



**CORPORATION OF THE TOWNSHIP OF
HAVELOCK-BELMONT-METHUEN**

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2018

**CORPORATION OF THE TOWNSHIP OF
HAVELOCK-BELMONT-METHUEN**

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2018

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CORPORATION OF THE TOWNSHIP OF HAVELOCK-BELMONT-METHUEN

For The Year Ended December 31, 2018

MANAGEMENT REPORT

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

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

Mayor



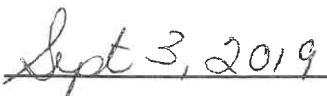
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INDEPENDENT AUDITOR'S REPORT**To the Members of the Council of the Corporation of the
Township of Havelock-Belmont-Methuen***Opinion*

We have audited the consolidated financial statements of the Corporation of the Township of Havelock-Belmont-Methuen 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 Kawartha 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
September 3, 2019

**CORPORATION OF THE TOWNSHIP OF
HAVELOCK-BELMONT-METHUEN**



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

	2018	2017
	\$	\$
FINANCIAL ASSETS		
Cash (note 3)	2,391,464	624,794
Investments (note 4)	8,023,765	8,240,182
Accounts receivable	610,784	966,136
Taxes receivable	604,607	589,599
TOTAL FINANCIAL ASSETS	11,630,620	10,420,711
LIABILITIES		
Accounts payable and accrued liabilities	847,193	1,595,151
Deferred revenue - obligatory reserve funds (note 7)	332,305	435,073
Deferred revenue - other (note 6)	1,288,023	46,117
Landfill post-closure liability (note 5)	275,000	558,000
TOTAL LIABILITIES	2,742,521	2,634,341
NET FINANCIAL ASSETS	8,888,099	7,786,370
NON-FINANCIAL ASSETS		
Tangible capital assets (note 8)	29,428,812	28,231,600
Prepaid expenses	173,794	24,872
TOTAL NON-FINANCIAL ASSETS	29,602,606	28,256,472
ACCUMULATED SURPLUS (note 9)	38,490,705	36,042,842

The accompanying notes are an integral part of these financial statements

**CORPORATION OF THE TOWNSHIP OF
HAVELOCK-BELMONT-METHUEN**



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

	Budget 2018 \$ (Unaudited)	Actual 2018 \$	Actual 2017 \$
REVENUES			
Property taxation	6,007,619	6,060,193	5,733,482
User charges	1,304,685	1,520,959	1,524,361
Government of Canada	20,000	13,445	370,009
Province of Ontario	2,240,595	1,757,888	2,264,634
Other municipalities	-	-	52,933
Penalties and interest on taxes	120,000	104,650	124,108
Investment income	30,000	193,168	125,335
Parkland fees earned	41,872	-	-
Federal gas tax earned	260,114	260,114	100,421
Other	820	43,788	50,757
TOTAL REVENUES	10,025,705	9,954,205	10,346,040
EXPENSES			
General government	1,431,070	1,323,873	1,344,350
Protection services	2,308,864	2,302,250	2,200,580
Transportation services	1,688,191	1,572,964	1,850,287
Environmental services	1,527,217	1,213,025	1,644,561
Health services	150,517	154,491	161,216
Recreation and cultural services	744,612	739,404	745,399
Planning and development	155,414	200,335	265,487
TOTAL EXPENSES	8,005,885	7,506,342	8,211,880
ANNUAL SURPLUS	<u>2,019,820</u>	2,447,863	2,134,160
ACCUMULATED SURPLUS - beginning of year		36,042,842	33,908,682
ACCUMULATED SURPLUS - end of year		38,490,705	36,042,842

The accompanying notes are an integral part of these financial statements

**CORPORATION OF THE TOWNSHIP OF
HAVELOCK-BELMONT-METHUEN**



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

	Budget 2018 \$ (Unaudited)	Actual 2018 \$	Actual 2017 \$
ANNUAL SURPLUS	2,019,820	2,447,863	2,134,160
Amortization of tangible capital assets	1,354,893	1,504,318	1,354,893
Purchase of tangible capital assets	(4,731,608)	(2,734,204)	(4,195,264)
Loss/(gain) on disposal of tangible capital assets	-	(265,573)	245,435
Proceeds on sale of tangible capital assets	-	298,247	19,770
Change in prepaid expenses	-	(148,922)	10,480
CHANGE IN NET FINANCIAL ASSETS	(1,356,895)	1,101,729	(430,526)
NET FINANCIAL ASSETS - beginning of year	7,786,370	7,786,370	8,216,896
NET FINANCIAL ASSETS - end of year	6,429,475	8,888,099	7,786,370

The accompanying notes are an integral part of these financial statements

**CORPORATION OF THE TOWNSHIP OF
HAVELOCK-BELMONT-METHUEN**



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

	2018	2017
	\$	\$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus	2,447,863	2,134,160
Items not involving cash		
Amortization of tangible capital assets	1,504,318	1,354,893
Loss/(gain) on disposal of tangible capital assets	(265,573)	245,435
Change in landfill post-closure liability	(283,000)	(4,000)
Change in non-cash assets and liabilities		
Accounts receivable	355,352	317,764
Taxes receivable	(15,008)	227,698
Prepaid expenses	(148,922)	10,480
Accounts payable and accrued liabilities	(747,958)	(11,484)
Deferred revenue - obligatory reserve funds	(102,768)	48,357
Deferred revenue - other	1,241,906	(101,685)
Net change in cash from operating activities	3,986,210	4,221,618
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(2,734,204)	(4,195,264)
Proceeds on disposal of tangible capital assets	298,247	19,770
Net change in cash from capital activities	(2,435,957)	(4,175,494)
INVESTING ACTIVITIES		
Purchase of investments	(1,129,013)	(100,869)
Redemption of investments	1,345,430	-
Net change in cash from investing activities	216,417	(100,869)
NET CHANGE IN CASH	1,766,670	(54,745)
CASH - beginning of year	624,794	679,539
CASH - end of year	2,391,464	624,794

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 Havelock-Belmont-Methuen 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:

- Havelock-Belmont-Methuen Library Board
- Belmont-Methuen-Havelock Cemetery Board

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

(b) 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	25 to 40 years
Buildings	30 to 60 years
Equipment	5 to 35 years
Roads and bridges	10 to 40 years
Water and sewer	10 to 75 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.

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(c) 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 parkland fees are recognized in the period in which the related expenditures are recorded.

(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.

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

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(e) 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.

(f) 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.

(g) Use of Estimates

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

- The amounts recorded for landfill post-closure care depend on estimates of post closure monitoring and maintenance;
- The amounts recorded for amortization and opening costs of tangible capital assets are based on estimates of useful life, residual values and valuation rates; and
- The amount recorded as allowance for doubtful accounts receivable is based on management's estimate of future payments on receivable account balances.

2. OPERATIONS OF SCHOOL BOARDS AND THE COUNTY OF PETERBOROUGH

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

	School Boards \$	County \$
Property taxes	2,687,859	4,233,642
Taxation from other governments	15,377	17,941
Amounts requisitioned and remitted	2,703,236	4,251,583

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

**CORPORATION OF THE TOWNSHIP OF
HAVELOCK-BELMONT-METHUEN**



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

3. CASH

Cash is comprised of the following:

	2018	2017
	\$	\$
Unrestricted	2,180,588	404,498
Restricted funds	210,876	220,296
	2,391,464	624,794

4. INVESTMENTS

Investments consist of the following:

	Market value		
	2018	2018	2017
	\$	\$	\$
ONE funds	8,308,272	8,023,765	8,240,182

5. LANDFILL POST-CLOSURE LIABILITY

The liability for landfill post-closure costs of \$275,000 (2017 - \$558,000) has been estimated using discounted future cash flows associated with post-closure care activities for the Township's three closed landfill sites using an inflation rate of 2.0% and a discount rate of 3.5%. Post-closure costs include monitoring, maintenance of control systems and consulting fees for 25 years after the site is closed. A reserve of \$128,523 (2017 - \$92,171) has been provided for this liability with the remaining costs to be funded from taxation. There are no specific assets designated for settling this liability.

**CORPORATION OF THE TOWNSHIP OF
HAVELOCK-BELMONT-METHUEN**



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

6. DEFERRED REVENUE - OTHER

Included in deferred revenue - other are the following amounts:

	2018	2017
	\$	\$
OCIF - Mathison Street	1,288,023	-
Library Capacity building grant	-	39,117
Rotary Park grant	-	7,000
	1,288,023	46,117

The continuity of deferred revenue - other is as follows:

	2018	2017
	\$	\$
Balance - beginning of year	46,117	147,802
Add amounts received:		
OCIF - Mathison Street	1,408,040	-
Rotary Park grant	-	7,000
Library Capacity building grant	-	59,890
	1,408,040	66,890
Less transfer to operations:		
Library Capacity building grant	39,117	25,431
Rotary Park grant	7,000	-
Connecting Link	-	143,144
OCIF - Mathison Street	120,017	-
	166,134	168,575
Balance - end of year	1,288,023	46,117

**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 \$
Parkland	184,662	175,548
Federal gas tax	147,643	259,525
	332,305	435,073

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

	2018 \$	2017 \$
Balance - beginning of year	435,073	386,716
Add amounts received:		
Parkland	7,000	4,000
Federal gas tax	144,062	139,948
Interest	6,284	4,830
	157,346	148,778
Less transfer to operations:		
Federal gas tax earned	260,114	100,421
Balance - end of year	332,305	435,073

**CORPORATION OF THE TOWNSHIP OF
HAVELOCK-BELMONT-METHUEN**



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

8. TANGIBLE CAPITAL ASSETS

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

	2018	2017
	\$	\$
General		
Land	509,486	509,452
Land improvements	2,255,295	2,325,448
Buildings	9,539,736	9,762,578
Equipment	4,457,694	4,066,077
Infrastructure		
Roads and bridges	6,759,334	6,538,804
Water and sewer	4,900,702	5,029,241
	28,422,247	28,231,600
Assets under construction	1,006,565	-
	29,428,812	28,231,600

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).

Tangible capital assets allocated by segment are as follows:

	2018	2017
	\$	\$
General government	812,325	742,113
Protection services	1,346,723	1,363,605
Transportation services	9,122,431	7,624,424
Environmental services	15,073,492	15,594,149
Health services	115,449	119,995
Recreation and cultural services	2,958,392	2,787,314
	29,428,812	28,231,600

**CORPORATION OF THE TOWNSHIP OF
HAVELOCK-BELMONT-METHUEN**



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

9. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2018	2017
	\$	\$
Surplus/(Deficit)		
Unfunded landfill post-closure costs	(275,000)	(558,000)
Cemetery Board	98,609	76,035
	(176,391)	(481,965)
Invested In Capital Assets		
Tangible capital assets - net book value	29,428,812	28,231,600
Unfunded capital (see below)	-	(188,771)
	29,428,812	28,042,829
Surplus	29,252,421	27,560,864
Reserves		
Working funds	1,041,374	1,014,397
Roads capital	452,568	366,339
Roads equipment	261,200	549,768
Roads village	232,214	144,912
Municipal elections	6,937	34,264
Environmental capital	130,688	92,171
Administration	3,080,617	2,693,641
Fire department	853,537	756,834
Building department equipment	325,297	310,712
Planning	87,530	30,283
Subdivider	4,855	4,855
Medical centre	13,386	6,025
Police services board	388,768	369,961
Parks/recreation/arena	516,913	599,403
Water maintenance	22,176	-
Sewer maintenance	213,176	156,414
General capital projects	150,000	50,000
Library	42,043	37,509
Total Reserves	7,823,279	7,217,488

**CORPORATION OF THE TOWNSHIP OF
HAVELOCK-BELMONT-METHUEN**



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

9. ACCUMULATED SURPLUS, continued

	2018 \$	2017 \$
Reserve Funds		
Fire	21,813	21,554
Water system	54,402	-
Sewer	1,298,672	1,203,278
General	36,552	36,105
Public accounts	3,566	3,553
Total Reserve Funds	1,415,005	1,264,490
	38,490,705	36,042,842

Total unfunded capital consists of:

	2018 \$	2017 \$
Donald Street	-	(155,771)
Unpaved road projects	-	(33,000)
	-	(188,771)

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 2018 \$ (Unaudited)	Actual 2018 \$	Actual 2017 \$
Salaries and benefits	2,401,480	2,179,352	2,162,250
Materials	1,660,658	1,763,271	1,700,887
Contracted services	2,369,884	2,037,030	2,535,127
Rents and financial	7,900	5,734	5,428
External transfers	211,070	282,210	207,860
Amortization	1,354,893	1,504,318	1,354,893
Loss/(gain) on disposal of tangible capital assets	-	(265,573)	245,435
	8,005,885	7,506,342	8,211,880

11. 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 \$143,587 (2017 - \$131,571).

12. COMMITMENTS

The Township has entered into a five year agreement for management, operations and maintenance services of the municipal water treatment facilities at an annual cost of \$323,652 for the first year and the remaining years will be adjusted by the annual Consumer Price Index. The term of the agreement is from January 1, 2016 to December 31, 2020.

During the year the Township entered into an agreement for reconstruction of Union Street, Quebec Street, Mathison Street and Victoria Street in the Village of Havelock for total commitment of \$2,247,500 including HST. Costs incurred to December 31, 2018 were \$672,699. This project is expected to be funded from Provincial funding and Township resources.

13. CONTINGENT LIABILITIES

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

14. TRUST FUNDS

Trust funds administered by the Township's Cemetery Board amounting to \$283,617 (2017 - \$276,467) 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. 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 \$250,000 via an operating loan. Any balance borrowed will accrue interest at the bank's prime lending rate per annum. Council authorized the temporary borrowing limit by By-law 2018-026. At December 31, 2018 there was no balance outstanding.

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

16. 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:

	Revenue \$	Expenses \$
Council approved budget:		
Operating	7,799,133	7,594,350
Capital	4,431,325	4,636,108
Total Council approved budget	12,230,458	12,230,458
Less: Tangible capital assets capitalized	-	(4,731,608)
Add: Amortization of tangible capital assets	-	1,354,893
Less: Transfers to/from reserves and reserve funds	(2,201,953)	(847,858)
Less: Cemetery budget in excess of Township Contribution	(2,800)	-
Adjusted budget per Consolidated Statement of Operations	10,025,705	8,005,885

17. SEGMENTED INFORMATION

The Township of Havelock-Belmont-Methuen 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.

17. SEGMENTED INFORMATION, continued

Transportation Services

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

Water and Sewer

This function is responsible for providing water and sewer services to certain areas of the Township and is included in Environmental Services on the Consolidated Statement of Operations and Accumulated Surplus.

Environmental Services

This function is responsible for providing waste collection, waste disposal and recycling services to ratepayers.

Health Services

The health services function consists of the activities of the cemetery board and external transfers to the local medical centre.

Recreation and Cultural Services

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

Planning and Development

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

18. 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 HAVELOCK-BELMONT-METHUEN



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

	General				Infrastructure		Assets Under Construction	Totals
	Land	Land	Buildings	Equipment	Roads and Bridges	Water and Sewer		
	\$	\$	\$	\$	\$	\$	\$	
COST								
Balance, beginning of year	509,452	3,389,792	16,256,687	6,457,428	9,367,484	7,884,422	-	43,865,265
Add: additions during the year	34	-	237,367	764,115	726,123	-	1,006,565	2,734,204
Less: disposals during the year	-	-	15,022	349,770	142,093	-	-	506,885
Balance, end of year	509,486	3,389,792	16,479,032	6,871,773	9,951,514	7,884,422	1,006,565	46,092,584
ACCUMULATED AMORTIZATION								
Balance, beginning of year	-	1,064,344	6,494,109	2,391,351	2,828,680	2,855,181	-	15,633,665
Add: additions during the year	-	70,153	458,406	351,877	495,343	128,539	-	1,504,318
Less: disposals during the year	-	-	13,219	329,149	131,843	-	-	474,211
Balance, end of year	-	1,134,497	6,939,296	2,414,079	3,192,180	2,983,720	-	16,663,772
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	509,486	2,255,295	9,539,736	4,457,694	6,759,334	4,900,702	1,006,565	29,428,812

CORPORATION OF THE TOWNSHIP OF HAVELOCK-BELMONT-METHUEN



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

	General Government \$	Protection Services \$	Transportation Services \$	Water and Sewer \$	Environmental Services \$	Health Services \$	Recreation and Cultural Services \$	Planning and Development \$	Consolidated \$
Revenues									
Property taxation	1,124,903	2,156,199	1,598,444	-	268,871	121,318	553,190	237,268	6,060,193
User charges	45,078	151,802	81,619	929,264	160,723	58,831	69,442	24,200	1,520,959
Government transfers - operating	1,379,945	11,307	-	-	-	-	20,773	12,436	1,424,461
Government transfers - capital	-	-	262,521	-	-	-	84,351	-	346,872
Penalties and interest on taxes	104,650	-	-	-	-	-	-	-	104,650
Investment income	155,777	11,596	2,509	16,682	(148)	(270)	6,130	892	193,168
Federal gas tax earned	-	-	260,114	-	-	-	-	-	260,114
Other	41,653	-	-	-	-	-	2,135	-	43,788
Total revenues	2,852,006	2,330,904	2,205,207	945,946	429,446	179,879	736,021	274,796	9,954,205
Expenses									
Salaries and benefits	838,391	436,949	373,082	37,973	102,502	7,000	327,760	55,695	2,179,352
Materials	558,212	206,720	460,200	153,489	50,641	68,787	243,279	21,943	1,763,271
Contracted services	70,721	1,289,181	139,489	392,978	(45,214)	66,658	520	122,697	2,037,030
Rents and financial	5,591	-	-	-	-	-	143	-	5,734
External transfers	-	274,710	-	-	-	7,500	-	-	282,210
Amortization	54,633	92,887	664,678	502,455	18,201	4,546	166,918	-	1,504,318
Loss (gain) on disposal of tangible capital assets	(203,675)	1,803	(64,485)	-	-	-	784	-	(265,573)
Total expenses	1,323,873	2,302,250	1,572,964	1,086,895	126,130	154,491	739,404	200,335	7,506,342
Net surplus/(deficit)	1,528,133	28,654	632,243	(140,949)	303,316	25,388	(3,383)	74,461	2,447,863

CORPORATION OF THE TOWNSHIP OF HAVELOCK-BELMONT-METHUEN



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

	General Government \$	Protection Services \$	Transportation Services \$	Water and Sewer \$	Environmental Services \$	Health Services \$	Recreation and Cultural Services \$	Planning and Development \$	Consolidated \$
Revenues									
Property taxation	932,585	2,166,620	1,563,611	-	281,287	119,519	552,401	117,459	5,733,482
User charges	65,030	150,030	68,383	908,619	162,644	58,106	81,874	29,675	1,524,361
Government transfers - operating	1,317,000	11,744	-	-	-	-	35,209	-	1,363,953
Government transfers - capital	-	-	1,270,690	-	-	-	-	-	1,270,690
Other municipalities	-	8,350	44,583	-	-	-	-	-	52,933
Penalties and interest on taxes	124,108	-	-	-	-	-	-	-	124,108
Investment income	68,299	13,307	16,362	18,173	1,642	406	6,238	908	125,335
Federal gas tax earned	100,421	-	-	-	-	-	-	-	100,421
Other	50,677	-	-	-	-	-	80	-	50,757
Total revenues	2,658,120	2,350,051	2,963,629	926,792	445,573	178,031	675,802	148,042	10,346,040
Expenses									
Salaries and benefits	832,206	429,099	412,452	39,264	98,918	7,000	309,600	33,711	2,162,250
Materials	383,985	181,862	485,865	216,357	54,107	79,313	252,393	47,005	1,700,887
Contracted services	67,344	1,292,856	242,562	415,811	269,028	62,832	(77)	184,771	2,535,127
Rents and financial	5,049	-	250	129	-	-	-	-	5,428
External transfers	-	200,360	-	-	-	7,500	-	-	207,860
Amortization	54,161	95,624	524,729	472,771	18,192	4,571	184,845	-	1,354,893
Loss (gain) on disposal of tangible capital assets	1,605	779	184,429	59,984	-	-	(1,362)	-	245,435
Total expenses	1,344,350	2,200,580	1,850,287	1,204,316	440,245	161,216	745,399	265,487	8,211,880
Net surplus/(deficit)	1,313,770	149,471	1,113,342	(277,524)	5,328	16,815	(69,597)	(117,445)	2,134,160

**CORPORATION OF THE TOWNSHIP OF
HAVELOCK-BELMONT-METHUEN**

HAVELOCK-BELMONT-METHUEN LIBRARY BOARD

FINANCIAL STATEMENTS

DECEMBER 31, 2018

INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Members of the Havelock-Belmont-Methuen Library Board, the Members of Council, Inhabitants and Ratepayers of the Corporation of the Township of Havelock-Belmont-Methuen

Baker Tilly KDN LLP
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We have reviewed the accompanying financial statements of the Havelock-Belmont-Methuen Library Board of the Corporation of the Township of Havelock-Belmont-Methuen (the Board), that comprise the statement of financial position as at December 31, 2018 and 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 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.

Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that these financial statements are not, in all material respects, the financial position of the Board as at December 31, 2018 and the results of its operations and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

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

Baker Tilly KDN LLP

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
September 3, 2019

**CORPORATION OF THE TOWNSHIP OF
HAVELOCK-BELMONT-METHUEN**



**HAVELOCK-BELMONT-METHUEN LIBRARY BOARD
STATEMENT OF FINANCIAL POSITION
At December 31, 2018**

	2018	2017
	\$	\$
FINANCIAL ASSETS		
Cash	69	21,176
Due from Township	-	4,275
Investments (note 2)	51,761	51,175
TOTAL FINANCIAL ASSETS	51,830	76,626
LIABILITIES		
Due to Township	9,787	-
Deferred revenue - capacity building grant	-	39,117
TOTAL LIABILITIES	9,787	39,117
NET FINANCIAL ASSETS	42,043	37,509
NON-FINANCIAL ASSETS		
Tangible capital assets (note 3)	450,349	352,200
ACCUMULATED SURPLUS (note 4)	492,392	389,709

The accompanying notes are an integral part of these financial statements

**CORPORATION OF THE TOWNSHIP OF
HAVELOCK-BELMONT-METHUEN**



**HAVELOCK-BELMONT-METHUEN LIBRARY BOARD
STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
For the Year Ended December 31, 2018**

	Budget 2018 \$ (Note 5)	Actual 2018 \$	Actual 2017 \$
REVENUES			
Municipal funding	114,264	124,847	111,495
Municipal funding - reserves	-	70,338	1,526
Province of Ontario	20,773	59,890	32,964
Donations	100	960	80
Interest	-	620	632
Other	720	1,175	1,272
TOTAL REVENUES	135,857	257,830	147,969
EXPENSES			
Salaries and benefits	67,867	65,991	61,910
Amortization	53,293	35,829	53,293
Repairs and maintenance	19,500	19,181	21,423
Utilities	15,174	16,856	14,409
Supplies	10,100	8,128	9,111
Administrative	7,995	5,941	6,218
Insurance	3,221	3,221	3,498
TOTAL EXPENSES	177,150	155,147	169,862
ANNUAL SURPLUS/(DEFICIT)	<u>(41,293)</u>	102,683	(21,893)
ACCUMULATED SURPLUS - beginning of year		389,709	411,602
ACCUMULATED SURPLUS - end of year		492,392	389,709

The accompanying notes are an integral part of these financial statements

**CORPORATION OF THE TOWNSHIP OF
HAVELOCK-BELMONT-METHUEN**



**HAVELOCK-BELMONT-METHUEN LIBRARY BOARD
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
For the Year Ended December 31, 2018**

	Budget 2018 \$ (Note 5)	Actual 2018 \$	Actual 2017 \$
ANNUAL SURPLUS/(DEFICIT)	(41,293)	102,683	(21,893)
Amortization of tangible capital assets	53,293	35,829	53,293
Acquisition of tangible capital assets	(19,000)	(133,978)	(16,205)
INCREASE/(DECREASE) IN NET FINANCIAL ASSETS	(7,000)	4,534	15,195
NET FINANCIAL ASSETS - beginning of year	37,509	37,509	22,314
NET FINANCIAL ASSETS - end of year	30,509	42,043	37,509

The accompanying notes are an integral part of these financial statements

**CORPORATION OF THE TOWNSHIP OF
HAVELOCK-BELMONT-METHUEN**



**HAVELOCK-BELMONT-METHUEN LIBRARY BOARD
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2018**

	2018	2017
	\$	\$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus/(deficit)	102,683	(21,893)
Items not involving cash		
Amortization of tangible capital assets	35,829	53,293
Change in non-cash assets and liabilities		
Due from Township	4,275	(4,275)
Accounts payable	-	(1,246)
Due to Township	9,787	(22,333)
Deferred revenue - capacity building grant	(39,117)	34,459
Net change in cash from operating activities	113,457	38,005
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(133,978)	(16,205)
INVESTING ACTIVITIES		
Purchase of investments	(586)	(628)
NET CHANGE IN CASH	(21,107)	21,172
CASH - beginning of year	21,176	4
CASH - end of year	69	21,176

The accompanying notes are an integral part of these financial statements

**HAVELOCK-BELMONT-METHUEN 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 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.

(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:

Land improvements	25 to 40 years
Buildings	30 to 60 years
Equipment	5 to 35 years
Books	7 years

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

**CORPORATION OF THE TOWNSHIP OF
HAVELOCK-BELMONT-METHUEN**



**HAVELOCK-BELMONT-METHUEN LIBRARY BOARD
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2018**

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(d) Deferred Revenue

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

(e) Non-Financial Assets

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

(f) Reserves

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

(g) Inter-Entity Transactions

The Havelock-Belmont-Methuen Library Board is a Board of the Township of Havelock-Belmont-Methuen and is consolidated with the Township's financial statements.

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

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

2. INVESTMENTS

	Market Value \$	2018 Cost \$	2017 Cost \$
ONE funds	53,304	51,761	51,175

**CORPORATION OF THE TOWNSHIP OF
HAVELOCK-BELMONT-METHUEN**



**HAVELOCK-BELMONT-METHUEN LIBRARY BOARD
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2018**

3. TANGIBLE CAPITAL ASSETS

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

	Land Improvements \$	Building \$	Books and Equipment \$	2018 Totals \$	2017 Totals \$
COST					
Balance, beginning of year	16,048	786,877	202,310	1,005,235	1,026,132
Add: additions during the year	-	111,592	22,386	133,978	16,205
Less: disposals during the year	-	9,403	37,353	46,756	37,102
Balance, end of year	16,048	889,066	187,343	1,092,457	1,005,235
ACCUMULATED AMORTIZATION					
Balance, beginning of year	11,841	494,213	146,981	653,035	636,844
Add: additions during the year	440	21,578	13,811	35,829	53,293
Less: disposals during the year	-	9,403	37,353	46,756	37,102
Balance, end of year	12,281	506,388	123,439	642,108	653,035
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	3,767	382,678	63,904	450,349	352,200

4. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2018 \$	2017 \$
Invested In Capital Assets		
Tangible capital assets - net book value	450,349	352,200
Surplus	450,349	352,200
Reserve		
Future acquisition of tangible capital assets	42,043	37,509
	492,392	389,709

5. BUDGET FIGURES

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

6. CHANGES IN ACCOUNTING POLICIES

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

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

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

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

**CORPORATION OF THE TOWNSHIP OF
HAVELOCK-BELMONT-METHUEN**



**HAVELOCK-BELMONT-METHUEN LIBRARY BOARD
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2018**

7. INTER-ENTITY TRANSACTIONS

During the year, the Board entered into transactions with the Township of Havelock-Belmont-Methuen.

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

Details of the inter-entity expense transactions are as follows:

	2018	2017
	\$	\$
Allocated costs:		
Insurance	3,221	3,498
Professional fees	520	-
	<hr/>	<hr/>
	3,741	3,498
Unallocated costs:		
Water and sewer	1,404	1,395
	<hr/>	<hr/>
	5,145	4,893

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

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

**CORPORATION OF THE TOWNSHIP OF
HAVELOCK-BELMONT-METHUEN**

BELMONT-METHUEN-HAVELOCK CEMETERY BOARD

FINANCIAL STATEMENTS

DECEMBER 31, 2018

INDEPENDENT AUDITOR'S REPORT

To the Members of the Belmont-Methuen-Havelock Cemetery Board, the Members of Council, Inhabitants and Ratepayers of the Corporation of the Township of Havelock-Belmont-Methuen

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Qualified Opinion

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

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

Basis for Qualified Opinion

In common with many Municipal Cemetery Boards, the Board derives revenue from donations and other revenue, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Board. Therefore, we were not able to determine whether any adjustments might be necessary to donations and other revenue 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
September 3, 2019

**CORPORATION OF THE TOWNSHIP OF
HAVELOCK-BELMONT-METHUEN**



**BELMONT-METHUEN-HAVELOCK CEMETERY BOARD
STATEMENT OF FINANCIAL POSITION
At December 31, 2018**

	2018	2017
	\$	\$
FINANCIAL ASSETS		
Cash	103,115	80,824
Accounts receivable	4,579	2,815
TOTAL FINANCIAL ASSETS	107,694	83,639
LIABILITIES		
Accounts payable	1,125	1,125
Due to Trust Fund	8,052	6,479
TOTAL LIABILITIES	9,177	7,604
NET FINANCIAL ASSETS	98,517	76,035
NON-FINANCIAL ASSETS		
Tangible capital assets (note 2)	27,979	29,258
Prepaid expenses	92	-
TOTAL NON-FINANCIAL ASSETS	28,071	29,258
ACCUMULATED SURPLUS (note 3)	126,588	105,293

The accompanying notes are an integral part of these financial statements

**CORPORATION OF THE TOWNSHIP OF
HAVELOCK-BELMONT-METHUEN**



**BELMONT-METHUEN-HAVELOCK CEMETERY BOARD
STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
For the Year Ended December 31, 2018**

	Budget 2018 \$ (Unaudited)	Actual 2018 \$	Actual 2017 \$
REVENUES			
Municipal funding	64,916	64,916	67,332
Grave openings	9,600	18,738	18,825
Sale of interment rights	5,428	16,358	14,894
Donations and other	800	7,979	8,052
Transfer from Perpetual Care Trust Fund	1,700	7,672	5,747
TOTAL REVENUES	82,444	115,663	114,850
EXPENSES			
Contracts - operations	67,944	66,658	62,830
Contracts - administration	7,000	7,000	7,000
Supplies and services	6,800	12,084	11,996
Board and administration costs	3,500	7,347	8,368
Amortization	1,279	1,279	1,279
TOTAL EXPENSES	86,523	94,368	91,473
ANNUAL SURPLUS/(DEFICIT)	<u>(4,079)</u>	21,295	23,377
ACCUMULATED SURPLUS - beginning of year		105,293	81,916
ACCUMULATED SURPLUS - end of year		126,588	105,293

The accompanying notes are an integral part of these financial statements

**CORPORATION OF THE TOWNSHIP OF
HAVELOCK-BELMONT-METHUEN**



**BELMONT-METHUEN-HAVELOCK CEMETERY BOARD
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
For the Year Ended December 31, 2018**

	Budget 2018 \$ (Unaudited)	Actual 2018 \$	Actual 2017 \$
ANNUAL SURPLUS/(DEFICIT)	(4,079)	21,295	23,377
Amortization of tangible capital assets	1,279	1,279	1,279
Change in prepaid expenses	-	(92)	-
INCREASE/(DECREASE) IN NET FINANCIAL ASSETS	(2,800)	22,482	24,656
NET FINANCIAL ASSETS - beginning of year	76,035	76,035	51,379
NET FINANCIAL ASSETS - end of year	73,235	98,517	76,035

The accompanying notes are an integral part of these financial statements

**CORPORATION OF THE TOWNSHIP OF
HAVELOCK-BELMONT-METHUEN**



**BELMONT-METHUEN-HAVELOCK CEMETERY BOARD
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2018**

	2018	2017
	\$	\$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus	21,295	23,377
Items not involving cash		
Amortization of tangible capital assets	1,279	1,279
Change in non-cash assets and liabilities		
Accounts receivable	(1,764)	136
Prepaid expenses	(92)	-
Due to Trust Fund	1,573	693
NET CHANGE IN CASH	22,291	25,485
CASH - beginning of year	80,824	55,339
CASH - end of year	103,115	80,824

The accompanying notes are an integral part of these financial statements

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.

Grave openings and sale of interment rights are recognized as revenue in the year the goods and services are provided.

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

Transfers from Perpetual Care Trust Fund are recognized as revenue in the year the Trust Fund earns the operating investment income.

(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:

Land improvements	25 to 40 years
Columbarium	50 years

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

(d) 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
HAVELOCK-BELMONT-METHUEN**



**BELMONT-METHUEN-HAVELOCK CEMETERY BOARD
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2018**

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(e) Inter Entity Transactions

The Belmont-Methuen-Havelock Cemetery Board is a Board of the Township of Havelock-Belmont-Methuen 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.

(f) Trust Funds

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

2. TANGIBLE CAPITAL ASSETS

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

	Land \$	Land Improvements \$	Columbarium \$	2018 Totals \$	2017 Totals \$
COST					
Balance, beginning of year	3	34,895	15,594	50,492	50,492
Balance, end of year	3	34,895	15,594	50,492	50,492
ACCUMULATED AMORTIZATION					
Balance, beginning of year	-	20,454	780	21,234	19,955
Add: additions during the year	-	967	312	1,279	1,279
Balance, end of year	-	21,421	1,092	22,513	21,234
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	3	13,474	14,502	27,979	29,258

**CORPORATION OF THE TOWNSHIP OF
HAVELOCK-BELMONT-METHUEN**



**BELMONT-METHUEN-HAVELOCK CEMETERY BOARD
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2018**

3. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2018	2017
	\$	\$
Surplus		
Operations	98,609	76,035
Invested In Capital Assets		
Tangible capital assets - net book value	27,979	29,258
	126,588	105,293

4. BUDGET FIGURES

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

5. TRUST FUNDS

Trust funds administered by the Board amounting to \$283,617 (2017 - \$276,467) have not been included in the Statement of Financial Position nor have their operations been included in the Statement of Operations and Accumulated Surplus. As such balances are held in trust by the Board for the benefit of others, they are not presented as part of the Board's financial position or operations.

6. 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.

7. INTER-ENTITY TRANSACTIONS

During the year, the Board entered into transactions with the Township of Havelock-Belmont-Methuen.

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 professional services to the Board at no cost.

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

INDEPENDENT AUDITOR'S REPORT

To the Members of the Belmont-Methuen-Havelock Cemetery Board, the Members of Council, Inhabitants and Ratepayers of the Corporation of the Township of Havelock-Belmont-Methuen

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Opinion

We have audited the financial statements of the Trust Funds of the Corporation of the Township of Havelock-Belmont-Methuen (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
September 3, 2019

**CORPORATION OF THE TOWNSHIP OF
HAVELOCK-BELMONT-METHUEN**



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

	Perpetual Care \$	Monument Care \$	Rockdale Cemetery \$	2018 Total \$	2017 Total \$
FINANCIAL ASSETS					
Cash	-	-	35,961	35,961	40,541
Investments (note 2)	132,236	31,812	75,556	239,604	229,447
Due from Cemetery Board	6,402	1,650	-	8,052	6,479
	138,638	33,462	111,517	283,617	276,467
FUND BALANCES					
Capital	138,638	33,462	100,000	272,100	263,238
Revenue	-	-	11,517	11,517	13,229
	138,638	33,462	111,517	283,617	276,467

The accompanying notes are an integral part of these financial statements

**CORPORATION OF THE TOWNSHIP OF
HAVELOCK-BELMONT-METHUEN**



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

	Perpetual Care \$	Monument Care \$	Rockdale Cemetery \$	2018 Total \$	2017 Total \$
BALANCE - beginning of year	131,586	31,652	113,229	276,467	271,980
RECEIPTS					
Interest earned	3,566	859	2,868	7,293	4,901
Capital gains	650	160	-	810	126
Care and maintenance funds	6,402	1,650	-	8,052	6,479
	10,618	2,669	2,868	16,155	11,506
EXPENSES					
Transfer to revenue fund	2,518	576	4,578	7,672	5,747
Trustee fees	1,048	283	2	1,333	1,272
	3,566	859	4,580	9,005	7,019
BALANCE - end of year	138,638	33,462	111,517	283,617	276,467

The accompanying notes are an integral part of these financial statements

**BELMONT-METHUEN-HAVELOCK CEMETERY BOARD - PERPETUAL CARE AND MAINTENANCE
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 Board's best information and judgment. Actual results could differ from these estimates.

2. INVESTMENTS

Investments are carried at cost and have a market value of \$246,601 at the end of the year. Included in investments are \$164,048 invested in Scotiabank Bond Common Trust Fund and TD Mutual Funds of \$75,556.

3. DESCRIPTION OF TRUST FUNDS

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.

The Monument Care Fund, administered by the Board, is funded by the sale of markers and monuments. These funds are invested and earnings derived there from are used to perform maintenance to the markers and monuments in 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.

Rockdale Cemetery Fund, administered by the Board, is from a bequest. The principal of this bequest is to be invested with any income earned to be used for a specific area of the Cemetery. If this income is not utilized in that area, it can be used for the maintenance, upkeep and improvement of the entire Rockdale Cemetery.