

**CORPORATION OF THE
MUNICIPALITY OF TRENT HILLS**

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2016

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MUNICIPALITY OF TRENT HILLS**

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CORPORATION OF THE MUNICIPALITY OF TRENT HILLS

For The Year Ended December 31, 2016

MANAGEMENT REPORT

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

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

The Municipality maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the Municipality's assets are appropriately accounted for and adequately safeguarded.

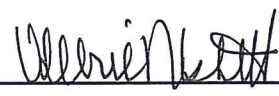
The Municipality's Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving financial statements.

Council reviews and approves the Municipality's financial statements for issuance to the members of Council, inhabitants and ratepayers of the Corporation of the Municipality of Trent Hills. Council meets periodically with management, as well as the external auditor, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities and to review the financial statements and the independent auditor's report.

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

Mayor 

Date April 20, 2017

Director of Finance/
Treasurer 

Date April 20, 2017

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of the Corporation of the Municipality of Trent Hills and its local boards, which comprise the consolidated statement of financial position as at December 31, 2016, the consolidated statements of operations and accumulated surplus, change in net financial assets/(liabilities) and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation of the Municipality of Trent Hills and its local boards as at December 31, 2016 and the results of its operations and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Collins Barrow Kawarthas LLP

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
April 21, 2017

CORPORATION OF THE MUNICIPALITY OF TRENT HILLS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION At December 31, 2016

	2016	2015
	\$	\$
FINANCIAL ASSETS		
Cash (note 2)	8,477,043	2,317,789
Investments (note 3)	605,215	610,055
Accounts receivable	1,470,902	1,477,306
Taxes receivable	2,766,692	2,712,736
Inventories held for resale	7,670	2,703
Loans and notes receivable	80,521	102,159
TOTAL FINANCIAL ASSETS	13,408,043	7,222,748
LIABILITIES		
Temporary borrowing	-	1,719,480
Accounts payable and accrued liabilities	2,179,620	2,174,457
Deferred revenue - obligatory reserve funds (note 5)	1,606,622	1,247,486
Deferred revenue - other	21,939	20,181
Other bank debt	-	3,900,000
Long term debt (note 6)	16,704,568	8,757,294
Landfill closure liability (note 7)	374,000	-
Employee future benefits (note 8)	378,800	-
TOTAL LIABILITIES	21,265,549	17,818,898
NET FINANCIAL ASSETS/(LIABILITIES)	(7,857,506)	(10,596,150)
NON-FINANCIAL ASSETS		
Tangible capital assets (note 10)	88,079,786	90,211,622
Prepaid expenses	59,980	775,579
Inventories of materials and supplies	544,930	553,729
TOTAL NON-FINANCIAL ASSETS	88,684,696	91,540,930
ACCUMULATED SURPLUS (note 11)	80,827,190	80,944,780

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, 2016

	Budget 2016 \$ (Unaudited)	Actual 2016 \$	Actual 2015 \$
REVENUES			
Property taxation	11,903,462	11,702,441	11,293,130
User charges	4,375,636	4,593,449	4,318,106
Government of Canada	2,640	41,260	28,960
Province of Ontario (note 12)	6,605,355	3,113,006	2,984,822
Other municipalities	-	3,042	15,810
Penalties and interest on taxes	400,000	411,654	420,115
Investment income	91,956	81,206	85,686
Donations	6,550	175,576	266,619
Development charges earned	-	-	60,000
Parkland fees earned	-	-	6,000
Federal gas tax earned	383,202	383,202	364,954
Provincial gas tax earned	91,211	87,542	71,962
Capital contributions	-	162,800	139,944
Other	180,792	497,266	448,201
Contributed capital assets	-	262,189	74,000
Gain (loss) on disposal of tangible capital assets	-	(107,591)	27,986
TOTAL REVENUES	24,040,804	21,407,042	20,606,295
EXPENSES			
General government	2,184,266	2,545,398	2,251,607
Protection services	4,771,785	4,587,498	4,757,162
Transportation services	6,364,937	6,321,918	6,181,916
Environmental services	4,338,305	4,318,334	3,915,957
Health services	74,092	46,151	35,994
Recreation and cultural services	2,694,708	2,930,702	2,653,670
Planning and development	894,291	774,631	681,305
TOTAL EXPENSES	21,322,384	21,524,632	20,477,611
ANNUAL SURPLUS/(DEFICIT)	<u>2,718,420</u>	(117,590)	128,684
ACCUMULATED SURPLUS - beginning of year		80,944,780	80,816,096
ACCUMULATED SURPLUS - end of year		80,827,190	80,944,780

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, 2016

	Budget 2016 \$ (Unaudited)	Actual 2016 \$	Actual 2015 \$
ANNUAL SURPLUS/(DEFICIT)	2,718,420	(117,590)	128,684
Amortization of tangible capital assets	4,701,781	4,727,965	4,701,781
Purchase of tangible capital assets (note 12)	(8,395,856)	(2,846,565)	(7,316,650)
Loss/(gain) on disposal of tangible capital assets	-	107,591	(27,987)
Proceeds on sale of tangible capital assets	-	20,062	70,967
Tangible capital assets written off	-	122,783	-
Contributed capital assets	-	-	(74,000)
Change in prepaid expenses	-	715,599	(653,113)
Change in inventories of materials and supplies	-	8,799	167,370
CHANGE IN NET FINANCIAL ASSETS/(LIABILITIES)	(975,655)	2,738,644	(3,002,948)
NET FINANCIAL ASSETS/(LIABILITIES)			
- beginning of year	(10,596,150)	(10,596,150)	(7,593,202)
NET FINANCIAL ASSETS/(LIABILITIES) - end of year	(11,571,805)	(7,857,506)	(10,596,150)

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, 2016

	2016 \$	2015 \$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus/(deficit)	(117,590)	128,684
Items not involving cash		
Amortization of tangible capital assets	4,727,965	4,701,781
Loss/(gain) on disposal of tangible capital assets	107,591	(27,987)
Contributed capital assets	-	(74,000)
Tangible capital assets written off	122,783	-
Landfill closure liability	374,000	-
Employee future benefits	378,800	-
Change in non-cash assets and liabilities		
Accounts receivable	6,404	(176,484)
Taxes receivable	(53,956)	31,647
Inventories held for resale	(4,967)	8,745
Loans and notes receivable	21,638	20,578
Prepaid expenses	715,599	(653,113)
Inventories of materials and supplies	8,799	167,370
Accounts payable and accrued liabilities	5,163	(305,716)
Deferred revenue - obligatory reserve funds	359,136	143,101
Deferred revenue - other	1,758	(41,512)
Net change in cash from operating activities	6,653,123	3,923,094
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(2,846,565)	(7,316,650)
Proceeds on disposal of tangible capital assets	20,062	70,967
Net change in cash from capital activities	(2,826,503)	(7,245,683)
INVESTING ACTIVITIES		
Investments	4,840	(11,593)
FINANCING ACTIVITIES		
Other bank debt - loans issued	-	3,900,000
Debt principal repayments - other bank debt	(3,900,000)	(4,160,000)
Long term debt issued	9,002,015	-
Debt principal repayments - long term debt	(1,054,741)	(607,620)
Temporary borrowing increase	20,520	47,369
Temporary borrowing converted to long term debt	(1,740,000)	-
Net change in cash from financing activities	2,327,794	(820,251)
NET CHANGE IN CASH	6,159,254	(4,154,433)
CASH - beginning of year	2,317,789	6,472,222
CASH - end of year	8,477,043	2,317,789

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE MUNICIPALITY OF TRENT HILLS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2016

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) 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.

(c) 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.

(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.

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

CORPORATION OF THE MUNICIPALITY OF TRENT HILLS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2016

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(e) Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, if any, of tangible capital assets is amortized on a straight-line basis, over the expected useful life of the asset, as follows:

Land improvements	20 years
Buildings	20-40 years
Roadways, bridges and sidewalks	20-50 years
Water and wastewater networks	40-80 years
Vehicles	7-15 years
Equipment	3-7 years
Pooled equipment	7 years

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

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

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

(f) 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.

(g) 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.

(h) 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.

(i) 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.

(j) Inventories of Materials and Supplies

Inventories of materials and supplies held for consumption are recorded at cost on a first in, first out (FIFO) basis.

CORPORATION OF THE MUNICIPALITY OF TRENT HILLS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2016

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(k) 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:

	2016	2015
	\$	\$
Unrestricted	6,724,335	605,191
Restricted	1,752,708	1,712,598
	8,477,043	2,317,789

3. INVESTMENTS

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

	2016	2015
	\$	\$
One Bond Portfolio - Hastings Hydro Fund (cost \$634,841)	605,215	610,055

4. CREDIT FACILITY AGREEMENT

The Municipality has a revolving credit facility agreement with its main financial institution. The amount available at any time is limited to \$4,000,000 via an operating line of credit. Any balance borrowed will accrue interest at the bank's prime lending rate less .50% per annum. Council authorized the temporary borrowing limit by By-law 2016-02. At December 31, 2016 there was no balance outstanding (2015 - \$Nil).

CORPORATION OF THE MUNICIPALITY OF TRENT HILLS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2016

5. DEFERRED REVENUE - OBLIGATORY RESERVE FUNDS

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

	2016	2015
	\$	\$
Development charges	1,422,847	1,074,320
Parkland	58,295	52,652
Federal gas tax	57,313	56,926
Provincial gas tax	68,167	63,588
	1,606,622	1,247,486

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

	2016	2015
	\$	\$
Balance - beginning of year	1,247,486	1,104,385
Add amounts received:		
Development charges	338,920	175,714
Parkland	5,250	6,000
Federal gas tax	383,202	364,954
Provincial gas tax	91,211	87,697
Interest	11,297	11,652
	829,880	646,017
Less transfer to operations:		
Development charges earned	-	60,000
Parkland fees earned	-	6,000
Federal gas tax earned	383,202	364,954
Provincial gas tax earned	87,542	71,962
	470,744	502,916
Balance - end of year	1,606,622	1,247,486

CORPORATION OF THE MUNICIPALITY OF TRENT HILLS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2016

6. LONG TERM DEBT

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

	2016 \$	2015 \$
Debenture issued to the Ontario Infrastructure Projects Corporation, repayable in semi-annual blended instalments of \$77,963, interest at 2.72% per annum, due September 15, 2033.	2,111,090	2,207,620
Debenture issued to the Ontario Infrastructure Projects Corporation, repayable in semi-annual principal instalments of \$110,400 plus interest at 3.6% per annum, due December 15, 2031.	3,312,000	3,532,800
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.	384,535	412,261
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.	263,086	281,933
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.	1,020,717	1,104,816
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.	954,229	1,037,205
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.	73,858	88,580
Debenture issued to the Ontario Infrastructure Projects Corporation, repayable in semi-annual blended instalments of \$27,387, interest at 4.63% per annum, due February 15, 2017.	26,767	78,499
Debentures issued to Province of Ontario to finance tile drainage debentures issued to landowners, principal and interest to be recovered from landowners, maturing at various dates to 2019.	6,664	13,580
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.	539,807	-
Long term loan issued to Royal Bank of Canada, repayable in monthly blended instalments of \$45,498, interest at 2.40% per annum, due April 22, 2022.	2,730,733	-
Long term loan issued to Royal Bank of Canada, repayable in monthly blended instalments of \$26,754, interest at 3.11% per annum, due December 16, 2026.	3,640,000	-

CORPORATION OF THE MUNICIPALITY OF TRENT HILLS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2016

6. LONG TERM DEBT, continued

	2016	2015
	\$	\$
Term loan issued to Royal Bank of Canada, interest repayable monthly at Royal Bank Prime rate per annum, minimum repayments of \$50,000 April 30, 2017, due April 30, 2018.	1,641,082	-
	16,704,568	8,757,294

(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 \$429,767 (2015 - \$424,004).

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

	Principal	Interest	Total
	\$	\$	\$
2017	1,413,178	481,006	1,894,184
2018	2,958,258	412,990	3,371,248
2019	1,397,205	358,019	1,755,224
2020	1,428,727	317,685	1,746,412
2021	1,718,984	271,497	1,990,481
2022 and subsequent years	7,788,216	1,096,693	8,884,909
	16,704,568	2,937,890	19,642,458

7. LANDFILL CLOSURE LIABILITY

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

CORPORATION OF THE MUNICIPALITY OF TRENT HILLS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2016

8. EMPLOYEE FUTURE BENEFITS

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

The actuarial valuation as at January 1, 2016 was based on a number of assumptions about future events, such as inflation rates, interest rates, medical inflation rates, wage and salary increases and employee turnover and mortality. Under this method, the benefit costs are recognized over the estimated average remaining service life of the employee group. Any actuarial gains and losses related to the past service of employees and plan improvements are amortized over the estimated average remaining service life of the employee group. The assumptions used reflect management's best estimate. The main actuarial assumptions employed for the valuation are as follows:

Actuarial assumptions

Discount rate	3.40%
Medical trend rate:	
Initial	7.01%
Ultimate (reached in 2036)	4.00%
Dental trend rate:	
Initial	6.25%
Ultimate (reached in 2025)	4.00%

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

Details of the change in the liability are as follows:

	2016	2015
	\$	\$
Current year benefits cost	22,600	-
Interest cost	12,600	-
Transitional obligation	351,200	-
Less: benefit payments	(7,600)	-
Liability at December 31	378,800	-

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

9. CONTINGENT LIABILITIES

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

CORPORATION OF THE MUNICIPALITY OF TRENT HILLS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2016

10. TANGIBLE CAPITAL ASSETS

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

	2016	2015
	\$	\$
General		
Land and land improvements	5,226,365	5,292,576
Building and leasehold improvements	21,265,467	22,464,412
Vehicles and equipment	3,385,865	3,100,954
Infrastructure		
Linear - storm	5,822,911	5,880,926
Linear - sanitary	6,692,294	6,779,109
Water distribution	12,784,425	12,978,044
Roadways, bridges and sidewalks	32,529,440	33,543,774
	87,706,767	90,039,795
Assets under construction	373,019	171,827
	88,079,786	90,211,622

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

During the year there was a write-downs of assets of \$122,783 (2015 - \$Nil) and no interest capitalized (2015 - \$Nil).

Tangible capital assets allocated by segment are as follows:

	2016	2015
	\$	\$
General government	1,836,772	1,886,404
Protection services	1,093,898	1,197,670
Transportation services	34,708,180	35,428,009
Environmental services	39,285,516	40,180,372
Health services	4,946	6,418
Recreation and cultural services	8,601,088	8,921,460
Planning and development	2,549,386	2,591,289
	88,079,786	90,211,622

CORPORATION OF THE MUNICIPALITY OF TRENT HILLS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2016

11. ACCUMULATED SURPLUS

(a) Accumulated surplus consists of the following:

	2016	2015
	\$	\$
Surplus		
Unfunded landfill closure and post-closure costs	(374,000)	-
Unfunded employee future benefits	(378,800)	-
	(752,800)	-
Invested In Capital Assets		
Tangible capital assets - net book value	88,079,786	90,211,622
Unfunded capital - Orchard Hill (b)	-	(1,719,482)
Unfunded capital - Streetlights (b)	-	(573,833)
Unfunded capital - Field House (b)	-	(3,048,182)
Unfunded capital - Water Tower	(29,891)	-
Long term debt	(16,624,046)	(8,655,135)
Other bank debt	-	(3,900,000)
	71,425,849	72,314,990
Surplus	70,673,049	72,314,990
Reserves		
Working capital and contingency	1,466,893	1,437,273
General government	320,530	183,098
Protection to persons and property	1,014,689	621,699
Transportation services	2,050,509	1,640,721
Environmental services	2,303,582	2,136,529
Health services	138,684	100,649
Recreation and culture	857,835	631,357
Planning and development	617,900	513,784
Total Reserves	8,770,622	7,265,110
Reserve Funds		
Working capital and contingency	1,126,706	1,129,638
Environmental services	61,266	60,853
Recreation and culture	171,707	150,509
Planning and development	23,840	23,680
Total Reserve Funds	1,383,519	1,364,680
	80,827,190	80,944,780

(b) Unfunded capital amounts were financed in 2016 through long term debt.

CORPORATION OF THE MUNICIPALITY OF TRENT HILLS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2016

12. BUDGET FIGURES

The budget, approved by the Municipality, for 2016 is reflected on the Consolidated Statement of Operations and Accumulated Surplus and the Consolidated Statement of Change in Net Financial Assets/(Liabilities). The budget established for capital investment in tangible capital assets are on a project-oriented basis, the costs of which may be carried out over one or more years and, therefore, may not be comparable with current year's actual amounts. Budget figures have been reclassified for the purposes of these financial statements to comply with PSA reporting requirements. Budget figures are not subject to audit.

The budget for the Province of Ontario revenue and the purchase of tangible capital assets included a capital project for the rehabilitation of the Campbellford potable water supply and distribution system. The budgeted cost of the project is \$5,250,000 with a budgeted Provincial contribution of \$3,500,000. The project did not start in 2016 resulting in the budget to actual variances.

13. OPERATIONS OF SCHOOL BOARDS AND THE COUNTY OF NORTHUMBERLAND

During 2016, 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	3,704,601	7,216,383

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

14. EXPENSES BY OBJECT

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

	Budget 2016 \$ (Unaudited)	Actual 2016 \$	Actual 2015 \$
Salaries and benefits	6,690,221	6,892,001	6,330,514
Interest charges	518,173	429,767	424,828
Materials	5,217,984	4,990,907	4,775,272
Contracted services	3,911,333	4,148,309	3,966,943
Rents and financial	39,326	89,818	79,111
External transfers	243,566	245,865	199,162
Amortization	4,701,781	4,727,965	4,701,781
	21,322,384	21,524,632	20,477,611

CORPORATION OF THE MUNICIPALITY OF TRENT HILLS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2016

15. 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 2016 Annual Report disclosed total actuarial liabilities of \$87,554 million in respect of benefits accrued for service with actuarial assets of \$81,834 million indicating an actuarial deficit of \$5,720 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 2016 were \$292,890 (2015 - \$297,465).

Some of the employees of the Municipality, who are not members of OMERS, are eligible to be members of a contributory pension plan. Employer contributions to the plan by the Municipality during the year amounted to \$56,233 (2015 - \$46,706). 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.

16. 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.

CORPORATION OF THE MUNICIPALITY OF TRENT HILLS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2016

16. 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.

17. COMPARATIVE FIGURES

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

18. TRUST FUNDS

Trust funds administered by the Municipality amounting to \$384,994 (2015 - \$451,741) 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.

CORPORATION OF THE MUNICIPALITY OF TRENT HILLS

CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS

For the Year Ended December 31, 2016

	General			Infrastructure				Totals	
	Land and Land Improvements	Building and Leasehold Improvements	Vehicles and Equipment	Linear - Storm	Linear - Sanitary	Water Distribution	Roadways, Bridges and Sidewalks		Assets Under Construction
	\$	\$	\$	\$	\$	\$	\$	\$	
COST									
Balance, beginning of year	6,298,654	40,760,136	14,592,170	7,651,719	9,806,697	16,655,452	77,307,150	171,827	173,243,805
Add: additions during the year	96,972	96,901	1,157,134	41,682	43,707	34,989	1,051,205	323,975	2,846,565
Less: disposals during the year	7	-	1,032,628	750	-	-	411,012	-	1,444,397
Internal transfers/write offs	-	-	-	-	-	-	-	(122,783)	(122,783)
Balance, end of year	6,395,619	40,857,037	14,716,676	7,692,651	9,850,404	16,690,441	77,947,343	373,019	174,523,190
ACCUMULATED AMORTIZATION									
Balance, beginning of year	1,006,078	18,295,724	11,491,216	1,770,793	3,027,588	3,677,408	43,763,376	-	83,032,183
Add: additions during the year	163,176	1,295,846	820,044	99,585	130,522	228,608	1,990,184	-	4,727,965
Less: disposals during the year	-	-	980,449	638	-	-	335,657	-	1,316,744
Balance, end of year	1,169,254	19,591,570	11,330,811	1,869,740	3,158,110	3,906,016	45,417,903	-	86,443,404
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	5,226,365	21,265,467	3,385,865	5,822,911	6,692,294	12,784,425	32,529,440	373,019	88,079,786

CORPORATION OF THE MUNICIPALITY OF TRENT HILLS

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE

For the Year Ended December 31, 2016

	Recreation and					Consolidated	
	General Government \$	Protection Services \$	Transportation Services \$	Environmental Services \$	Health Services \$		Cultural Services \$
Revenues							
Property taxation	1,386,573	1,563,177	5,322,395	152,066	65,120	2,600,330	11,702,441
User charges	109,614	450,463	34,866	3,561,270	18,845	369,566	4,593,449
Government transfers - operating	-	2,827,592	2,350	-	-	43,114	2,913,056
Government transfers - capital	2,350	-	170,255	59,782	-	6,178	241,210
Other municipalities	-	-	3,042	-	-	-	3,042
Penalties and interest on taxes	411,654	-	-	-	-	-	411,654
Investment income	75,646	-	-	-	1,607	450	81,206
Donations	-	-	-	-	355	155,071	175,576
Federal gas tax earned	-	-	383,202	-	-	-	383,202
Provincial gas tax earned	-	-	87,542	-	-	-	87,542
Capital contributions	-	-	36,800	-	-	-	36,800
Other	325,697	17,690	33,507	90,335	-	14,064	497,266
Contributed capital assets	-	-	149,339	112,850	-	-	262,189
Gain (loss) on disposal of tangible capital assets	-	-	(56,261)	(51,323)	-	-	(107,591)
Total revenues	2,311,534	4,858,922	6,167,037	3,924,980	85,927	3,188,773	21,407,042
Expenses							
Salaries and benefits	1,671,601	866,655	1,999,792	660,055	32,273	1,340,680	6,892,001
Interest charges	-	-	38,447	340,578	-	46,538	429,767
Materials	648,085	669,592	1,470,772	1,074,015	6,013	963,425	4,990,907
Contracted services	58,412	2,488,269	378,452	1,018,284	6,393	90,060	4,148,309
Rents and financial	21,961	4,393	10,966	3,719	-	3,092	89,818
External transfers	-	153,323	87,542	-	-	-	245,865
Amortization	137,585	311,087	2,332,586	1,401,415	1,472	415,518	4,727,965
Internal transfers	7,754	94,179	3,361	(179,732)	-	71,389	-
Total expenses	2,545,398	4,587,498	6,321,918	4,318,334	46,151	2,930,702	21,524,632
Net surplus/(deficit)	(233,864)	271,424	(154,881)	(393,354)	39,776	258,071	(117,590)

CORPORATION OF THE MUNICIPALITY OF TRENT HILLS

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE

For the Year Ended December 31, 2015

	General Government		Protection Services		Transportation Services		Environmental Services		Health Services		Recreation and Cultural Services		Planning and Development		Consolidated		
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Revenues																	
Property taxation	1,334,784		1,817,096		5,000,351		152,853		58,705		2,320,196		609,145		11,293,130		
User charges	129,725		355,102		26,269		3,409,564		37,259		314,587		45,600		4,318,106		
Government transfers - operating	1,320		2,693,122		2,710		-		-		73,044		-		2,770,196		
Government transfers - capital	-		-		170,255		-		-		73,331		-		243,586		
Other municipalities	-		-		15,810		-		-		-		-		15,810		
Penalties and interest on taxes	420,115		-		-		-		-		-		-		420,115		
Investment income	79,802		-		-		-		1,407		509		3,968		85,686		
Donations	-		-		-		-		2,263		169,872		94,484		266,619		
Development charges earned	-		-		-		-		-		60,000		-		60,000		
Parkland fees earned	-		-		-		-		-		6,000		-		6,000		
Federal gas tax earned	-		-		364,954		-		-		-		-		364,954		
Provincial gas tax earned	-		-		71,962		-		-		-		-		71,962		
Capital contributions	-		-		139,944		-		-		-		-		139,944		
Other	219,499		318		24,008		7,392		-		171,245		25,739		448,201		
Contributed capital assets	-		-		-		-		-		-		74,000		74,000		
Gain (loss) on disposal of tangible capital assets	(5,917)		15,398		15,984		-		-		-		2,521		27,986		
Total revenues	2,179,328		4,881,036		5,832,247		3,569,809		99,634		3,188,784		855,457		20,606,295		
Expenses																	
Salaries and benefits	1,282,487		842,328		1,950,041		679,556		13,132		1,242,762		320,208		6,330,514		
Interest charges	151		-		42,802		375,887		-		824		5,164		424,828		
Materials	720,953		635,299		1,409,327		987,574		12,479		927,402		82,238		4,775,272		
Contracted services	69,460		2,662,896		427,272		599,843		8,911		104,395		94,166		3,966,943		
Rents and financial	9,657		4,873		10,175		3,471		-		3,566		47,369		79,111		
External transfers	-		148,662		45,500		-		-		-		5,000		199,162		
Amortization	160,050		368,435		2,294,120		1,446,130		1,472		306,800		124,774		4,701,781		
Internal transfers	8,849		94,669		2,679		(176,504)		-		67,921		2,386		-		
Total expenses	2,251,607		4,757,162		6,181,916		3,915,957		35,994		2,653,670		681,305		20,477,611		
Net surplus/(deficit)	(72,279)		123,874		(349,669)		(346,148)		63,640		535,114		174,152		128,684		

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Trust Funds of the Corporation of the Municipality of Trent Hills, which comprise the statement of financial position as at December 31, 2016, the statement of continuity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Trust Funds of the Corporation of the Municipality of Trent Hills as at December 31, 2016 and the continuity of the Trust Funds for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Collins Barrow Kawarthas LLP

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
April 21, 2017

CORPORATION OF THE MUNICIPALITY OF TRENT HILLS

TRUST FUNDS
STATEMENT OF FINANCIAL POSITION
At December 31, 2016

	Cemetery Perpetual Care \$	Other \$	2016 Total \$	2015 Total \$
FINANCIAL ASSETS				
Cash	162,694	328	163,022	240,013
Investments (note 2)	225,099	2,412	227,511	223,341
	387,793	2,740	390,533	463,354
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Due to Municipality	4,080	-	4,080	4,834
Due to Cemetery	-	-	-	611
Accounts payable	1,459	-	1,459	6,168
	5,539	-	5,539	11,613
FUND BALANCES (note 3)	382,254	2,740	384,994	451,741
	387,793	2,740	390,533	463,354

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, 2016**

	Cemetery Perpetual Care \$	Other \$	2016 Total \$	2015 Total \$
BALANCES - beginning of year	376,718	75,023	451,741	439,757
RECEIPTS				
Interest	2,060	227	2,287	6,765
Care and maintenance	885	-	885	6,815
Trent Valley Cemetery	3,019	-	3,019	3,660
Burnbrae Cemetery	1,360	-	1,360	740
	7,324	227	7,551	17,980
EXPENSES				
Bursaries and scholarships	-	50	50	50
Transfer to external cemeteries	312	-	312	5,916
Transfer to general account	1,459	72,460	73,919	-
Bank charges	17	-	17	30
	1,788	72,510	74,298	5,996
BALANCES - end of year	382,254	2,740	384,994	451,741

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE MUNICIPALITY OF TRENT HILLS

TRUST FUNDS NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2016

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.

(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.

2. INVESTMENTS

Included in investments are the following recorded at cost:

	2016	2015
	\$	\$
GIC due February 27, 2018 with an interest rate of 2.15%	2,412	2,412
Public Trustee investment for Henderson Cemetery	188	188
Money Market Fund with the One Investment Program	224,911	220,741
	227,511	223,341

CORPORATION OF THE MUNICIPALITY OF TRENT HILLS

TRUST FUNDS NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2016

3. FUND BALANCES

Included in fund balances are the following:

	2016	2015
	\$	\$
Cemetery Trust Funds		
Warkworth Cemetery	129,254	128,049
Stones Cemetery	8,196	8,244
Henderson Cemetery	188	188
English Line Cemetery	20,535	20,535
Hoards United Church Cemetery	11,071	11,071
Trent Valley Cemetery	137,823	134,804
Burnbrae Cemetery	75,187	73,827
	382,254	376,718
Other Trust Funds		
Alexis	-	1,184
893984 Ontario Ltd.	-	534
564444 Ontario Ltd.	-	2,623
379593 Ontario Inc.	-	5,112
Smith	-	928
Russell	-	780
Carswell	-	778
Hastings Recreation	-	145
HABA	2,740	2,739
Campbellford Minor Sports	-	1,452
J.R. Connor - Future Road Work	-	3,539
Schickendanz Subdivision Deposit	-	4,289
Givatiam	-	50,920
	2,740	75,023

4. TRENT VALLEY CEMETERY AND BURNBRAE CEMETERY

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

**CORPORATION OF THE
MUNICIPALITY OF TRENT HILLS**

TRENT HILLS PUBLIC LIBRARY BOARD

FINANCIAL STATEMENTS

DECEMBER 31, 2016

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Trent Hills Public Library Board of the Corporation of the Municipality of Trent Hills, which comprise the statement of financial position as at December 31, 2016, the statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Basis for Qualified Opinion

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

Qualified Opinion

Except as noted in the above paragraph, in our opinion, these financial statements present fairly, in all material respects, the financial position of the Trent Hills Public Library Board as at December 31, 2016 and the results of its operations and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Collins Barrow Kawarthas LLP

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
April 21, 2017

CORPORATION OF THE MUNICIPALITY OF TRENT HILLS

TRENT HILLS PUBLIC LIBRARY BOARD STATEMENT OF FINANCIAL POSITION At December 31, 2016

	2016	2015
	\$	\$
FINANCIAL ASSETS		
Cash	5,675	82,335
Due from Municipality	66,856	-
TOTAL FINANCIAL ASSETS	72,531	82,335
LIABILITIES		
Accounts payable and accrued liabilities	20,421	19,509
Due to Municipality	-	35,525
Deferred revenue	5,589	3,731
TOTAL LIABILITIES	26,010	58,765
NET FINANCIAL ASSETS	46,521	23,570
NON-FINANCIAL ASSETS		
Tangible capital assets (note 2)	132,563	145,859
Prepaid expenses	2,019	-
TOTAL NON-FINANCIAL ASSETS	134,582	145,859
ACCUMULATED SURPLUS (note 3)	181,103	169,429

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, 2016

	Budget 2016 \$ (Unaudited)	Actual 2016 \$	Actual 2015 \$
REVENUES			
Municipal contribution	479,080	479,080	442,002
Provincial grants	33,099	36,740	41,434
Federal grants	1,320	4,024	1,320
Other grants	1,360	1,014	1,022
Facilities rental	3,000	2,850	3,420
User fees	2,500	4,297	3,424
Donations	50	44	1,115
Fines	1,500	2,028	1,767
Investment income	250	450	509
Sale of books	1,000	948	961
Non-resident fees	400	334	435
TOTAL REVENUES	523,559	531,809	497,409
EXPENSES			
Salaries and benefits	307,751	307,651	308,169
Utilities	37,900	52,960	46,912
Office	13,300	9,299	10,962
Professional fees	3,530	3,562	4,500
Insurance	22,460	20,297	21,806
Periodicals, e-book fees and other	5,520	5,653	5,791
Contracts	14,503	12,044	13,686
Literacy and connectivity grants	2,980	1,882	2,154
Amortization	43,634	40,227	43,634
Book processing and computer services	32,880	30,099	27,369
Conferences, training and travel	6,150	3,511	3,307
Repairs, maintenance and security	36,585	32,950	33,683
TOTAL EXPENSES	527,193	520,135	521,973
ANNUAL SURPLUS/(DEFICIT)	<u>(3,634)</u>	11,674	(24,564)
ACCUMULATED SURPLUS - beginning of year		169,429	193,993
ACCUMULATED SURPLUS - end of year		181,103	169,429

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, 2016**

	Budget 2016 \$ (Unaudited)	Actual 2016 \$	Actual 2015 \$
ANNUAL SURPLUS/(DEFICIT)	(3,634)	11,674	(24,564)
Amortization of tangible capital assets	43,634	40,227	43,634
Acquisition of tangible capital assets	(40,000)	(26,931)	(28,593)
Change in prepaid expenses	-	(2,019)	-
INCREASE/(DECREASE) IN NET FINANCIAL ASSETS	-	22,951	(9,523)
NET FINANCIAL ASSETS - beginning of year	23,570	23,570	33,093
NET FINANCIAL ASSETS - end of year	23,570	46,521	23,570

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, 2016

	2016	2015
	\$	\$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus/(deficit)	11,674	(24,564)
Items not involving cash		
Amortization of tangible capital assets	40,227	43,634
Change in non-cash assets and liabilities		
Due from Municipality	(66,856)	-
Prepaid expenses	(2,019)	-
Accounts payable and accrued liabilities	912	4,014
Due to Municipality	(35,525)	35,382
Deferred revenue	1,858	3,731
Net change in cash from operating activities	(49,729)	62,197
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(26,931)	(28,593)
NET CHANGE IN CASH	(76,660)	33,604
CASH - beginning of year	82,335	48,731
CASH - end of year	5,675	82,335

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE MUNICIPALITY OF TRENT HILLS

TRENT HILLS PUBLIC LIBRARY BOARD NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2016

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.

(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
Furniture and fixtures	7 years
Computer hardware and software	3 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.

(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.

CORPORATION OF THE MUNICIPALITY OF TRENT HILLS

TRENT HILLS PUBLIC LIBRARY BOARD NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2016

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(f) 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.

(g) Reserves

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

2. TANGIBLE CAPITAL ASSETS

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

	Books \$	Software and Equipment \$	2016 Totals \$	2015 Totals \$
COST				
Balance, beginning of year	318,428	30,051	348,479	360,253
Add: additions during the year	26,931	-	26,931	28,593
Less: disposals during the year	41,820	-	41,820	40,367
Balance, end of year	303,539	30,051	333,590	348,479
ACCUMULATED AMORTIZATION				
Balance, beginning of year	175,415	27,205	202,620	199,353
Add: additions during the year	39,515	712	40,227	43,634
Less: disposals during the year	41,820	-	41,820	40,367
Balance, end of year	173,110	27,917	201,027	202,620
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	130,429	2,134	132,563	145,859

CORPORATION OF THE MUNICIPALITY OF TRENT HILLS

TRENT HILLS PUBLIC LIBRARY BOARD NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2016

3. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2016	2015
	\$	\$
Invested In Capital Assets		
Tangible capital assets - net book value	132,563	145,859
Surplus	132,563	145,859
Reserves		
Bequests	-	517
Literacy	4,626	4,626
General	43,914	18,427
Total Reserves	48,540	23,570
	181,103	169,429

4. BUDGET FIGURES

The operating budget, approved by the Board, for 2016 is reflected on the Statement of Operations and Accumulated Surplus and the Statement of Change in Net Financial Assets. The budgets established for capital investment in tangible capital assets are on a project-oriented basis, the costs of which may be carried out over one or more years and, therefore, may not be comparable with current year's actual expenditure amounts. Budget figures have been reclassified for the purposes of these financial statements to comply with PSA reporting requirements. Budget figures are not subject to audit.

5. COMPARATIVE FIGURES

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

**CORPORATION OF THE
MUNICIPALITY OF TRENT HILLS**

CAMPBELLFORD BUSINESS IMPROVEMENT AREA

FINANCIAL STATEMENTS

DECEMBER 31, 2016

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Campbellford Business Improvement Area of the Corporation of the Municipality of Trent Hills, which comprise the statement of financial position as at December 31, 2016, the statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Campbellford Business Improvement Area as at December 31, 2016 and the results of its operations and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Collins Barrow Kawarthas LLP

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
March 20, 2017

CORPORATION OF THE MUNICIPALITY OF TRENT HILLS

CAMPBELLFORD BUSINESS IMPROVEMENT AREA

STATEMENT OF FINANCIAL POSITION

At December 31, 2016

	2016	2015
	\$	\$
FINANCIAL ASSETS		
Cash	44,548	43,264
HST receivable	8,162	1,911
TOTAL FINANCIAL ASSETS	52,710	45,175
LIABILITIES		
Accounts payable and accrued liabilities	3,524	6,226
Due to Municipality	6,121	-
TOTAL LIABILITIES	9,645	6,226
NET FINANCIAL ASSETS	43,065	38,949
NON-FINANCIAL ASSETS		
Tangible capital assets (note 3)	1,192	1,977
ACCUMULATED SURPLUS (note 2)	44,257	40,926

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, 2016

	Budget 2016 \$ (Unaudited)	Actual 2016 \$	Actual 2015 \$
REVENUES			
Municipal contribution	38,000	34,135	38,000
Waterfront festival	-	-	7,329
Miscellaneous revenue	-	-	280
Special events	-	-	1,483
TOTAL REVENUES	38,000	34,135	47,092
EXPENSES			
Waterfront festival	1,050	-	10,721
Secretarial support	9,500	9,000	5,917
Christmas program	7,000	3,604	1,259
Streetscape	6,000	3,246	-
Office	1,900	1,153	896
Professional fees	1,700	1,650	1,587
Insurance	950	1,815	1,653
Advertising	5,000	8,923	6,387
Donations	400	47	25
Website	500	133	527
Amortization	2,090	785	2,090
Special events	4,000	448	4,356
TOTAL EXPENSES	40,090	30,804	35,418
ANNUAL SURPLUS/(DEFICIT)	<u>(2,090)</u>	3,331	11,674
ACCUMULATED SURPLUS - beginning of year		40,926	29,252
ACCUMULATED SURPLUS - end of year		44,257	40,926

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, 2016

	Budget 2016 \$ (Unaudited)	Actual 2016 \$	Actual 2015 \$
ANNUAL SURPLUS/(DEFICIT)	(2,090)	3,331	11,674
Amortization of tangible capital assets	2,090	785	2,090
Acquisition of tangible capital assets	-	-	(1,134)
INCREASE IN NET FINANCIAL ASSETS	-	4,116	12,630
NET FINANCIAL ASSETS - beginning of year	38,949	38,949	26,319
NET FINANCIAL ASSETS - end of year	38,949	43,065	38,949

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, 2016

	2016	2015
	\$	\$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus/(deficit)	3,331	11,674
Items not involving cash		
Amortization of tangible capital assets	785	2,090
Change in non-cash assets and liabilities		
Accounts receivable	-	257
HST receivable	(6,251)	1,104
Accounts payable and accrued liabilities	(2,702)	(438)
Due to Municipality	6,121	-
Net change in cash from operating activities	1,284	14,687
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	-	(1,134)
NET CHANGE IN CASH	1,284	13,553
CASH - beginning of year	43,264	29,711
CASH - end of year	44,548	43,264

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE MUNICIPALITY OF TRENT HILLS

CAMPBELLFORD BUSINESS IMPROVEMENT AREA

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2016

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.

Pooled assets are recorded as disposals in the year after they become fully amortized.

(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.

CORPORATION OF THE MUNICIPALITY OF TRENT HILLS
CAMPBELLFORD BUSINESS IMPROVEMENT AREA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2016

2. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2016	2015
	\$	\$
Invested In Capital Assets		
Tangible capital assets - net book value	1,192	1,977
Reserves		
General	43,065	38,949
	<u>44,257</u>	<u>40,926</u>

3. TANGIBLE CAPITAL ASSETS

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

	2016	2015
	Christmas Decorations and Banners \$	Christmas Decorations and Banners \$
COST		
Balance, beginning of year	7,084	18,198
Add: additions during the year	-	1,134
Less: disposals during the year	-	12,248
Balance, end of year	<u>7,084</u>	<u>7,084</u>
ACCUMULATED AMORTIZATION		
Balance, beginning of year	5,107	15,265
Add: additions during the year	785	2,090
Less: disposals during the year	-	12,248
Balance, end of year	<u>5,892</u>	<u>5,107</u>
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>1,192</u>	<u>1,977</u>

CORPORATION OF THE MUNICIPALITY OF TRENT HILLS
CAMPBELLFORD BUSINESS IMPROVEMENT AREA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2016

4. BUDGET FIGURES

The operating budget, approved by the organization, for 2016 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.