

**CORPORATION OF THE
MUNICIPALITY OF TRENT HILLS**

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2017

**CORPORATION OF THE
MUNICIPALITY OF TRENT HILLS**

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DECEMBER 31, 2017

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CORPORATION OF THE MUNICIPALITY OF TRENT HILLS

For The Year Ended December 31, 2017

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 Collins Barrow Kawarthas LLP in accordance with Canadian generally accepted auditing standards on behalf of the Municipality. Collins Barrow Kawarthas LLP has full and free access to Council.

Mayor

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

Date

May 15/18

Director of Finance/
Treasurer

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

Date

May 15/18.

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of the Corporation of the Municipality of Trent Hills and its local boards, which comprise the consolidated statement of financial position as at December 31, 2017, the consolidated statements of operations and accumulated surplus, change in net financial assets/(liabilities) 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 controls as management determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these 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 financial statements are free from material misstatement.

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

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

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation of the Municipality of Trent Hills and its local boards as at December 31, 2017 and the results of its operations and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Collins Barrow Kawarthas LLP

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
May 28, 2018

CORPORATION OF THE MUNICIPALITY OF TRENT HILLS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At December 31, 2017

	2017	2016
	\$	\$
FINANCIAL ASSETS		
Cash (note 2)	10,507,827	8,477,043
Investments (note 3)	604,296	605,215
Accounts receivable	2,811,700	1,470,902
Taxes receivable	2,245,605	2,766,692
Inventories held for resale	9,496	7,670
Loans and notes receivable	62,580	80,521
TOTAL FINANCIAL ASSETS	16,241,504	13,408,043
LIABILITIES		
Accounts payable and accrued liabilities	2,804,584	2,179,620
Deferred revenue - obligatory reserve funds (note 5)	2,322,633	1,606,622
Deferred revenue - other	164,959	21,939
Long term debt (note 6)	15,221,389	16,704,568
Landfill closure liability (note 7)	374,000	374,000
Employee future benefits (note 8)	396,200	378,800
TOTAL LIABILITIES	21,283,765	21,265,549
NET FINANCIAL ASSETS/(LIABILITIES)	(5,042,261)	(7,857,506)
NON-FINANCIAL ASSETS		
Tangible capital assets (note 10)	88,134,052	88,079,786
Prepaid expenses	26,719	59,980
Inventories of materials and supplies	521,403	544,930
TOTAL NON-FINANCIAL ASSETS	88,682,174	88,684,696
ACCUMULATED SURPLUS (note 11)	83,639,913	80,827,190

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, 2017

	Budget 2017 \$ (Unaudited)	Actual 2017 \$	Actual 2016 \$
REVENUES			
Property taxation	12,291,103	12,230,763	11,702,441
User charges	4,408,805	4,857,087	4,593,449
Government of Canada	2,085,503	877,608	41,260
Province of Ontario (note 12)	7,184,438	4,066,165	3,113,006
Other municipalities	36,975	58,311	3,042
Penalties and interest on taxes	400,000	393,969	411,654
Investment income	84,246	132,760	81,206
Donations	16,500	217,633	175,576
Federal gas tax earned	383,202	389,986	383,202
Provincial gas tax earned	108,764	87,259	87,542
Capital contributions	-	168,000	162,800
Other	200,250	371,412	497,266
Contributed capital assets	-	-	262,189
Gain (loss) on disposal of tangible capital assets	-	(73,363)	(107,591)
TOTAL REVENUES	27,199,786	23,777,590	21,407,042
EXPENSES			
General government	2,198,538	1,919,999	2,545,398
Protection services	4,665,927	4,583,111	4,587,498
Transportation services	6,658,474	6,163,816	6,321,918
Environmental services	3,887,420	4,137,327	4,318,334
Health services	84,582	58,253	46,151
Recreation and cultural services	2,947,126	3,080,707	2,930,702
Planning and development	1,023,272	1,021,654	774,631
TOTAL EXPENSES	21,465,339	20,964,867	21,524,632
ANNUAL SURPLUS/(DEFICIT)	<u>5,734,447</u>	2,812,723	(117,590)
ACCUMULATED SURPLUS - beginning of year		80,827,190	80,944,780
ACCUMULATED SURPLUS - end of year		83,639,913	80,827,190

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE MUNICIPALITY OF TRENT HILLS

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS/(LIABILITIES)

For the Year Ended December 31, 2017

	Budget 2017 \$ (Unaudited)	Actual 2017 \$	Actual 2016 \$
ANNUAL SURPLUS/(DEFICIT)	5,734,447	2,812,723	(117,590)
Amortization of tangible capital assets	4,727,965	4,835,194	4,727,965
Purchase of tangible capital assets (note 12)	(11,711,391)	(4,976,764)	(2,846,565)
Loss on disposal of tangible capital assets	-	73,363	107,591
Proceeds on sale of tangible capital assets	-	13,941	20,062
Tangible capital assets written off	-	-	122,783
Change in prepaid expenses	-	33,261	715,599
Change in inventories of materials and supplies	-	23,527	8,799
CHANGE IN NET FINANCIAL ASSETS/(LIABILITIES)	(1,248,979)	2,815,245	2,738,644
NET FINANCIAL ASSETS/(LIABILITIES)			
- beginning of year	(7,857,506)	(7,857,506)	(10,596,150)
NET FINANCIAL ASSETS/(LIABILITIES) - end of year	(9,106,485)	(5,042,261)	(7,857,506)

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, 2017

	2017 \$	2016 \$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus/(deficit)	2,812,723	(117,590)
Items not involving cash		
Amortization of tangible capital assets	4,835,194	4,727,965
Loss on disposal of tangible capital assets	73,363	107,591
Tangible capital assets written off	-	122,783
Change in landfill closure liability	-	374,000
Change in employee future benefits	17,400	378,800
Change in non-cash assets and liabilities		
Accounts receivable	(1,340,798)	6,404
Taxes receivable	521,087	(53,956)
Inventories held for resale	(1,826)	(4,967)
Loans and notes receivable	17,941	21,638
Prepaid expenses	33,261	715,599
Inventories of materials and supplies	23,527	8,799
Accounts payable and accrued liabilities	624,964	5,163
Deferred revenue - obligatory reserve funds	716,011	359,136
Deferred revenue - other	143,020	1,758
Net change in cash from operating activities	8,475,867	6,653,123
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(4,976,764)	(2,846,565)
Proceeds on disposal of tangible capital assets	13,941	20,062
Net change in cash from capital activities	(4,962,823)	(2,826,503)
INVESTING ACTIVITIES		
Change in investments	919	4,840
FINANCING ACTIVITIES		
Debt principal repayments - other bank debt	-	(3,900,000)
Long term debt issued	-	9,002,015
Debt principal repayments - long term debt	(1,483,179)	(1,054,741)
Temporary borrowing increase	-	20,520
Temporary borrowing converted to long term debt	-	(1,740,000)
Net change in cash from financing activities	(1,483,179)	2,327,794
NET CHANGE IN CASH	2,030,784	6,159,254
CASH - beginning of year	8,477,043	2,317,789
CASH - end of year	10,507,827	8,477,043

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE MUNICIPALITY OF TRENT HILLS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2017

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 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. 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	20 years
Buildings and leaseholds	20-40 years
Roadways, bridges and sidewalks	20-50 years
Water and wastewater networks	40-80 years
Vehicles	7-15 years
Equipment	3-7 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 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.

CORPORATION OF THE MUNICIPALITY OF TRENT HILLS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2017

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.

Property 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 fees 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 and development charges 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.

CORPORATION OF THE MUNICIPALITY OF TRENT HILLS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2017

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 on a first in, first out (FIFO) basis.

(i) 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 Municipality'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 Municipality's significant estimates include:

- The amounts recorded for landfill closure liability depends on estimates of such costs;
- The amounts recorded for amortization and opening costs of tangible capital assets are based on estimates of useful life, residual values and valuation rates;
- 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. CASH

Cash includes the following restricted and unrestricted amounts:

	2017	2016
	\$	\$
Unrestricted	8,112,219	6,724,335
Restricted	2,395,608	1,752,708
	10,507,827	8,477,043

3. INVESTMENTS

Investments are recorded at cost less any non-temporary decline in market value and consist of the following:

	2017	2016
	\$	\$
One Bond Portfolio - Hastings Hydro Fund (cost \$649,054)	604,296	605,215

CORPORATION OF THE MUNICIPALITY OF TRENT HILLS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2017

4. 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 .50% per annum. Council authorized the temporary borrowing limit by By-law 2017-02. At December 31, 2017 there was no balance outstanding (2016 - \$Nil).

5. 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:

	2017 \$	2016 \$
Development charges	2,100,323	1,422,847
Parkland	73,115	58,295
Federal gas tax	57,763	57,313
Provincial gas tax	91,432	68,167
	2,322,633	1,606,622

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

	2017 \$	2016 \$
Balance - beginning of year	1,606,622	1,247,486
Add amounts received:		
Development charges	661,130	338,920
Parkland	14,250	5,250
Federal gas tax	389,986	383,202
Provincial gas tax	108,764	91,211
Interest	19,126	11,297
	1,193,256	829,880
Less transfer to operations:		
Federal gas tax earned	389,986	383,202
Provincial gas tax earned	87,259	87,542
	477,245	470,744
Balance - end of year	2,322,633	1,606,622

CORPORATION OF THE MUNICIPALITY OF TRENT HILLS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2017

6. LONG TERM DEBT

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

	2017 \$	2016 \$
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.	2,011,916	2,111,090
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.	3,091,200	3,312,000
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.	355,641	384,535
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.	243,318	263,086
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.	904,635	1,020,717
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.	869,156	954,229
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.	58,560	73,858
Debenture issued to the Ontario Infrastructure Projects Corporation, repayable in semi-annual blended instalments of \$27,387, interest at 4.63% per annum, due February 15, 2017.	-	26,767
Debentures issued to Province of Ontario to finance tile drainage debentures issued to landowners, principal and interest to be recovered from landowners, maturing at various dates to 2019.	4,020	6,664
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.	487,711	539,807
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.	2,244,951	2,730,733
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.	3,429,199	3,640,000

CORPORATION OF THE MUNICIPALITY OF TRENT HILLS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2017

6. LONG TERM DEBT, continued

	2017	2016
	\$	\$
Term loan issued to Royal Bank of Canada, interest repayable monthly at Royal Bank Prime rate per annum, minimum repayments of \$50,000 April 30, 2017, due September 30, 2019.	1,521,082	1,641,082
	15,221,389	16,704,568

(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 \$485,048 (2016 - \$429,767).

(d) The long term debt reported in (a) of this note is repayable as follows:

	Principal	Interest	Total
	\$	\$	\$
2018	1,417,176	442,938	1,860,114
2019	2,868,459	401,023	3,269,482
2020	1,428,555	321,058	1,749,613
2021	1,718,981	274,961	1,993,942
2022	1,052,295	234,555	1,286,850
2023 and subsequent years	6,735,923	871,361	7,607,284
	15,221,389	2,545,896	17,767,285

7. LANDFILL CLOSURE LIABILITY

The landfill closure liability is the estimated cost to close the site including grading, final cover and vegetation. Since the site has been inactive for over 22 years, no additional costs for ongoing monitoring have been included. The liability was calculated using the 2016 estimate and has not been adjusted for inflation or discounted as a timeline for closure has not been set.

CORPORATION OF THE MUNICIPALITY OF TRENT HILLS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2017

8. 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, 2016 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	3.40%
Medical trend rate:	
Initial	7.01%
Ultimate (reached in 2036)	4.00%
Dental trend rate:	
Initial	6.25%
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:

	2017 \$	2016 \$
Liability at January 1	378,800	-
Current year benefits cost	23,400	22,600
Interest cost	13,300	12,600
Transitional obligation	-	351,200
Less: benefit payments	(19,300)	(7,600)
Liability at December 31	396,200	378,800

2016 was the first year that an actuarial valuation for this liability was prepared. The transitional obligation reflects the estimated liability at December 31, 2015 if the liability had been recorded.

9. 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.

CORPORATION OF THE MUNICIPALITY OF TRENT HILLS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2017

10. TANGIBLE CAPITAL ASSETS

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

	2017 \$	2016 \$
General		
Land and land improvements	5,335,940	5,226,365
Building and leasehold improvements	20,273,416	21,265,467
Vehicles and equipment	3,515,245	3,385,865
Infrastructure		
Linear - storm	5,738,532	5,822,911
Linear - sanitary	6,596,361	6,692,294
Water distribution	13,285,464	12,784,425
Roadways, bridges and sidewalks	31,715,020	32,529,440
	86,459,978	87,706,767
Assets under construction	1,674,074	373,019
	88,134,052	88,079,786

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

During the year there were no write-downs of assets (2016 - \$122,783) and no interest capitalized (2016 - \$Nil).

Tangible capital assets allocated by segment are as follows:

	2017 \$	2016 \$
General government	1,911,079	1,836,772
Protection services	945,737	1,093,898
Transportation services	34,162,757	34,708,180
Environmental services	39,931,909	39,285,516
Health services	3,474	4,946
Recreation and cultural services	8,405,161	8,601,088
Planning and development	2,773,935	2,549,386
	88,134,052	88,079,786

CORPORATION OF THE MUNICIPALITY OF TRENT HILLS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2017

11. ACCUMULATED SURPLUS

(a) Accumulated surplus consists of the following:

	2017 \$	2016 \$
Surplus		
Unfunded landfill closure and post-closure costs	(374,000)	(374,000)
Unfunded employee future benefits	(396,200)	(378,800)
	(770,200)	(752,800)
Invested In Capital Assets		
Tangible capital assets - net book value	88,134,052	88,079,786
Unfunded capital - Water Tower	(383,938)	(29,891)
Long term debt	(15,158,809)	(16,624,046)
	72,591,305	71,425,849
Surplus	71,821,105	70,673,049
Reserves		
Working capital and contingency	1,692,837	1,466,893
General government	341,342	320,530
Protection to persons and property	1,562,330	1,014,689
Transportation services	2,679,579	2,050,509
Environmental services	2,454,731	2,303,582
Health services	177,998	138,684
Recreation and culture	1,012,840	857,835
Planning and development	610,446	617,900
Total Reserves	10,532,103	8,770,622
Reserve Funds		
Working capital and contingency	993,697	1,126,706
Environmental services	61,747	61,266
Recreation and culture	207,234	171,707
Planning and development	24,027	23,840
Total Reserve Funds	1,286,705	1,383,519
	83,639,913	80,827,190

CORPORATION OF THE MUNICIPALITY OF TRENT HILLS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2017

12. BUDGET FIGURES

The budget, approved by the Municipality, for 2017 is reflected on the Consolidated Statement of Operations and Accumulated Surplus and the Consolidated Statement of Change in Net Financial Assets/(Liabilities). 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.

The budget for the Province of Ontario revenue and the purchase of tangible capital assets included a capital project for the rehabilitation of the Doxsee Avenue's road, water and waste water networks. The budgeted cost of the project is \$1,840,180 with a budgeted Provincial contribution of \$1,501,091. The project did not start in 2017 resulting in the budget to actual variances.

The budget for the Province of Ontario revenue and the purchase of tangible capital assets also included a capital project for the rehabilitation of the Campbellford potable water supply and distribution system. The budgeted cost of the project is \$5,300,000 with a budgeted Provincial contribution of \$1,750,000. The project did start in 2017 and continued into 2018 resulting in the budget to actual variances. Actual costs incurred to December 31, 2017 of \$1,061,394 (2016 - \$Nil).

13. TRUST FUNDS

Trust funds administered by the Municipality amounting to \$395,542 (2016 - \$384,994) 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.

14. COMPARATIVE FIGURES

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

15. OPERATIONS OF SCHOOL BOARDS AND THE COUNTY OF NORTHUMBERLAND

During 2017, 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 \$
Amounts requisitioned and remitted	3,545,262	7,394,228

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

CORPORATION OF THE MUNICIPALITY OF TRENT HILLS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2017

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 2017 \$ (Unaudited)	Actual 2017 \$	Actual 2016 \$
Salaries and benefits	7,037,633	6,799,737	6,892,001
Interest charges	442,712	485,048	475,454
Materials	5,269,909	4,968,889	4,990,907
Contracted services	3,684,298	3,580,183	4,148,309
Rents and financial	32,950	40,759	44,131
External transfers	269,872	255,057	245,865
Amortization	4,727,965	4,835,194	4,727,965
	21,465,339	20,964,867	21,524,632

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 2017 Annual Report disclosed total actuarial liabilities of \$94,431 million in respect of benefits accrued for service with actuarial assets of \$89,028 million indicating an actuarial deficit of \$5,403 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 2017 were \$332,460 (2016 - \$292,890).

Some of the 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 \$61,346 (2016 - \$56,233). 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.

CORPORATION OF THE MUNICIPALITY OF TRENT HILLS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2017

18. SEGMENTED INFORMATION, continued

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.

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.

CORPORATION OF THE MUNICIPALITY OF TRENT HILLS

CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS For the Year Ended December 31, 2017

	General			Infrastructure				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	6,395,619	40,857,037	14,716,676	7,692,651	9,850,404	16,690,441	77,947,343	174,523,190
Add: additions during the year	273,557	217,834	1,015,948	15,765	34,816	730,146	1,338,599	4,976,764
Less: disposals during the year	-	-	410,133	-	-	33,093	313,496	756,722
Internal transfers/write offs	-	49,044	-	-	-	-	-	(49,044)
Balance, end of year	6,669,176	41,123,915	15,322,491	7,708,416	9,885,220	17,387,494	78,972,446	178,743,232
ACCUMULATED AMORTIZATION								
Balance, beginning of year	1,169,254	19,591,570	11,330,811	1,869,740	3,158,110	3,906,016	45,417,903	86,443,404
Add: additions during the year	163,982	1,258,929	879,725	100,144	130,749	229,107	2,072,558	4,835,194
Less: disposals during the year	-	-	403,290	-	-	33,093	233,035	669,418
Balance, end of year	1,333,236	20,850,499	11,807,246	1,969,884	3,288,859	4,102,030	47,257,426	90,609,180
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS								
	5,335,940	20,273,416	3,515,245	5,738,532	6,596,361	13,285,464	31,715,020	88,134,052

CORPORATION OF THE MUNICIPALITY OF TRENT HILLS
CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE
For the Year Ended December 31, 2017

	General Government \$	Protection Services \$	Transportation Services \$	Environmental Services \$	Health Services \$	Recreation and Cultural Services \$	Planning and Development \$	Consolidated \$
Revenues								
Property taxation	1,535,291	1,205,272	5,722,120	291,208	74,610	2,765,488	636,774	12,230,763
User charges	118,029	637,257	30,940	3,546,092	19,634	398,835	106,300	4,857,087
Government transfers - operating	-	3,130,598	1,146	-	-	62,815	-	3,194,559
Government transfers - capital	-	-	170,254	1,415,066	-	41,458	122,436	1,749,214
Other municipalities	-	-	58,311	-	-	-	-	58,311
Penalties and interest on taxes	393,969	-	-	-	-	-	-	393,969
Investment income	128,168	-	-	-	1,616	93	2,883	132,760
Donations	-	7,300	-	-	235	196,598	13,500	217,633
Federal gas tax earned	-	-	389,986	-	-	-	-	389,986
Provincial gas tax earned	-	-	87,259	-	-	-	-	87,259
Capital contributions	-	-	-	-	-	-	168,000	168,000
Other	281,879	3,953	32,724	12,428	-	21,067	19,361	371,412
Gain (loss) on disposal of tangible capital assets	4,619	-	(77,982)	-	-	-	-	(73,363)
Total revenues	2,461,955	4,984,380	6,414,758	5,264,794	96,095	3,486,354	1,069,254	23,777,590
Expenses								
Salaries and benefits	1,178,810	885,494	2,063,510	880,415	21,493	1,407,824	362,191	6,799,737
Interest charges	-	-	56,307	321,016	-	60,194	47,531	485,048
Materials	484,295	666,267	1,160,207	1,475,557	5,363	984,876	192,324	4,968,889
Contracted services	80,097	2,471,033	350,155	237,352	29,925	136,121	275,500	3,580,183
Rents and financial	15,047	4,314	11,310	7,826	-	2,262	-	40,759
External transfers	-	154,298	87,259	-	-	-	13,500	255,057
Amortization	152,357	304,894	2,431,970	1,405,743	1,472	411,395	127,363	4,835,194
Internal transfers	9,393	96,811	3,098	(190,582)	-	78,035	3,245	-
Total expenses	1,919,999	4,583,111	6,163,816	4,137,327	58,253	3,080,707	1,021,654	20,964,867
Net surplus	541,956	401,269	250,942	1,127,467	37,842	405,647	47,600	2,812,723

CORPORATION OF THE MUNICIPALITY OF TRENT HILLS

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE

For the Year Ended December 31, 2016

	General Government \$	Protection Services \$	Transportation Services \$	Environmental Services \$	Health Services \$	Recreation and Cultural Services \$	Planning and Development \$	Consolidated \$
Revenues								
Property taxation	1,386,573	1,563,177	5,322,395	152,066	65,120	2,600,330	612,780	11,702,441
User charges	109,614	450,463	34,866	3,561,270	18,845	369,566	48,825	4,593,449
Government transfers - operating	-	2,827,592	2,350	-	-	43,114	40,000	2,913,056
Government transfers - capital	2,350	-	170,255	59,782	-	6,178	2,645	241,210
Other municipalities	-	-	3,042	-	-	-	-	3,042
Penalties and interest on taxes	411,654	-	-	-	1,607	-	-	411,654
Investment income	75,646	-	-	-	355	450	3,503	81,206
Donations	-	-	-	-	-	155,071	20,150	175,576
Federal gas tax earned	-	-	383,202	-	-	-	-	383,202
Provincial gas tax earned	-	-	87,542	-	-	-	-	87,542
Capital contributions	-	-	36,800	-	-	-	126,000	162,800
Other	325,697	17,690	33,507	90,335	-	14,064	15,973	497,266
Contributed capital assets	-	-	149,339	112,850	-	-	-	262,189
Gain (loss) on disposal of tangible capital assets	-	-	(56,261)	(51,323)	-	-	(7)	(107,591)
Total revenues	2,311,534	4,858,922	6,167,037	3,924,980	85,927	3,188,773	869,869	21,407,042
Expenses								
Salaries and benefits	1,671,601	866,655	1,999,792	660,055	32,273	1,340,680	320,945	6,892,001
Interest charges	-	-	38,447	340,578	-	46,538	49,891	475,454
Materials	648,085	669,592	1,470,772	1,074,015	6,013	963,425	159,005	4,990,907
Contracted services	58,412	2,488,269	378,452	1,018,284	6,393	90,060	108,439	4,148,309
Rents and financial	21,961	4,393	10,966	3,719	-	3,092	-	44,131
External transfers	-	153,323	87,542	-	-	-	5,000	245,865
Amortization	137,585	311,087	2,332,586	1,401,415	1,472	415,518	128,302	4,727,965
Internal transfers	7,754	94,179	3,361	(179,732)	-	71,389	3,049	-
Total expenses	2,545,398	4,587,498	6,321,918	4,318,334	46,151	2,930,702	774,631	21,524,632
Net surplus/(deficit)	(233,864)	271,424	(154,881)	(393,354)	39,776	258,071	95,238	(117,590)

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Corporation of the Municipality of Trent Hills

Report on the Financial Statements

We have audited the accompanying financial statements of the Trust Funds of the Corporation of the Municipality of Trent Hills, which comprise the statement of financial position as at December 31, 2017, the statement of continuity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Trust Funds of the Corporation of the Municipality of Trent Hills as at December 31, 2017 and the continuity of the Trust Funds for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Collins Barrow Kawarthas LLP

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
May 28, 2018

CORPORATION OF THE MUNICIPALITY OF TRENT HILLS

TRUST FUNDS STATEMENT OF FINANCIAL POSITION At December 31, 2017

	Cemetery Perpetual Care \$	Other \$	2017 Total \$	2016 Total \$
FINANCIAL ASSETS				
Cash	169,144	330	169,474	163,022
Investments (note 3)	227,660	2,412	230,072	227,511
	396,804	2,742	399,546	390,533
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Due to Municipality	4,004	-	4,004	4,080
Accounts payable	-	-	-	1,459
	4,004	-	4,004	5,539
FUND BALANCES (note 4)	392,800	2,742	395,542	384,994
	396,804	2,742	399,546	390,533

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE MUNICIPALITY OF TRENT HILLS

TRUST FUNDS

STATEMENT OF CONTINUITY

For the Year Ended December 31, 2017

	Cemetery Perpetual Care \$	Other \$	2017 Total \$	2016 Total \$
BALANCES - beginning of year	382,254	2,740	384,994	451,741
RECEIPTS				
Interest	1,539	52	1,591	2,287
Care and maintenance	10,546	-	10,546	885
Trent Valley Cemetery	-	-	-	3,019
Burnbrae Cemetery	-	-	-	1,360
	12,085	52	12,137	7,551
EXPENSES				
Bursaries and scholarships	-	50	50	50
Transfer to external cemeteries	283	-	283	312
Transfer to general account	1,256	-	1,256	73,919
Bank charges	-	-	-	17
	1,539	50	1,589	74,298
BALANCES - end of year	392,800	2,742	395,542	384,994

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE MUNICIPALITY OF TRENT HILLS

TRUST FUNDS NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2017

1. PURPOSE OF TRUSTS

The Cemetery Perpetual Care trusts administered by the Municipality are funded by the sale of cemetery plots and niches. These funds are invested and earnings derived there from are used to perform perpetual care maintenance to the cemeteries. The operations and investments of the Fund are in accordance with the regulations of the Cemeteries Act.

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:

	2017	2016
	\$	\$
GIC due February 27, 2018 with an interest rate of 2.15%	2,412	2,412
Public Trustee investment for Henderson Cemetery	188	188
Bond Portfolio with the One Investment Program	227,472	224,911
	230,072	227,511

CORPORATION OF THE MUNICIPALITY OF TRENT HILLS

TRUST FUNDS NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2017

4. FUND BALANCES

Included in fund balances are the following:

	2017	2016
	\$	\$
Cemetery Trust Funds		
Warkworth Cemetery	133,119	129,254
Stones Cemetery	8,196	8,196
Henderson Cemetery	188	188
English Line Cemetery	21,195	20,535
Hoards United Church Cemetery	11,171	11,071
Trent Valley Cemetery	142,203	137,823
Burnbrae Cemetery	76,728	75,187
	392,800	382,254
Other Trust Funds		
HABA	2,742	2,740

5. TRENT VALLEY CEMETERY AND BURNBRAE CEMETERY

During 2013 the Municipality agreed to manage the perpetual care trust funds for the Trent Valley Cemetery and the Burnbrae Cemetery. The Cemetery operations for these two Cemeteries remain external to the Municipality. The Municipality transfers any interest earned on the perpetual care trust funds annually back to those Cemeteries.

**CORPORATION OF THE
MUNICIPALITY OF TRENT HILLS**

TRENT HILLS PUBLIC LIBRARY BOARD

FINANCIAL STATEMENTS

DECEMBER 31, 2017

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**

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Basis for Qualified Opinion

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

Qualified Opinion

Except as noted in the above paragraph, in our opinion, these financial statements present fairly, in all material respects, the financial position of the Trent Hills Public Library Board as at December 31, 2017 and the results of its operations and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Collins Barrow Kawarthas LLP

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
May 28, 2018

CORPORATION OF THE MUNICIPALITY OF TRENT HILLS

**TRENT HILLS PUBLIC LIBRARY BOARD
STATEMENT OF FINANCIAL POSITION
At December 31, 2017**

	2017 \$	2016 \$
FINANCIAL ASSETS		
Cash	355	5,675
Due from Municipality	139,779	66,856
TOTAL FINANCIAL ASSETS	140,134	72,531
LIABILITIES		
Accounts payable and accrued liabilities	29,179	20,421
Deferred revenue	1,838	5,589
TOTAL LIABILITIES	31,017	26,010
NET FINANCIAL ASSETS	109,117	46,521
NON-FINANCIAL ASSETS		
Tangible capital assets (note 2)	131,488	132,563
Prepaid expenses	3,404	2,019
TOTAL NON-FINANCIAL ASSETS	134,892	134,582
ACCUMULATED SURPLUS (note 3)	244,009	181,103

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, 2017

	Budget 2017 \$ (Unaudited)	Actual 2017 \$	Actual 2016 \$
REVENUES			
Municipal contribution	489,789	489,789	479,080
Provincial grants	33,099	43,521	36,740
Federal grants	1,596	2,647	4,024
Other grants	-	971	1,014
Facilities rental	3,000	3,645	2,850
User fees	2,500	4,903	4,297
Donations	-	11,499	44
Fines	1,500	2,176	2,028
Investment income	250	93	450
Sale of books	1,000	1,004	948
Non-resident fees	400	325	334
Contribution from Municipal reserves	-	3,862	-
TOTAL REVENUES	533,134	564,435	531,809
EXPENSES			
Salaries and benefits	314,392	303,024	307,651
Utilities	40,220	45,037	52,960
Office	12,800	9,630	9,299
Professional fees	3,635	3,562	3,562
Insurance	22,460	20,440	20,297
Periodicals, e-book fees and other	5,745	6,240	5,653
Contracts	16,077	12,897	12,044
Literacy and connectivity grants	2,000	1,261	1,882
Amortization	40,227	36,621	40,227
Book processing and computer services	34,240	29,229	30,099
Conferences, training and travel	5,500	3,740	3,511
Repairs, maintenance and security	36,065	29,848	32,950
TOTAL EXPENSES	533,361	501,529	520,135
ANNUAL SURPLUS/(DEFICIT)	(227)	62,906	11,674
ACCUMULATED SURPLUS - beginning of year		181,103	169,429
ACCUMULATED SURPLUS - end of year		244,009	181,103

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, 2017**

	Budget 2017 \$ (Unaudited)	Actual 2017 \$	Actual 2016 \$
ANNUAL SURPLUS/(DEFICIT)	(227)	62,906	11,674
Amortization of tangible capital assets	40,227	36,621	40,227
Acquisition of tangible capital assets	(40,000)	(35,546)	(26,931)
Change in prepaid expenses	-	(1,385)	(2,019)
INCREASE IN NET FINANCIAL ASSETS	-	62,596	22,951
NET FINANCIAL ASSETS - beginning of year	46,521	46,521	23,570
NET FINANCIAL ASSETS - end of year	46,521	109,117	46,521

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, 2017**

	2017 \$	2016 \$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus/(deficit)	62,906	11,674
Items not involving cash		
Amortization of tangible capital assets	36,621	40,227
Change in non-cash assets and liabilities		
Due from Municipality	(72,923)	(66,856)
Prepaid expenses	(1,385)	(2,019)
Accounts payable and accrued liabilities	8,758	912
Due to Municipality	-	(35,525)
Deferred revenue	(3,751)	1,858
Net change in cash from operating activities	30,226	(49,729)
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(35,546)	(26,931)
NET CHANGE IN CASH	(5,320)	(76,660)
CASH - beginning of year	5,675	82,335
CASH - end of year	355	5,675

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE MUNICIPALITY OF TRENT HILLS

TRENT HILLS PUBLIC LIBRARY BOARD NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2017

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

Donations are recognized when the amounts are received.

(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 and opening costs of tangible capital assets are based on estimates of useful life, residual values and valuation rates.

(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) 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.

CORPORATION OF THE MUNICIPALITY OF TRENT HILLS

TRENT HILLS PUBLIC LIBRARY BOARD NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2017

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(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.

(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.

2. TANGIBLE CAPITAL ASSETS

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

	Books \$	Software and Equipment \$	2017 Totals \$	2016 Totals \$
COST				
Balance, beginning of year	303,539	30,051	333,590	348,479
Add: additions during the year	26,412	9,134	35,546	26,931
Less: disposals during the year	52,171	20,518	72,689	41,820
Balance, end of year	277,780	18,667	296,447	333,590
ACCUMULATED AMORTIZATION				
Balance, beginning of year	173,110	27,917	201,027	202,620
Add: additions during the year	35,910	711	36,621	40,227
Less: disposals during the year	52,171	20,518	72,689	41,820
Balance, end of year	156,849	8,110	164,959	201,027
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	120,931	10,557	131,488	132,563

CORPORATION OF THE MUNICIPALITY OF TRENT HILLS

TRENT HILLS PUBLIC LIBRARY BOARD NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2017

3. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2017	2016
	\$	\$
Invested In Capital Assets		
Tangible capital assets - net book value	131,488	132,563
Surplus	131,488	132,563
Reserves		
Bequests	9,860	-
Literacy	5,216	4,626
General	97,445	43,914
Total Reserves	112,521	48,540
	244,009	181,103

4. BUDGET FIGURES

The operating budget, approved by the Board, for 2017 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.

**CORPORATION OF THE
MUNICIPALITY OF TRENT HILLS**

CAMPBELLFORD BUSINESS IMPROVEMENT AREA

FINANCIAL STATEMENTS

DECEMBER 31, 2017

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**

Report on the Financial Statements

We have audited the accompanying financial statements of the Campbellford Business Improvement Area of the Corporation of the Municipality of Trent Hills, which comprise the statement of financial position as at December 31, 2017, the statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Campbellford Business Improvement Area as at December 31, 2017 and the results of its operations and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Collins Barrow Kawarthas LLP

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
March 28, 2018

CORPORATION OF THE MUNICIPALITY OF TRENT HILLS

**CAMPBELLFORD BUSINESS IMPROVEMENT AREA
STATEMENT OF FINANCIAL POSITION
At December 31, 2017**

	2017 \$	2016 \$
FINANCIAL ASSETS		
Cash	69,891	44,548
HST receivable	297	8,162
TOTAL FINANCIAL ASSETS	70,188	52,710
LIABILITIES		
Accounts payable and accrued liabilities	2,963	3,524
Due to Municipality	10,000	6,121
TOTAL LIABILITIES	12,963	9,645
NET FINANCIAL ASSETS	57,225	43,065
NON-FINANCIAL ASSETS		
Tangible capital assets (note 4)	407	1,192
ACCUMULATED SURPLUS (note 3)	57,632	44,257

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, 2017**

	Budget 2017 \$ (Unaudited)	Actual 2017 \$	Actual 2016 \$
REVENUES			
Municipal contribution	40,000	38,945	34,135
Special events - AGM	-	540	-
TOTAL REVENUES	40,000	39,485	34,135
EXPENSES			
Contribution to Municipality for Town Square	10,000	10,000	-
Secretarial support	12,500	8,250	9,000
Promotion and advertising	10,245	3,483	9,103
Professional fees	1,750	2,138	1,650
Office	1,950	792	1,153
Sponsorships and special events	5,500	500	448
Insurance	1,555	162	1,815
Beautification and streetscape	6,500	-	3,246
Christmas program	-	-	3,604
Amortization	785	785	785
TOTAL EXPENSES	50,785	26,110	30,804
ANNUAL SURPLUS/(DEFICIT)	<u>(10,785)</u>	13,375	3,331
ACCUMULATED SURPLUS - beginning of year		44,257	40,926
ACCUMULATED SURPLUS - end of year		57,632	44,257

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, 2017**

	Budget 2017 \$ (Unaudited)	Actual 2017 \$	Actual 2016 \$
ANNUAL SURPLUS/(DEFICIT)	(10,785)	13,375	3,331
Amortization of tangible capital assets	785	785	785
INCREASE/(DECREASE) IN NET FINANCIAL ASSETS	(10,000)	14,160	4,116
NET FINANCIAL ASSETS - beginning of year	43,065	43,065	38,949
NET FINANCIAL ASSETS - end of year	33,065	57,225	43,065

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, 2017**

	2017 \$	2016 \$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus/(deficit)	13,375	3,331
Items not involving cash		
Amortization of tangible capital assets	785	785
Change in non-cash assets and liabilities		
HST receivable	7,865	(6,251)
Accounts payable and accrued liabilities	(561)	(2,702)
Due to Municipality	3,879	6,121
NET CHANGE IN CASH	25,343	1,284
CASH - beginning of year	44,548	43,264
CASH - end of year	69,891	44,548

The accompanying notes are an integral part of these financial statements

**CORPORATION OF THE MUNICIPALITY OF TRENT HILLS
CAMPBELLFORD BUSINESS IMPROVEMENT AREA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2017**

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 organization 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.

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

(d) Non-Financial Assets

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

(e) Reserves

Certain amounts, as approved by the organization, 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.

2. BUDGET FIGURES

The operating budget, approved by the organization, for 2017 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.

**CORPORATION OF THE MUNICIPALITY OF TRENT HILLS
CAMPBELLFORD BUSINESS IMPROVEMENT AREA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2017**

3. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2017	2016
	\$	\$
Invested In Capital Assets		
Tangible capital assets - net book value	407	1,192
Surplus	407	1,192
Reserve		
General	57,225	43,065
	57,632	44,257

4. TANGIBLE CAPITAL ASSETS

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

	2017 Christmas Decorations and Banners \$	2016 Christmas Decorations and Banners \$
COST		
Balance, beginning of year	7,084	7,084
Balance, end of year	7,084	7,084
ACCUMULATED AMORTIZATION		
Balance, beginning of year	5,892	5,107
Add: additions during the year	785	785
Balance, end of year	6,677	5,892
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	407	1,192

5. COMMITMENT

As part of the approved 2018 budget, the Campbellford Business Improvement Area has committed \$25,000 from their general reserve to continue with the Town Square project.

6. COMPARATIVE FIGURES

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