

**CORPORATION OF THE TOWNSHIP OF  
CAVAN MONAGHAN**

**CONSOLIDATED FINANCIAL STATEMENTS**

**DECEMBER 31, 2017**

*Draft May 28, 2018*

**CORPORATION OF THE TOWNSHIP OF  
CAVAN MONAGHAN**

**CONSOLIDATED FINANCIAL STATEMENTS**

**DECEMBER 31, 2017**

**TABLE OF CONTENTS**

	Page Number
<b>MANAGEMENT REPORT</b>	
<b>INDEPENDENT AUDITOR'S REPORT</b>	
<b>CONSOLIDATED FINANCIAL STATEMENTS</b>	
Statement of Financial Position	1
Statement of Operations and Accumulated Surplus	2
Statement of Change in Net Financial Assets	3
Statement of Cash Flows	4
Notes to the Financial Statements	5 - 17
Schedule of Tangible Capital Assets	18
Schedules of Segment Disclosure	19 - 20
<b>TRUST FUNDS</b>	
Independent Auditor's Report	21
Statement of Financial Position	22
Statement of Continuity	23
Notes to the Financial Statements	24
<b>LOCAL BOARDS</b>	
Township of Cavan Monaghan Public Libraries	25 - 34
Millbrook Business Improvement Area Board	35 - 42

# CORPORATION OF THE TOWNSHIP OF CAVAN MONAGHAN

For The Year Ended December 31, 2017

## MANAGEMENT REPORT

The accompanying consolidated financial statements of the Corporation of the Township of Cavan 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 Cavan 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 Collins Barrow Kawarthas LLP in accordance with Canadian generally accepted auditing standards on behalf of the Township. Collins Barrow Kawarthas LLP has full and free access to Council.

Mayor \_\_\_\_\_ Date \_\_\_\_\_

Director of Finance/Treasurer \_\_\_\_\_ Date \_\_\_\_\_

## **INDEPENDENT AUDITOR'S REPORT**

### **To the Members of Council, Inhabitants and Ratepayers of the Township of Cavan Monaghan**

#### *Report on the Financial Statements*

We have audited the accompanying consolidated financial statements of the Corporation of the Township of Cavan Monaghan and its local boards, which comprise the consolidated statement of financial position as at December 31, 2017, the consolidated statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

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

#### *Auditor's Responsibility*

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

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

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

#### *Opinion*

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation of the Township of Cavan Monaghan and its local boards as at December 31, 2017 and the results of its operations and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Chartered Professional Accountants  
Licensed Public Accountants

Peterborough, Ontario  
June 4, 2018

# CORPORATION OF THE TOWNSHIP OF CAVAN MONAGHAN

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At December 31, 2017

	2017	2016
	\$	\$
<b>FINANCIAL ASSETS</b>		
Cash	21,420,267	18,236,895
Investments (note 4)	1,202,863	1,107,077
Accounts receivable (note 5)	1,617,816	1,839,124
Taxes receivable	1,182,337	1,065,270
Inventories for resale	-	2,367
<b>TOTAL FINANCIAL ASSETS</b>	<b>25,423,283</b>	<b>22,250,733</b>
<b>LIABILITIES</b>		
OILC advance (note 7)	-	8,242,769
Accounts payable and accrued liabilities (note 6)	2,392,175	1,917,348
Deferred revenue - obligatory reserve funds (note 8)	1,549,939	1,064,173
Deferred revenue - other	8,703	8,088
Employee future benefits (note 9)	591,775	567,030
Long term debt (note 7)	8,242,769	-
Landfill post-closure liability (note 10)	89,550	77,300
<b>TOTAL LIABILITIES</b>	<b>12,874,911</b>	<b>11,876,708</b>
<b>NET FINANCIAL ASSETS</b>	<b>12,548,372</b>	<b>10,374,025</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (note 13)	53,021,178	51,527,587
Prepaid expenses	2,767	3,701
Inventories	79,423	192,504
<b>TOTAL NON-FINANCIAL ASSETS</b>	<b>53,103,368</b>	<b>51,723,792</b>
<b>ACCUMULATED SURPLUS (note 14)</b>	<b>65,651,740</b>	<b>62,097,817</b>

The accompanying notes are an integral part of these financial statements

# CORPORATION OF THE TOWNSHIP OF CAVAN MONAGHAN

## CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

For the Year Ended December 31, 2017

	Budget 2017 \$ (Unaudited)	Actual 2017 \$	Actual 2016 \$
<b>REVENUES</b>			
Property taxation	6,922,192	7,179,853	6,590,566
User charges (note 18)	1,827,722	2,007,676	1,909,957
Government of Canada	8,178	125,004	695,480
Province of Ontario	535,742	577,142	1,271,015
Other municipalities	-	4,874	-
Penalties and interest on taxes	140,000	147,511	138,519
Investment income	95,500	253,525	88,558
Donations	-	17,632	-
Other	80,756	131,847	160,307
Development contributions earned	-	379,934	118,844
Federal gas tax earned	297,943	297,943	340,000
Ontario Lottery and Gaming Corporation	3,000,000	3,111,089	3,220,329
<b>TOTAL REVENUES</b>	<b>12,908,033</b>	<b>14,234,030</b>	<b>14,533,575</b>
<b>EXPENSES</b>			
General government	1,680,003	1,709,586	1,577,354
Protection services	2,617,983	2,514,010	2,492,458
Transportation services	3,091,211	2,894,410	2,620,310
Environmental services	1,867,215	2,194,754	1,575,779
Recreation and cultural services	945,780	957,680	1,050,406
Planning and development	481,900	409,667	290,278
<b>TOTAL EXPENSES</b>	<b>10,684,092</b>	<b>10,680,107</b>	<b>9,606,585</b>
<b>ANNUAL SURPLUS</b>	<b><u>2,223,941</u></b>	<b>3,553,923</b>	<b>4,926,990</b>
<b>ACCUMULATED SURPLUS - beginning of year</b>		<b>62,097,817</b>	<b>57,170,827</b>
<b>ACCUMULATED SURPLUS - end of year</b>		<b>65,651,740</b>	<b>62,097,817</b>

The accompanying notes are an integral part of these financial statements

**CORPORATION OF THE TOWNSHIP OF CAVAN MONAGHAN**

**CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS**

For the Year Ended December 31, 2017

	Budget 2017 \$ (Unaudited)	Actual 2017 \$	Actual 2016 \$
<b>ANNUAL SURPLUS</b>	2,223,941	3,553,923	4,926,990
Amortization of tangible capital assets	1,877,870	2,104,500	1,877,870
Purchase of tangible capital assets	(5,111,942)	(3,681,331)	(6,182,140)
Loss on disposal of tangible capital assets	-	82,940	195,960
Proceeds on sale of tangible capital assets	-	300	100,231
Change in prepaid expenses	-	934	(852)
Change in inventories	-	113,081	(3,528)
<b>INCREASE/(DECREASE) IN NET FINANCIAL ASSETS</b>	<b>(1,010,131)</b>	<b>2,174,347</b>	<b>914,531</b>
<b>NET FINANCIAL ASSETS - beginning of year</b>	<b>10,374,025</b>	<b>10,374,025</b>	<b>9,459,494</b>
<b>NET FINANCIAL ASSETS - end of year</b>	<b>9,363,894</b>	<b>12,548,372</b>	<b>10,374,025</b>

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

# CORPORATION OF THE TOWNSHIP OF CAVAN MONAGHAN

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2017

	2017	2016
	\$	\$
<b>CASH PROVIDED BY (USED IN)</b>		
<b>OPERATING ACTIVITIES</b>		
Annual surplus	3,553,923	4,926,990
Items not involving cash		
Amortization of tangible capital assets	2,104,500	1,877,870
Loss on disposal of tangible capital assets	82,940	195,960
Change in employee future benefits	24,745	35,568
Change in landfill post-closure liability	12,250	(15,700)
Change in non-cash assets and liabilities		
Accounts receivable	221,308	8,016,978
Taxes receivable	(117,067)	27,163
Inventories for resale	2,367	-
Prepaid expenses	934	(852)
Inventories	113,081	(3,528)
Accounts payable and accrued liabilities	474,827	(2,739,431)
Deferred revenue - obligatory reserve funds	485,766	381,131
Deferred revenue - other	615	(1,887)
<b>Net change in cash from operating activities</b>	<b>6,960,189</b>	<b>12,700,262</b>
<b>CAPITAL ACTIVITIES</b>		
Purchase of tangible capital assets	(3,681,331)	(6,182,140)
Proceeds on sale of tangible capital assets	300	100,231
<b>Net change in cash from capital activities</b>	<b>(3,681,031)</b>	<b>(6,081,909)</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of investments	(95,786)	(7,540)
Redemption of investments	-	20,000
<b>Net change in cash from investing activities</b>	<b>(95,786)</b>	<b>12,460</b>
<b>FINANCING ACTIVITIES</b>		
Long term debt issued	8,242,769	-
OILC advance	(8,242,769)	3,349,428
<b>Net change in cash from financing activities</b>	<b>-</b>	<b>3,349,428</b>
<b>NET CHANGE IN CASH</b>	<b>3,183,372</b>	<b>9,980,241</b>
<b>CASH - beginning of year</b>	<b>18,236,895</b>	<b>8,256,654</b>
<b>CASH - end of year</b>	<b>21,420,267</b>	<b>18,236,895</b>

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

# CORPORATION OF THE TOWNSHIP OF CAVAN MONAGHAN

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2017

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The Township of Cavan 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 financial statements include:

- Township of Cavan Monaghan Public Libraries
- Millbrook Business Improvement Area Board

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) 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	10 to 20 years
Buildings and building improvements	40 to 75 years
Equipment	3 to 25 years
Vehicles	10 to 25 years or per kilometre
Roads and bridges	7 to 50 years
Water and utility systems	30 to 50 years
Sewer	75 to 80 years
Solar panels	40 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.

# CORPORATION OF THE TOWNSHIP OF CAVAN MONAGHAN

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2017

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### 1. SIGNIFICANT ACCOUNTING POLICIES, continued

#### (d) Recognition of Revenues and Expenses

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

##### Taxation

Property tax billings are prepared by the 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 and Ontario Lottery and Gaming Corporation Funding

Government and Ontario Lottery and Gaming Corporation 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 fees are recognized as revenue in the year the goods and services are provided, with the exception of building permits that are recognized when the permits are issued.

Investment income is recorded when earned.

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

#### (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.

#### (f) Reserves and Reserve Funds

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

# CORPORATION OF THE TOWNSHIP OF CAVAN MONAGHAN

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2017

### 1. SIGNIFICANT ACCOUNTING POLICIES, continued

(g) Deferred Revenue

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

(h) 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 Township'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 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 benefits liability and the amount of employee future benefit costs charged to earnings depend on certain actuarial and economic assumptions.

### 2. OPERATIONS OF SCHOOL BOARDS AND THE COUNTY OF PETERBOROUGH

During 2017, 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	2,961,773	3,803,854
Taxation from other governments	7,171	2,146
<b>Amounts requisitioned and remitted</b>	<b>2,968,944</b>	<b>3,806,000</b>

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

# CORPORATION OF THE TOWNSHIP OF CAVAN MONAGHAN

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2017

### 3. TRUST FUNDS

Trust funds administered by the Township amounting to \$3,529 (2016 - \$3,588) 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.

### 4. INVESTMENTS

	Market Value \$	Cost 2017 \$	Cost 2016 \$
Money Market and Bond Funds	1,116,485	1,202,863	1,107,077

Investments include amounts restricted for obligatory reserve funds with a cost of \$115,864 (2016 - \$113,329) and market value of \$107,761 (2016 - \$107,924). All investments are comprised of money market funds and bond funds through the ONE Public Sector Group of Funds.

### 5. ACCOUNTS RECEIVABLE

Accounts receivable consists of the following:

	2017 \$	2016 \$
Government of Canada	393,754	324,078
Government of Ontario	-	6,465
Ontario Lottery and Gaming Corporation	725,280	820,509
Other receivables	498,782	688,072
	1,617,816	1,839,124

### 6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consist of the following:

	2017 \$	2016 \$
Trade payables	1,977,806	1,422,360
Holdbacks payable	71,335	194,570
Payroll accrual	104,906	111,543
Payroll deductions	181,628	132,375
Developer deposits	56,500	56,500
	2,392,175	1,917,348

# CORPORATION OF THE TOWNSHIP OF CAVAN MONAGHAN

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2017

### 7. LONG TERM DEBT

- (a) During 2015, the Township approved the issue of debentures in the amount of \$4,893,341 from the Ontario Infrastructure and Lands Corporation (OILC). In 2016, an additional \$3,349,428 was advanced. As at December 31, 2016, the debentures had not been issued. The OILC advance of \$8,242,769 reported on the Consolidated Statement of Financial Position represents advances received on these debentures while the projects and financing were in progress and incurs interest at a floating monthly construction rate established by OILC. As at December 31, 2017, the OILC advance had been converted and the debentures had been issued.

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

	2017 \$	2016 \$
Ontario Infrastructure and Lands Corporation, matures December 15, 2037, repayable in blended monthly payments of \$27,248, bears interest at 3.15% per annum.	4,847,259	-
Ontario Infrastructure and Lands Corporation, matures December 15, 2047, repayable in blended monthly payments of \$10,586, bears interest at 3.33% per annum.	2,407,995	-
Ontario Infrastructure and Lands Corporation, matures December 15, 2047, repayable in blended monthly payments of \$4,341, bears interest at 3.33% per annum.	987,515	-
	<b>8,242,769</b>	<b>-</b>

- (b) Interest paid during the year on long term debt and OILC advance amounted to \$139,456 (2016 - \$113,738).

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

	Principal \$	Interest \$	Total \$
2018	243,899	262,203	506,102
2019	251,818	254,284	506,102
2020	259,995	246,108	506,103
2021	268,437	237,666	506,103
2022	277,153	228,949	506,102
2023 and subsequent years	6,941,467	2,441,299	9,382,766
	<b>8,242,769</b>	<b>3,670,509</b>	<b>11,913,278</b>

# CORPORATION OF THE TOWNSHIP OF CAVAN MONAGHAN

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2017

### 8. 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:

	2017	2016
	\$	\$
Development charges	1,198,094	694,225
Parkland	139,874	131,169
Federal gas tax	211,971	238,779
	1,549,939	1,064,173

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

	2017	2016
	\$	\$
Balance - beginning of year	1,064,173	683,042
Add amounts received:		
Development charges	870,051	498,616
Federal gas tax	266,239	261,498
Parkland	5,400	53,000
Interest	21,953	26,861
	1,163,643	839,975
Less transfer to operations:		
Development charges	379,934	118,844
Federal gas tax	297,943	340,000
	677,877	458,844
Balance - end of year	1,549,939	1,064,173

# CORPORATION OF THE TOWNSHIP OF CAVAN MONAGHAN

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2017

### 9. EMPLOYEE FUTURE BENEFITS PAYABLE

The Township provides post employment health and dental benefits to certain employees based on a number of eligibility factors including their date of hire and years of service. The Township records estimated liabilities for accrued employee benefits in the year they are earned.

	2017	2016
	\$	\$
Accrued benefit obligation at January 1	493,614	478,749
Unamortized actuarial gains	73,416	52,713
Liability at January 1	567,030	531,462
Current year benefit cost	36,656	41,711
Benefit payments by employer	(11,911)	(6,143)
Employee future benefits payable	591,775	567,030

The accrued benefit obligations for the Township's employee future benefit plans are based on actuarial valuations for accounting purposes. These actuarial valuations were based on assumptions about events in future periods. The cost of future benefits is determined actuarially using the projected benefit method pro-rated on service and management's best estimate of expected salary escalation, retirement ages of employees and health care costs. The discount rate used to determine the employee future benefits payable was determined by reference to the Township's internal rate of borrowing. Past service costs from plan amendments are amortized on a straight-line basis over the average remaining service period of employees active at the date of the amendment. The most recent valuation is dated May 16, 2017. The economic assumptions used in this valuation are the Township's best estimates of expected rates:

Expected inflation rate	2.00%
Discount on accrued benefit obligations	3.75%
Health care cost escalation	6.20%
Dental cost escalation	4.50%

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

	2017	2016
	\$	\$
Current service cost	22,759	24,508
Interest on accrued benefit obligation	19,141	21,258
Amortized actuarial gain	(5,244)	(4,055)
Employee future benefits expense	36,656	41,711

# CORPORATION OF THE TOWNSHIP OF CAVAN MONAGHAN

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2017

### 10. LANDFILL POST-CLOSURE LIABILITY

The liability for landfill post-closure costs of \$89,550 (2016 - \$77,300) has been estimated using discounted future cash flows associated with post-closure care activities for the landfill site owned by the Township. Post-closure costs include monitoring, maintenance of control systems and consulting fees for 25 years after the site is closed. A reserve of \$65,159 (2016 - \$71,159) has been established for this liability with the remaining costs to be funded from taxation. There are no specific assets designated for settling this liability.

The reported liability is based upon estimates and assumptions with respect to events extending over the remaining monitoring period of the landfill. The landfill reached its capacity and was effectively closed in 1998. The total discounted future cash flows for post-closure and monitoring costs are estimated using a discount factor of 3.3% and an inflation rate of 1.5%. The total undiscounted estimated costs amount to \$117,910 (2016 - \$100,133).

### 11. EXPENSES BY OBJECT

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

	Budget 2017 \$ (Unaudited)	Actual 2017 \$	Actual 2016 \$
Salaries and benefits	3,369,507	3,258,279	3,121,161
Interest charges	167,000	139,456	113,738
Materials	1,907,473	1,795,899	1,563,032
Contracted services	3,015,745	2,931,239	2,543,681
Rents and financial	14,300	11,608	12,043
External transfers	332,197	356,186	179,100
Amortization	1,877,870	2,104,500	1,877,870
Loss on disposal of tangible capital assets	-	82,940	195,960
	10,684,092	10,680,107	9,606,585

### 12. COMPARATIVE FIGURES

Certain comparative figures were restated, where required, to conform with the current year presentation. The reclassifications made had no impact on the prior year surplus.

# CORPORATION OF THE TOWNSHIP OF CAVAN MONAGHAN

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2017

### 13. TANGIBLE CAPITAL ASSETS

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

	2017	2016
	\$	\$
General		
Land and land improvements	3,765,429	3,755,345
Buildings and building improvements	23,184,949	23,805,256
Equipment	827,356	839,256
Vehicles	2,840,449	2,221,971
Infrastructure		
Roads and bridges	9,859,808	9,678,528
Water systems	5,131,583	5,142,837
Sewer systems	4,912,010	4,616,799
Solar panels	370,217	380,508
	50,891,801	50,440,500
Assets under construction	2,129,377	1,087,087
	53,021,178	51,527,587

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

During the year there were no write-downs of assets (2016 - \$Nil) and no interest capitalized (2016 - \$Nil).

Tangible capital assets allocated by segment are as follows:

	2017	2016
	\$	\$
General government	4,042,606	4,092,935
Protection services	1,454,512	1,191,540
Transportation services	12,493,293	11,850,581
Environmental services	32,298,917	32,244,936
Health services	1,858	1,858
Recreation and cultural services	2,715,358	2,131,103
Planning and development	14,634	14,634
	53,021,178	51,527,587

# CORPORATION OF THE TOWNSHIP OF CAVAN MONAGHAN

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2017

### 14. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2017	2016
	\$	\$
<b>Surplus/(Deficit)</b>		
Unfunded landfill post-closure liability	(89,550)	(6,141)
Unfunded employee future benefits	(591,775)	(567,030)
Township of Cavan Monaghan Public Libraries	-	14,553
Millbrook Business Improvement Area	45,143	34,426
	(636,182)	(524,192)
<b>Invested In Tangible Capital Assets</b>		
Tangible capital assets - net book value	53,021,178	51,527,587
Long term debt	(8,242,769)	-
Unfunded capital	(616,122)	(996,056)
OILC advance	-	(8,242,769)
	44,162,287	42,288,762
<b>Surplus</b>	43,526,105	41,764,570
<b>Reserves</b>		
Working funds	426,669	1,201,109
Phase-in levy	2,380,008	2,380,008
Emergency services	729,739	694,275
Transportation services	109,002	129,746
Waste disposal services	65,159	71,159
Parks and recreation services	133,702	140,936
Water and sewer operations	1,293,554	1,696,364
Planning and development	449,231	331,479
Future capital	13,248,496	11,547,531
Election services	41,639	43,237
Computer services	54,908	71,373
Springville & Ebenezer cemetery	26,030	26,030
New community centre	3,141,000	2,000,000
Library working fund	9,303	-
<b>Total Reserves</b>	22,108,440	20,333,247
<b>Reserve Funds</b>		
Library new initiatives	17,195	-
	65,651,740	62,097,817

# CORPORATION OF THE TOWNSHIP OF CAVAN MONAGHAN

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2017

### 15. 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 2017 Annual Report disclosed total actuarial liabilities of \$94,431 million in respect of benefits accrued for service with actuarial assets of \$89,028 million indicating an actuarial deficit of \$5,403 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 2017 were \$191,632 (2016 - \$180,015).

### 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 \$500,000 via an operating loan. Any balance borrowed will accrue interest at the bank's prime lending rate. Council authorized the temporary borrowing limit by By-law 2017-02. At December 31, 2017 there was no balance outstanding.

### 17. COMMITMENTS

The Township is committed to police services provided by the City of Peterborough Police Services Board. The contractual commitment is for a five-year period ending September 30, 2020. The committed amount for 2018 is \$1,190,523 and future years may vary depending on the police force's budget for the given year.

### 18. USER CHARGES

User charges consist of the following:

	2017	2016
	\$	\$
Water and sewer consumption	1,064,679	1,000,592
Building permits and inspections	183,648	150,798
Recreation program/facilities fees, rental and registrations	158,976	138,316
Fire protection	56,054	102,561
Fines and penalties	28,869	95,733
Waste management tipping fees and recycling	199,229	73,614
Planning and zoning	40,800	57,289
General government user fees, licenses and permits	69,495	47,659
Library user fees and fines	8,408	8,021
BIA fundraising and event revenue	8,154	11,860
Parks charges	9,305	10,837
Rents, concessions and franchises	8,786	9,305
Roads and engineering user fees	143,312	174,493
Other licenses and permits	27,961	28,879
	<u>2,007,676</u>	<u>1,909,957</u>

# CORPORATION OF THE TOWNSHIP OF CAVAN MONAGHAN

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2017

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### 19. SEGMENTED INFORMATION

The Township of Cavan 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.

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. Departments included in the general government segment include Council, CAO, Clerk, and Finance.

#### **Protection Services**

Protection services include police, fire, conservation authorities and protective inspection and control. The police services are contracted to ensure the safety and protection of the citizens and their property. The fire department is responsible to provide fire suppression service, fire prevention programs, emergency preparedness, training and education. The members of the fire department consist of volunteers plus a full time Fire Chief.

#### **Transportation Services**

The activities of the transportation segment include construction and maintenance of the Township's roads, road safety devices, signs, bridges, sidewalks, street lighting and crossing guard services within the Township.

#### **Water and Sewer**

This segment is responsible for providing water and sewer services within the Township.

#### **Other Environmental Services**

This function is responsible for providing waste collection and waste disposal services to ratepayers. Curbside pick-up is provided to all wards. Residents are also provided with access to additional waste disposal and recycling services at the Transfer Station site.

#### **Recreation and Cultural Services**

The recreation and cultural services segment provides services meant to improve the health and development of the Township's citizens. This service area provides indoor and outdoor recreational facilities. Recreational and cultural programs including skating lessons, moms and tots programs, senior hockey groups and home schooling programs are provided at the arena and community centres. The Township also provides library services to assist with its citizens' informational needs.

# CORPORATION OF THE TOWNSHIP OF CAVAN MONAGHAN

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2017

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### 19. SEGMENTED INFORMATION, continued

#### **Planning and Development**

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

#### **OLG**

This segment represents revenues from the Ontario Lottery and Gaming Corporation (OLG). OLG funds are transferred into reserves and used at Council's discretion.

*Draft May 28, 2018*

**CORPORATION OF THE TOWNSHIP OF CAVAN MONAGHAN**

**CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS  
For the Year Ended December 31, 2017**

	General				Infrastructure				Assets Under Construction	Totals
	Land and Improvements	Buildings and Improvements	Equipment	Vehicles	Roads and Bridges	Water Systems	Sewer Systems	Solar Panels		
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>COST</b>										
Balance, beginning of year	4,173,092	26,484,786	2,130,811	4,442,169	28,065,874	6,054,646	5,667,703	411,924	1,087,087	78,518,092
Add: additions during the year	47,457	21,836	126,577	805,828	1,005,219	11,568	34,910	-	1,627,936	3,681,331
Less: disposals during the year	-	-	31,918	201,538	102,513	58,985	-	-	48,553	443,507
Internal transfers	-	-	-	1,774	67,148	94,274	373,897	-	(537,093)	-
Balance, end of year	4,220,549	26,506,622	2,225,470	5,048,233	29,035,728	6,101,503	6,076,510	411,924	2,129,377	81,755,916
<b>ACCUMULATED AMORTIZATION</b>										
Balance, beginning of year	417,747	2,679,530	1,291,555	2,220,198	18,387,346	911,809	1,050,904	31,416	-	26,990,505
Add: additions during the year	37,373	642,143	138,477	189,124	891,087	82,409	113,596	10,291	-	2,104,500
Less: disposals during the year	-	-	31,918	201,538	102,513	24,298	-	-	-	360,267
Balance, end of year	455,120	3,321,673	1,398,114	2,207,784	19,175,920	969,920	1,164,500	41,707	-	28,734,738
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<b>3,765,429</b>	<b>23,184,949</b>	<b>827,356</b>	<b>2,840,449</b>	<b>9,859,808</b>	<b>5,131,583</b>	<b>4,912,010</b>	<b>370,217</b>	<b>2,129,377</b>	<b>53,021,178</b>

# CORPORATION OF THE TOWNSHIP OF CAVAN MONAGHAN

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

	General Government \$	Protection Services \$	Transportation Services \$	Water and Sewer \$	Other Environmental Services \$	Recreation and Cultural Services \$	Planning and Development \$	OLG \$	Consolidated \$
<b>Revenues</b>									
Property taxation	1,960,165	2,145,481	1,856,389	-	186,392	827,968	203,458	-	7,179,853
User charges	135,110	239,702	143,312	1,064,679	199,230	176,689	48,954	-	2,007,676
Government transfers - operating	494,500	4,390	53,110	115,000	-	33,646	1,500	-	702,146
Other municipalities	-	-	4,874	-	-	-	-	-	4,874
Penalties and interest on taxes	147,511	-	-	-	-	-	-	-	147,511
Investment income	253,212	-	-	-	-	313	-	-	253,525
Donations	2,362	-	-	-	-	15,270	-	-	17,632
Other	77,317	-	36,773	-	11,322	6,435	-	-	131,847
Development contributions earned	-	-	-	379,934	-	-	-	-	379,934
Federal gas tax earned	-	-	297,943	-	-	-	-	-	297,943
Ontario Lottery and Gaming	-	-	-	-	-	-	-	3,111,089	3,111,089
<b>Total revenues</b>	<b>3,070,177</b>	<b>2,389,573</b>	<b>2,392,401</b>	<b>1,559,613</b>	<b>396,944</b>	<b>1,060,321</b>	<b>253,912</b>	<b>3,111,089</b>	<b>14,234,030</b>
<b>Expenses</b>									
Salaries and benefits	994,549	558,066	766,962	87,775	57,555	547,070	246,302	-	3,258,279
Interest charges	-	-	-	139,456	-	-	-	-	139,456
Materials	232,194	254,263	703,188	200,448	15,110	317,781	72,915	-	1,795,899
Contracted services	245,099	1,254,914	355,561	735,251	198,794	52,089	89,531	-	2,931,239
Rents and financial	10,543	-	-	-	-	1,065	-	-	11,608
External transfers	12,234	332,197	11,755	-	-	-	-	-	356,186
Amortization	193,087	114,870	1,030,269	725,680	-	39,675	919	-	2,104,500
Loss on disposal of tangible capital assets	21,880	(300)	26,675	34,685	-	-	-	-	82,940
<b>Total expenses</b>	<b>1,709,586</b>	<b>2,514,010</b>	<b>2,894,410</b>	<b>1,923,295</b>	<b>271,459</b>	<b>957,680</b>	<b>409,667</b>	<b>-</b>	<b>10,680,107</b>
<b>Net surplus/(deficit)</b>	<b>1,360,591</b>	<b>(124,437)</b>	<b>(502,009)</b>	<b>(363,682)</b>	<b>125,485</b>	<b>102,641</b>	<b>(155,755)</b>	<b>3,111,089</b>	<b>3,553,923</b>

# CORPORATION OF THE TOWNSHIP OF CAVAN MONAGHAN

## CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE

For the Year Ended December 31, 2016

	General Government \$	Protection Services \$	Transportation Services \$	Water and Sewer \$	Other Environmental Services \$	Recreation and Cultural Services \$	Planning and Development \$	OLG \$	Consolidated \$
<b>Revenues</b>									
Property taxation	1,570,325	1,662,560	2,078,951	24,963	142,485	886,653	224,629	-	6,590,566
User charges	179,107	253,359	174,493	1,000,593	73,614	159,642	69,149	-	1,909,957
Government transfers - operating	6,880	510,224	25,000	-	-	37,605	1,500	-	581,209
Government transfers - capital	-	-	-	1,385,286	-	-	-	-	1,385,286
Penalties and interest on taxes	138,519	-	-	-	-	-	-	-	138,519
Investment income	88,127	-	-	-	-	431	-	-	88,558
Other	57,342	-	22,986	65,000	12,024	455	2,500	-	160,307
Development contributions earned	-	-	-	118,844	-	-	-	-	118,844
Federal gas tax earned	-	-	340,000	-	-	-	-	-	340,000
Ontario Lottery and Gaming	-	-	-	-	-	-	-	3,220,329	3,220,329
<b>Total revenues</b>	<b>2,040,300</b>	<b>2,426,143</b>	<b>2,641,430</b>	<b>2,594,686</b>	<b>228,123</b>	<b>1,084,786</b>	<b>297,778</b>	<b>3,220,329</b>	<b>14,533,575</b>
<b>Expenses</b>									
Salaries and benefits	983,072	511,419	722,582	91,501	56,305	549,161	207,121	-	3,121,161
Interest charges	-	-	-	113,738	-	-	-	-	113,738
Materials	205,599	254,725	549,975	174,296	10,915	321,069	46,453	-	1,563,032
Contracted services	178,474	1,435,742	254,741	360,225	142,054	136,660	35,785	-	2,543,681
Rents and financial	10,966	-	-	-	-	1,077	-	-	12,043
External transfers	985	178,115	-	-	-	-	-	-	179,100
Amortization	198,258	112,457	1,061,138	462,659	-	42,439	919	-	1,877,870
Loss on disposal of tangible capital assets	-	-	31,874	164,086	-	-	-	-	195,960
<b>Total expenses</b>	<b>1,577,354</b>	<b>2,492,458</b>	<b>2,620,310</b>	<b>1,366,505</b>	<b>209,274</b>	<b>1,050,406</b>	<b>290,278</b>	<b>-</b>	<b>9,606,585</b>
<b>Net surplus/(deficit)</b>	<b>462,946</b>	<b>(66,315)</b>	<b>21,120</b>	<b>1,228,181</b>	<b>18,849</b>	<b>34,380</b>	<b>7,500</b>	<b>3,220,329</b>	<b>4,926,990</b>

## **INDEPENDENT AUDITOR'S REPORT**

### **To the Members of Council, Inhabitants and Ratepayers of the Township of Cavan Monaghan**

#### *Report on the Financial Statements*

We have audited the accompanying financial statements of the Trust Funds of the Corporation of the Township of Cavan Monaghan, which comprise the statement of financial position as at December 31, 2017, the statement of continuity for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

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

#### *Auditor's Responsibility*

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

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

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

#### *Opinion*

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Trust Funds of the Corporation of the Township of Cavan Monaghan as at December 31, 2017 and the continuity of the Trust Funds for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Chartered Professional Accountants  
Licensed Public Accountants

Peterborough, Ontario  
June 4, 2018

**CORPORATION OF THE TOWNSHIP OF CAVAN MONAGHAN**

**TRUST FUNDS  
STATEMENT OF FINANCIAL POSITION  
At December 31, 2017**

	Baptie Trust \$	Endowment Trust \$	2017 Total \$	2016 Total \$
<b>FINANCIAL ASSETS</b>				
Cash	1,037	3,074	4,111	4,075
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Due to Township	12	475	487	487
Scholarships payable	-	95	95	-
	12	570	582	487
<b>FUND BALANCES</b>				
Capital	1,000	1,060	2,060	2,060
Income	25	1,444	1,469	1,528
	1,025	2,504	3,529	3,588
	1,037	3,074	4,111	4,075

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

**CORPORATION OF THE TOWNSHIP OF CAVAN MONAGHAN**

**TRUST FUNDS  
STATEMENT OF CONTINUITY  
For the Year Ended December 31, 2017**

	Baptie Trust \$	Endowment Trust \$	2017 Total \$	2016 Total \$
<b>BALANCES - beginning of year</b>	1,016	2,572	3,588	3,750
<b>RECEIPTS</b>				
Interest earned	9	27	36	28
<b>EXPENSES</b>				
Scholarship	-	95	95	190
<b>BALANCES - end of year</b>	1,025	2,504	3,529	3,588

Draft May 28, 2018

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

# CORPORATION OF THE TOWNSHIP OF CAVAN MONAGHAN

## TRUST FUNDS NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2017

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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.

Draft May 28, 2018

**CORPORATION OF THE  
TOWNSHIP OF CAVAN MONAGHAN**

**TOWNSHIP OF CAVAN MONAGHAN  
PUBLIC LIBRARIES**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2017**

*Draft May 28, 2018*

## **INDEPENDENT AUDITOR'S REPORT**

### **To the Members of the Township of Cavan Monaghan Public Libraries, the Members of Council, Inhabitants and Ratepayers of the Township of Cavan Monaghan**

#### *Report on the Financial Statements*

We have audited the accompanying financial statements of the Township of Cavan Monaghan Public Libraries of the Corporation of the Township of Cavan Monaghan, which comprise the statement of financial position as at December 31, 2017, the statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

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

#### *Auditor's Responsibility*

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

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

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

#### *Opinion*

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Township of Cavan Monaghan Public Libraries as at December 31, 2017 and the results of its operations and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Chartered Professional Accountants  
Licensed Public Accountants

Peterborough, Ontario  
May 15, 2018

# CORPORATION OF THE TOWNSHIP OF CAVAN MONAGHAN

## TOWNSHIP OF CAVAN MONAGHAN PUBLIC LIBRARIES

### STATEMENT OF FINANCIAL POSITION

At December 31, 2017

	2017	2016
	\$	\$
<b>FINANCIAL ASSETS</b>		
Cash	45,315	49,654
Due from Township of Cavan Monaghan	16,600	-
Accounts receivable	2,798	12,922
<b>TOTAL FINANCIAL ASSETS</b>	<b>64,713</b>	<b>62,576</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	32,279	41,790
Deferred revenue (note 2)	8,703	8,088
<b>TOTAL LIABILITIES</b>	<b>40,982</b>	<b>49,878</b>
<b>NET FINANCIAL ASSETS</b>	<b>23,731</b>	<b>12,698</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (note 4)	100,458	106,450
Prepaid expenses	2,767	1,855
<b>TOTAL NON-FINANCIAL ASSETS</b>	<b>103,225</b>	<b>108,305</b>
<b>ACCUMULATED SURPLUS (note 5)</b>	<b>126,956</b>	<b>121,003</b>

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

# CORPORATION OF THE TOWNSHIP OF CAVAN MONAGHAN

## TOWNSHIP OF CAVAN MONAGHAN PUBLIC LIBRARIES STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS For the Year Ended December 31, 2017

	Budget 2017 \$ (Unaudited)	Actual 2017 \$	Actual 2016 \$
<b>REVENUES</b>			
Township contribution - operating	244,247	244,247	248,400
Township contribution - audit and insurance	-	13,519	-
Township contribution - pay equity	-	16,600	-
Province of Ontario	23,642	25,498	30,155
Government of Canada	2,178	4,004	2,838
Other grants	-	-	6,563
User charges	5,900	5,290	5,374
Donations and fundraising	1,500	4,974	3,618
Investment income	-	313	431
<b>TOTAL REVENUES</b>	<b>277,467</b>	<b>314,445</b>	<b>297,379</b>
<b>EXPENSES</b>			
Salaries and benefits	209,306	227,001	223,141
Insurance	-	11,484	11,539
Information technology	7,000	5,323	6,199
Training and development	2,990	3,480	3,078
Periodicals	1,750	1,507	1,700
Professional fees and honorariums	500	2,288	2,475
Program and service materials	9,910	4,445	7,251
Office	7,000	6,971	8,170
Telephone and utilities	8,500	7,239	8,345
Amortization	41,516	38,754	41,516
<b>TOTAL EXPENSES</b>	<b>288,472</b>	<b>308,492</b>	<b>313,414</b>
<b>ANNUAL SURPLUS/(DEFICIT)</b>	<b><u>(11,005)</u></b>	<b>5,953</b>	<b>(16,035)</b>
<b>ACCUMULATED SURPLUS - beginning of year</b>		<b>121,003</b>	<b>137,038</b>
<b>ACCUMULATED SURPLUS - end of year</b>		<b>126,956</b>	<b>121,003</b>

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

**CORPORATION OF THE TOWNSHIP OF CAVAN MONAGHAN**

**TOWNSHIP OF CAVAN MONAGHAN PUBLIC LIBRARIES  
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS  
For the Year Ended December 31, 2017**

	Budget 2017 \$ (Unaudited)	Actual 2017 \$	Actual 2016 \$
<b>ANNUAL SURPLUS/(DEFICIT)</b>	(11,005)	5,953	(16,035)
<b>AMORTIZATION OF TANGIBLE CAPITAL ASSETS</b>	41,516	38,754	41,516
<b>ACQUISITION OF TANGIBLE CAPITAL ASSETS</b>	(30,511)	(32,762)	(32,325)
<b>CHANGE IN PREPAID EXPENSES</b>	-	(912)	(1,855)
<b>INCREASE/(DECREASE) IN NET FINANCIAL ASSETS</b>	-	11,033	(8,699)
<b>NET FINANCIAL ASSETS - beginning of year</b>	12,698	12,698	21,397
<b>NET FINANCIAL ASSETS - end of year</b>	12,698	23,731	12,698

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

**CORPORATION OF THE TOWNSHIP OF CAVAN MONAGHAN**

**TOWNSHIP OF CAVAN MONAGHAN PUBLIC LIBRARIES**

**STATEMENT OF CASH FLOWS**

For the Year Ended December 31, 2017

	2017	2016
	\$	\$
<b>CASH PROVIDED BY (USED IN)</b>		
<b>OPERATING ACTIVITIES</b>		
Annual surplus (deficit)	5,953	(16,035)
Items not involving cash		
Amortization of tangible capital assets	38,754	41,516
Change in non-cash working capital		
Due from Township of Cavan Monaghan	(16,600)	-
Accounts receivable	10,124	(6,333)
Prepaid expenses	(912)	(1,855)
Accounts payable and accrued liabilities	(9,511)	9,640
Deferred revenue	615	13
<b>Net change in cash from operating activities</b>	<b>28,423</b>	<b>26,946</b>
<b>CAPITAL ACTIVITIES</b>		
Acquisition of tangible capital assets	(32,762)	(32,325)
<b>INVESTING ACTIVITIES</b>		
Proceeds on disposition of investments	160,000	195,000
Acquisition of investments	(160,000)	(175,000)
<b>Net change in cash from investing activities</b>	<b>-</b>	<b>20,000</b>
<b>NET CHANGE IN CASH</b>	<b>(4,339)</b>	<b>14,621</b>
<b>CASH - beginning of year</b>	<b>49,654</b>	<b>35,033</b>
<b>CASH - end of year</b>	<b>45,315</b>	<b>49,654</b>

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

# CORPORATION OF THE TOWNSHIP OF CAVAN MONAGHAN

## TOWNSHIP OF CAVAN MONAGHAN PUBLIC LIBRARIES NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2017

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### NATURE OF OPERATIONS

Cavan Monaghan Public Libraries is an unincorporated non-profit organization. The Cavan Monaghan Libraries are dedicated to working with its staff, members and clients to provide efficient service to meet the needs of the community.

The Cavan Monaghan Libraries house a new and up-to-date collection of books and other items to serve the Township of Cavan Monaghan, and has a reciprocal borrowing agreement with the neighbouring Otonabee South-Monaghan Township.

The Cavan Monaghan Libraries are a registered charity, and as such is exempt from income tax.

### 1. SIGNIFICANT ACCOUNTING POLICIES

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

#### (a) Recognition of Revenue and Expenses

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

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

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

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

#### (b) Use of Estimates

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. 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.

# CORPORATION OF THE TOWNSHIP OF CAVAN MONAGHAN

## TOWNSHIP OF CAVAN MONAGHAN PUBLIC LIBRARIES NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2017

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### 1. SIGNIFICANT ACCOUNTING POLICIES, continued

#### (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 audio-visuals	7 years
Furniture and equipment	10 years
Computers and software	3 years

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

#### (d) Deferred Revenue

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

#### (e) Non-Financial Assets

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

#### (f) Reserves and Reserve Funds

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

### 2. DEFERRED REVENUE

Deferred revenue consists of Province of Ontario funding that relates to the next fiscal year.

### 3. PENSION AGREEMENTS

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

The Actuarial Opinion contained in the 2017 Annual Report disclosed total actuarial liabilities of \$94,431 million in respect of benefits accrued for service with actuarial assets of \$89,028 million indicating an actuarial deficit of \$5,403 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 Libraries's required contributions to OMERS in 2017 were \$13,632 (2016 - \$13,068).

# CORPORATION OF THE TOWNSHIP OF CAVAN MONAGHAN

## TOWNSHIP OF CAVAN MONAGHAN PUBLIC LIBRARIES NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2017

### 4. TANGIBLE CAPITAL ASSETS

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

	Books and audio- visuals \$	Furniture and equipment \$	Computers and software \$	2017 Totals \$	2016 Totals \$
<b>COST</b>					
Balance, beginning of year	177,233	86,260	50,830	314,323	321,711
Add: additions during the year	29,176	3,586	-	32,762	32,325
Less: disposals during the year	31,918	-	-	31,918	39,713
Balance, end of year	174,491	89,846	50,830	315,167	314,323
<b>ACCUMULATED AMORTIZATION</b>					
Balance, beginning of year	90,785	69,879	47,209	207,873	206,070
Add: additions during the year	29,487	6,679	2,588	38,754	41,516
Less: disposals during the year	31,918	-	-	31,918	39,713
Balance, end of year	88,354	76,558	49,797	214,709	207,873
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	86,137	13,288	1,033	100,458	106,450

### 5. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2017 \$	2016 \$
<b>Surplus</b>		
Operations	-	14,553
<b>Invested In Capital Assets</b>		
Tangible capital assets - net book value	100,458	106,450
<b>Surplus</b>	100,458	121,003
<b>Reserve</b>		
Working fund	9,303	-
<b>Reserve Fund</b>		
New initiatives	17,195	-
	126,956	121,003

# CORPORATION OF THE TOWNSHIP OF CAVAN MONAGHAN

## TOWNSHIP OF CAVAN MONAGHAN PUBLIC LIBRARIES NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2017

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### 6. BUDGET FIGURES

The operating budget, approved by the Board, for 2017 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.

The following is a reconciliation of the Board approved budget amounts to the PSA amounts:

	(Unaudited) Revenue \$	(Unaudited) Expenses \$
Board approved budget	277,467	277,467
Less: Tangible capital assets capitalized	-	(30,511)
Add: Amortization of tangible capital assets	-	41,516
	<u>277,467</u>	<u>288,472</u>

### 7. COMPARATIVE FIGURES

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

**CORPORATION OF THE TOWNSHIP OF CAVAN  
MONAGHAN**

**MILLBROOK BUSINESS IMPROVEMENT AREA BOARD**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2017**

*Draft May 28, 2018*

## **INDEPENDENT AUDITOR'S REPORT**

### **To the Members of the Millbrook Business Improvement Area Board, the Members of Council, Inhabitants and Ratepayers of the Township of Cavan Monaghan**

#### *Report on the Financial Statements*

We have audited the accompanying financial statements of the Millbrook Business Improvement Area Board of the Corporation of the Township of Cavan Monaghan, which comprise the statement of financial position as at December 31, 2017, the statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

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

#### *Auditor's Responsibility*

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

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

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

#### *Basis for Qualified Opinion*

In common with many non-profit organization, the Millbrook Business Improvement Area derives revenue from donations, fundraising, and user fees, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Millbrook Business Improvement Area and we were not able to determine whether any adjustments might be necessary to user fee, donations and fundraising revenues, assets and fund balances.

#### *Qualified Opinion*

Except as noted in the above paragraph, in our opinion, these financial statements present fairly, in all material respects, the financial position of the Millbrook Business Improvement Area Board as at December 31, 2017 and the results of its operations and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Chartered Professional Accountants  
Licensed Public Accountants

Peterborough, Ontario  
June 4, 2018

# CORPORATION OF THE TOWNSHIP OF CAVAN MONAGHAN

## MILLBROOK BUSINESS IMPROVEMENT AREA BOARD

### STATEMENT OF FINANCIAL POSITION

At December 31, 2017

	2017	2016
	\$	\$
<b>FINANCIAL ASSETS</b>		
Cash	33,807	28,724
Due from Township of Cavan Monaghan	11,336	10,124
<b>TOTAL FINANCIAL ASSETS</b>	45,143	38,848
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	-	4,422
<b>NET FINANCIAL ASSETS</b>	45,143	34,426
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (note 2)	5,313	6,232
<b>ACCUMULATED SURPLUS (note 3)</b>	50,456	40,658

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

# CORPORATION OF THE TOWNSHIP OF CAVAN MONAGHAN

## MILLBROOK BUSINESS IMPROVEMENT AREA BOARD STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS For the Year Ended December 31, 2017

	Budget 2017 \$ (Unaudited)	Actual 2017 \$	Actual 2016 \$
<b>REVENUES</b>			
Tax levy	14,000	14,000	14,000
Township of Cavan Monaghan - audit	-	2,100	-
Donations and fundraising	9,300	11,491	8,890
User fees	2,500	1,663	5,470
<b>TOTAL REVENUES</b>	<b>25,800</b>	<b>29,254</b>	<b>28,360</b>
<b>EXPENSES</b>			
Administration	17,500	7,191	6,079
Christmas in the Village	4,570	3,371	3,523
Professional fees	2,400	2,100	2,035
Ladies night	2,800	2,000	2,286
Supplies	-	1,695	204
Amortization	919	919	919
Car show	1,500	774	1,347
Millbrook Fair	5,000	676	-
BIA dinner	1,700	611	2,456
Advertising and promotion	250	69	223
Donations and honoraria	500	50	1,500
<b>TOTAL EXPENSES</b>	<b>37,139</b>	<b>19,456</b>	<b>20,572</b>
<b>ANNUAL SURPLUS/(DEFICIT)</b>	<b><u>(11,339)</u></b>	<b>9,798</b>	<b>7,788</b>
<b>ACCUMULATED SURPLUS - beginning of year</b>		<b>40,658</b>	<b>32,870</b>
<b>ACCUMULATED SURPLUS - end of year</b>		<b>50,456</b>	<b>40,658</b>

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

**CORPORATION OF THE TOWNSHIP OF CAVAN MONAGHAN**

**MILLBROOK BUSINESS IMPROVEMENT AREA BOARD  
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS  
For the Year Ended December 31, 2017**

	Budget 2017 \$ (Unaudited)	Actual 2017 \$	Actual 2016 \$
<b>ANNUAL SURPLUS/(DEFICIT)</b>	(11,339)	9,798	7,788
<b>AMORTIZATION OF TANGIBLE CAPITAL ASSETS</b>	919	919	919
<b>INCREASE/(DECREASE) IN NET FINANCIAL ASSETS</b>	(10,420)	10,717	8,707
<b>NET FINANCIAL ASSETS - beginning of year</b>	34,426	34,426	25,719
<b>NET FINANCIAL ASSETS - end of year</b>	24,006	45,143	34,426

Draft May 28, 2018

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

**CORPORATION OF THE TOWNSHIP OF CAVAN MONAGHAN**

**MILLBROOK BUSINESS IMPROVEMENT AREA BOARD**

**STATEMENT OF CASH FLOWS**

For the Year Ended December 31, 2017

	2017	2016
	\$	\$
<b>CASH PROVIDED BY (USED IN)</b>		
<b>OPERATING ACTIVITIES</b>		
Annual surplus/(deficit)	9,798	7,788
Items not involving cash		
Amortization of tangible capital assets	919	919
Change in non-cash assets and liabilities		
Due from Township of Cavan Monaghan	(1,212)	(3,608)
Accounts payable and accrued liabilities	(4,422)	(774)
<b>NET CHANGE IN CASH</b>	5,083	4,325
<b>CASH - beginning of year</b>	28,724	24,399
<b>CASH - end of year</b>	33,807	28,724

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

**CORPORATION OF THE TOWNSHIP OF CAVAN MONAGHAN**  
**MILLBROOK BUSINESS IMPROVEMENT AREA BOARD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2017**

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**1. NATURE OF OPERATIONS**

The Millbrook Business Improvement Area Board (the "Board") is controlled by the Council of the Township of Cavan Monaghan. The Board's goal is promoting the downtown business area.

**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 Millbrook Business Improvement Area 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 are recognized as revenue in the year the goods and services are provided.

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

(b) Use of Estimates

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 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:

Signs	4 years
Benches	20 years
Bicycle racks	15 years

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

**CORPORATION OF THE TOWNSHIP OF CAVAN MONAGHAN**  
**MILLBROOK BUSINESS IMPROVEMENT AREA BOARD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2017**

**2. TANGIBLE CAPITAL ASSETS**

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

	Signs \$	Benches \$	Bicycle racks \$	2017 Totals \$	2016 Totals \$
<b>COST</b>					
Balance, beginning of year	4,322	4,642	2,193	11,157	11,157
Balance, end of year	4,322	4,642	2,193	11,157	11,157
<b>ACCUMULATED AMORTIZATION</b>					
Balance, beginning of year	3,241	1,392	292	4,925	4,006
Add: additions during the year	540	232	147	919	919
Balance, end of year	3,781	1,624	439	5,844	4,925
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<b>541</b>	<b>3,018</b>	<b>1,754</b>	<b>5,313</b>	<b>6,232</b>

**3. ACCUMULATED SURPLUS**

Accumulated surplus consists of the following:

	2017 \$	2016 \$
<b>Surplus</b>		
Operations	45,143	34,426
<b>Invested In Capital Assets</b>		
Tangible capital assets - net book value	5,313	6,232
	<b>50,456</b>	<b>40,658</b>

**4. BUDGET FIGURES**

The operating budget, approved by the Millbrook Business Improvement Area, for 2017 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.