

The Corporation of the County of Haliburton

Financial Statements

For the year ended December 31, 2015

The Corporation of the County of Haliburton

Financial Statements

For the year ended December 31, 2015

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Independent Auditor's Report

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, 2015, 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 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.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements present fairly, in all material respects, the financial position of The Corporation of the County of Haliburton as at December 31, 2015, 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 Professional Accountants, Licensed Public Accountants
Lindsay, Ontario
June 23, 2016

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

December 31	2015	2014
Financial assets		
Cash (Note 2)	\$ 4,294,294	\$ 2,714,515
Accounts receivable (Note 3)	513,413	895,552
Inventory for resale	16,753	9,427
	<u>4,824,460</u>	<u>3,619,494</u>
Liabilities		
Accounts payable and accrued expenses	1,174,011	2,277,359
Deferred revenue	51,316	253,408
Municipal debt (Note 5)	3,625,000	-
	<u>4,850,327</u>	<u>2,530,767</u>
Net financial assets (debt)	<u>(25,867)</u>	<u>1,088,727</u>
Contingent liabilities and commitments (Note 7)		
Non-financial assets		
Tangible capital assets (Note 9)	34,677,158	33,200,024
Prepaid expenses	1,201	-
	<u>34,678,359</u>	<u>33,200,024</u>
Accumulated surplus (Note 6)	<u>\$ 34,652,492</u>	<u>\$ 34,288,751</u>

On behalf of Council



Warden

The Corporation of the County of Haliburton Consolidated Statement of Operations

For the year ended December 31	Budget 2015	Actual 2015	Actual 2014
	(Note 8)		
Revenues			
Requisition on local municipalities	\$ 13,830,100	\$ 13,746,034	\$ 13,068,802
User charges, licences and fines	481,000	799,215	480,272
Grants			
Government of Canada	553,000	568,069	564,709
Province of Ontario	3,246,500	3,824,732	3,132,043
Other			
Investment income	25,000	34,441	26,245
Donations and other	46,000	4,320	66,876
Contributed assets (Note 9)	-	-	11,324
Loss on disposition of tangible capital assets	-	9,239	(223,558)
	<u>18,181,600</u>	<u>18,986,050</u>	<u>17,126,713</u>
Expenses			
General government	2,262,900	2,358,563	2,245,098
Protection to persons and property	154,400	168,385	171,766
Transportation services	3,647,500	6,593,530	7,030,191
Health services	5,251,800	5,342,508	5,062,342
Social and family services	776,900	789,418	758,825
Social housing	1,177,300	1,059,304	916,433
Recreational and cultural services	1,121,300	1,242,105	1,004,724
Planning and development	1,119,700	1,068,496	1,095,511
	<u>15,511,800</u>	<u>18,622,309</u>	<u>18,284,890</u>
Annual surplus (deficit)	2,669,800	363,741	(1,158,177)
Accumulated surplus, beginning of year	-	34,288,751	35,446,928
Accumulated surplus, end of year	\$ 2,669,800	\$ 34,652,492	\$ 34,288,751

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 Change in Net Financial Assets**

<u>For the year ended December 31</u>	<u>Budget 2015</u>	<u>Actual 2015</u>	<u>Actual 2014</u>
	(Note 8)		
Annual surplus (deficit)	\$ 2,669,800	\$ 363,741	\$ (1,158,177)
Acquisition of tangible capital assets	(4,580,600)	(5,054,856)	(3,942,949)
Amortization of tangible capital assets	-	3,179,810	3,240,202
(Gain) loss on disposition of tangible capital assets	-	(9,239)	223,558
Proceeds on disposal of tangible capital assets	385,000	407,151	34,661
Proceeds from long term debt	3,625,000	-	-
Acquisition of prepaid expenses	-	(1,201)	-
Net change in net financial assets	2,099,200	(1,114,594)	(1,602,705)
Net financial assets, beginning of year	1,088,727	1,088,727	2,691,432
Net financial assets (debt), end of year	\$ 3,187,927	\$ (25,867)	\$ 1,088,727

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

For the year ended December 31	2015	2014
Cash flows from operating activities		
Annual surplus (deficit) (Page 5)	\$ 363,741	\$ (1,158,177)
Items not involving cash		
Amortization of tangible capital assets	3,179,810	3,240,202
(Gain) loss on disposition of tangible capital assets	(9,239)	223,558
	<u>3,534,312</u>	<u>2,305,583</u>
Uses		
Increase in accounts receivable	-	(88,341)
Increase in other assets	(7,325)	(9,427)
Decrease in accounts payable	(1,103,349)	-
Decrease in deferred revenue	(202,092)	-
Increase in prepaid expenses	(1,201)	-
Sources		
Decrease in accounts receivable	382,139	-
Increase in accounts payable	-	772,755
Increase in deferred revenue	-	117,867
	<u>2,602,484</u>	<u>3,098,437</u>
Cash flows from capital transactions		
Acquisition of tangible capital assets	(5,054,856)	(3,942,949)
Proceeds on disposal of tangible capital assets	407,151	34,661
	<u>(4,647,705)</u>	<u>(3,908,288)</u>
Cash flows from financing activities		
Municipal debt incurred	3,625,000	-
Net change in cash and cash equivalents	1,579,779	(809,851)
Opening cash and cash equivalents	2,714,515	3,524,366
Closing cash and cash equivalents (Note 2)	\$ 4,294,294	\$ 2,714,515

The Corporation of the County of Haliburton

Summary of Significant Accounting Policies

December 31, 2015

Management Responsibility	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 Chartered Professional Accountants of Canada.
Basis of Accounting	<p>Revenues and expenses 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.</p> <p>The focus of these consolidated 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.</p>
Basis of Consolidation	<p>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:</p> <p style="text-align: center;">Haliburton County Public Library Board</p> <p>All interfund and inter-entity assets, liabilities, revenues and expenses have been eliminated.</p>
Trust Funds	Trust funds and their related operations administered by the municipality are not consolidated, but are disclosed separately in Note 1.
Use of 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, assumptions and approximations. Included in the consolidated 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.
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.

The Corporation of the County of Haliburton Summary of Significant Accounting Policies

December 31, 2015

Temporary Investments Temporary investments are recorded at cost unless there has been a decline in the market value which is other than temporary in nature in which case the investments are written down to market.

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	4 - 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	25 - 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.

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.

The Corporation of the County of Haliburton Summary of Significant Accounting Policies

December 31, 2015

Revenue Recognition

Revenues are recognized as follows:

- a) Taxes are recorded at estimated amounts when they meet the definition of an asset, have been authorized and the taxable event occurs. For property taxes, the taxable event is the period for which the tax is levied. Taxes receivable are recognized net of an allowance for anticipated uncollectible amounts.
- b) Fines and donations are recognized when collected.
- c) Except as noted in the government transfers policy below, 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.

Government Transfers

Government transfers are recognized as revenue in the consolidated financial statements when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the consolidated statement of operations as the stipulation liabilities are settled.

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

December 31, 2015

1. Trust Funds

Trust funds administered by the municipality amounting to \$- (2014 - \$1,018) have not been included in the Consolidated Statement of Financial Position nor have operations been included in the Consolidated Statement of Financial Activities. Separate schedules of the trust funds have been prepared. A summary of the balances is as follows:

	2015	2014
Stewardship	\$ -	\$ 690
Doctor recruitment	-	328
	\$ -	\$ 1,018

2. Cash and Temporary Investments

	2015	2014
Unrestricted		
Unrestricted net cash	\$ 4,237,607	\$ 2,599,384
Designated		
Designated cash for reserve funds	56,687	115,131
	\$ 4,294,294	\$ 2,714,515

Virtually all of the cash is on deposit at one financial institution and therefore all deposits are not covered by the Canadian Deposit Insurance Coverage (CDIC).

3. Accounts Receivable

	2015	2014
Unrestricted		
Canada	\$ 242,399	\$ 559,270
Ontario	-	(18,125)
Other municipalities	189,269	231,121
Other	81,745	123,286
	\$ 513,413	\$ 895,552

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

December 31, 2015

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, 2015 of \$51,985 (2014 - \$83,020) has been fully funded from operations and included in accounts payable in these consolidated financial statements.

b. Pension Agreement

OMERS provides pension services to more than 461,000 active and retired members and approximately 1,000 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, 2015. The results of this valuation disclosed total actuarial liabilities of \$82,369 million in respect of benefits accrued for service with actuarial assets at that date of \$75,392 million indicating an actuarial deficit of \$6,977 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 2015 were \$571,254 (2014 - \$516,973).

5. Municipal Debt

	2015	2014
The balance of net municipal debt is made up of the following:		
Loan payable, 1.41%, repayable semi-annually at \$237,500 principle plus interest, due 2019.	\$ 1,900,000	\$ -
Loan payable, 3.24%, repayable in blended semi-annual instalments of \$58,933, due 2035.	1,725,000	-
Net municipal debt	\$ 3,625,000	\$ -

a. Future payments requiring taxation and user charge financing are summarized as follows:

Years	2016	2017	2018	2019	2020+	Total
Principal	\$ 537,477	\$ 539,518	\$ 541,625	\$ 543,801	\$1,462,579	\$3,625,000
Interest	80,572	71,761	62,956	54,082	423,265	692,636
Total payment	\$ 618,049	\$ 611,279	\$ 604,581	\$ 597,883	\$1,885,844	\$4,317,636

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

December 31, 2015

5. Municipal Debt (Cont'd)

b. 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.

c. Total payments for the year to service net municipal debt are as follows:

	2015	2014
Interest	\$ 50,134	\$ -

6. Accumulated Surplus

	2015	2014
Internal 'current' and 'capital' funds	\$ 1,934,205	\$ (108,463)
Invested in tangible capital assets (Note 9)	34,677,158	33,200,024
Unfunded capital	(943,676)	(943,676)
Municipal debt to be recovered in future (Note 5)	(3,625,000)	-
Reserve/reserve fund balances	2,609,805	2,140,866
	\$ 34,652,492	\$ 34,288,751

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 2015 in By-Law 3599, and there was a balance owing as at December 31, 2015 of NIL (2014 - 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.

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

December 31, 2015

8. Budget Amounts

The 2015 Budget adopted by Council on March 11, 2015 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 consolidated Statements of Operations and consolidated Change in Net Financial Assets represent the budget adopted by Council on March 11, 2015 with adjustments as follows:

	2015 budget adopted by Council	TCA exp. from operating	2015 budget presented in statements
Revenue			
Taxation levied for own purposes	\$13,830,100	\$ -	\$13,830,100
User charges, licences and fines	481,000	-	481,000
Grants	3,799,500	-	3,799,500
Other	71,000	-	71,000
	<u>18,181,600</u>	-	<u>18,181,600</u>
Expenditures			
General government	2,262,900	-	2,262,900
Protection to persons and property	154,400	-	154,400
Transportation services	3,647,500	-	3,647,500
Health services	5,251,800	-	5,251,800
Social and family services	776,900	-	776,900
Social housing	938,100	239,200	1,177,300
Recreation and cultural services	1,121,300	-	1,121,300
Planning and development	1,119,700	-	1,119,700
	<u>15,272,600</u>	<u>239,200</u>	<u>15,511,800</u>
Annual surplus	2,909,000	(239,200)	<u>\$ 2,669,800</u>
Capital expenditures	(4,580,600)	239,200	
Transfers from (to) reserve/reserve funds	(1,953,400)	-	
Long term debt proceeds	3,625,000	-	
Budgeted use of prior year surplus	\$ -	\$ -	

The Corporation of the County of Haliburton
Notes to Consolidated Financial Statements
December 31, 2015

December 31, 2015

9. Tangible Capital Assets

	General Assets				Infrastructure Assets				2015	
	Buildings & Leasehold Improvements	Equipment	Vehicles - Licensed	Vehicles - Unlicensed	Trailers - Licensed	Roads Surface	Roads Base	Bridges		Culverts
Cost, beginning of year	\$ 1,099,213	\$ 2,609,463	\$ 1,864,613	\$ 3,137,436	\$ 1,401,691	\$ 43,307,934	\$ 36,675,335	\$ 2,558,617	\$ 1,691,745	\$ 94,430,626
Additions	18,762	507,121	298,851	184,171	144,443	2,656,799	-	1,231,093	13,616	5,054,856
Disposals	(363,747)	-	(119,763)	(193,460)	(146,472)	-	-	-	-	(823,442)
Cost, end of year	\$ 754,228	\$ 3,116,584	\$ 2,043,701	\$ 3,128,147	\$ 1,399,662	\$ 45,964,733	\$ 36,675,335	\$ 3,789,710	\$ 1,705,361	\$ 98,662,040
Accumulated Amortization, beginning of year	\$ -	\$ 727,305	\$ 1,033,564	\$ 1,912,670	\$ 826,928	\$ 31,139,573	\$ 23,433,666	\$ 1,517,516	\$ 614,088	\$ 61,230,602
Amortization	-	64,928	214,632	274,034	60,034	1,576,013	899,128	55,835	31,093	3,179,810
Disposals	-	-	(119,763)	(172,506)	(133,261)	-	-	-	-	(425,530)
Accumulated Amortization, end of year	\$ -	\$ 792,233	\$ 1,128,433	\$ 2,014,198	\$ 753,701	\$ 32,715,586	\$ 24,332,794	\$ 1,573,351	\$ 645,181	\$ 63,984,882
Net book value, beginning of year	\$ 1,099,213	\$ 1,882,158	\$ 831,049	\$ 1,224,766	\$ 574,763	\$ 12,168,361	\$ 13,241,669	\$ 1,041,101	\$ 1,077,657	\$ 33,200,024
Net book value, end of year	\$ 754,228	\$ 2,324,351	\$ 915,268	\$ 1,113,949	\$ 645,961	\$ 13,249,147	\$ 12,342,541	\$ 2,216,359	\$ 1,060,180	\$ 34,677,158

The Corporation of the County of Haliburton
Notes to Consolidated Financial Statements
December 31, 2015

December 31, 2015

9. Tangible Capital Assets (Cont'd)

	General Assets						Infrastructure Assets				
	Land	Buildings	Equipment	Vehicles - Licensed	Vehicles - Unlicensed	Trailers - Licensed	Roads Surface	Roads Base	Bridges	Culverts	2014
Cost, beginning of year	\$ 1,024,126	\$ 1,885,102	\$ 1,760,334	\$ 3,285,917	\$ 1,401,691	\$ 84,579	\$ 41,055,577	\$ 36,675,335	\$ 2,539,675	\$ 1,682,719	\$ 91,395,055
Additions	130,324	948,038	178,419	405,843	-	-	2,252,357	-	18,942	9,026	3,942,949
Disposals	(55,237)	(223,677)	(74,140)	(554,324)	-	-	-	-	-	-	(907,378)
Cost, end of year	\$ 1,099,213	\$ 2,609,463	\$ 1,864,613	\$ 3,137,436	\$ 1,401,691	\$ 84,579	\$ 43,307,934	\$ 36,675,335	\$ 2,558,617	\$ 1,691,745	\$ 94,430,626
Accumulated Amortization, beginning of year	\$ -	\$ 759,124	\$ 923,876	\$ 2,097,213	\$ 770,144	\$ 21,179	\$ 29,480,197	\$ 22,534,541	\$ 1,474,182	\$ 579,103	\$ 58,639,559
Amortization	-	35,284	194,420	312,781	56,784	4,113	1,659,376	899,125	43,334	34,985	3,240,202
Disposals	-	(67,103)	(84,732)	(497,324)	-	-	-	-	-	-	(649,159)
Accumulated Amortization, end of year	\$ -	\$ 727,305	\$ 1,033,564	\$ 1,912,670	\$ 826,928	\$ 25,292	\$ 31,139,573	\$ 23,433,666	\$ 1,517,516	\$ 614,088	\$ 61,230,602
Net book value, beginning of year	\$ 1,024,126	\$ 1,125,978	\$ 836,458	\$ 1,188,704	\$ 631,547	\$ 63,400	\$ 11,575,380	\$ 14,140,794	\$ 1,065,493	\$ 1,103,616	\$ 32,755,496
Net book value, end of year	\$ 1,099,213	\$ 1,882,158	\$ 831,049	\$ 1,224,766	\$ 574,763	\$ 59,287	\$ 12,168,361	\$ 13,241,669	\$ 1,041,101	\$ 1,077,657	\$ 33,200,024

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

December 31, 2015

9. Tangible Capital Assets (Cont'd)

The net book value of tangible capital assets not being amortized because they are under construction is \$- (2014 - \$891,322).

Assets contributed to the County in 2015, consisting of Road Infrastructure Assets, had a fair market value of \$- (2014 - \$11,324). They have been capitalized at their fair value.

10. 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.

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

December 31, 2015

11. Segmented Information (Cont'd)

Social Housing

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

Recreational and Cultural Services

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

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, 2015**

December 31, 2015

10. 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	2015
Revenue	\$ 2,264,907	\$ 145,868	\$ 5,166,803	\$ 2,761,181	\$ 826,742	\$ 1,109,128	\$ 726,040	\$ 745,365	\$ 13,746,034
Taxation									
User charges, licences and fines	165,365	16,588	82,405	112,887			228,830	193,140	799,215
Government of Canada grants	50,000	-	492,995				19,611	5,463	568,069
Province of Ontario grants	133,350	6,091	713,745	2,559,330	34,524	46,316	271,725	59,651	3,824,732
Investment income	34,441								34,441
Donations and other	40			3,280				1,000	4,320
Loss on disposition of tangible capital assets			24,840	(15,601)					9,239
	2,648,103	168,547	6,480,788	5,421,077	861,266	1,155,444	1,246,206	1,004,619	18,986,050
Expenses									
Salaries and benefits	1,017,789	80,107	1,882,292	3,966,059	-	-	697,497	519,195	8,162,939
Materials, supplies and services	387,289	47,552	1,695,526	477,504			416,044	434,835	3,458,750
Contracted services	1,006,434	40,726	222,105	48,880			24,168	65,076	1,407,389
Interest on long-term debt			6,753	43,381					50,134
Amortization expense	36,360		2,786,854	250,814			98,218	7,564	3,179,810
Rents and financial expenses	2,113			15,704			4,418	30,276	52,511
Interfunctional adjustments	(164,331)			152,781				11,550	
Transfers to other entities	72,909			387,385	789,418	1,059,304	1,760		2,310,776
	2,358,563	168,385	6,593,530	5,342,508	789,418	1,059,304	1,242,105	1,068,496	18,622,309
Annual surplus (deficit)	\$ 289,540	\$ 162	\$ (112,742)	\$ 78,569	\$ 71,848	\$ 96,140	\$ 4,101	\$ (63,877)	\$ 363,741

The Corporation of the County of Haliburton
Notes to Consolidated Financial Statements
December 31, 2015

December 31, 2015

10. 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 cultural services	Recreational and cultural services	Planning and development	2014
Revenue	\$	\$	\$	\$	\$	\$	\$	\$	\$
Taxation	1,658,418	122,133	5,004,189	3,599,532	539,556	651,622	714,400	778,952	13,068,802
User charges, licences and fines	115,852	625	100,759	54,581	-	-	38,818	169,637	480,272
Government of Canada grants	7,396	-	510,674	-	-	-	21,762	24,877	564,709
Province of Ontario grants	86,304	6,356	260,418	2,393,015	28,078	33,910	265,852	58,110	3,132,043
Investment income	26,245	-	-	-	-	-	-	-	26,245
Donations and other Contributed assets	175	-	65,000	-	-	-	-	1,701	66,876
Gain (loss) on disposition of tangible capital assets	-	-	-	11,324	-	-	-	-	11,324
	1,894,390	129,114	5,717,482	6,058,452	567,634	685,532	1,040,832	1,033,277	(223,558)
Expenses									
Salaries and benefits	967,291	83,626	1,904,620	3,879,863	-	-	681,437	525,690	8,042,527
Materials, supplies and services	326,402	47,212	1,830,968	392,232	-	-	144,009	453,200	3,194,023
Contracted services	1,009,268	40,928	404,955	17,930	-	-	70,305	71,405	1,614,791
Amortization expense	52,740	-	2,889,648	191,307	-	-	99,204	7,302	3,240,201
Rents and financial expenses	4,050	-	-	51,222	-	-	9,769	30,264	95,305
Interfunctional adjustments	(157,650)	-	-	150,000	-	-	-	7,650	-
Transfers to other entities	42,997	-	-	379,788	758,825	916,433	-	-	2,098,043
	2,245,098	171,766	7,030,191	5,062,342	758,825	916,433	1,004,724	1,095,511	18,284,890
Annual surplus (deficit)	\$ (350,708)	\$ (42,652)	\$ (1,312,709)	\$ 996,110	\$ (191,191)	\$ (230,901)	\$ 36,108	\$ (62,234)	\$ (1,158,177)

**Haliburton County
Library Board**

For the year ended December 31, 2015

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Independent Auditor's Report

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, 2015 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 Chartered Professional Accountants of Canada, 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 qualified audit opinion.

Basis for Qualified Opinion

In common with many non-profit organizations, the entity derives revenue from cash receipts for rentals, sales, miscellaneous and other, 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 organization. Therefore, we were not able to determine whether any adjustments might be necessary to rentals, sales, miscellaneous and other revenues, annual surplus, and cash flows from operations for the years ended December 31, 2015 and 2014, financial assets as at December 31, 2015 and 2014 and accumulated surplus as at January 1 and December 31 for both the 2015 and 2014 years. Our audit opinion on the financial statements for the year ended December 31, 2014 was modified accordingly because of the possible effects of this limitation in scope.



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Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Haliburton County Library Board as at December 31, 2015, and of its financial position in accordance with Canadian generally accepted accounting principles established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Lindsay, Ontario
June 23, 2016

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
Statement of Financial Position**

December 31	2015	2014
Financial assets		
Cash	\$ 420	\$ 420
Due from County of Haliburton	37,426	45,196
	<u>37,846</u>	<u>45,616</u>
Liabilities		
Accounts payable and accrued liabilities	23,048	44,066
Net financial assets	<u>14,798</u>	<u>1,550</u>
Commitment (Note 3)		
Non-financial assets		
Tangible capital assets (Note 1)	307,573	309,490
Accumulated surplus (Note 2)	<u>\$ 322,371</u>	<u>\$ 311,040</u>

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 2015	Actual 2015	Actual 2014
	(Note 5)		
Revenues			
Contributions from County of Haliburton			
- operating	\$ 716,500	\$ 716,500	\$ 694,000
Ministry of Cultural Services grant	12,500	22,891	-
Province of Ontario grants	130,500	135,434	149,178
Rentals, sales and miscellaneous	17,500	14,697	17,533
Other	13,500	16,495	11,697
	<u>890,500</u>	<u>906,017</u>	<u>872,408</u>
Expenses			
Administration and general	38,300	35,111	33,855
Amortization expense	84,000	84,971	103,111
Automation	10,000	10,120	13,795
Library supplies	28,800	27,516	27,315
Materials	8,000	8,335	6,768
Postage, transportation, telephone	9,500	9,116	9,452
Rent	13,800	13,830	13,600
Salaries and benefits	687,900	697,551	685,112
Small capital	10,200	8,136	10,039
	<u>890,500</u>	<u>894,686</u>	<u>903,047</u>
Annual surplus (deficit)	-	11,331	(30,639)
Accumulated surplus, beginning of year	<u>311,040</u>	<u>311,040</u>	<u>341,679</u>
Accumulated surplus, end of year	<u>\$ 311,040</u>	<u>\$ 322,371</u>	<u>\$ 311,040</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

For the year ended December 31	Budget 2015	Actual 2015	Actual 2014
	(Note 5)		
Annual surplus (deficit)	\$ -	\$ 11,331	\$ (30,639)
Acquisition of tangible capital assets	-	(83,054)	(79,122)
Amortization of tangible capital assets	84,000	84,971	103,111
Net change in net financial assets	84,000	13,248	(6,650)
Net financial assets, beginning of year	1,550	1,550	8,200
Net financial assets, end of year	\$ 85,550	\$ 14,798	\$ 1,550

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	2015	2014
Cash provided by (used in)		
Cash flows from operating activities		
Annual surplus (deficit) (Page 25)	\$ 11,331	\$ (30,639)
Items not involving cash		
Amortization of tangible capital assets	84,971	103,111
	<u>96,302</u>	<u>72,472</u>
Changes in non-cash working capital balances		
Increase (decrease) in accounts receivable	7,771	16,268
Increase in accounts payable and accrued liabilities	(21,019)	7,982
Decrease in deferred lease inducement	-	(5,000)
Increase (decrease) in deferred revenue	-	(12,600)
	<u>(13,248)</u>	<u>6,650</u>
	<u>83,054</u>	<u>79,122</u>
Capital transactions		
Acquisition of tangible capital assets	(83,054)	(79,122)
Cash, beginning of year	<u>420</u>	<u>420</u>
Cash, end of year	<u>\$ 420</u>	<u>\$ 420</u>

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

Haliburton County Library Board

Summary of Significant Accounting Policies

December 31, 2015

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 houses 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 Chartered Professional Accountants of Canada.

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.

**Haliburton County
Library Board**

Summary of Significant Accounting Policies

December 31, 2015

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, unless they relate to government transfers as noted in a separate policy below.
- 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 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 Haliburton County Library Board has accounted for this plan using defined contribution plan accounting principles 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**

Summary of Significant Accounting Policies

December 31, 2015

Government Transfers

Government transfers are recognized as revenue in the financial statements when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

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

December 31, 2015

1. Tangible Capital Assets

	Leaseholds	Books	Computers	2015
Cost beginning of year	\$ 25,000	\$ 616,019	\$ 51,185	\$ 692,204
Additions during the year	-	81,707	1,347	83,054
Disposals during the year	(25,000)	(67,635)	(32,407)	(125,042)
Cost end of the year	\$ -	\$ 630,091	\$ 20,125	\$ 650,216
Accumulated amortization beginning of year	\$ 25,000	\$ 315,410	\$ 42,304	\$ 382,714
Amortization expense	-	84,177	794	84,971
Accumulated amortization of disposals	(25,000)	(67,635)	(32,407)	(125,042)
Accumulated amortization end of year	\$ -	\$ 331,952	\$ 10,691	\$ 342,643
Net book value beginning of year	\$ -	\$ 300,609	\$ 8,881	\$ 309,490
Net book value end of year	\$ -	\$ 298,139	\$ 9,434	\$ 307,573
	Leaseholds	Books	Computers	2014
Cost beginning of year	\$ 25,000	\$ 617,905	\$ 44,317	\$ 687,222
Additions during the year	-	72,254	6,868	79,122
Disposals during the year	-	(74,140)	-	(74,140)
Cost end of the year	\$ 25,000	\$ 616,019	\$ 51,185	\$ 692,204
Accumulated amortization beginning of year	\$ 20,000	\$ 300,937	\$ 32,806	\$ 353,743
Amortization expense	5,000	88,613	9,498	103,111
Accumulated amortization of disposals	-	(74,140)	-	(74,140)
Accumulated amortization end of year	\$ 25,000	\$ 315,410	\$ 42,304	\$ 382,714
Net book value beginning of year	\$ 5,000	\$ 316,968	\$ 11,511	\$ 333,479
Net book value end of year	\$ -	\$ 300,609	\$ 8,881	\$ 309,490

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

December 31, 2015

2. Accumulated Surplus	2015	2014
Reserve	\$ -	\$ 2,234
Invested in tangible capital assets	307,573	309,490
Other	14,798	(684)
	<u>\$ 322,371</u>	<u>\$ 311,040</u>

3. 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 \$13,830 for rent. The lease expires December 2019.

4. Pension Agreement

OMERS provides pension services to more than 461,000 active and retired members and approximately 1,000 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 valuation of the Plan was conducted at December 31, 2015. The results of this valuation disclosed total actuarial liabilities of \$82,369 million in respect of benefits accrued for service with actuarial assets at that date of \$75,392 million indicating an actuarial deficit of \$6,977 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 2015 were \$40,798 (2014 - \$37,532).

5. Budget Figures

The budget approved by the Board on March 11, 2015 was prepared on a basis consistent with that used to report actual results. The budget was prepared on a full accrual basis consistent with Public Sector Accounting Standards.