

**CORPORATION OF THE  
MUNICIPALITY OF TRENT HILLS**

**CONSOLIDATED FINANCIAL STATEMENTS**

**DECEMBER 31, 2018**

**CORPORATION OF THE  
MUNICIPALITY OF TRENT HILLS**

**CONSOLIDATED FINANCIAL STATEMENTS**

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## CORPORATION OF THE MUNICIPALITY OF TRENT HILLS

For The Year Ended December 31, 2018

### 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.

Mayor

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

Date

May 7, 2019

Director of Finance/  
Treasurer

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

Date

May 7, 2019

**Baker Tilly KDN LLP**  
272 Charlotte Street  
Peterborough, ON  
Canada K9J 2V4

## **INDEPENDENT AUDITOR'S REPORT**

**D: 705.742.3418**  
**F: 705.742.9775**

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

**[www.bakertilly.ca](http://www.bakertilly.ca)**

### *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, 2018, the consolidated statements of operations and accumulated surplus, change in net financial assets/(liabilities) 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, 2018, 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.

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.

### *Other Matter*

The financial statements of the Municipality as at and for the year ended December 31, 2017 were audited by Collins Barrow Kawartha LLP, which became Baker Tilly KDN LLP effective January 10, 2019.

### *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.

## **ASSURANCE • TAX • ADVISORY**

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*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 10, 2019

# CORPORATION OF THE MUNICIPALITY OF TRENT HILLS



## CONSOLIDATED STATEMENT OF FINANCIAL POSITION At December 31, 2018

	2018 \$	2017 \$
<b>FINANCIAL ASSETS</b>		
Cash (note 2)	13,393,619	10,507,827
Investments (note 3)	604,982	604,296
Accounts receivable	2,134,865	2,811,700
Taxes receivable	1,970,999	2,245,605
Inventories held for resale	8,924	9,496
Loans and notes receivable	43,962	62,580
<b>TOTAL FINANCIAL ASSETS</b>	<b>18,157,351</b>	<b>16,241,504</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	3,467,383	2,804,584
Deferred revenue - obligatory reserve funds (note 6)	3,137,079	2,322,633
Deferred revenue - other	55,785	164,959
Long term debt (note 7)	13,854,212	15,221,389
Landfill closure liability (note 8)	374,000	374,000
Employee future benefits (note 9)	417,000	396,200
<b>TOTAL LIABILITIES</b>	<b>21,305,459</b>	<b>21,283,765</b>
<b>NET FINANCIAL ASSETS/(LIABILITIES)</b>	<b>(3,148,108)</b>	<b>(5,042,261)</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (note 11)	93,732,311	88,134,052
Prepaid expenses	55,845	26,719
Inventories of materials and supplies	570,401	521,403
<b>TOTAL NON-FINANCIAL ASSETS</b>	<b>94,358,557</b>	<b>88,682,174</b>
<b>ACCUMULATED SURPLUS (note 12)</b>	<b>91,210,449</b>	<b>83,639,913</b>

*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, 2018

	Budget 2018 \$ (Unaudited)	Actual 2018 \$	Actual 2017 \$
<b>REVENUES</b>			
Property taxation	12,764,423	12,858,899	12,230,763
User charges	4,721,975	5,468,284	4,857,087
Government of Canada	1,134,549	1,239,541	877,608
Province of Ontario	4,827,554	5,186,235	4,066,165
Other municipalities	26,000	145,403	58,311
Penalties and interest on taxes	360,000	328,718	393,969
Investment income	75,629	241,302	132,760
Donations	6,500	160,574	217,633
Federal gas tax earned	401,449	401,449	389,986
Provincial gas tax earned	108,764	94,459	87,259
Capital contributions	-	55,000	168,000
Other	192,350	386,559	371,412
Contributed capital assets	-	2,122,458	-
Gain (loss) on disposal of tangible capital assets	-	52,501	(73,363)
<b>TOTAL REVENUES</b>	<b>24,619,193</b>	<b>28,741,382</b>	<b>23,777,590</b>
<b>EXPENSES</b>			
General government	2,365,459	2,277,520	1,919,999
Protection services	4,681,795	4,482,668	4,583,111
Transportation services	7,029,162	6,669,163	6,163,816
Environmental services	3,930,655	3,983,122	4,137,327
Health services	74,286	43,176	58,253
Recreation and cultural services	3,067,819	2,891,604	3,080,707
Planning and development	900,916	823,593	1,021,654
<b>TOTAL EXPENSES</b>	<b>22,050,092</b>	<b>21,170,846</b>	<b>20,964,867</b>
<b>ANNUAL SURPLUS</b>	<b><u>2,569,101</u></b>	<b>7,570,536</b>	<b>2,812,723</b>
<b>ACCUMULATED SURPLUS - beginning of year</b>		<b>83,639,913</b>	<b>80,827,190</b>
<b>ACCUMULATED SURPLUS - end of year</b>		<b>91,210,449</b>	<b>83,639,913</b>

*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, 2018**

	Budget 2018 \$ (Unaudited)	Actual 2018 \$	Actual 2017 \$
<b>ANNUAL SURPLUS</b>	2,569,101	7,570,536	2,812,723
Amortization of tangible capital assets	4,835,194	4,885,700	4,835,194
Purchase of tangible capital assets	(7,838,701)	(8,392,067)	(4,976,764)
Loss/(gain) on disposal of tangible capital assets	-	(52,501)	73,363
Proceeds on sale of tangible capital assets	-	83,067	13,941
Contributed capital assets	-	(2,122,458)	-
Change in prepaid expenses	-	(29,126)	33,261
Change in inventories of materials and supplies	-	(48,998)	23,527
<b>CHANGE IN NET FINANCIAL ASSETS/(LIABILITIES)</b>	(434,406)	1,894,153	2,815,245
<b>NET FINANCIAL ASSETS/(LIABILITIES) - beginning of year</b>	(5,042,261)	(5,042,261)	(7,857,506)
<b>NET FINANCIAL ASSETS/(LIABILITIES) - end of year</b>	(5,476,667)	(3,148,108)	(5,042,261)

*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, 2018**

	2018 \$	2017 \$
<b>CASH PROVIDED BY (USED IN)</b>		
<b>OPERATING ACTIVITIES</b>		
Annual surplus	7,570,536	2,812,723
Items not involving cash		
Amortization of tangible capital assets	4,885,700	4,835,194
Loss/(gain) on disposal of tangible capital assets	(52,501)	73,363
Contributed capital assets	(2,122,458)	-
Change in employee future benefits	20,800	17,400
Change in non-cash assets and liabilities		
Accounts receivable	676,835	(1,340,798)
Taxes receivable	274,606	521,087
Inventories held for resale	572	(1,826)
Loans and notes receivable	18,618	17,941
Prepaid expenses	(29,126)	33,261
Inventories of materials and supplies	(48,998)	23,527
Accounts payable and accrued liabilities	662,799	624,964
Deferred revenue - obligatory reserve funds	814,446	716,011
Deferred revenue - other	(109,174)	143,020
Net change in cash from operating activities	12,562,655	8,475,867
<b>CAPITAL ACTIVITIES</b>		
Purchase of tangible capital assets	(8,392,067)	(4,976,764)
Proceeds on disposal of tangible capital assets	83,067	13,941
Net change in cash from capital activities	(8,309,000)	(4,962,823)
<b>INVESTING ACTIVITIES</b>		
Change in investments	(686)	919
<b>FINANCING ACTIVITIES</b>		
Debt principal repayments - long term debt	(1,367,177)	(1,483,179)
<b>NET CHANGE IN CASH</b>	2,885,792	2,030,784
<b>CASH - beginning of year</b>	10,507,827	8,477,043
<b>CASH - end of year</b>	13,393,619	10,507,827

*The accompanying notes are an integral part of these financial statements*

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the Year Ended December 31, 2018**

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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	7-50 years
Buildings and leaseholds	7-60 years
Roadways, bridges and sidewalks	3-50 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 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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the Year Ended December 31, 2018**

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**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 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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the Year Ended December 31, 2018**

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**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 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:

	2018 \$	2017 \$
Unrestricted	10,410,130	8,112,219
Restricted	2,983,489	2,395,608
	13,393,619	10,507,827

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the Year Ended December 31, 2018**

**3. INVESTMENTS**

Investments are recorded at cost and consist of the following:

	2018	2017
	\$	\$
High Interest Savings Portfolio - Hastings Hydro Fund	604,982	-
One Bond Portfolio - Hastings Hydro Fund	-	604,296
	604,982	604,296

**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 0.50% per annum. Council authorized the temporary borrowing limit by By-law 2018-003. At December 31, 2018 there was no balance outstanding (2017 - \$Nil).

**5. OPERATIONS OF SCHOOL BOARDS AND THE COUNTY OF NORTHUMBERLAND**

During 2018, 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	3,589,518	7,711,370

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, 2018**

**6. 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:

	2018	2017
	\$	\$
Development charges	2,914,527	2,100,323
Parkland	95,967	73,115
Federal gas tax	58,434	57,763
Provincial gas tax	68,151	91,432
	<b>3,137,079</b>	<b>2,322,633</b>

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

	2018	2017
	\$	\$
Balance - beginning of year	2,322,633	1,606,622
Add amounts received:		
Development charges	780,722	661,130
Parkland	21,750	14,250
Federal gas tax	401,449	389,986
Provincial gas tax	69,321	108,764
Interest	37,112	19,126
	<b>1,310,354</b>	<b>1,193,256</b>
Less transfer to operations:		
Federal gas tax earned	401,449	389,986
Provincial gas tax earned	94,459	87,259
	<b>495,908</b>	<b>477,245</b>
Balance - end of year	<b>3,137,079</b>	<b>2,322,633</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the Year Ended December 31, 2018**

**7. LONG TERM DEBT**

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

	2018 \$	2017 \$
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.	1,910,027	2,011,916
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.	2,870,400	3,091,200
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.	325,335	355,641
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.	222,584	243,318
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.	785,439	904,635
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.	781,934	869,156
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.	434,320	487,711
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.	1,747,383	2,244,951
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.	3,211,746	3,429,199
Term loan issued to Royal Bank of Canada, interest repayable monthly at Royal Bank Prime rate per annum, due September 30, 2019.	1,521,082	1,521,082
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.	42,645	58,560

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the Year Ended December 31, 2018**

**7. LONG TERM DEBT, continued**

	2018 \$	2017 \$
Debt 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.	1,317	4,020
	13,854,212	15,221,389

(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 \$454,548 (2017 - \$485,048).

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

	Principal \$	Interest \$	Total \$
2019	2,918,459	402,373	3,320,832
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	891,096	205,812	1,096,908
2024 and subsequent years	5,844,826	665,549	6,510,375
	13,854,212	2,104,308	15,958,520

**8. 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. The landfill is expected to be closed by December 31, 2019.



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the Year Ended December 31, 2018**

**9. 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:

	2018 \$	2017 \$
Liability at January 1	396,200	378,800
Current year benefits cost	24,200	23,400
Interest cost	14,000	13,300
Less: benefit payments	(17,400)	(19,300)
Liability at December 31	417,000	396,200

**10. 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, 2018

### 11. TANGIBLE CAPITAL ASSETS

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

	2018 \$	2017 \$
General		
Land and land improvements	5,395,797	5,335,940
Building and leasehold improvements	19,106,836	20,273,416
Vehicles and equipment	4,375,441	3,515,245
Infrastructure		
Linear - storm	6,115,474	5,738,532
Linear - sanitary	6,906,397	6,596,361
Water distribution	13,445,582	13,285,464
Roadways, bridges and sidewalks	31,645,056	31,715,020
	86,990,583	86,459,978
Assets under construction	6,741,728	1,674,074
	93,732,311	88,134,052

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

During the year there were no write-downs of assets (2017 - \$Nil) and no interest capitalized (2017 - \$Nil).

Tangible capital assets allocated by segment are as follows:

	2018 \$	2017 \$
General government	1,934,646	1,911,079
Protection services	1,314,381	945,737
Transportation services	35,138,122	34,162,757
Environmental services	44,517,848	39,931,909
Health services	2,002	3,474
Recreation and cultural services	8,248,983	8,405,161
Planning and development	2,576,329	2,773,935
	93,732,311	88,134,052

# CORPORATION OF THE MUNICIPALITY OF TRENT HILLS



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2018

### 12. ACCUMULATED SURPLUS

(a) Accumulated surplus consists of the following:

	2018 \$	2017 \$
<b>Surplus</b>		
Unfunded landfill closure and post-closure costs	(374,000)	(374,000)
Unfunded employee future benefits	(417,000)	(396,200)
	(791,000)	(770,200)
<b>Invested In Capital Assets</b>		
Tangible capital assets - net book value	93,732,311	88,134,052
Unfunded capital - Firehall	(86,072)	-
Unfunded capital - Water Tower	(2,417,584)	(383,938)
Long term debt	(13,810,250)	(15,158,809)
	77,418,405	72,591,305
<b>Surplus</b>	76,627,405	71,821,105
<b>Reserves</b>		
Working capital and contingency	2,072,723	1,692,837
General government	414,187	341,342
Protection to persons and property	1,992,105	1,562,330
Transportation services	3,284,046	2,679,579
Environmental services	3,351,938	2,454,731
Health services	235,532	177,998
Recreation and culture	1,240,724	1,012,840
Planning and development	655,759	610,446
<b>Total Reserves</b>	13,247,014	10,532,103
<b>Reserve Funds</b>		
Working capital and contingency	993,871	993,697
Environmental services	62,464	61,747
Recreation and culture	255,388	207,234
Planning and development	24,307	24,027
<b>Total Reserve Funds</b>	1,336,030	1,286,705
	91,210,449	83,639,913

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the Year Ended December 31, 2018**

**13. BUDGET FIGURES**

The budget, approved by the Municipality, for 2018 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.

**14. TRUST FUNDS**

Trust funds administered by the Municipality amounting to \$403,114 (2017 - \$395,542) 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.

**15. EXPENSES BY OBJECT**

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

	Budget 2018 \$ (Unaudited)	Actual 2018 \$	Actual 2017 \$
Salaries and benefits	7,381,264	7,158,467	6,799,737
Interest charges	403,280	454,548	485,048
Materials	5,540,271	4,858,540	4,968,889
Contracted services	3,571,940	3,489,485	3,580,183
Rents and financial	37,676	41,017	40,759
External transfers	280,467	283,089	255,057
Amortization	4,835,194	4,885,700	4,835,194
	22,050,092	21,170,846	20,964,867

**16. 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 2018 Annual Report disclosed total actuarial liabilities of \$100,081 million in respect of benefits accrued for service with actuarial assets of \$95,890 million indicating an actuarial deficit of \$4,191 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 2018 were \$340,662 (2017 - \$332,460).

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 \$63,472 (2017 - \$61,346). 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.

**17. 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.

**17. 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.

**18. CHANGES IN ACCOUNTING POLICIES**

The Municipality has implemented the following PSA sections which are now effective under the PSA Handbook: 3320 Contingent Assets, 3380 Contractual Rights, 2200 Related Party Disclosures and 3420 Inter-Entity Transactions.

Under Section 3320, a contingent asset is a potential asset that exists at the financial statement date but requires confirmation or disproof at a future date that is not in the control of the public-sector entity. If the contingent asset is deemed to be likely to exist, then this should be disclosed in the notes to the financial statements. Disclosure should include the nature, extent (except in those cases where extent cannot be measured or disclosure would have an adverse effect on the outcome), the reason for any non-disclosure of extent, and when an estimate of the amount has been made, the basis for that estimate. This section has been applied prospectively. The adoption of this standard did not have an impact on the Municipality's financial statements.

Under Section 3380, a contractual right arises out of a contract or agreement where it will result in the municipality having both an asset and future revenue. The contract or agreement must be between two or more parties and be enforceable under contract law. Contractual rights are assets and revenues that will occur in the future due to an enforceable agreement in effect at the financial statement date. If a contractual right exists, it should be disclosed in the notes or schedules to the statements and include descriptions about nature, extent and timing. This section has been applied prospectively. The adoption of this standard did not have an impact on the Municipality's financial statements.

Section 3240 establishes the standards and requirements on how to account for and Section 2200 establishes the standards and requirements on how to report transactions between public sector entities that comprise the government's reporting entity. This section has been applied prospectively. The adoption of this standard did not have an impact on the Municipality's financial statements.

# CORPORATION OF THE MUNICIPALITY OF TRENT HILLS



## CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS

For the Year Ended December 31, 2018

	General			Infrastructure				Totals
	Land and Land Improvements	Building and Leasehold Improvements	Vehicles and Equipment	Linear - Storm	Linear - Sanitary	Water Distribution	Roadways, Bridges and Sidewalks	
	\$	\$	\$	\$	\$	\$	\$	\$
<b>COST</b>								
Balance, beginning 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
Add: additions during the year	35,730	78,505	1,673,957	477,324	441,786	392,566	2,143,346	10,514,525
Less: disposals during the year	-	-	638,522	418	12,988	-	74,397	726,325
Internal transfers	199,785	-	-	-	-	3,872	-	(203,657)
Balance, end of year	6,904,691	41,202,420	16,357,926	8,185,322	10,314,018	17,783,932	81,041,395	188,531,432
<b>ACCUMULATED AMORTIZATION</b>								
Balance, beginning 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
Add: additions during the year	175,658	1,245,085	793,961	100,298	131,184	236,320	2,203,194	4,885,700
Less: disposals during the year	-	-	618,722	334	12,422	-	64,281	695,759
Balance, end of year	1,508,894	22,095,584	11,982,485	2,069,848	3,407,621	4,338,350	49,396,339	94,799,121
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<b>5,395,797</b>	<b>19,106,836</b>	<b>4,375,441</b>	<b>6,115,474</b>	<b>6,906,397</b>	<b>13,445,582</b>	<b>31,645,056</b>	<b>93,732,311</b>

# CORPORATION OF THE MUNICIPALITY OF TRENT HILLS

## CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE

For the Year Ended December 31, 2018



	General Government \$	Protection Services \$	Transportation Services \$	Environmental Services \$	Health Services \$	Recreation and Cultural Services \$	Planning and Development \$	Consolidated \$
<b>Revenues</b>								
Property taxation	1,829,206	1,180,978	5,980,665	302,983	64,451	2,867,783	632,833	12,858,899
User charges	123,190	573,416	29,819	4,174,207	31,655	426,326	109,671	5,468,284
Government transfers - operating	-	3,238,571	3,360	-	-	69,713	-	3,311,644
Government transfers - capital	-	-	370,124	2,732,276	-	8,400	3,332	3,114,132
Other municipalities	-	125,000	20,403	-	-	-	-	145,403
Penalties and interest on taxes	328,718	-	-	-	-	-	-	328,718
Investment income	229,737	-	-	-	2,657	339	8,569	241,302
Donations	-	19,994	-	-	475	115,105	25,000	160,574
Federal gas tax earned	-	-	401,449	-	-	-	-	401,449
Provincial gas tax earned	-	-	94,459	-	-	-	-	94,459
Capital contributions	-	-	-	-	-	-	55,000	55,000
Other	263,582	-	52,502	9,212	-	14,877	46,386	386,559
Contributed capital assets	-	-	873,253	1,249,205	-	-	-	2,122,458
Gain (loss) on disposal of tangible capital assets	-	-	44,540	(1,039)	-	9,000	-	52,501
<b>Total revenues</b>	<b>2,774,433</b>	<b>5,137,959</b>	<b>7,870,574</b>	<b>8,466,844</b>	<b>99,238</b>	<b>3,511,543</b>	<b>880,791</b>	<b>28,741,382</b>
<b>Expenses</b>								
Salaries and benefits	1,318,404	917,538	2,159,736	993,162	29,383	1,377,823	362,421	7,158,467
Interest charges	-	-	51,797	297,187	-	48,494	57,070	454,548
Materials	641,822	685,662	1,302,336	1,153,241	11,710	866,478	197,291	4,858,540
Contracted services	124,299	2,407,083	468,787	280,165	611	124,402	84,138	3,489,485
Rents and financial	16,161	3,826	8,448	9,507	-	3,075	-	41,017
External transfers	-	173,786	94,459	-	-	960	13,884	283,089
Amortization	165,213	196,246	2,579,729	1,439,827	1,472	397,759	105,454	4,885,700
Internal transfers	11,621	98,527	3,871	(189,967)	-	72,613	3,335	-
<b>Total expenses</b>	<b>2,277,520</b>	<b>4,482,668</b>	<b>6,669,163</b>	<b>3,983,122</b>	<b>43,176</b>	<b>2,891,604</b>	<b>823,593</b>	<b>21,170,846</b>
<b>Net surplus</b>	<b>496,913</b>	<b>655,291</b>	<b>1,201,411</b>	<b>4,483,722</b>	<b>56,062</b>	<b>619,939</b>	<b>57,198</b>	<b>7,570,536</b>



# 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 \$
<b>Revenues</b>								
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
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)
<b>Total revenues</b>	<b>2,461,955</b>	<b>4,984,380</b>	<b>6,414,758</b>	<b>5,264,794</b>	<b>96,095</b>	<b>3,486,354</b>	<b>1,069,254</b>	<b>23,777,590</b>
<b>Expenses</b>								
Salaries and benefits	1,178,809	885,494	2,063,510	880,415	21,493	1,407,824	362,192	6,799,737
Interest charges	-	-	56,307	321,016	-	60,194	47,531	485,048
Materials	484,296	666,267	1,160,207	1,475,557	5,363	984,876	192,323	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	-
<b>Total expenses</b>	<b>1,919,999</b>	<b>4,583,111</b>	<b>6,163,816</b>	<b>4,137,327</b>	<b>58,253</b>	<b>3,080,707</b>	<b>1,021,654</b>	<b>20,964,867</b>
<b>Net surplus</b>	<b>541,956</b>	<b>401,269</b>	<b>250,942</b>	<b>1,127,467</b>	<b>37,842</b>	<b>405,647</b>	<b>47,600</b>	<b>2,812,723</b>

**Baker Tilly KDN LLP**  
272 Charlotte Street  
Peterborough, ON  
Canada K9J 2V4

## **INDEPENDENT AUDITOR'S REPORT**

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

**D:** 705.742.3418  
**F:** 705.742.9775

**[www.bakertilly.ca](http://www.bakertilly.ca)**

### *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, 2018, 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, 2018, and the continuity of the Trust Funds for the year then ended in accordance with Canadian Public Sector Accounting Standards.

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.

### *Other Matter*

The financial statements of the Trust Funds as at and for the year ended December 31, 2017 were audited by Collins Barrow Kawarthas LLP, which became Baker Tilly KDN LLP effective January 10, 2019.

### *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'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 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's financial reporting process.

## **ASSURANCE • TAX • ADVISORY**

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*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'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 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 10, 2019

**CORPORATION OF THE MUNICIPALITY OF  
TRENT HILLS**



**TRUST FUNDS  
STATEMENT OF FINANCIAL POSITION  
At December 31, 2018**

	Cemetery Perpetual Care \$	Other \$	2018 Total \$	2017 Total \$
<b>FINANCIAL ASSETS</b>				
Cash	173,532	332	173,864	169,474
Investments (note 3)	233,419	2,412	235,831	230,072
	406,951	2,744	409,695	399,546
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Due to Cemetery	6,581	-	6,581	4,004
<b>FUND BALANCES (note 4)</b>	400,370	2,744	403,114	395,542
	406,951	2,744	409,695	399,546

*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, 2018

	Cemetery Perpetual Care \$	Other \$	2018 Total \$	2017 Total \$
<b>BALANCES - beginning of year</b>	392,800	2,742	395,542	384,994
<b>RECEIPTS</b>				
Interest	5,232	52	5,284	1,591
Care and maintenance	7,570	-	7,570	10,546
	12,802	52	12,854	12,137
<b>EXPENSES</b>				
Bursaries and scholarships	-	50	50	50
Transfer to external cemeteries	464	-	464	283
Transfer to operations	4,768	-	4,768	1,256
	5,232	50	5,282	1,589
<b>BALANCES - end of year</b>	400,370	2,744	403,114	395,542

*The accompanying notes are an integral part of these financial statements*

**TRUST FUNDS  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended December 31, 2018**

**1. PURPOSE OF TRUSTS**

The Cemetery Perpetual Care trusts administered by the Municipality are funded by the sale of cemetery plots. 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:

	2018	2017
	\$	\$
GIC due February 27, 2023 with an interest rate of 1.60%	2,412	-
GIC due February 27, 2018 with an interest rate of 2.15%	-	2,412
Public Trustee investment for Henderson Cemetery	188	188
High Interest Savings Portfolio with the One Investment Program	233,231	-
Bond Portfolio with the One Investment Program	-	227,472
	<b>235,831</b>	<b>230,072</b>

**TRUST FUNDS  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended December 31, 2018**

**4. FUND BALANCES**

Included in fund balances are the following:

	2018	2017
	\$	\$
<b>Cemetery Trust Funds</b>		
Warkworth Cemetery	136,969	133,119
Stones Cemetery	8,296	8,196
Henderson Cemetery	188	188
English Line Cemetery	21,545	21,195
Hoards United Church Cemetery	11,171	11,171
Trent Valley Cemetery	145,473	142,203
Burnbrae Cemetery	76,728	76,728
	<b>400,370</b>	<b>392,800</b>
<b>Other Trust Funds</b>		
Hastings Area Betterment Association	2,744	2,742

**5. CEMETERY PERPETUAL CARE**

Prior to 2005 the Municipality agreed to manage perpetual care trust funds for the English Line Cemetery.

During 2012 the Municipality agreed to manage perpetual care trust funds for Hoard's United Church Cemetery.

During 2013 the Municipality agreed to manage perpetual care trust funds for the Trent Valley Cemetery and the Burnbrae Cemetery.

The Cemetery operations for English Line Cemetery, Hoard's Cemetery, Trent Valley Cemetery and Burnbrae Cemetery remain external to the Municipality. The Municipality transfers any interest earned on the perpetual care trust funds annually back to these Cemeteries.

**6. COMPARATIVE FIGURES**

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

**CORPORATION OF THE  
MUNICIPALITY OF TRENT HILLS**

**TRENT HILLS PUBLIC LIBRARY BOARD**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2018**



**Baker Tilly KDN LLP**  
272 Charlotte Street  
Peterborough, ON  
Canada K9J 2V4

## **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**

**D:** 705.742.3418  
**F:** 705.742.9775

**[www.bakertilly.ca](http://www.bakertilly.ca)**

### *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, 2018, 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, 2018, 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.

### *Other Matter*

The financial statements of the Board as at and for the year ended December 31, 2017 were audited by Collins Barrow Kawarthas LLP, which became Baker Tilly KDN LLP effective January 10, 2019.

### *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.

## **ASSURANCE • TAX • ADVISORY**

*Baker Tilly KDN LLP is a member of Baker Tilly Canada Cooperative, which is a member of the global network of Baker Tilly International Limited. All members of Baker Tilly Canada Cooperative and Baker Tilly International Limited are separate and independent legal entities.*

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 10, 2019

**CORPORATION OF THE MUNICIPALITY OF  
TRENT HILLS**



**TRENT HILLS PUBLIC LIBRARY BOARD  
STATEMENT OF FINANCIAL POSITION  
At December 31, 2018**

	2018 \$	2017 \$
<b>FINANCIAL ASSETS</b>		
Cash	358	355
Due from Municipality	220,449	139,779
<b>TOTAL FINANCIAL ASSETS</b>	<b>220,807</b>	<b>140,134</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	34,773	29,179
Deferred revenue	-	1,838
<b>TOTAL LIABILITIES</b>	<b>34,773</b>	<b>31,017</b>
<b>NET FINANCIAL ASSETS</b>	<b>186,034</b>	<b>109,117</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (note 2)	131,835	131,488
Prepaid expenses	3,783	3,404
<b>TOTAL NON-FINANCIAL ASSETS</b>	<b>135,618</b>	<b>134,892</b>
<b>ACCUMULATED SURPLUS (note 3)</b>	<b>321,652</b>	<b>244,009</b>

*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, 2018

	Budget 2018 \$ (Unaudited)	Actual 2018 \$	Actual 2017 \$
<b>REVENUES</b>			
Municipal contribution	522,431	522,431	489,789
Provincial grants	33,099	34,937	43,521
Federal grants	1,960	1,761	2,647
Other grants	-	171	971
Facilities rental	3,000	3,190	3,645
User fees	2,500	4,426	4,903
Donations	-	21,642	11,499
Fines	1,500	2,394	2,176
Investment income	250	339	93
Sale of books	1,000	1,033	1,004
Non-resident fees	400	125	325
Contribution from Municipal reserves	-	-	3,862
<b>TOTAL REVENUES</b>	<b>566,140</b>	<b>592,449</b>	<b>564,435</b>
<b>EXPENSES</b>			
Salaries and benefits	344,413	323,852	303,024
Utilities	42,385	38,769	45,037
Office	13,600	10,379	9,630
Professional fees	3,562	3,562	3,562
Insurance	22,460	21,084	20,440
Periodicals, e-book fees and other	5,745	6,939	6,240
Contracts	38,505	30,401	12,897
Literacy and connectivity grants	2,000	1,633	1,261
Amortization	36,621	36,344	36,621
Book processing and computer services	34,970	30,905	29,229
Conferences, training and travel	5,500	3,693	3,740
Repairs, maintenance and security	8,000	7,245	29,848
<b>TOTAL EXPENSES</b>	<b>557,761</b>	<b>514,806</b>	<b>501,529</b>
<b>ANNUAL SURPLUS</b>	<b><u>8,379</u></b>	<b>77,643</b>	<b>62,906</b>
<b>ACCUMULATED SURPLUS - beginning of year</b>		<b>244,009</b>	<b>181,103</b>
<b>ACCUMULATED SURPLUS - end of year</b>		<b>321,652</b>	<b>244,009</b>

*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, 2018**

	Budget 2018 \$ (Unaudited)	Actual 2018 \$	Actual 2017 \$
<b>ANNUAL SURPLUS</b>	8,379	77,643	62,906
Amortization of tangible capital assets	36,621	36,344	36,621
Acquisition of tangible capital assets	(45,000)	(36,691)	(35,546)
Change in prepaid expenses	-	(379)	(1,385)
<b>INCREASE IN NET FINANCIAL ASSETS</b>	-	76,917	62,596
<b>NET FINANCIAL ASSETS - beginning of year</b>	109,117	109,117	46,521
<b>NET FINANCIAL ASSETS - end of year</b>	109,117	186,034	109,117

*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, 2018

	2018 \$	2017 \$
<b>CASH PROVIDED BY (USED IN)</b>		
<b>OPERATING ACTIVITIES</b>		
Annual surplus	77,643	62,906
Items not involving cash		
Amortization of tangible capital assets	36,344	36,621
Change in non-cash assets and liabilities		
Due from Municipality	(80,670)	(72,923)
Prepaid expenses	(379)	(1,385)
Accounts payable and accrued liabilities	5,594	8,758
Deferred revenue	(1,838)	(3,751)
<b>Net change in cash from operating activities</b>	<b>36,694</b>	<b>30,226</b>
<b>CAPITAL ACTIVITIES</b>		
Acquisition of tangible capital assets	(36,691)	(35,546)
<b>NET CHANGE IN CASH</b>	<b>3</b>	<b>(5,320)</b>
<b>CASH - beginning of year</b>	<b>355</b>	<b>5,675</b>
<b>CASH - end of year</b>	<b>358</b>	<b>355</b>

*The accompanying notes are an integral part of these financial statements*

**TRENT HILLS PUBLIC LIBRARY BOARD  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended December 31, 2018**

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**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 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, 2018

### 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.

#### (g) 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 \$	2018 Totals \$	2017 Totals \$
<b>COST</b>				
Balance, beginning of year	277,780	18,667	296,447	333,590
Add: additions during the year	32,046	4,645	36,691	35,546
Less: disposals during the year	47,532	-	47,532	72,689
Balance, end of year	262,294	23,312	285,606	296,447
<b>ACCUMULATED AMORTIZATION</b>				
Balance, beginning of year	156,849	8,110	164,959	201,027
Add: additions during the year	32,892	3,452	36,344	36,621
Less: disposals during the year	47,532	-	47,532	72,689
Balance, end of year	142,209	11,562	153,771	164,959
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<b>120,085</b>	<b>11,750</b>	<b>131,835</b>	<b>131,488</b>



# CORPORATION OF THE MUNICIPALITY OF TRENT HILLS



## TRENT HILLS PUBLIC LIBRARY BOARD NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2018

### 3. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2018 \$	2017 \$
<b>Invested In Capital Assets</b>		
Tangible capital assets - net book value	131,835	131,488
<b>Surplus</b>	131,835	131,488
<b>Reserves</b>		
Bequests	28,757	9,860
Literacy	1,120	5,216
General	159,940	97,445
<b>Total Reserves</b>	189,817	112,521
	321,652	244,009

### 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 related party expense transactions are as follows:

	2018 \$	2017 \$
Allocated costs:		
Water and sewer	3,864	3,446
Insurance	21,084	20,440
Professional fees	3,562	3,562
	28,510	27,448

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.

**TRENT HILLS PUBLIC LIBRARY BOARD  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended December 31, 2018**

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**5. BUDGET FIGURES**

The operating budget, approved by the Board, for 2018 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. CHANGES IN ACCOUNTING POLICIES**

The Board has implemented the following PSA sections which are now effective under the PSA Handbook: 3320 Contingent Assets, 3380 Contractual Rights, 2200 Related Party Disclosures and 3420 Inter-Entity Transactions.

Under Section 3320, a contingent asset is a potential asset that exists at the financial statement date but requires confirmation or disproof at a future date that is not in the control of the public-sector entity. If the contingent asset is deemed to be likely to exist, then this should be disclosed in the notes to the financial statements. Disclosure should include the nature, extent (except in those cases where extent cannot be measured or disclosure would have an adverse effect on the outcome), the reason for any non-disclosure of extent, and when an estimate of the amount has been made, the basis for that estimate. This section has been applied prospectively. The adoption of this standard did not have an impact on the Board's financial statements.

Under Section 3380, a contractual right arises out of a contract or agreement where it will result in the public-sector entity having both an asset and future revenue. The contract or agreement must be between two or more parties and be enforceable under contract law. Contractual rights are assets and revenues that will occur in the future due to an enforceable agreement in effect at the financial statement date. If a contractual right exists, it should be disclosed in the notes or schedules to the statements and include descriptions about nature, extent and timing. This section has been applied prospectively. The adoption of this standard did not have an impact on the Board's financial statements.

Section 3240 establishes the standards and requirements on how to account for and Section 2200 establishes the standards and requirements on how to report transactions between public sector entities that comprise the government's reporting entity. This section has been applied retroactively with restatement of prior periods notes. The adoption of this standard resulted in additional note disclosure as disclosed in note 4.

**CORPORATION OF THE  
MUNICIPALITY OF TRENT HILLS**

**CAMPBELLFORD BUSINESS IMPROVEMENT AREA**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2018**

**Baker Tilly KDN LLP**  
272 Charlotte Street  
Peterborough, ON  
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D: 705.742.3418  
F: 705.742.9775

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## **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 organization), which comprise the statement of financial position as at December 31, 2018, 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 organization as at December 31, 2018, and the results of its operations and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

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 organization 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.

### *Other Matter*

The financial statements of the organization as at and for the year ended December 31, 2017 were audited by Collins Barrow Kawartha LLP, which became Baker Tilly KDN LLP effective January 10, 2019.

### *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 organization'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 organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the organization's financial reporting process.

## **ASSURANCE • TAX • ADVISORY**

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*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 organization'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 organization'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 organization 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  
March 26, 2019

**CORPORATION OF THE MUNICIPALITY OF  
TRENT HILLS**



**CAMPBELLFORD BUSINESS IMPROVEMENT AREA  
STATEMENT OF FINANCIAL POSITION  
At December 31, 2018**

	2018 \$	2017 \$
<b>FINANCIAL ASSETS</b>		
Cash	16,264	69,891
HST receivable	3,071	297
<b>TOTAL FINANCIAL ASSETS</b>	<b>19,335</b>	<b>70,188</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	2,942	2,963
Due to Municipality	162	10,000
<b>TOTAL LIABILITIES</b>	<b>3,104</b>	<b>12,963</b>
<b>NET FINANCIAL ASSETS</b>	<b>16,231</b>	<b>57,225</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (note 3)	20,970	407
Prepaid expenses	2,474	-
<b>TOTAL NON-FINANCIAL ASSETS</b>	<b>23,444</b>	<b>407</b>
<b>ACCUMULATED SURPLUS (note 4)</b>	<b>39,675</b>	<b>57,632</b>

*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, 2018

	Budget 2018 \$ (Unaudited)	Actual 2018 \$	Actual 2017 \$
<b>REVENUES</b>			
Municipal contribution	40,000	39,838	38,945
Special events - AGM	-	-	540
Interest income	-	1,543	-
<b>TOTAL REVENUES</b>	<b>40,000</b>	<b>41,381</b>	<b>39,485</b>
<b>EXPENSES</b>			
Contribution to Municipality for Town Square	35,000	25,000	10,000
Secretarial support	12,500	9,000	8,250
Promotion and advertising	9,745	10,869	3,483
Beautification and streetscape	8,000	7,431	-
Sponsorships and special events	4,000	1,927	500
Christmas program	4,000	-	-
Training	2,000	2,043	-
Professional fees	1,750	1,819	2,138
Insurance	1,555	417	162
Office	450	425	792
Amortization	785	407	785
<b>TOTAL EXPENSES</b>	<b>79,785</b>	<b>59,338</b>	<b>26,110</b>
<b>ANNUAL SURPLUS/(DEFICIT)</b>	<b><u>(39,785)</u></b>	<b>(17,957)</b>	<b>13,375</b>
<b>ACCUMULATED SURPLUS - beginning of year</b>		<b>57,632</b>	<b>44,257</b>
<b>ACCUMULATED SURPLUS - end of year</b>		<b>39,675</b>	<b>57,632</b>

*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, 2018**

	Budget 2018 \$ (Unaudited)	Actual 2018 \$	Actual 2017 \$
<b>ANNUAL SURPLUS/(DEFICIT)</b>	(39,785)	(17,957)	13,375
Amortization of tangible capital assets	785	407	785
Acquisition of tangible capital assets	-	(20,970)	-
Change in prepaid expenses	-	(2,474)	-
<b>INCREASE/(DECREASE) IN NET FINANCIAL ASSETS</b>	(39,000)	(40,994)	14,160
<b>NET FINANCIAL ASSETS - beginning of year</b>	57,225	57,225	43,065
<b>NET FINANCIAL ASSETS - end of year</b>	18,225	16,231	57,225

*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, 2018**

	2018 \$	2017 \$
<b>CASH PROVIDED BY (USED IN)</b>		
<b>OPERATING ACTIVITIES</b>		
Annual surplus/(deficit)	(17,957)	13,375
Items not involving cash		
Amortization of tangible capital assets	407	785
Change in non-cash assets and liabilities		
HST receivable	(2,774)	7,865
Prepaid expenses	(2,474)	-
Accounts payable and accrued liabilities	(21)	(561)
Due to Municipality	(9,838)	3,879
Net change in cash from operating activities	(32,657)	25,343
<b>CAPITAL ACTIVITIES</b>		
Acquisition of tangible capital assets	(20,970)	-
<b>NET CHANGE IN CASH</b>	(53,627)	25,343
<b>CASH - beginning of year</b>	69,891	44,548
<b>CASH - end of year</b>	16,264	69,891

*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, 2018**

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**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.

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) 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.

**CAMPBELLFORD BUSINESS IMPROVEMENT AREA  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended December 31, 2018**

**1. SIGNIFICANT ACCOUNTING POLICIES, continued**

(f) Inter-Entity Transactions

The Campbellford Business Improvement Area is a organization 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. BUDGET FIGURES**

The operating budget, approved by the organization, for 2018 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.

**3. TANGIBLE CAPITAL ASSETS**

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

	2018 Christmas Decorations and Banners \$	2017 Christmas Decorations and Banners \$
<b>COST</b>		
Balance, beginning of year	7,084	7,084
Add: additions during the year	20,970	-
Balance, end of year	28,054	7,084
<b>ACCUMULATED AMORTIZATION</b>		
Balance, beginning of year	6,677	5,892
Add: additions during the year	407	785
Balance, end of year	7,084	6,677
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<b>20,970</b>	<b>407</b>

**CAMPBELLFORD BUSINESS IMPROVEMENT AREA  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended December 31, 2018**

**4. ACCUMULATED SURPLUS**

Accumulated surplus consists of the following:

	2018	2017
	\$	\$
<b>Invested In Capital Assets</b>		
Tangible capital assets - net book value	20,970	407
<b>Surplus</b>	20,970	407
<b>Reserve</b>		
General	18,705	57,225
	39,675	57,632

**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.

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

	2018	2017
	\$	\$
Allocated costs:		
Contribution to Municipality for Town Square	25,000	10,000
	25,000	10,000

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. CHANGES IN ACCOUNTING POLICIES**

The Board has implemented the following PSA sections which are now effective under the PSA Handbook: 3320 Contingent Assets, 3380 Contractual Rights, 2200 Related Party Disclosures and 3420 Inter-Entity Transactions.

Under Section 3320, a contingent asset is a potential asset that exists at the financial statement date but requires confirmation or disproof at a future date that is not in the control of the public-sector entity. If the contingent asset is deemed to be likely to exist, then this should be disclosed in the notes to the financial statements. Disclosure should include the nature, extent (except in those cases where extent cannot be measured or disclosure would have an adverse effect on the outcome), the reason for any non-disclosure of extent, and when an estimate of the amount has been made, the basis for that estimate. This section has been applied prospectively. The adoption of this standard did not have an impact on the organization's financial statements.

Under Section 3380, a contractual right arises out of a contract or agreement where it will result in the organization having both an asset and future revenue. The contract or agreement must be between two or more parties and be enforceable under contract law. Contractual rights are assets and revenues that will occur in the future due to an enforceable agreement in effect at the financial statement date. If a contractual right exists, it should be disclosed in the notes or schedules to the statements and include descriptions about nature, extent and timing. These sections have been applied prospectively. The adoption of this standard did not have an impact on the organization's financial statements.

Section 3240 establishes the standards and requirements on how to account for and Section 2200 establishes the standards and requirements on how to report transactions between public sector entities that comprise the government's reporting entity. This section has been applied retroactively with restatement of prior periods. The adoption of these standards resulted in additional note disclosures for the organization.