

Corporation of the Municipality of Brighton

Consolidated Financial Statements

For the year ended December 31, 2019

**Corporation of the Municipality of Brighton
Financial Statements**

For the year ended December 31, 2019

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Independent Auditor's Report

To the Members of Council of the
Corporation of the Municipality of Brighton

Opinion

We have audited the consolidated financial statements of Corporation of the Municipality of Brighton (the Entity), which comprise the consolidated statement of financial position as at December 31, 2019, and the consolidated statement of operations, the consolidated statement of change in net financial assets (debt), and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2019, and its consolidated results of operations, its consolidated change in net assets (debt), and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

Emphasis of Matter

We draw attention to Note 1 to the financial statements, which explains that certain comparative information for the year ended December 31, 2018 has been restated.

Responsibilities of Management and Those Charged with Governance for the Consolidated 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.

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

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



Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

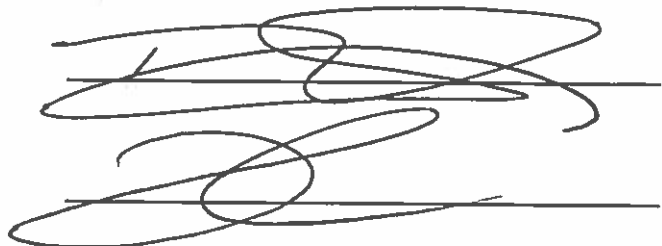
Lindsay, Ontario
August 17, 2020

**Corporation of the Municipality of Brighton
Consolidated Statement of Financial Position**

December 31	2019	2018 Restated (see Note 1)
Financial assets		
Cash (Note 5)	\$ 11,263,648	\$ 7,366,476
Taxes receivable	1,531,014	1,724,605
Accounts receivable (Note 6)	1,210,585	1,198,557
Inventory for resale	17,250	18,752
Asset held for sale (Note 7)	394,885	311,805
	14,417,382	10,620,195
Liabilities		
Accounts payable and accrued expenses (Note 8)	3,491,799	2,831,092
Deferred revenue - obligatory reserve funds (Note 9)	4,080,240	3,993,572
Deferred revenue - other (Note 9)	597,053	389,616
Municipal debt (Note 10)	8,769,358	5,700,337
	16,938,450	12,914,617
Net debt (Page 7)	(2,521,068)	(2,294,422)
Non-financial assets		
Tangible capital assets (Note 15)	75,975,277	72,513,969
Inventories of supplies	78,795	69,598
Prepaid expenses	1,463	-
	76,055,535	72,583,567
Accumulated surplus (Note 11)	\$ 73,534,467	\$ 70,289,145

Contingent Liabilities and Commitments (Note 12)
Subsequent Events (Note 13)

On behalf of Council



Mayor/Councillor *Brian Ostrander, Mayor*

Mayor/Councillor *Laura Vink, Deputy Mayor*

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

Corporation of the Municipality of Brighton Consolidated Statement of Operations

For the year ended December 31	Budget 2019	Actual 2019	Actual 2018 Restated (see Note 1)
	(Note 14)		
Revenues			
Taxation levied for own purposes (Note 3)	\$ 9,493,621	\$ 9,537,553	\$ 8,665,786
User charges, licences and fines	4,123,554	4,216,012	4,018,509
Grants			
Government of Canada	75,294	6,300	240,000
Province of Ontario	1,641,256	1,955,033	1,228,510
Other			
Developer contributions earned	515,411	1,400,453	145,593
Investment income	35,500	116,204	102,567
Penalties and interest on taxes	230,000	267,715	251,487
Donations	4,000	5,537	100,357
Contributed tangible capital assets (Note 15)	-	1,277,298	4,276,751
Gain (loss) on sale of assets held for sale	-	(70,823)	205,497
Gain (loss) on disposition of assets	70,000	67,462	(107,060)
	<u>16,188,636</u>	<u>18,778,744</u>	<u>19,127,997</u>
Expenses			
General government	1,386,113	1,510,485	1,650,136
Protection to persons and property	2,997,828	2,983,220	2,880,069
Transportation services	2,837,739	5,188,967	4,648,118
Environmental services	2,220,006	2,382,820	2,975,427
Health services	250,296	307,838	297,959
Recreational and cultural services	1,583,166	1,783,278	1,706,368
Planning and development	976,742	1,376,814	1,149,884
	<u>12,251,890</u>	<u>15,533,422</u>	<u>15,307,961</u>
Annual surplus	<u>3,936,746</u>	<u>3,245,322</u>	<u>3,820,036</u>
Accumulated surplus, beginning of year	70,289,145	70,289,145	66,641,326
Prior period adjustment (Note 1)	-	-	(172,217)
Accumulated surplus, beginning of year, restated	<u>70,289,145</u>	<u>70,289,145</u>	<u>66,469,109</u>
Accumulated surplus, end of year	<u>\$74,225,891</u>	<u>\$73,534,467</u>	<u>\$ 70,289,145</u>

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

**Corporation of the Municipality of Brighton
Consolidated Statement of Change in Net Financial Assets (Debt)**

For the year ended December 31	Budget 2019	Actual 2019	Actual 2018 Restated (see Note 1)
	(Note 14)		
Annual surplus	\$ 3,936,746	\$ 3,245,322	\$ 3,820,036
Acquisition of tangible capital assets	(14,411,573)	(6,917,304)	(7,142,003)
Amortization of tangible capital assets	-	3,444,902	3,154,612
Gain/loss on disposition of assets	-	(67,462)	107,060
Proceeds on disposal of tangible capital assets	175,000	78,556	41,616
	<u>(10,299,827)</u>	<u>(215,986)</u>	<u>(18,679)</u>
Transfer of construction in progress to assets held for sale	-	-	495,561
Acquisition inventory of supplies	-	(78,795)	(69,598)
Use/consumption of inventory of supplies	-	69,598	21,087
Acquisition of prepaid expenses	-	(1,463)	-
	<u>-</u>	<u>(10,660)</u>	<u>(48,511)</u>
Net change in net financial assets (debt)	(10,299,827)	(226,646)	428,371
Net debt, beginning of year	(2,294,422)	(2,294,422)	(2,722,793)
Net debt, end of year	\$ (12,594,249)	\$ (2,521,068)	\$ (2,294,422)

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

Corporation of the Municipality of Brighton Consolidated Statement of Cash Flows

For the year ended December 31	Actual 2019	Actual 2018 Restated (see Note 1)
Cash flows from operating activities		
Annual surplus (Page 6)	\$ 3,245,322	\$ 3,820,036
Items not involving cash		
Amortization	3,444,902	3,154,612
Gain/loss on sale of assets held for sale	70,823	(205,497)
Gain/loss on disposition of assets	(67,462)	107,060
Contributed tangible capital assets	<u>(1,277,298)</u>	<u>(4,276,751)</u>
	5,416,287	2,599,460
Uses		
Increase in taxes receivable	-	(243,241)
Increase in accounts receivable	(12,028)	(23,143)
Increase in inventories of supplies	(9,197)	(48,511)
Increase in prepaid expenses	(1,463)	-
Sources		
Decrease in taxes receivable	193,591	-
Decrease in inventory for resale	1,502	7,007
Increase in accounts payable and accrued expenses	660,706	480,223
Increase in deferred revenue - obligatory reserve funds	86,668	654,042
Increase in deferred revenue - other	<u>207,437</u>	<u>299,414</u>
	<u>6,543,503</u>	<u>3,725,251</u>
Cash flows from capital transactions		
Acquisition of tangible capital assets	(5,640,006)	(2,865,252)
Acquisition of assets held for sale	(223,902)	-
Proceeds on disposal of tangible capital assets	78,556	41,616
Proceeds on disposal of assets held for sale	<u>70,000</u>	<u>389,253</u>
	<u>(5,715,352)</u>	<u>(2,434,383)</u>
Cash flows from financing activities		
Municipal debt incurred	3,492,227	-
Debt principal repayments	<u>(423,206)</u>	<u>(390,250)</u>
	<u>3,069,021</u>	<u>(390,250)</u>
Net change in cash	3,897,172	900,618
Cash, beginning of year	<u>7,366,476</u>	<u>6,465,858</u>
Cash, end of year	<u>\$ 11,263,648</u>	<u>\$ 7,366,476</u>

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

Corporation of the Municipality of Brighton Summary of Significant Accounting Policies

December 31, 2019

Nature of the Entity	The Corporation of the Municipality of Brighton is a lower tier municipality in the Province of Ontario. It conducts its operations guided by the provisions of provincial statutes such as the Municipal Act, Municipal Affairs Act and related legislation.
Management Responsibility	The financial statements of the Municipality are the responsibility of management. They have been prepared in accordance with Canadian public sector accounting standards.
Basis of Accounting	The financial statements have been prepared using Canadian public sector accounting standards.
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;">Brighton Public Library Board Brighton Downtown Business Improvement Area Board</p> <p>All interfund and inter-entity assets, liabilities, revenues and expenses have been eliminated.</p> <p>Trust funds and their related operations administered by the Municipality are not consolidated, but are disclosed separately in Note 2.</p> <p>The taxation, other revenues, expenses, assets and liabilities with respect to the operations of the county and school boards are not reflected in the balances of these consolidated financial statements, but are disclosed separately in Note 3.</p>
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. Also, the amount recorded as allowance for doubtful accounts receivable is based on management's best estimate of future payments on receivable accounts.
Inventory	Inventory of lots and niches of Mount Hope Cemetery are reflected at the lower of cost or net realizable value and this cost is allocated to cost of sales on a unit-by-unit basis in a manner expected to reduce the carrying value to nil when all of the units have been sold.

Corporation of the Municipality of Brighton Summary of Significant Accounting Policies

December 31, 2019

Deferred Revenue Contributions, other than government transfers, are deferred when restrictions are placed on their use by the external contributor, and are recognized as revenue when used for the purpose specified.

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	10-50 years
Buildings	15-50 years
Machinery and equipment	5-30 years
Vehicles	10 years
Roads and bridges	10-75 years
Water and sewer systems	15-50 years

Non-financial assets Non-financial assets are used to provide the Municipality's services in future periods. These assets do not normally provide resources to discharge the liabilities of the Municipality unless they are sold. The Municipality's non-financial assets include tangible capital assets, inventories for resale and prepaid expenses.

Revenue Recognition Revenue is reported on the accrual basis of accounting. Revenues are recognized as follows:

- a) Taxation revenue is 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. As taxes recorded are initially based on management's best estimate of the taxes that will be received, it is possible that changes in future conditions, such as reassessments due to audits, appeals and court decisions, could result in a change in the amount of tax revenue recognized. Taxes receivable are recognized net of an allowance for anticipated uncollectable amounts.
- b) User charges, licenses, fines, and donations are recognized when receivable.
- c) Subdivider contributions and fees for services are recognized over the period of service or when required expenditures occur if applicable.
- e) Investment income is reported as revenue in the fiscal year earned. Investment income earned on development charges, federal gas tax reserve funds, and parkland obligatory reserve funds is added to the reserve fund balance and forms part of the respective deferred revenue balance.

Corporation of the Municipality of Brighton Summary of Significant Accounting Policies

December 31, 2019

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.

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.

Corporation of the Municipality of Brighton

Notes to Consolidated Financial Statements

December 31, 2019

1. Prior Period Correction

The Corporation of the Municipality of Brighton has made a correction to their tangible capital assets due to the incorrect classification of the Industrial Park Land and carrying amount assigned to this land. It was determined during the year that the asset became available for sale in 2018 and should have been classified as such and that a significant portion of the asset's carrying amount included infrastructure assets including linear assets and water and sewer assets. It was also determined that a portion of the carrying amount of assets had a fair market value of \$0 as it was unsaleable and therefore was written down. The correction has been applied retroactively and the impact of the changes were as follows:

	2018
<u>Statement of Financial Position</u>	
Increase in assets held for sale	\$ 311,805
Decrease in tangible capital assets	(14,831)
Decrease in 2018 closing accumulated surplus	\$ 296,974
<u>Statement of Operations</u>	
Increase in revenue	
Gain (loss) on sale of assets held for sale	\$ 205,497
Gain (loss) on disposition of assets	283,645
Total increase in revenue	489,142
Increase in 2018 expenses	
Transportation services	11,565
Environmental services	8,386
Total increase in expenses	19,951
Increase in 2018 annual surplus	\$ 469,191
Decrease in 2018 opening accumulated surplus	\$ (172,217)

2. Trust Funds

	2019	2018
Mount Hope Cemetery	\$ 241,719	\$ 236,679

Corporation of the Municipality of Brighton Notes to Consolidated Financial Statements

December 31, 2019

3. Taxation Raised on Behalf of Others

The following amounts raised on behalf of others are not included in these financial statements.

	2019	2018
School Boards	\$ 3,234,423	\$ 3,196,374
County of Northumberland	7,298,777	6,990,879
	\$ 10,533,200	\$ 10,187,253

4. Restricted Assets

	2019	2018
Cash (Note 5)	\$ 2,862,436	\$ 3,486,694
Due from (to) own municipality	1,217,804	506,878
	\$ 4,080,240	\$ 3,993,572
Consists of:		
Obligatory funds in deferred revenue (Note 9)	\$ 4,080,240	\$ 3,993,572

5. Cash

	2019	2018
Unrestricted		
Unrestricted cash	\$ 5,257,154	\$ 3,610,797
Designated		
Designated cash	3,092,801	218,985
Designated GIC	51,257	50,000
Restricted		
Restricted cash (Note 4)	2,862,436	3,486,694
	\$ 11,263,648	\$ 7,366,476

Most of the cash is on deposit at one financial institution (RBC). Designated cash relates to reserve funds of \$4,659,051.

Corporation of the Municipality of Brighton Notes to Consolidated Financial Statements

December 31, 2019

6. Accounts Receivable

	2019	2018
Unrestricted		
Canada	\$ 304,694	\$ 352,850
Ontario	27,411	40,208
Other municipalities and school boards	103,623	51,770
Water and sewer customer accounts	700,096	658,577
Other	124,164	144,555
Allowance for doubtful accounts	(49,403)	(49,403)
	\$ 1,210,585	\$ 1,198,557

7. Assets Held for Sale

The Municipality made the decision to put industrial lots up for sale, to generate economic development within the Municipality. At year end, the asset is held for sale and presented as a financial asset on the Statement of Financial Position.

8. 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, 2019 of \$14,178 (2018 - \$14,841) has been fully funded from operations and included in accounts payable in these financial statements.

b. Pension Agreement

OMERS provides pension services to almost half a million 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, 2019. The results of this valuation disclosed total actuarial liabilities of \$107,687 million in respect of benefits accrued for service with actuarial assets at that date of \$104,290 million indicating an actuarial deficit of \$3,397 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. Contributions made by the Municipality to OMERS for 2019 were \$254,614 (2018 - \$238,771).

Corporation of the Municipality of Brighton Notes to Consolidated Financial Statements

December 31, 2019

9. Deferred Revenue

	2019	2018
Obligatory Reserve Funds		
Development Charges Act	\$ 2,812,117	\$ 3,426,506
Parkland (Planning Act)	50,819	60,188
Gas tax	957,933	234,364
Building Department	259,371	272,514
	4,080,240	3,993,572
Other deferred revenue	597,053	389,616
	\$ 4,677,293	\$ 4,383,188

The net change during the year in the restricted deferred revenue balances is made up as follows:

	Development Charges	Parkland	Gas Tax	Building Department	Total
Opening obligatory funds	\$ 3,426,506	\$ 60,188	\$ 234,364	\$ 272,514	\$ 3,993,572
Restricted funds received	685,677	13,322	713,852	-	1,412,851
Interest earned	80,217	1,801	9,717	-	91,735
Revenue recognized	(1,380,283)	(24,492)	-	(13,143)	(1,417,918)
Closing obligatory funds	\$ 2,812,117	\$ 50,819	\$ 957,933	\$ 259,371	\$ 4,080,240

Gas tax revenue is provided by the Government of Canada. The use of the funds is established by the funding agreement signed between the Municipality and the Association of Municipalities of Ontario. Gas tax funds may be used towards designated projects as specified in the funding agreements.

Corporation of the Municipality of Brighton Notes to Consolidated Financial Statements

December 31, 2019

10. Municipal Debt

	2019	2018
Long term bank loan maturing August 26, 2020 repayable in blended monthly instalments of \$7,657, with interest at 3.89%	\$ 799,420	\$ 861,056
Long term bank loan maturing August 26, 2020 repayable in blended monthly instalments of \$13,250, with interest at 3.89%	1,386,227	1,489,927
Long term bank loan maturing December 20, 2022 repayable in blended monthly instalments of \$652, with interest at 2.93%	21,905	28,924
Long term bank loan maturing April 3, 2027 repayable in blended semi-annual instalments of \$28,087, with interest at 2.69%	379,230	424,292
Long term bank loan maturing April 3, 2032 repayable in blended semi-annual instalments of \$114,596, with interest at 3.13%	2,355,893	2,507,771
Long term bank loan maturing August 1, 2034 repayable in blended semi-annually instalments of \$50,127, with interest at 2.65%	1,234,227	-
Long term bank loan maturing December 2, 2039 repayable in blended semi-annually instalments of \$74,176, with interest at 2.81%	2,258,000	-
Interest-free long term loan with no fixed maturity, repayable annually at 80% of unaudited fiscal year-end Municipal cash surplus	334,456	388,367
Net municipal debt	\$ 8,769,358	\$ 5,700,337

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

	Total principal	Total Interest	Total payments
2020	\$ 582,002	260,694	\$ 842,696
2021	549,342	243,354	792,696
2022	566,714	225,437	792,151
2023	577,846	207,027	784,873
2024	596,746	188,126	784,872
Thereafter	5,896,708	901,941	6,798,649
Total	\$ 8,769,358	2,026,579	\$10,795,937

Corporation of the Municipality of Brighton Notes to Consolidated Financial Statements

December 31, 2019

- 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 gross payments for the year to service net municipal debt are as follows:

	2019	2018
Principal payments	\$ 423,206	\$ 390,250
Interest	170,249	163,791
	\$ 593,455	\$ 554,041

11. Accumulated Surplus

	2019	2018
Municipal surplus	\$ 309,942	\$ 353,827
Public Library Board surplus (deficit)	85,649	(10,627)
Business Improvement Area Board surplus	12,982	19,670
	408,573	362,870
Unfunded capital	(2,580,156)	(4,071,465)
Invested in tangible capital assets (Note 15)	75,975,277	72,513,969
Municipal debt to be recovered in future (Note 10)	(8,769,358)	(5,700,337)
Reserve/reserve fund balances	8,500,131	7,184,108
	\$ 73,534,467	\$ 70,289,145

12. 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 \$4 million via an operating loan. Any balance borrowed will bear interest at prime less .5% per year. Council authorized the temporary borrowing limit for 2019 in by-law 009-2019, and there was no balance outstanding at either December 31, 2018 or 2019.

b. Spending Commitments

The Municipality has entered into a commitment with Brighton YMCA to contribute \$30,000 per year for five years commencing in 2018.

The Municipality has committed to spending an estimated amount of \$7,100,000 on a Moving Bed Biofilm Reactor (MBBR) System for the remediation of the Brighton Lagoon.

Corporation of the Municipality of Brighton

Notes to Consolidated Financial Statements

December 31, 2019

c. 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.

13. Subsequent Events

a. COVID-19

Subsequent to year end, the impact of COVID-19 in Canada and on the global economy increased significantly. As the impacts of COVID-19 continue, there could be further impact on the Municipality, its citizens, employees, suppliers and other third party business associates that could impact the timing and amounts realized on the Municipality's assets and future ability to deliver services and projects. At this time, the full potential impact of COVID-19 on the Municipality is not known. Although the disruption from the virus is expected to be temporary, given the dynamic nature of these circumstances, the duration of disruption and the related financial impact cannot be reasonably estimated at this time. The Municipality's ability to continue delivering non-essential services and employ related staff, will depend on the legislative mandates from the various levels of government. The Municipality will continue to focus on collecting receivables, managing expenditures, and leveraging existing reserves and available credit facilities to ensure it is able to continue providing essential services to its citizens.

b. Loan Renewals

Subsequent to year end, the Municipality approved the renewal of two long term bank loans for \$1,334,018 and \$770,953, respectively. Both loans were renewed for a 10 year term at an interest rate of 2.72%.

c. Equipment Purchase

Subsequent to year end, Council approved the purchased of a new Caterpillar M318F Rubber Tire Excavator for \$381,000 + HST.

d. Equipment Purchase

Subsequent to year end, Council awarded the contract for a Pumper Tank Fire Truck for \$424,844 + HST.

Corporation of the Municipality of Brighton Notes to Consolidated Financial Statements

December 31, 2019

14. Budget Amounts

The 2019 Budget adopted by Council on April 3, 2019 was not prepared on a basis consistent with that used to report actual results. The budget was prepared on a modified accrual basis while Canadian 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 Change in Net Financial Assets (Debt) represent the budget adopted by Council on April 3, 2019 with adjustments as follows:

	2019 budget adopted by Council	Non TCA expenditures from capital	2019 budget presented in statements
Revenue			
Taxation levied for own purposes	\$ 9,493,621	\$ -	\$ 9,493,621
User charges, licences and fines	4,123,554	-	4,123,554
Grants	1,716,550	-	1,716,550
Other	854,911	-	854,911
	<u>16,188,636</u>	-	<u>16,188,636</u>
Expenditures			
General government	1,330,613	55,500	1,386,113
Protection to persons and property	2,936,328	61,500	2,997,828
Transportation services	2,631,239	206,500	2,837,739
Environmental services	2,111,006	109,000	2,220,006
Health services	250,296	-	250,296
Recreation and cultural services	1,496,166	87,000	1,583,166
Planning and development	976,742	-	976,742
	<u>11,732,390</u>	<u>519,500</u>	<u>12,251,890</u>
Annual surplus (deficit)	4,456,246	(519,500)	<u>\$ 3,936,746</u>
Capital expenditures	(14,931,073)	519,500	
Transfers from (to)			
reserve/reserve funds	1,185,056	-	
Debt proceeds	10,729,430	-	
Debt repayment	(622,586)	-	
	<u>\$ 817,073</u>	<u>\$ -</u>	
Budgeted surplus	<u>\$ 817,073</u>	<u>\$ -</u>	
Consists of:			
Brighton Public Library	\$ 6,000		
Brighton Downtown BIA	-		
Municipality of Brighton	<u>811,073</u>		
	<u>\$ 817,073</u>		

**Corporation of the Municipality of Brighton
Notes to Consolidated Financial Statements**

December 31, 2019

15. Tangible Capital Assets

	General Assets					Infrastructure Assets		Assets Under Construction	2019
	Land	Land Improvements	Buildings	Machinery and Equipment	Vehicles	Roads and Bridges	Water and Sewer		
Cost, beginning of year	\$ 3,778,279	\$ 3,414,486	\$ 12,796,803	\$ 3,521,541	\$ 3,631,604	\$ 71,722,476	\$ 19,993,038	\$ 2,025,819	\$ 120,884,046
Additions	-	77,677	1,290,011	924,138	961,860	1,214,979	442,283	2,006,356	6,917,304
Disposals	-	-	-	(179,958)	(210,569)	(117,023)	-	-	(507,550)
Internal transfers	-	267,518	1,027,518	-	-	8,040	-	(1,303,076)	-
Cost, end of year	\$ 3,778,279	\$ 3,759,681	\$ 15,114,332	\$ 4,265,721	\$ 4,382,895	\$ 72,828,472	\$ 20,435,321	\$ 2,729,099	\$ 127,293,800
Accumulated Amortization, beginning of year	\$ -	\$ 1,670,713	\$ 4,853,262	\$ 2,492,385	\$ 2,583,265	\$ 27,353,339	\$ 9,417,113	\$ -	\$ 48,370,077
Amortization	-	131,556	395,198	265,838	287,163	1,969,995	395,152	-	3,444,902
Disposals	-	-	-	(213,270)	(168,594)	(114,592)	-	-	(496,456)
Accumulated Amortization, end of year	\$ -	\$ 1,802,269	\$ 5,248,460	\$ 2,544,953	\$ 2,701,834	\$ 29,208,742	\$ 9,812,265	\$ -	\$ 51,318,523
Net book value, beginning of year	\$ 3,778,279	\$ 1,743,773	\$ 7,943,541	\$ 1,029,156	\$ 1,048,339	\$ 44,369,137	\$ 10,575,925	\$ 2,025,819	\$ 72,513,969
Net book value, end of year	\$ 3,778,279	\$ 1,957,412	\$ 9,865,872	\$ 1,720,768	\$ 1,681,061	\$ 43,619,730	\$ 10,623,056	\$ 2,729,099	\$ 75,975,277

**Corporation of the Municipality of Brighton
Notes to Consolidated Financial Statements**

December 31, 2019

15. Tangible Capital Assets (Cont'd)

	General Assets					Infrastructure Assets			2018 Restated (see Note 1)
	Land	Land Improvements	Buildings	Machinery and Equipment	Vehicles	Roads and Bridges	Water and Sewer	Assets Under Construction	
Cost, beginning of year	\$ 3,778,279	\$ 3,347,916	\$ 12,781,265	\$ 3,268,994	\$ 3,769,836	\$ 68,354,965	\$ 18,484,709	\$ 1,179,767	\$ 114,965,731
Additions	-	20,352	15,538	346,084	61,900	3,801,969	1,508,329	1,387,831	7,142,003
Disposals	-	-	-	(93,537)	(200,132)	(434,458)	-	-	(728,127)
Internal transfers	-	46,218	-	-	-	-	-	(541,779)	(495,561)
Cost, end of year	\$ 3,778,279	\$ 3,414,486	\$ 12,796,803	\$ 3,521,541	\$ 3,631,604	\$ 71,722,476	\$ 19,993,038	\$ 2,025,819	\$ 120,884,046
Accumulated Amortization, beginning of year	\$ -	\$ 1,556,515	\$ 4,541,536	\$ 2,374,717	\$ 2,570,390	\$ 25,725,816	\$ 9,025,941	\$ -	\$ 45,794,915
Amortization	-	114,198	311,726	211,205	213,007	1,913,304	391,172	-	3,154,612
Disposals	-	-	-	(93,537)	(200,132)	(285,781)	-	-	(579,450)
Accumulated Amortization, end of year	\$ -	\$ 1,670,713	\$ 4,853,262	\$ 2,492,385	\$ 2,583,265	\$ 27,353,339	\$ 9,417,113	\$ -	\$ 48,370,077
Net book value, beginning of year	\$ 3,778,279	\$ 1,791,401	\$ 8,239,729	\$ 894,277	\$ 1,199,446	\$ 42,629,149	\$ 9,458,768	\$ 1,179,767	\$ 69,170,816
Net book value, end of year	\$ 3,778,279	\$ 1,743,773	\$ 7,943,541	\$ 1,029,156	\$ 1,048,339	\$ 44,369,137	\$ 10,575,925	\$ 2,025,819	\$ 72,513,969

Corporation of the Municipality of Brighton

Notes to Consolidated Financial Statements

December 31, 2019

15. Tangible Capital Assets (Cont'd)

The net book value of tangible capital assets not being amortized because they are under construction is \$2,729,099 (2018 - \$2,025,819).

Assets contributed to the Municipality in 2019, consisting of Road Network and Storm Water Network, had a fair market value of \$1,277,298 (2018 - \$4,276,751). They have been capitalized at their fair value.

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

16. Segmented Information

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

For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Certain allocation methodologies are employed in the preparation of segmented financial information. Taxation, payments-in-lieu of taxes and unconditional government transfers are apportioned based on each segment's net budget requirements.

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

General Government

General government consists of the activities of Council and general financial and administrative management of the Municipality and its programs and services.

Protection to Persons and Property

Protection includes police, fire, conservation authority, protective inspection and emergency measures.

Transportation Services

The transportation function includes construction and maintenance of the Municipality's roads and bridges, winter control, parking and street lighting.

Environmental Services

The environmental function is responsible for providing storm sewer, water and sewer services to urban residents.

Health Services

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

Corporation of the Municipality of Brighton Notes to Consolidated Financial Statements

December 31, 2019

16. Segmented Information Continued

Recreational and Cultural Services

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

Planning and Development

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

The accounting policies of the segments are the same as those described in the summary of significant accounting policies.

**Corporation of the Municipality of Brighton
Notes to Consolidated Financial Statements**

December 31, 2019

16. Segmented Information Continued

For the year ended December 31	General government	Protection to persons and property	Transportation services	Environmental Services	Health services	Recreational and cultural services	Planning and Development	2019 Total
Revenue								
Taxation	\$ 1,206,071	\$ 2,380,107	\$ 3,559,164	\$ -	\$ 289,060	\$ 1,290,017	\$ 813,134	\$ 9,537,553
User charges	329,640	455,902	64,771	2,926,555	42,108	255,207	141,829	4,216,012
Government transfers - provincial	771,321	284,044	521,202	-	32,938	252,872	92,656	1,955,033
Government transfers - federal	-	-	-	-	-	-	6,300	6,300
Developer contributions	84,653	-	1,203,900	50,000	-	61,901	-	1,400,454
Investment income	116,204	-	-	-	-	-	-	116,204
Penalties and interest on taxes	267,715	-	-	-	-	-	-	267,715
Donations	564	-	-	-	-	4,673	300	5,537
Contributed TCA	-	-	835,015	442,282	-	-	-	1,277,297
Gain (loss) on sale of assets held for sale	-	-	-	-	-	-	(70,823)	(70,823)
Gain (loss) on disposition of assets	-	(6,898)	72,950	-	-	3,246	(1,836)	67,462
	<u>2,776,168</u>	<u>3,113,155</u>	<u>6,257,002</u>	<u>3,418,837</u>	<u>364,106</u>	<u>1,867,916</u>	<u>981,560</u>	<u>18,778,744</u>
Expenses								
Salaries and benefits	1,064,513	828,952	1,234,181	737,940	21,222	924,941	188,388	5,000,137
Materials, supplies and services	369,416	263,547	1,386,330	861,295	162,946	418,871	906,703	4,369,108
Contracted services	45,630	1,747,176	253,891	86,978	-	-	11,741	2,145,416
Rent and financial expenses	20,477	15,179	18,992	4,656	-	8,243	-	67,547
Interest charges	-	-	83,880	55,307	-	31,062	-	170,249
Amortization expense	120,449	115,366	2,286,693	579,644	45,560	297,191	-	3,444,903
Internal transfers	(110,000)	13,000	(75,000)	57,000	-	100,000	15,000	-
Transfers to other entities	-	-	-	-	78,110	2,970	254,982	336,062
	<u>1,510,485</u>	<u>2,983,220</u>	<u>5,188,967</u>	<u>2,382,820</u>	<u>307,838</u>	<u>1,783,278</u>	<u>1,376,814</u>	<u>15,533,422</u>
Annual surplus/(deficit)	\$ 1,265,683	\$ 129,935	\$ 1,068,035	\$ 1,036,017	\$ 56,268	\$ 84,638	\$ (395,254)	\$ 3,245,322

**Corporation of the Municipality of Brighton
Notes to Consolidated Financial Statements**

December 31, 2019

16. Segmented Information Continued

For the year ended December 31	General government	Protection to persons and property	Transportation services	Environmental services	Health services	Recreation and Cultural services	Planning and development	2018 Total Restated (see Note 1)
Revenue								
Taxation	\$ 1,103,418	\$ 2,219,929	\$ 3,122,438	\$ -	\$ 270,536	\$ 1,115,869	\$ 833,596	\$ 8,665,786
User charges	388,555	376,033	43,880	2,693,259	38,153	345,352	133,277	4,018,509
Government transfers - provincial	130,833	305,691	370,227	-	32,077	290,843	98,839	1,228,510
Federal gas tax funding	-	-	240,000	-	-	-	-	240,000
Developer contributions	-	-	-	-	-	145,593	-	145,593
Investment income	102,567	-	-	-	-	-	-	102,567
Penalties and interest on taxes	251,487	-	-	-	-	-	-	251,487
Donations	-	-	-	-	-	99,632	725	100,357
Contributed TCA	-	-	2,768,421	1,508,330	-	-	-	4,276,751
Gain (loss) on sale of assets held for sale	-	-	-	-	-	-	205,497	205,497
Gain (loss) on disposition of assets	-	-	(107,060)	-	-	-	-	(107,060)
	<u>1,976,860</u>	<u>2,901,653</u>	<u>6,437,906</u>	<u>4,201,589</u>	<u>340,766</u>	<u>1,997,289</u>	<u>1,271,934</u>	<u>19,127,997</u>
Expenses								
Salaries and benefits	1,096,169	800,454	1,129,442	674,114	5,731	934,523	201,519	4,841,952
Materials, supplies and services	435,479	261,708	1,099,151	1,371,604	165,547	416,946	602,242	4,352,677
Contracted services	86,923	1,708,369	256,149	208,639	-	-	16,081	2,276,161
Rent and financial expenses	22,233	20,613	24,732	23,268	-	6,293	-	97,139
Interest charges	-	-	62,576	63,539	-	37,677	-	163,792
Amortization expense	54,332	75,925	2,151,068	577,263	23,065	272,959	-	3,154,612
Internal transfers	(45,000)	13,000	(75,000)	57,000	-	35,000	15,000	-
Transfers to other entities	-	-	-	-	103,616	2,970	315,042	421,628
	<u>1,650,136</u>	<u>2,880,069</u>	<u>4,648,118</u>	<u>2,975,427</u>	<u>297,959</u>	<u>1,706,368</u>	<u>1,149,884</u>	<u>15,307,961</u>
Annual surplus/(deficit)	\$ 326,724	\$ 21,584	\$ 1,789,788	\$ 1,226,162	\$ 42,807	\$ 290,921	\$ 122,050	\$ 3,820,036

Corporation of the Municipality of Brighton

Trust Funds

Financial Statements

For the year ended December 31, 2019

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Independent Auditor's Report

**To the Members Council, Inhabitants and Ratepayers
of the Corporation of the Municipality of Brighton**

Opinion

We have audited the accompanying financial statements of Corporation of the Municipality of Brighton Trust Funds (the Entity), which comprise the statement of financial position as at December 31, 2019, and the statement of continuity for the year then ended and notes to financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2019, and the results of its operations for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

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

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

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

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



Auditor's Responsibility

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

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

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

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

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Lindsay, Ontario
August 17, 2020

**Corporation of the Municipality of Brighton
Trust Funds
Statement of Financial Position**

<u>December 31</u>	<u>2019</u>	<u>2018</u>
Financial assets		
Cash	\$ 241,937	\$ 235,896
Due (to)/from Municipality	<u>(218)</u>	<u>783</u>
	\$ 241,719	\$ 236,679
Liabilities and Fund Balances		
Accumulated Surplus	\$ 241,719	\$ 236,679
Subsequent event (Note 3)		

On behalf of Council:

_____ Mayor

_____ Deputy Mayor

The accompanying notes are an integral part of these financial statements.

**Corporation of the Municipality of Brighton
Trust Funds
Statement of Continuity**

For the year ended December 31	2019	2018
Accumulated Surplus, beginning of year	\$ 236,679	\$ 231,739
Revenues		
Monument care	1,100	950
Sale of plots and niches	3,840	3,940
Interest	5,258	4,157
Scattering grounds	100	50
	<u>10,298</u>	<u>9,097</u>
Expenses		
Transfer to Cemetery	<u>5,258</u>	<u>4,157</u>
Accumulated Surplus, end of year	\$ 241,719	\$ 236,679

**Corporation of the Municipality of Brighton
Trust Funds
Notes to Financial Statements**

December 31, 2019

1. Significant Accounting Policies

Nature and Purpose of the Entity	The Corporation of the Municipality of Brighton Trust Funds is a fund responsible for holding the funds generated by perpetual care services and plot and monument sales made by the Municipality.
Management Responsibility	These financial statements are the responsibility of the entity'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	Revenue and expenditures are reported on the accrual basis of accounting which recognizes revenues as they become available and measurable; expenses are recognized as they are incurred and measurable as a result of goods or services and the creation of a legal obligation to pay.
Revenue Recognition	Revenue from the sale of products and services is recorded when the product is delivered or the service is provided. Interest revenue is recorded when received.

2. Mount Hope Cemetery

The fund represents the Perpetual Care and Monument Care Trust Fund balances. Forty percent of plot sales are credited to the Perpetual Care Trust Fund to maintain these plots in perpetuity. When a memorial stone is installed, the Cemetery receives an amount which is transferred to the Monument Care Trust Fund to maintain the stone in perpetuity. Interest earned on these trust funds is used for ongoing maintenance.

3. Subsequent Event

Subsequent to year end, the impact of COVID-19 in Canada and on the global economy increased significantly. As the impacts of COVID-19 continue, there could be further impact on the organization. Management is actively monitoring the affect on its financial condition, liquidity and operations. Given the daily evolution of the COVID-19 out break and the global responses to curb its spread, the Organization is not able to fully estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity at this time.

**Corporation of the
Municipality of Brighton
Public Library Board**

Financial Statements

For the year ended December 31, 2019

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Independent Auditor's Report

To the members of the Corporation of the Municipality of Brighton Public Library Board,
Members of Council, Inhabitants and Ratepayers of the Municipality of Brighton

Qualified Opinion

We have audited the accompanying financial statements of the Corporation of the Municipality of Brighton Public Library Board (the Entity), which comprise the statement of financial position as at December 31, 2019, and the statements of operations, change in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2019, and its results of operations, its change in net assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

The Entity derives revenue from donations, fines and fees, book sales, miscellaneous, and non-resident user fees, 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 Entity. Therefore, we were not able to determine whether any adjustments might be necessary to donations, fines and fees, book sales, miscellaneous, non-resident user fees, annual surplus, and cash flows from operations for the years ended December 31, 2019 and 2018, net financial assets as at December 31, 2019 and 2018, and accumulated surplus as at January 1 and December 31 for both the 2019 and 2018 years. Our audit opinion on the financial statements for the year ended December 31, 2018 was modified accordingly because of the possible effects of this limitation in scope.

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

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

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

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

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



Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

BDO Canada LLP

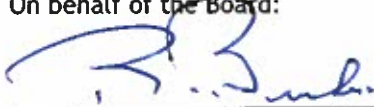
Chartered Professional Accountants, Licensed Public Accountants

Lindsay, Ontario
June 24, 2020

**Corporation of the Municipality of Brighton
Public Library Board
Statement of Financial Position
December 31, 2019**

December 31	2019	2018
Financial assets		
Cash (Note 1)	\$ 107,732	\$ 57,474
Temporary investments (Note 2)	51,257	50,000
Accounts receivable	8,649	22,001
	<u>167,638</u>	<u>129,475</u>
Liabilities		
Accounts payable and accrued liabilities	29,175	28,989
Deferred revenue	3,020	1,050
	<u>32,195</u>	<u>30,039</u>
Net financial assets	<u>135,443</u>	<u>99,436</u>
Non-financial assets		
Tangible capital assets (Note 5)	316,555	321,077
Prepaid expenses	1,463	-
	<u>318,018</u>	<u>321,077</u>
Accumulated surplus (Note 6)	<u>\$ 453,461</u>	<u>\$ 420,513</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

**Corporation of the Municipality of Brighton
Public Library Board
Statement of Operations
December 31, 2019**

For the year ended December 31	Budget	2019	2018
	(Note 3)		
Revenues			
Municipal contributions (Note 7)	\$ 454,412	\$ 454,412	\$ 441,531
Government grants	34,109	40,380	38,642
Interest	500	1,752	778
Donations, fines and fees	8,500	8,278	103,927
Book sales	3,000	2,194	613
Miscellaneous	3,150	5,890	4,492
Non-resident user fees	500	310	130
	<u>504,171</u>	<u>513,216</u>	<u>590,113</u>
Expenses			
Salaries and employee benefits (Note 7)	380,271	354,581	347,580
Amortization	-	66,292	64,367
Supplies	6,300	7,467	7,433
Professional fees	6,500	6,507	6,882
Travel	4,500	4,948	4,568
Computer	35,500	27,181	43,625
Equipment maintenance	1,000	348	430
Communication	2,600	3,474	2,166
Outreach programs	4,500	4,348	4,292
Professional development	5,000	5,122	5,196
Rent and utilities	-	-	14,305
	<u>446,171</u>	<u>480,268</u>	<u>500,844</u>
Annual surplus	58,000	32,948	89,269
Accumulated surplus, beginning of the year	<u>420,513</u>	<u>420,513</u>	<u>331,244</u>
Accumulated surplus, end of year	<u>\$ 478,513</u>	<u>\$ 453,461</u>	<u>\$ 420,513</u>

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

**Corporation of the Municipality of Brighton
Public Library Board
Statement of Change in Net Financial Assets**

For the year ended December 31	Budget	2019	2018
	(Note 3)		
Annual surplus	\$ 58,000	\$ 32,948	\$ 89,269
Acquisition of tangible capital assets	(64,000)	(61,770)	(216,656)
Amortization of tangible capital assets	-	66,292	64,367
Acquisition of prepaid expenses	-	(1,463)	-
Net change in net financial assets	(6,000)	36,007	(63,020)
Net financial assets, beginning of year	99,436	99,436	162,456
Net financial assets, end of year	\$ 93,436	\$ 135,443	\$ 99,436

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

**Corporation of the Municipality of Brighton
Public Library Board
Statement of Cash Flows**

December 31	2019	2018
Cash flows from operating activities		
Annual surplus	\$ 32,948	\$ 89,269
Items not involving cash		
Amortization	<u>66,292</u>	<u>64,367</u>
	<u>99,240</u>	<u>153,636</u>
Uses		
Increase in accounts receivable	-	(17,734)
Increase in prepaid expenses	(1,463)	-
Decrease in deferred revenue	-	(50)
	<u>(1,463)</u>	<u>(17,784)</u>
Sources		
Decrease in accounts receivable	13,352	-
Increase in accounts payable and accrued liabilities	186	14,257
Increase in deferred revenue	<u>1,970</u>	<u>-</u>
	<u>15,508</u>	<u>14,257</u>
Capital transactions		
Acquisition of tangible capital assets	<u>(61,770)</u>	<u>(216,656)</u>
Net change in cash	51,515	(66,547)
Cash and temporary investments, beginning of year	<u>107,474</u>	<u>174,021</u>
Cash and temporary investments, end of year	\$ 158,989	\$ 107,474
Consists of:		
Cash	\$ 107,732	\$ 57,474
Temporary Investment	<u>51,257</u>	<u>50,000</u>
Total	\$ 158,989	\$ 107,474

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

Corporation of the Municipality of Brighton Public Library Board Summary of Significant Accounting Policies

December 31, 2019

Nature of the Organization	The Corporation of the Municipality of Brighton Public Library Board "the Library" is a Board of the Corporation of the Municipality of Brighton which is incorporated under the Ontario Public Library Act. The Board makes available a wide variety of reading, electronic and audio-visual materials to the citizens of Brighton and its surrounding area.
Management Responsibility	The financial statements of the library are the responsibility of management and have been 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; expenditures 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.
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 estimated useful life of tangible capital assets as noted below.
Government Transfers	Government transfers, including municipal contributions, 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.

Corporation of the Municipality of Brighton Public Library Board

Summary of Significant Accounting Policies

December 31, 2019

Revenue Recognition	<p>The Library receives revenue from a variety of sources and applies the following recognition policies:</p> <ul style="list-style-type: none">a) Grants received for operating expenses and tangible capital assets are recognized as revenue in the year in which the related expenses are incurred.b) Fees, fines, book and miscellaneous revenue are recognized when the cash is collected.c) Revenues from donations and fundraising events are recognized when the cash is collected. Donations relating to library expansion are recognized as revenue in the year in which the related expenses are incurred.				
Deferred Revenue	<p>Deferred revenue represents grants or donations which have been collected but for which the related services have yet to be performed. These amounts will be recognized as revenues in the fiscal year the services are performed.</p>				
Tangible Capital Assets	<p>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:</p> <table><tr><td>Books and periodicals</td><td style="text-align: right;">7 years</td></tr><tr><td>Computer hardware and furniture</td><td style="text-align: right;">5-15 years</td></tr></table>	Books and periodicals	7 years	Computer hardware and furniture	5-15 years
Books and periodicals	7 years				
Computer hardware and furniture	5-15 years				
Non-financial assets	<p>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.</p>				
Pension Agreement	<p>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 past service costs and interest costs related to the future employer contributions to the Plan for past employee service.</p>				

**Corporation of the Municipality of Brighton
Public Library Board
Notes to Financial Statements**

December 31, 2019

1. Cash

The Library bank account is held at a chartered bank and earns a nominal amount of interest.

2. Temporary Investments

The Library holds designated funds in the form of a Guaranteed Investment Certificate with CIBC totalling \$51,257. The investment bears interest at 1.3% and expires in December 2020.

3. Budget Figures

The budget adopted by the Library Board on September 26, 2018 was not prepared on a basis consistent with that used to report actual results. The budget was prepared on a modified accrual basis while Public Sector Accounting Standards now require a full accrual basis. The budget expensed all tangible capital expenditures rather than including amortization expense. As a result, the budget figures presented in the statements of operations and change in net financial assets represent the budget adopted by the Library Board on September 26, 2018 with adjustments as follows:

	<u>2019</u>
Balanced budget for the year	\$ -
Add:	
Capital expenditures	64,000
Less:	
HST - Public Service Bodies rebate	<u>(6,000)</u>
Budget surplus per statement of operations	<u>\$ 58,000</u>

4. Pension Agreement

OMERS provides pension services to almost half a million 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, 2019. The results of this valuation disclosed total actuarial liabilities of \$107,687 million in respect of benefits accrued for service with actuarial assets at that date of \$104,290 million indicating an actuarial deficit of \$3,397 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. Contributions made by the Library to OMERS for 2019 were \$17,997 (2018 - \$19,613).

**Corporation of the Municipality of Brighton
Public Library Board
Notes to Financial Statements**

December 31, 2019

5. Tangible Capital Assets

	Books and Periodicals	Computer Hardware & Furniture	2019
Cost beginning of year	\$ 362,332	\$ 259,176	\$ 621,508
Additions during the year	61,770	-	61,770
Disposals during the year	(48,301)	-	(48,301)
Cost end of the year	<u>\$ 375,801</u>	<u>\$ 259,176</u>	<u>\$ 634,977</u>
Accumulated amortization beginning of year	\$ 199,716	\$ 100,715	\$ 300,431
Amortization expense	53,686	12,606	66,292
Accumulated amortization of disposals	(48,301)	-	(48,301)
Accumulated amortization end of year	<u>\$ 205,101</u>	<u>\$ 113,321</u>	<u>\$ 318,422</u>
Net book value beginning of year	<u>\$ 162,616</u>	<u>\$ 158,461</u>	<u>\$ 321,077</u>
Net book value end of year	<u>\$ 170,700</u>	<u>\$ 145,855</u>	<u>\$ 316,555</u>

	Books and Periodicals	Computer Hardware & Furniture	2018
Cost beginning of year	\$ 352,431	\$ 100,938	\$ 453,369
Additions during the year	58,418	158,238	216,656
Disposals during the year	(48,517)	-	(48,517)
Cost end of the year	<u>\$ 362,332</u>	<u>\$ 259,176</u>	<u>\$ 621,508</u>
Accumulated amortization beginning of year	\$ 196,471	\$ 88,110	\$ 284,581
Amortization expense	51,762	12,605	64,367
Accumulated amortization of disposals	(48,517)	-	(48,517)
Accumulated amortization end of year	<u>\$ 199,716</u>	<u>\$ 100,715</u>	<u>\$ 300,431</u>
Net book value beginning of year	<u>\$ 155,960</u>	<u>\$ 12,828</u>	<u>\$ 168,788</u>
Net book value end of year	<u>\$ 162,616</u>	<u>\$ 158,461</u>	<u>\$ 321,077</u>

**Corporation of the Municipality of Brighton
Public Library Board
Notes to Financial Statements**

December 31, 2019

6. Accumulated Surplus

	2019	2018
Operating surplus	\$ 85,649	\$ (10,627)
Surplus attributable to tangible capital assets	316,555	321,077
Reserve funds	51,257	110,063
	\$ 453,461	\$ 420,513

7. Related Party Transactions

The Library is related a local board of the Corporation of the Municipality of Brighton (the Municipality).

The Municipality contributed \$454,412 (2018 - \$441,5831) to help fund the operations of the Library in the year. The Library paid \$20,981 (2018 - \$27,835) to the Municipality to cover employee health insurance. These transactions are in the ordinary course of business and are recorded at the exchange amount.

8. Subsequent Events

On January 30, 2020, the World Health Organization announced a global health emergency because of a new strain of coronavirus, the “COVID-19 outbreak”. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve throughout the world including Canada. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the impact on the Library will not be known with certainty for months to come. Effective March 30, 2020 the Library was closed to the public.

The Library has received its annual funding from the municipality for 2020, however this closure may impact fines, fees and other revenue due to being closed to the public.

At this time, these factors that present uncertainty over future cash flows, may cause significant changes to the net assets of the foundation and may have a significant impact on future operations. An estimate of the financial effect is not practicable at this time.

**Corporation of the
Municipality of Brighton
Brighton Downtown Business
Improvement Area
Financial Statements
For the year ended December 31, 2019**

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

Independent Auditor's Report

To the Members of the Corporation of the Municipality of Brighton Downtown Business Improvement Area Board, Members of Council, Inhabitants and Ratepayers of the Municipality of Brighton

Qualified Opinion

We have audited the accompanying financial statements of the Brighton Downtown Business Improvement Area of the Corporation of the Municipality of Brighton (the Entity), which comprise the statement of financial position as at December 31, 2019, and the statements of operations and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2019, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

The Entity derives revenue from fundraising activities 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 Entity. Therefore, we were not able to determine whether any adjustments might be necessary to donation and fundraising revenue, annual surplus, and cash flows from operations for the years ended December 31, 2019 and 2018, net financial assets as at December 31, 2019 and 2018, and accumulated surplus as at January 1 and December 31 for both the 2019 and 2018 years. Our audit opinion on the financial statements for the year ended December 31, 2018 was modified accordingly because of the possible effects of this limitation in scope.

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

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

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

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

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



Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

BDO Canada LLP

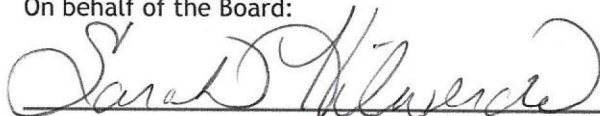
Chartered Professional Accountants, Licensed Public Accountants

Lindsay, Ontario
April 20, 2020

**Corporation of the Municipality of Brighton
Brighton Downtown Business Improvement Area
Statement of Financial Position**

<u>December 31</u>	<u>2019</u>	<u>2018</u>
Financial Assets		
Cash (Note 2)	\$ 12,912	\$ 20,079
Accounts receivable	<u>2,272</u>	<u>1,691</u>
	<u>15,184</u>	<u>21,770</u>
Liabilities		
Accounts payable and accrued liabilities	<u>2,200</u>	<u>2,100</u>
Accumulated surplus	<u>\$ 12,984</u>	<u>\$ 19,670</u>

On behalf of the Board:

 President

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

**Corporation of the Municipality of Brighton
Brighton Downtown Business Improvement Area
Statement of Operations**

For the year ended December 31	Budget 2019	Actual 2019	Actual 2018
	(Note 1)		
Revenues			
Tax revenue	\$ 37,950	\$ 37,950	\$ 36,850
Donations and fundraising	-	300	725
	<u>37,950</u>	<u>38,250</u>	<u>37,575</u>
Expenses			
Administration	4,800	5,447	4,442
Advertising and business promotion	11,000	10,572	9,369
Area development	18,500	20,119	18,942
Professional fees	2,150	2,354	2,249
Special events	1,500	6,444	1,051
	<u>37,950</u>	<u>44,936</u>	<u>36,053</u>
Annual surplus (deficit)	-	(6,686)	1,522
Accumulated surplus, beginning of year	-	19,670	18,148
Accumulated surplus, end of year	<u>\$ -</u>	<u>\$ 12,984</u>	<u>\$ 19,670</u>

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

**Corporation of the Municipality of Brighton
Brighton Downtown Business Improvement Area
Statement of Cash Flows**

For the year ended December 31	2019	2018
Cash flows from operating activities		
Annual surplus (deficit)	\$ (6,686)	\$ 1,522
Uses		
Increase in accounts receivable	(581)	-
Sources		
Decrease in accounts receivable	-	458
Increase in accounts payable and accrued liabilities	100	200
	<u>100</u>	<u>658</u>
Net change in cash	(7,167)	2,180
Cash, beginning of year	20,079	17,899
Cash, end of year	\$ 12,912	\$ 20,079

**Corporation of the Municipality of Brighton
Brighton Downtown Business Improvement Area
Summary of Significant Accounting Policies**

December 31, 2019

Nature of Business	The Municipality of Brighton is a municipality in the Province of Ontario, Canada. The Brighton Downtown Business Improvement Area is designated under a special municipal by-law and legislated by the Province of Ontario. It is designed to be a self-help mechanism that provides the tools and resources necessary to promote and beautify the area.
Management Responsibility	The financial statements of the Business Improvement Area are the representation of management prepared in accordance with Canadian public sector accounting standards.
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; expenditures 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.
Revenue Recognition	<p>The Business Improvement Area receives revenue from a variety of sources and applies the following revenue recognition policies:</p> <ul style="list-style-type: none">a) Taxation revenue is recognized in the calendar year it is raised from ratepayers by the Municipality.b) Revenue from donations and events is recognized when the cash is collected.c) Grants received for operating expenses and tangible capital assets are recognized as revenue in the year in which the related expenses are incurred.

**Corporation of the Municipality of Brighton
Brighton Downtown Business Improvement Area
Notes to Financial Statements**

December 31, 2019

1. Budget Amounts

The budget approved by the Board on January 10, 2019 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.

2. Cash

The Business Improvement Area bank account is held at a chartered bank and earns a nominal amount of interest.

3. Subsequent Events

On January 30, 2020, the World Health Organization announced a global health emergency because of a new strain of coronavirus, the “COVID-19 outbreak”. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve throughout the world including Canada. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the impact on the Entity will not be known with certainty for months to come. Specifically, as of March 2020, the BIA was no longer conducting business for an indefinite period of time. Funding received in 2020 from the Municipality is not expected to be affected.

Although the Organization cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time, if the pandemic continues, it may have a material adverse effect on the Company’s results of future operations, financial position, and liquidity in fiscal year 2020.