILLS**



**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At December 31, 2020**

	2020	2019
	\$	\$
FINANCIAL ASSETS		
Cash (note 3)	13,228,463	12,989,478
Investments (note 4)	611,415	610,650
Accounts receivable	1,156,189	1,423,181
Taxes receivable	2,272,533	2,075,502
Inventories held for resale	7,984	8,247
Loans and notes receivable	8,866	26,089
TOTAL FINANCIAL ASSETS	17,285,450	17,133,147
LIABILITIES		
Accounts payable and accrued liabilities	2,525,991	3,350,388
Deferred revenue - obligatory reserve funds (note 7)	4,119,691	3,822,424
Deferred revenue - other	221,467	45,458
Long term debt (note 8)	10,738,279	12,286,835
Landfill post-closure liability (note 9)	230,800	374,000
Employee future benefits (note 10)	467,800	441,300
TOTAL LIABILITIES	18,304,028	20,320,405
NET DEBT	(1,018,578)	(3,187,258)
NON-FINANCIAL ASSETS		
Tangible capital assets (note 12)	98,728,006	99,608,094
Prepaid expenses	218,161	21,885
Inventories of materials and supplies	396,098	441,754
TOTAL NON-FINANCIAL ASSETS	99,342,265	100,071,733
ACCUMULATED SURPLUS (note 13)	98,323,687	96,884,475

The accompanying notes are an integral part of these financial statements

**CORPORATION OF THE MUNICIPALITY OF
TRENT HILLS**



**CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
For the Year Ended December 31, 2020**

	Budget 2020 \$ (Unaudited)	Actual 2020 \$	Actual 2019 \$
REVENUES			
Property taxation	14,002,546	14,030,261	13,727,439
User charges	5,058,871	5,501,130	5,740,950
Government of Canada	1,960	35,203	17,570
Province of Ontario	3,986,718	4,238,936	4,619,189
Other municipalities	-	-	180,088
Penalties and interest on taxes	350,000	271,142	308,539
Investment income	218,843	144,776	337,789
Donations	6,500	45,933	127,911
Capital contributions	-	186,000	236,000
Developer contributions earned	-	376,446	-
Parkland fees earned	-	-	8,222
Federal gas tax earned	391,337	391,337	800,263
Provincial gas tax earned	77,577	63,506	91,256
Other revenue	193,700	254,383	385,481
TOTAL REVENUES	24,288,052	25,539,053	26,580,697
EXPENSES			
General government	2,691,324	2,540,621	2,474,960
Protection services	5,031,189	4,907,166	4,522,568
Transportation services	8,721,270	8,485,053	8,378,884
Environmental services	4,182,001	4,322,887	4,036,782
Health services	91,276	78,587	44,039
Recreation and cultural services	3,114,337	2,839,931	3,051,499
Planning and development	1,039,060	925,596	898,243
TOTAL EXPENSES	24,870,457	24,099,841	23,406,975
ANNUAL SURPLUS/(DEFICIT)	<u>(582,405)</u>	1,439,212	3,173,722
ACCUMULATED SURPLUS - beginning of year		96,884,475	93,710,753
ACCUMULATED SURPLUS - end of year		98,323,687	96,884,475

The accompanying notes are an integral part of these financial statements

**CORPORATION OF THE MUNICIPALITY OF
TRENT HILLS**



**CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT
For the Year Ended December 31, 2020**

	Budget 2020 \$ (Unaudited)	Actual 2020 \$	Actual 2019 \$
ANNUAL SURPLUS/(DEFICIT)	(582,405)	1,439,212	3,173,722
Amortization of tangible capital assets	5,703,441	5,756,986	5,703,441
Purchase of tangible capital assets	(9,467,832)	(5,241,742)	(9,382,043)
Loss on disposal of tangible capital assets	-	364,844	260,779
Proceeds on sale of tangible capital assets	-	-	42,344
Change in prepaid expenses	-	(196,276)	33,960
Change in inventories of materials and supplies	-	45,656	128,647
CHANGE IN NET DEBT	(4,346,796)	2,168,680	(39,150)
NET DEBT - beginning of year	(3,187,258)	(3,187,258)	(3,148,108)
NET DEBT - end of year	(7,534,054)	(1,018,578)	(3,187,258)

The accompanying notes are an integral part of these financial statements

**CORPORATION OF THE MUNICIPALITY OF
TRENT HILLS**



**CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2020**

	2020	2019
	\$	\$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus	1,439,212	3,173,722
Items not involving cash		
Amortization of tangible capital assets	5,756,986	5,703,441
Loss on disposal of tangible capital assets	364,844	260,779
Change in landfill closure liability	(143,200)	-
Change in employee future benefits	26,500	24,300
Change in non-cash assets and liabilities		
Accounts receivable	266,992	711,684
Taxes receivable	(197,031)	(104,503)
Inventories held for resale	263	677
Loans and notes receivable	17,223	17,873
Prepaid expenses	(196,276)	33,960
Inventories of materials and supplies	45,656	128,647
Accounts payable and accrued liabilities	(824,397)	(116,995)
Deferred revenue - obligatory reserve funds	297,267	685,345
Deferred revenue - other	176,009	(10,327)
Net change in cash from operating activities	7,030,048	10,508,603
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(5,241,742)	(9,382,043)
Proceeds on disposal of tangible capital assets	-	42,344
Net change in cash from capital activities	(5,241,742)	(9,339,699)
INVESTING ACTIVITIES		
Investment income on investments	(765)	(5,668)
FINANCING ACTIVITIES		
Debt principal repayments - long term debt	(1,548,556)	(1,567,377)
NET CHANGE IN CASH	238,985	(404,141)
CASH - beginning of year	12,989,478	13,393,619
CASH - end of year	13,228,463	12,989,478

The accompanying notes are an integral part of these financial statements

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2020**

The Municipality of Trent Hills is a lower tier municipality in the Province of Ontario, Canada. It conducts its operations guided by the provisions of provincial statutes such as the Municipal Act, Municipal Affairs Act and related legislation.

1. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with the standards in the Chartered Professional Accountants Canada Public Sector Accounting (PSA) Handbook. Significant aspects of the accounting policies are as follows:

(a) Reporting Entity

These consolidated financial statements reflect the assets, liabilities, revenues and expenses and accumulated surplus of the reporting entity.

The reporting entity is comprised of all organizations, committees and local boards accountable for the administration of their financial affairs and resources to the Municipality and which are owned and controlled by the Municipality. These consolidated financial statements include:

- Trent Hills Public Library Board
- Campbellford Business Improvement Area

All interfund assets and liabilities and revenues and expenses are eliminated.

(b) Non-financial Assets

Tangible capital and other non-financial assets are accounted for as assets by the Municipality because they can be used to provide services in future periods. These assets do not normally provide resources to discharge the liabilities of the Municipality unless they are sold.

(c) 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. Initial costs for tangible capital assets that were acquired or developed prior to 2009 were obtained using historical cost information or using current fair market values discounted by a relevant inflation factor to the point of acquisition. The cost, less residual value, if any, of tangible capital assets is amortized on a straight-line basis, over the expected useful life of the asset, as follows:

Land improvements	7-100 years
Buildings and leaseholds	7-100 years
Roadways, bridges and sidewalks	3-80 years
Water and wastewater networks	7-80 years
Vehicles	7-30 years
Equipment	3-25 years
Pooled equipment	7 years

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

No amortization is charged in the year of acquisition. Tangible capital assets categorized as assets under construction are not amortized until the year after they are put into service.

Assets that have a historical or cultural significance, which include works of art, monuments and other cultural artifacts are not recognized as tangible capital assets.

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(d) Recognition of Revenues and Expenses

Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues in the period in which the transactions or events occurred that give rise to the revenue; expenses are recognized in the period the goods or services are acquired and a legal liability is incurred or transfers are due.

Taxation

Property tax billings are prepared by the Municipality based on assessment rolls issued by the Municipal Property Assessment Corporation (MPAC) and in accordance with the provisions of the Municipal Act, 2001. The Municipality's Council establishes the tax rates annually, incorporating amounts to be raised for local services, and amounts the Municipality is required to collect on behalf of the County and School Boards. From time to time property assessments are adjusted by MPAC through the reconsideration process or by the Assessment Review Board through the appeal process. Additional assessments, referred to as supplementary and omitted assessment can also be issued by MPAC in accordance with the Assessment Act. These adjustments and additional assessments are reported in the financial statements when amounts can be reasonably determined.

The Municipality is entitled to collect interest and penalties on overdue taxes. These revenues are recorded in the period the interest and penalties are levied.

Government Funding

Government funding is recognized in the financial statements as revenues in the period in which events giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

Other revenue

User charges are recognized as revenue in the year the goods and services are provided, with the exception of building permits that are recognized when the permits are issued.

Investment income is recorded when earned.

Federal and Provincial gas tax, development charges and parkland fees are recognized in the period in which the related expenditures are recorded.

(e) Deferred Revenue

Deferred revenue represents grants, user charges and fees which have been collected but for which the related services have yet to be performed. These amounts will be recognized as revenues in the fiscal year the services are performed.

(f) Reserves and Reserve Funds

Certain amounts, as approved by Council, are set aside in reserves and reserve funds for future operating and capital purposes. Transfers to and/or from reserves and reserve funds are an adjustment to the respective fund when approved.

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(g) Trust Funds

Trust funds and their related operations administered by the Municipality are not included in these consolidated financial statements but are reported on separately on the Trust Funds Statement of Continuity and Statement of Financial Position.

(h) Inventories of Materials and Supplies

Inventories of materials and supplies held for consumption are recorded at cost.

(i) Use of Estimates

Certain items recognized in the consolidated financial statements are subject to measurement uncertainty. The recognized amounts of such items are based on the Municipality's best information and judgment. By their nature, these estimates are subject to measurement uncertainty and the effect on the consolidated financial statements or changes in such estimates in future periods could be significant. The Municipality's significant estimates include:

- The amounts recorded for landfill closure liability depends on estimates of such future costs;
- The amounts recorded for amortization of tangible capital assets are based on estimates of useful life and residual values;
- The values of employee future benefit obligations and assets and the amount of costs charged to earnings depend on certain actuarial and economic assumptions; and
- The amount recorded as allowance for doubtful accounts receivable is based on management's estimate of future payments on receivable account balances.

2. UNCERTAINTY CAUSED BY COVID-19

In March 2020, the World Health Organization categorized COVID-19 as a pandemic. The potential economic effects within the Municipality's environment and in the global markets, possible disruption in supply chains, and measures being introduced at various levels of government to curtail the spread of the virus (such as travel restrictions, closures of non-essential municipal and private operations, imposition of quarantines and social distancing) could have a material impact on the Municipality's operations. The extent of the impact of this outbreak and related containment measures on the Municipality's operations cannot be reliably estimated at this time.

3. CASH

Cash includes the following restricted and unrestricted amounts:

	2020	2019
	\$	\$
Unrestricted	8,586,693	9,058,956
Restricted	4,641,770	3,930,522
	13,228,463	12,989,478

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2020**

4. INVESTMENTS

Investments are recorded at cost and consist of the following:

	2020	2019
	\$	\$
High Interest Savings Portfolio - Hastings Hydro Fund	611,415	610,650

5. CREDIT FACILITY AGREEMENT

The Municipality has a revolving credit facility agreement with its main financial institution. The amount available at any time is limited to \$4,000,000 via an operating line of credit. Any balance borrowed will accrue interest at the bank's prime lending rate less 0.50% per annum. Council authorized the temporary borrowing limit by By-law 2020-003. At December 31, 2020 there was no balance outstanding (2019 - \$Nil).

6. OPERATIONS OF SCHOOL BOARDS AND THE COUNTY OF NORTHUMBERLAND

During 2020, requisitions were made by the County of Northumberland and School Boards requiring the Municipality to collect property taxes and payments in lieu of property taxes on their behalf. The amounts collected and remitted are as follows:

	School Boards \$	County \$
Property taxes	3,611,698	8,336,501
Taxation from other governments	5,571	84,137
	3,617,269	8,420,638
Amounts requisitioned and remitted	3,617,269	8,420,638

These amounts have not been included in the Consolidated Statement of Operations and Accumulated Surplus.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2020**

7. DEFERRED REVENUE - OBLIGATORY RESERVE FUNDS

A requirement of the Chartered Professional Accountants Canada Public Sector Accounting Handbook, is that obligatory reserve funds be reported as deferred revenue. This requirement is in place as legislation and external agreements restrict how these funds may be used and under certain circumstances these funds may possibly be refunded. The balances in the obligatory reserve funds of the Municipality are summarized below:

	2020	2019
	\$	\$
Development charges	3,865,984	3,585,483
Parkland	140,921	120,414
Federal gas tax	60,149	59,506
Provincial gas tax	52,637	57,021
	4,119,691	3,822,424

The continuity of deferred revenue - obligatory reserve funds is as follows:

	2020	2019
	\$	\$
Balance - beginning of year	3,822,424	3,137,079
Add amounts received:		
Development charges	615,611	606,365
Parkland	19,000	30,500
Federal gas tax	391,337	800,263
Provincial gas tax	58,199	77,577
Interest	44,409	70,381
	1,128,556	1,585,086
Less transfer to operations:		
Development charges earned	376,446	-
Parkland fees earned	-	8,222
Federal gas tax earned	391,337	800,263
Provincial gas tax earned	63,506	91,256
	831,289	899,741
Balance - end of year	4,119,691	3,822,424

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2020**

8. LONG TERM DEBT

- (a) The balance of long term debt reported on the Consolidated Statement of Financial Position is made up of the following:

	2020 \$	2019 \$
Debenture issued to the Ontario Infrastructure Projects Corporation, repayable in semi-annual blended instalments of \$77,963, interest at 2.72% per annum, due September 15, 2033.	1,697,802	1,805,348
Debenture issued to the Ontario Infrastructure Projects Corporation, repayable in semi-annual principal instalments of \$110,400 plus interest at 3.6% per annum, due December 15, 2031.	2,428,800	2,649,600
Debenture issued to the Ontario Infrastructure Projects Corporation, repayable in semi-annual blended instalments of \$23,561, interest at 4.83% per annum, due February 15, 2027.	260,207	293,548
Debenture issued to the Ontario Infrastructure Projects Corporation, repayable in semi-annual blended instalments of \$16,119, interest at 4.83% per annum, due February 15, 2027.	178,025	200,836
Long term loan issued to Royal Bank of Canada, repayable in monthly blended instalments of \$11,812, interest at 2.65% per annum, due December 21, 2024.	537,364	663,044
Debenture issued to the Ontario Infrastructure Projects Corporation, repayable in semi-annual blended instalments of \$54,247, interest at 2.51% per annum, due October 1, 2026.	600,827	692,510
Long term loan issued to Royal Bank of Canada, repayable in monthly blended instalments of \$5,399, interest at 2.46% per annum, due April 22, 2021.	323,520	379,600
Long term loan issued to Royal Bank of Canada, repayable in monthly blended instalments of \$45,498, interest at 2.40% per annum, due April 22, 2022.	715,747	1,237,746
Long term loan issued to Royal Bank of Canada, repayable in monthly blended instalments of \$26,754, interest at 3.11% per annum, due December 16, 2026.	2,756,039	2,987,432
Term loan issued to Royal Bank of Canada, interest repayable monthly at Royal Bank Prime rate per annum, due September 30, 2021.	1,231,082	1,351,082
Long term loan issued to Royal Bank of Canada, repayable in semi-annual blended instalments of \$9,047, interest at 3.99% per annum, due April 25, 2021.	8,866	26,089
	10,738,279	12,286,835

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2020**

8. LONG TERM DEBT, continued

- (b) The long term debt in (a) issued in the name of the Municipality have been approved by by-law. The annual principal and interest payments required to service these liabilities are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.
- (c) Interest paid during the year on long term debt amounted to \$360,352 (2019 - \$418,363).
- (d) The long term debt reported in (a) of this note is repayable as follows:

	Principal \$	Interest \$	Total \$
2021	2,950,063	311,277	3,261,340
2022	1,052,295	234,555	1,286,850
2023	891,096	205,812	1,096,908
2024	911,620	177,698	1,089,318
2025	789,325	149,804	939,129
2026 and subsequent years	4,143,880	338,046	4,481,926
	10,738,279	1,417,192	12,155,471

9. LANDFILL POST-CLOSURE LIABILITY

The estimated liability for landfill post-closure costs for the one site the Municipality owns is \$230,800 (2019 - \$374,000). Post-closure costs include monitoring, maintenance of control systems and consulting fees for 25 years after the site is closed. The landfill post-closure liability will be funded from taxation. There are no specific assets designated for settling this liability.

The site was covered and closed in 2020. The reported liability at Decemebr 31, 2020 is based upon estimates and assumptions with respect to events extending over the remaining period required to monitor the site using a discount factor of 2.1% and an inflation rate of 2.0%.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2020**

10. EMPLOYEE FUTURE BENEFITS

The Municipality provides certain employee benefits which will require payment in future periods. The Municipality provides a defined benefit plan to pay the costs of certain medical and dental benefits for eligible employees after they retire.

The actuarial valuation as at January 1, 2019 was based on a number of assumptions about future events, such as inflation rates, interest rates, medical inflation rates, wage and salary increases and employee turnover and mortality. Under this method, the benefit costs are recognized over the estimated average remaining service life of the employee group. Any actuarial gains and losses related to the past service of employees and plan improvements are amortized over the estimated average remaining service life of the employee group. The assumptions used reflect management's best estimate. The main actuarial assumptions employed for the valuation are as follows:

Actuarial assumptions

Discount rate	2.90%
Medical trend rate:	
Initial	8.25%
Ultimate (reached in 2036)	4.00%
Dental trend rate:	
Initial	5.50%
Ultimate (reached in 2025)	4.00%

The change in the employee future benefits payable is reported as an expense on the Consolidated Statement of Operations and Accumulated Surplus.

Details of the change in the liability are as follows:

	2020	2019
	\$	\$
Accrued benefit obligation at January 1	439,300	417,000
Unamortized actuarial gains	2,000	-
Liability at January 1	441,300	417,000
Current year benefits cost	26,000	25,100
Interest cost	13,300	13,800
Amortization of actuarial gain	(500)	(3,100)
Less: benefit payments	(12,300)	(11,500)
Liability at December 31	467,800	441,300

11. CONTINGENT LIABILITIES

The Municipality, in the course of its operations, has been named in several lawsuits the outcomes of which are indeterminable at this time. No amounts in connection with these items have been reflected in these financial statements.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2020**

12. TANGIBLE CAPITAL ASSETS

The net book value of the Municipality's tangible capital assets are:

	2020	2019
	\$	\$
General		
Land and land improvements	5,330,201	5,272,594
Building and leasehold improvements	25,692,304	22,221,731
Vehicles and equipment	8,203,163	7,312,646
Infrastructure		
Linear - storm	6,481,140	6,125,068
Linear - sanitary	7,502,039	6,876,159
Water distribution	13,620,992	13,276,672
Roadways, bridges and sidewalks	31,623,542	32,281,470
	98,453,381	93,366,340
Assets under construction	274,625	6,241,754
	98,728,006	99,608,094

For additional information, see the Consolidated Schedule of Tangible Capital Assets.

During the year there were no write-downs of assets (2019 - \$Nil) and no interest capitalized (2019 - \$Nil).

Tangible capital assets allocated by segment are as follows:

	2020	2019
	\$	\$
General government	1,758,852	1,822,306
Protection services	6,745,401	4,104,862
Transportation services	34,733,652	37,418,242
Environmental services	45,309,045	45,760,868
Health services	1,502	1,752
Recreation and cultural services	7,782,071	7,989,275
Planning and development	2,397,483	2,510,789
	98,728,006	99,608,094

**CORPORATION OF THE MUNICIPALITY OF
TRENT HILLS**



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2020**

13. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2020	2019
	\$	\$
Surplus/(Deficit)		
Unfunded landfill closure and post-closure costs	(230,800)	(374,000)
Unfunded employee future benefits	(467,800)	(441,300)
	(698,600)	(815,300)
Invested In Capital Assets		
Tangible capital assets - net book value	98,728,006	99,608,094
Long term debt	(10,729,413)	(12,260,746)
Unfunded capital - Firehall	(4,205,732)	(2,911,480)
Unfunded capital - Water Tower	(3,085,397)	(3,863,535)
	80,707,464	80,572,333
Surplus	80,008,864	79,757,033
Reserves		
Working capital and contingency	2,795,014	2,749,764
General government	1,421,356	1,250,188
Protection to persons and property	2,111,836	2,647,005
Transportation services	3,703,652	2,914,570
Environmental services	3,812,265	3,664,606
Health services	340,443	299,843
Recreation and culture	1,834,099	1,382,819
Planning and development	924,203	818,855
Total Reserves	16,942,868	15,727,650
Reserve Funds		
Working capital and contingency	964,650	1,006,634
Corporate	34,633	29,687
Environmental services	64,298	63,610
Recreation and culture	283,354	275,108
Planning and development	25,020	24,753
Total Reserve Funds	1,371,955	1,399,792
	98,323,687	96,884,475

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2020**

14. BUDGET FIGURES

The budget, approved by the Municipality, for 2020 is reflected on the Consolidated Statement of Operations and Accumulated Surplus and the Consolidated Statement of Change in Net Debt. The budget established for capital investment in tangible capital assets are on a project-oriented basis, the costs of which may be carried out over one or more years and, therefore, may not be comparable with current year's actual amounts. Budget figures have been reclassified for the purposes of these financial statements to comply with PSA reporting requirements. Budget figures are not subject to audit.

15. TRUST FUNDS

Trust funds administered by the Municipality amounting to \$415,234 (2019 - \$410,548) have not been included in the Consolidated Statement of Financial Position nor have their operations been included in the Consolidated Statement of Operations and Accumulated Surplus. As such balances are held in trust by the Municipality for the benefit of others, they are not presented as part of the Municipality's financial position or operations.

16. EXPENSES BY OBJECT

The expenses for the year reported on the Consolidated Statement of Operations and Accumulated Surplus by object are as follows:

	Budget 2020 \$ (Unaudited)	Actual 2020 \$	Actual 2019 \$
Salaries and benefits	8,412,324	7,980,129	7,761,831
Interest charges	385,371	360,352	418,363
Materials	5,932,127	5,466,669	5,296,918
Contracted services	4,118,195	3,844,311	3,587,077
Rents and financial	48,537	43,673	62,302
External transfers	270,462	282,877	316,264
Amortization	5,703,441	5,756,986	5,703,441
Loss (gain) on disposal of tangible capital assets	-	364,844	260,779
	24,870,457	24,099,841	23,406,975

17. PENSION AGREEMENTS

Certain employees of the Municipality are eligible members of the Ontario Municipal Employees Retirement System (OMERS), a multi-employer pension plan.

The Actuarial Opinion contained in the 2020 Annual Report disclosed total actuarial liabilities of \$113,055 million in respect of benefits accrued for service with actuarial assets of \$109,844 million indicating an actuarial deficit of \$3,211 million. Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Municipality does not recognize any share of the OMERS pension surplus or deficit.

The Municipality's required contributions to OMERS in 2020 were \$400,655 (2019 - \$395,321).

Some employees of the Municipality, who are not members of OMERS, are eligible to be members of a contributory pension plan. Employer contributions to the plan by the Municipality during the year amounted to \$64,413 (2019 - \$64,087). These contributions which match the employee's contributions for current service, are expensed during the year in which services are rendered and represent the total pension obligation of the Municipality.

18. SEGMENTED INFORMATION

The Municipality of Trent Hills is a municipal government organization that provides a range of services to its residents. Municipality services are reported by function and their activities are separately disclosed in the segmented information.

For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Certain allocation methodologies are employed in the preparation of segmented financial information. Taxation, payments-in-lieu of taxes and certain unconditional government transfers are apportioned based on each segment's net requirements.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 1. For additional information see the Consolidated Schedule of Segment Disclosure.

General Government

General government consists of the activities of Council and general financial and administrative management of the Municipality and its programs and services.

Protection Services

Protection services include police, fire, conservation authority and protective inspection and control.

Transportation Services

The activities of the transportation function include construction and maintenance of the Municipality's roads and bridges, winter control, street lighting and transit services.

Environmental Services

The environmental services function is responsible for providing water and sewer services to the Municipality's ratepayers and includes the costs for closure and post-closure activities of the inactive landfills.

18. SEGMENTED INFORMATION, continued

Health Services

The health services function consists of services provided to maintain the Municipality's cemeteries.

Recreation and Cultural Services

The recreation and cultural services function provides indoor and outdoor recreational facilities and programs and library and other cultural services.

Planning and Development

The planning and development services function manages commercial, industrial and residential development within the Municipality including the Campbellford Business Improvement Area.

19. COMPARATIVE FIGURES

Certain comparative figures were restated, where required, to conform with the current year presentation.

20. COMMITMENTS

The Municipality has committed to the purchase of a roads vehicle at a cost of \$245,000 plus HST which was not received before December 31, 2020.

The Municipality has committed to the replacement of Nappan Island Bridge at a cost of \$1,781,374 plus HST. Total costs incurred to December 31, 2020 were \$118,937.

CORPORATION OF THE MUNICIPALITY OF TRENT HILLS



CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS
For the Year Ended December 31, 2020

	General			Infrastructure				Assets Under Construction	Totals
	Land and Land Improvements	Building and Leasehold Improvements	Vehicles and Equipment	Linear - Storm	Linear - Sanitary	Water Distribution	Roadways, Bridges and Sidewalks		
	\$	\$	\$	\$	\$	\$	\$	\$	\$
COST									
Balance, beginning of year	7,018,753	45,537,122	18,742,127	8,301,275	10,417,274	18,055,895	87,860,974	6,241,754	202,175,174
Add: additions during the year	256,994	1,770,683	1,764,525	166,738	51,427	27,768	1,084,335	119,272	5,241,742
Less: disposals during the year	-	-	194,501	-	-	199,724	1,842,765	-	2,236,990
Internal transfers	-	3,047,730	13,350	297,636	712,541	558,901	1,456,243	(6,086,401)	-
Balance, end of year	7,275,747	50,355,535	20,325,501	8,765,649	11,181,242	18,442,840	88,558,787	274,625	205,179,926
ACCUMULATED AMORTIZATION									
Balance, beginning of year	1,746,159	23,315,391	11,429,481	2,176,207	3,541,115	4,779,223	55,579,504	-	102,567,080
Add: additions during the year	199,387	1,347,840	887,358	108,302	138,088	242,349	2,833,662	-	5,756,986
Less: disposals during the year	-	-	194,501	-	-	199,724	1,477,921	-	1,872,146
Balance, end of year	1,945,546	24,663,231	12,122,338	2,284,509	3,679,203	4,821,848	56,935,245	-	106,451,920
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS									
	5,330,201	25,692,304	8,203,163	6,481,140	7,502,039	13,620,992	31,623,542	274,625	98,728,006

CORPORATION OF THE MUNICIPALITY OF TRENT HILLS



CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE For the Year Ended December 31, 2020

	General Government \$	Protection Services \$	Transportation Services \$	Environmental Services \$	Health Services \$	Recreation and Cultural Services \$	Planning and Development \$	Consolidated \$
Revenues								
Property taxation	(1,140,669)	4,676,459	6,496,758	256,483	83,006	2,931,245	726,979	14,030,261
User charges	77,012	489,683	44,093	4,533,469	20,038	237,335	99,500	5,501,130
Government transfers - operating	3,252,598	116,230	35,179	-	14,127	203,414	4,886	3,626,434
Government transfers - capital	-	-	332,782	307,184	-	-	7,739	647,705
Penalties and interest on taxes	271,142	-	-	-	-	-	-	271,142
Investment income	124,861	-	-	-	1,766	390	17,759	144,776
Donations	-	1,500	-	-	-	44,433	-	45,933
Capital contributions	-	-	-	-	-	-	186,000	186,000
Developer contributions earned	-	376,446	-	-	-	-	-	376,446
Federal gas tax earned	-	-	391,337	-	-	-	-	391,337
Provincial gas tax earned	-	-	63,506	-	-	-	-	63,506
Other revenue	176,357	2,305	54,100	4,080	-	8,732	8,809	254,383
Total revenues	2,761,301	5,662,623	7,417,755	5,101,216	118,937	3,425,549	1,051,672	25,539,053
Expenses								
Salaries and benefits	1,611,202	1,124,465	2,346,626	1,052,511	46,020	1,366,413	432,892	7,980,129
Interest charges	-	-	43,671	252,798	-	25,393	38,490	360,352
Materials	698,453	749,527	1,757,839	1,185,754	6,309	901,356	167,431	5,466,669
Contracted services	103,308	2,582,986	607,939	300,577	26,008	62,321	161,172	3,844,311
Rents and financial	16,214	5,689	13,573	5,498	-	2,699	-	43,673
External transfers	-	193,602	86,116	-	-	3,159	-	282,877
Amortization	167,087	148,944	3,260,499	1,626,628	250	431,372	122,206	5,756,986
Loss (gain) on disposal of tangible capital assets	-	-	364,844	-	-	-	-	364,844
Internal transfers	(55,643)	101,953	3,946	(100,879)	-	47,218	3,405	-
Total expenses	2,540,621	4,907,166	8,485,053	4,322,887	78,587	2,839,931	925,596	24,099,841
Net surplus/(deficit)	220,680	755,457	(1,067,298)	778,329	40,350	585,618	126,076	1,439,212

CORPORATION OF THE MUNICIPALITY OF TRENT HILLS



CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE For the Year Ended December 31, 2019

	General Government \$	Protection Services \$	Transportation Services \$	Environmental Services \$	Health Services \$	Recreation and Cultural Services \$	Planning and Development \$	Consolidated \$
Revenues								
Property taxation	(954,363)	4,518,950	6,193,039	306,483	83,691	2,862,873	716,766	13,727,439
User charges	144,452	531,230	72,931	4,396,771	20,841	468,282	106,443	5,740,950
Government transfers - operating	3,823,816	10,195	57,380	-	-	45,661	12,189	3,949,241
Government transfers - capital	-	-	336,535	310,648	-	-	40,335	687,518
Other municipalities	-	46,183	133,905	-	-	-	-	180,088
Penalties and interest on taxes	308,539	-	-	-	-	-	-	308,539
Investment income	302,908	-	-	-	3,313	712	30,856	337,789
Donations	-	250	-	-	255	124,851	2,555	127,911
Capital contributions	-	-	-	-	-	-	236,000	236,000
Parkland fees earned	-	-	-	-	-	8,222	-	8,222
Federal gas tax earned	-	-	391,337	408,926	-	-	-	800,263
Provincial gas tax earned	-	-	91,256	-	-	-	-	91,256
Other revenue	253,270	13,921	52,023	10,133	-	14,446	41,688	385,481
Total revenues	3,878,622	5,120,729	7,328,406	5,432,961	108,100	3,525,047	1,186,832	26,580,697
Expenses								
Salaries and benefits	1,452,367	996,392	2,342,692	1,015,611	36,136	1,498,485	420,148	7,761,831
Interest charges	-	-	47,793	275,830	-	36,436	58,304	418,363
Materials	737,063	616,032	1,682,030	1,163,201	5,070	930,059	163,463	5,296,918
Contracted services	82,118	2,455,987	557,139	301,307	2,583	88,964	98,979	3,587,077
Rents and financial	13,851	6,725	13,784	25,285	-	2,657	-	62,302
External transfers	-	190,008	91,256	-	-	-	35,000	316,264
Amortization	187,357	160,075	3,366,055	1,447,972	250	423,822	117,910	5,703,441
Loss (gain) on disposal of tangible capital assets	(7,943)	-	273,940	(1,292)	-	(3,926)	-	260,779
Internal transfers	10,147	97,349	4,195	(191,132)	-	75,002	4,439	-
Total expenses	2,474,960	4,522,568	8,378,884	4,036,782	44,039	3,051,499	898,243	23,406,975
Net surplus/(deficit)	1,403,662	598,161	(1,050,478)	1,396,179	64,061	473,548	288,589	3,173,722

INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers of the Corporation of the Municipality of Trent Hills

Opinion

We have audited the financial statements of the Trust Funds of the Corporation of the Municipality of Trent Hills (the Trust Funds), which comprise the statement of financial position as at December 31, 2020, the statement of continuity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Trust Funds as at December 31, 2020, and the continuity of the Trust Funds 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 Financial Statements section of our report. We are independent of the Trust Funds in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

Those charged with governance are responsible for overseeing the Trust Funds' 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 Trust Funds' 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 Trust Funds' 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 Trust Funds 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.

Baker Tilly KDN LLP

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
May 5, 2021

**CORPORATION OF THE MUNICIPALITY OF
TRENT HILLS**



**TRUST FUNDS
STATEMENT OF FINANCIAL POSITION
At December 31, 2020**

	Cemetery Care and Maintenance \$	Other \$	2020 Total \$	2019 Total \$
FINANCIAL ASSETS				
Cash	176,546	339	176,885	174,648
Investments (note 3)	242,224	2,412	244,636	241,694
	418,770	2,751	421,521	416,342
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Due to Cemetery	6,287	-	6,287	5,794
FUND BALANCES (note 4)	412,483	2,751	415,234	410,548
	418,770	2,751	421,521	416,342

**TRUST FUNDS
STATEMENT OF CONTINUITY
For the Year Ended December 31, 2020**

	Cemetery Care and Maintenance \$	Other \$	2020 Total \$	2019 Total \$
BALANCES - beginning of year	407,800	2,748	410,548	403,114
RECEIPTS				
Interest	5,398	38	5,436	9,740
Care and maintenance	4,683	-	4,683	7,430
	10,081	38	10,119	17,170
EXPENSES				
Bursaries and scholarships	-	35	35	35
Transfer to external cemeteries (note 5)	3,635	-	3,635	6,418
Transfer to operations	1,763	-	1,763	3,283
	5,398	35	5,433	9,736
BALANCES - end of year	412,483	2,751	415,234	410,548

The accompanying notes are an integral part of these financial statements

**TRUST FUNDS
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2020**

1. PURPOSE OF TRUSTS

The Cemetery care and maintenance trust funds administered by the Municipality are funded by the sale of cemetery plots, monuments and markers. These funds are invested and earnings derived there from are used to perform care and maintenance to the cemeteries. The operations and investments of the Fund are in accordance with the regulations of the Funeral, Burial and Cremation Services Act, 2002.

The Other trust administered by the Municipality is funds received to provide bursaries.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with the standards in the Chartered Professional Accountants Canada Public Sector Accounting (PSA) Handbook.

(a) Basis of Accounting

Revenue and expenses are reported on the accrual basis of accounting which recognizes revenues as they become available 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.

(b) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions 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 revenue and expenses during the period and are based on the Municipality's best information and judgment. Actual results could differ from these estimates.

3. INVESTMENTS

Included in investments are the following recorded at cost:

	2020	2019
	\$	\$
Cemetery Care and Maintenance		
High Interest Savings Portfolio with the One Investment Program	242,036	239,094
Public Trustee investment for Henderson Cemetery	188	188
	242,224	239,282
Other		
GIC due February 27, 2023 with an interest rate of 1.60%	2,412	2,412
	244,636	241,694

**TRUST FUNDS
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2020**

4. FUND BALANCES

Included in fund balances are the following:

	2020	2019
	\$	\$
Cemetery Care and Maintenance		
Warkworth Cemetery	139,568	138,269
Stones Cemetery	8,296	8,296
Henderson Cemetery	188	188
English Line Cemetery	22,715	22,105
Hoads United Church Cemetery	11,171	11,171
Trent Valley Cemetery	153,817	151,043
Burnbrae Cemetery	76,728	76,728
	412,483	407,800
Other Trust Funds		
Hastings Area Betterment Association	2,751	2,748
	415,234	410,548

5. TRANSFER TO EXTERNAL CEMETERIES

The Municipality has agreed to manage the care and maintenance trust funds for the English Line Cemetery, Hoads United Church Cemetery, Trent Valley Cemetery and Burnbrae Cemetery.

The operations for these Cemeteries remain external to the Municipality. The Municipality transfers any interest earned on the funds annually back to these Cemeteries.

**CORPORATION OF THE MUNICIPALITY OF
TRENT HILLS**

TRENT HILLS PUBLIC LIBRARY BOARD

FINANCIAL STATEMENTS

DECEMBER 31, 2020

INDEPENDENT AUDITOR'S REPORT**To the Members of the Trent Hills Public Library Board, the
Members of Council, Inhabitants and Ratepayers of the
Corporation of the Municipality of Trent Hills***Qualified Opinion*

We have audited the financial statements of the Trent Hills Public Library Board of the Corporation of the Municipality of Trent Hills (the Board), which comprise the statement of financial position as at December 31, 2020, the statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Board as at December 31, 2020, and the results of its operations and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Basis for Qualified Opinion

In common with many Public Library Boards, the Board derives revenue from donations, fines and user fees, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Board. Therefore, we were not able to determine whether any adjustments might be necessary to donations, fines and user fees revenue, annual surplus, assets and accumulated surplus.

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 Board 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 qualified opinion.

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

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

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

Those charged with governance are responsible for overseeing the Board'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 Board'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 Board'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 Board 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.

Baker Tilly KDN LLP

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
May 5, 2021

**CORPORATION OF THE MUNICIPALITY OF
TRENT HILLS**



**TRENT HILLS PUBLIC LIBRARY BOARD
STATEMENT OF FINANCIAL POSITION
At December 31, 2020**

	2020	2019
	\$	\$
FINANCIAL ASSETS		
Cash	384	358
Due from Municipality (note 4)	326,014	283,621
Accounts receivable	3,780	-
TOTAL FINANCIAL ASSETS	330,178	283,979
LIABILITIES		
Accounts payable and accrued liabilities	49,522	43,141
NET FINANCIAL ASSETS	280,656	240,838
NON-FINANCIAL ASSETS		
Tangible capital assets (note 2)	228,533	147,974
Prepaid expenses	4,471	3,816
TOTAL NON-FINANCIAL ASSETS	233,004	151,790
ACCUMULATED SURPLUS (note 3)	513,660	392,628

The accompanying notes are an integral part of these financial statements

**CORPORATION OF THE MUNICIPALITY OF
TRENT HILLS**



**TRENT HILLS PUBLIC LIBRARY BOARD
STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
For the Year Ended December 31, 2020**

	Budget 2020 \$ (Unaudited)	Actual 2020 \$	Actual 2019 \$
REVENUES			
Municipal contribution (note 4)	551,481	551,481	535,609
Provincial grants	32,499	33,818	33,099
Federal grants	1,960	3,780	1,890
Other grants	-	506	3,872
Facilities rental	3,000	935	3,500
User fees	2,750	1,306	4,744
Donations	-	2,186	9,684
Fines	1,500	332	2,080
Investment income	-	390	712
Sale of books	1,000	128	702
Non-resident fees	400	175	450
TOTAL REVENUES	594,590	595,037	596,342
EXPENSES			
Salaries and benefits	399,974	303,164	342,011
Utilities	42,990	29,448	33,567
Office	11,675	10,374	9,112
Professional fees	3,562	3,562	3,561
Insurance	21,920	21,992	21,488
Periodicals, e-book fees and other	4,844	12,628	7,808
Contracts	11,205	6,687	24,149
Literacy and connectivity grants	3,500	2,887	4,182
Amortization	36,910	39,936	36,910
Book processing and computer services	33,920	29,901	27,091
Conferences, training and travel	5,500	4,323	3,911
Repairs, maintenance and security	13,000	9,103	11,576
TOTAL EXPENSES	589,000	474,005	525,366
ANNUAL SURPLUS	<u>5,590</u>	121,032	70,976
ACCUMULATED SURPLUS - beginning of year		392,628	321,652
ACCUMULATED SURPLUS - end of year		513,660	392,628

The accompanying notes are an integral part of these financial statements

**CORPORATION OF THE MUNICIPALITY OF
TRENT HILLS**



**TRENT HILLS PUBLIC LIBRARY BOARD
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
For the Year Ended December 31, 2020**

	Budget 2020 \$ (Unaudited)	Actual 2020 \$	Actual 2019 \$
ANNUAL SURPLUS	5,590	121,032	70,976
Amortization of tangible capital assets	36,910	39,936	36,910
Acquisition of tangible capital assets	(47,100)	(120,495)	(53,049)
Change in prepaid expenses	-	(655)	(33)
INCREASE/(DECREASE) IN NET FINANCIAL ASSETS	(4,600)	39,818	54,804
NET FINANCIAL ASSETS - beginning of year	240,838	240,838	186,034
NET FINANCIAL ASSETS - end of year	236,238	280,656	240,838

The accompanying notes are an integral part of these financial statements

**CORPORATION OF THE MUNICIPALITY OF
TRENT HILLS**



**TRENT HILLS PUBLIC LIBRARY BOARD
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2020**

	2020	2019
	\$	\$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus	121,032	70,976
Items not involving cash		
Amortization of tangible capital assets	39,936	36,910
Change in non-cash assets and liabilities		
Due from Municipality	(42,393)	(63,172)
Accounts receivable	(3,780)	-
Prepaid expenses	(655)	(33)
Accounts payable and accrued liabilities	6,381	8,368
Net change in cash from operating activities	120,521	53,049
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(120,495)	(53,049)
NET CHANGE IN CASH	26	-
CASH - beginning of year	358	358
CASH - end of year	384	358

The accompanying notes are an integral part of these financial statements

1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with the standards in the Chartered Professional Accountants Canada Public Sector Accounting (PSA) Handbook. Significant aspects of the accounting policies adopted by the Board are as follows:

(a) Recognition of Revenue and Expenses

Revenue and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenue in the period in which the transactions of events occurred that give rise to the revenue; expenses are recognized in the period the goods or services are acquired and a legal liability is incurred or transfers are due.

Government funding is recognized in the financial statements as revenue in the period in which events giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

User fees and rentals are recognized as revenue in the year the goods and services are provided.

Fines, donations and sale of books are recognized when the amounts are received or receivable if amounts can be determined.

(b) Use of Estimates

Certain items recognized in the financial statements are subject to measurement uncertainty. The recognized amounts of such items are based on the Board's best information and judgment. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant. The Board's significant estimates include:

- The amounts recorded for amortization of tangible capital assets are based on estimates of useful life and residual values.

(c) 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. The cost, less residual value, if any, of tangible capital assets is amortized on a straight-line basis, over the expected useful life of the asset, as follows:

Books	7 years
Software and equipment	3-7 years

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

No amortization is charged in the year of acquisition.

(d) Non-Financial Assets

Tangible capital assets and other non-financial assets are accounted for as assets by the Board because they can be used to provide services in future periods. These assets do not normally provide resources to discharge the liabilities of the Board unless they are sold.

**TRENT HILLS PUBLIC LIBRARY BOARD
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2020**

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(e) Reserves

Certain amounts, as approved by the Board, are set aside in reserves for future operating and capital purposes. Transfers to and/or from reserves are an adjustment to the respective fund when approved.

(f) Inter-Entity Transactions

The Trent Hills Public Library Board is a Board of the Municipality of Trent Hills and is consolidated with the Municipality's financial statements.

Allocated costs and recovery of costs are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Unallocated costs are measured at the carrying amount, which is the amount recorded in the records of the Municipality.

2. TANGIBLE CAPITAL ASSETS

The net book value of the Board's tangible capital assets are:

	Books \$	Software and Equipment \$	2020 Totals \$	2019 Totals \$
COST				
Balance, beginning of year	249,221	56,647	305,868	300,047
Add: additions during the year	37,373	83,122	120,495	53,049
Less: disposals during the year	37,951	2,641	40,592	47,228
Balance, end of year	248,643	137,128	385,771	305,868
ACCUMULATED AMORTIZATION				
Balance, beginning of year	130,910	26,984	157,894	168,212
Add: additions during the year	30,181	9,755	39,936	36,910
Less: disposals during the year	37,951	2,641	40,592	47,228
Balance, end of year	123,140	34,098	157,238	157,894
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	125,503	103,030	228,533	147,974

**TRENT HILLS PUBLIC LIBRARY BOARD
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2020**

3. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2020	2019
	\$	\$
Invested In Capital Assets		
Tangible capital assets - net book value	228,533	147,974
Surplus	228,533	147,974
Reserves		
Bequests	31,198	34,538
Literacy	623	684
General	253,306	209,432
Total Reserves	285,127	244,654
	513,660	392,628

4. INTER-ENTITY TRANSACTIONS

During the year, the Board entered into transactions with the Municipality of Trent Hills.

As part of the budgeting process, the Municipality approves a contribution to the Board which is identified on the Statement of Operations and Accumulated Surplus.

Details of the inter-entity expense transactions are as follows:

	2020	2019
	\$	\$
Allocated costs:		
Water and sewer	3,030	4,414
Insurance	21,992	21,488
Professional fees	3,562	3,561
	28,584	29,463

In addition, the following services are provided to the Board by the Municipality at no cost:

- Accounting and administrative services
- Rental of land and buildings

All balances with the Municipality of Trent Hills have been identified on the Statement of Financial Position. Due from (to) balances are unsecured, without interest and have no terms of repayment.

5. BUDGET FIGURES

The operating budget, approved by the Board, for 2020 is reflected on the Statement of Operations and Accumulated Surplus and the Statement of Change in Net Financial Assets. The budgets established for capital investment in tangible capital assets are on a project-oriented basis, the costs of which may be carried out over one or more years and, therefore, may not be comparable with current year's actual expenditure amounts. Budget figures have been reclassified for the purposes of these financial statements to comply with PSA reporting requirements. Budget figures are not subject to audit.

6. UNCERTAINTY CAUSED BY COVID-19

In March 2020, the World Health Organization categorized COVID-19 as a pandemic. The potential economic effects within the Board's environment and in the global markets, possible disruption in supply chains, and measures being introduced at various levels of government to curtail the spread of the virus (such as travel restrictions, closures of non-essential municipal and private operations, imposition of quarantines and social distancing) could have a material impact on the Board's operations. The extent of the impact of this outbreak and related containment measures on the Board's operations cannot be reliably estimated at this time.

**CORPORATION OF THE MUNICIPALITY OF
TRENT HILLS**

CAMPBELLFORD BUSINESS IMPROVEMENT AREA

FINANCIAL STATEMENTS

DECEMBER 31, 2020

INDEPENDENT AUDITOR'S REPORT

To the Members of the Campbellford Business Improvement Area, the Members of Council, Inhabitants and Ratepayers of the Corporation of the Municipality of Trent Hills

Opinion

We have audited the financial statements of the Campbellford Business Improvement Area of the Corporation of the Municipality of Trent Hills (the Board), which comprise the statement of financial position as at December 31, 2020, the statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and notes to the 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 Board as at December 31, 2020, and the results of its operations and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Basis for Opinion

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

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

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

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

Those charged with governance are responsible for overseeing the Board'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 Board'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 Board'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 Board 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.

Baker Tilly KDN LLP

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
May 5, 2021

**CORPORATION OF THE MUNICIPALITY OF
TRENT HILLS**



**CAMPBELLFORD BUSINESS IMPROVEMENT AREA
STATEMENT OF FINANCIAL POSITION
At December 31, 2020**

	2020	2019
	\$	\$
FINANCIAL ASSETS		
Cash	32,354	43,028
HST receivable	1,174	631
TOTAL FINANCIAL ASSETS	33,528	43,659
LIABILITIES		
Accounts payable and accrued liabilities	1,969	4,343
Deferred revenue	2,344	4,603
Due to Municipality of Trent Hills (note 5)	19,000	-
TOTAL LIABILITIES	23,313	8,946
NET FINANCIAL ASSETS	10,215	34,713
NON-FINANCIAL ASSETS		
Tangible capital assets (note 2)	15,907	20,932
Prepaid expenses	1,344	2,504
TOTAL NON-FINANCIAL ASSETS	17,251	23,436
ACCUMULATED SURPLUS (note 3)	27,466	58,149

The accompanying notes are an integral part of these financial statements

**CORPORATION OF THE MUNICIPALITY OF
TRENT HILLS**



**CAMPBELLFORD BUSINESS IMPROVEMENT AREA
STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
For the Year Ended December 31, 2020**

	Budget 2020 \$ (Unaudited)	Actual 2020 \$	Actual 2019 \$
REVENUES			
Municipal contribution (note 5)	40,000	-	39,794
Interest income	800	571	792
Other grants	-	8,259	9,397
TOTAL REVENUES	40,800	8,830	49,983
EXPENSES			
Secretarial support	9,000	9,000	9,000
Promotion and advertising	11,250	5,761	4,823
Beautification and streetscape	7,500	6,444	-
Sponsorships and special events	4,000	8,732	9,720
Christmas program	4,320	500	-
Training	500	-	-
Professional fees	1,850	1,819	1,819
Insurance	1,750	1,743	1,723
Office	630	489	230
Amortization	4,194	5,025	4,194
TOTAL EXPENSES	44,994	39,513	31,509
ANNUAL SURPLUS/(DEFICIT)	<u>(4,194)</u>	(30,683)	18,474
ACCUMULATED SURPLUS - beginning of year		58,149	39,675
ACCUMULATED SURPLUS - end of year		27,466	58,149

The accompanying notes are an integral part of these financial statements

**CORPORATION OF THE MUNICIPALITY OF
TRENT HILLS**



**CAMPBELLFORD BUSINESS IMPROVEMENT AREA
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
For the Year Ended December 31, 2020**

	Budget 2020 \$ (Unaudited)	Actual 2020 \$	Actual 2019 \$
ANNUAL SURPLUS/(DEFICIT)	(4,194)	(30,683)	18,474
Amortization of tangible capital assets	4,194	5,025	4,194
Acquisition of tangible capital assets	-	-	(4,156)
Change in prepaid expenses	-	1,160	(30)
INCREASE/(DECREASE) IN NET FINANCIAL ASSETS	-	(24,498)	18,482
NET FINANCIAL ASSETS - beginning of year	34,713	34,713	16,231
NET FINANCIAL ASSETS - end of year	34,713	10,215	34,713

The accompanying notes are an integral part of these financial statements

**CORPORATION OF THE MUNICIPALITY OF
TRENT HILLS**



**CAMPBELLFORD BUSINESS IMPROVEMENT AREA
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2020**

	2020	2019
	\$	\$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus/(deficit)	(30,683)	18,474
Items not involving cash		
Amortization of tangible capital assets	5,025	4,194
Change in non-cash assets and liabilities		
HST receivable	(543)	2,440
Due from Municipality of Trent Hills	-	(162)
Prepaid expenses	1,160	(30)
Accounts payable and accrued liabilities	(2,374)	1,401
Deferred revenue	(2,259)	4,603
Due to Municipality of Trent Hills	19,000	-
Net change in cash from operating activities	(10,674)	30,920
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	-	(4,156)
NET CHANGE IN CASH	(10,674)	26,764
CASH - beginning of year	43,028	16,264
CASH - end of year	32,354	43,028

The accompanying notes are an integral part of these financial statements

**CAMPBELLFORD BUSINESS IMPROVEMENT AREA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2020**

1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with the standards in the Chartered Professional Accountants Canada Public Sector Accounting (PSA) Handbook. Significant aspects of the accounting policies adopted by the Board are as follows:

(a) Recognition of Revenue and Expenses

Revenue and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenue in the period in which the transactions of events occurred that give rise to the revenue; expenses are recognized in the period the goods or services are acquired and a legal liability is incurred or transfers are due.

Other grants are recognized in the financial statements as revenues in the period in which events giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

(b) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions 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 revenue and expenses during the period and are based on the organization's best information and judgment. Actual results could differ from these estimates.

(c) 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. The cost, less residual value, if any, of tangible capital assets is amortized on a straight-line basis, over the expected useful life of the asset, as follows:

Christmas decorations	3 to 5 years
-----------------------	--------------

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

No amortization is charged in the year of acquisition. Tangible capital assets categorized as assets under construction are not amortized until they are put into service.

(d) Deferred Revenue

Deferred revenue represents grants, user charges and fees which have been collected but for which the related services have yet to be performed. These amounts will be recognized as revenues in the fiscal year the services are performed.

(e) Non-Financial Assets

Tangible capital assets and other non-financial assets are accounted for as assets by the Board because they can be used to provide services in future periods. These assets do not normally provide resources to discharge the liabilities of the Board unless they are sold.

**CAMPBELLFORD BUSINESS IMPROVEMENT AREA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2020**

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(f) Reserves

Certain amounts, as approved by the Board, are set aside in reserves for future operating and capital purposes. Transfers to and/or from reserves are an adjustment to the respective fund when approved.

(g) Inter-Entity Transactions

The Campbellford Business Improvement Area is a Board of the Municipality of Trent Hills and is consolidated with the Municipality's financial statements.

Allocated costs and recovery of costs are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Unallocated costs are measured at the carrying amount, which is the amount recorded in the records of the Municipality.

2. TANGIBLE CAPITAL ASSETS

The net book value of the organization's tangible capital assets are:

	2020 Christmas Decorations and Banners \$	2019 Christmas Decorations and Banners \$
COST		
Balance, beginning of year	32,210	28,054
Add: additions during the year	-	4,156
Balance, end of year	32,210	32,210
ACCUMULATED AMORTIZATION		
Balance, beginning of year	11,278	7,084
Add: additions during the year	5,025	4,194
Balance, end of year	16,303	11,278
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	15,907	20,932

**CAMPBELLFORD BUSINESS IMPROVEMENT AREA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2020**

3. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2020	2019
	\$	\$
Invested In Capital Assets		
Tangible capital assets - net book value	15,907	20,932
Reserve		
General	11,559	37,217
	27,466	58,149

4. BUDGET FIGURES

The operating budget, approved by the Board, for 2020 is reflected on the Statement of Operations and Accumulated Surplus and the Statement of Change in Net Financial Assets. The budgets established for capital investment in tangible capital assets are on a project-oriented basis, the costs of which may be carried out over one or more years and, therefore, may not be comparable with current year's actual expenditure amounts. Budget figures have been reclassified for the purposes of these financial statements to comply with PSA reporting requirements. Budget figures are not subject to audit.

5. INTER-ENTITY TRANSACTIONS

During the year, the organization entered into transactions with the Municipality of Trent Hills.

As part of the budgeting process, the Municipality approves a contribution to the organization which is identified on the Statement of Operations and Accumulated Surplus. The contribution is based on an additional tax levy on the businesses within the geographical boundaries of the Campbellford Business Improvement Area. The Municipality bills the tax levy and contributes this tax levy adjusted for any applicable supplementary tax billing or tax write-off annually to the organization.

The following services are provided to the organization by the Municipality at no cost:

- Accounting services
- Installation and removal of banners and Christmas decorations

All balances with the Municipality of Trent Hills have been identified on the Statement of Financial Position. Due from (to) balances are unsecured, without interest and have no terms of repayment.

6. UNCERTAINTY CAUSED BY COVID-19

In March 2020, the World Health Organization categorized COVID-19 as a pandemic. The potential economic effects within the organization's environment and in the global markets, possible disruption in supply chains, and measures being introduced at various levels of government to curtail the spread of the virus (such as travel restrictions, closures of non-essential municipal and private operations, imposition of quarantines and social distancing) could have a material impact on the organization's operations. The extent of the impact of this outbreak and related containment measures on the organization's operations cannot be reliably estimated at this time.

7. COMPARATIVE FIGURES

Certain comparative figures were restated, where required, to conform with the current year presentation.