

**CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

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**Tay Valley Township  
Consolidated  
Financial Statements  
December 31, 2018**

**Tay Valley Township**  
**Five Year Financial Review**  
(not subject to audit)

<b>December 31</b>	<b>2018</b>	2017	2016	2015	2014
<b>Population</b> (Statistics Canada)	<b>5,665</b>	5,665	5,665	5,571	5,571
<b>Number of Households</b> (MPAC)	<b>3,931</b>	3,922	3,911	3,892	3,891
<b>Taxable Assessment</b> (000's)	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Residential and farm	<b>1,161,948</b>	1,125,989	1,113,037	1,077,225	1,041,450
Commercial and industrial	<b>56,641</b>	54,307	53,523	61,627	58,660
<b>Total</b>	<b>1,218,589</b>	1,180,296	1,166,560	1,138,852	1,100,110
Commercial, industrial as % of assessment	<b>4.65%</b>	4.60%	5.32%	5.41%	5.33%
<b>Rates of Taxation</b>					
Residential					
▸ for general municipal purposes	<b>0.431597</b>	0.433371	0.414839	0.398555	0.388617
▸ for county purposes	<b>0.370048</b>	0.376627	0.373000	0.379779	0.392978
▸ for school board purposes	<b>0.170000</b>	0.179000	0.188000	0.195000	0.203000
<b>Total</b>	<b>0.971645</b>	0.988998	0.975839	0.973334	0.984595
Multi-Residential (total)	<b>1.959513</b>	2.002479	1.998918	2.010562	2.056004
Commercial (total)	<b>2.714296</b>	2.720473	2.629872	2.628966	2.650786
Industrial (total)	<b>3.406239</b>	3.495205	3.555710	3.527826	3.606520
<b>Tax Arrears</b> ▸ percentage of current levy (>10%)**	<b>6.22%</b>	6.44%	7.09%	6.93%	6.88%
<b>Taxes Transferred</b> (000's)					
▸ County	<b>4,693</b>	4,600	4,531	4,579	4,532
▸ School Boards	<b>2,624</b>	2,639	2,764	2,938	2,874
<b>Revenues</b> (000's)	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
▸ Taxation and payments in lieu	<b>5,466</b>	5,297	5,041	4,591	4,481
▸ Government transfers	<b>938</b>	922	863	858	815
▸ Fees and service charges	<b>256</b>	286	339	274	341
▸ Other	<b>526</b>	505	446	525	458
▸ Revenues related to capital assets	<b>1,325</b>	---	25	25	626
<b>Total</b>	<b>8,511</b>	7,010	6,714	6,273	6,721
<b>Expenditures</b> (000's)					
▸ Operations	<b>7,168</b>	6,794	6,310	6,114	5,888
▸ Amortization	<b>695</b>	585	608	726	705
<b>Net Financial Assets (Net Debt)</b>					
▸ % of Operating Revenue (>(20%)) **	<b>54.08%</b>	65.29%	58.84%	54.91%	60.51%
▸ % of Taxation (>(50%)) **	<b>71.09%</b>	86.40%	78.37%	74.73%	82.31%

\*\* Represents the Provincial Low Risk Indicator.  
(Note: All dollar amounts are in thousands of dollars.)

**Tay Valley Township**  
**Five Year Financial Review**  
(not subject to audit)

<b>December 31</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Long Term Debt</b>					
▸ Net long term debt (000's)	<b>777</b>	810	841	877	903
▸ Long term debt charges (000's)	<b>68</b>	72	75	74	71
▸ Annual repayment limit (000's)	<b>1,356</b>	1,258	1,293	1,222	1,240
▸ Long term debt per household	<b>198</b>	207	215	225	232
▸ Debt charges (000's)					
▸ tax supported	<b>68</b>	72	75	74	71
<hr/>					
<b>Municipal Equity (000's)</b>					
▸ Surplus and Reserves	<b>4,716</b>	5,444	4,853	4,382	4,682
▸ Invested in capital assets	<b>11,593</b>	9,523	9,897	9,965	9,505
▸ Reserves as % of operating expenses ( <b>&gt;20%</b> ) **	<b>65.80%</b>	80.13%	76.91%	71.66%	78.88%
▸ Asset consumption ratio	<b>46.88%</b>	49.94%	47.57%	45.84%	44.84%
<hr/>					
<b>Financial Indicators</b>					
▸ Sustainability					
▸ financial assets to liabilities	<b>1.84</b>	1.90	2.22	2.21	2.41
▸ financial assets to liabilities excluding long term debt	<b>2.21</b>	2.26	3.00	3.21	3.68
▸ capital reserve to accumulated amortization	<b>33.45%</b>	40.76%	36.39%	35.56%	40.00%
▸ Flexibility					
▸ Debt charges to total operating revenue ( <b>&lt;5%</b> ) **	<b>0.95%</b>	0.96%	1.12%	1.18%	1.17%
▸ Total operating revenue to taxable assessment	<b>0.59%</b>	0.59%	0.58%	0.55%	0.55%
▸ Working capital to operating expenses ( <b>&gt;10%</b> )**	<b>43.37%</b>	55.45%	49.27%	41.77%	47.30%
▸ Vulnerability					
▸ Operating government transfers ▸ to operating revenue	<b>13.05%</b>	13.16%	12.86%	13.73%	13.37%
▸ Total government transfers ▸ to total revenues	<b>26.59%</b>	13.16%	12.82%	14.07%	20.71%



# Tay Valley Township

## Management's Responsibility for the Consolidated Financial Statements

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The accompanying consolidated financial statements of the Corporation of Tay Valley Township are the responsibility of the Township's management and have been prepared in compliance with legislation, and in accordance with Canadian Public Sector Accounting Standards. A summary of significant accounting policies are described in note 2 to the consolidated financial statements. The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Township's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of consolidated financial statements. These systems are monitored and evaluated by management.

Council meets with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to Council approval of the consolidated financial statements.

The consolidated financial statements have been audited by Allan and Partners LLP, independent external auditors appointed by the Township. The accompanying Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Township's consolidated financial statements.

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Amanda Mabo, Acting CAO

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Treasurer



## INDEPENDENT AUDITOR'S REPORT

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To the Members of Council, Inhabitants and Ratepayers  
of the Corporation of the Tay Valley Township:

### Opinion

We have audited the consolidated financial statements of the Corporation of the Tay Valley Township (the 'Entity'), which comprise:

- the consolidated statement of financial position as at December 31, 2018;
- the consolidated statement of operations and accumulated surplus for the year then ended;
- the consolidated statement of changes in net financial assets for the year then ended;
- the consolidated statement of cash flows for the year then ended;
- and the notes to the consolidated financial statements, including a summary of significant accounting policies;
- 

(Hereinafter referred to as the 'financial statements').

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2018, and its consolidated results of operations, its consolidated changes in net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the '**Auditors' Responsibilities for the Audit of the Financial Statements**' section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements

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

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

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

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

Those charged with governance are responsible for overseeing the Entity'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 the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement 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 of 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Entity 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.
- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



Allan and Partners LLP  
Chartered Professional Accountants  
Licensed Public Accountants

Perth, Ontario  
April 23, 2019.

**Tay Valley Township**  
**Consolidated Statement of Financial Position**

<b>December 31</b>	<b>2018</b>	<b>2017</b>
	\$	\$
<b>ASSETS</b>		
<b>Financial Assets</b>		
Cash and short term deposits	5,577,439	8,378,090
Taxes receivable (allowance \$50,000)	741,106	753,178
Accounts receivable	2,166,354	490,746
Other	1,550	1,550
Long term receivables (note 5)	20,702	24,516
	<b>8,507,151</b>	<b>9,648,080</b>
<b>LIABILITIES</b>		
<b>Financial Liabilities</b>		
Accounts payable and accrued liabilities	1,268,877	532,896
Accrued landfill closure and post closure (note 10)	537,500	512,500
Accrued post employment benefits	6,627	6,554
Prepaid property taxes	427,813	389,444
Deferred revenues (note 4)	1,173,749	2,389,228
Other current liabilities	250,221	255,164
Solar farm security deposit	178,927	175,494
Long term liabilities (note 5)	777,391	810,005
	<b>4,621,105</b>	<b>5,071,285</b>
<b>NET FINANCIAL ASSETS</b>	<b>3,886,046</b>	<b>4,576,795</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (note 15)	12,349,552	10,308,209
Inventories	73,266	81,586
	<b>12,422,818</b>	<b>10,389,795</b>
Contingent Liabilities (note 13) Commitments (note 12)		
<b>MUNICIPAL EQUITY (note 6)</b>	<b>16,308,864</b>	<b>14,966,590</b>

The accompanying notes are an integral part of these consolidated financial statements.

# Tay Valley Township

## Consolidated Statement of Operations

For the year ended December 31	(Note 17) Budget	2018	2017
	\$	\$	\$
<b>REVENUES</b>			
Taxation ▶ residential	4,822,903	<b>4,869,448</b>	4,735,102
▶ commercial and industrial	531,300	<b>536,899</b>	505,340
▶ other governments	52,000	<b>59,759</b>	56,711
User charges ▶ protection to persons and property	9,000	<b>25,536</b>	27,993
▶ waste disposal	90,000	<b>88,830</b>	101,158
▶ planning and zoning	64,389	<b>62,939</b>	75,905
▶ other	59,852	<b>78,240</b>	80,558
Government transfers	964,363	<b>937,749</b>	922,152
Deferred revenues (note 4)	27,500	---	---
Licences and permits	115,900	<b>118,883</b>	135,121
Investment income	83,594	<b>168,892</b>	120,239
Penalties and interest on taxes	120,000	<b>115,159</b>	124,447
Provincial offences	60,000	<b>59,277</b>	70,606
Other	23,708	<b>63,545</b>	54,402
<b>TOTAL REVENUES</b>	7,024,509	<b>7,185,156</b>	7,009,734
<b>EXPENDITURES</b>			
General government	1,213,985	<b>1,385,245</b>	1,231,685
Protection to persons and property	1,932,786	<b>1,971,564</b>	1,919,011
Transportation services	2,174,725	<b>2,113,264</b>	2,055,262
Environmental services	762,780	<b>817,413</b>	774,047
Social and health services	---	<b>3,440</b>	4,436
Recreation and cultural services	548,087	<b>563,282</b>	502,804
Planning and development	266,889	<b>313,390</b>	306,283
<b>TOTAL EXPENDITURES</b>	6,899,252	<b>7,167,598</b>	6,793,528
<b>NET REVENUES FROM OPERATIONS</b>	125,257	<b>17,558</b>	216,206
<b>OTHER</b>			
Grants and transfers related to capital			
Deferred revenues earned (note 4)	1,381,447	<b>1,324,716</b>	---
<b>ANNUAL SURPLUS</b>	1,506,704	<b>1,342,274</b>	216,206
<b>MUNICIPAL EQUITY, BEGINNING OF YEAR</b>	14,966,590	<b>14,966,590</b>	14,750,384
<b>MUNICIPAL EQUITY, END OF YEAR</b>	16,473,294	<b>16,308,864</b>	14,966,590

The accompanying notes are an integral part of these consolidated financial statements.

**Tay Valley Township**

**Consolidated Statement of Changes in Net Financial Assets**

For the year ended December 31	(Note 17) Budget	2018	2017
	\$	\$	\$
<b>ANNUAL SURPLUS</b>	1,506,704	<b>1,342,274</b>	216,206
Amortization of tangible capital assets	567,085	<b>694,675</b>	584,777
Acquisition of tangible capital assets	(3,402,660)	<b>(2,736,018)</b>	(182,640)
Acquisition of supplies inventories	---	<b>8,320</b>	8,113
	(2,835,575)	<b>(2,033,023)</b>	410,250
<b>(DECREASE) INCREASE IN NET FINANCIAL ASSETS</b>	(1,328,871)	<b>(690,749)</b>	626,456
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	4,576,795	<b>4,576,795</b>	3,950,339
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	3,247,924	<b>3,886,046</b>	4,576,795

The accompanying notes are an integral part of these consolidated financial statements.

# Tay Valley Township

## Consolidated Statement of Cash Flows

For the year ended December 31	2018	2017
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Annual surplus for the year	1,342,274	216,206
Amortization	694,675	584,777
	<b>2,036,949</b>	800,983
Net Change in Non-Cash Working Capital Balances		
Taxes receivable	12,072	68,030
Accounts receivable	(1,675,608)	136,325
Long term receivables	3,814	3,599
Accounts payable and accrued liabilities	735,981	80,804
Accrued landfill closure and post closure	25,000	25,000
Accrued post employment benefits	73	72
Prepaid property taxes	38,369	39,048
Deferred revenues	(1,215,479)	1,695,200
Other current liabilities	(4,943)	18,278
Solar farm security deposit	3,433	1,472
Inventories	8,320	8,113
	<b>(2,068,968)</b>	2,075,941
<b>Working Capital from Operations</b>	<b>(32,019)</b>	2,876,924
<b>CAPITAL ACTIVITIES</b>		
Acquisition of tangible capital assets	(2,736,018)	(182,640)
<b>Net investment in tangible capital assets</b>	<b>(2,736,018)</b>	(182,640)
<b>FINANCING ACTIVITIES</b>		
Debt principal repayments	(32,614)	(31,172)
<b>Net decrease in cash from financing activities</b>	<b>(32,614)</b>	(31,172)
<b>NET (DECREASE) INCREASE IN CASH</b>	<b>(2,800,651)</b>	2,663,112
<b>CASH, BEGINNING OF YEAR</b>	<b>8,378,090</b>	5,714,978
<b>CASH, END OF YEAR</b>	<b>5,577,439</b>	8,378,090

The accompanying notes are an integral part of these consolidated financial statements.

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# Tay Valley Township

## Notes to the Consolidated Financial Statements

December 31, 2018

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### 1. Status of Tay Valley Township

Tay Valley Township (the 'Township') was created in 1998 with the amalgamation of the former Township of Bathurst, Township of North Burgess and Township of South Sherbrooke and assumed its responsibilities under the authority of the Provincial Secretary. The Township operates as a lower tier government in the County of Lanark, in the Province of Ontario, Canada and provides municipal services such as police, fire, public works, planning, parks and recreation, library and other general government operations.

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### 2. Significant Accounting Policies

#### Basis of Presentation

The consolidated financial statements of the Corporation of Tay Valley Township are the representations of management and have been prepared in all material respects in accordance with Canadian Public Sector Accounting Standards. Significant aspects of the accounting policies by the Township are as follows:

#### Reporting Entity

- (i) The consolidated financial statements reflect financial assets, liabilities, operating revenues and expenditures, reserves, reserve funds and changes in investment in tangible capital assets of the Township. The reporting entity is comprised of all organizations, committees and local boards accountable for the administration of their financial affairs and resources to the Township and which are owned or controlled by the Township. Interdepartmental and inter-organizational transactions and balances between these organizations are eliminated. These consolidated financial statements include:

- Pinehurst Cemetery

The following joint local boards, which are not controlled by the Township, have been consolidated on a proportionate basis:

- Perth and District Public Library Board
  - Drummond/North Elmsley Tay Valley Fire Rescue

- (ii) The taxation, other revenues, expenditures, assets and liabilities with respect to the operations of the school boards are not reflected in the municipal fund balances of these consolidated financial statements.

#### Basis of Accounting

- (i) The consolidated financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenditures are recognized as they are incurred and measurable based on receipt of goods and services and/or the creation of a legal obligation to pay.
- (ii) Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year, and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the change in net financial assets for the year.



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# Tay Valley Township

## Notes to the Consolidated Financial Statements

December 31, 2018

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### 2. Significant Accounting Policies / continued

#### Basis of Accounting / continued

- (iii) Trust funds and their related operations administered by the Township are not included in these consolidated financial statements but are reported separately on the Trust Funds Statement of Financial Activities and Financial Position.

#### Taxation and Related Revenues

Property tax billings are prepared by the Township based on assessment rolls issued by the Municipal Property Assessment Corporation ('MPAC'). Tax rates are established by Township Council, incorporating amounts to be raised for local services, amounts to be raised on behalf of County of Lanark for regional services, and amounts the Township is required to collect on behalf of the Province of Ontario in respect of education taxes. Taxation revenues are recorded at the time tax billings are issued. Adjustments to taxation revenue can occur during the year related to the issuance of supplementary tax billings and/or assessment appeals. These adjustments are recorded when the amount of the adjustments can be quantified. The Township is entitled to collect interest and penalties on overdue taxes. These revenues are recorded in the period in which the interest and penalties are applied.

#### Tangible Capital Assets

Tangible capital assets are recorded at cost, which include all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets are amortized on a straight line basis over their estimated useful lives as follows:

Land	
Buildings	20 to 60 years
Bridges	50 to 75 years
Equipment	5 to 30 years
Roads	5 to 30 years
Vehicles	5 to 30 years

One half of the annual amortization is charged in the year of acquisition and in the years of disposal. Amortization is charged from the date of acquisition. Assets under construction are not amortized until the asset is available for productive use, at which time they are capitalized.

The Township has a capitalization threshold of \$20,000 for vehicles and equipment and \$50,000 for linear assets, bridges and buildings so that individual capital assets of lesser value are expensed, unless they are pooled because, collectively, they have significant value, or for operations reasons.

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

When tangible capital assets are disposed of, either by way of a sale, destruction or loss, or abandonment of the asset, the asset's net book value, historical cost less accumulated amortization, is written off. Any resulting gain or loss, equal to the proceeds on disposal less the asset's net book value, is reported on the consolidated statement of operations in the year of disposal.

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# Tay Valley Township

## Notes to the Consolidated Financial Statements

December 31, 2018

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### 2. Significant Accounting Policies / continued

#### Tangible Capital Assets / continued

When conditions indicate that a tangible capital asset no longer contributes to the Township's ability to provide services or the value of the future economic benefits associated with the tangible capital asset are less than its net book value, and the decline is expected to be permanent, the cost and accumulated amortization of the asset are reduced to reflect the revised estimate of the value of the asset's remaining service potential. The resulting net adjustment is reported as an expense on the consolidated statement of operations.

#### Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

#### Inventories and Prepaid Expenses

Inventories and prepaid expenses held for consumption are recorded at the lower of cost or replacement cost.

#### Pension and Employee Benefits

The Township accounts for its participation in the Ontario Municipal Employees Retirement System ('OMERS'), a multi-employer public sector pension fund, as a defined benefit plan. The OMERS plan specifies the retirement benefits to be received by employees based on length of service and pay rates.

Employee benefits include vacation entitlement and sick leave benefits. Vacation entitlements are accrued as entitlements are earned. Sick leave benefits are accrued in accordance with the Township's policy.

#### Cash and Cash Equivalents

The Township considers cash and cash equivalents to be highly liquid investments with original maturities of three months or less.

#### Government Transfers

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

#### Deferred Revenues

The Township defers recognition of user charges and fees which have been collected but for which the related services have yet to be performed. Government transfers of gas taxes, development charges collected under the *Development Charges Act, 1997*, and Parkland funds collected under the Planning Act are reported as deferred revenues in the Consolidated Statement of Financial Position. These amounts will be recognized as revenues in the fiscal year the services are performed.

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**Tay Valley Township**  
**Notes to the Consolidated Financial Statements**

**December 31, 2018**

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**2. Significant Accounting Policies / continued**

**Deferred Revenues / continued**

The Township receives restricted contributions under the authority of Federal and Provincial legislation and Township by-laws. These funds by their nature are restricted in their use and until applied to applicable costs are recorded as deferred revenue. Amounts applied to qualifying expenses are recorded as revenue in the fiscal period they are expended.

Deferred revenue represents certain user charges and fees which have been collected but for which the related services have yet to be performed. Deferred revenue also represents contributions that the Township has received pursuant to legislation, regulation or agreement that may only be used for certain programs or in the completion of specific work. These amounts are recognized as revenue in the fiscal year the services are performed or related expenses incurred.

**Investments**

Short-term and long-term investments are recorded at cost plus accrual interest. If the market value of investments become lower than cost and the decline in value is considered to be other than temporary, the investments are written down to market value.

Investment income earned on surplus current funds, capital funds, reserves and reserve funds (other than obligatory reserve funds) are reported as revenue in the period earned. Investment income earned on development charges and parkland obligatory reserve funds is added to the fund balance and forms part of respective deferred revenue balances.

**Landfill Closure and Post-Closure Liabilities**

The Township accrues landfill closure and post-closure care requirements that have been defined in accordance with industry standards and include final covering and landscaping of the landfill, pumping of ground water and leachates from the site, and ongoing environmental monitoring, site inspection and maintenance. The reported liability is based on estimates and assumptions with respect to events extending over a twenty-five year period using the best information available to management.

Future events may result in significant changes to the estimated total expenditures, capacity used or total capacity and the estimated liability, and would be recognized prospectively, as a change in estimate, when applicable.

**Liability for Contaminated Sites**

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of contaminated sites is recognized when a site is not in productive use and all the following criteria are met:

- (a) an environmental standard exists;
- (b) contamination exceeds the environmental standard;
- (c) the Township:
  - (i) is directly responsible; or
  - (ii) accepts responsibility
- (d) it is expected that future economic benefit will be given up; and
- (e) a reasonable estimate of the amount can be made.

The liability is recognized as management's estimate of cost of pos-remediation including operation, maintenance and monitoring that are an integral part of the remediation strategy for a contaminated site.

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**Tay Valley Township**  
**Notes to the Consolidated Financial Statements**

**December 31, 2018**

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**2. Significant Accounting Policies / continued**

**Financial Instruments**

All financial instruments are initially recognized at fair value on the statement of financial position. The Township has classified each financial instrument into one of the following categories: held-for-trading financial assets and liabilities, loans and receivables, held-to-maturity financial assets and other financial liabilities. Subsequent measurement of financial instruments is based on their classification.

Held-for-trading financial assets and liabilities are subsequently measured at fair value with changes in those fair values recognized in net revenues.

Loans and receivables, held-to-maturity financial assets and other financial liabilities are subsequently measured at amortized cost using the effective interest method.

The Township classifies cash and cash equivalents as held-for-trading financial assets, accounts receivable as loans and receivables, and accounts payable and accrued liabilities as other financial liabilities.

**Measurement Uncertainty**

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenditures during the period. Actual results could differ from these estimates. These estimates are reviewed periodically and as adjustments become necessary, they are recorded in the consolidated financial statements in the period in which they become known.

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**3. Operations of the School Boards and County of Lanark**

During 2018, the Township collected and made property tax transfers including payments in lieu of property taxes, to the County of Lanark and School Boards as follows:

	<b>School Boards</b> <b>\$</b>	<b>County</b> <b>\$</b>
Property taxes	<b>2,623,628</b>	<b>4,645,965</b>
Taxation from other governments	---	<b>46,953</b>
Amounts requisitioned and paid	<b>2,623,628</b>	<b>4,692,918</b>

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**4. Deferred Revenues**

A requirement of the public sector accounting standards of the Chartered Professional Accountants of Canada is that obligatory reserve funds be reported as deferred revenue. This requirement is in place as provincial legislation restricts how these funds may be used and under certain circumstances these funds may possibly be refunded.

# Tay Valley Township

## Notes to the Consolidated Financial Statements

**December 31, 2018**

### 4. Deferred Revenues

The balances in the obligatory reserve funds of the Township are summarized below:

	Gravel Pit Rehabilitation	Development Charges	Parkland	Federal Gas Tax	OCIF	Total
	\$	\$	\$	\$	\$	\$
January 1, 2018	1,550	348,480	47,658	531,393	1,460,147	<b>2,389,228</b>
Contributions from developers	---	52,600	3,900	---	---	<b>56,500</b>
Interest	---	7,738	1,019	1,969	---	<b>10,726</b>
Government grants	---	---	---	177,442	---	<b>177,442</b>
Transfer to capital	---	---	---	---	(1,324,716)	<b>(1,324,716)</b>
Transfer to other municipality	---	---	---	---	(135,431)	<b>(135,431)</b>
December 31, 2018	1,550	408,818	52,577	710,804	---	<b>1,173,749</b>

### 5. Long Term Liabilities

- (a) The balance of long term liabilities reported on the "Consolidated Statement of Financial Position" is comprised of the following:

	2018	2017
	\$	\$
Ontario Infrastructure Projects Corporation (4.45%), debenture for the Township offices with semi annual blended payments of \$46,686 maturing 2035.	<b>552,658</b>	574,034
Ontario Infrastructure Projects Corporation (4.25%), debenture for the South Sherbrooke Fire Hall with semi annual blended payments of \$16,333 maturing 2036.	<b>204,031</b>	211,455
Instalment debentures with the Province of Ontario under the Ontario Tile Loan Program. The responsibility for payment of principal and interest charges for tile drainage and shoreline property assistance loans has been assumed by individuals. At the end of the year, the outstanding principal amount of this liability is	<b>20,702</b>	24,516
Net long term liabilities at the end of the year	<b>777,391</b>	810,005

- (b) Principal payments fall due as follows:

	General Revenues
	\$
2019	<b>34,124</b>
2020	<b>35,704</b>
2021	<b>37,358</b>
2022	<b>39,090</b>
2023 and thereafter	<b>631,115</b>
	<b>777,391</b>

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## Tay Valley Township

### Notes to the Consolidated Financial Statements

December 31, 2018

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#### 5. Long Term Liabilities / continued

- (c) Interest expense on long term liabilities in 2018 amounted to \$35,689 (2017 \$35,923).
- (d) These payments are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.
- 

#### 6. Municipal Equity

Municipal equity consists of:

	2018	2017
	\$	\$
Invested in tangible capital assets		
Tangible capital assets	12,349,552	10,308,209
Long term liabilities	(756,689)	(785,489)
	11,592,863	9,522,720
Reserves (Schedule 1)	4,716,001	5,443,870
Total Municipal Equity	16,308,864	14,966,590

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#### 7. Pension Contributions

The Township makes contributions to the Ontario Municipal Employees Retirement System ("OMERS"), which is a multi-employer plan, on behalf of all permanent members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. Employers and employees contribute to the plan. Since any surpluses or deficits are a joint responsibility of all Ontario municipalities and their employees, the Township does not recognize any share of the OMERS pension surplus or deficit in these consolidated financial statements.

The amount contributed to OMERS was \$140,656 (2017 \$124,060) for current services and is included as an expenditure on the Consolidated Statement of Operations classified under the appropriate functional expenditure. Contributions by employees were a similar amount.

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#### 8. Trust Funds

Trust funds administered by the Township amounting to \$35,472 (2017 \$34,422) are presented in a separate financial statement of trust fund balances and operations. As such balances are held in trust by the Township for the benefit of others, they are not presented as part of the Township's financial position or financial activities.

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## Tay Valley Township

### Notes to the Consolidated Financial Statements

December 31, 2018

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#### 9. Provincial Offences Administration (POA)

The Town of Perth has assumed the administration of the Provincial Offences office for all County of Lanark resident municipalities. The transfer of administration from the Ministry of Attorney General to the Township was a result of the Provincial Offences Act (POA) 1997, which provides the framework for the transfer of responsibility and administration of POA courts.

The POA is a procedural law for administering and prosecuting provincial offences, including those committed under the Highway Traffic Act, Compulsory Automobile Insurance Act, Trespass to Property Act, Liquor Licence Act, Municipal By-Laws and minor federal offences. The POA governs all aspects of legal process from serving notice to a defendant, to conducting trials, including sentencing and appeals.

The Township's share of net revenues arising from operation of the POA office have been consolidated with these consolidated financial statements. The revenue of the court office consists of fines levied under Parts I and III (including delay penalties) for POA charges filed in the Perth court.

If fines are paid at other court offices, the receipt is recorded in the Integrated Courts Operation Network System ("ICON") operated by the Province of Ontario. Revenue is recognized when receipt of funds is recorded by the provincial ICON system regardless of the location where payment is made.

Tay Valley Township shares net POA revenues based on weighted assessment.

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#### 10. Landfill Closure and Post Closure Liability

The Environmental Protection Act sets out the regulatory requirements to properly close and maintain all active and inactive landfill sites. Closure and post closure cost requirements are to be provided over the estimated remaining life of the landfill sites based on usage.

Landfill closure and post-closure care requirements have been defined in accordance with industry standards and include final covering and landscaping of the landfill, pumping of ground water and leachates from the site, and ongoing environmental monitoring, site inspection and maintenance. The reported liabilities are based on estimates and assumptions with respect to events extending over a period of up to fifty years using the best information available to management. Future events may result in significant changes to the estimated total expenditures, capacity used or total capacity and the estimated liability, and would be recognized prospectively, as a change in estimate, when applicable.

The Township currently has two active and three inactive landfill sites.

The Noonan and Christie Lake inactive sites have been closed but have ongoing monitoring and maintenance in accordance with Ministry standards.

The Maberly site has been capped as per MOE closure guidelines. The site is being used as a transfer site and although there is remaining capacity there are no plans to reopen the site. There are ongoing monitoring and maintenance in accordance with Ministry standards.

The two active sites include Glen Tay and Stanleyville. In estimating the closure dates and closure costs it is generally assumed that landfills will close sequentially with Glen Tay closed first in two stages and then Stanleyville. The active sites have an estimated life range of 75 years.

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**Tay Valley Township**  
**Notes to the Consolidated Financial Statements**

**December 31, 2018**

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**10. Landfill Closure and Post Closure Liability / continued**

Estimated total expenses represent the sum of the discounted future cash flows for closure and post closure care activities using an estimated inflation rate of 2% and discounted at the Township's average long term borrowing rate of 3%.

For the inactive sites, the estimated post closure care expenditures are calculated to be approximately \$260,000. The estimated liability for these expenditures is recognized immediately.

For the active sites, the estimated total landfill closure and post closure care expenditures are calculated to be approximately \$1,550,000. For sites that are still active, the estimated liability for these expenses is recognized as the landfill site's capacity is used.

The estimated total landfill closure and post-closure care expense are calculated at approximately \$1,790,000 (2017 \$1,810,000). Included in liabilities at December 31, 2018 is an amount of \$537,500 (2017 \$512,500) with respect to landfill closure and post-closure liabilities recognized to date.

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**11. Contractual Obligations**

The Municipality has negotiated a long term contract with the Ontario Provincial Police for the provision of policing services. In January 2015, a new five year contract was signed and will end December 31<sup>st</sup>, 2019. Annual charges are determined based on the level of service and are reconciled to actual costs in the following year. The contract for 2018 was \$1,090,045 (2017 \$1,064,052).

The Municipality has negotiated a long term contract with Stanley Sanitation Ltd. for the disposal and transfer of recycled materials and waste. The contract ended August 31, 2016 but extensions were given for 2017 and 2018. Annual charges are based on the number of times that the Contractor lifts a bin of waste, blue box diversion and non-blue box diversion goods. The contract for 2018 approximated \$256,674 (2017 \$230,902).

The Municipality has negotiated a long term contract with Steven Lewis for roadside mowing. The contract ends December 31, 2020. The contract for 2018 approximated \$9,311 (2017 \$9,871).

The Municipality has negotiated a long term contract with Rock Lake Excavations for waste site compacting services. The contract ends February 25, 2020. The contract for 2018 approximated \$133,440 (2017 \$89,332).

The Municipality has negotiated a long term contract with Arnott Bros. for the provision of winter sand. The contract ends December 31<sup>st</sup>, 2019. The contract for 2018 approximated \$168,954 (2017 \$169,322).

The Municipality has negotiated a long term contract with Tor Mac Tree Service Ltd. for roadside brushing. The contract ends December 31, 2019. The contract for 2018 approximated \$27,698 (2017 \$13,320).

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## Tay Valley Township

### Notes to the Consolidated Financial Statements

December 31, 2018

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#### 12. Commitments

The Township has entered into a contractual obligation for the purchase of a new tandem truck for a contract cost of \$300,850. Costs incurred during 2018 were \$Nil. The project is to be completed in 2019 and will be funded from the roads equipment reserve.

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#### 13. Contingent Liabilities

The nature of municipal activities is such that there may be litigation pending or in prospect at any time. With respect to claims as at December 31, 2018, management believes that the Township has valid defences and appropriate insurance coverages in place. In the event any claims are successful, the amount of any potential liability is not determinable, therefore no amount has been accrued in the consolidated financial statements.

In the event any claims are successful, management believes that such claims are not expected to have a material effect on the Township's financial position.

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#### 14. Risk Management

In the normal course of operations, the Township is exposed to a variety of financial risks which are actively managed by the Township.

The Township's financial instruments consist of cash, investments, accounts receivable, accounts payable and accrued liabilities. The fair values of cash, investments, accounts payable and accrued liabilities approximate their carrying values because of their expected short term maturity and treatment on normal trade terms.

The Township's exposure to and management of risk has not changed materially from December 31, 2017.

##### **Credit Risk**

Credit risk arises from the possibility that the entities to which the Township provides services to may experience difficulty and be unable to fulfill their obligations. The Township is exposed to financial risk that arises from the credit quality of the entities to which it provides services. The Township does not have a significant exposure to any individual customer or counter party. As a result, the requirement for credit risk related reserves for accounts receivable is minimal.

##### **Interest Rate Risk**

Interest rate risk arises from the possibility that the value of, or cash flows related to, a financial instrument will fluctuate as a result of changes in market interest rates. The Township is exposed to financial risk that arises from the interest rate differentials between the market interest rate and the rates on its cash and cash equivalents and operating loan. Changes in variable interest rates could cause unanticipated fluctuations in the Township's operating results.

# Tay Valley Township

## Notes to the Consolidated Financial Statements

**December 31, 2018**

### 14. Risk Management / continued

#### Liquidity Risk

Liquidity risk is the risk that the Township will not be able to meet its obligations as they fall due. The Township requires working capital to meet day-to-day operating activities. Management expects that the Township's cash flows from operating activities will be sufficient to meet these requirements.

### 15. Tangible Capital Assets

	2018	2017
	\$	\$
Land	82,517	82,517
Buildings	2,894,852	2,960,728
Bridges	2,552,653	2,627,216
Equipment	279,320	335,703
Roads	4,830,415	2,940,539
Vehicles	816,514	659,628
Work in Progress	34,757	---
Proportionate Portion of Fire	697,104	533,199
Proportionate Portion of Library	161,420	168,679
	<b>12,349,552</b>	<b>10,308,209</b>

For additional information, see Schedule 2 ► Tangible Capital Assets.

### 16. Segmented Information

The Township is a diversified municipal government that provides a wide range of services to its citizens. The services are provided by departments and their activities are reported in the consolidated statement of operations.

Departments have been separately disclosed in the segmented information, along with the service they provide, are set out in the schedule below.

For each reported segment, expenditures represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in note 2.

**Tay Valley Township**  
**Notes to the Consolidated Financial Statements**

**December 31, 2018**

**16. Segmented Information / continued**

<b>2018</b>	<b>Salaries, Wages &amp; Employee Benefits</b>	<b>Debenture Debt Interest</b>	<b>Materials &amp; Services</b>	<b>External Transfers</b>	<b>Amortization</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>General Government</b>						
Governance	127,197	---	130,201	24,975	---	282,373
Corporate Management & Program Support	664,289	34,218	388,514	---	15,851	1,102,872
<b>Protection to Persons and Property</b>						
Fire	244,678	---	200,704	---	114,850	560,232
Police	3,300	---	1,103,817	---	---	1,107,117
Conservation Authority	---	---	---	63,196	---	63,196
Protective Inspection	61,388	---	179,631	---	---	241,019
<b>Transportation</b>						
Roadways	478,238	---	823,783	---	531,711	1,833,732
Winter Control	51,032	---	225,499	---	---	276,531
Street Lighting	---	---	2,286	---	715	3,001
<b>Environmental</b>						
Waste Services	262,868	---	354,158	---	---	617,026
Recycling	---	---	200,387	---	---	200,387
<b>Health Services</b>						
Cemeteries	---	---	3,440	---	---	3,440
<b>Recreation and Cultural Services</b>						
Recreation Facilities & Programs	---	---	39,003	---	---	39,003
Recreation Facilities Other	25,219	---	93,926	194,207	---	313,352
Libraries	126,757	---	49,528	3,094	31,548	210,927
<b>Planning and Development</b>						
Planning & Zoning	169,576	1,471	141,343	1,000	---	313,390
<b>2018</b>	<b>2,214,542</b>	<b>35,689</b>	<b>3,936,220</b>	<b>286,472</b>	<b>694,675</b>	<b>7,167,598</b>

**Tay Valley Township**  
**Notes to the Consolidated Financial Statements**

**December 31, 2018**

**16. Segmented Information / continued**

<b>2017</b>	<b>Salaries, Wages &amp; Employee Benefits</b>	<b>Debenture Debt Interest</b>	<b>Materials &amp; Services</b>	<b>External Transfers</b>	<b>Amortization</b>	<b>Total</b>
	\$	\$	\$	\$	\$	\$
<b>General Government</b>						
Governance	127,587	---	77,908	29,110	---	234,605
Corporate Management & Program Support	645,325	34,218	301,686	---	15,851	997,080
<b>Protection to Persons and Property</b>						
Fire	226,861	---	175,025	---	99,466	501,352
Police	2,378	---	1,075,726	---	---	1,078,104
Conservation Authority	---	---	---	60,934	---	60,934
Protective Inspection	89,005	---	189,616	---	---	278,621
<b>Transportation</b>						
Roadways	482,748	---	840,271	---	438,739	1,761,758
Winter Control	50,042	---	236,215	---	---	286,257
Street Lighting	---	---	6,532	---	715	7,247
<b>Environmental</b>						
Waste Services	261,021	---	319,615	---	---	580,636
Recycling	---	---	193,411	---	---	193,411
<b>Health Services</b>						
Cemeteries	---	---	4,436	---	---	4,436
<b>Recreation and Cultural Services</b>						
Recreation Facilities & Programs	---	---	42,696	---	---	42,696
Recreation Facilities Other	20,374	---	34,462	192,246	---	247,082
Libraries	130,442	---	44,814	7,764	30,006	213,026
<b>Planning and Development</b>						
Planning & Zoning	175,671	1,705	127,907	1,000	---	306,283
<b>2017</b>	<b>2,211,454</b>	<b>35,923</b>	<b>3,670,320</b>	<b>291,054</b>	<b>584,777</b>	<b>6,793,528</b>

# Tay Valley Township

## Notes to the Consolidated Financial Statements

**December 31, 2018**

### 17. Budget Figures

The 2018 budget amounts that were approved were not prepared on a basis consistent with that used to report actual results (Public Sector Accounting Board Standards). The budget included capital items such as infrastructure replacements and estimated costs for constructed assets, as program expenses, but the actual expenses have been removed in the Statement of Operations. The revenues attributable to these items continue to be included in the Statement of Operations, resulting in a significant variance. The following analysis is provided to assist readers in their understanding of differences between the approved budget and the audited financial statements:

	Budget	Actual
	\$	\$
Total Revenues	7,024,509	7,185,156
Total Expenditures	(6,899,252)	(7,167,598)
Net Revenues	125,257	17,558
Amortization	567,085	694,675
Adjusted Net Revenues	692,342	712,233
Capital Revenues	1,381,447	1,324,716
Funds Available	2,073,789	2,036,949
Capital Expenditures	(3,402,660)	(2,736,018)
Principal Repayments	(28,800)	(28,800)
Decrease in Operating Surplus	(1,357,671)	(727,869)
<b>Allocated as follows:</b>		
Net Transfers to Reserves Township	(1,437,523)	(756,179)
Net Transfers from Reserves Library Board	57,445	6,387
Net Transfers from Reserves Fire Board	22,407	21,923
	(1,357,671)	(727,869)

**Tay Valley Township**

**Schedule 1 ▶ Continuity of Reserves and Reserve Funds**

For the year ended December 31	(Note 17) Budget	2018	2017
	\$	\$	\$
<b>Net Transfers From / (To) Other Funds</b>			
Transfers (to) from operations	63,250	(86,478)	710,506
Transfers to capital acquisitions	(1,500,773)	(641,391)	(119,737)
<b>Total Net Transfers</b>	(1,437,523)	(727,869)	590,769
 <b>Reserves and Reserve Fund Balances, Change in Year</b>	 (1,437,523)	 (727,869)	 590,769
<b>Reserves and Reserve Fund Balances, Beginning of Year</b>	5,443,870	5,443,870	4,853,101
<b>Reserves and Reserve Fund Balances, End of Year</b>	4,006,347	4,716,001	5,443,870

**Composition of Reserves and Reserve Funds**

For the year ended December 31	2018	2017
	\$	\$
<b>Reserves set aside for specific purposes by Council:</b>		
▶ for working capital	450,000	450,000
▶ for acquisition of capital assets	2,519,657	3,095,114
▶ for contingencies	571,973	756,489
▶ for Pinehurst cemetery	49,436	45,642
▶ for fire joint board	1,016,365	994,442
▶ for library joint board	108,570	102,183
<b>Total Reserves</b>	4,716,001	5,443,870
 <b>Total Reserves and Reserve Funds</b>	 4,716,001	 5,443,870

The accompany notes are an integral part of these consolidated financial statements.

**Tay Valley Township**  
**Schedule 2 ▸ 2018 Tangible Capital Assets**

Asset Class	Cost 01/01/18	Additions	(Disposals)	Cost 31/12/18
	\$	\$	\$	\$
Land	82,517	---	---	82,517
Buildings	3,720,164	---	---	3,720,164
Bridges	4,747,076	---	---	4,747,076
Equipment	982,835	---	---	982,835
Roads	7,146,496	2,144,943	---	9,291,439
Vehicles	2,394,833	322,108	---	2,716,941
Work in Progress	---	34,757	---	34,757
Proportionate Portion of Fire	950,969	209,921	(47,635)	1,113,255
Proportionate Portion of Library	567,140	24,289	(33,802)	557,627
	20,592,030	2,736,018	(81,437)	23,246,611

Asset Class	Accumulated Amortization 01/01/18	Amortization	(Disposals)	Accumulated Amortization 31/12/18	Net Book Value 31/12/18
	\$	\$	\$	\$	\$
Land	---	---	---	---	82,517
Buildings	759,436	65,876	---	825,312	2,894,852
Bridges	2,119,860	74,563	---	2,194,423	2,552,653
Equipment	647,132	56,383	---	703,515	279,320
Roads	4,205,957	255,067	---	4,461,024	4,830,415
Vehicles	1,735,205	165,222	---	1,900,427	816,514
Work in Progress	---	---	---	---	34,757
Proportionate Portion of Fire	417,770	46,016	(47,635)	416,151	697,104
Proportionate Portion of Library	398,461	31,548	(33,802)	396,207	161,420
	10,283,821	694,675	(81,437)	10,897,059	12,349,552

The accompany notes are an integral part of consolidated these financial statements.

**Tay Valley Township**  
**Schedule 2 ▸ 2017 Tangible Capital Assets**

Asset Class	Cost 01/01/17	Additions	(Disposals)	Cost 31/12/17
	\$	\$	\$	\$
Land	82,517	---	---	82,517
Buildings	3,720,164	---	---	3,720,164
Bridges	4,747,076	---	---	4,747,076
Equipment	982,835	---	---	982,835
Roads	7,146,496	---	---	7,146,496
Vehicles	2,394,833	---	---	2,394,833
Work in Progress	---	---	---	---
Proportionate Portion of Fire	811,180	139,789	---	950,969
Proportionate Portion of Library	541,981	42,851	(17,692)	567,140
	20,427,082	182,640	(17,692)	20,592,030

Asset Class	Accumulated Amortization 01/01/17	Amortization	(Disposals)	Accumulated Amortization 31/12/17	Net Book Value 31/12/17
	\$	\$	\$	\$	\$
Land	---	---	---	---	82,517
Buildings	693,560	65,876	---	759,436	2,960,728
Bridges	2,045,297	74,563	---	2,119,860	2,627,216
Equipment	590,749	56,383	---	647,132	335,703
Roads	4,022,388	183,569	---	4,205,957	2,940,539
Vehicles	1,591,457	143,748	---	1,735,205	659,628
Work in Progress	---	---	---	---	---
Proportionate Portion of Fire	387,138	30,632	---	417,770	533,199
Proportionate Portion of Library	386,147	30,006	(17,692)	398,461	168,679
	9,716,736	584,777	(17,692)	10,283,821	10,308,209

The accompany notes are an integral part of these consolidated financial statements.



## INDEPENDENT AUDITOR'S REPORT

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To the Members of Council, Inhabitants and Ratepayers  
of the Corporation of the Tay Valley Township:

### Opinion

We have audited the statement of financial position of the trust funds of the Corporation of the Tay Valley Township (the 'Entity'), which comprise:

- the statement of financial position as at December 31, 2018;
- the statement of financial activities for the year then ended;
- and the notes to the financial statements, including a summary of significant accounting policies;

(Hereinafter referred to as the 'financial statements').

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2018, and its financial activities for the year then ended in accordance with Canadian Public Sector Accounting Standards.

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the '**Auditors' Responsibilities for the Audit of the Financial Statements**' section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements

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

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

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

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

Those charged with governance are responsible for overseeing the Entity'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 the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement 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 of 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Entity 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.
- 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.



Allan and Partners LLP  
Chartered Professional Accountants  
Licensed Public Accountants

Perth, Ontario  
April 23, 2019.

**Tay Valley Township  
Trust Funds  
Statement of Financial Position**

<b>December 31</b>	<b>Pinehurst Cemetery</b>	<b>2018</b>	<b>2017</b>
	\$	\$	\$
<b>ASSETS</b>			
Cash	35,472	<b>35,472</b>	34,422
<b>LIABILITIES</b>			
Fund balance	35,472	<b>35,472</b>	34,422

**Statement of Financial Activities**

<b>For the year ended December 31</b>	<b>Pinehurst Cemetery</b>	<b>2018</b>	<b>2017</b>
	\$	\$	\$
<b>REVENUES</b>			
Sale of plots, donations	1,050	<b>1,050</b>	2,100
<b>EXPENDITURES</b>			
Pinehurst Cemetery	---	---	---
<b>NET REVENUES FOR THE YEAR</b>	1,050	<b>1,050</b>	2,100
<b>BALANCE AT THE BEGINNING OF THE YEAR</b>	34,422	<b>34,422</b>	32,322
<b>BALANCE AT THE END OF THE YEAR</b>	35,472	<b>35,472</b>	34,422

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

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**Tay Valley Township  
Trust Funds  
Notes to the Financial Statements**

**December 31, 2018**

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**1. Significant Accounting Policies**

**Reporting Entity**

Perpetual care receipts are reported on the cash basis of accounting and interest income is reported on the accrual basis of accounting.

Expenditures are reported on the cash basis of accounting with the exception of administrative expenses which are reported on the accrual basis of accounting, which recognizes expenditures as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

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**Tay Valley Township  
Pinehurst Cemetery  
Statement of Financial Position**

<b>December 31</b>	<b>2018</b>	<b>2017</b>
	\$	\$
<b>ASSETS</b>		
Cash	<b>40,183</b>	36,889
<b>FUND BALANCES</b>		
Reserves	<b>40,183</b>	36,889

**Statement of Operations**

<b>For the year ended December 31</b>	<b>2018</b>	<b>2017</b>
	\$	\$
<b>REVENUES</b>		
Other		
Investment income	<b>1,051</b>	566
Sale of plots, donations	<b>4,634</b>	4,867
Perpetual Care	<b>1,050</b>	2,100
	<b>6,735</b>	7,533
<b>EXPENDITURES</b>		
Honorariums, salaries and wages	<b>1,900</b>	1,800
Materials and services	<b>491</b>	536
Trustee	<b>1,050</b>	2,100
	<b>3,441</b>	4,436
<b>NET REVENUES FOR THE YEAR</b>	<b>3,294</b>	3,097

The accompanying notes are an integral part of these consolidated financial statements.



## **Management's Responsibility for the Financial Statements**

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The accompanying financial statements of the Perth & District Union Public Library Board are the responsibility of the Board's management and have been prepared in compliance with legislation, and in accordance with Canadian Public Sector Accounting Standards. A summary of significant accounting policies are described in note 2 to the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Board's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of financial statements. These systems are monitored and evaluated by management.

The Board meets with management and the external auditors to review the financial statements and discuss any significant financial reporting or internal control matters prior to Council approval of the financial statements.

The financial statements have been audited by Allan and Partners LLP, independent external auditors appointed by the Board. The accompanying Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Board's financial statements.

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Erika Heesen, CEO

## INDEPENDENT AUDITOR'S REPORT

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To the Members of Council, Inhabitants and Ratepayers  
of the Corporation of the Perth & District Union Public Library Board:

### Opinion

We have audited the financial statements of the Corporation of the Perth & District Union Public Library Board (the 'Entity'), which comprise:

- the statement of financial position as at December 31, 2018;
- the statement of operations and accumulated surplus for the year then ended;
- the statement of changes in net financial assets for the year then ended;
- the statement of cash flows for the year then ended;
- and the notes to the financial statements, including a summary of significant accounting policies;

(Hereinafter referred to as the 'financial statements').

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2018, and its results of operations, its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the '**Auditors' Responsibilities for the Audit of the Financial Statements**' section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements

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



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

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

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

Those charged with governance are responsible for overseeing the Entity'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 the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement 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 of 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Entity 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.
- 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.



Allan and Partners LLP  
Chartered Professional Accountants  
Licensed Public Accountants

Perth, Ontario  
March 18, 2019.

**Perth & District Union Public Library Board**  
**Statement of Financial Position**

<b>December 31</b>	<b>2018</b>	<b>2017</b>
	\$	\$
<b>ASSETS</b>		
<b>Financial Assets</b>		
Cash	<b>322,190</b>	439,903
Accounts receivable	<b>89,612</b>	15,776
	<b>411,802</b>	455,679
<b>LIABILITIES</b>		
<b>Financial Liabilities</b>		
Accounts payable and accrued liabilities	<b>57,318</b>	151,726
<b>NET FINANCIAL ASSETS</b>	<b>354,484</b>	303,953
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (note 4) (Schedule 2)	<b>505,075</b>	555,202
<b>ACCUMULATED SURPLUS</b> (note 3)	<b>859,559</b>	859,155

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

# Perth & District Union Public Library Board

## Statement of Operations

For the year ended December 31	(Note 6) Budget	2018	2017
	\$	\$	\$
<b>REVENUES</b>			
Government Grants			
Municipal Grants ▶ Perth	207,813	<b>207,325</b>	202,372
▶ Tay Valley	162,283	<b>162,908</b>	158,054
▶ Drummond/North Elmsley	161,804	<b>161,667</b>	157,592
Provincial Grants ▶ Operating	42,800	<b>42,817</b>	42,817
Other Grants	10,821	<b>16,878</b>	26,656
User Charges ▶ fees and service charges	6,300	<b>7,765</b>	6,497
Other Income			
Fines, other	10,000	<b>10,850</b>	10,830
Interest	5,000	<b>7,581</b>	5,933
Rentals	500	<b>970</b>	890
Book sales	3,000	<b>3,230</b>	3,704
Donations	42,800	<b>53,741</b>	60,913
<b>TOTAL REVENUES</b>	653,121	<b>675,732</b>	676,258
<b>EXPENDITURES</b>			
Amortization ▶ books	---	<b>52,521</b>	53,006
▶ building	---	<b>38,616</b>	38,616
▶ equipment and shelving	---	<b>9,229</b>	8,503
▶ leasehold improvements	---	<b>2,639</b>	2,639
Salaries, wages and employee benefits	428,500	<b>413,865</b>	427,522
Periodicals, newspapers and Ebooks	10,200	<b>10,957</b>	8,463
Utilities, telephone	24,000	<b>15,021</b>	20,934
Special programs, activities	50,725	<b>47,131</b>	46,417
Insurance, professional fees	17,000	<b>22,617</b>	19,573
Internet, videos, miscellaneous	3,600	<b>3,274</b>	3,756
Library, photocopy supplies	12,000	<b>11,115</b>	12,193
Technology	10,896	<b>12,949</b>	10,543
Maintenance and repairs	15,000	<b>27,435</b>	27,286
Fire hall lease and operations	6,000	<b>7,959</b>	2,667
Donation to Perth and District Community Foundation	---	---	15,525
<b>TOTAL EXPENDITURES</b>	577,921	<b>675,328</b>	697,643
<b>ANNUAL SURPLUS (DEFICIT)</b>	75,200	<b>404</b>	(21,385)
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	859,155	<b>859,155</b>	880,540
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	934,355	<b>859,559</b>	859,155

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

**Perth & District Union Public Library Board**  
**Statement of Changes in Net Financial Assets**

For the year ended December 31	2018	2017
	\$	\$
<b>ANNUAL SURPLUS (DEFICIT)</b>	<b>404</b>	(21,385)
Amortization of tangible capital assets	<b>103,005</b>	102,764
Acquisition of tangible capital assets	<b>(52,878)</b>	(171,393)
	<b>50,127</b>	(68,629)
<b>INCREASE (DECREASE) IN NET FINANCIAL ASSETS</b>	<b>50,531</b>	(90,014)
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	<b>303,953</b>	393,967
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	<b>354,484</b>	303,953

**Statement of Cash Flows**

For the year ended December 31	2018	2017
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Annual surplus (deficit) for the year	<b>404</b>	(21,385)
Amortization	<b>103,005</b>	102,764
	<b>103,409</b>	81,379
<b>Net Change in Non-Cash Working Capital Items</b>		
Accounts receivable	<b>(73,836)</b>	7,917
Accounts payable and accrued liabilities	<b>(94,408)</b>	76,205
	<b>(168,244)</b>	84,122
<b>Working Capital from Operations</b>	<b>(64,835)</b>	165,501
<b>CAPITAL ACTIVITIES</b>		
Acquisition of tangible capital assets	<b>(52,878)</b>	(171,393)
<b>NET DECREASE IN CASH</b>	<b>(117,713)</b>	(5,892)
<b>CASH, BEGINNING OF YEAR</b>	<b>439,903</b>	445,795
<b>CASH, END OF YEAR</b>	<b>322,190</b>	439,903

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

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# Perth & District Union Public Library Board

## Notes to the Financial Statements

December 31, 2018

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### 1. Status of the Board

The Perth & District Union Public Library Board (the 'Board') was formed November 14, 1983 pursuant to the Public Libraries Act and an agreement between the Town of Perth and the Township of Bathurst, Drummond, North Burgess, North Elmsley and South Sherbrooke. Subsequently, the Township of Drummond and North Elmsley amalgamated as the Township of Drummond/North Elmsley and the remaining three townships amalgamated as Tay Valley Township.

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### 2. Significant Accounting Policies

The financial statements of the Perth & District Union Public Library Board are the representations of management and have been prepared in all material respects in accordance with Canadian Public Sector Accounting Standards for local governments as recommended by the Public Sector Accounting Board ('PSAB') of the Chartered Professional Accountants of Canada. Significant aspects of the accounting policies by the Board are as follows:

#### Reporting Entity

The financial statements reflect financial assets, liabilities, operating revenues and expenditures, reserves, reserve funds and changes in investment in tangible capital assets of the Board.

#### Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenditures are recognized as they are incurred and measurable based on receipt of goods and services and/or the creation of a legal obligation to pay.

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year, and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the Change in Net Financial Assets for the year.

#### Tangible Capital Assets

Tangible capital assets are recorded at cost, which include all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets are amortized on a straight line basis over their estimated useful lives as follows:

Assets	Estimated Useful Life
Land	
Building	40 years
Leasehold Improvements	10 years
Books	7 years
Shelving	10 years
Machinery and Equipment	5 years

Amortization is charged from the date of acquisition. Assets under construction are not amortized until the asset is available for productive use, at which time they are capitalized.

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# Perth & District Union Public Library Board

## Notes to the Financial Statements

December 31, 2018

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### 2. Significant Accounting Policies / continued

#### Tangible Capital Assets / continued

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt, and that fair value is also recorded as revenue. Similarly, transfers of assets to third parties are recorded as an expense equal to the net book value of other assets as of the date of transfer.

When tangible capital assets are disposed of, either by way of a sale, destruction or loss, or abandonment of the asset, the asset's net book value, historical cost less accumulated amortization, is written off. Any resulting gain or loss, equal to the proceeds on disposal less the asset's net book value, is reported on the statement of operations in the year of disposal. Transfers of assets to third parties are recorded as an expense equal to the net book value of the asset as of the date of transfer.

When conditions indicate that a tangible capital asset no longer contributes to the Board's ability to provide services or the value of the future economic benefits associated with the tangible capital asset are less than its net book value, and the decline is expected to be permanent, the cost and accumulated amortization of the asset are reduced to reflect the revised estimate of the value of the asset's remaining service potential. The resulting net adjustment is reported as an expense on the statement of operations.

#### Cash and Cash Equivalents

The Board considers cash and cash equivalents to be highly liquid investments with original maturities of three months or less.

#### Government Transfers

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

#### Deferred Revenues

The Board defers recognition of 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.

The Board receives restricted contributions under the authority of Federal and Provincial legislation and Board by-laws. These funds by their nature are restricted in their use and until applied to applicable costs are recorded as deferred revenue. Amounts applied to qualifying expenses are recorded as revenue in the fiscal period they are expended.

Deferred revenue represents certain user charges and fees which have been collected but for which the related services have yet to be performed. Deferred revenue also represents contributions that the Board has received pursuant to legislation, regulation or agreement that may only be used for certain programs or in the completion of specific work. These amounts are recognized as revenue in the fiscal year the services are performed or related expenses incurred.

#### Financial Instruments

All financial instruments are initially recognized at fair value on the statement of financial position. The Board has classified each financial instrument into one of the following categories: held-for-trading financial assets and liabilities, loans and receivables, held-to-maturity financial assets and other financial liabilities. Subsequent measurement of financial instruments is based on their classification.

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## Perth & District Union Public Library Board

### Notes to the Financial Statements

December 31, 2018

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#### 2. Significant Accounting Policies / continued

##### Financial Instruments / continued

Held-for-trading financial assets and liabilities are subsequently measured at fair value with changes in those fair values recognized in net revenues.

Loans and receivables, held-to-maturity financial assets and other financial liabilities are subsequently measured at amortized cost using the effective interest method.

The Board classifies cash and cash equivalents as held-for-trading financial assets, accounts receivable as loans and receivables, and accounts payable and accrued liabilities as other financial liabilities.

##### Measurement Uncertainty

The preparation of financial statements requires management to make estimates and assumptions that 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 expenditures during the period. Actual results could differ from these estimates. These estimates are reviewed periodically and as adjustments become necessary, they are recorded in the financial statements in the period in which they become known.

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#### 3. Accumulated Surplus

Accumulated surplus consists of individual fund surplus (deficit) and reserves as follows:

	2018	2017
	\$	\$
<b>Surplus</b>		
Invested in tangible capital assets	505,075	555,202
<b>Reserves</b>		
Insurance	10,000	10,000
Capital	65,090	18,957
Contingency	19,695	19,695
Infrastructure	195,355	192,355
Literacy	9,838	8,440
Books	43,025	43,025
Donations and bequest	11,481	11,481
<b>Total Reserves</b>	354,484	303,953
<b>Accumulated Surplus</b>	859,559	859,155

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## Perth & District Union Public Library Board

### Notes to the Financial Statements

December 31, 2018

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#### 4. Tangible Capital Assets

Net Book Value of Assets	2018	2017
	\$	\$
Land	125,000	125,000
Buildings	205,300	243,916
Leasehold improvements	15,837	18,476
Books	154,980	158,252
Machinery and equipment	3,958	9,558
	505,075	555,202

For additional information, see Schedule 2 ► Tangible Capital Assets.

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#### 5. Risk Management

In the normal course of operations, the Board is exposed to a variety of financial risks which are actively managed by the Board.

The Board's financial instruments consist of cash, investments, accounts receivable, accounts payable and accrued liabilities. The fair values of cash, investments, accounts payable and accrued liabilities approximate their carrying values because of their expected short term maturity and treatment on normal trade terms.

The Board's exposure to and management of risk has not changed materially from December 31, 2017.

##### Credit Risk

Credit risk arises from the possibility that the entities to which the Board provides services to may experience difficulty and be unable to fulfill their obligations. The Board is exposed to financial risk that arises from the credit quality of the entities to which it provides services. The Board does not have a significant exposure to any individual customer or counter party. As a result, the requirement for credit risk related reserves for accounts receivable is minimal.

##### Interest Rate Risk

Interest rate risk arises from the possibility that the value of, or cash flows related to, a financial instrument will fluctuate as a result of changes in market interest rates. The Board is exposed to financial risk that arises from the interest rate differentials between the market interest rate and the rates on its cash and cash equivalents. Changes in variable interest rates could cause unanticipated fluctuations in the Board's operating results.

##### Liquidity Risk

Liquidity risk is the risk that the Board will not be able to meet its obligations as they fall due. The Board requires working capital to meet day-to-day operating activities. Management expects that the Board's cash flows from operating activities will be sufficient to meet these requirements.

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## **Perth & District Union Public Library Board Notes to the Financial Statements**

**December 31, 2018**

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### **6. Budget Figures**

Perth & District Union Public Library Board reviews its operating and capital budgets each year. The approved operating budget for 2018 is included in the budget figures presented in the Statement of Operations.

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**Perth & District Union Public Library Board**  
**Schedule 1 ▶ Continuity of Reserves**

For the year ended December 31	(Note 6) Budget	2018	2017
	\$	\$	\$
<b>Net Transfers From / (To) Other Funds</b>			
Transfers from operations	24,700	61,544	32,376
Transfers to capital acquisitions	(25,000)	(11,013)	(122,390)
<b>Total Net Transfers Approved By Board</b>	(300)	50,531	(90,014)
<b>Reserves, Change in Year</b>	(300)	50,531	(90,014)
<b>Reserves, Beginning of Year</b>	303,953	303,953	393,967
<b>Reserves, End of Year</b>	303,653	354,484	303,953

**Composition of Reserves**

For the year ended December 31	2018	2017
	\$	\$
<b>Reserves</b>		
Insurance	10,000	10,000
Contingency	19,695	19,695
Literacy	9,838	8,440
Donations and bequest	11,481	11,481
	51,014	49,616
<b>For Capital Purposes</b>		
Capital	65,090	18,957
Building	195,355	192,355
Books	43,025	43,025
	303,470	254,337
<b>Total Reserves</b>	354,484	303,953

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

# Perth & District Union Public Library Board

## Schedule 2 ▶ Tangible Capital Assets

**December 31, 2018**

Assets	Cost 01/01/18	Additions	(Disposals)	Cost 31/12/18	Accumulated Amortization 01/01/18	Additions	(Disposals)	Accumulated Amortization 31/12/18	Net Book Value 31/12/18
	\$	\$		\$	\$			\$	\$
Land	125,000	---	---	125,000	---	---	---	---	125,000
Building	871,429	---	---	871,429	627,513	38,616	---	666,129	205,300
Leasehold									
Improvements	25,592	---	---	25,592	7,116	2,639	---	9,755	15,837
Books	551,257	49,249	(52,646)	547,860	393,005	52,521	(52,646)	392,880	154,980
Shelving	84,627	---	---	84,627	84,627	---	---	84,627	---
Machinery & Equipment	56,312	3,629	---	59,941	46,754	9,229	---	55,983	3,958
	<b>1,714,217</b>	<b>52,878</b>	<b>(52,646)</b>	<b>1,714,449</b>	<b>1,159,015</b>	<b>103,005</b>	<b>(52,646)</b>	<b>1,209,374</b>	<b>505,075</b>

**December 31, 2017**

Assets	Cost 01/01/17	Additions	(Disposals)	Cost 31/12/17	Accumulated Amortization 01/01/17	Additions	(Disposals)	Accumulated Amortization 31/12/17	Net Book Value 31/12/17
	\$	\$		\$	\$	\$		\$	\$
Land	125,000	---	---	125,000	---	---	---	---	125,000
Building	754,500	116,929	---	871,429	588,897	38,616	---	627,513	243,916
Leasehold									
Improvements	25,592	---	---	25,592	4,477	2,639	---	7,116	18,476
Books	556,537	52,706	(57,986)	551,257	397,985	53,006	(57,986)	393,005	158,252
Shelving	84,627	---	---	84,627	84,627	---	---	84,627	---
Machinery & Equipment	54,554	1,758	---	56,312	38,251	8,503	---	46,754	9,558
	<b>1,600,810</b>	<b>171,393</b>	<b>(57,986)</b>	<b>1,714,217</b>	<b>1,114,237</b>	<b>102,764</b>	<b>(57,986)</b>	<b>1,159,015</b>	<b>555,202</b>

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

BBD&E Station  
14 Sherbrooke St. E.  
Perth, Ontario



South Sherbrooke Station  
22110 Hwy. 7  
Tay Valley Township

Fire Department Administration  
14 Sherbrooke St. E. Perth, ON K7H 1A2  
Office: 613-267-2596 Fax: 613-264-8561

## Management's Responsibility for the Financial Statements

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The accompanying financial statements of the Drummond/North Elmsley Tay Valley Fire Rescue are the responsibility of the Board's management and have been prepared in compliance with legislation, and in accordance with Canadian Public Sector Accounting Standards. A summary of significant accounting policies are described in note 2 to the financial statements. The preparation of financial statements necessarily involved the use of estimates based on management's judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Board's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of financial statements. These systems are monitored and evaluated by management.

Management meets with the external auditors to review the financial statements and discuss any significant financial reporting or internal control matters. The Board of Directors meets with management subsequently to review these same matters prior to the Board's approval of the financial statements.

The financial statements have been audited by Allan and Partners LLP, independent external auditors appointed by the Board. The accompanying Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Board's financial statements.

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Greg Saunders,  
Fire Chief

---

Nancy Fleming,  
Administrative Assistant/Treasurer

## INDEPENDENT AUDITOR'S REPORT

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To the Members of Council, Inhabitants and Ratepayers  
of the Drummond/North Elmsley Tay Valley Fire Rescue:

### Opinion

We have audited the financial statements of the Corporation of the Drummond/North Elmsley Tay Valley Fire Rescue (the 'Entity'), which comprise:

- the statement of financial position as at December 31, 2018;
- the statement of operations and accumulated surplus for the year then ended;
- the statement of changes in net financial assets for the year then ended;
- the statement of cash flows for the year then ended;
- and the notes to the financial statements, including a summary of significant accounting policies;

(Hereinafter referred to as the 'financial statements').

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2018, and its results of operations, its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the '**Auditors' Responsibilities for the Audit of the Financial Statements**' section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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



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

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

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

Those charged with governance are responsible for overseeing the Entity'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 the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement 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 of 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Entity 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.
- 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.



Allan and Partners LLP  
Chartered Professional Accountants  
Licensed Public Accountants

Perth, Ontario  
April 8, 2019.



# Drummond/North Elmsley Tay Valley Fire Rescue

## Statement of Financial Position

December 31	2018	2017
	\$	\$
<b>ASSETS</b>		
<b>Financial Assets</b>		
Cash	1,620,790	1,397,766
Government receivable	19,303	14,240
Accounts receivable	19,215	193,460
Inventory	5,998	---
	<b>1,665,306</b>	1,605,466
<b>LIABILITIES</b>		
<b>Financial Liabilities</b>		
Accounts payable and accrued liabilities	29,319	53,299
<b>NET FINANCIAL ASSETS</b>	<b>1,635,987</b>	1,552,167
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (note 5) (Schedule 2)	1,229,074	1,083,744
<b>ACCUMULATED SURPLUS (note 4)</b>	<b>2,865,061</b>	2,635,911

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

# Drummond/North Elmsley Tay Valley Fire Rescue Statement of Operations

For the year ended December 31	(Note 6) Budget	2018	2017
	\$	\$	\$
<b>REVENUES</b>			
Municipal contributions			
▸ Township of Drummond/North Elmsley	394,929	<b>394,929</b>	387,112
▸ Tay Valley Township	522,649	<b>522,649</b>	514,511
▸ Tay Valley Township ▸ South Sherbrooke reserve	---	<b>102,300</b>	52,300
Other			
▸ sale of vehicle	---	<b>14,189</b>	---
▸ fire fees, inspections, transfers	---	<b>38,550</b>	39,430
▸ investment income	---	<b>32,603</b>	19,662
▸ donations	---	<b>9,876</b>	---
<b>TOTAL REVENUES</b>	917,578	<b>1,115,096</b>	1,013,015
<b>EXPENDITURES</b>			
Administration (Schedule 3)	234,628	<b>240,675</b>	213,563
BBDE Fire Station (Schedule 4)	352,500	<b>437,801</b>	376,556
South Sherbrooke Fire Station (Schedule 5)	198,650	<b>197,198</b>	178,918
Smiths Falls Fire Agreement (Schedule 6)	10,300	<b>10,272</b>	10,120
<b>TOTAL EXPENDITURES</b>	796,078	<b>885,946</b>	779,157
<b>NET REVENUES FROM OPERATIONS</b>	121,500	<b>229,150</b>	233,858
<b>ANNUAL SURPLUS</b>	121,500	<b>229,150</b>	233,858
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	2,635,911	<b>2,635,911</b>	2,402,053
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	2,757,411	<b>2,865,061</b>	2,635,911

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

## Drummond/North Elmsley Tay Valley Fire Rescue Statement of Changes in Net Financial Assets

For the year ended December 31	2018	2017
	\$	\$
<b>ANNUAL SURPLUS</b>	<b>229,150</b>	233,858
Amortization of tangible capital assets	<b>82,915</b>	66,382
Acquisition of tangible capital assets	<b>(228,245)</b>	(152,184)
	<b>(145,330)</b>	(85,802)
<b>INCREASE IN NET FINANCIAL ASSETS</b>	<b>83,820</b>	148,056
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	<b>1,552,167</b>	1,404,111
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	<b>1,635,987</b>	1,552,167

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

## Drummond/North Elmsley Tay Valley Fire Rescue Statement of Cash Flows

For the year ended December 31	2018	2017
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Annual surplus for the year	229,150	233,858
<b>Net Change in Non-Cash Working Capital Items</b>		
Government receivable	(5,063)	22,108
Accounts receivable	174,245	(108,199)
Inventory	(5,998)	---
Accounts payable and accrued liabilities	(23,980)	(40,629)
	139,204	(126,720)
Non-cash charges to operations		
Amortization	82,915	66,382
<b>Working Capital from Operations</b>	451,269	173,520
<b>CAPITAL ACTIVITIES</b>		
Acquisition of tangible capital assets	(228,245)	(152,184)
<b>NET INCREASE IN CASH</b>	223,024	21,336
<b>CASH, BEGINNING OF YEAR</b>	1,397,766	1,376,430
<b>CASH, END OF YEAR</b>	1,620,790	1,397,766

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

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# Drummond/North Elmsley Tay Valley Fire Rescue

## Notes to the Financial Statements

December 31, 2018

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### 1. Status of the Board

Drummond/North Elmsley Tay Valley Fire Rescue (the 'Board') was formed January 1, 2006 pursuant to an agreement between the Township of Drummond/North Elmsley and Tay Valley Township.

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### 2. Significant Accounting Policies

The financial statements of Drummond/North Elmsley Tay Valley Fire Rescue are the representations of management and have been prepared in all material respects in accordance with Canadian Public Sector Accounting Standards. Significant aspects of the accounting policies by the Board are as follows:

#### Reporting Entity

The financial statements reflect financial assets, liabilities, operating revenues and expenditures, reserves, reserve funds and changes in investment in tangible capital assets of the Board.

#### Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenditures are recognized as they are incurred and measurable based on receipt of goods and services and/or the creation of a legal obligation to pay.

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year, and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the Change in Net Financial Assets for the year.

#### Tangible Capital Assets

Tangible capital assets are recorded at cost, which include all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets are amortized on a straight line basis over their estimated useful lives as follows:

Assets	Estimated Useful Life
Land	
Building	40 years
Vehicles	20 years
Equipment	30 years
Linear Assets	40 years

Amortization is charged from the date of acquisition. Assets under construction are not amortized until the asset is available for productive use, at which time they are capitalized.

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## Drummond/North Elmsley Tay Valley Fire Rescue

### Notes to the Financial Statements

December 31, 2018

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#### 2. Significant Accounting Policies / continued

##### **Tangible Capital Assets / continued**

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt, and that fair value is also recorded as revenue. Similarly, transfers of assets to third parties are recorded as an expense equal to the net book value of other assets as of the date of transfer.

When tangible capital assets are disposed of, either by way of a sale, destruction or loss, or abandonment of the asset, the asset's net book value, historical cost less accumulated amortization, is written off. Any resulting gain or loss, equal to the proceeds on disposal less the asset's net book value, is reported on the statement of operations in the year of disposal. Transfers of assets to third parties are recorded as an expense equal to the net book value of the asset as of the date of transfer.

When conditions indicate that a tangible capital asset no longer contributes to the Board's ability to provide services or the value of the future economic benefits associated with the tangible capital asset are less than its net book value, and the decline is expected to be permanent, the cost and accumulated amortization of the asset are reduced to reflect the revised estimate of the value of the asset's remaining service potential. The resulting net adjustment is reported as an expense on the statement of operations.

##### **Cash and Cash Equivalents**

The Board considers cash and cash equivalents to be highly liquid investments with original maturities of three months or less.

##### **Government Transfers**

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

##### **Deferred Revenues**

The Board receives restricted contributions under the authority of Federal and Provincial legislation and Board by-laws. These funds by their nature are restricted in their use and until applied to applicable costs are recorded as deferred revenue. Amounts applied to qualifying expenses are recorded as revenue in the fiscal period they are expended.

Deferred revenue represents certain user charges and fees which have been collected but for which the related services have yet to be performed. Deferred revenue also represents contributions that the Board has received pursuant to legislation, regulation or agreement that may only be used for certain programs or in the completion of specific work. These amounts are recognized as revenue in the fiscal year the services are performed or related expenses incurred.

##### **Investments**

Short-term and long-term investments are recorded at cost plus accrual interest. If the market value of investments become lower than cost and the decline in value is considered to be other than temporary, the investments are written down to market value.

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# Drummond/North Elmsley Tay Valley Fire Rescue

## Notes to the Financial Statements

December 31, 2018

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### 2. Significant Accounting Policies / continued

#### Investments / continued

Investment income earned on available current funds and reserve funds (other than obligatory funds). Are reported as revenue in the period earned. Investment income earned on obligatory reserve funds is added to the fund balance and forms part of the respective deferred revenue balance.

#### Pension and Employee Benefits

The Board accounts for its participation in the Ontario Municipal Employees Retirement System ('OMERS'), a multi-employer public sector pension fund, as a defined benefit plan. The OMERS plan specifies the retirement benefits to be received by employees based on length of service and pay rates.

Employee benefits include vacation entitlement and sick leave benefits. Vacation entitlements are accrued as entitlements are earned. Sick leave benefits are accrued in accordance with the Board's policy.

#### Financial Instruments

All financial instruments are initially recognized at fair value on the statement of financial position. The Board has classified each financial instrument into one of the following categories: held-for-trading financial assets and liabilities, loans and receivables, held-to-maturity financial assets and other financial liabilities. Subsequent measurement of financial instruments is based on their classification.

Held-for-trading financial assets and liabilities are subsequently measured at fair value with changes in those fair values recognized in net revenues.

Loans and receivables, held-to-maturity financial assets and other financial liabilities are subsequently measured at amortized cost using the effective interest method.

The Board classifies cash and cash equivalents as held-for-trading financial assets, accounts receivable as loans and receivables, and accounts payable and accrued liabilities as other financial liabilities.

#### Measurement Uncertainty

The preparation of financial statements requires management to make estimates and assumptions that 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 expenditures during the period. Actual results could differ from these estimates. These estimates are reviewed periodically and as adjustments become necessary, they are recorded in the financial statements in the period in which they become known.

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## Drummond/North Elmsley Tay Valley Fire Rescue Notes to the Financial Statements

December 31, 2018

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### 3. Risk Management

In the normal course of operations, the Board is exposed to a variety of financial risks which are actively managed by the Board.

The Board's financial instruments consist of cash, investments, accounts receivable and accounts payable and accrued liabilities. The fair values of cash, investments and accounts payable and accrued liabilities approximate their carrying values because of their expected short term maturity and treatment on normal trade terms.

The Board's exposure to and management of risk has not changed materially from December 31, 2017.

#### Credit Risk

Credit risk arises from the possibility that the entities to which the Board provides services to may experience difficulty and be unable to fulfill their obligations. The Board is exposed to financial risk that arises from the credit quality of the entities to which it provides services. The Board does not have a significant exposure to any individual customer or counter party. As a result, the requirement for credit risk related reserves for accounts receivable is minimal.

#### Interest Rate Risk

Interest rate risk arises from the possibility that the value of, or cash flows related to, a financial instrument will fluctuate as a result of changes in market interest rates. The Board is exposed to financial risk that arises from the interest rate differentials between the market interest rate and the rates on its cash and cash equivalents and operating loan. Changes in variable interest rates could cause unanticipated fluctuations in the Board's operating results.

#### Liquidity Risk

Liquidity risk is the risk that the Board will not be able to meet its obligations as they fall due. The Board requires working capital to meet day-to-day operating activities. Management expects that the Board's cash flows from operating activities will be sufficient to meet these requirements.

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# Drummond/North Elmsley Tay Valley Fire Rescue

## Notes to the Financial Statements

**December 31, 2018**

### 4. Accumulated Surplus

Accumulated surplus consists of individual fund surplus (deficit) and reserves as follows:

	2018	2017
	\$	\$
<b>Surplus</b>		
BBDE Fire Station		
▸ invested in tangible capital assets	930,298	945,442
South Sherbrooke Fire Station		
▸ invested in tangible capital assets	298,776	138,302
	<b>1,229,074</b>	1,083,744
<b>Reserves ▸ Administration</b>		
Contingency	119,091	83,340
<b>Reserves ▸ BBDE Fire Station</b>		
Working funds	50,000	50,000
Contingency	150,257	145,257
Equipment	249,408	278,379
Apparatus	351,586	269,086
Bunker gear	22,000	36,000
Buildings	140,000	112,000
	<b>963,251</b>	890,722
<b>Reserves ▸ South Sherbrooke</b>		
Capital	449,362	478,851
Contingency	51,922	51,922
Bunker gear	26,836	21,836
	<b>528,120</b>	552,609
<b>Reserves ▸ Smiths Falls Fire Agreement</b>		
Fire calls	25,525	25,496
	<b>1,635,987</b>	1,552,167
<b>Total Reserves</b>	<b>2,865,061</b>	2,635,911

For additional information, see Schedule 1 ▸ Continuity of Reserves.

# Drummond/North Elmsley Tay Valley Fire Rescue

## Notes to the Financial Statements

**December 31, 2018**

### 5. Tangible Capital Assets

	2018			2017
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
	\$	\$	\$	\$
Land	30,000	---	30,000	30,000
Building	388,989	171,575	217,414	227,139
Vehicles	1,489,708	645,519	844,189	616,066
Equipment	145,932	23,302	122,630	75,549
Linear Assets	16,489	1,648	14,841	15,253
Work in Progress	---	---	---	119,737
	<b>2,071,118</b>	<b>842,044</b>	<b>1,229,074</b>	<b>1,083,744</b>

For additional information, see Schedule 2 ► Tangible Capital Assets.

### 6. Budget Figures

Drummond/North Elmsley Tay Valley Fire Rescue reviews its operating and capital budgets each year. The approved operating budget for 2018 is included in the budget figures presented in the Statement of Operations.

### 7. Pension Contributions

The Board makes contributions to the Ontario Municipal Employees Retirement System ("OMERS"), which is a multi-employer plan, on behalf of all permanent members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. Employers and employees contribute to the plan. Since any surpluses or deficits are a joint responsibility of all Ontario municipalities and their employees, the Board does not recognize any share of the OMERS pension surplus or deficit in these financial statements.

The amount contributed to OMERS was \$11,986 (2017 \$9,208) for current services and is included as an expenditure on the Statement of Operations classified under the appropriate functional expenditure. Contributions by employees were a similar amount.

### 8. Contingent Liabilities

The nature of municipal activities is such that there may be litigation pending or in prospect at any time. With respect to claims as at December 31, 2018, management believes that the Board has valid defences and appropriate insurance coverages in place. In the event any claims are successful, the amount of any potential liability is not determinable, therefore no amount has been accrued in the financial statements.

**Drummond/North Elmsley Tay Valley Fire Rescue**  
**Schedule 1 ▶ Continuity of Reserves**

For the year ended December 31	(Note 6) Budget	2018	2017
	\$	\$	\$
<b>Net Transfer From / (To) Other Funds</b>			
Transfers from operations	106,500	310,118	278,857
Transfers to capital acquisitions	(237,000)	(226,298)	(130,801)
<b>Total Net Transfers Approved By Board</b>	(130,500)	83,820	148,056
<b>Reserves, Change in Year</b>	(130,500)	83,820	148,056
<b>Reserves, Beginning of Year</b>	1,552,167	1,552,167	1,404,111
<b>Reserves, End of Year</b>	1,421,667	1,635,987	1,552,167

**Composition of Reserves**

For the year ended December 31	2018	2017
	\$	\$
<b>Reserves ▶ Administration</b>		
Contingency	119,091	83,340
<b>Reserves ▶ BBDE Fire Station</b>		
Working funds	50,000	50,000
Contingency	150,257	145,257
Equipment	249,408	278,379
Apparatus	351,586	269,086
Bunker gear	22,000	36,000
Building	140,000	112,000
	963,251	890,722
<b>Reserves ▶ South Sherbrooke</b>		
Capital	449,362	478,851
Contingency	51,922	51,922
Bunker gear	26,836	21,836
	528,120	552,609
<b>Reserves ▶ Smiths Falls Fire Agreement</b>		
Fire calls	25,525	25,496
<b>Total Reserves</b>	1,635,987	1,552,167

**Drummond/North Elmsley Tay Valley Fire Rescue**  
**Schedule 2 ▶ Tangible Capital Assets**

**BBDE Fire Station ▶ December 31, 2018**

Asset Class	Cost 01/01/18	Additions	(Disposals)	Cost 31/12/18
	\$	\$	\$	\$
Land	30,000	---	---	<b>30,000</b>
Buildings	388,989	---	---	<b>388,989</b>
Vehicles	1,143,954	---	---	<b>1,143,954</b>
Equipment	80,313	51,946	---	<b>132,259</b>
Linear Assets	16,489	---	---	<b>16,489</b>
	<b>1,659,745</b>	<b>51,946</b>	<b>---</b>	<b>1,711,691</b>

Asset Class	Accumulated Amortization 01/01/18	Amortization	(Disposals)	Accumulated Amortization 31/12/18	Net Book Value 31/12/18
	\$	\$	\$	\$	\$
Land	---	---	---	---	<b>30,000</b>
Buildings	161,850	9,725	---	<b>171,575</b>	<b>217,414</b>
Vehicles	534,146	52,544	---	<b>586,690</b>	<b>557,264</b>
Equipment	17,071	4,409	---	<b>21,480</b>	<b>110,779</b>
Linear Assets	1,236	412	---	<b>1,648</b>	<b>14,841</b>
	<b>714,303</b>	<b>67,090</b>	<b>---</b>	<b>781,393</b>	<b>930,298</b>

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

**Drummond/North Elmsley Tay Valley Fire Rescue**  
**Schedule 2 ▶ Tangible Capital Assets**

**BBDE Fire Station ▶ December 31, 2017**

Asset Class	Cost 01/01/17	Additions	(Disposals)	Cost 31/12/17
	\$	\$	\$	\$
Land	30,000	---	---	<b>30,000</b>
Buildings	388,989	---	---	<b>388,989</b>
Vehicles	1,143,954	---	---	<b>1,143,954</b>
Equipment	57,653	22,660	---	<b>80,313</b>
Linear Assets	16,489	---	---	<b>16,489</b>
	1,637,085	22,660	---	<b>1,659,745</b>

Asset Class	Accumulated Amortization 01/01/17	Amortization	(Disposals)	Accumulated Amortization 31/12/17	Net Book Value 31/12/17
	\$	\$	\$	\$	\$
Land	---	---	---	---	<b>30,000</b>
Buildings	152,125	9,725	---	<b>161,850</b>	<b>227,139</b>
Vehicles	481,602	52,544	---	<b>534,146</b>	<b>609,808</b>
Equipment	14,394	2,677	---	<b>17,071</b>	<b>63,242</b>
Linear Assets	824	412	---	<b>1,236</b>	<b>15,253</b>
	648,945	65,358	---	<b>714,303</b>	<b>945,442</b>

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

**Drummond/North Elmsley Tay Valley Fire Rescue**  
**Schedule 2 ▶ Tangible Capital Assets**

**South Sherbrooke ▶ December 31, 2018**

Asset Class	Cost 01/01/18	Additions	(Disposals)	Cost 31/12/18
	\$	\$	\$	\$
Equipment	13,673	---	---	13,673
Vehicles	49,718	296,036	---	345,754
Work in Progress	119,737	---	119,737	---
	183,128	296,036	119,737	359,427

Asset Class	Accumulated Amortization 01/01/18	Amortization	(Disposals)	Accumulated Amortization 31/12/18	Net Book Value 31/12/18
	\$	\$	\$	\$	\$
Equipment	1,366	456	---	1,822	11,851
Vehicles	43,460	15,369	---	58,829	286,925
Work in Progress	---	---	---	---	---
	44,826	15,825	---	60,651	298,776

**South Sherbrooke ▶ December 31, 2017**

Asset Class	Cost 01/01/17	Additions	(Disposals)	Cost 31/12/17
	\$	\$	\$	\$
Equipment	3,886	9,787	---	13,673
Vehicles	49,718	---	---	49,718
Work in Progress	---	119,737	---	119,737
	53,604	129,524	---	183,128

Asset Class	Accumulated Amortization 01/01/17	Amortization	(Disposals)	Accumulated Amortization 31/12/17	Net Book Value 31/12/17
	\$	\$	\$	\$	\$
Equipment	910	456	---	1,366	12,307
Vehicles	42,892	568	---	43,460	6,258
Work in Progress	---	---	---	---	119,737
	43,802	1,024	---	44,826	138,302

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

**Drummond/North Elmsley Tay Valley Fire Rescue**  
**Schedule 3 ▶ Administration Operations**

For the year ended December 31	(Note 6) Budget	2018	2017
	\$	\$	\$
<b>Revenues</b>			
Municipal contributions			
▶ Township of Drummond/North Elmsley	127,779	127,779	122,187
▶ Tay Valley Township	108,849	108,849	104,086
Other			
▶ investment income	---	32,603	19,662
▶ donations	---	7,198	---
<b>Total Revenues</b>	236,628	276,429	245,935
<b>Expenditures</b>			
Fire chief salary and benefits	105,000	105,885	103,113
Secretary treasurer salary and benefits	60,628	56,619	45,499
Fire prevention wages and benefits	7,000	423	2,851
Employer health tax	5,500	6,004	4,675
Bad debt	---	1,535	2,025
Telephone	5,600	5,520	6,507
Training and seminars	3,500	3,103	2,055
Office supplies	12,100	28,667	11,617
Inspection and prevention	2,000	881	1,102
Professional fees	5,700	4,274	7,879
Fire service agreements	10,000	10,000	10,000
Insurance	10,100	9,411	10,000
Advertising, subscription and memberships	2,500	2,063	2,129
Fuel	3,000	2,930	2,463
Administration, other	2,000	2,160	1,648
Donations	---	1,200	---
<b>Total Expenditures</b>	234,628	240,675	213,563
<b>Annual Surplus</b>	2,000	35,754	32,372

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

**Drummond/North Elmsley Tay Valley Fire Rescue**  
**Schedule 4 ▶ BBDE Fire Station Operations**

For the year ended December 31	(Note 6) Budget	2018	2017
	\$	\$	\$
<b>Revenues</b>			
Municipal contributions			
▶ Township of Drummond/North Elmsley	256,850	<b>256,850</b>	253,425
▶ Tay Valley Township	210,150	<b>210,150</b>	209,875
Other			
▶ fire fees, inspections, transfers	---	<b>25,508</b>	27,004
▶ donations	---	<b>2,678</b>	---
<b>Total Revenues</b>	467,000	<b>495,186</b>	490,304
<b>Expenditures</b>			
Amortization			
Building	---	<b>9,725</b>	9,725
Vehicles	---	<b>52,544</b>	52,544
Equipment	---	<b>4,409</b>	2,677
Linear assets	---	<b>412</b>	412
Operations			
Firefighter honourariums	191,500	<b>204,588</b>	178,407
Communications maintenance	4,000	<b>3,706</b>	3,408
Training and seminars	18,500	<b>18,376</b>	14,678
Clothing	4,000	<b>3,111</b>	2,979
Bunker gear	4,000	----	4,585
Bunker gear cleaning	3,000	<b>2,285</b>	3,433
Radio licensing fees	1,300	<b>1,070</b>	1,025
BBDE Fire Hall			
Power and water	8,700	<b>6,962</b>	8,267
Heating fuel	4,600	<b>5,759</b>	3,418
Building maintenance and other	16,200	<b>19,324</b>	23,241
Insurance	5,000	<b>6,009</b>	4,800
Vehicle and Equipment			
Minor equipment purchases	15,000	<b>16,264</b>	19,776
Vehicle and equipment maintenance	20,000	<b>18,990</b>	22,490
Fuel, oil, lubricants, etc.	7,700	<b>8,051</b>	4,986
Insurance	9,000	<b>8,847</b>	8,163
Minor capital	40,000	<b>47,369</b>	7,542
<b>Total Expenditures</b>	352,500	<b>437,801</b>	376,556
<b>Annual Surplus</b>	114,500	<b>57,385</b>	113,748

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



**Drummond/North Elmsley Tay Valley Fire Rescue**  
**Schedule 5 ▶ South Sherbrooke Fire Station Operations**

For the year ended December 31	(Note 6) Budget	2018	2017
	\$	\$	\$
<b>Revenues</b>			
Municipal contributions			
▶ Tay Valley Township	203,650	<b>203,650</b>	200,550
▶ Tay Valley Township ▶ South Sherbrooke reserve	---	<b>102,300</b>	52,300
Other			
▶ sale of vehicle	---	<b>14,189</b>	---
▶ fire fees, inspections, transfers	---	<b>13,042</b>	12,426
<b>Total Revenues</b>	203,650	<b>333,181</b>	265,276
<b>Expenditures</b>			
Amortization	---	<b>15,825</b>	1,024
Operations			
Firefighter honourariums	89,150	<b>74,905</b>	74,220
Communications maintenance	3,000	<b>1,276</b>	2,454
Telephone	1,300	<b>1,191</b>	1,411
Training and seminars	13,000	<b>15,115</b>	11,442
Clothing	3,000	<b>2,029</b>	3,069
Bunker gear cleaning	2,400	<b>984</b>	1,378
Radio licensing fees	2,000	<b>1,984</b>	1,711
Fire Prevention			
Advertising, subscriptions and memberships	500	<b>280</b>	562
Emergency First Response			
Medical supplies	2,000	<b>2,000</b>	1,187
South Sherbrooke Fire Hall			
Power and water	6,000	<b>4,483</b>	3,981
Heating fuel	6,000	<b>3,901</b>	4,196
Building maintenance and other	6,500	<b>8,809</b>	6,658
Insurance	5,950	<b>6,009</b>	5,800
Vehicle and Equipment			
Minor equipment purchases	15,000	<b>13,087</b>	13,137
Vehicle and equipment maintenance	14,500	<b>19,793</b>	18,070
Fuel, oil, lubricants, etc.	3,500	<b>93</b>	3,165
Insurance	8,350	<b>8,847</b>	7,289
Minor capital	16,500	<b>16,587</b>	18,164
<b>Total Expenditures</b>	198,650	<b>197,198</b>	178,918
<b>Annual Surplus</b>	5,000	<b>135,983</b>	86,358

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

**Drummond/North Elmsley Tay Valley Fire Rescue  
Schedule 6 ▶ Smiths Falls Fire Agreement**

<b>For the year ended December 31</b>	(Note 6) Budget	<b>2018</b>	2017
	\$	\$	\$
<b>Revenues</b>			
Municipal contribution			
▶ Taxation raised in year	10,300	<b>10,300</b>	11,500
<b>Expenditures</b>			
Fire Services Agreement	10,300	<b>10,272</b>	10,120
<b>Annual Surplus</b>	---	<b>28</b>	1,380

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