

**The Corporation of the County of Haliburton**

**Financial Statements**

**For the year ended December 31, 2012**

# The Corporation of the County of Haliburton

## Financial Statements

For the year ended December 31, 2012

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## Independent Auditor's Report

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To the Members of Council of the  
The Corporation of the County of Haliburton

We have audited the accompanying consolidated financial statements of The Corporation of the County of Haliburton, which comprise the consolidated statement of financial position as at December 31, 2012, and the consolidated statements of operations, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and notes to consolidated financial statements.

### 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.

### Auditor's Responsibility

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

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

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

### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Corporation of the County of Haliburton as at December 31, 2012, and of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

*BDO Canada LLP*

Chartered Accountants, Licensed Public Accountants  
Lindsay, Ontario  
June 26, 2013

**The Corporation of the County of Haliburton  
Consolidated Statement of Financial Position**

<b>December 31</b>	<b>2012</b>	<b>2011</b>
<b>Financial assets</b>		
Cash (Note 2)	\$ 4,282,456	\$ 4,769,557
Accounts receivable (Note 3)	853,608	867,976
	<u>5,136,064</u>	<u>5,637,533</u>
<b>Liabilities</b>		
Accounts payable and accrued expenses	1,491,658	1,531,479
Deferred revenue	92,522	50,487
Municipal debt (Note 5)	-	308,032
	<u>1,584,180</u>	<u>1,889,998</u>
<b>Net financial assets</b>	<u>3,551,884</u>	<u>3,747,535</u>
<b>Contingent liabilities and commitments (Note 7)</b>		
<b>Non-financial assets</b>		
Tangible capital assets (Note 10)	33,191,133	34,106,436
<b>Accumulated surplus (Note 6)</b>	<u>\$ 36,743,017</u>	<u>\$ 37,853,971</u>

On behalf of Council

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Warden

**The Corporation of the County of Haliburton  
Consolidated Statement of Operations**

For the year ended December 31	Budget 2012 (Note 9)	Actual 2012	Actual 2011
<b>Revenues</b>			
Requisition on local municipalities	\$ 12,303,000	\$ 12,336,891	\$ 11,941,337
User charges, licences and fines	371,000	457,561	614,214
<b>Grants</b>			
Government of Canada	541,200	541,265	541,289
Province of Ontario	3,163,100	3,224,119	3,446,568
<b>Other</b>			
Investment income	45,000	52,698	56,649
Donations and other	-	6,660	53,744
Loss on disposition of assets	5,000	(29,627)	(25,859)
	<u>16,428,300</u>	<u>16,589,567</u>	<u>16,627,942</u>
<b>Expenses</b>			
General government	2,302,820	2,257,848	2,165,399
Protection to persons and property	213,500	204,133	199,451
Transportation services	6,532,047	6,645,864	6,720,629
Health services	4,555,907	4,565,367	4,288,336
Social and family services	1,117,700	1,060,069	930,636
Social housing	971,100	961,184	992,811
Recreational and cultural services	822,600	811,897	1,182,667
Planning and development	1,141,300	1,194,159	1,079,647
	<u>17,656,974</u>	<u>17,700,521</u>	<u>17,559,576</u>
<b>Annual surplus (deficit)</b>	<b>(1,228,674)</b>	<b>(1,110,954)</b>	<b>(931,634)</b>
<b>Accumulated surplus, beginning of year</b>	<b>37,853,971</b>	<b>37,853,971</b>	<b>38,785,605</b>
<b>Accumulated surplus, end of year</b>	<b>\$ 36,625,297</b>	<b>\$ 36,743,017</b>	<b>\$ 37,853,971</b>

**The Corporation of the County of Haliburton  
Consolidated Statement of Change in Net Financial Assets**

For the year ended December 31	Budget 2012 (Note 9)	Actual 2012	Actual 2011
Annual surplus (deficit)	\$ (1,228,674)	\$ (1,110,954)	\$ (931,634)
Acquisition of tangible capital assets	(2,606,400)	(2,525,483)	(2,751,992)
Amortization of tangible capital assets	3,430,074	3,398,693	3,526,064
Loss on sale of tangible capital assets	-	29,627	25,859
Proceeds on sale of tangible capital assets	-	12,466	7,947
<b>Net change in net financial assets</b>	<b>(405,000)</b>	<b>(195,651)</b>	<b>(123,756)</b>
Net financial assets, beginning of year	3,747,535	3,747,535	3,871,291
<b>Net financial assets, end of year</b>	<b>\$ 3,342,535</b>	<b>\$ 3,551,884</b>	<b>\$ 3,747,535</b>

The accompanying summary of significant accounting policies and notes are an integral part of this financial statement.

**The Corporation of the County of Haliburton  
Consolidated Statement of Cash Flows**

<u>For the year ended December 31</u>	<u>Actual 2012</u>	<u>Actual 2011</u>
<b>Cash flows from operating activities</b>		
Annual surplus (deficit) (Page 5)	\$ (1,110,954)	\$ (931,634)
Items not involving cash		
Amortization	3,398,693	3,526,064
Loss on disposal of tangible capital assets	29,627	25,859
	<u>2,317,366</u>	<u>2,620,289</u>
Uses		
Decrease in accounts payable	(39,821)	(681,734)
Sources		
Decrease in accounts receivable	14,368	120,192
Increase in deferred revenue	42,035	50,487
	<u>2,333,948</u>	<u>2,109,234</u>
<b>Cash flows from capital transactions</b>		
Acquisition of tangible capital assets	(2,525,483)	(2,751,992)
Proceeds on disposal of tangible capital assets	12,466	7,947
	<u>(2,513,017)</u>	<u>(2,744,045)</u>
<b>Cash flows from financing activities</b>		
Debt principal repayments	(308,032)	(300,911)
<b>Net change in cash and cash equivalents</b>	<u>(487,101)</u>	<u>(935,722)</u>
<b>Opening cash and cash equivalents</b>	<u>4,769,557</u>	<u>5,705,279</u>
<b>Closing cash and cash equivalents (Note 2)</b>	<u>\$ 4,282,456</u>	<u>\$ 4,769,557</u>

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# The Corporation of the County of Haliburton

## Summary of Significant Accounting Policies

December 31, 2012

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<b>Management Responsibility</b>	These consolidated financial statements are the responsibility of the municipality's management prepared in accordance with accounting policies and standards established by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants.
<b>Basis of Accounting</b>	The focus of these financial statements is on the financial position of the municipality and the changes thereto. The consolidated statement of financial position includes all the financial assets and liabilities of the municipality as well as non-financial assets. Financial assets are those assets which could provide resources to discharge existing liabilities or finance future operations. Net financial assets form a part of the financial position and is the difference between financial assets and liabilities. This provides information about the municipality's overall future revenue requirements and its ability to finance activities and meet its obligations. Non-financial assets are normally used to deliver services. Their value lies with their service potential rather than their ability to generate future cash inflows. They form part of the financial position as they provide resources that the government can employ in the future to meet its objectives. The accumulated surplus is made up of the combination of net financial assets and non-financial assets.
<b>Use of Estimates and Measurement Uncertainty</b>	Since precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates, assumptions and approximations. Included in the financial statements are estimates related to tangible capital assets both in determining fair market value of contributed assets and in the amortization policies as set out in these policies.
<b>Revenue Recognition</b>	Revenue is reported on the accrual basis of accounting. Revenues are recognized as follows: <ol style="list-style-type: none"><li>Tax revenue is recognized in the calendar year to which the tax assessment applies if the assessment is known.</li><li>Fines and donations are recognized when collected.</li><li>Conditional grant revenue is recognized to the extent the conditions imposed on it have been fulfilled. Unconditional grant revenue is recognized when monies are receivable. Grants for the acquisition of tangible capital assets are recognized in the period in which eligible expenses are made.</li></ol>



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# The Corporation of the County of Haliburton

## Summary of Significant Accounting Policies

December 31, 2012

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**Basis of Consolidation** These consolidated financial statements reflect the assets, liabilities, revenues and expenses of all committees of Council and the following local boards which are under the control of Council:

Haliburton County Public Library Board

All interfund and inter-entity assets, liabilities, revenues and expenses have been eliminated.

Trust funds and their related operations administered by the municipality are not consolidated, but are disclosed separately in Note 1.

**Tangible Capital Assets** Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly related to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of donation, with a corresponding amount recorded as revenue. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset commencing once the asset is available for production or use as follows:

Land improvements	15 years
Buildings	20 - 40 years
Leasehold Improvements	5 years
Vehicles	10 years
Machinery and equipment - heavy	20 years
Machinery and equipment - operating	10 years
Computer hardware and software	5 years
Road surface	5 - 25 years
Road base	40 years
Bridges	50 - 100 years
Culverts	35 - 75 years

**Deferred Revenue** Under PSAB accounting principles, obligatory reserve funds and any other externally restricted financing amounts must be reported as deferred revenue. Only the amount earned by qualifying expenses in the current year is reflected as revenue in the Consolidated Statement of Operations.

**Cash and Cash Equivalents** Cash and cash equivalents consist of bank balances and investments in money market instruments with maturities of three months or less, and is net of any temporary borrowings for current purposes. Composition of the balance and restricted amounts are disclosed in Note 2.

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**The Corporation of the County of Haliburton  
Notes to Consolidated Financial Statements**

December 31, 2012

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**1. Trust Funds**

	2012	2011
Stewardship	\$ 18,047	\$ 27,623
Doctor Recruitment	285	6,919
	\$ 18,332	\$ 34,542

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**2. Cash**

	2012	2011
<b>Unrestricted</b>		
Unrestricted net cash	\$ 2,094,737	\$ 2,938,809
Unrestricted GIC (Market value - \$2,099,602)	2,099,602	1,763,425
<b>Restricted</b>		
Restricted cash for reserve funds	88,117	67,323
	\$ 4,282,456	\$ 4,769,557

Virtually all of the cash is on deposit at one financial institution.

The unrestricted investments as at December 31, 2012 are GICs through a chartered bank and an investment held by Eastern Ontario Wardens Caucus Inc.

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**3. Accounts Receivable**

	2012	2011
<b>Unrestricted</b>		
Canada	\$ 427,873	\$ 430,684
Ontario	67,584	167,584
Other municipalities	274,211	225,602
Other	83,940	44,106
	\$ 853,608	\$ 867,976

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## The Corporation of the County of Haliburton Notes to Consolidated Financial Statements

December 31, 2012

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#### 4. Employee Future Amounts Payable

The municipality provides certain employee amounts which will require funding in future periods.

##### a. Vacation Payable

Vacation pay owing at December 31, 2012 of \$45,350 (2011 - \$46,700) has been fully funded from operations and included in accounts payable in these financial statements.

##### b. Pension Agreement

The municipality is an employer member of the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer, defined benefit pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of the benefits. The municipality has adopted defined contribution plan accounting principles for this Plan because insufficient information is available to apply defined benefit plan accounting principles. The municipality records as pension expense the current service cost, amortization of the past service costs and interest costs related to the future employer contributions to the Plan for past employee service.

OMERS provides pension services to more than 428,947 active and retired members and approximately 968 employers. Each year an independent actuary determines the funding status of OMERS Primary Pension Plan (the Plan) by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial value of the Plan was conducted at December 31, 2012. The results of this valuation disclosed total actuarial liabilities of \$69,292 million in respect of benefits accrued for service with actuarial assets at that date of \$59,368 million indicating an actuarial deficit of \$9,924 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 municipality does not recognize any share of the OMERS pension surplus or deficit. The amount contributed to OMERS for 2012 were \$432,732 (2011 - \$362,940).

## The Corporation of the County of Haliburton Notes to Consolidated Financial Statements

December 31, 2012

### 5. Municipal Debt

	2012	2011
Total long term liabilities incurred by the County and outstanding at the end of the year, amount to	\$ -	\$ 308,032

- a. The long-term liabilities issued in the municipality's name have been approved by by-law as required and the annual principal and interest payments required are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.
- b. Total payments for the year to service net municipal debt are as follows:

	2012	2011
Principal payments	\$ 308,032	\$ 300,911
Interest	5,704	12,851
Total payments	\$ 313,736	\$ 313,762

### 6. Accumulated Surplus

	2012	2011
Internal 'current' and 'capital' funds	\$ 11,100	\$ (227,371)
Invested in tangible capital assets (Note 10)	33,191,133	34,106,436
Municipal debt to be recovered in future (Note 5)	-	(308,032)
Reserve/reserve fund balances	3,540,784	4,282,938
	\$ 36,743,017	\$ 37,853,971

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## The Corporation of the County of Haliburton Notes to Consolidated Financial Statements

December 31, 2012

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### 7. Contingent Liabilities and Commitments

#### a. Credit Facility Agreement

The municipality has a revolving credit facility agreement with its main financial institution. The amount available at any time is limited to \$2 million via an operating line. Any balance borrowed will bear interest at prime plus .50% per year. Council authorized the temporary borrowing limit for 2012 in By-Law 3435, and there was a balance owing as at December 31, 2012 of NIL (2011 - NIL).

#### b. Other Contingencies

In the normal course of its operations, the municipality is subject to various litigations and claims. The ultimate outcome of these claims cannot be determined at this time. However, the municipality's management believes that the ultimate disposition of these matters will not have a material adverse effect on its financial position.

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### 8. Comparative Figures

Comparative figures have been restated to conform to current year presentation.

## The Corporation of the County of Haliburton Notes to Consolidated Financial Statements

December 31, 2012

### 9. Budget Amounts

The 2012 Budget adopted by Council on April 3, 2012 was not prepared on a basis consistent with that used to report actual results. The budget was prepared on a modified accrual basis while Public Sector Accounting Standards now require a full accrual basis. The budget figures treated all tangible capital expenditures as expenses and did not include amortization expense on tangible capital assets. As a result, the budget figures presented in the Statements of Operations and Change in Net Financial Assets represent the budget adopted by Council on April 3, 2012 with adjustments as follows:

	2012 budget adopted by Council	Non TCA expenditures from capital	Amortization	2012 budget presented in statements
<b>Revenue</b>				
Taxation levied for own purposes	\$ 12,303,000	\$ -	\$ -	\$ 12,303,000
User charges, licences and fines	371,000	-	-	371,000
Grants	3,704,300	-	-	3,704,300
Other	50,000	-	-	50,000
	<u>16,428,300</u>	-	-	<u>16,428,300</u>
<b>Expenditures</b>				
General government	2,260,500	-	42,320	2,302,820
Protection to persons and property	213,500	-	-	213,500
Transportation services	3,424,700	-	3,107,347	6,532,047
Health services	4,370,800	-	185,107	4,555,907
Social and family services	927,700	190,000	-	1,117,700
Social housing	923,900	47,200	-	971,100
Recreation and cultural services	733,200	-	89,400	822,600
Planning and development	1,135,400	-	5,900	1,141,300
	<u>13,989,700</u>	<u>237,200</u>	<u>3,430,074</u>	<u>17,656,974</u>
Annual surplus	2,438,600	(237,200)	(3,430,074)	<u>\$ (1,228,674)</u>
Capital expenditures	(2,843,600)	237,200		
Transfers from (to)				
reserve/reserve funds	538,000	-		
Long term debt proceeds	175,000	-		
Debt repayment	(308,000)	-		
Budgeted use of prior year surplus	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,430,074)</u>	

**The Corporation of the County of Haliburton  
Notes to Consolidated Financial Statements  
December 31, 2012**

**December 31, 2012**

**10. Tangible Capital Assets**

	General Assets						Infrastructure Assets			
	Buildings & Leasehold Improvements	Equipment	Vehicles - Licensed	Vehicles - Unlicensed	Trailers - Licensed	Roads Surface	Roads Base	Bridges	Culverts	2012
Cost, beginning of year	\$ 818,198	\$ 1,742,338	\$ 2,888,366	\$ 1,610,012	\$ 52,058	\$ 37,012,706	\$ 36,675,335	\$ 2,539,675	\$ 1,526,390	\$ 86,519,861
Additions	77,333	137,944	187,455	-	-	1,900,949	-	-	-	2,525,483
Disposals	-	(153,455)	(122,696)	(208,321)	-	-	-	-	-	(484,472)
Cost, end of year	\$ 895,531	\$ 1,726,827	\$ 2,953,125	\$ 1,401,691	\$ 52,058	\$ 38,913,655	\$ 36,675,335	\$ 2,539,675	\$ 1,526,390	\$ 88,560,872
Accumulated Amortization, beginning of year	\$ -	\$ 659,935	\$ 1,629,277	\$ 824,157	\$ 16,154	\$ 25,787,686	\$ 20,736,280	\$ 1,384,200	\$ 512,517	\$ 52,413,425
Amortization	-	54,402	297,514	69,654	1,979	1,833,388	899,129	46,837	31,730	3,398,693
Disposals	-	(153,455)	(95,603)	(193,321)	-	-	-	-	-	(442,379)
Accumulated Amortization, end of year	\$ -	\$ 714,337	\$ 1,831,188	\$ 700,490	\$ 18,133	\$ 27,621,074	\$ 21,635,409	\$ 1,431,037	\$ 544,247	\$ 55,369,739
Net book value, beginning of year	\$ 818,198	\$ 994,848	\$ 1,259,089	\$ 785,855	\$ 35,904	\$ 11,225,020	\$ 15,939,055	\$ 1,155,475	\$ 1,013,873	\$ 34,106,436
Net book value, end of year	\$ 895,531	\$ 1,162,248	\$ 1,121,937	\$ 701,201	\$ 33,925	\$ 11,292,581	\$ 15,039,926	\$ 1,108,638	\$ 982,143	\$ 33,191,133

**The Corporation of the County of Haliburton  
Notes to Consolidated Financial Statements  
December 31, 2012**

December 31, 2012

**10. Tangible Capital Assets (Cont'd)**

	General Assets					Infrastructure Assets					
	Land	Buildings	Equipment	Vehicles - Licensed	Vehicles - Unlicensed	Trailers - Licensed	Roads - Surface	Roads Base	Bridges	Culverts	2011
Cost, beginning of year	\$ 818,198	\$ 1,561,888	\$ 1,770,065	\$ 2,842,174	\$ 1,689,762	\$ 39,237	\$ 34,704,670	\$ 36,675,335	\$ 2,539,675	\$ 1,526,390	\$ 84,167,394
Additions	-	92,895	134,170	204,070	-	12,821	2,308,036	-	-	-	2,751,992
Disposals	-	-	(161,897)	(157,878)	(79,750)	-	-	-	-	-	(399,525)
Cost, end of year	\$ 818,198	\$ 1,654,783	\$ 1,742,338	\$ 2,888,366	\$ 1,610,012	\$ 52,058	\$ 37,012,706	\$ 36,675,335	\$ 2,539,675	\$ 1,526,390	\$ 86,519,861
Accumulated Amortization, beginning of year	\$ -	\$ 623,720	\$ 858,066	\$ 1,472,904	\$ 812,947	\$ 13,564	\$ 23,833,025	\$ 19,819,398	\$ 1,338,669	\$ 480,787	\$ 49,253,080
Amortization	-	36,215	167,050	301,751	69,654	2,590	1,954,661	916,882	45,531	31,730	3,526,064
Disposals	-	-	(161,897)	(145,378)	(58,444)	-	-	-	-	-	(365,719)
Accumulated Amortization, end of year	\$ -	\$ 659,935	\$ 863,219	\$ 1,629,277	\$ 824,157	\$ 16,154	\$ 25,787,686	\$ 20,736,280	\$ 1,384,200	\$ 512,517	\$ 52,413,425
Net book value, beginning of year	\$ 818,198	\$ 938,168	\$ 911,999	\$ 1,369,270	\$ 876,815	\$ 25,673	\$ 10,871,645	\$ 16,855,937	\$ 1,201,006	\$ 1,045,603	\$ 34,914,314
Net book value, end of year	\$ 818,198	\$ 994,848	\$ 879,119	\$ 1,259,089	\$ 785,855	\$ 35,904	\$ 11,225,020	\$ 15,939,055	\$ 1,155,475	\$ 1,013,873	\$ 34,106,436



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# The Corporation of the County of Haliburton

## Notes to Consolidated Financial Statements

December 31, 2012

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### 10. Tangible Capital Assets (Cont'd)

There were no assets contributed to the County during the current or prior year which have been capitalized.

The Municipality holds various works of art and historical treasures pertaining to the heritage and history of the The Corporation of the County of Haliburton. These items are not recognized as tangible capital assets in the financial statements because a reasonable estimate of the future benefits associated with such property cannot be made.

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### 11. Segmented Information

The Corporation of the County of Haliburton is a municipal government institution that provides a wide range of services to its citizens. County services are reported by function and their activities are separately disclosed in the segmented information.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies. 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 and unconditional government transfers are apportioned based on each segment's share of total expenses.

The nature of the segments and the activities they encompass are as follows:

#### **General Government**

General Government revenues and expenses are related to the administration departments and activities including Council, Corporate Administration, Clerks, Finance, and Information Technology.

#### **Protection to Persons and Property**

Protection to persons and property revenues and expenses are related to Emergency Measures, Forestry Bylaw, and 911 Services.

#### **Transportation Services**

Transportation services revenues and expenses are related to Roads, Bridges and Culverts, Engineering, Rail Corridor, Traffic Operations and Roadside and Winter control.

#### **Health Services**

Health services revenues and expenses are related to the operation of Land Ambulances.

#### **Social and Family Services**

Social and family services revenues and expenses are related to the County's share of social assistance and child care services.

#### **Social Housing**

Social housing revenues and expenses are related to the County's share of assisted housing costs.

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**The Corporation of the County of Haliburton  
Notes to Consolidated Financial Statements**

**December 31, 2012**

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**11. Segmented Information (Cont'd)**

**Recreational and Cultural Services**

Recreational and cultural services revenues and expenses are related to the library.

**Planning and Development**

Planning and development revenues and expenses are related to the Planning Department, Tourism and Broadband.

**The Corporation of the County of Haliburton  
Notes to Consolidated Financial Statements  
December 31, 2012**

**December 31, 2012**

**11. Segmented Information Continued**

For the year ended December 31	General government	Protection to persons and property	Transportation services	Health services	Social and family services	Social housing	Recreational and cultural services	Planning and development	2012 Total
<b>Revenue</b>									
Taxation	\$ 1,603,796	\$ 123,369	\$ 4,688,019	\$ 3,207,592	\$ 740,213	\$ 616,845	\$ 493,476	\$ 863,581	\$ 12,336,891
User charges, licences and fines	110,754	1,330	87,355	31,255	-	-	24,817	202,050	457,561
Government of Canada grants	-	-	496,540	-	-	-	9,408	35,317	541,265
Province of Ontario grants	204,737	8,890	337,820	2,318,247	53,340	44,450	169,859	86,776	3,224,119
Investment income	52,698	-	-	-	-	-	-	-	52,698
Donations and other	5,115	1,545	-	-	-	-	-	-	6,660
Gain (loss) on disposition of assets	(29,627)	-	-	-	-	-	-	-	(29,627)
	<u>1,947,473</u>	<u>135,134</u>	<u>5,609,734</u>	<u>5,557,094</u>	<u>793,553</u>	<u>661,295</u>	<u>697,560</u>	<u>1,187,724</u>	<u>16,589,567</u>
<b>Expenses</b>									
Salaries and benefits	846,841	130,374	1,771,832	3,430,304	-	-	621,570	457,520	7,258,441
Materials, supplies and services	437,782	33,466	1,392,463	358,330	-	-	87,823	603,940	2,913,804
Contracted services	1,058,174	40,293	407,193	31,387	-	-	-	85,520	1,622,567
Interest on long-term debt	-	-	5,704	-	-	-	-	-	5,704
Amortization expense	42,756	-	3,068,672	185,359	-	-	94,866	7,040	3,398,693
Rents and financial expenses	3,216	-	-	50,947	-	-	-	30,264	84,427
Interfunctional adjustments	(153,875)	-	-	144,000	-	-	-	9,875	-
Transfers to other entities	22,954	-	-	365,040	1,060,069	961,184	7,638	-	2,416,885
	<u>2,257,848</u>	<u>204,133</u>	<u>6,645,864</u>	<u>4,565,367</u>	<u>1,060,069</u>	<u>961,184</u>	<u>811,897</u>	<u>1,194,159</u>	<u>17,700,521</u>
<b>Accumulated surplus</b>	<u>\$ (310,375)</u>	<u>\$ (68,999)</u>	<u>\$ (1,036,130)</u>	<u>\$ 991,727</u>	<u>\$ (266,516)</u>	<u>\$ (299,889)</u>	<u>\$ (114,337)</u>	<u>\$ (6,435)</u>	<u>\$ (1,110,954)</u>

**The Corporation of the County of Haliburton  
Notes to Consolidated Financial Statements  
December 31, 2012**

**December 31, 2012**

**11. Segmented Information Continued**

For the year ended December 31	General government	Protection to persons and property	Transportation services	Health services	Social and family services	Social housing	Recreational and cultural services	Planning and development	2011
<b>Revenue</b>									
Taxation	\$ 1,472,574	\$ 135,636	\$ 4,570,343	\$ 2,916,270	\$ 632,876	\$ 675,158	\$ 804,269	\$ 734,211	\$ 11,941,337
User charges, licences and fines	86,468	735	69,569	93,515	-	-	282,916	81,011	614,214
Government of Canada grants	-	-	493,416	-	-	-	19,312	28,561	541,289
Province of Ontario grants	215,775	13,871	465,500	2,213,245	64,722	69,046	222,403	182,006	3,446,568
Investment income	56,649	-	-	-	-	-	-	-	56,649
Donations and other	-	-	-	575	51,904	-	-	1,265	53,744
Gain (loss) on disposition of assets	-	-	(21,261)	(4,598)	-	-	-	-	(25,859)
	<u>1,831,466</u>	<u>150,242</u>	<u>5,577,567</u>	<u>5,219,007</u>	<u>749,502</u>	<u>744,204</u>	<u>1,328,900</u>	<u>1,027,054</u>	<u>16,627,942</u>
<b>Expenses</b>									
Salaries and benefits	817,522	127,006	1,757,263	3,165,724	-	-	608,924	439,080	6,915,519
Materials, supplies and services	429,922	32,258	1,319,802	372,983	-	-	436,876	499,378	3,091,219
Contracted services	987,941	40,187	396,297	28,184	-	-	26,352	95,545	1,574,506
Interest on long-term debt	-	-	12,851	-	-	-	-	-	12,851
Amortization expense	33,721	-	3,234,416	171,842	-	-	80,205	5,880	3,526,064
Rents and financial expenses	3,715	-	-	47,721	-	-	1,600	30,264	83,300
Interfunctional adjustments	(153,500)	-	-	144,000	-	-	-	9,500	-
Transfers to other entities	46,078	-	-	357,882	930,636	992,811	28,710	-	2,356,117
	<u>2,165,399</u>	<u>199,451</u>	<u>6,720,629</u>	<u>4,288,336</u>	<u>930,636</u>	<u>992,811</u>	<u>1,182,667</u>	<u>1,079,647</u>	<u>17,559,576</u>
<b>Accumulated surplus</b>	<u>\$ (333,933)</u>	<u>\$ (49,209)</u>	<u>\$ (1,143,062)</u>	<u>\$ 930,671</u>	<u>\$ (181,134)</u>	<u>\$ (248,607)</u>	<u>\$ 146,233</u>	<u>\$ (52,593)</u>	<u>\$ (931,634)</u>

**Haliburton County  
Library Board**

December 31, 2012

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## Independent Auditor's Report

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To the members of the Haliburton County Library Board, Members of Council, Inhabitants and Ratepayers of the County of Haliburton

We have audited the accompanying financial statements of the Haliburton County Library Board, which comprise the statement of financial position as at December 31, 2012 and the statements of operations and change in net financial assets for the year then ended, and a summary of significant accounting policies and notes to financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles established by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants, 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.

### Auditor's Responsibility

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

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

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

### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Haliburton County Library Board as at December 31, 2012, and of its financial position in accordance with Canadian generally accepted accounting principles established by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants.



Chartered Accountants, Licensed Public Accountants

Lindsay, Ontario  
May 8, 2013

**Haliburton County  
Library Board  
Statement of Financial Position**

December 31	2012	2011 Restated (Note 2)
<hr/>		
<b>Financial assets</b>		
Cash	\$ 420	\$ 400
Due from County of Haliburton	58,647	57,276
	59,067	57,676
<b>Liabilities</b>		
Accounts payable and accrued liabilities	30,617	31,614
Deferred leasehold inducement (Note 4)	10,000	15,000
<b>Net financial assets</b>	18,450	11,062
<b>Commitment (Note 4)</b>		
<b>Non-financial assets</b>		
Tangible capital assets (Note 1)	338,183	340,481
<b>Accumulated surplus (Note 3)</b>	\$ 356,633	\$ 351,543

On behalf of the Board:

\_\_\_\_\_  
Chair

\_\_\_\_\_  
Treasurer

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements

**Haliburton County  
Library Board  
Statement of Operations**

For the year ended December 31	Budget 2012  (Note 6)	Actual 2012	Actual 2011  Restated (Note 2)
<b>Revenues</b>			
Contributions from County of Haliburton			
- operating	\$ 643,700	\$ 643,700	\$ 595,000
HCDC Grant	7,500	7,500	5,000
Province of Ontario grants	120,000	134,299	120,353
Southern Ontario Library Services grant	-	-	9,800
Rentals, sales and miscellaneous	15,000	16,791	14,218
Other	20,000	6,858	15,794
	<u>806,200</u>	<u>809,148</u>	<u>760,165</u>
<b>Expenses</b>			
Administration and general	35,800	33,947	32,663
Amortization expense	80,000	84,864	85,205
Automation	7,500	8,313	7,421
Library supplies	24,700	24,655	27,440
Materials	8,000	7,731	6,247
Postage, transportation, telephone	8,500	8,166	8,064
Rent	18,600	13,600	13,600
Salaries and benefits	626,600	622,782	590,316
Small capital	3,500	-	3,308
	<u>813,200</u>	<u>804,058</u>	<u>774,264</u>
Annual surplus (deficit)	(7,000)	5,090	(14,099)
Accumulated surplus, beginning of year	351,543	351,543	365,642
Accumulated surplus, end of year	<u>\$ 344,543</u>	<u>\$ 356,633</u>	<u>\$ 351,543</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements



**Haliburton County  
Library Board**

**Statement of Change in Net Financial Assets (Debt)**

For the year ended December 31	Budget 2012  (Note 6)	Actual 2012	Actual 2011 Restated (Note 2)
Annual surplus (deficit)	\$ (7,000)	\$ 5,090	\$ (14,099)
Acquisition of tangible capital assets	(1,000)	(82,566)	(90,862)
Amortization of tangible capital assets	-	84,864	85,205
<b>Net change in net financial assets (debt)</b>	<b>(8,000)</b>	<b>7,388</b>	<b>(19,756)</b>
Net financial assets, beginning of year	-	11,062	30,818
<b>Net financial assets (debt), end of year</b>	<b>\$ (8,000)</b>	<b>\$ 18,450</b>	<b>\$ 11,062</b>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements

**Haliburton County  
Library Board  
Statement of Cash Flows**

For the year ended December 31	2012	2011 Restated (Note 2)
<b>Cash provided by (used in)</b>		
<b>Cash flows from operating activities</b>		
Annual surplus (Page 24)	\$ 5,090	\$ (14,099)
Items not involving cash		
Amortization	84,864	85,205
	<u>89,954</u>	<u>71,106</u>
<b>Changes in non-cash working capital balances</b>		
Accounts receivable	(1,371)	16,160
Accounts payable and accrued liabilities	(997)	8,596
Decrease in deferred lease inducement	(5,000)	(5,000)
	<u>(7,368)</u>	<u>19,756</u>
	<u>82,586</u>	<u>90,862</u>
<b>Capital transactions</b>		
Acquisition of tangible capital assets	(82,566)	(90,862)
<b>Net change in cash</b>	<b>20</b>	<b>-</b>
<b>Cash, beginning of year</b>	<b>400</b>	<b>400</b>
<b>Cash, end of year</b>	<b>\$ 420</b>	<b>\$ 400</b>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements

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**Haliburton County  
Library Board**

**Summary of Significant Accounting Policies**

**December 31, 2012**

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**Nature of Business**

Haliburton County Library Board is an unincorporated non-profit organization. The Haliburton County Library Board is dedicated to working with its staff, members and clients to provide efficient service to meet the needs of the community.

The Haliburton County Library Board house a new and up-to-date collection of almost 50,000 books and other items to serve the Haliburton County.

The Haliburton County Library Board is a registered charity and, as such, is exempt from income tax.

**Management Responsibility**

The financial statements of the Haliburton County Library Board are the representation of management prepared in accordance with accounting policies prescribed for Ontario municipalities by the Ministry of Municipal Affairs and Housing and standards established by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants.

**Basis of Accounting**

Sources of financing and expenditures are reported on the accrual basis of accounting. The accrual basis of accounting 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.

The focus of PSAB financial statements is on the financial position of the Board and the changes thereto. The Statement of Financial Position includes all the assets and liabilities of the Board. Financial assets are those assets which could provide resources to discharge existing liabilities or finance future operations. Net financial assets form a part of the financial position and is the difference between financial assets and liabilities. This provides information about the Board's overall future revenue requirements and its ability to finance activities and meet its obligations. Non-financial assets are normally used to deliver services. Their value lies with their service potential rather than their ability to generate future cash inflows. They form part of the financial position as they provide resources that the government can employ in the future to meet its objectives. The accumulated surplus is made up of the combination of net financial assets and non-financial assets.

**Estimates and Measurement  
Uncertainty**

Since precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgment. Actual results could differ from these estimates. Significant estimates included in these financial statements are the tangible capital asset policies noted below.

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**Haliburton County  
Library Board**  
**Summary of Significant Accounting Policies**

**December 31, 2012**

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**Revenue Recognition**

The Library receives revenue from a variety of sources and applies the following recognition policies:

- a) Grants and contributions received for operating expenses and tangible capital assets are recognized as revenue in the year in which the related expenses are incurred.
- b) Fee and fine revenue is recognized when the cash is collected.
- c) Revenue from donations and fundraising events is recognized when the cash is collected.

**Tangible Capital Assets**

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly related to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of donation, with a corresponding amount recorded as revenue. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset commencing once the asset is available for production or use as follows:

Books	7 years
Computers	5 years
Leasehold improvements	5 years

**Pension Agreement**

Haliburton County Library Board is an employer member of the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer, defined benefit pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of the benefits. The Haliburton County Library Board has adopted defined contribution plan accounting principles for this Plan because insufficient information is available to apply defined benefit plan accounting principles. The Haliburton County Library Board records as pension expense the current service cost, amortization of past service costs and interest costs related to the future employer contributions to the Plan for past employee service.

**Financial Instruments**

The Haliburton County Library Board's financial instruments consist of accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Haliburton County Library Board are not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

**Haliburton County  
Library Board  
Notes to Financial Statements**

**December 31, 2012**

**1. Tangible Capital Assets**

	Leaseholds	Books	Computers	2012
Cost beginning of year	\$ 25,000	\$ 571,344	\$ 57,825	\$ 654,169
Additions during the year	-	78,398	4,168	82,566
Disposals during the year	-	(65,360)	(22,004)	(87,364)
Cost end of the year	<u>\$ 25,000</u>	<u>\$ 584,382</u>	<u>\$ 39,989</u>	<u>\$ 649,371</u>
Accumulated amortization beginning of year	\$ 10,000	\$ 264,457	\$ 39,231	\$ 313,688
Amortization expense	5,000	72,283	7,581	84,864
Accumulated amortization of disposals	-	(65,360)	(22,004)	(87,364)
Accumulated amortization end of year	<u>\$ 15,000</u>	<u>\$ 271,380</u>	<u>\$ 24,808</u>	<u>\$ 311,188</u>
Net book value beginning of year	<u>\$ 15,000</u>	<u>\$ 306,887</u>	<u>\$ 18,594</u>	<u>\$ 340,481</u>
Net book value end of year	<u>\$ 10,000</u>	<u>\$ 313,002</u>	<u>\$ 15,181</u>	<u>\$ 338,183</u>
	Leaseholds	Books	Computers	2011
Cost beginning of year	\$ 25,000	\$ 595,825	\$ 70,937	\$ 691,762
Additions during the year	-	90,862	-	90,862
Disposals during the year	-	(115,343)	(13,112)	(128,455)
Cost end of the year	<u>\$ 25,000</u>	<u>\$ 571,344</u>	<u>\$ 57,825</u>	<u>\$ 654,169</u>
Accumulated amortization beginning of year	\$ 5,000	\$ 311,160	\$ 40,778	\$ 356,938
Amortization expense	5,000	68,640	11,565	85,205
Accumulated amortization of disposals	-	(115,343)	(13,112)	(128,455)
Accumulated amortization end of year	<u>\$ 10,000</u>	<u>\$ 264,457</u>	<u>\$ 39,231</u>	<u>\$ 313,688</u>
Net book value beginning of year	<u>\$ 20,000</u>	<u>\$ 284,665</u>	<u>\$ 30,159</u>	<u>\$ 334,824</u>
Net book value end of year	<u>\$ 15,000</u>	<u>\$ 306,887</u>	<u>\$ 18,594</u>	<u>\$ 340,481</u>

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**Haliburton County  
Public Library Board  
Notes to Financial Statements**

**December 31, 2012**

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**2. Prior Period Adjustment**

A prior period adjustment was made to record leasehold improvements and a deferred leasehold inducement that originated in 2009. The correction has been applied retroactively and the impact of the changes on fiscal 2011 were as follows:

- An increase in non-financial assets and deferred lease inducements of \$15,000
- An increase in amortization and a decrease in rent of \$5,000
- There was no impact on annual or accumulated surplus

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**3. Accumulated Surplus**

	<u>2012</u>	<u>2011</u>
Reserve	\$ 27,247	\$ 24,859
Invested in tangible capital assets	328,183	325,481
Other	1,203	1,203
	<u>\$ 356,633</u>	<u>\$ 351,543</u>

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**4. Commitment**

The library has entered into a five year tenant lease agreement with Dysart for the administration office attached to the Haliburton branch. Annual payments are \$13,600 for rent and \$5,000 for leasehold improvements. The lease expires December 2014.

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**Haliburton County  
Public Library Board  
Notes to Financial Statements**

December 31, 2012

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**5. Pension Agreement**

The Library Board is an employer member of the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer, defined benefit pension plan. The OMERS Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of the benefits. The Library Board has adopted defined contribution plan accounting principles for this Plan because insufficient information is available to apply defined benefit plan accounting principles. The Library Board records as pension expense the current service cost, amortization of the past service costs and interest costs related to the future employer contributions to the Plan for past employee service.

OMERS provides pension services to more than 428,947 active and retired members and approximately 968 employers. Each year an independent actuary determines the funding status of OMERS Primary Pension Plan (the Plan) by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial value of the Plan was conducted at December 31, 2012. The results of this valuation disclosed total actuarial liabilities of \$62,292 million in respect of benefits accrued for service with actuarial assets at that date of \$59,368 million indicating an actuarial deficit of \$2,924 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 Library Board does not recognize any share of the OMERS pension surplus or deficit. Contributions made by the Library Board to OMERS for 2012 were \$26,601 (2011 - \$18,909).

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**6. Budget Figures**

The budget adopted by the Library Board on February 8, 2012 was not prepared on a basis consistent with that used to report actual results. The budget was prepared on a modified accrual basis while Public Sector Accounting Standards now require a full accrual basis. The budget expensed all tangible capital expenditures rather than including amortization expense. As a result, the budget figures presented in the statements of operations and change in net financial assets represent the budget adopted by the Library Board on February 8, 2012 with adjustments as follows:

	<u>2012</u>
Balanced budget for the year	\$ -
Add:	
Capital expenditures	1,000
Budgeted transfers from accumulated surplus	<u>(8,000)</u>
Budget surplus per statement of operations	<u>\$ (7,000)</u>

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