

**CORPORATION OF THE
TOWNSHIP OF ALNWICK/HALDIMAND**

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2018

**CORPORATION OF THE
TOWNSHIP OF ALNWICK/HALDIMAND**

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2018

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CORPORATION OF THE TOWNSHIP OF ALNWICK/HALDIMAND

For The Year Ended December 31, 2018

MANAGEMENT REPORT

The accompanying consolidated financial statements of the Corporation of the Township of Alnwick/Haldimand 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 Alnwick/Haldimand. Council meets periodically with management, as well as the external auditor, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities and to review the financial statements and the independent auditor's report.

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

Deputy Mayor  Date Nov 7/19

Treasurer  Date Nov 7/19

INDEPENDENT AUDITOR'S REPORT**To the Members of Council, Inhabitants and Ratepayers
of the Corporation of the Township of
Alnwick/Haldimand****T: (705) 742-3418
F: (705) 742-9775****www.bakertilly.ca***Opinion*

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

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

Basis for Opinion

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

Other Matter

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

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

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

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

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

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

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

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

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

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

Baker Tilly KDN LLP

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
November 7, 2019

**CORPORATION OF THE TOWNSHIP OF
ALNWICK/HALDIMAND**



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

	2018	2017
	\$	\$
FINANCIAL ASSETS		
Cash	2,884,274	3,173,375
Investments (note 3)	112,363	238,233
Accounts receivable	627,981	331,303
Taxes receivable	1,047,671	906,499
TOTAL FINANCIAL ASSETS	4,672,289	4,649,410
LIABILITIES		
Accounts payable and accrued liabilities	3,284,181	1,070,701
Deferred revenue - obligatory reserve fund (note 7)	961,497	855,832
Deferred revenue - other (note 8)	45,388	7,499
Long term debt (note 9)	229,213	290,708
TOTAL LIABILITIES	4,520,279	2,224,740
NET FINANCIAL ASSETS	152,010	2,424,670
NON-FINANCIAL ASSETS		
Tangible capital assets (note 10)	23,763,675	22,459,528
Prepaid expenses	5,439	-
Inventory of supplies	105,300	-
TOTAL NON-FINANCIAL ASSETS	23,874,414	22,459,528
ACCUMULATED SURPLUS (note 11)	24,026,424	24,884,198

The accompanying notes are an integral part of these financial statements

**CORPORATION OF THE TOWNSHIP OF
ALNWICK/HALDIMAND**



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

	Budget 2018 \$ (Unaudited)	Actual 2018 \$	Actual 2017 \$
REVENUES			
Property taxation	5,661,876	5,754,263	5,368,375
User charges	822,347	886,952	1,039,861
Government of Canada	12,502	50,940	14,654
Province of Ontario	1,057,037	990,204	697,681
Other municipalities	133,090	137,790	111,552
Penalties and interest on taxes	100,000	172,950	188,555
Investment income	51,000	75,323	46,628
Donations	6,150	16,417	20,449
Sale of assets and insurance proceeds	2,000	1,330	385,561
Federal gas tax revenue earned	210,000	210,000	210,000
Development charges earned	529,375	229,970	448,154
Other grants	95,500	87,485	611
TOTAL REVENUES	8,680,877	8,613,624	8,532,081
EXPENSES			
General government	1,376,913	1,404,654	1,249,982
Protection services	2,123,599	2,097,570	1,917,933
Transportation services	4,832,314	4,467,565	4,912,948
Environmental services	399,637	442,620	419,525
Health services	36,504	19,172	24,251
Recreation and cultural services	884,870	922,370	847,302
Planning and development	139,456	117,447	173,221
TOTAL EXPENSES	9,793,293	9,471,398	9,545,162
ANNUAL DEFICIT	<u>(1,112,416)</u>	(857,774)	(1,013,081)
ACCUMULATED SURPLUS - beginning of year		24,884,198	25,897,279
ACCUMULATED SURPLUS - end of year		24,026,424	24,884,198

The accompanying notes are an integral part of these financial statements

**CORPORATION OF THE TOWNSHIP OF
ALNWICK/HALDIMAND**



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

	Budget 2018 \$ (Unaudited)	Actual 2018 \$	Actual 2017 \$
ANNUAL DEFICIT	(1,112,416)	(857,774)	(1,013,081)
Amortization of tangible capital assets	3,036,041	2,727,139	3,036,041
Purchase of tangible capital assets	(2,436,568)	(4,109,436)	(1,511,722)
Loss on disposal of tangible capital assets	-	31,188	164,648
Proceeds on sale of tangible capital assets	-	46,962	-
Change in prepaid expenses	-	(5,439)	-
Change in inventory of supplies	-	(105,300)	-
CHANGE IN NET FINANCIAL ASSETS	(512,943)	(2,272,660)	675,886
NET FINANCIAL ASSETS - beginning of year	2,424,670	2,424,670	1,748,784
NET FINANCIAL ASSETS - end of year	1,911,727	152,010	2,424,670

The accompanying notes are an integral part of these financial statements

**CORPORATION OF THE TOWNSHIP OF
ALNWICK/HALDIMAND**



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

	2018	2017
	\$	\$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual deficit	(857,774)	(1,013,081)
Items not involving cash		
Amortization of tangible capital assets	2,727,139	3,036,041
Loss on disposal of tangible capital assets	31,188	164,648
Change in non-cash assets and liabilities		
Accounts receivable	(296,678)	(85,059)
Taxes receivable	(141,172)	194,511
Prepaid expenses	(5,439)	-
Inventory of supplies	(105,300)	-
Accounts payable and accrued liabilities	2,213,480	293,855
Deferred revenue - obligatory reserve fund	105,665	(2,919)
Deferred revenue - other	37,889	806
Due to trust funds	-	(126,468)
Net change in cash from operating activities	3,708,998	2,462,334
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(4,109,436)	(1,511,722)
Proceeds on disposal of tangible capital assets	46,962	-
Net change in cash from capital activities	(4,062,474)	(1,511,722)
INVESTING ACTIVITIES		
Purchase of investments	(104,005)	-
Disposal of investments	229,875	93,338
Net change in cash from investing activities	125,870	93,338
FINANCING ACTIVITIES		
Debt principal repayments	(61,495)	(59,810)
NET CHANGE IN CASH	(289,101)	984,140
CASH - beginning of year	3,173,375	2,189,235
CASH - end of year	2,884,274	3,173,375

The accompanying notes are an integral part of these financial statements

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

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

1. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Reporting Entity

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

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

- Alnwick/Haldimand Public Library Board
- Alnwick Civic Centre
- Haldimand Memorial Arena & Park Board
- Centreton Community Hall
- Grafton Community Hall
- Fenella Community Hall
- Vernonville Community Hall
- Grafton Communal Water System

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

(b) Trust Funds

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

(c) Deferred Revenue

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

(d) Non-financial Assets

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

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(e) Recognition of Revenues and Expenses

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

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.

Investment income is recorded when earned.

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

(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
ALNWICK/HALDIMAND**



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

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(g) 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 - 30 years
Buildings	40 years
Roadways	10 - 20 years
Water system	20 - 100 years
Vehicles	10 - 25 years
Machinery and equipment	4 - 10 years
Bridges and culverts	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.

(h) Use of Estimates

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

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

2. OPERATIONS OF SCHOOL BOARDS AND THE COUNTY OF NORTHUMBERLAND

During 2018, 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 \$
Property taxes	2,217,146	5,104,157
Taxation from other governments	11,280	37,973
Amounts requisitioned and remitted	2,228,426	5,142,130

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

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

3. INVESTMENTS

Investments are recorded at cost and consist of:

	2018	2017
	\$	\$
Guaranteed Investment Certificates		
Due June 2019 with interest at 2.50%	7,000	7,090
Due June 2019 with interest at 2.55%	97,000	98,267
Due January 2019 with interest at 0.45%	3,436	3,437
Due July 2018 with interest at 2.61%	-	99,205
Due July 2018 with interest at 2.61%	-	25,307
Due May 2020 with interest at 1.50%	4,927	4,927
	112,363	238,233

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 \$640,000 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 01-2018. At December 31, 2018 there was no balance outstanding (2017 - \$Nil).

5. CONTINGENT LIABILITIES

The Township, in the course of its operations, has been named in several lawsuits the outcomes of which are indeterminable at this time. No amounts in connection with these items have been reflected in these financial statements.

6. PENSION AGREEMENTS

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

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

The Township's required contributions to OMERS in 2018 were \$130,859 (2017 - \$131,240).

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

7. DEFERRED REVENUE - OBLIGATORY RESERVE FUNDS

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

	2018 \$	2017 \$
Development charges	943,737	839,138
Federal gas tax	17,760	16,694
	961,497	855,832

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

	2018 \$	2017 \$
Balance - beginning of year	855,832	858,751
Add amounts received:		
Development charges	318,153	440,924
Federal gas tax	210,758	204,739
Interest	16,724	9,572
	545,635	655,235
Less transfer to operations:		
Development charges earned	229,970	448,154
Federal gas tax revenue earned	210,000	210,000
	439,970	658,154
Balance - end of year	961,497	855,832

**CORPORATION OF THE TOWNSHIP OF
ALNWICK/HALDIMAND**



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

8. DEFERRED REVENUE - OTHER

Included in deferred revenue - other are the following amounts:

	2018	2017
	\$	\$
Ontario Library Capacity Fund	-	6,069
Downtown revitalization fund	43,883	-
Water deposits	1,505	1,430
	45,388	7,499

The continuity of deferred revenue - other is as follows:

	2018	2017
	\$	\$
Balance - beginning of year	7,499	6,693
Add amounts received:		
Ontario Library Capacity Fund	-	6,069
Water deposits	75	-
Downtown revitalization fund	43,883	-
	43,958	6,069
Less transfer to operations:		
Ontario Library Capacity Fund	6,069	5,003
Water deposit refunds	-	260
	6,069	5,263
Balance - end of year	45,388	7,499

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

9. LONG TERM DEBT

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

	2018	2017
	\$	\$
Ontario Infrastructure and Lands Corporation loan repayable in blended semi-annual installments of \$34,604 with 2.8% interest, due March 2022	229,213	290,708

- (b) The long term debt in (a) issued in the name of the Township has been approved by by-law. The annual principal and interest payments required to service this liability is 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 \$7,712 (2017 - \$9,399).
- (d) The long term debt reported in (a) of this note is repayable as follows:

	Principal	Interest	Total
	\$	\$	\$
2019	63,229	5,979	69,208
2020	65,012	4,196	69,208
2021	66,845	2,363	69,208
2022	34,127	478	34,605
	229,213	13,016	242,229

**CORPORATION OF THE TOWNSHIP OF
ALNWICK/HALDIMAND**



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

10. TANGIBLE CAPITAL ASSETS

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

	2018	2017
	\$	\$
General		
Land	2,200,564	2,222,985
Land improvements	43,465	46,275
Buildings	4,129,618	2,168,542
Machinery and equipment	1,057,390	944,249
Vehicles	2,187,585	1,579,677
Infrastructure		
Roads and bridges	11,421,169	12,774,246
Water	2,614,069	2,557,018
	23,653,860	22,292,992
Assets under construction	109,815	166,536
	23,763,675	22,459,528

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

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

	2018	2017
	\$	\$
General government	2,518,195	2,493,692
Protection services	3,743,788	1,442,187
Transportation services	12,998,838	14,086,659
Environmental services	3,451,544	3,451,626
Recreation and cultural services	1,051,310	985,364
	23,763,675	22,459,528

**CORPORATION OF THE TOWNSHIP OF
ALNWICK/HALDIMAND**



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

11. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2018	2017
	\$	\$
Surplus/(Deficit)		
Township	(282,538)	-
Library board	(21,157)	-
	(303,695)	-
Invested In Capital Assets		
Tangible capital assets - net book value	23,763,675	22,459,528
Long term debt	(229,213)	(290,708)
Unfunded capital - firehall	(2,114,720)	-
	21,419,742	22,168,820
Surplus	21,116,047	22,168,820
Reserves		
Working funds	949,789	1,241,119
Future acquisition of capital assets	1,703,966	1,286,751
Contingencies	1,000	1,000
Operations	233,361	164,915
Total Reserves	2,888,116	2,693,785
Reserve Funds		
Water	9,780	9,266
Grafton history book	6,251	6,145
Planning	6,230	6,182
Total Reserve Funds	22,261	21,593
	24,026,424	24,884,198

**CORPORATION OF THE TOWNSHIP OF
ALNWICK/HALDIMAND**



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

12. EXPENSES BY OBJECT

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

	Budget 2018 \$ (Unaudited)	Actual 2018 \$	Actual 2017 \$
Salaries and benefits	2,712,422	2,699,748	2,428,650
Interest charges	78,183	7,712	9,399
Materials	2,446,769	2,426,481	2,400,589
Contracted services	1,307,790	1,330,245	1,289,927
Rents and financial	32,968	71,437	60,210
External transfers	179,120	177,448	155,698
Amortization	3,036,041	2,727,139	3,036,041
Loss on disposal of capital assets	-	31,188	164,648
	9,793,293	9,471,398	9,545,162

13. BUDGET FIGURES

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

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

	(Unaudited) Revenue \$	(Unaudited) Expenses \$
Council approved budget:		
Operating	8,306,282	7,104,136
Capital	1,234,422	2,436,568
Total Council approved budget	9,540,704	9,540,704
Less: Tangible capital assets capitalized	-	(2,436,568)
Add: Amortization of tangible capital assets	-	3,036,041
Less: Principal repayment of long term debt	-	(100,384)
Less: Transfers to/from reserves and reserve funds	(807,282)	(246,500)
Less: Prior year surplus	(52,545)	-
Adjusted budget per Consolidated Statement of Operations	8,680,877	9,793,293

14. TRUST FUNDS

Trust funds administered by the Township amounting to \$149,699 (2017 - \$148,718) have not been included in the Consolidated Statement of Financial Position nor have their operations been included in the Consolidated Statement of Operations and Accumulated Surplus. As such balances are held in trust by the Township for the benefit of others, they are not presented as part of the Township's financial position or operations.

15. COMPARATIVE FIGURES

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

16. SEGMENTED INFORMATION

The Township of Alnwick/Haldimand 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.

Protection Services

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

Transportation Services

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

Environmental Services

The environmental function is responsible for providing water services to certain areas in the Township and other costs related to garbage disposal and recycling.

Health Services

The health services function consists of contributions to support hospitals, physician recruitment and cemetery operations.

16. SEGMENTED INFORMATION, continued

Recreation and Cultural Services

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

Planning and Development

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

17. CHANGES IN ACCOUNTING POLICIES

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

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

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

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

CORPORATION OF THE TOWNSHIP OF ALNWICK/HALDIMAND



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

	General					Infrastructure		Assets Under Construction \$	Totals \$
	Land \$	Land Improvements \$	Buildings \$	Machinery and Equipment \$	Vehicles \$	Roads and Bridges \$	Water \$		
COST									
Balance, beginning of year	2,222,985	366,709	5,703,504	2,760,109	4,848,750	69,378,851	3,410,624	166,536	88,858,068
Add: additions during the year	39,369	-	2,140,118	256,968	684,547	754,107	124,512	109,815	4,109,436
Less: disposals during the year	61,790	-	-	18,244	491,649	-	45,017	-	616,700
Internal transfers	-	-	-	-	166,536	-	-	(166,536)	-
Balance, end of year	2,200,564	366,709	7,843,622	2,998,833	5,208,184	70,132,958	3,490,119	109,815	92,350,804
ACCUMULATED AMORTIZATION									
Balance, beginning of year	-	320,434	3,534,962	1,815,860	3,269,073	56,604,605	853,606	-	66,398,540
Add: additions during the year	-	2,810	179,042	143,827	243,175	2,107,184	51,101	-	2,727,139
Less: disposals during the year	-	-	-	18,244	491,649	-	28,657	-	538,550
Balance, end of year	-	323,244	3,714,004	1,941,443	3,020,599	58,711,789	876,050	-	68,587,129
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	2,200,564	43,465	4,129,618	1,057,390	2,187,585	11,421,169	2,614,069	109,815	23,763,675

CORPORATION OF THE TOWNSHIP OF ALNWICK/HALDIMAND



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

	General Government \$	Protection Services \$	Transportation Services \$	Environmental Services \$	Health Services \$	Recreation and Cultural Services \$	Planning and Development \$	Consolidated \$
Revenues								
Property taxation	688,167	2,014,137	2,406,000	-	25,438	579,065	41,456	5,754,263
User charges	57,209	232,430	18,340	343,041	350	161,394	74,188	886,952
Government transfers - operating	506,800	6,642	3,360	-	-	29,729	-	546,531
Government transfers - capital	-	-	432,081	62,532	-	-	-	494,613
Other municipalities	-	73,102	50,050	14,638	-	-	-	137,790
Penalties and interest on taxes	172,950	-	-	-	-	-	-	172,950
Investment income	63,290	-	-	3,525	8,508	-	-	75,323
Donations	-	4,365	-	-	882	11,170	-	16,417
Sale of assets and insurance proceeds	-	-	1,330	-	-	-	-	1,330
Federal gas tax revenue earned	-	-	210,000	-	-	-	-	210,000
Development charges earned	49,000	43,770	75,550	45,400	-	16,250	-	229,970
Other grants	19,985	-	-	-	-	67,500	-	87,485
Total revenues	1,557,401	2,374,446	3,196,711	469,136	35,178	865,108	115,644	8,613,624
Expenses								
Salaries and benefits	778,394	479,797	1,024,371	-	-	370,040	47,146	2,699,748
Interest charges	-	-	5,283	-	-	2,429	-	7,712
Materials	422,651	264,409	1,039,841	259,759	13,406	412,763	13,652	2,426,481
Contracted services	117,372	1,072,848	7,192	53,267	5,766	30,627	43,173	1,330,245
Rents and financial	6,352	-	50,541	-	-	14,544	-	71,437
External transfers	50,536	109,300	-	-	-	4,136	13,476	177,448
Amortization	34,349	156,388	2,340,337	108,234	-	87,831	-	2,727,139
Loss on disposal of capital assets	-	14,828	-	16,360	-	-	-	31,188
Internal transfers	(5,000)	-	-	5,000	-	-	-	-
Total expenses	1,404,654	2,097,570	4,467,565	442,620	19,172	922,370	117,447	9,471,398
Net surplus/(deficit)	152,747	276,876	(1,270,854)	26,516	16,006	(57,262)	(1,803)	(857,774)

CORPORATION OF THE TOWNSHIP OF ALNWICK/HALDIMAND



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

	General Government \$	Protection Services \$	Transportation Services \$	Environmental Services \$	Health Services \$	Recreation and Cultural Services \$	Planning and Development \$	Consolidated \$
Revenues								
Property taxation	465,682	1,964,077	2,337,544	12,750	30,161	480,775	77,386	5,368,375
User charges	59,917	359,756	116,483	274,968	1,857	157,995	68,885	1,039,861
Government transfers - operating	500,400	6,546	4,013	-	-	34,020	-	544,979
Government transfers - capital	-	-	167,356	-	-	-	-	167,356
Other municipalities	-	73,102	25,000	13,450	-	-	-	111,552
Penalties and interest on taxes	188,555	-	-	-	-	-	-	188,555
Investment income	38,635	-	-	7,933	-	60	-	46,628
Donations	14,374	6,075	-	-	-	-	-	20,449
Sale of assets and insurance proceeds	147,218	-	238,343	-	-	-	-	385,561
Federal gas tax revenue earned	-	-	210,000	-	-	-	-	210,000
Development charges earned	-	40,000	244,000	-	-	164,154	-	448,154
Other grants	-	-	-	-	-	611	-	611
Total revenues	1,414,781	2,449,556	3,342,739	309,101	32,018	837,615	146,271	8,532,081
Expenses								
Salaries and benefits	686,070	424,328	930,570	-	-	282,336	105,346	2,428,650
Interest charges	-	-	6,438	-	-	2,961	-	9,399
Materials	421,980	250,246	1,019,989	239,050	16,021	437,902	15,401	2,400,589
Contracted services	89,558	1,050,964	7,883	69,572	8,230	28,091	35,629	1,289,927
Rents and financial	5,322	20,144	21,259	-	-	13,485	-	60,210
External transfers	36,136	98,460	-	-	-	4,257	16,845	155,698
Amortization	15,916	73,791	2,762,161	105,903	-	78,270	-	3,036,041
Loss on disposal of capital assets	-	-	164,648	-	-	-	-	164,648
Internal transfers	(5,000)	-	-	5,000	-	-	-	-
Total expenses	1,249,982	1,917,933	4,912,948	419,525	24,251	847,302	173,221	9,545,162
Net surplus/(deficit)	164,799	531,623	(1,570,209)	(110,424)	7,767	(9,687)	(26,950)	(1,013,081)

INDEPENDENT AUDITOR'S REPORT

**To the Members of Council, Inhabitants and Ratepayers
of the Corporation of the Township of
Alnwick/Haldimand**

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

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Opinion

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

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

Basis for Opinion

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

Other Matter

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Baker Tilly KDN LLP

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
November 7, 2019

**CORPORATION OF THE TOWNSHIP OF
ALNWICK/HALDIMAND**



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

	Cemeteries \$	Road Deposits \$	2018 Total \$	2017 Total \$
FINANCIAL ASSETS				
Cash	146,457	-	146,457	146,144
Investments (note 2)	-	1,957	1,957	1,926
Due from Township	450	-	450	1,483
Due from Public Guardian and Trustee	835	-	835	-
	147,742	1,957	149,699	149,553
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Due to Township	-	-	-	835
FUND BALANCES	147,742	1,957	149,699	148,718
	147,742	1,957	149,699	149,553

The accompanying notes are an integral part of these financial statements

**CORPORATION OF THE TOWNSHIP OF
ALNWICK/HALDIMAND**



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

	Cemeteries \$	Road Deposits \$	2018 Total \$	2017 Total \$
BALANCES - beginning of year	146,792	1,926	148,718	147,235
RECEIPTS				
Interest earned	8,026	31	8,057	1,374
Care and maintenance receipts	950	-	950	1,483
	8,976	31	9,007	2,857
EXPENSES				
Administration fee	1,442	-	1,442	539
Transfer to Township	6,584	-	6,584	835
	8,026	-	8,026	1,374
BALANCES - end of year	147,742	1,957	149,699	148,718

The accompanying notes are an integral part of these financial statements

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

1. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of Accounting

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

(b) Use of Estimates

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

(c) Nature of Trusts

The cemeteries trust fund represent a portion of the sale of cemetery plots and monument foundations at both the heritage and assumed cemeteries within the Township. The capital amounts are to be kept intact in perpetuity, with investment income earned on the funds used to maintain the cemeteries.

The road deposits trust fund represents deposits received for Henderson Road. The capital amounts are to be kept intact in perpetuity, with investment income earned on the funds used to maintain Henderson Road.

2. INVESTMENTS

The following investments are recorded at cost:

	2018	2017
	\$	\$
CIBC - GIC interest at 1.66% maturing April 29, 2019	1,957	-
CIBC - GIC interest at 0.50% maturing April 27, 2018	-	1,926
	1,957	1,926

**CORPORATION OF THE
TOWNSHIP OF ALNWICK/HALDIMAND**

ALNWICK/HALDIMAND PUBLIC LIBRARY BOARD

FINANCIAL STATEMENTS

DECEMBER 31, 2018

INDEPENDENT AUDITOR'S REPORT**To the Members of the Alnwick/Haldimand Public Library Board, the Members of Council, Inhabitants and Ratepayers of the Corporation of the Township of Alnwick/Haldimand****T: (705) 742-3418**
F: (705) 742-9775**www.bakertilly.ca***Qualified Opinion*

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

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

Basis for Qualified Opinion

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

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

Other Matter

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

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

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

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

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

ASSURANCE • TAX • ADVISORY

Baker Tilly KDN LLP is a member of Baker Tilly Canada Cooperative, which is a member of the global network of Baker Tilly International Limited. All members of Baker Tilly Canada Cooperative and Baker Tilly International Limited are separate and independent legal entities.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Baker Tilly KDN LLP

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
November 7, 2019

**CORPORATION OF THE TOWNSHIP OF
ALNWICK/HALDIMAND**



**ALNWICK/HALDIMAND PUBLIC LIBRARY BOARD
STATEMENT OF FINANCIAL POSITION
At December 31, 2018**

	2018	2017
	\$	\$
FINANCIAL ASSETS		
Cash	48,313	31,003
LIABILITIES		
Due to Township	52,013	7,477
Deferred revenue	-	6,069
Long term debt (note 3)	72,202	91,573
TOTAL LIABILITIES	124,215	105,119
NET FINANCIAL LIABILITIES	(75,902)	(74,116)
NON-FINANCIAL ASSETS		
Tangible capital assets (note 4)	614,647	630,555
ACCUMULATED SURPLUS (note 5)	538,745	556,439

The accompanying notes are an integral part of these financial statements

**CORPORATION OF THE TOWNSHIP OF
ALNWICK/HALDIMAND**



**ALNWICK/HALDIMAND PUBLIC LIBRARY BOARD
STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
For the Year Ended December 31, 2018**

	Budget 2018 \$ (Unaudited)	Actual 2018 \$	Actual 2017 \$
REVENUES			
Contribution from Township	198,616	198,616	194,180
Contribution from Township - development charges	23,500	5,125	24,154
Government of Canada	2,502	2,532	4,622
Province of Ontario	22,820	22,820	21,754
Donations, fees and fundraising	6,950	7,729	8,980
Other grants	500	-	611
TOTAL REVENUES	254,888	236,822	254,301
EXPENSES			
Salaries and benefits	145,809	150,502	135,762
Office supplies	9,102	8,419	7,469
Videos and subscriptions	18,338	18,026	17,784
Computer and internet	11,100	10,238	11,111
Telephone	2,700	2,845	2,900
Membership and licence fees	2,190	240	1,725
Travel and mileage	50	138	-
Public relations	250	260	446
Staff training	800	859	483
Literacy projects	6,069	6,326	7,398
Property maintenance	16,380	18,696	32,381
Interest on long term debt	2,429	2,429	2,961
Amortization	39,419	35,538	39,419
TOTAL EXPENSES	254,636	254,516	259,839
ANNUAL SURPLUS/(DEFICIT)	<u>252</u>	(17,694)	(5,538)
ACCUMULATED SURPLUS - beginning of year		556,439	561,977
ACCUMULATED SURPLUS - end of year		538,745	556,439

The accompanying notes are an integral part of these financial statements

**CORPORATION OF THE TOWNSHIP OF
ALNWICK/HALDIMAND**



**ALNWICK/HALDIMAND PUBLIC LIBRARY BOARD
STATEMENT OF CHANGE IN NET FINANCIAL LIABILITIES
For the Year Ended December 31, 2018**

	Budget 2018 \$ (Unaudited)	Actual 2018 \$	Actual 2017 \$
ANNUAL SURPLUS/(DEFICIT)	252	(17,694)	(5,538)
Amortization of tangible capital assets	39,419	35,538	39,419
Acquisition of tangible capital assets	(20,300)	(19,630)	(16,676)
NET CHANGE IN FINANCIAL LIABILITIES	19,371	(1,786)	17,205
NET FINANCIAL LIABILITIES - beginning of year	(74,116)	(74,116)	(91,321)
NET FINANCIAL LIABILITIES - end of year	(54,745)	(75,902)	(74,116)

The accompanying notes are an integral part of these financial statements

**CORPORATION OF THE TOWNSHIP OF
ALNWICK/HALDIMAND**



**ALNWICK/HALDIMAND PUBLIC LIBRARY BOARD
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2018**

	2018	2017
	\$	\$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual deficit	(17,694)	(5,538)
Items not involving cash		
Amortization of tangible capital assets	35,538	39,419
Change in non-cash assets and liabilities		
Due from Township	-	16,012
Due to Township	44,536	7,477
Deferred revenue	(6,069)	1,066
Net change in cash from operating activities	56,311	58,436
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(19,630)	(16,676)
FINANCING ACTIVITIES		
Debt principal repayments	(19,371)	(18,840)
NET CHANGE IN CASH	17,310	22,920
CASH - beginning of year	31,003	8,083
CASH - end of year	48,313	31,003

The accompanying notes are an integral part of these financial statements

**ALNWICK/HALDIMAND PUBLIC LIBRARY BOARD
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2018**

1. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Recognition of Revenue and Expenses

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

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

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:

Buildings	40 years
Books and Equipment	10 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 are not amortized until they are put into service.

(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.

**ALNWICK/HALDIMAND PUBLIC LIBRARY BOARD
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2018**

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(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.

(g) Inter-Entity Transactions

The Alnwick/Haldimand Public Library Board is a Board of the Township of Alnwick/Haldimand and is consolidated with the Township's financial statements.

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

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

2. CHANGES IN ACCOUNTING POLICIES

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

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

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

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

**ALNWICK/HALDIMAND PUBLIC LIBRARY BOARD
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2018**

3. LONG TERM DEBT

(a) Long term debt consists of the following:

	2018	2017
	\$	\$
31.5% of Township's Ontario Infrastructure and Lands Corporation loan repayable in blended semi-annual installments of \$10,900 with 2.8% interest, due March 2022	72,202	91,573

(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 \$2,429 (2017 - \$2,961).

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

	Principal	Interest	Total
	\$	\$	\$
2019	19,917	1,883	21,800
2020	20,479	1,321	21,800
2021	21,056	744	21,800
2022	10,750	151	10,901
	72,202	4,099	76,301

**ALNWICK/HALDIMAND PUBLIC LIBRARY BOARD
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2018**

4. TANGIBLE CAPITAL ASSETS

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

	Buildings \$	Books and Equipment \$	2018 Totals \$	2017 Totals \$
COST				
Balance, beginning of year	640,150	212,797	852,947	857,180
Add: additions during the year	-	19,630	19,630	16,676
Less: disposals during the year	-	18,244	18,244	20,909
Balance, end of year	640,150	214,183	854,333	852,947
ACCUMULATED AMORTIZATION				
Balance, beginning of year	92,023	130,369	222,392	203,882
Add: additions during the year	16,004	19,534	35,538	39,419
Less: disposals during the year	-	18,244	18,244	20,909
Balance, end of year	108,027	131,659	239,686	222,392
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	532,123	82,524	614,647	630,555

**ALNWICK/HALDIMAND PUBLIC LIBRARY BOARD
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2018**

5. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2018	2017
	\$	\$
Deficit		
Operations	(21,157)	-
Invested In Capital Assets		
Tangible capital assets - net book value	614,647	630,555
Long term debt	(72,202)	(91,573)
	542,445	538,982
Surplus	521,288	538,982
Reserves		
Future development	10,042	10,042
Literacy	7,415	7,415
Total Reserves	17,457	17,457
	538,745	556,439

6. BUDGET FIGURES

The operating budget, approved by the Board, for 2018 is reflected on the Statement of Operations and Accumulated Surplus and the Statement of Change in Net Financial Liabilities. 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.

7. INTER-ENTITY TRANSACTIONS

During the year, the Board entered into transactions with the Township of Alnwick/Haldimand.

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

In addition, the Township provides accounting and administrative services to the Board at no cost.

All balances with the Township of Alnwick/Haldimand have been identified on the Statement of Financial Position. Due from (to) balances are unsecured, without interest and have no terms of repayment.