

**CORPORATION OF THE TOWNSHIP OF CRAMAHE**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

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## CORPORATION OF THE TOWNSHIP OF CRAMAHE

For The Year Ended December 31, 2017

### MANAGEMENT REPORT

The accompanying consolidated financial statements of the Corporation of the Township of Cramahe 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 Cramahe. 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

Treasurer

Date

## **INDEPENDENT AUDITOR'S REPORT**

### **To the Members of Council, Inhabitants and Ratepayers of the Corporation of the Township of Cramahe**

#### *Report on the Financial Statements*

We have audited the accompanying consolidated financial statements of the Corporation of the Township of Cramahe 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 Cramahe 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.

***Collins Barrow Kawarthas LLP***

Chartered Professional Accountants  
Licensed Public Accountants

Peterborough, Ontario  
June 5, 2018

**CORPORATION OF THE TOWNSHIP OF CRAMAHE****CONSOLIDATED STATEMENT OF FINANCIAL POSITION****At December 31, 2017**

	2017	2016
	\$	\$
<b>FINANCIAL ASSETS</b>		
Cash	3,860,295	3,869,014
Investments (note 2)	2,506,156	2,490,479
Accounts receivable	391,789	241,346
Taxes receivable	865,593	1,027,974
Inventory held for resale	695,669	823,597
<b>TOTAL FINANCIAL ASSETS</b>	<b>8,319,502</b>	<b>8,452,410</b>
<b>LIABILITIES</b>		
Accounts payable	1,136,996	3,106,068
Deferred revenue - obligatory reserve funds (note 5)	1,180,729	867,289
Deferred revenue - other	14,526	7,953
Long term debt (note 6)	2,826,833	1,157,470
<b>TOTAL LIABILITIES</b>	<b>5,159,084</b>	<b>5,138,780</b>
<b>NET FINANCIAL ASSETS</b>	<b>3,160,418</b>	<b>3,313,630</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (note 7)	25,717,277	25,081,395
Inventories of materials and supplies	72,785	77,143
Prepaid expenses	58,017	23,156
<b>TOTAL NON-FINANCIAL ASSETS</b>	<b>25,848,079</b>	<b>25,181,694</b>
<b>ACCUMULATED SURPLUS (note 8)</b>	<b>29,008,497</b>	<b>28,495,324</b>

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

**CORPORATION OF THE TOWNSHIP OF CRAMAHE****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	5,419,975	5,402,357	5,256,664
User charges	1,559,217	1,529,688	1,587,250
Government of Canada	51,268	50,962	956
Province of Ontario	1,007,403	1,048,657	968,754
Penalties and interest on taxes	165,000	153,544	160,077
Investment income	21,000	57,036	32,942
Donations	-	-	5,005
Sale of land held for resale	-	90,823	125,220
Contributed assets	-	22,000	15,000
Federal gas tax earned	175,846	4,388	1,727
<b>TOTAL REVENUES</b>	<b>8,399,709</b>	<b>8,359,455</b>	<b>8,153,595</b>
<b>EXPENSES</b>			
General government	1,217,302	1,247,081	1,169,144
Protection services	1,770,272	1,867,821	1,679,877
Transportation services	2,179,943	2,208,253	1,956,485
Environmental services	1,211,706	1,038,728	1,139,747
Health services	19,170	24,126	18,415
Recreation and cultural services	1,125,472	1,127,845	1,119,145
Planning and development	182,323	332,428	257,889
<b>TOTAL EXPENSES</b>	<b>7,706,188</b>	<b>7,846,282</b>	<b>7,340,702</b>
<b>ANNUAL SURPLUS</b>	<b><u>693,521</u></b>	<b>513,173</b>	<b>812,893</b>
<b>ACCUMULATED SURPLUS - beginning of year</b>		<b>28,495,324</b>	<b>27,682,431</b>
<b>ACCUMULATED SURPLUS - end of year</b>		<b>29,008,497</b>	<b>28,495,324</b>

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

**CORPORATION OF THE TOWNSHIP OF CRAMAHE**

**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>	693,521	513,173	812,893
Amortization of tangible capital assets	1,132,468	1,108,313	1,132,467
Purchase of tangible capital assets	(4,132,328)	(1,869,137)	(2,375,531)
Loss (gain) on disposal of tangible capital assets	-	131,379	(1,665)
Proceeds on sale of tangible capital assets	-	15,563	1,665
Contributed capital assets	-	(22,000)	(15,000)
Change in inventories of materials and supplies	-	4,358	6,114
Change in prepaid expenses	-	(34,861)	(23,156)
<b>DECREASE IN NET FINANCIAL ASSETS</b>	(2,306,339)	(153,212)	(462,213)
<b>NET FINANCIAL ASSETS - beginning of year</b>	3,313,630	3,313,630	3,775,843
<b>NET FINANCIAL ASSETS - end of year</b>	1,007,291	3,160,418	3,313,630

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

**CORPORATION OF THE TOWNSHIP OF CRAMAHE****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	513,173	812,893
Items not involving cash		
Amortization of tangible capital assets	1,108,313	1,132,467
Loss/(gain) on disposal of tangible capital assets	131,379	(1,665)
Contributed capital assets	(22,000)	(15,000)
Change in non-cash assets and liabilities		
Accounts receivable	(150,443)	93,037
Taxes receivable	162,381	(83,508)
Inventory held for resale	127,928	64,797
Inventories of materials and supplies	4,358	6,113
Prepaid expenses	(34,861)	(23,156)
Accounts payable	(1,969,072)	1,653,493
Deferred revenue - obligatory reserve funds	313,440	309,925
Deferred revenue - other	6,573	2,191
<b>Net change in cash from operating activities</b>	<b>191,169</b>	<b>3,951,587</b>
<b>CAPITAL ACTIVITIES</b>		
Purchase of tangible capital assets	(1,869,137)	(2,375,531)
Proceeds on disposal of tangible capital assets	15,563	1,665
<b>Net change in cash from capital activities</b>	<b>(1,853,574)</b>	<b>(2,373,866)</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of investments	(15,677)	(14,088)
Disposal of investments	-	1,003,118
<b>Net change in cash from investing activities</b>	<b>(15,677)</b>	<b>989,030</b>
<b>FINANCING ACTIVITIES</b>		
Long term debt issued	1,968,161	-
Debt principal repayments	(298,798)	(320,323)
<b>Net change in cash from financing activities</b>	<b>1,669,363</b>	<b>(320,323)</b>
<b>NET CHANGE IN CASH</b>	<b>(8,719)</b>	<b>2,246,428</b>
<b>CASH - beginning of year</b>	<b>3,869,014</b>	<b>1,622,586</b>
<b>CASH - end of year</b>	<b>3,860,295</b>	<b>3,869,014</b>

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



# CORPORATION OF THE TOWNSHIP OF CRAMAHE

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2017

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The Township of Cramahe 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:

- Cramahe Township Public Library Board
- Community Police Services 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 - 50 years
Buildings and facilities	10 - 50 years
Machinery and equipment	5 - 15 years
Vehicles	7 - 20 years
Roads	10 - 40 years
Water and sewer	15 - 90 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 CRAMAHE

## 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.

##### 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 year the goods and services are provided, with the exception of building permits that are recognized when the permits are issued.

Sales of land held for resale are recognized as revenue in the year the title passes to the purchaser.

#### (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.

#### (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.

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# CORPORATION OF THE TOWNSHIP OF CRAMAHE

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

### 1. SIGNIFICANT ACCOUNTING POLICIES, continued

#### (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 amortization and opening costs of tangible capital assets are based on estimates of useful life, residual values and valuation rates.

#### (i) Inventory Held for Resale

Inventory held for resale, which consists primarily of land, is stated at cost, with cost of land being the purchase price plus the cost to prepare the land for resale.

### 2. INVESTMENTS

Investments are recorded at cost and include a money market fund with a book value of \$2,506,156 (2016 - \$2,490,479) and market value of \$2,496,665 (2016 - \$2,481,790).

### 3. OPERATIONS OF SCHOOL BOARDS AND THE COUNTY OF NORTHUMBERLAND

During 2017, requisitions were made by the County of Northumberland 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 \$
Amounts requisitioned and remitted	1,831,553	3,458,863

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

### 4. 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 \$1,000,000 a revolving line of credit. Any balance borrowed will accrue interest at the bank's prime lending rate. Council authorized the temporary borrowing limit by By-law 2017-03. At December 31, 2017 there was no balance outstanding (2016 - \$Nil).

## CORPORATION OF THE TOWNSHIP OF CRAMAHE

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2017

#### 5. DEFERRED REVENUE - OBLIGATORY RESERVE FUNDS

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

	2017	2016
	\$	\$
Parkland	72,099	65,971
Development charges	424,953	306,332
Federal gas tax	683,677	494,986
	1,180,729	867,289

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

	2017	2016
	\$	\$
Balance - beginning of year	867,289	557,364
Add amounts received:		
Development charges	115,218	115,909
Federal gas tax	187,907	184,639
Interest	9,203	5,604
Parkland fees	5,500	5,500
	317,828	311,652
Less transfer to operations:		
Federal gas tax	4,388	1,727
Balance - end of year	1,180,729	867,289

# CORPORATION OF THE TOWNSHIP OF CRAMAHE

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2017

### 6. LONG TERM DEBT

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

	2017 \$	2016 \$
OILC debenture, due September 15, 2027, repayable in blended semi-annual installments of \$53,312, interest rate fixed at 3.51% per annum.	1,968,161	-
Long term bank loan, due October 1, 2017, repayable in blended monthly installments of \$15,601, interest rate fixed at 3.61% per annum.	-	153,319
Long term loan from Community Futures, due January 1, 2017, repayable in monthly installments of \$208, interest free.	-	207
Long term bank loan, due August 4, 2019, repayable in blended semi-annual installments of \$30,637, interest rate fixed at 4.04% per annum.	116,602	171,498
Long term loan from CMHC, due November 1, 2024, repayable in blended annual installments of \$123,590, interest rate fixed at 3.99% per annum.	742,070	832,446
	2,826,833	1,157,470

- (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) Interest paid during the year on long term debt amounted to \$66,965 (2016 - \$54,253).

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

	Principal \$	Interest \$	Total \$
2018	188,988	102,501	291,489
2019	196,410	95,079	291,489
2020	142,231	87,983	230,214
2021	147,724	82,490	230,214
2022	153,429	76,785	230,214
2023 and subsequent years	1,998,051	914,719	2,912,770
	2,826,833	1,359,557	4,186,390

# CORPORATION OF THE TOWNSHIP OF CRAMAHE

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

### 7. TANGIBLE CAPITAL ASSETS

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

	2017 \$	2016 \$
General		
Land and land improvements	2,107,686	2,083,844
Buildings and facilities	4,037,982	2,226,786
Machinery and equipment	479,949	504,395
Vehicles	873,293	973,305
Infrastructure		
Roads	5,397,452	5,698,951
Water and sewer	11,280,810	10,737,814
	24,177,172	22,225,095
Assets under construction	1,540,105	2,856,300
	25,717,277	25,081,395

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).

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

	2017 \$	2016 \$
General government	257,796	262,057
Protection services	2,431,561	2,382,965
Transportation services	7,042,101	6,869,435
Environmental services	12,473,937	11,966,986
Health services	128,579	128,579
Recreation and cultural services	2,890,900	2,957,270
Planning and development	492,403	514,103
	25,717,277	25,081,395

# CORPORATION OF THE TOWNSHIP OF CRAMAHE

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

### 8. ACCUMULATED SURPLUS

(a) Accumulated surplus consists of the following:

	2017 \$	2016 \$
<b>Surplus/(Deficit)</b>		
Township	16,122	-
Community Police Services Board	11,797	12,366
Area rates	1,576	(14,547)
Land inventory held for resale	695,669	823,597
Colborne Creek - unfinanced	(169,881)	(191,305)
	555,283	630,111
<b>Invested In Capital Assets</b>		
Tangible capital assets - net book value	25,717,277	25,081,395
Long term debt	(2,826,833)	(1,157,470)
Unfunded capital (note 8(b))	(691,478)	(2,003,866)
	22,198,966	21,920,059
<b>Surplus</b>	22,754,249	22,550,170
<b>Reserves</b>		
Working funds	792,742	737,369
Sewer operations	155,906	316,470
Future capital	462,151	453,839
Waterworks operations	1,660,009	1,637,693
Community projects	1,018	1,018
Transportation services	1,462,402	1,165,728
Fire services	413,699	360,260
Workplace Safety and Insurance Board	199,065	197,565
Planning and development operations	309,725	305,225
General government operations	126,809	111,809
Library operations	20,931	17,630
Police	330,067	328,824
Animal control	11,157	11,157
Benefit stabilization	208,833	208,833
Recreation	56,781	49,781
Cemetery	36,770	35,770
<b>Total Reserves</b>	6,248,065	5,938,971
<b>Reserve Funds</b>		
Library services	6,183	6,183
	29,008,497	28,495,324

# CORPORATION OF THE TOWNSHIP OF CRAMAHE

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2017

### 8. ACCUMULATED SURPLUS, continued

(b) Unfinanced capital consists of the following:

	2017 \$	2016 \$
Well No. 2 rehabilitation	(186,022)	(186,022)
Burnham, Park and Cedar project	(505,456)	-
Fire hall	-	(1,816,415)
Cenotaph	-	(1,429)
	(691,478)	(2,003,866)

### 9. 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 \$146,659 (2016 - \$134,413).

### 10. 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	2,371,062	2,490,989	2,285,319
Interest charges	35,761	66,965	54,253
Materials	2,348,149	2,256,638	2,127,835
Contracted services	1,659,376	1,543,576	1,522,962
Rents and financial	16,700	23,655	18,368
External transfers	142,672	140,789	136,581
Amortization	1,132,468	1,108,313	1,132,467
Gain on disposal of tangible capital assets	-	131,379	(4,490)
Cost of land held for resale sold	-	83,978	67,407
	7,706,188	7,846,282	7,340,702



## CORPORATION OF THE TOWNSHIP OF CRAMAHE

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

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#### 11. CONTINGENT LIABILITIES

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

#### 12. TRUST FUNDS

Trust funds administered by the Township amounting to \$57,689 (2016 - \$57,599) 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.

#### 13. BUDGET FIGURES

The budget, approved by the Township, for 2017 is reflected on the Consolidated Statement of Operations and Accumulated Surplus and the Consolidated Statement of Change in Net Financial Assets. The budget established for capital investment in tangible capital assets are on a project-oriented basis, the costs of which may be carried out over one or more years and, therefore, may not be comparable with current year's actual amounts. Budget figures have been reclassified for the purposes of these financial statements to comply with PSA reporting requirements. Budget figures are not subject to audit.

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

	Revenue \$	Expenses \$
Council approved budget:	12,697,507	12,697,507
Less: tangible capital assets capitalized	-	(4,132,328)
Add: amortization of tangible capital assets	-	1,132,468
Less: principal repayment of long term debt	-	(305,177)
Less: transfers to/from reserves and reserve funds	(4,133,224)	(1,521,708)
Less: budget items reclassified for financial statement purposes	(164,574)	(164,574)
Adjusted budget per Consolidated Statement of Operations	8,399,709	7,706,188

#### 14. SEGMENTED INFORMATION

The Township of Cramahe 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.

## **CORPORATION OF THE TOWNSHIP OF CRAMAHE**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**For the Year Ended December 31, 2017**

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#### **14. 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.

##### **Transportation Services**

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

##### **Environmental Services**

The environmental function is responsible for water and sewer operations and waste management services not covered by the County of Northumberland.

##### **Health Services**

The health services function includes the operation of the East Colborne cemetery.

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

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

##### **Planning and Development**

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

#### **15. COMPARATIVE FIGURES**

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

#### **16. SUBSEQUENT EVENTS**

The Township passed by-law 2018-22 on April 17, 2018 authorizing a 30-year debenture of \$1,720,000 from Infrastructure Ontario.

**CORPORATION OF THE TOWNSHIP OF CRAMAHE**

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

	Cemetery Perpetual Care \$	Forestry Program \$	2017 Total \$	2016 Total \$
<b>FINANCIAL ASSETS</b>				
Investments (note 2)	46,993	10,642	57,635	57,494
Accounts receivable	-	54	54	105
	46,993	10,696	57,689	57,599
<b>FUND BALANCES</b>				
Capital	39,414	10,696	50,110	50,321
Income	7,579	-	7,579	7,278
	46,993	10,696	57,689	57,599

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

**CORPORATION OF THE TOWNSHIP OF CRAMAHE**

**TRUST FUNDS**

**STATEMENT OF CONTINUITY**

**For the Year Ended December 31, 2017**

	Cemetery Perpetual Care \$	Forestry Program \$	2017 Total \$	2016 Total \$
<b>BALANCES - beginning of year</b>	46,957	10,642	57,599	57,199
<b>RECEIPTS</b>				
Investment income	1,098	54	1,152	1,302
<b>EXPENSES</b>				
Administration fee	482	-	482	622
Transfer to operations	580	-	580	280
	1,062	-	1,062	902
<b>BALANCES - end of year</b>	46,993	10,696	57,689	57,599

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

# CORPORATION OF THE TOWNSHIP OF CRAMAHE

## TRUST FUNDS

### NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2017

#### 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.

#### 2. INVESTMENTS

Included in investments are the following investments recorded at cost:

	Market Value \$	2017 Cost \$	2016 Cost \$
Scotiastart Bond Common Trust Fund	47,287	46,993	46,957
1-year GIC maturing January 15, 2018, interest at 0.50%	10,696	10,642	10,537
	57,983	57,635	57,494

#### 3. CEMETERY PERPETUAL CARE

The Perpetual Care Fund administered by the Board 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 Board's cemeteries. The operations and investments of the Fund are undertaken by the Board in accordance with the regulations of the Cemeteries Act.

**CORPORATION OF THE TOWNSHIP OF CRAMAHE**  
**CRAMAHE TOWNSHIP PUBLIC LIBRARY BOARD**  
**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

## **INDEPENDENT AUDITOR'S REPORT**

**To the Members of the Cramahe Township Public Library Board, the Members of Council,  
Inhabitants and Ratepayers of the Corporation of the Township of Cramahe**

### *Report on the Financial Statements*

We have audited the accompanying financial statements of the Cramahe Township Public Library Board of the Corporation of the Township of Cramahe, 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*

The Board derives revenue from donations, fees and fundraising, 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 Board and we were not able to determine whether any adjustments might be necessary to donations, fees 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 Cramahe Township Public Library 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.

***Collins Barrow Kawarthas LLP***

Chartered Professional Accountants  
Licensed Public Accountants

Peterborough, Ontario  
June 5, 2018

**CORPORATION OF THE TOWNSHIP OF CRAMAHE**

**CRAMAHE TOWNSHIP PUBLIC LIBRARY BOARD  
STATEMENT OF FINANCIAL POSITION  
At December 31, 2017**

	2017 \$	2016 \$
<b>FINANCIAL ASSETS</b>		
Cash	93,559	56,361
Accounts receivable	-	2,918
<b>TOTAL FINANCIAL ASSETS</b>	93,559	59,279
<b>LIABILITIES</b>		
Due to Township	60,676	31,165
Deferred revenue	5,769	4,301
<b>TOTAL LIABILITIES</b>	66,445	35,466
<b>NET FINANCIAL ASSETS</b>	27,114	23,813
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (note 2)	135,391	127,877
<b>ACCUMULATED SURPLUS (note 3)</b>	162,505	151,690

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



**CORPORATION OF THE TOWNSHIP OF CRAMAHE****CRAMAHE TOWNSHIP PUBLIC LIBRARY BOARD  
STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS  
For the Year Ended December 31, 2017**

	Budget 2017 \$ (unaudited)	Actual 2017 \$	Actual 2016 \$
<b>REVENUES</b>			
Township contributions	216,008	225,927	196,722
Provincial grants	16,970	25,106	27,022
Donations, fees and fundraising	6,115	5,507	7,520
Other	1,618	2,291	1,326
<b>TOTAL REVENUES</b>	<b>240,711</b>	<b>258,831</b>	<b>232,590</b>
<b>EXPENSES</b>			
Salaries and benefits	151,712	156,849	147,295
Supplies	6,100	6,930	9,551
Maintenance and utilities	27,389	26,422	26,886
Professional fees	2,800	9,353	2,884
Office and administration	10,830	7,555	8,983
Equipment and furnishings	3,400	7,925	3,377
Amortization	33,285	32,982	33,285
<b>TOTAL EXPENSES</b>	<b>235,516</b>	<b>248,016</b>	<b>232,261</b>
<b>ANNUAL SURPLUS</b>	<b><u>5,195</u></b>	<b>10,815</b>	<b>329</b>
<b>ACCUMULATED SURPLUS - beginning of year</b>		<b>151,690</b>	<b>151,361</b>
<b>ACCUMULATED SURPLUS - end of year</b>		<b>162,505</b>	<b>151,690</b>

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

**CORPORATION OF THE TOWNSHIP OF CRAMAHE**

**CRAMAHE TOWNSHIP PUBLIC LIBRARY 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</b>	5,195	10,815	329
Amortization of tangible capital assets	33,285	32,982	33,285
Acquisition of tangible capital assets	(34,452)	(40,496)	(35,592)
<b>INCREASE/(DECREASE) IN NET FINANCIAL ASSETS</b>	4,028	3,301	(1,978)
<b>NET FINANCIAL ASSETS - beginning of year</b>	23,813	23,813	25,791
<b>NET FINANCIAL ASSETS - end of year</b>	27,841	27,114	23,813

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

**CORPORATION OF THE TOWNSHIP OF CRAMAHE**

**CRAMAHE TOWNSHIP PUBLIC LIBRARY 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	10,815	329
Items not involving cash		
Amortization of tangible capital assets	32,982	33,285
Change in non-cash assets and liabilities		
Accounts receivable	2,918	(1,692)
Due to Township	29,511	(270)
Deferred revenue	1,468	33
<b>Net change in cash from operating activities</b>	<b>77,694</b>	<b>31,685</b>
<b>CAPITAL ACTIVITIES</b>		
Acquisition of tangible capital assets	(40,496)	(35,592)
<b>NET CHANGE IN CASH</b>	<b>37,198</b>	<b>(3,907)</b>
<b>CASH - beginning of year</b>	<b>56,361</b>	<b>60,268</b>
<b>CASH - end of year</b>	<b>93,559</b>	<b>56,361</b>

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

# CORPORATION OF THE TOWNSHIP OF CRAMAHE

## CRAMAHE TOWNSHIP PUBLIC LIBRARY BOARD 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. 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 are recognized as revenue in the year the goods and services are provided.

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

#### (b) Use of Estimates

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

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

#### (c) Tangible Capital Assets

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

Books and periodicals	7 years
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Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and are also recorded as revenue.

#### (d) Deferred Revenue

Deferred revenue represents a grant which has been received, but for which the related services have yet to be performed. This amount will be recognized as revenue in the fiscal year the service is 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 CRAMAHE

## CRAMAHE TOWNSHIP PUBLIC LIBRARY BOARD NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2017

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### 1. SIGNIFICANT ACCOUNTING POLICIES, continued

#### (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. TANGIBLE CAPITAL ASSETS

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

	2017 Books and Periodicals \$	2016 Books and Periodicals \$
<b>COST</b>		
Balance, beginning of year	247,371	245,508
Add: additions during the year	40,496	35,592
Less: disposals during the year	38,318	33,729
Balance, end of year	249,549	247,371
<b>ACCUMULATED AMORTIZATION</b>		
Balance, beginning of year	119,494	119,938
Add: additions during the year	32,982	33,285
Less: disposals during the year	38,318	33,729
Balance, end of year	114,158	119,494
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<b>135,391</b>	<b>127,877</b>

## CORPORATION OF THE TOWNSHIP OF CRAMAHE

### CRAMAHE TOWNSHIP PUBLIC LIBRARY BOARD NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2017

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#### 3. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2017	2016
	\$	\$
<b>Invested In Capital Assets</b>		
Tangible capital assets - net book value	135,391	127,877
<b>Surplus</b>	135,391	127,877
<b>Reserve</b>		
Operations	20,931	17,630
<b>Reserve Fund</b>		
Literacy enhancements	6,183	6,183
	162,505	151,690

#### 4. BUDGET FIGURES

The 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 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.