



**CORPORATION OF THE TOWNSHIP OF  
OTONABEE-SOUTH MONAGHAN**

**CONSOLIDATED FINANCIAL STATEMENTS**

**DECEMBER 31, 2018**

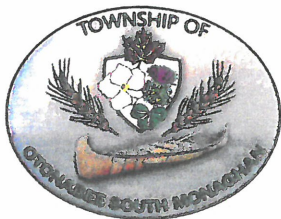
**CORPORATION OF THE TOWNSHIP OF  
OTONABEE-SOUTH MONAGHAN**

**CONSOLIDATED FINANCIAL STATEMENTS**

**DECEMBER 31, 2018**

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# The Corporation of the Township of Otonabee-South Monaghan

## CORPORATION OF THE TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

For The Year Ended December 31, 2018

### MANAGEMENT REPORT

The accompanying consolidated financial statements of the Corporation of the Township of Otonabee-South Monaghan are the responsibility of management and have been approved by Council.

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

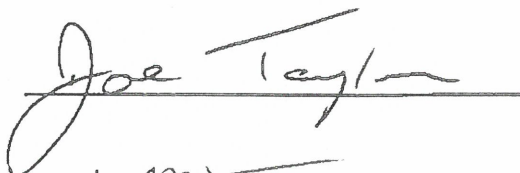
The Township maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the Township's assets are appropriately accounted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

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

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

The consolidated financial statements have been audited by Baker Tilly KDN LLP in accordance with Canadian generally accepted auditing standards on behalf of the Township. Baker Tilly KDN LLP has full and free access to Council.

Mayor



Date

06/18/19

Treasurer



Date

06/18/19

## INDEPENDENT AUDITOR'S REPORT

**To the Members of Council, Inhabitants and Ratepayers  
of the Corporation of the Township of Otonabee-South  
Monaghan**

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

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### *Opinion*

We have audited the consolidated financial statements of the Corporation of the Township of Otonabee-South Monaghan and its local boards (the Township), which comprise the consolidated statement of financial position as at December 31, 2018, the consolidated statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Township in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Other Matter*

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

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

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

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

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

*Auditor's Responsibilities for the Audit of the Consolidated Financial Statements*

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township'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 Township's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Township to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the consolidated financial information of the entities or business activities within the Township to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

***Baker Tilly KDN LLP***

Chartered Professional Accountants  
Licensed Public Accountants

Peterborough, Ontario  
June 21, 2019

**CORPORATION OF THE TOWNSHIP OF  
OTONABEE-SOUTH MONAGHAN**



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

	2018	2017
	\$	\$
<b>FINANCIAL ASSETS</b>		
Cash (note 2)	1,551,810	1,274,681
Investments (note 3)	3,804,038	3,245,756
Accounts receivable	619,086	1,171,197
Taxes receivable	482,888	495,174
Long-term debt assumed by Otonabee NP Housing Corporation	1,083,401	1,108,566
<b>TOTAL FINANCIAL ASSETS</b>	<b>7,541,223</b>	<b>7,295,374</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities (note 4)	2,293,310	2,152,655
Deferred revenue - obligatory reserve funds (note 6)	629,602	603,621
Deferred revenue - other	13,550	14,061
Long-term debt (note 7)	3,203,858	3,355,500
Landfill closure and post-closure liability (note 8)	318,000	325,000
Employee future benefits (note 9)	383,800	377,500
<b>TOTAL LIABILITIES</b>	<b>6,842,120</b>	<b>6,828,337</b>
<b>NET FINANCIAL ASSETS</b>	<b>699,103</b>	<b>467,037</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (note 10)	15,986,710	16,254,781
Inventories of materials and supplies	60,289	38,320
Prepaid expenses	242,952	171,354
<b>TOTAL NON-FINANCIAL ASSETS</b>	<b>16,289,951</b>	<b>16,464,455</b>
<b>ACCUMULATED SURPLUS (note 11)</b>	<b>16,989,054</b>	<b>16,931,492</b>

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

**CORPORATION OF THE TOWNSHIP OF  
OTONABEE-SOUTH MONAGHAN**



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

	Budget 2018 \$ (Unaudited)	Actual 2018 \$	Actual 2017 \$
<b>REVENUES</b>			
Property taxation	5,512,310	5,525,744	5,224,757
User charges	903,636	897,187	795,698
Government of Canada	67,705	60,214	2,220
Province of Ontario	651,957	649,839	1,173,282
Other municipalities	16,000	22,365	15,000
Penalties and interest on taxes	75,000	85,818	73,387
Investment income	75,125	116,911	111,848
Donations	19,550	18,631	44,565
Other grants	904	40,103	5,380
Parkland fees earned	27,500	11,864	-
Landfill compensation	266,000	317,343	349,433
Otonabee NP Housing Corporation	-	43,212	43,695
Development charges earned	218,850	171,761	82,806
Recoverable police force fees earned	-	12,193	-
Federal gas tax funding earned	183,550	183,550	206,070
<b>TOTAL REVENUES</b>	<b>8,018,087</b>	<b>8,156,735</b>	<b>8,128,141</b>
<b>EXPENSES</b>			
General government	1,486,283	1,605,500	1,128,623
Protection services	2,387,456	2,323,143	2,230,652
Transportation services	2,376,305	2,512,704	2,206,408
Environmental services	914,365	735,606	818,919
Health services	18,214	22,121	27,361
Social housing	-	43,212	43,695
Recreation and cultural services	895,295	853,769	729,688
Planning and development	7,000	3,118	5,021
<b>TOTAL EXPENSES</b>	<b>8,084,918</b>	<b>8,099,173</b>	<b>7,190,367</b>
<b>ANNUAL SURPLUS/(DEFICIT)</b>	<b><u>(66,831)</u></b>	<b>57,562</b>	<b>937,774</b>
<b>ACCUMULATED SURPLUS - beginning of year</b>		<b>16,931,492</b>	<b>15,993,718</b>
<b>ACCUMULATED SURPLUS - end of year</b>		<b>16,989,054</b>	<b>16,931,492</b>

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

**CORPORATION OF THE TOWNSHIP OF  
OTONABEE-SOUTH MONAGHAN**



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

	Budget 2018 \$ (Unaudited)	Actual 2018 \$	Actual 2017 \$
<b>ANNUAL SURPLUS/(DEFICIT)</b>	(66,831)	57,562	937,774
Amortization of tangible capital assets	1,084,006	1,151,923	1,084,007
Purchase of tangible capital assets	(1,075,746)	(948,003)	(2,861,437)
Loss (gain) on disposal of tangible capital assets	-	(20,543)	20,923
Proceeds on sale of tangible capital assets	-	84,694	33,133
Change in inventories of materials and supplies	-	(21,969)	1,573
Change in prepaid expenses	-	(71,598)	(10,128)
<b>INCREASE/(DECREASE) IN NET FINANCIAL ASSETS</b>	(58,571)	232,066	(794,155)
<b>NET FINANCIAL ASSETS - beginning of year</b>	467,037	467,037	1,261,192
<b>NET FINANCIAL ASSETS - end of year</b>	408,466	699,103	467,037

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



**CORPORATION OF THE TOWNSHIP OF  
OTONABEE-SOUTH MONAGHAN**



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

	2018	2017
	\$	\$
<b>CASH PROVIDED BY (USED IN)</b>		
<b>OPERATING ACTIVITIES</b>		
Annual surplus	57,562	937,774
Items not involving cash		
Amortization of tangible capital assets	1,151,923	1,084,007
Loss/(gain) on disposal of tangible capital assets	(20,543)	20,923
Change in landfill post-closure liability	(7,000)	(5,000)
Change in employee future benefits	6,300	1,200
Change in non-cash assets and liabilities		
Accounts receivable	552,111	(564,206)
Taxes receivable	12,286	(94,043)
Inventories of materials and supplies	(21,969)	1,573
Prepaid expenses	(71,598)	(10,128)
Accounts payable and accrued liabilities	140,655	299,143
Deferred revenue - obligatory reserve funds	25,981	58,802
Deferred revenue - other	(511)	427
<b>Net change in cash from operating activities</b>	<b>1,825,197</b>	<b>1,730,472</b>
<b>CAPITAL ACTIVITIES</b>		
Purchase of tangible capital assets	(948,003)	(2,861,437)
Proceeds on disposal of tangible capital assets	84,694	33,133
<b>Net change in cash from capital activities</b>	<b>(863,309)</b>	<b>(2,828,304)</b>
<b>INVESTING ACTIVITIES</b>		
Redemption of investments	-	263,048
Purchase of investments	(558,282)	(693,996)
<b>Net change in cash from investing activities</b>	<b>(558,282)</b>	<b>(430,948)</b>
<b>FINANCING ACTIVITIES</b>		
Long term debt issued	-	1,290,000
Debt principal repayments	(151,642)	(123,335)
Decrease in long-term debt assumed by Otonabee NP Housing Corporation	25,165	24,206
<b>Net change in cash from financing activities</b>	<b>(126,477)</b>	<b>1,190,871</b>
<b>NET CHANGE IN CASH</b>	<b>277,129</b>	<b>(337,909)</b>
<b>CASH - beginning of year</b>	<b>1,274,681</b>	<b>1,612,590</b>
<b>CASH - end of year</b>	<b>1,551,810</b>	<b>1,274,681</b>

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

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

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The Township of Otonabee-South Monaghan is a lower tier municipality in the Province of Ontario, Canada. It conducts its operations guided by the provisions of provincial statutes such as the Municipal Act, Municipal Affairs Act and related legislation.

**1. SIGNIFICANT ACCOUNTING POLICIES**

These consolidated financial statements have been prepared in accordance with the standards in the Chartered Professional Accountants Canada Public Sector Accounting (PSA) Handbook. Significant aspects of the accounting policies are as follows:

(a) Reporting Entity

These consolidated financial statements reflect the assets, liabilities, revenues and expenses and accumulated surplus of the reporting entity.

The reporting entity is comprised of all organizations, committees and local boards accountable for the administration of their financial affairs and resources to the Township and which are owned and controlled by the Township. These consolidated financial statements include:

- Otonabee-South Monaghan Township Public Library Board
- Keene Cemetery Board
- Stewart Hall Community Centre Board
- Dawson Cemetery

All interfund assets and liabilities and revenues and expenses are eliminated.

(b) Trust Funds

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

(c) Deferred Revenue

Deferred revenue represents grants, user charges and fees which have been collected but for which the related services have yet to be performed. These amounts will be recognized as revenues in the period the services are performed.

(d) Reserves and Reserve Funds

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

(e) Non-financial Assets

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

**1. SIGNIFICANT ACCOUNTING POLICIES, continued**

(f) Recognition of Revenues and Expenses

Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues in the period in which the transactions or events occurred that give rise to the revenue; expenses are recognized in the period the goods or services are acquired and a legal liability is incurred or transfers are due.

Property taxation

Property tax billings are prepared by the Township based on assessment rolls issued by the Municipal Property Assessment Corporation (MPAC) and in accordance with the provisions of the Municipal Act, 2001. The Township's Council establishes the tax rates annually, incorporating amounts to be raised for local services, and amounts the Township is required to collect on behalf of the County and School Boards. From time to time property assessments are adjusted by MPAC through the reconsideration process or by the Assessment Review Board through the appeal process. Additional assessments, referred to as supplementary and omitted assessment can also be issued by MPAC in accordance with the Assessment Act. These adjustments and additional assessments are reported in the financial statements when amounts can be reasonably determined.

The Township is entitled to collect interest and penalties on overdue taxes. These revenues are recorded in the period the interest and penalties are levied.

Government funding

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

Other revenue

User charges are recognized as revenue in the period the goods and services are provided, with the exception of building permits which are recognized when the permits are issued.

Investment income is recorded when earned.

Federal gas tax and development charges are recognized in the period in which the related expenditures are recorded.

(g) Inventories of Materials and Supplies

Inventories of materials and supplies are recorded at cost on a first-in first-out basis.

**CORPORATION OF THE TOWNSHIP OF  
OTONABEE-SOUTH MONAGHAN**



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

**1. SIGNIFICANT ACCOUNTING POLICIES, continued**

(h) Tangible Capital Assets

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

Land improvements	30 years
Buildings	50 years
Machinery and equipment	3 to 30 years
Vehicles	5 to 25 years
Roads and bridges	15 to 50 years
Water systems	25 years

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

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

(i) Use of Estimates

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

- The amounts recorded for landfill closure and post-closure care depend on estimates of usage, remaining life and capacity. The provision for future closure and post-closure costs also depends on estimates of such costs;
- The amounts recorded for amortization and opening costs of tangible capital assets are based on estimates of useful life, residual values and valuation rates; and
- The values of employee future benefit liabilities and the amount of employee future benefit costs charged to earnings depend on certain actuarial and economic assumptions.

**2. CASH**

Cash consists of the following:

	2018	2017
	\$	\$
Unrestricted	1,359,224	1,152,148
Restricted	192,586	122,533
	<b>1,551,810</b>	<b>1,274,681</b>

**CORPORATION OF THE TOWNSHIP OF  
OTONABEE-SOUTH MONAGHAN**



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

**3. INVESTMENTS**

Investments, stated at amortized cost, consist of:

	2018	2017
	\$	\$
One Fund - Universe Corp bonds	1,154,375	1,127,346
One Fund - equity funds	1,069,092	1,074,643
Guaranteed investment certificates, interest rates from 1.50% to 2.65%, maturing from January 2019 to August 2021	1,421,571	884,767
Kawartha Credit Union shares	159,000	159,000
	<b>3,804,038</b>	<b>3,245,756</b>

**4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

Included in accounts payable and accrued liabilities are developer deposits totaling \$164,637 (2017 - \$210,721) and developer securities held totaling \$1,318,834 (2017 - \$1,128,802).

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

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

	School Boards \$	County \$
Property taxes	2,110,633	3,171,128
Taxation from other governments	5,985	11,114
<b>Amounts requisitioned and remitted</b>	<b>2,116,618</b>	<b>3,182,242</b>

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

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

**6. DEFERRED REVENUE - OBLIGATORY RESERVE FUNDS**

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

	2018 \$	2017 \$
Parkland	62,349	59,773
Development charges	395,674	397,928
Federal gas tax	121,824	90,431
Recoverable police force fees	49,755	55,489
	629,602	603,621

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

	2018 \$	2017 \$
Balance - beginning of year	603,621	544,819
Add amounts received:		
Parkland fees	14,000	15,000
Development charges	163,507	101,913
Federal gas tax funding	212,128	206,070
Recoverable police force fees	6,050	7,931
Interest	9,664	16,764
	405,349	347,678
Less transfer to operations:		
Parkland fees earned	11,864	-
Development charges earned	171,761	82,806
Federal gas tax funding earned	183,550	206,070
Recoverable police force fees earned	12,193	-
	379,368	288,876
Balance - end of year	629,602	603,621

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

**7. LONG-TERM DEBT**

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

	2018 \$	2017 \$
Ontario Infrastructure and Lands Corporation, due January 15, 2038, repayable in blended semi-annual instalments of \$43,992, interest rate at 3.22% per annum.	1,266,777	1,290,000
Ontario Infrastructure Projects Corporation debentures, due December 15, 2025, repayable in blended semi-annual instalments of \$70,814, interest rate at 4.12% per annum.	853,680	956,934
Ontario Infrastructure Projects Corporation debentures, due July 2, 2043, repayable in blended semi-annual instalments of \$34,188, interest rate at 3.92% per annum (see (e) below).	1,083,401	1,108,566
	<b>3,203,858</b>	<b>3,355,500</b>

- (b) The long-term debt in (a) issued in the name of the Township have been approved by by-law. The annual principal and interest payments required to service these liabilities are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.
- (c) The Township acts as a collection agency for the Province of Ontario for tile drainage loans for individual ratepayers. The value of these loans outstanding at December 31, 2018 is \$13,247 (2017 - \$16,345). These loans and the related repayments are not reported in these consolidated financial statements.
- (d) Interest paid during the year on long-term debt amounted to \$102,354 (2017 - \$86,195).
- (e) In 2013, the Township approved the issuance of debentures from the Ontario Infrastructure Projects Corporation (OIPC) for \$1,200,000 which was assumed by Otonabee Non-Profit Housing Corporation. A portion of long-term debt reported in (a) is recoverable from Otonabee Non-Profit Housing Corporation with blended semi-annual payments of \$34,188 (\$68,376 annually) and interest at a rate of 3.92% per annum to match the debt held by the Township.

**CORPORATION OF THE TOWNSHIP OF  
OTONABEE-SOUTH MONAGHAN**



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

**7. LONG-TERM DEBT, continued**

(f) Future debt payments are as follows:

	Principal \$	Interest \$	Total \$
2019	181,286	116,701	297,987
2020	188,343	109,644	297,987
2021	195,677	102,310	297,987
2022	203,299	94,688	297,987
2023	211,221	86,766	297,987
2024 and subsequent years	2,224,032	702,504	2,926,536
	<b>3,203,858</b>	<b>1,212,613</b>	<b>4,416,471</b>

**8. LANDFILL CLOSURE AND POST-CLOSURE LIABILITY**

The liability for landfill closure and post-closure costs of \$318,000 (2017 - \$325,000) has been estimated using discounted future cash flows associated with closure and post-closure care activities for the one closed Township site. The closure costs include final cover, vegetation and additional monitoring wells. Post-closure costs include monitoring, maintenance of control systems and consulting fees for 25 years after the site is closed. Only post-closure care activities remain at the end of 2018 for this site. The liability is calculated based on estimated future annual monitoring costs with a discount factor of 3.4% (2017 - 3.2%) and inflation of 2.0% (2017 - 1.5%). The Township has a waste management reserve fund totaling \$546,115 (2017 - \$514,824) and a waste management post-closure reserve totaling \$30,000 (2017 - \$30,000) to fund these costs and other waste management projects.

The Township also has one landfill site which has not been fully closed. The liability for closure and post-closure costs for this site are indeterminable and no amount has been included as a liability as at December 31, 2018. The Township has a separate waste management reserve for this unclosed site totaling \$167,500 (2017 - \$147,500) to fund these costs.



**CORPORATION OF THE TOWNSHIP OF  
OTONABEE-SOUTH MONAGHAN**



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

**9. EMPLOYEE FUTURE BENEFITS**

The Township provides certain employee amounts that will require funding in future periods.

	2018	2017
	\$	\$
Accrued benefit obligation	318,000	302,300
Unamortized actuarial gain	65,800	75,200
<b>Liability at December 31</b>	<b>383,800</b>	<b>377,500</b>

The Township sponsors benefit plans to pay costs of life, accidental death and dismemberment, medical, dental and employee assistance program, for eligible employees after they retire and their eligible dependents. All benefits are provided upon retirement and continue for a period of 10 years, but not beyond the age of 65, at which time the benefits cease. The plans are not funded by the Township until the plan premiums are paid.

The actuarial valuation as at December 31, 2016 was based on a number of assumptions about future events, such as discount rate, weighted average health care trend rates, and employee turnover and mortality. Under this method, the benefit costs are recognized over the expected average service life of the employee group. Any actuarial gains and losses related to the past service of employees are amortized over the expected average remaining service life of the employee group, which is 10 years. The assumptions used reflect management's best estimate. The main actuarial assumptions employed for the valuation are as follows:

Discount rate	3.40%
Weighted average health care trend rate - initial 2012	6.70%
- ultimate	4.00%
- year ultimate reached	2037

The employee future benefits expense is reported on the Consolidated Statement of Operations and Accumulated Surplus and is comprised of the following:

	2018	2017
	\$	\$
Current year benefit cost	23,400	22,600
Interest cost	10,800	10,300
Amortization of actuarial gains	(9,400)	(9,400)
	<b>24,800</b>	<b>23,500</b>

**CORPORATION OF THE TOWNSHIP OF  
OTONABEE-SOUTH MONAGHAN**



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

**10. TANGIBLE CAPITAL ASSETS**

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

	2018	2017
	\$	\$
General		
Land	603,395	603,395
Land improvements	78,759	82,134
Buildings	3,502,376	3,589,313
Machinery and equipment	1,317,270	1,339,533
Vehicles	1,693,447	1,556,834
Infrastructure		
Roads and bridges	7,771,308	7,983,578
Water systems	1,020,155	1,099,994
	15,986,710	16,254,781

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

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

The allocation of tangible capital assets by segment are as follows:

	2018	2017
	\$	\$
General government	455,609	436,293
Protection services	2,086,586	2,156,594
Transportation services	9,627,437	9,711,275
Environmental services	1,070,865	1,153,440
Health services	32,586	32,976
Recreation and cultural services	2,713,627	2,764,203
	15,986,710	16,254,781

**CORPORATION OF THE TOWNSHIP OF  
OTONABEE-SOUTH MONAGHAN**



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

**11. ACCUMULATED SURPLUS**

Accumulated surplus consists of the following:

	2018	2017
	\$	\$
<b>Surplus/(Deficit)</b>		
Township operations	64,745	-
Stewart Hall	4,667	4,652
Unfunded employee future benefits liability	(383,800)	(377,500)
Unfunded landfill post-closure liability	(318,000)	(325,000)
Keene Cemetery Board	(1,811)	839
	<b>(634,199)</b>	<b>(697,009)</b>
<b>Invested In Capital Assets</b>		
Tangible capital assets - net book value	15,986,710	16,254,781
Long-term debt related to tangible capital assets	(2,120,457)	(2,246,934)
	<b>13,866,253</b>	<b>14,007,847</b>
<b>Surplus</b>	<b>13,232,054</b>	<b>13,310,838</b>
<b>Reserves</b>		
Working funds	133,041	132,952
General	367,528	360,266
Community improvements	3,417	3,417
Fire	834,821	632,429
Policing	55,480	20,754
Transportation services	470,017	585,416
Waste management and recycling	334,743	291,721
Parks and recreation programs	181,805	154,857
Arena	34,794	94,859
Planning	120	6,196
Public property	160,934	204,066
Building department	320,604	361,358
Keene Farmers Market	542	515
Waterworks	227,967	168,883
Dawson cemetery	13,931	13,094
Otonabee-South Monaghan Township Public Library Board	11,615	15,521
<b>Total Reserves</b>	<b>3,151,359</b>	<b>3,046,304</b>

**CORPORATION OF THE TOWNSHIP OF  
OTONABEE-SOUTH MONAGHAN**



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

**11. ACCUMULATED SURPLUS, continued**

	2018 \$	2017 \$
<b>Reserve Funds</b>		
Waste management	546,115	514,824
Waste management general purpose	59,526	59,526
<b>Total Reserve Funds</b>	605,641	574,350
	16,989,054	16,931,492

The Waste Management Reserve Fund has been reduced by \$151,435 for a loan provided to Sewer operations. This amount was loaned to cover the deficit in Sewer operations. This amount is to be repaid in future years.

**12. EXPENSES BY OBJECT**

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

	Budget 2018 \$ (Unaudited)	Actual 2018 \$	Actual 2017 \$
Salaries and benefits	2,749,757	2,760,451	2,482,366
Interest charges	59,142	102,354	86,195
Materials	2,519,968	2,333,643	2,035,659
Contracted services	1,601,446	1,613,172	1,400,224
Rents and financial	17,800	64,423	17,481
External transfers	72,799	93,750	63,512
Amortization	1,084,006	1,151,923	1,084,007
Loss/(gain) on disposal of tangible capital assets	(20,000)	(20,543)	20,923
	8,084,918	8,099,173	7,190,367

**13. PENSION AGREEMENTS**

Certain employees of the Township are eligible members of the Ontario Municipal Employees Retirement System (OMERS), a multi-employer pension plan.

The Actuarial Opinion contained in the 2018 Annual Report disclosed total actuarial liabilities of \$100,081 million in respect of benefits accrued for service with actuarial assets of \$95,890 million indicating an actuarial deficit of \$4,191 million. Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Township does not recognize any share of the OMERS pension surplus or deficit.

The Township's required contributions to OMERS in 2018 were \$170,042 (2017 - \$139,399).

**14. TRUST FUNDS**

Trust funds administered by the Township amounting to \$319,894 (2017 - \$314,023) have not been included in the Consolidated Statement of Financial Position nor have their operations been included in the Consolidated Statement of Operations and Accumulated Surplus. As such balances are held in trust by the Township for the benefit of others, they are not presented as part of the Township's financial position or operations.

**15. CONTINGENT LIABILITIES**

The Township, in the course of its operations, has been named in litigation matters, the outcome of which is indeterminable at this time. No amounts in connection with this item has been reflected in these financial statements.

The Township along with another municipality and possibly a private land owner are responsible for a closed landfill site that has not met all Provincial closure requirements. Amounts cannot be estimated at this time as the Province has not yet approved a final closure plan. No amounts in connection with this item have been reflected in these financial statements. The Township has a separate waste management reserve for any contingent liabilities associated with this site totaling \$168,575 (2017 - \$148,038).

**16. CREDIT FACILITY AGREEMENT**

The Township has a revolving credit facility agreement with its main financial institution. The amount available at any time is limited to \$750,000 via a line of credit. Any balance borrowed will accrue interest at the bank's prime lending rate per annum. Council authorized the temporary borrowing limit by By-law 2018-02. At December 31, 2018 there was no balance outstanding (2017 - \$Nil).

**17. BUDGET FIGURES**

The budget approved by the Township for 2018 is reflected on the Consolidated Statement of Operations and Accumulated Surplus and the Consolidated Statement of Change in Net Financial Assets. The budget established for capital investment in tangible capital assets are on a project-oriented basis, the costs of which may be carried out over one or more years and, therefore, may not be comparable with current year's actual amounts. Budget figures have been reclassified for the purposes of these consolidated financial statements to comply with PSA reporting requirements. Budget figures are not subject to audit.

**18. SEGMENTED INFORMATION**

The Township of Otonabee-South Monaghan is a municipal government organization that provides a range of services to its residents. Township services are reported by function and their activities are separately disclosed in the segmented information.

For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Certain allocation methodologies are employed in the preparation of segmented financial information. Taxation, payments-in-lieu of taxes and certain unconditional government transfers are apportioned based on each segment's net requirements.

**18. SEGMENTED INFORMATION, continued**

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 1. For additional information see the Consolidated Schedule of Segment Disclosure.

**General Government**

General government consists of the activities of Council and general financial and administrative management of the Township and its programs and services.

**Protection Services**

Protection services include police, fire, conservation authority and protective inspection and control and emergency measures.

**Transportation Services**

The activities of the transportation function include operations and maintenance of the Township's roads and bridges, winter control and street lighting.

**Environmental Services**

The environmental function is responsible for water, waste collection, waste disposal and recycling activities not provided by the County of Peterborough.

**Health Services**

The health services function consists of the activities of the cemetery board, assumed cemetery and operations of the Keene Medical Centre building.

**Social Housing**

The social housing segment represents the interest on long-term debt for the loan borrowed by the Township on behalf of the Otonabee Non-Profit Housing Corporation.

**Recreation and Cultural Services**

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

**Planning and Development**

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

**19. COMPARATIVE FIGURES**

Certain comparative figures were restated, where required, to conform with the current year presentation. The restatement did not affect the prior year surplus.

**20. CHANGES IN ACCOUNTING POLICIES**

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

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

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

Section 3240 establishes the standards and requirements on how to account for and Section 2200 establishes the standards and requirements on how to report transactions between public sector entities that comprise the government's reporting entity. These sections have been applied retroactively with restatement of prior periods. The adoption of these standards did not have an impact on the Township's consolidated financial statements.

**CORPORATION OF THE TOWNSHIP OF OTONABEE-SOUTH MONAGHAN**



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

	General					Infrastructure		Totals \$
	Land \$	Land Improvements \$	Buildings \$	Machinery and Equipment \$	Vehicles \$	Roads and Bridges \$	Water Systems \$	
<b>COST</b>								
Balance, beginning of year	603,395	94,229	4,466,500	2,677,938	2,933,232	21,440,413	1,995,970	34,211,677
Add: additions during the year	-	-	-	184,982	378,415	384,606	-	948,003
Less: disposals during the year	-	-	-	113,735	256,379	56,868	-	426,982
Balance, end of year	603,395	94,229	4,466,500	2,749,185	3,055,268	21,768,151	1,995,970	34,732,698
<b>ACCUMULATED AMORTIZATION</b>								
Balance, beginning of year	-	12,095	877,187	1,338,405	1,376,398	13,456,835	895,976	17,956,896
Add: additions during the year	-	3,375	86,937	202,147	197,914	581,711	79,839	1,151,923
Less: disposals during the year	-	-	-	108,637	212,491	41,703	-	362,831
Balance, end of year	-	15,470	964,124	1,431,915	1,361,821	13,996,843	975,815	18,745,988
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	603,395	78,759	3,502,376	1,317,270	1,693,447	7,771,308	1,020,155	15,986,710



**CORPORATION OF THE TOWNSHIP OF OTONABEE-SOUTH MONAGHAN**



**CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE  
For the Year Ended December 31, 2018**

	General Government \$	Protection Services \$	Transportation Services \$	Environmental Services \$	Health Services \$	Social Housing \$	Recreation and Cultural Services \$	Planning and Development \$	Consolidated \$
<b>Revenues</b>									
Property taxation	1,367,523	1,945,686	872,522	739,429	18,214	-	582,370	-	5,525,744
User charges	111,635	393,194	6,915	116,317	6,385	-	256,761	5,980	897,187
Government transfers - operating	31,956	521,652	-	18,761	-	-	70,224	-	642,593
Government transfers - capital	-	-	50,922	14,015	-	-	2,523	-	67,460
Other municipalities	-	-	-	22,365	-	-	-	-	22,365
Penalties and interest on taxes	85,818	-	-	-	-	-	-	-	85,818
Investment income	115,195	-	-	-	1,458	-	258	-	116,911
Donations	4,482	-	-	-	102	-	14,047	-	18,631
Other grants	1,000	-	37,653	-	-	-	1,450	-	40,103
Parkland fees earned	-	-	-	-	-	-	11,864	-	11,864
Landfill compensation	-	-	-	317,343	-	-	-	-	317,343
Otonabee NP Housing Corporation	-	-	-	-	-	43,212	-	-	43,212
Development charges earned	-	8,459	158,155	-	-	-	5,147	-	171,761
Recoverable police force fees earned	-	12,193	-	-	-	-	-	-	12,193
Federal gas tax funding earned	-	-	183,550	-	-	-	-	-	183,550
<b>Total revenues</b>	<b>1,717,609</b>	<b>2,881,184</b>	<b>1,309,717</b>	<b>1,228,230</b>	<b>26,159</b>	<b>43,212</b>	<b>944,644</b>	<b>5,980</b>	<b>8,156,735</b>
<b>Expenses</b>									
Salaries and benefits	711,237	721,894	867,106	97,504	200	-	362,510	-	2,760,451
Interest charges	-	19,954	-	18,419	-	43,212	20,769	-	102,354
Materials	731,910	303,016	660,516	235,464	21,442	-	378,177	3,118	2,333,643
Contracted services	101,729	1,019,508	190,291	301,644	-	-	-	-	1,613,172
Rents and financial	37,731	26,601	-	-	89	-	2	-	64,423
External transfers	-	93,750	-	-	-	-	-	-	93,750
Amortization	22,893	145,807	804,726	82,575	390	-	95,532	-	1,151,923
Loss/(gain) on disposal of tangible capital assets	-	(7,387)	(9,935)	-	-	-	(3,221)	-	(20,543)
<b>Total expenses</b>	<b>1,605,500</b>	<b>2,323,143</b>	<b>2,512,704</b>	<b>735,606</b>	<b>22,121</b>	<b>43,212</b>	<b>853,769</b>	<b>3,118</b>	<b>8,099,173</b>
<b>Net surplus/(deficit)</b>	<b>112,109</b>	<b>558,041</b>	<b>(1,202,987)</b>	<b>492,624</b>	<b>4,038</b>	<b>-</b>	<b>90,875</b>	<b>2,862</b>	<b>57,562</b>

**CORPORATION OF THE TOWNSHIP OF OTONABEE-SOUTH MONAGHAN**



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

	General Government \$	Protection Services \$	Transportation Services \$	Environmental Services \$	Health Services \$	Social Housing \$	Recreation and Cultural Services \$	Planning and Development \$	Consolidated \$
<b>Revenues</b>									
Property taxation	394,775	1,883,739	1,876,179	705,475	17,320	-	347,269	-	5,224,757
User charges	51,291	387,853	8,380	94,378	5,619	-	238,823	9,354	795,698
Government transfers - operating	500,734	3,419	-	2,424	-	-	24,707	-	531,284
Government transfers - capital	-	-	50,000	74,604	-	-	519,614	-	644,218
Other municipalities	-	-	-	15,000	-	-	-	-	15,000
Penalties and interest on taxes	73,387	-	-	-	-	-	-	-	73,387
Investment income	110,245	-	-	-	1,316	-	287	-	111,848
Donations	10,500	16,151	-	-	-	-	17,914	-	44,565
Other grants	-	-	-	-	-	-	5,380	-	5,380
Landfill compensation	-	-	-	349,433	-	-	-	-	349,433
Otonabee NP Housing Corporation	-	-	-	-	-	43,695	-	-	43,695
Development charges earned	-	31,965	45,020	-	-	-	5,821	-	82,806
Federal gas tax funding earned	-	-	-	-	-	-	206,070	-	206,070
<b>Total revenues</b>	<b>1,140,932</b>	<b>2,323,127</b>	<b>1,979,579</b>	<b>1,241,314</b>	<b>24,255</b>	<b>43,695</b>	<b>1,365,885</b>	<b>9,354</b>	<b>8,128,141</b>
<b>Expenses</b>									
Salaries and benefits	646,897	657,989	720,342	110,796	200	-	346,142	-	2,482,366
Interest charges	-	22,100	-	20,400	-	43,695	-	-	86,195
Materials	415,940	283,042	738,335	322,097	26,720	-	244,504	5,021	2,035,659
Contracted services	49,428	1,055,180	12,565	283,051	-	-	-	-	1,400,224
Rents and financial	6,823	10,351	-	-	51	-	256	-	17,481
External transfers	-	63,512	-	-	-	-	-	-	63,512
Amortization	9,535	143,248	755,425	82,575	390	-	92,834	-	1,084,007
Loss/(gain) on disposal of tangible capital assets	-	(4,770)	(20,259)	-	-	-	45,952	-	20,923
<b>Total expenses</b>	<b>1,128,623</b>	<b>2,230,652</b>	<b>2,206,408</b>	<b>818,919</b>	<b>27,361</b>	<b>43,695</b>	<b>729,688</b>	<b>5,021</b>	<b>7,190,367</b>
<b>Net surplus/(deficit)</b>	<b>12,309</b>	<b>92,475</b>	<b>(226,829)</b>	<b>422,395</b>	<b>(3,106)</b>	<b>-</b>	<b>636,197</b>	<b>4,333</b>	<b>937,774</b>

## INDEPENDENT AUDITOR'S REPORT

**To the Members of Council, Inhabitants and Ratepayers  
of the Corporation of the Township of Otonabee-South  
Monaghan**

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

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### *Opinion*

We have audited the financial statements of the Trust Funds of the Corporation of the Township of Otonabee-South Monaghan (the Trust Funds), which comprise the statement of financial position as at December 31, 2018, the statement of continuity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Trust Funds in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Other Matter*

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

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

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

In preparing the financial statements, management is responsible for assessing the Trust Funds' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Trust Funds or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Trust Funds' financial reporting process.

*Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust Funds' internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust Funds' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust Funds to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

***Baker Tilly KDN LLP***

Chartered Professional Accountants  
Licensed Public Accountants

Peterborough, Ontario  
June 21, 2019

**CORPORATION OF THE TOWNSHIP OF  
OTONABEE-SOUTH MONAGHAN**



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

	Cemetery Perpetual Care and Maintenance \$	Responsibility Agreements \$	Darling Trust \$	Assumed Cemetery Perpetual Care and Maintenance \$	2018 Total \$	2017 Total \$
<b>FINANCIAL ASSETS</b>						
Cash	1,764	2,658	-	-	4,422	105,253
Investments (note 2)	21,407	257,722	2,532	5,200	286,861	194,576
Accrued interest	135	-	-	-	135	283
Due from Cemetery Board	28,476	-	-	-	28,476	13,911
	<b>51,782</b>	<b>260,380</b>	<b>2,532</b>	<b>5,200</b>	<b>319,894</b>	<b>314,023</b>
<b>FUND BALANCES</b>						
Capital	51,399	201,131	2,532	5,200	260,262	259,336
Income	383	59,249	-	-	59,632	54,687
	<b>51,782</b>	<b>260,380</b>	<b>2,532</b>	<b>5,200</b>	<b>319,894</b>	<b>314,023</b>

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

**CORPORATION OF THE TOWNSHIP OF  
OTONABEE-SOUTH MONAGHAN**



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

	Cemetery Perpetual Care and Maintenance \$	Responsibility Agreements \$	Darling Trust \$	Assumed Cemetery Perpetual Care and Maintenance \$	2018 Total \$	2017 Total \$
<b>BALANCES - beginning of year</b>	50,779	255,538	2,506	5,200	314,023	293,080
<b>RECEIPTS</b>						
Interest earned	1,046	4,842	26	107	6,021	7,591
Interment fees	900	-	-	-	900	1,026
Operator contributions	-	-	-	-	-	12,908
	1,946	4,842	26	107	6,921	21,525
<b>EXPENSES</b>						
Contribution to cemetery operations	941	-	-	-	941	479
Contribution to Township Service charges	-	-	-	68	68	59
	2	-	-	39	41	44
	943	-	-	107	1,050	582
<b>BALANCES - end of year</b>	51,782	260,380	2,532	5,200	319,894	314,023

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

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

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**1. SIGNIFICANT ACCOUNTING POLICIES**

These financial statements have been prepared in accordance with the standards in the Chartered Professional Accountants Canada Public Sector Accounting (PSA) Handbook.

(a) Basis of Accounting

Revenue and expenses are reported on the accrual basis of accounting which recognizes revenues as they become available and measurable; expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

(b) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the period and are based on the Township's best information and judgment. Actual results could differ from these estimates.

(c) Revenue Recognition

Interment fees are recognized on the accrual basis of accounting which recognizes the revenues as they are earned. Investment income is recognized when earned.

**2. INVESTMENTS**

Investments include guaranteed investment certificates, term deposits, Universe Corp bond, and equity funds with various maturity dates between January 2019 to November 2020 and bearing interest between 1.50% to 3.00% per annum.

**3. CEMETERY PERPETUAL CARE AND MAINTENANCE**

The figures reported for the cemetery perpetual care and maintenance represent the trust fund activities for the Keene cemetery. The figures reported for the assumed cemetery perpetual care and maintenance represent the trust fund activities for the Dawson cemetery.

The Perpetual Care and Maintenance Fund administered by the Township is funded by the sale of cemetery plots. These funds are invested and earnings derived there from are used to perform perpetual care maintenance to the cemeteries run by the Township and its local boards. The operations and investments of the Fund are undertaken by the Township and its local boards in accordance with the regulations of the Cemeteries Act.

**4. RESPONSIBILITY AGREEMENTS**

The figures reported for the responsibility agreements represent funds held from Kawartha Trails and Shady Acres for maintenance of water systems in these respective areas should the owners not fulfill their requirements.

**CORPORATION OF THE TOWNSHIP OF  
OTONABEE-SOUTH MONAGHAN**

**OTONABEE-SOUTH MONAGHAN  
TOWNSHIP PUBLIC LIBRARY BOARD**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2018**



**INDEPENDENT AUDITOR'S REPORT**

**To the Members of the Otonabee-South Monaghan Township  
Public Library Board, the Members of Council, Inhabitants  
and Ratepayers of the Corporation of the Township of  
Otonabee-South Monaghan**

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

**T: (705) 742-3418**  
**F: (705) 742-9775**

**www.bakertilly.ca**

*Qualified Opinion*

We have audited the financial statements of the Otonabee-South Monaghan Township Public Library Board of the Corporation of the Township of Otonabee-South Monaghan (the Board), which comprise the statement of financial position as at December 31, 2018, the statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Board as at December 31, 2018, and the results of its operations and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

*Basis for Qualified Opinion*

In common with many Public Library Boards, the Board derives revenue from donations and fundraising, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Board. Therefore, we were not able to determine whether any adjustments might be necessary to donations and fundraising revenue, annual surplus/(deficit), assets and accumulated surplus.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Board in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

*Other Matter*

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

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

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

In preparing the financial statements, management is responsible for assessing the Board's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Board or to cease operations, or has no realistic alternative but to do so.

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

*Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Board's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Board to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*Baker Tilly KDN LLP*

Chartered Professional Accountants  
Licensed Public Accountants

Peterborough, Ontario  
June 21, 2019

**CORPORATION OF THE TOWNSHIP OF  
OTONABEE-SOUTH MONAGHAN**



**OTONABEE-SOUTH MONAGHAN TOWNSHIP PUBLIC LIBRARY BOARD  
STATEMENT OF FINANCIAL POSITION  
At December 31, 2018**

	2018	2017
	\$	\$
<b>FINANCIAL ASSETS</b>		
Cash	4,715	19,402
Investments (note 2)	11,437	9,214
Accounts receivable	4,343	3,317
<b>TOTAL FINANCIAL ASSETS</b>	<b>20,495</b>	<b>31,933</b>
<b>LIABILITIES</b>		
Accounts payable	6,297	11,135
Deferred revenue (note 4)	4,871	11,443
<b>TOTAL LIABILITIES</b>	<b>11,168</b>	<b>22,578</b>
<b>NET FINANCIAL ASSETS</b>	<b>9,327</b>	<b>9,355</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (note 3)	74,665	72,611
Prepaid expenses	2,290	6,166
<b>TOTAL NON-FINANCIAL ASSETS</b>	<b>76,955</b>	<b>78,777</b>
<b>ACCUMULATED SURPLUS (note 5)</b>	<b>86,282</b>	<b>88,132</b>

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

**CORPORATION OF THE TOWNSHIP OF  
OTONABEE-SOUTH MONAGHAN**



**OTONABEE-SOUTH MONAGHAN TOWNSHIP PUBLIC LIBRARY BOARD  
STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS  
For the Year Ended December 31, 2018**

	Budget 2018 \$ (Unaudited)	Actual 2018 \$	Actual 2017 \$
<b>REVENUES</b>			
Municipal contributions - levy	146,001	151,462	138,377
Municipal contributions - development charges	7,650	5,147	5,821
Municipal contributions - occupancy (note 7)	-	28,963	15,328
Government of Canada	4,516	2,717	2,220
Province of Ontario	20,800	23,180	21,852
Other municipal grants	904	1,450	3,841
User fees	6,200	3,578	2,723
Interest	125	258	287
Donations and fundraising	18,220	15,398	18,387
<b>TOTAL REVENUES</b>	<b>204,416</b>	<b>232,153</b>	<b>208,836</b>
<b>EXPENSES</b>			
Salaries and benefits	156,871	154,552	142,895
Custodian	4,800	4,800	4,820
Telephone	3,400	4,813	4,389
Office, supplies, bank charges	4,200	5,112	4,830
Equipment	-	662	2,728
Resource and professional development	1,000	1,155	1,580
Fundraising	-	-	133
Program costs	3,367	2,752	2,881
Library collection costs	6,150	7,362	4,899
Amortization	23,103	23,832	23,103
Occupancy costs (note 7)	-	28,963	15,328
<b>TOTAL EXPENSES</b>	<b>202,891</b>	<b>234,003</b>	<b>207,586</b>
<b>ANNUAL SURPLUS/(DEFICIT)</b>	<b><u>1,525</u></b>	<b>(1,850)</b>	<b>1,250</b>
<b>ACCUMULATED SURPLUS - beginning of year</b>		<b>88,132</b>	<b>86,882</b>
<b>ACCUMULATED SURPLUS - end of year</b>		<b>86,282</b>	<b>88,132</b>

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

**CORPORATION OF THE TOWNSHIP OF  
OTONABEE-SOUTH MONAGHAN**



**OTONABEE-SOUTH MONAGHAN TOWNSHIP PUBLIC LIBRARY BOARD  
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS  
For the Year Ended December 31, 2018**

	Budget 2018 \$ (Unaudited)	Actual 2018 \$	Actual 2017 \$
<b>ANNUAL SURPLUS/(DEFICIT)</b>	1,525	(1,850)	1,250
Amortization of tangible capital assets	23,103	23,832	23,103
Acquisition of tangible capital assets	(28,771)	(25,886)	(24,759)
Change in prepaid expenses	-	3,876	(2,737)
<b>DECREASE IN NET FINANCIAL ASSETS</b>	(4,143)	(28)	(3,143)
<b>NET FINANCIAL ASSETS - beginning of year</b>	9,355	9,355	12,498
<b>NET FINANCIAL ASSETS - end of year</b>	5,212	9,327	9,355

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

**CORPORATION OF THE TOWNSHIP OF  
OTONABEE-SOUTH MONAGHAN**



**OTONABEE-SOUTH MONAGHAN TOWNSHIP PUBLIC LIBRARY BOARD  
STATEMENT OF CASH FLOWS  
For the Year Ended December 31, 2018**

	2018	2017
	\$	\$
<b>CASH PROVIDED BY (USED IN)</b>		
<b>OPERATING ACTIVITIES</b>		
Annual surplus/(deficit)	(1,850)	1,250
Items not involving cash		
Amortization of tangible capital assets	23,832	23,103
Change in non-cash assets and liabilities		
Accounts receivable	(1,026)	93
Prepaid expenses	3,876	(2,737)
Accounts payable	(4,838)	4,388
Deferred revenue	(6,572)	427
<b>Net change in cash from operating activities</b>	<b>13,422</b>	<b>26,524</b>
<b>CAPITAL ACTIVITIES</b>		
Purchase of tangible capital assets	(25,886)	(24,759)
<b>INVESTING ACTIVITIES</b>		
Redemption of investments	9,214	14,583
Purchases of investments	(11,437)	(9,214)
<b>Net change in cash from investing activities</b>	<b>(2,223)</b>	<b>5,369</b>
<b>NET CHANGE IN CASH</b>	<b>(14,687)</b>	<b>7,134</b>
<b>CASH - beginning of year</b>	<b>19,402</b>	<b>12,268</b>
<b>CASH - end of year</b>	<b>4,715</b>	<b>19,402</b>

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

**OTONABEE-SOUTH MONAGHAN TOWNSHIP PUBLIC LIBRARY BOARD  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended December 31, 2018**

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**1. SIGNIFICANT ACCOUNTING POLICIES**

These financial statements have been prepared in accordance with the standards in the Chartered Professional Accountants Canada Public Sector Accounting (PSA) Handbook. Significant aspects of the accounting policies adopted by the Board are as follows:

(a) Recognition of Revenue and Expenses

Revenue and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenue in the period in which the transactions of events occurred that give rise to the revenue; expenses are recognized in the period the goods or services are acquired and a legal liability is incurred or transfers are due.

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

User fees, donations and fundraising are recognized as revenue in the year amounts are received or become receivable if collection is reasonably assured.

(b) Use of Estimates

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

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

(c) Tangible Capital Assets

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

Books and periodicals	7 years
-----------------------	---------

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

(d) Deferred Revenue

Deferred revenue represents grants which have been collected but for which the related services have yet to be performed. These amounts will be recognized as revenues in the fiscal year the services are performed.

(e) Non-Financial Assets

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

**CORPORATION OF THE TOWNSHIP OF  
OTONABEE-SOUTH MONAGHAN**



**OTONABEE-SOUTH MONAGHAN TOWNSHIP PUBLIC LIBRARY BOARD  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended December 31, 2018**

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**1. SIGNIFICANT ACCOUNTING POLICIES, continued**

(f) Reserves

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

(g) Inter-Entity Transactions

The Otonabee-South Monaghan Township Public Library Board is a Board of the Township of Otonabee-South Monaghan and is consolidated with the Township's financial statements.

Allocated costs and recovery of costs are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Unallocated costs are measured at the carrying amount, which is the amount recorded in the records of the Township.

**2. INVESTMENTS**

Investments consist of guaranteed investment certificates and term deposits with various maturity dates in 2019 and bearing interest at 1.15-1.25% per annum.

**3. TANGIBLE CAPITAL ASSETS**

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

	2018 Books and Periodical s \$	2017 Books and Periodical s \$
<b>COST</b>		
Balance, beginning of year	161,721	157,309
Add: additions during the year	25,886	24,759
Less: disposals during the year	20,786	20,347
Balance, end of year	166,821	161,721
<b>ACCUMULATED AMORTIZATION</b>		
Balance, beginning of year	89,110	86,354
Add: additions during the year	23,832	23,103
Less: disposals during the year	20,786	20,347
Balance, end of year	92,156	89,110
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<b>74,665</b>	<b>72,611</b>



**CORPORATION OF THE TOWNSHIP OF  
OTONABEE-SOUTH MONAGHAN**



**OTONABEE-SOUTH MONAGHAN TOWNSHIP PUBLIC LIBRARY BOARD  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended December 31, 2018**

**4. DEFERRED REVENUE**

Included in deferred revenue are the following amounts:

	2018	2017
	\$	\$
COIN - CAP student and capital	-	2,717
Capacity Fund	2,529	3,376
Older Adult Centres' Association of Ontario - seniors' literacy	636	579
Improving Library Digital Services	1,706	4,771
	<b>4,871</b>	<b>11,443</b>

The continuity of deferred revenue is as follows:

	2018	2017
	\$	\$
Balance - beginning of year	11,443	11,016
Add amounts received:		
Improving Library Digital Services	-	5,336
Older Adult Centres' Association of Ontario - seniors' literacy	452	2,380
	<b>452</b>	<b>7,716</b>
Less transfer to operations:		
COIN - CAP student and capital	2,717	2,220
Older Adult Centres' Association of Ontario - seniors' literacy	395	2,486
Improving Library Digital Services	3,066	565
Capacity Fund	846	2,018
	<b>7,024</b>	<b>7,289</b>
Balance - end of year	<b>4,871</b>	<b>11,443</b>

**CORPORATION OF THE TOWNSHIP OF  
OTONABEE-SOUTH MONAGHAN**



**OTONABEE-SOUTH MONAGHAN TOWNSHIP PUBLIC LIBRARY BOARD  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended December 31, 2018**

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**5. ACCUMULATED SURPLUS**

Accumulated surplus consists of the following:

	2018	2017
	\$	\$
<b>Invested In Capital Assets</b>		
Tangible capital assets - net book value	74,665	72,611
<b>Surplus</b>	74,665	72,611
<b>Reserves</b>		
Capital improvements	1,177	1,877
Tech and human resources	4,672	4,941
Book purchases	3,841	3,841
Liz Coleman	1,412	1,504
Government grants	50	250
Collection designated funds	465	3,108
<b>Total Reserves</b>	11,617	15,521
	86,282	88,132

**6. BUDGET FIGURES**

The operating budget approved by the Board for 2018 is reflected on the Statement of Operations and Accumulated Surplus and the Statement of Change in Net Financial Assets. The budgets established for capital investment in tangible capital assets are on a project-oriented basis, the costs of which may be carried out over one or more years and, therefore, may not be comparable with current year's actual expenditure amounts. Budget figures have been reclassified for the purposes of these financial statements to comply with PSA reporting requirements. Budget figures are not subject to audit.

**OTONABEE-SOUTH MONAGHAN TOWNSHIP PUBLIC LIBRARY BOARD  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended December 31, 2018**

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**7. INTER-ENTITY TRANSACTIONS**

During the year, the Board entered into transactions with the Township of Otonabee-South Monaghan.

As part of the budgeting process, the Township approves a contribution to the Board which is identified on the Statement of Operations and Accumulated Surplus.

Details of the related party expense transactions are as follows:

	2018	2017
	\$	\$
Allocated costs:		
Occupancy costs	28,963	15,328
	28,963	15,328

**8. COMPARATIVE FIGURES**

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

**9. CHANGES IN ACCOUNTING POLICIES**

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

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

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

Section 3240 establishes the standards and requirements on how to account for and Section 2200 establishes the standards and requirements on how to report transactions between public sector entities that comprise the government's reporting entity. These sections have been applied retroactively with restatement of prior periods. The adoption of these standards resulted in additions to the Board's revenues and expenses as disclosed in note 7.

**CORPORATION OF THE TOWNSHIP OF  
OTONABEE-SOUTH MONAGHAN**

**KEENE CEMETERY BOARD**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2018**

**INDEPENDENT AUDITOR'S REPORT****To the Members of the Keene Cemetery Board, the  
Members of Council, Inhabitants and Ratepayers of the  
Corporation of the Township of Otonabee-South Monaghan****T: (705) 742-3418  
F: (705) 742-9775****[www.bakertilly.ca](http://www.bakertilly.ca)***Opinion*

We have audited the financial statements of the Keene Cemetery Board of the Corporation of the Township of Otonabee-South Monaghan (the Board), which comprise the statement of financial position as at December 31, 2018, the statements of operations and accumulated surplus/(deficit), change in net financial assets (liabilities) and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Board in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Other Matter*

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

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

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

In preparing the financial statements, management is responsible for assessing the Board's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Board or to cease operations, or has no realistic alternative but to do so.

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

*Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Board's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Board to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

***Baker Tilly KDN LLP***

Chartered Professional Accountants  
Licensed Public Accountants

Peterborough, Ontario  
June 21, 2019

**CORPORATION OF THE TOWNSHIP OF  
OTONABEE-SOUTH MONAGHAN**



**KEENE CEMETERY BOARD  
STATEMENT OF FINANCIAL POSITION  
At December 31, 2018**

	2018	2017
	\$	\$
<b>FINANCIAL ASSETS</b>		
Cash	21,227	2,501
Investment	-	6,666
Accrued interest	-	60
Accounts receivable	1,205	944
Inventory for resale	16,233	16,579
<b>TOTAL FINANCIAL ASSETS</b>	<b>38,665</b>	<b>26,750</b>
<b>LIABILITIES</b>		
Due to Township	12,000	12,000
Due to perpetual care fund	28,476	13,911
<b>TOTAL LIABILITIES</b>	<b>40,476</b>	<b>25,911</b>
<b>NET FINANCIAL ASSETS/(LIABILITIES)</b>	<b>(1,811)</b>	<b>839</b>
<b>ACCUMULATED SURPLUS/(DEFICIT) (note 2)</b>	<b>(1,811)</b>	<b>839</b>

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

**CORPORATION OF THE TOWNSHIP OF  
OTONABEE-SOUTH MONAGHAN**



**KEENE CEMETERY BOARD  
STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS/(DEFICIT)  
For the Year Ended December 31, 2018**

	Actual 2018 \$	Actual 2017 \$
<b>REVENUES</b>		
Transfer from perpetual care fund	941	479
Interest	149	93
Grave openings	4,280	3,300
Sale of niches and interment rights	1,200	1,399
Donations	-	920
<b>TOTAL REVENUES</b>	<b>6,570</b>	<b>6,191</b>
<b>EXPENSES</b>		
Maintenance	7,286	6,446
Grave openings	1,300	3,200
Corner posts	-	200
Miscellaneous	289	251
Cost of niche sales	345	-
<b>TOTAL EXPENSES</b>	<b>9,220</b>	<b>10,097</b>
<b>ANNUAL DEFICIT</b>	<b>(2,650)</b>	<b>(3,906)</b>
<b>ACCUMULATED SURPLUS - beginning of year</b>	<b>839</b>	<b>4,745</b>
<b>ACCUMULATED SURPLUS/(DEFICIT) - end of year</b>	<b>(1,811)</b>	<b>839</b>

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



**CORPORATION OF THE TOWNSHIP OF  
OTONABEE-SOUTH MONAGHAN**



**KEENE CEMETERY BOARD  
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS (LIABILITIES)  
For the Year Ended December 31, 2018**

	Actual 2018 \$	Actual 2017 \$
<b>ANNUAL DEFICIT</b>	(2,650)	(3,906)
<b>NET FINANCIAL ASSETS - beginning of year</b>	839	4,745
<b>NET FINANCIAL ASSETS (LIABILITIES) - end of year</b>	(1,811)	839

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

**CORPORATION OF THE TOWNSHIP OF  
OTONABEE-SOUTH MONAGHAN**



**KEENE CEMETERY BOARD  
STATEMENT OF CASH FLOWS  
For the Year Ended December 31, 2018**

	2018	2017
	\$	\$
<b>CASH PROVIDED BY (USED IN)</b>		
<b>OPERATING ACTIVITIES</b>		
Annual deficit	(2,650)	(3,906)
Change in non-cash assets and liabilities		
Accrued interest	60	7
Accounts receivable	(261)	(588)
Inventory for resale	346	-
Due to perpetual care fund	14,565	3,646
<b>Net change in cash from operating activities</b>	<b>12,060</b>	<b>(841)</b>
<b>INVESTING ACTIVITIES</b>		
Redemption of investment	6,666	6,587
Purchase of investment	-	(6,666)
<b>Net change in cash from investing activities</b>	<b>6,666</b>	<b>(79)</b>
<b>NET CHANGE IN CASH</b>	<b>18,726</b>	<b>(920)</b>
<b>CASH - beginning of year</b>	<b>2,501</b>	<b>3,421</b>
<b>CASH - end of year</b>	<b>21,227</b>	<b>2,501</b>

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

**KEENE CEMETERY BOARD  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended December 31, 2018**

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**1. SIGNIFICANT ACCOUNTING POLICIES**

These financial statements have been prepared in accordance with the standards in the Chartered Professional Accountants Canada Public Sector Accounting (PSA) Handbook. Significant aspects of the accounting policies adopted by the Board are as follows:

(a) Recognition of Revenue and Expenses

Revenue and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenue in the period in which the transactions of events occurred that give rise to the revenue; expenses are recognized in the period the goods or services are acquired and a legal liability is incurred or transfers are due.

Donations are recognized when the amounts are received.

Grave openings are recognized when the service is provided and sale of internment rights are recognized at the time of the purchase.

(b) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the period and are based on the Board's best information and judgment. Actual results could differ from these estimates.

(c) Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The Board has no significant capital assets.

(d) Inter-Entity Transactions

The Keene Cemetery Board is a Board of the Township of Otonabee-South Monaghan and is consolidated with the Township's financial statements.

Allocated costs and recovery of costs are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Unallocated costs are measured at the carrying amount, which is the amount recorded in the records of the Township.

(e) Inventory for Resale

Inventory for resale is recorded at the lower of cost or net realizable value. Cost is determined using the specific item method.

**CORPORATION OF THE TOWNSHIP OF  
OTONABEE-SOUTH MONAGHAN**



**KEENE CEMETERY BOARD  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended December 31, 2018**

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**2. ACCUMULATED SURPLUS/(DEFICIT)**

Accumulated surplus consists of the following:

	2018	2017
	\$	\$
<b>Surplus/(Deficit)</b>		
Operations	(1,811)	839

**3. TRUST FUND**

Trust funds administered by the Board amounting to \$51,782 (2017 - \$50,779) have not been included in the Statement of Financial Position nor have their operations been included in the Statement of Operations and Accumulated Surplus. As such balances are held in trust by the Board for the benefit of others, they are not presented as part of the Board's financial position or operations.

**4. INTER-ENTITY TRANSACTIONS**

During the year, the Board entered into transactions with the Township of Otonabee-South Monaghan.

All balances with the Township of Otonabee-South Monaghan have been identified on the Statement of Financial Position.

Due to Township balance is unsecured, without interest and is repaid at \$500 per columbarium niche sold.

**5. CHANGES IN ACCOUNTING POLICIES**

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

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

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

Section 3240 establishes the standards and requirements on how to account for and Section 2200 establishes the standards and requirements on how to report transactions between public sector entities that comprise the government's reporting entity. These sections have been applied retroactively with restatement of prior periods. The adoption of these standards resulted in additional disclosure in note 4.

**INDEPENDENT AUDITOR'S REPORT****To the Members of the Keene Cemetery Board, the  
Members of Council, Inhabitants and Ratepayers of the  
Corporation of the Township of Otonabee-South Monaghan****T: (705) 742-3418  
F: (705) 742-9775****[www.bakertilly.ca](http://www.bakertilly.ca)***Opinion*

We have audited the financial statements of the Trust Funds of the Corporation of the Township of Otonabee-South Monaghan (the Trust Funds), which comprise the statement of financial position as at December 31, 2018, the statement of continuity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Trust Funds in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

In preparing the financial statements, management is responsible for assessing the Trust Funds' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Trust Funds or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Trust Funds' financial reporting process.

*Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust Funds' internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust Funds' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust Funds to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*Baker Tilly KDN LLP*

Chartered Professional Accountants  
Licensed Public Accountants

Peterborough, Ontario  
June 21, 2019

**CORPORATION OF THE TOWNSHIP OF  
OTONABEE-SOUTH MONAGHAN**



**KEENE CEMETERY BOARD - PERPETUAL CARE AND MAINTENANCE  
TRUST FUNDS  
STATEMENT OF FINANCIAL POSITION  
At December 31, 2018**

	2018	2017
	\$	\$
<b>FINANCIAL ASSETS</b>		
Cash	1,764	8,832
Investments (note 2)	21,407	27,753
Accrued interest	135	283
Due from operations	28,476	13,911
	<b>51,782</b>	<b>50,779</b>
<b>FUND BALANCES</b>		
Capital	51,399	50,499
Income	383	280
	<b>51,782</b>	<b>50,779</b>

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



**CORPORATION OF THE TOWNSHIP OF  
OTONABEE-SOUTH MONAGHAN**



**KEENE CEMETERY BOARD - PERPETUAL CARE AND MAINTENANCE  
TRUST FUNDS  
STATEMENT OF CONTINUITY  
For the Year Ended December 31, 2018**

	2018	2017
	\$	\$
<b>BALANCE - beginning of year</b>	50,779	49,759
<b>RECEIPTS</b>		
Interest earned	1,046	479
Interment fees	-	1,026
Sale of care and maintenance	900	-
	1,946	1,505
<b>EXPENSES</b>		
Transfer to operations	941	479
Management fees	2	6
	943	485
<b>BALANCE - end of year</b>	51,782	50,779

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

**KEENE CEMETERY BOARD - PERPETUAL CARE AND MAINTENANCE TRUST FUNDS  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended December 31, 2018**

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**1. SIGNIFICANT ACCOUNTING POLICIES**

These financial statements have been prepared in accordance with the standards in the Chartered Professional Accountants Canada Public Sector Accounting (PSA) Handbook.

(a) Nature of Trust

This trust fund represents a portion of the sale of cemetery plots and monument foundations of the Keene Cemeteries Board. The capital amounts are to be kept intact in perpetuity, with investment income earned on the funds used to maintain the cemeteries. The operations and investments of the fund are undertaken by the Board in accordance with the regulations of the Cemeteries Act.

(b) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the period and are based on the Board's best information and judgment. Actual results could differ from these estimates.

(c) Revenue Recognition

Interment fees are recognized on the accrual basis of accounting which recognizes the revenues as they become available and measurable. Investment income is recognized as revenue when earned.

**2. INVESTMENTS**

Investments include various term deposits maturing from March 2019 to October 2019 and bearing interest from 1.15% to 2.35% per annum.