

**CORPORATION OF THE
MUNICIPALITY OF TRENT LAKES**

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2018

**CORPORATION OF THE
MUNICIPALITY OF TRENT LAKES**

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CORPORATION OF THE MUNICIPALITY OF TRENT LAKES

For The Year Ended December 31, 2018

MANAGEMENT REPORT

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


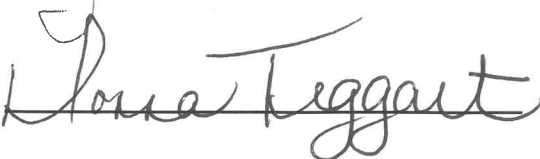
The consolidated financial statements have been prepared by management in accordance with Canadian Public Sector Accounting Standards. Financial statements are not precise since they include certain amounts based on estimates and judgements. When alternative accounting methods exist, management has chosen 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 Lakes. 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		Date	<u>March 5, 2019</u>
Treasurer		Date	<u>Mar. 5/19</u>

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INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers of the Municipality of Trent Lakes

Opinion

We have audited the consolidated financial statements of the Corporation of the Municipality of Trent Lakes and its local board (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 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 Kawarthas 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.

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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.

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
March 5, 2019

**CORPORATION OF THE MUNICIPALITY OF
TRENT LAKES**



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

	2018	2017
	\$	\$
FINANCIAL ASSETS		
Cash	10,066,228	9,605,920
Accounts receivable	371,858	542,951
Taxes receivable	1,356,605	1,116,836
TOTAL FINANCIAL ASSETS	11,794,691	11,265,707
LIABILITIES		
Accounts payable and accrued liabilities	1,131,685	1,350,996
Deferred revenue - obligatory reserve funds (note 3)	1,707,323	1,631,937
Deferred revenue - other	50	6,091
Landfill closure and post-closure liability (note 6)	514,860	579,949
Employee future benefits payable (note 4)	218,700	207,000
TOTAL LIABILITIES	3,572,618	3,775,973
NET FINANCIAL ASSETS	8,222,073	7,489,734
NON-FINANCIAL ASSETS		
Tangible capital assets (note 8)	23,998,392	22,572,768
Prepaid expenses	125,700	125,314
TOTAL NON-FINANCIAL ASSETS	24,124,092	22,698,082
ACCUMULATED SURPLUS (note 9)	32,346,165	30,187,816

The accompanying notes are an integral part of these financial statements

**CORPORATION OF THE MUNICIPALITY OF
TRENT LAKES**



**CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
For the Year Ended December 31, 2018**

	Budget 2018 \$ (Unaudited)	Actual 2018 \$	Actual 2017 \$
REVENUES			
Property taxation	9,510,850	9,575,926	9,063,719
User charges	800,972	775,010	940,392
Government of Canada	170,252	112,296	36,030
Province of Ontario	1,512,805	1,516,798	1,397,281
Penalties and interest on taxes	171,000	188,072	173,256
Investment income	95,500	171,416	116,475
Donations	16,364	72,597	68,462
Development charges earned	67,665	67,665	65,655
Parkland revenue earned	-	-	28,516
Federal gas tax earned	362,599	200,000	200,000
Sale of shoreline allowances and other assets	75,000	47,357	134,980
Other grants	5,500	5,248	65,348
Gain (loss) on disposal of tangible capital assets	-	(127,814)	(49,810)
TOTAL REVENUES	12,788,507	12,604,571	12,240,304
EXPENSES			
General government	1,468,593	1,473,296	1,273,835
Protection services	3,580,147	3,373,674	3,232,673
Transportation services	4,099,872	3,698,815	3,809,896
Environmental services	1,132,995	873,083	900,640
Health services	152,377	131,153	139,111
Recreation and cultural services	675,549	685,186	533,991
Planning and development	183,198	211,015	116,227
TOTAL EXPENSES	11,292,731	10,446,222	10,006,373
ANNUAL SURPLUS	<u>1,495,776</u>	2,158,349	2,233,931
ACCUMULATED SURPLUS - beginning of year		30,187,816	27,953,885
ACCUMULATED SURPLUS - end of year		32,346,165	30,187,816

The accompanying notes are an integral part of these financial statements

**CORPORATION OF THE MUNICIPALITY OF
TRENT LAKES**



**CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
For the Year Ended December 31, 2018**

	Budget 2018 \$ (Unaudited)	Actual 2018 \$	Actual 2017 \$
ANNUAL SURPLUS	1,495,776	2,158,349	2,233,931
Amortization of tangible capital assets	1,537,140	1,539,300	1,537,140
Purchase of tangible capital assets	(4,338,577)	(3,387,054)	(3,665,673)
Loss on disposal of tangible capital assets	-	127,813	49,810
Proceeds on sale of tangible capital assets	-	294,317	195,239
Change in prepaid expenses	-	(386)	24,833
INCREASE/(DECREASE) IN NET FINANCIAL ASSETS	(1,305,661)	732,339	375,280
NET FINANCIAL ASSETS - beginning of year	7,489,734	7,489,734	7,114,454
NET FINANCIAL ASSETS - end of year	6,184,073	8,222,073	7,489,734

The accompanying notes are an integral part of these financial statements

**CORPORATION OF THE MUNICIPALITY OF
TRENT LAKES**



**CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2018**

	2018	2017
	\$	\$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus	2,158,349	2,233,931
Items not involving cash		
Amortization of tangible capital assets	1,539,300	1,537,140
Loss on disposal of tangible capital assets	127,813	49,810
Change in landfill closure and post-closure liability	(65,089)	(131,959)
Change in employee future benefits payable	11,700	14,944
Change in non-cash assets and liabilities		
Accounts receivable	171,093	(159,014)
Taxes receivable	(239,769)	53,842
Other receivables	-	11,903
Prepaid expenses	(386)	24,833
Accounts payable and accrued liabilities	(219,311)	425,101
Deferred revenue - obligatory reserve funds	75,386	1,683
Deferred revenue - other	(6,041)	(50,183)
Net change in cash from operating activities	3,553,045	4,012,031
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(3,387,054)	(3,665,673)
Proceeds on disposal of tangible capital assets	294,317	195,239
Net change in cash from capital activities	(3,092,737)	(3,470,434)
NET CHANGE IN CASH	460,308	541,597
CASH - beginning of year	9,605,920	9,064,323
CASH - end of year	10,066,228	9,605,920

The accompanying notes are an integral part of these financial statements

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

The Municipality of Trent Lakes 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 Lakes Public Library Board

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) 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	25 years
Buildings	40 years
Road and bridges	4 - 60 years
Water systems	45 - 60 years
Vehicles	5 - 20 years
Machinery, equipment and fixtures	5 - 20 years
Books	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.

Tangible capital assets categorized as assets under construction are not amortized until they are put into service.

(d) 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.

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(e) 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 gas tax, development charges and parkland fees are recognized in the period in which the related expenditures are recorded.

(f) 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.

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(g) 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 and post-closure care depend on estimates of annual monitoring costs and the number of years of post-closure care. The provision for future closure and post-closure costs also 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 amounts recorded for employee future benefits 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.

(h) 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.

2. 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 \$248,347 (2017 - \$226,281).

3. 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	1,091,885	1,000,218
Parkland	10,184	-
Federal gas tax	605,254	631,719
	1,707,323	1,631,937

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

	2018 \$	2017 \$
Balance - beginning of year	1,631,937	1,630,254
Add amounts received:		
Development charges	139,604	111,507
Parkland fees	10,000	8,000
Federal gas tax	162,599	157,956
Interest	30,848	18,391
	343,051	295,854
Less transfer to operations:		
Development charges earned	67,665	65,655
Parkland revenue earned	-	28,516
Federal gas tax earned	200,000	200,000
	267,665	294,171
Balance - end of year	1,707,323	1,631,937

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

4. EMPLOYEE FUTURE BENEFITS PAYABLE

The Municipality provides certain employee benefits which will require payment in future periods. The Municipality provides defined benefit plans to pay costs of certain health and other insurance benefits for eligible employees after they retire. The plans are not funded and one requires a 100% contribution from employees.

	2018	2017
	\$	\$
Accrued benefit obligation	274,300	268,300
Unamortized actuarial gain (loss)	(55,600)	(61,300)
Employee future benefits payable	218,700	207,000

The actuarial valuation as at January 1, 2017 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, which was 12 years. The assumptions used reflect management's best estimate. The main actuarial assumptions employed for the valuation are as follows:

Discount rate	3.4%
Future health care premiums rates - 2017	7.19%
Future health care premiums rates - 2018 - 2037	reducing to 4%
Future health care premiums rates - 2037 and thereafter	4%
Future dental premiums rates	4%

The change in the liability is reported as an expense on the Consolidated Statement of Operations and Accumulated Surplus.

The details of the change in liability during the year are as follows:

	2018	2017
	\$	\$
Liability at January 1	207,000	192,056
Current year benefit cost	23,900	23,100
Interest on post-employment benefit liability	9,500	9,200
Amortized actuarial loss (gain)	5,700	5,644
Less: benefit payments	(27,400)	(23,000)
Liability at December 31	218,700	207,000

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

5. OPERATIONS OF SCHOOL BOARDS AND THE COUNTY OF PETERBOROUGH

During 2018, requisitions were made by the County of Peterborough and School Boards requiring the Municipality to collect property taxes and payments in lieu of property taxes on their behalf. The amounts collected and remitted are as follows:

	School Boards \$	County \$
Property taxes	4,253,316	7,836,499
Taxation from other governments	31,490	33,223
Amounts requisitioned and remitted	4,284,806	7,869,722

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

6. LANDFILL CLOSURE AND POST-CLOSURE LIABILITY

The liability for landfill closure and post-closure costs of \$514,860 (2017 - \$579,949) has been estimated using discounted future cash flows associated with closure and post-closure care activities for the six sites the Municipality owns. The closure costs include final cover, vegetation and additional monitoring wells. Post-closure costs include monitoring, maintenance of control systems and consulting fees for 25 years after the site is closed. The entire liability has been recorded in these financial statements since all of the six Municipal landfill sites are closed for accepting waste. The Municipality has a landfill reserve of \$742,666 (2017 - \$742,666). There are no specific assets designated for settling this liability.

7. 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	4,403,881	4,243,052	3,857,353
Materials	2,746,181	2,255,187	2,148,044
Contracted services	2,460,246	2,272,298	2,319,159
Rents and financial	4,850	6,421	3,121
External transfers	140,433	129,964	141,556
Amortization	1,537,140	1,539,300	1,537,140
	11,292,731	10,446,222	10,006,373

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

8. TANGIBLE CAPITAL ASSETS

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

	2018	2017
	\$	\$
General		
Land	4,451,539	4,536,032
Land improvements	1,091,049	1,086,077
Buildings	5,858,626	5,773,802
Vehicles	4,518,355	3,909,787
Machinery, equipment & fixtures	920,058	557,297
Books	61,652	56,261
Infrastructure		
Roads and bridges	5,918,121	5,312,924
Water systems	907,265	939,669
	23,726,665	22,171,849
Assets under construction	271,727	400,919
	23,998,392	22,572,768

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	1,019,416	1,037,516
Protection services	4,666,836	4,025,430
Transportation services	9,778,102	9,179,160
Environmental services	1,813,054	1,769,245
Health services	1,328,711	1,372,941
Recreation and cultural services	5,392,273	5,188,476
	23,998,392	22,572,768

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

9. ACCUMULATED SURPLUS

(a) Accumulated surplus consists of the following:

	2018	2017
	\$	\$
Surplus/(Deficit)		
Unfunded landfill closure and post-closure costs	(514,860)	(579,949)
Unfunded employee future benefits	(218,700)	(207,000)
	(733,560)	(786,949)
Invested In Capital Assets		
Tangible capital assets - net book value	23,998,392	22,572,768
Unfunded capital (b)	(933,079)	(1,237,023)
	23,065,313	21,335,745
Surplus	22,331,753	20,548,796
Reserves		
Working funds	1,720,368	1,720,368
Future acquisition of capital assets	6,708,782	6,337,206
Contingencies	576,762	533,314
Operations	792,056	833,948
Total Reserves	9,797,968	9,424,836
Reserve Funds		
Water system services	190,759	186,741
Library future development	25,685	27,443
Total Reserve Funds	216,444	214,184
	32,346,165	30,187,816

(b) Unfunded capital for Fire and Public Works are being internally financed through annual charges to operations of \$108,892 and \$52,537 respectively. Unfunded capital for Recreation is being funded through Parkland fees and any disposals of surplus recreation land.

	2018	2017
	\$	\$
Fire	727,080	815,155
Public Works	195,913	251,215
Recreation	10,086	170,653
	933,079	1,237,023

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

10. 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. 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 following is a reconciliation of the Council approved budget amounts to the PSA amounts:

	(Unaudited) Revenue \$	(Unaudited) Expenses \$
Council approved budget:		
Operating	9,580,009	9,580,009
Capital	4,419,377	4,419,377
Total Council approved budget	13,999,386	13,999,386
Less: Tangible capital assets capitalized	-	(4,338,577)
Add: Amortization of tangible capital assets	-	1,537,140
Less: Principal repayment of internal financing	-	(145,465)
Less: Transfers to/from reserves and reserve funds	(1,640,228)	(189,102)
Add: Library	76,300	76,300
Add: Water systems	371,359	371,359
Budgeted revenues and expenses netted for financial statement presentation	(18,310)	(18,310)
Adjusted budget per Consolidated Statement of Operations	12,788,507	11,292,731

11. TRUST FUNDS

Trust funds administered by the Municipality amounting to \$66,281 (2017 - \$64,896) 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.

12. 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 \$500,000 via an operating loan. Any balance borrowed will accrue interest at the bank's prime lending rate per annum. Council authorized the temporary borrowing limit by By-law 2018-03. At December 31, 2018 there was no balance outstanding.

13. 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.

14. SEGMENTED INFORMATION

The Municipality of Trent Lakes 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 and street lighting.

Environmental Services

The environmental function is responsible for providing water, waste disposal and recycling services to ratepayers.

Health Services

The health services function consists of the activities of the cemetery board.

Recreation and Cultural Services

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

Planning and Development

The planning and development services function manages commercial, industrial and residential development within the Municipality.

15. COMPARATIVE FIGURES

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

16. 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 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 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 this standard did not have an impact on the Municipality's financial statements.

CORPORATION OF THE MUNICIPALITY OF TRENT LAKES



CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS For the Year Ended December 31, 2018

	General						Infrastructure		Assets Under Construction	Totals
	Land	Land Improvements	Buildings	Vehicles	Machinery, Equipment & Fixtures	Books	Roads and Bridges	Water Systems		
	\$	\$	\$	\$	\$	\$	\$	\$	\$	
COST										
Balance, beginning of year	4,536,032	1,423,690	7,290,550	7,625,659	1,005,866	96,930	18,748,631	1,513,234	400,919	42,641,511
Add: additions during the year	19,050	61,856	279,273	1,055,951	435,431	17,589	1,376,399	-	141,505	3,387,054
Less: disposals during the year	103,543	-	-	764,052	56,110	11,544	2,632,597	-	-	3,567,846
Internal transfers	-	-	-	247,175	23,522	-	-	-	(270,697)	-
Balance, end of year	4,451,539	1,485,546	7,569,823	8,164,733	1,408,709	102,975	17,492,433	1,513,234	271,727	42,460,719
ACCUMULATED AMORTIZATION										
Balance, beginning of year	-	337,613	1,516,748	3,715,872	448,569	40,669	13,435,707	573,565	-	20,068,743
Add: additions during the year	-	56,884	194,449	532,332	93,973	12,198	617,060	32,404	-	1,539,300
Less: disposals during the year	-	-	-	601,826	53,891	11,544	2,478,455	-	-	3,145,716
Balance, end of year	-	394,497	1,711,197	3,646,378	488,651	41,323	11,574,312	605,969	-	18,462,327
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	4,451,539	1,091,049	5,858,626	4,518,355	920,058	61,652	5,918,121	907,265	271,727	23,998,392

CORPORATION OF THE MUNICIPALITY OF TRENT LAKES



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 \$
Revenues								
Property taxation	(30,472)	3,610,941	4,260,612	876,963	105,050	768,429	(15,597)	9,575,926
User charges	64,127	369,322	134,024	114,182	5,000	40,466	47,889	775,010
Government transfers - operating	1,299,900	29,055	-	-	-	29,073	-	1,358,028
Government transfers - capital	17,728	-	56,047	47,987	-	94,568	54,736	271,066
Penalties and interest on taxes	188,072	-	-	-	-	-	-	188,072
Investment income	166,949	-	-	3,068	1,399	-	-	171,416
Donations	72,597	-	-	-	-	-	-	72,597
Development charges earned	-	-	60,665	-	-	7,000	-	67,665
Federal gas tax earned	-	-	200,000	-	-	-	-	200,000
Sale of shoreline allowances and other assets	-	-	-	-	-	-	47,357	47,357
Other grants	-	-	-	-	-	5,248	-	5,248
Gain (loss) on disposal of tangible capital assets	59,005	(17,984)	(176,243)	7,408	-	-	-	(127,814)
Total revenues	1,837,906	3,991,334	4,535,105	1,049,608	111,449	944,784	134,385	12,604,571
Expenses								
Salaries and benefits	1,061,908	867,805	1,427,415	369,006	-	377,450	139,468	4,243,052
Materials	330,650	285,679	1,190,217	167,137	59,336	151,716	70,452	2,255,187
Contracted services	85,546	1,863,697	32,333	262,653	22,786	4,188	1,095	2,272,298
Rents and financial	6,421	-	-	-	-	-	-	6,421
External transfers	-	78,073	-	6,250	2,000	43,641	-	129,964
Amortization	49,570	226,193	1,045,078	65,037	47,031	106,391	-	1,539,300
Internal transfers	(60,799)	52,227	3,772	3,000	-	1,800	-	-
Total expenses	1,473,296	3,373,674	3,698,815	873,083	131,153	685,186	211,015	10,446,222
Net surplus/(deficit)	364,610	617,660	836,290	176,525	(19,704)	259,598	(76,630)	2,158,349

CORPORATION OF THE MUNICIPALITY OF TRENT LAKES



CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE For the Year Ended December 31, 2017

	General Government \$	Protection Services \$	Transportation Services \$	Environmental Services \$	Health Services \$	Recreation and Cultural Services \$	Planning and Development \$	Consolidated \$
Revenues								
Property taxation	(1,049,479)	3,321,077	4,996,121	1,023,905	45,075	694,136	32,884	9,063,719
User charges	52,190	518,429	109,780	103,077	5,025	39,246	112,645	940,392
Government transfers - operating	1,295,900	17,703	-	-	-	31,131	-	1,344,734
Government transfers - capital	15,272	-	50,000	7,641	-	15,664	-	88,577
Penalties and interest on taxes	173,256	-	-	-	-	-	-	173,256
Investment income	113,717	-	-	1,770	988	-	-	116,475
Donations	68,462	-	-	-	-	-	-	68,462
Development charges earned	-	-	65,655	-	-	-	-	65,655
Parkland revenue earned	-	-	-	-	-	28,516	-	28,516
Federal gas tax earned	-	-	200,000	-	-	-	-	200,000
Sale of shoreline allowances and other assets	1,900	-	-	-	-	-	133,080	134,980
Other grants	-	-	-	-	65,320	28	-	65,348
Gain (loss) on disposal of tangible capital assets	4,579	5,200	(136,471)	-	-	76,882	-	(49,810)
Total revenues	675,797	3,862,409	5,285,085	1,136,393	116,408	885,603	278,609	12,240,304
Expenses								
Salaries and benefits	935,234	754,883	1,473,188	353,817	-	246,976	93,255	3,857,353
Materials	265,033	269,963	1,206,891	176,931	66,556	141,930	20,740	2,148,044
Contracted services	66,128	1,868,445	61,094	294,981	22,768	3,511	2,232	2,319,159
Rents and financial	3,121	-	-	-	-	-	-	3,121
External transfers	-	85,663	-	5,875	1,960	48,058	-	141,556
Amortization	20,832	242,006	1,068,723	66,036	47,827	91,716	-	1,537,140
Internal transfers	(16,513)	11,713	-	3,000	-	1,800	-	-
Total expenses	1,273,835	3,232,673	3,809,896	900,640	139,111	533,991	116,227	10,006,373
Net surplus/(deficit)	(598,038)	629,736	1,475,189	235,753	(22,703)	351,612	162,382	2,233,931

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INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers of the Municipality of Trent Lakes

Opinion

We have audited the financial statements of the Trust Fund of the Corporation of the Municipality of Trent Lakes (the Trust Fund), 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 Fund as at December 31, 2018, and the continuity of the Trust Fund 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 Fund 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 Fund 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 Fund'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 Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Trust Fund'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 Trust Fund'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 Trust Fund'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 Fund 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 5, 2019

**CORPORATION OF THE MUNICIPALITY OF
TRENT LAKES**



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

	2018 Cemetery Perpetual Care \$	2017 Cemetery Perpetual Care \$
FINANCIAL ASSETS		
Investments (note 2)	65,231	63,696
Due from (to) Cemetery operations	1,050	1,200
	66,281	64,896
FUND BALANCE	66,281	64,896

**TRUST FUND
STATEMENT OF CONTINUITY
For the Year Ended December 31, 2018**

	2018 Cemetery Perpetual Care \$	2017 Cemetery Perpetual Care \$
BALANCE - beginning of year	64,896	64,703
RECEIPTS		
Investment income	1,774	1,442
Perpetual care receipts	1,050	1,200
Capital gain on investments	334	48
	3,158	2,690
EXPENSES		
Transfer to Cemetery operations	1,253	1,996
Trustee fees	520	501
	1,773	2,497
BALANCE - end of year	66,281	64,896

The accompanying notes are an integral part of these financial statements

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

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

The investments held in the trust at the end of the year at cost are as follows:

	2018	2017
	\$	\$
Scotiastart - bond common trust fund	19,212	18,770
Scotiastart - corporate bond common trust fund	46,012	44,920
Scotiastart - cash on hand	7	6
	65,231	63,696
Market Value	63,967	64,402

3. CEMETERY PERPETUAL CARE

The figures reported for the cemetery perpetual care represent the trust fund activities for the Sandy Lake Cemetery. The Perpetual Care Fund administered by the Cemetery is 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 Sandy Lake Cemetery. The operations and investments of the Fund are undertaken by the Cemetery in accordance with the regulations of the Cemeteries Act.

**CORPORATION OF THE
MUNICIPALITY OF TRENT LAKES**

TRENT LAKES PUBLIC LIBRARY BOARD

FINANCIAL STATEMENTS

DECEMBER 31, 2018

Baker Tilly KDN LLP
272 Charlotte St.
Peterborough, ON
Canada K9J 2V4

INDEPENDENT AUDITOR'S REPORT

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

T: Baker Tilly KDN LLP
F: 272 Charlotte St.

Peterborough, ON
Canada K9J 2V4

Qualified Opinion

We have audited the financial statements of the Trent Lakes Public Library Board of the Corporation of the Municipality of Trent Lakes (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 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 user fees, fundraising and donations, 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 user fees, fundraising and donations 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 become 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.

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
March 5, 2019

**CORPORATION OF THE MUNICIPALITY OF
TRENT LAKES**



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

	2018	2017
	\$	\$
FINANCIAL ASSETS		
Due from Municipality of Trent Lakes (note 2)	25,685	32,645
LIABILITIES		
Deferred revenue	-	5,202
NET FINANCIAL ASSETS	25,685	27,443
NON-FINANCIAL ASSETS		
Tangible capital assets (note 3)	74,751	62,514
ACCUMULATED SURPLUS (note 4)	100,436	89,957

The accompanying notes are an integral part of these financial statements

**CORPORATION OF THE MUNICIPALITY OF
TRENT LAKES**



**TRENT LAKES PUBLIC LIBRARY BOARD
STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
For the Year Ended December 31, 2018**

	Budget 2018 \$ (Unaudited)	Actual 2018 \$	Actual 2017 \$
REVENUES			
Contributions from Municipality (note 2)			
Levy	157,720	157,720	137,650
Development charges	7,000	7,000	-
Unallocated costs	4,400	2,886	4,248
Province of Ontario	29,100	29,073	31,131
Other grants	10,500	6,058	28
User fees	4,200	4,619	4,729
Fundraising and donations	25,500	34,383	38,244
TOTAL REVENUES	238,420	241,739	216,030
EXPENSES			
Salaries and benefits	161,170	172,194	154,340
Materials	32,350	28,805	26,537
Periodicals and programs	3,800	4,966	1,215
Janitorial service	6,800	3,419	3,175
Administrative services	1,800	1,800	1,800
Insurance	4,500	2,825	3,770
Repairs and maintenance	4,400	2,886	4,248
Amortization	14,553	14,365	14,553
TOTAL EXPENSES	229,373	231,260	209,638
ANNUAL SURPLUS	<u>9,047</u>	10,479	6,392
ACCUMULATED SURPLUS - beginning of year		89,957	83,565
ACCUMULATED SURPLUS - end of year		100,436	89,957

The accompanying notes are an integral part of these financial statements

**CORPORATION OF THE MUNICIPALITY OF
TRENT LAKES**



**TRENT LAKES PUBLIC LIBRARY BOARD
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
For the Year Ended December 31, 2018**

	Budget 2018 \$ (Unaudited)	Actual 2018 \$	Actual 2017 \$
ANNUAL SURPLUS	9,047	10,479	6,392
Amortization of tangible capital assets	14,553	14,365	14,553
Acquisition of tangible capital assets	(28,600)	(26,602)	(21,580)
DECREASE IN NET FINANCIAL ASSETS	(5,000)	(1,758)	(635)
NET FINANCIAL ASSETS - beginning of year	27,443	27,443	28,078
NET FINANCIAL ASSETS - end of year	22,443	25,685	27,443

The accompanying notes are an integral part of these financial statements

**CORPORATION OF THE MUNICIPALITY OF
TRENT LAKES**



**TRENT LAKES PUBLIC LIBRARY BOARD
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2018**

	2018	2017
	\$	\$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus	10,479	6,392
Items not involving cash		
Amortization of tangible capital assets	14,365	14,553
Change in non-cash assets and liabilities		
Due from Municipality of Trent Lakes	6,960	(3,366)
Deferred revenue	(5,202)	4,001
Net change in cash from operating activities	26,602	21,580
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(26,602)	(21,580)
NET CHANGE IN CASH	-	-
CASH - beginning of year	-	-
CASH - end of year	-	-

The accompanying notes are an integral part of these financial statements

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

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

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

Donations and fundraising revenue is recognized when the amounts are received.

(b) Use of Estimates

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

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

(c) Tangible Capital Assets

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

Computers	5 years
Books	7 years
Furniture	5 years

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

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 Board because they can be used to provide services in future periods. These assets do not normally provide resources to discharge the liabilities of the Board unless they are sold.

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

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(e) Reserves and Reserve Funds

Certain amounts, as approved by the Board, 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.

(f) Inter-Entity Transactions

The Trent Lakes Public Library Board is a Board of the Municipality of Trent Lakes 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. INTER-ENTITY TRANSACTIONS

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

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

Details of the related party expense transactions are as follows:

	2018	2017
	\$	\$
Allocated costs:		
Administrative services	1,800	1,800
Insurance	2,825	3,770
	4,625	5,570
Unallocated costs:		
Repairs and maintenance	2,886	4,248
	7,511	9,818

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

- Professional services
- Rental of buildings

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

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

3. TANGIBLE CAPITAL ASSETS

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

	Computers \$	Books \$	2018 Totals \$	2017 Totals \$
COST				
Balance, beginning of year	31,485	96,929	128,414	141,850
Add: additions during the year	9,013	17,589	26,602	21,580
Less: disposals during the year	9,201	11,544	20,745	35,016
Balance, end of year	31,297	102,974	134,271	128,414
ACCUMULATED AMORTIZATION				
Balance, beginning of year	25,232	40,668	65,900	86,363
Add: additions during the year	2,167	12,198	14,365	14,553
Less: disposals during the year	9,201	11,544	20,745	35,016
Balance, end of year	18,198	41,322	59,520	65,900
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	13,099	61,652	74,751	62,514

4. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2018 \$	2017 \$
Invested In Capital Assets		
Tangible capital assets - net book value	74,751	62,514
Surplus	74,751	62,514
Reserve Fund		
Future development	25,685	27,443
	100,436	89,957

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

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. COMPARATIVE FIGURES

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

7. 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 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 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 this standard resulted in additions to the Board's revenues and expenses as disclosed in note 2.