

**The Corporation of the County of Haliburton**

**Financial Statements**

**For the year ended December 31, 2016**

**The Corporation of the County of Haliburton**

**Financial Statements**

For the year ended December 31, 2016

**Contents**

---

<b>The Corporation of the County of Haliburton</b>	
Independent Auditor's Report	3
Consolidated Statement of Financial Position	4
Consolidated Statement of Operations	5
Consolidated Statement of Change in Net Debt	6
Consolidated Statement of Cash Flows	7
Summary of Significant Accounting Policies	8
Notes to Consolidated Financial Statements	11
<b>Public Library Board</b>	
Independent Auditor's Report	22
Statement of Financial Position	24
Statement of Operations	25
Statement of Change in Net Financial Assets	26
Statement of Cash Flows	27
Summary of Significant Accounting Policies	28
Notes to Financial Statements	31



Tel: 705 324 3579  
Fax: 705 324 0774  
Toll-Free: 800 955 1509  
www.bdo.ca

BDO Canada LLP  
165 Kent Street W  
PO Box 358  
Lindsay ON K9V 4S3 Canada

---

## 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, 2016, and the consolidated statements of operations, change in net debt 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, 2016, 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  
April 26, 2017

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

December 31	2016	2015
<b>Financial assets</b>		
Cash (Note 1)	\$ 3,924,833	\$ 4,294,294
Accounts receivable (Note 2)	969,101	513,413
Inventory for resale	11,185	16,753
	<u>4,905,119</u>	<u>4,824,460</u>
<b>Liabilities</b>		
Accounts payable and accrued expenses	2,103,107	1,174,011
Deferred revenue	27,262	51,316
Municipal debt (Note 4)	3,087,523	3,625,000
	<u>5,217,892</u>	<u>4,850,327</u>
<b>Net debt</b>	<u>(312,773)</u>	<u>(25,867)</u>
<b>Contingent liabilities and commitments (Note 6)</b>		
<b>Non-financial assets</b>		
Tangible capital assets (Note 8)	34,993,132	34,677,158
Prepaid expenses	86,407	1,201
	<u>35,079,539</u>	<u>34,678,359</u>
<b>Accumulated surplus (Note 5)</b>	<u>\$34,766,766</u>	<u>\$ 34,652,492</u>

On behalf of Council

  
\_\_\_\_\_

Warden

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 Operations

For the year ended December 31	Budget 2016	Actual 2016	Actual 2015
	(Note 7)		
<b>Revenues</b>			
Requisition on local municipalities	\$ 14,709,000	\$ 14,706,130	\$ 13,746,034
User charges, licences and fines	382,300	406,195	799,215
<b>Grants</b>			
Government of Canada	521,300	524,221	568,069
Province of Ontario	3,672,300	3,705,170	3,824,732
<b>Other</b>			
Investment income	25,000	19,213	34,441
Donations and other	19,000	28,151	4,320
Gain on disposal of tangible capital assets	10,500	11,900	9,239
	<u>19,339,400</u>	<u>19,400,980</u>	<u>18,986,050</u>
<b>Expenses</b>			
General government	2,323,900	2,457,253	2,358,563
Protection to persons and property	148,800	155,350	168,385
Transportation services	3,758,300	7,300,017	6,593,530
Health services	5,398,500	5,531,983	5,342,508
Social and family services	710,300	710,300	789,418
Social housing	1,099,600	1,200,666	1,059,304
Recreational and cultural services	955,600	937,796	1,242,105
Planning and development	1,075,000	993,341	1,068,496
	<u>15,470,000</u>	<u>19,286,706</u>	<u>18,622,309</u>
<b>Annual surplus</b>	<b>3,869,400</b>	<b>114,274</b>	<b>363,741</b>
<b>Accumulated surplus, beginning of year</b>	<b>34,652,492</b>	<b>34,652,492</b>	<b>34,288,751</b>
<b>Accumulated surplus, end of year</b>	<b>\$ 38,521,892</b>	<b>\$ 34,766,766</b>	<b>\$ 34,652,492</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 Change in Net Debt**

<b>For the year ended December 31</b>	<b>Budget 2016</b>	<b>Actual 2016</b>	<b>Actual 2015</b>
	(Note 7)		
<b>Annual surplus</b>	<b>\$ 3,869,400</b>	<b>\$ 114,274</b>	<b>\$ 363,741</b>
Acquisition of tangible capital assets	(4,368,300)	(3,736,158)	(5,054,856)
Amortization of tangible capital assets	-	3,420,184	3,179,810
Gain on disposal of tangible capital assets	-	(11,900)	(9,239)
Proceeds on disposal of tangible capital assets	-	11,900	407,151
Acquisition of prepaid expenses	-	(86,407)	(1,201)
Use/consumption of prepaid expenses	-	1,201	-
<b>Net change in net debt</b>	<b>(498,900)</b>	<b>(286,906)</b>	<b>(1,114,594)</b>
<b>Net financial assets (debt), beginning of year</b>	<b>(25,867)</b>	<b>(25,867)</b>	<b>1,088,727</b>
<b>Net debt, end of year</b>	<b>\$ (524,767)</b>	<b>\$ (312,773)</b>	<b>\$ (25,867)</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

For the year ended December 31	2016	2015
<b>Cash flows from operating activities</b>		
Annual surplus (Page 5)	\$ 114,274	\$ 363,741
Items not involving cash		
Amortization of tangible capital assets	3,420,184	3,179,810
Gain on disposal of tangible capital assets	(11,900)	(9,239)
	<u>3,522,558</u>	<u>3,534,312</u>
<b>Uses</b>		
Increase in accounts receivable	(455,688)	-
Increase in other assets	-	(7,325)
Decrease in accounts payable	-	(1,103,349)
Decrease in deferred revenue	(24,054)	(202,092)
Increase in prepaid expenses	(85,206)	(1,201)
<b>Sources</b>		
Decrease in accounts receivable	-	382,139
Increase in accounts payable	929,096	-
Decrease in other assets	5,568	-
	<u>3,892,274</u>	<u>2,602,484</u>
<b>Cash flows from capital transactions</b>		
Acquisition of tangible capital assets	(3,736,158)	(5,054,856)
Proceeds on disposal of tangible capital assets	11,900	407,151
	<u>(3,724,258)</u>	<u>(4,647,705)</u>
<b>Cash flows from financing activities</b>		
Municipal debt incurred	-	3,625,000
Debt principal repayments	(537,477)	-
	<u>(537,477)</u>	<u>3,625,000</u>
<b>Net change in cash and cash equivalents</b>	<b>(369,461)</b>	<b>1,579,779</b>
<b>Opening cash and cash equivalents</b>	<b>4,294,294</b>	<b>2,714,515</b>
<b>Closing cash and cash equivalents (Note 1)</b>	<b>\$ 3,924,833</b>	<b>\$ 4,294,294</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

## Summary of Significant Accounting Policies

December 31, 2016

---

<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 Chartered Professional Accountants of Canada.
<b>Basis of Accounting</b>	<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 debt 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 debt and non-financial assets.</p>
<b>Basis of Consolidation</b>	<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>
<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 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.
<b>Cash and Cash Equivalents</b>	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 1.



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

December 31, 2016

**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, 2016

---

### 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, 2016

### 1. Cash and Temporary Investments

	2016	2015
<b>Unrestricted</b>		
Unrestricted net cash	\$ 3,867,746	\$ 4,237,607
<b>Designated</b>		
Designated cash for reserve funds	57,087	56,687
	\$ 3,924,833	\$ 4,294,294

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).

### 2. Accounts Receivable

	2016	2015
<b>Unrestricted</b>		
Canada	\$ 572,814	\$ 242,399
Ontario	202,340	-
Other municipalities	161,908	189,269
Other	32,039	81,745
	\$ 969,101	\$ 513,413

### 3. 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, 2016 of \$54,108 (2015 - \$51,985) 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 470,000 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, 2016. The results of this valuation disclosed total actuarial liabilities of \$87,554 million in respect of benefits accrued for service with actuarial assets at that date of \$81,834 million indicating an actuarial deficit of \$5,720 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 2016 were \$557,135 (2015 - \$571,254).

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

December 31, 2016

### 4. Municipal Debt

	2016	2015
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.	\$ 1,425,000	\$ 1,900,000
Loan payable, 3.24%, repayable in blended semi-annual instalments of \$58,933, due 2035.	1,662,523	1,725,000
<b>Net municipal debt</b>	<b>\$ 3,087,523</b>	<b>\$ 3,625,000</b>

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

Years	2017	2018	2019	2020	2021+	Total
Principal	\$ 539,518	\$ 541,625	\$ 543,801	\$ 71,049	\$1,391,530	\$3,087,523
Interest	71,761	62,956	54,082	46,817	376,448	612,064
<b>Total payment</b>	<b>\$ 611,279</b>	<b>\$ 604,581</b>	<b>\$ 597,883</b>	<b>\$ 117,866</b>	<b>\$1,767,978</b>	<b>\$3,699,587</b>

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:

	2016	2015
Principal payments	\$ 537,477	\$ -
Interest	78,208	50,134
<b>Total payments</b>	<b>\$ 615,685</b>	<b>\$ 50,134</b>

### 5. Accumulated Surplus

	2016	2015
Internal 'current' and 'capital' funds	\$ 332,098	\$ 343,997
Invested in tangible capital assets (Note 8)	34,993,132	34,677,158
Municipal debt to be recovered in future (Note 4)	(3,087,523)	(3,625,000)
Reserve/reserve fund balances	2,529,059	3,256,337
	<b>\$34,766,766</b>	<b>\$ 34,652,492</b>

---

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

December 31, 2016

---

### 6. 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 2016 in By-Law 3735, and there was a balance owing as at December 31, 2016 of NIL (2015 - 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, 2016

### 7. Budget Amounts

The 2016 Budget approved by Council on January 27, 2016 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 Debt represent the budget approved by Council on January 27, 2016 with adjustments as follows:

	2016 budget adopted by Council	TCA exp. from operating	2016 budget presented in statements
<b>Revenue</b>			
Taxation levied for own purposes	\$14,709,000	\$ -	\$14,709,000
User charges, licences and fines	382,300	-	382,300
Grants	4,193,600	-	4,193,600
Other	54,500	-	54,500
	<u>19,339,400</u>	-	<u>19,339,400</u>
<b>Expenditures</b>			
General government	2,323,900	-	2,323,900
Protection to persons and property	148,800	-	148,800
Transportation services	3,758,300	-	3,758,300
Health services	5,398,500	-	5,398,500
Social and family services	710,300	-	710,300
Social housing	1,099,600	-	1,099,600
Recreation and cultural services	955,600	-	955,600
Planning and development	1,075,000	-	1,075,000
	<u>15,470,000</u>	-	<u>15,470,000</u>
Annual surplus	3,869,400	-	<u>\$ 3,869,400</u>
Capital expenditures	(4,368,300)	-	
Transfers from (to) reserve/reserve funds	973,900	-	
Debt repayment	(475,000)	-	
Budgeted use of prior year surplus	\$ -	\$ -	

**The Corporation of the County of Haliburton  
Notes to Consolidated Financial Statements  
December 31, 2016**

**December 31, 2016**

**8. Tangible Capital Assets**

	General Assets				Infrastructure Assets					
	Buildings & Leasehold Improvements	Equipment	Vehicles - Licensed	Vehicles - Unlicensed	Trailers - Licensed	Roads Surface	Roads Base	Bridges	Culverts	2016
Cost, beginning of year	\$ 754,228	\$ 2,043,701	\$ 3,128,147	\$ 1,399,662	\$ 84,579	\$ 45,964,733	\$ 36,675,335	\$ 3,789,710	\$ 1,705,361	\$ 98,662,040
Additions	-	217,738	406,929	15,432	23,763	1,757,841	-	1,146,682	-	3,736,158
Disposals	-	(152,744)	(240,593)	-	-	-	-	-	-	(393,337)
Cost, end of year	\$ 754,228	\$ 2,058,730	\$ 3,294,483	\$ 1,415,094	\$ 108,342	\$ 47,722,574	\$ 36,675,335	\$ 4,936,392	\$ 1,705,361	\$ 102,004,861
Accumulated Amortization, beginning of year	\$ -	\$ 792,233	\$ 1,128,433	\$ 2,014,198	\$ 29,405	\$ 32,715,586	\$ 24,332,794	\$ 1,573,351	\$ 645,181	\$ 63,984,882
Amortization	-	102,374	219,675	344,348	5,517	1,660,826	899,129	79,612	31,287	3,420,184
Disposals	-	(152,744)	(240,593)	-	-	-	-	-	-	(393,337)
Accumulated Amortization, end of year	\$ -	\$ 894,607	\$ 1,195,364	\$ 2,117,953	\$ 34,922	\$ 34,376,412	\$ 25,231,923	\$ 1,652,963	\$ 676,468	\$ 67,011,729
Net book value, beginning of year	\$ 754,228	\$ 2,324,351	\$ 1,113,949	\$ 645,961	\$ 55,174	\$ 13,249,147	\$ 12,342,541	\$ 2,216,359	\$ 1,060,180	\$ 34,677,158
Net book value, end of year	\$ 754,228	\$ 2,439,715	\$ 1,176,530	\$ 583,977	\$ 73,420	\$ 13,346,162	\$ 11,443,412	\$ 3,283,429	\$ 1,028,893	\$ 34,993,132

**The Corporation of the County of Haliburton  
Notes to Consolidated Financial Statements  
December 31, 2016**

**December 31, 2016**

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

	General Assets					Infrastructure Assets					
	Land	Buildings	Equipment	Vehicles - Licensed	Vehicles - Unlicensed	Trailers - Licensed	Roads - Surface	Roads Base	Bridges	Culverts	2015
Cost, beginning 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
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	\$ 84,579	\$ 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	\$ 25,292	\$ 31,139,573	\$ 23,433,666	\$ 1,517,516	\$ 614,088	\$ 61,230,602
Amortization	-	64,928	214,632	274,034	60,034	4,113	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	\$ 29,405	\$ 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	\$ 59,287	\$ 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	\$ 55,174	\$ 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, 2016

---

### 9. Comparative Amounts

Certain comparative amounts have been reclassified to conform to the current year's presentation.

---

### 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 and their contribution to the budgeted tax levy.

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, 2016**

---

**10. 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, 2016**

**December 31, 2016**

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

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	2016
Revenue									
Taxation	\$ 2,440,601	\$ 125,046	\$ 5,867,933	\$ 3,020,481	\$ 688,560	\$ 1,065,858	\$ 787,800	\$ 709,851	\$ 14,706,130
User charges, licences and fines	108,312	19,011	95,168	29,691	-	-	11,683	142,330	406,195
Government of Canada grants	-	-	522,577	-	-	-	-	1,644	524,221
Province of Ontario grants	156,913	3,954	716,790	2,601,528	21,740	33,742	130,778	39,725	3,705,170
Investment income	19,213	-	-	-	-	-	-	-	19,213
Donations and other	5,633	-	4,000	-	-	-	18,518	-	28,151
Loss on disposition of tangible capital assets	-	-	-	11,900	-	-	-	-	11,900
	<u>2,730,672</u>	<u>148,011</u>	<u>7,206,468</u>	<u>5,663,600</u>	<u>710,300</u>	<u>1,099,600</u>	<u>948,779</u>	<u>893,550</u>	<u>19,400,980</u>
Expenses									
Salaries and benefits	1,080,569	70,051	1,948,374	4,117,485	-	-	741,640	552,557	8,510,676
Materials, supplies and services	414,753	41,623	1,973,871	447,123	-	1,066	109,110	334,146	3,321,692
Contracted services	1,020,709	43,676	349,860	44,820	-	-	-	57,675	1,516,740
Interest on long-term debt	-	-	23,441	54,767	-	-	87,046	6,404	78,208
Amortization expense	60,633	-	2,985,055	281,046	-	-	-	-	3,420,184
Rents and financial expenses	6,601	-	-	-	-	-	-	28,959	35,560
Interfunctional adjustments	(193,274)	-	-	189,674	-	-	-	3,600	-
Transfers to other entities	67,262	-	19,416	397,068	710,300	1,199,600	-	10,000	2,403,646
	<u>2,457,253</u>	<u>155,350</u>	<u>7,300,017</u>	<u>5,531,983</u>	<u>710,300</u>	<u>1,200,666</u>	<u>937,796</u>	<u>993,341</u>	<u>19,286,706</u>
Annual surplus (deficit)	\$ 273,419	\$ (7,339)	\$ (93,549)	\$ 131,617	\$ -	\$ (101,066)	\$ 10,983	\$ (99,791)	\$ 114,274

**The Corporation of the County of Haliburton  
Notes to Consolidated Financial Statements  
December 31, 2016**

**December 31, 2016**

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

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
<b>Revenue</b>									
Taxation	\$ 2,264,907	\$ 145,868	\$ 5,166,803	\$ 2,761,181	\$ 826,742	\$ 1,109,128	\$ 726,040	\$ 745,365	\$ 13,746,034
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
Gain (loss) on disposition of tangible capital assets	-	-	24,840	(15,601)	-	-	-	-	9,239
	<u>2,648,103</u>	<u>168,547</u>	<u>6,480,788</u>	<u>5,421,077</u>	<u>861,266</u>	<u>1,155,444</u>	<u>1,246,206</u>	<u>1,004,619</u>	<u>18,986,050</u>
<b>Expenses</b>									
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
	<u>2,358,563</u>	<u>168,385</u>	<u>6,593,530</u>	<u>5,342,508</u>	<u>789,418</u>	<u>1,059,304</u>	<u>1,242,105</u>	<u>1,068,496</u>	<u>18,622,309</u>
<b>Annual surplus (deficit)</b>	<u>\$ 289,540</u>	<u>\$ 162</u>	<u>\$ (112,742)</u>	<u>\$ 78,569</u>	<u>\$ 71,848</u>	<u>\$ 96,140</u>	<u>\$ 4,101</u>	<u>\$ (63,877)</u>	<u>\$ 363,741</u>

**Haliburton County  
Library Board**

**For the year ended December 31, 2016**

**Contents**

---

<b>Independent Auditor's Report</b>	<b>22</b>
<b>Financial Statements</b>	
Statement of Financial Position	24
Statement of Operations	25
Statement of Change in Net Financial Assets	26
Statement of Cash Flows	27
Summary of Significant Accounting Policies	28
Notes to Financial Statements	31



Tel: 705 324 3579  
Fax: 705 324 0774  
Toll-Free: 800 955 1509  
www.bdo.ca

BDO Canada LLP  
165 Kent Street W  
PO Box 358  
Lindsay ON K9V 4S3 Canada

---

## 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, 2016 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, 2016 and 2015, financial assets as at December 31, 2016 and 2015 and accumulated surplus as at January 1 and December 31 for both the 2016 and 2015 years. Our audit opinion on the financial statements for the year ended December 31, 2015 was modified accordingly because of the possible effects of this limitation in scope.



**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, 2016, 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*

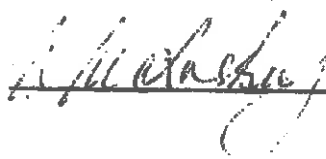
Chartered Professional Accountants, Licensed Public Accountants

Lindsay, Ontario  
April 12, 2017

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

December 31	2016	2015
<b>Financial assets</b>		
Cash	\$ 420	\$ 420
Accounts receivable	3,677	-
Due from County of Haliburton	<u>41,377</u>	<u>37,426</u>
	45,474	37,846
<b>Liabilities</b>		
Accounts payable and accrued liabilities	<u>30,589</u>	<u>23,048</u>
<b>Net financial assets</b>	<u>14,885</u>	<u>14,798</u>
<b>Commitment (Note 3)</b>		
<b>Non-financial assets</b>		
Tangible capital assets (Note 1)	317,944	307,573
Prepaid expenses	<u>525</u>	<u>-</u>
	<u>318,469</u>	<u>307,573</u>
<b>Accumulated surplus (Note 2)</b>	<u>\$ 333,354</u>	<u>\$ 322,371</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 2016	Actual 2016	Actual 2015
	(Note 5)		
<b>Revenues</b>			
Contributions from County of Haliburton - operating	\$ 787,800	\$ 787,800	\$ 716,500
Ministry of Cultural Services grant	12,500	10,425	22,891
Province of Ontario grants	130,000	120,353	135,434
Rentals, sales and miscellaneous	14,500	11,683	14,697
Other	16,000	18,518	16,495
	<b>960,800</b>	<b>948,779</b>	<b>906,017</b>
<b>Expenses</b>			
Administration and general	36,300	37,245	35,111
Amortization expense	88,000	87,046	84,971
Automation	13,000	10,317	10,120
Library supplies	32,300	33,563	27,516
Materials	8,000	4,676	8,335
Postage, transportation, telephone	10,000	6,793	9,116
Rent	13,800	13,830	13,830
Salaries and benefits	754,200	742,899	697,551
Small capital	-	1,427	8,136
	<b>955,600</b>	<b>937,796</b>	<b>894,686</b>
<b>Annual surplus</b>	<b>5,200</b>	<b>10,983</b>	<b>11,331</b>
<b>Accumulated surplus, beginning of year</b>	<b>322,371</b>	<b>322,371</b>	<b>311,040</b>
<b>Accumulated surplus, end of year</b>	<b>\$ 327,571</b>	<b>\$ 333,354</b>	<b>\$ 322,371</b>

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 2016	Actual 2016	Actual 2015
	(Note 5)		
Annual surplus	\$ 5,200	\$ 10,983	\$ 11,331
Acquisition of tangible capital assets	(5,200)	(97,417)	(83,054)
Amortization of tangible capital assets	-	87,046	84,971
Acquisition of prepaid expenses	-	612 (525)	13,248 -
Net change in net financial assets	-	87	13,248
Net financial assets, beginning of year	14,798	14,798	1,550
Net financial assets, end of year	\$ 14,798	\$ 14,885	\$ 14,798

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**

**2016**

**2015**

**Cash provided by (used in)**

**Cash flows from operating activities**

Annual surplus (Page 25)	\$ 10,983	\$ 11,331
Items not involving cash		
Amortization of tangible capital assets	87,046	84,971
	98,029	96,302

**Changes in non-cash working capital balances**

(Increase) decrease in accounts receivable	(7,628)	7,771
Increase in prepaid expenses	(525)	-
Increase (decrease) in accounts payable and accrued liabilities	7,541	(21,019)
	(612)	(13,248)
	97,417	83,054

**Capital transactions**

Acquisition of tangible capital assets	(97,417)	(83,054)
--	----------	----------

**Net change in cash and cash equivalents**

Cash, beginning of year	420	420
Cash, end of year	\$ 420	\$ 420

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, 2016

---

### **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 over 50,000 books and other items to serve 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, 2016**

---

**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.

---

**Haliburton County  
Library Board**

**Summary of Significant Accounting Policies**

**December 31, 2016**

---

**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, 2016

**1. Tangible Capital Assets**

	Leaseholds	Books	Computers	2016
Cost beginning of year	\$ 25,000	\$ 630,091	\$ 20,125	\$ 675,216
Additions during the year	-	92,595	4,822	97,417
Disposals during the year	-	(149,330)	(3,414)	(152,744)
Cost end of the year	<u>\$ 25,000</u>	<u>\$ 573,356</u>	<u>\$ 21,533</u>	<u>\$ 619,889</u>
Accumulated amortization beginning of year	\$ 25,000	\$ 331,952	\$ 10,691	\$ 367,643
Amortization expense	-	83,222	3,824	87,046
Accumulated amortization of disposals	-	(149,330)	(3,414)	(152,744)
Accumulated amortization end of year	<u>\$ 25,000</u>	<u>\$ 265,844</u>	<u>\$ 11,101</u>	<u>\$ 301,945</u>
Net book value beginning of year	<u>\$ -</u>	<u>\$ 298,139</u>	<u>\$ 9,434</u>	<u>\$ 307,573</u>
Net book value end of year	<u>\$ -</u>	<u>\$ 307,512</u>	<u>\$ 10,432</u>	<u>\$ 317,944</u>
	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	-	(67,635)	(32,407)	(100,042)
Cost end of the year	<u>\$ 25,000</u>	<u>\$ 630,091</u>	<u>\$ 20,125</u>	<u>\$ 675,216</u>
Accumulated amortization beginning of year	\$ 25,000	\$ 315,410	\$ 42,304	\$ 382,714
Amortization expense	-	84,177	794	84,971
Accumulated amortization of disposals	-	(67,635)	(32,407)	(100,042)
Accumulated amortization end of year	<u>\$ 25,000</u>	<u>\$ 331,952</u>	<u>\$ 10,691</u>	<u>\$ 367,643</u>
Net book value beginning of year	<u>\$ -</u>	<u>\$ 300,609</u>	<u>\$ 8,881</u>	<u>\$ 309,490</u>
Net book value end of year	<u>\$ -</u>	<u>\$ 298,139</u>	<u>\$ 9,434</u>	<u>\$ 307,573</u>

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

December 31, 2016

**2. Accumulated Surplus**

	2016	2015
Invested in tangible capital assets	\$ 317,944	\$ 307,573
Other	15,410	14,798
	\$ 333,354	\$ 322,371

**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 470,000 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, 2016. The results of this valuation disclosed total actuarial liabilities of \$87,554 million in respect of benefits accrued for service with actuarial assets at that date of \$81,834 million indicating an actuarial deficit of \$5,720 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 2016 were \$43,051 (2015 - \$40,798).

**5. Budget Figures**

The budget adopted by the Library Board on March 9, 2016 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. 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 March 9, 2016 with adjustments as follows:

	2016
Balanced budget for the year	\$ -
Add:	
Capital expenditures	5,200
Budget surplus per statement of operations	\$ 5,200



---

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

**December 31, 2016**

---

**6. Comparative Amounts**

The comparative amounts presented in the financial statements have been restated to conform to the current year's presentation.