

Corporation of the Municipality of Brighton

Consolidated Financial Statements

For the year ended December 31, 2018

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

For the year ended December 31, 2018

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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, 2018, and the consolidated statement of operations, the consolidated statement of change in net 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, 2018, and its consolidated results of operations, its consolidated change in net 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.

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 Group 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
June 17, 2019


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

December 31	2018	2017
Financial assets		
Cash (Note 4)	\$ 7,366,476	\$ 6,465,858
Taxes receivable	1,724,605	1,481,363
Accounts receivable (Note 5)	1,198,557	1,175,414
Inventory for resale	18,752	25,759
	<u>10,308,390</u>	<u>9,148,394</u>
Liabilities		
Accounts payable and accrued expenses	2,831,092	2,350,870
Deferred revenue - obligatory reserve funds (Note 6)	3,993,572	3,339,528
Deferred revenue - other (Note 6)	389,616	90,202
Municipal debt (Note 8)	5,700,337	6,090,587
	<u>12,914,617</u>	<u>11,871,187</u>
Net debt (Page 7)	<u>(2,606,227)</u>	<u>(2,722,793)</u>
Non-financial assets		
Tangible capital assets (Note 13)	72,528,800	69,343,032
Inventories of supplies	69,598	21,087
	<u>72,598,398</u>	<u>69,364,119</u>
Accumulated surplus (Note 9)	<u>\$ 69,992,171</u>	<u>\$ 66,641,326</u>
Contingent Liabilities and Commitments (Note 10)		

On behalf of Council



Mayor/Councillor



Mayor/Councillor 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 2018	Actual 2018	Actual 2017
	(Note 12)		
Revenues			
Taxation levied for own purposes (Note 2)	\$ 8,669,074	\$ 8,665,786	\$ 8,181,845
User charges, licences and fines	4,054,872	4,018,509	3,493,992
Grants			
Government of Canada	305,400	240,000	599,909
Province of Ontario	1,452,881	1,228,510	1,375,058
Other			
Developer contributions earned	692,020	145,593	64,534
Investment income	35,500	102,567	46,494
Penalties and interest on taxes	215,000	251,487	237,808
Donations	4,000	100,357	6,691
Contributed tangible capital assets (Note 13)	-	4,276,751	2,436,610
Loss on disposition of assets	175,000	(390,705)	(392,807)
	15,603,747	18,638,855	16,050,134
Expenses			
General government	1,477,849	1,650,136	1,344,748
Protection to persons and property	2,997,623	2,880,069	2,962,569
Transportation services	2,733,967	4,636,553	4,323,867
Environmental services	2,193,477	2,967,041	2,111,088
Health services	275,965	297,959	413,617
Recreational and cultural services	1,440,240	1,706,368	1,628,479
Planning and development	1,073,852	1,149,884	697,649
	12,192,973	15,288,010	13,482,017
Annual surplus	3,410,774	3,350,845	2,568,117
Accumulated surplus, beginning of year	66,641,326	66,641,326	64,073,209
Accumulated surplus, end of year	\$ 70,052,100	\$ 69,992,171	\$ 66,641,326

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 2018	Actual 2018	Actual 2017
	(Note 12)		
Annual surplus	\$ 3,410,774	\$ 3,350,845	\$ 2,568,117
Acquisition of tangible capital assets	(5,415,840)	(7,142,003)	(6,026,511)
Amortization of tangible capital assets	-	3,134,661	2,994,996
Loss on disposition of assets	-	390,705	392,807
Proceeds on disposal of tangible capital assets	175,000	430,869	112,834
	(1,830,066)	165,077	42,243
Acquisition inventory of supplies	-	(69,598)	(21,087)
Use/consumption of inventory of supplies	-	21,087	62,379
	-	(48,511)	41,292
Net change in net financial assets (debt)	(1,830,066)	116,566	83,535
Net debt, beginning of year	(2,722,793)	(2,722,793)	(2,806,328)
Net debt, end of year	\$ (4,552,859)	\$ (2,606,227)	\$ (2,722,793)

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 2018	Actual 2017
Cash flows from operating activities		
Annual surplus (Page 6)	\$ 3,350,845	\$ 2,568,117
Items not involving cash		
Amortization	3,134,661	2,994,996
Loss on disposition of assets	390,705	392,807
Contributed tangible capital assets	<u>(4,276,751)</u>	<u>(2,436,610)</u>
	2,599,460	3,519,310
Uses		
Increase in taxes receivable	(243,242)	(1,589)
Increase in accounts receivable	(23,143)	-
Decrease in accounts payable and accrued expenses	-	(560,854)
Increase in inventories of supplies	(48,511)	-
Sources		
Decrease in accounts receivable	-	386,207
Decrease in inventory for resale	7,007	-
Increase in accounts payable and accrued expenses	480,222	-
Increase in deferred revenue - obligatory reserve funds	654,044	826,949
Increase in deferred revenue - other	299,414	2,426
Decrease in inventory of supplies	-	41,292
	<u>3,725,251</u>	<u>4,213,741</u>
Cash flows from capital transactions		
Acquisition of tangible capital assets	(2,865,252)	(3,589,901)
Proceeds on disposal of tangible capital assets	430,869	112,834
	<u>(2,434,383)</u>	<u>(3,477,067)</u>
Cash flows from financing activities		
Municipal debt incurred	-	3,646,591
Debt principal repayments	(390,250)	(256,099)
	<u>(390,250)</u>	<u>3,390,492</u>
Net change in cash	900,618	4,127,166
Cash, beginning of year	<u>6,465,858</u>	<u>2,338,692</u>
Cash, end of year	<u>\$ 7,366,476</u>	<u>\$ 6,465,858</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, 2018

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	These consolidated financial statements are the responsibility of the municipality's management prepared in accordance with accounting policies and standards established by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada.
Basis of Accounting	Sources of financing 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.
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 1.</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 2.</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, 2018

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

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 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.

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

- a) Taxation revenue is recognized in the calendar year to which the tax assessment applies. When necessary, taxes are recorded at estimated amounts when actual balances are not known. Taxes receivable are recognized net of an allowance for anticipated uncollectible amounts. Penalties and interest on taxes are recognized monthly as they are charged to taxpayers' accounts.
- b) User charges, licenses, fines, and donations are recognized when collected.
- c) Subdivider contributions and fees for services are recognized over the period of service or when required expenditures occur if applicable.
- e) 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.
- f) 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, 2018

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, 2018

1. Trust Funds

	<u>2018</u>	<u>2017</u>
Mount Hope Cemetery	<u>\$ 236,679</u>	<u>\$ 230,839</u>

2. Taxation Raised on Behalf of Others

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

	<u>2018</u>	<u>2017</u>
School Boards	<u>\$ 3,196,374</u>	<u>\$ 3,185,456</u>
County of Northumberland	<u>6,990,879</u>	<u>6,718,157</u>
	<u>\$10,187,253</u>	<u>\$ 9,903,613</u>

3. Restricted Assets

	<u>2018</u>	<u>2017</u>
Cash (Note 4)	<u>\$ 3,486,694</u>	<u>\$ 2,878,200</u>
Due from (to) own municipality	<u>506,878</u>	<u>461,328</u>
	<u>\$ 3,993,572</u>	<u>\$ 3,339,528</u>
Consists of:		
Obligatory funds in deferred revenue (Note 6)	<u>\$ 3,993,572</u>	<u>\$ 3,339,528</u>

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

December 31, 2018

4. Cash		
	<u>2018</u>	<u>2017</u>
Unrestricted		
Unrestricted cash	\$ 3,610,797	\$ 3,203,675
Designated		
Designated cash	218,985	264,521
Designated GIC	50,000	119,462
Restricted		
Restricted cash (Note 3)	<u>3,486,694</u>	<u>2,878,200</u>
	<u>\$ 7,366,476</u>	<u>\$ 6,465,858</u>

Most of the cash is on deposit at one financial institution (RBC). Designated cash relates to reserve funds of \$3,991,820.

5. Accounts Receivable		
	<u>2018</u>	<u>2017</u>
Unrestricted		
Canada	\$ 352,850	\$ 242,255
Ontario	40,208	165,281
Other municipalities and school boards	51,770	49,869
Water and sewer customer accounts	658,577	569,889
Other	144,555	197,523
Allowance for doubtful accounts	<u>(49,403)</u>	<u>(49,403)</u>
	<u>\$ 1,198,557</u>	<u>\$ 1,175,414</u>

Corporation of the Municipality of Brighton Notes to Consolidated Financial Statements

December 31, 2018

6. Deferred Revenue

	2018	2017
Obligatory Reserve Funds		
Development Charges Act	\$ 3,426,506	\$ 2,882,366
Parkland (Planning Act)	60,188	62,097
Gas tax	234,364	124,598
Building Department	272,514	270,467
	3,993,572	3,339,528
Other deferred revenue	389,616	90,202
	\$ 4,383,188	\$ 3,429,730

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	\$ 2,882,366	\$ 62,097	\$ 124,598	\$ 270,467	\$ 3,339,528
Restricted funds received	619,537	9,000	348,067	235,325	1,211,929
Interest earned	58,011	1,275	1,699	-	60,985
Revenue recognized	(133,408)	(12,184)	(240,000)	(233,278)	(618,870)
Closing obligatory funds	\$ 3,426,506	\$ 60,188	\$ 234,364	\$ 272,514	\$ 3,993,572

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, 2018

7. 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, 2018 of \$14,841 (2017 - \$26,553) 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, 2018. The results of this valuation disclosed total actuarial liabilities of \$100,081 million in respect of benefits accrued for service with actuarial assets at that date of \$95,890 million indicating an actuarial deficit of \$4,191 million. Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the municipality does not recognize any share of the OMERS pension surplus or deficit. Contributions made by the municipality to OMERS for 2018 were \$238,771 (2017 - \$268,703).

Corporation of the Municipality of Brighton Notes to Consolidated Financial Statements

December 31, 2018

8. Municipal Debt

	2018	2017
Long term bank loan maturing August 26, 2020 repayable in blended monthly instalments of \$7,657, with interest at 3.89%	\$ 861,056	\$ 916,229
Long term bank loan maturing August 26, 2020 repayable in blended monthly instalments of \$13,250, with interest at 3.89%	1,489,927	1,585,396
Long term bank loan maturing December 20, 2022 repayable in blended monthly instalments of \$652, with interest at 2.93%	28,924	35,792
Long term bank loan maturing April 3, 2027 repayable in blended semi-annual instalments of \$28,087, with interest at 2.69%	424,292	468,166
Long term bank loan maturing April 3, 2032 repayable in blended semi-annual instalments of \$114,596, with interest at 3.13%	2,507,771	2,655,004
Interest-free long term loan with no fixed maturity, repayable annually at 80% of unaudited fiscal year-end Municipal cash surplus	388,367	430,000
Net municipal debt	\$ 5,700,337	\$ 6,090,587

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

Years	2019	2020	2021	2022	2023+	Total
Principal	\$ 420,320	\$ 379,062	\$ 392,159	\$ 405,135	\$4,103,661	\$ 5,700,337
Interest	177,682	165,029	151,931	138,374	584,710	1,217,726
Total payment	\$ 598,002	\$ 544,091	\$ 544,090	\$ 543,509	\$4,688,371	\$ 6,918,063

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:

	2018	2017
Principal payments	\$ 390,250	\$ 256,099
Interest	163,791	153,951
Gross payments	\$ 554,041	\$ 410,050

Corporation of the Municipality of Brighton Notes to Consolidated Financial Statements

December 31, 2018

9. Accumulated Surplus

	2018	2017
Municipal surplus (deficit)	\$ 42,022	\$ 436,652
Public Library Board surplus (deficit)	(10,627)	52,393
Business Improvement Area Board surplus	19,670	18,148
	51,065	507,193
Unfunded capital	(4,071,465)	(3,479,670)
Invested in tangible capital assets (Note 13)	72,528,800	69,343,032
Municipal debt to be recovered in future (Note 8)	(5,700,337)	(6,090,587)
Reserve/reserve fund balances	7,184,108	6,361,358
	\$ 69,992,171	\$ 66,641,326

10. 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 2018 in by-law 004-2018, and there was no balance outstanding in either 2017 or 2018.

b. Spending Commitments

The Municipality has entered into a commitment with Brighton YMCA to contribute \$30,000 per year for five years commencing in 2014.

The Municipality has entered into a commitment with Res Q Tech Inc. to purchase a fire truck at a cost of \$381,940 upon receipt in 2019.

The Municipality has awarded an RFP for the expansion of the Brighton Health Service Centre at a cost of \$970,200 + HST. The project is expected to be financed through externally borrowed funds.

The Municipality has awarded an RFP for the design of the MBBR System for the Brighton Lagoon at a cost of \$314,462.40 + HST to be financed through the wastewater reserves.

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.

Corporation of the Municipality of Brighton Notes to Consolidated Financial Statements

December 31, 2018

11. Subsequent Events

The Municipality entered into a financing agreement with the Ontario Infrastructure and Lands Corporation (OILC) for financing of three capital works projects including the Library expansion and Municipal Building Renovation, Alice and Dundas Street Construction, and Brighton Health Services Centre Expansion. The total amount approved for lending is approximately \$3,500,000 and will bear fixed interest to be determined by OILC. The debentures will be amortized over 15 - 20 years.

Corporation of the Municipality of Brighton Notes to Consolidated Financial Statements

December 31, 2018

12. Budget Amounts

The 2018 Budget adopted by Council on April 3, 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 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, 2018 with adjustments as follows:

	2018 budget adopted by Council	Non TCA expenditures from capital	2018 budget presented in statements
Revenue			
Taxation levied for own purposes	\$ 8,669,074	\$ -	\$ 8,669,074
User charges, licences and fines	4,054,872	-	4,054,872
Grants	1,758,281	-	1,758,281
Other	1,121,520	-	1,121,520
	<u>15,603,747</u>	-	<u>15,603,747</u>
Expenditures			
General government	1,419,849	58,000	1,477,849
Protection to persons and property	2,963,123	34,500	2,997,623
Transportation services	2,520,491	213,476	2,733,967
Environmental services	1,793,477	400,000	2,193,477
Health services	275,965	-	275,965
Recreation and cultural services	1,385,990	54,250	1,440,240
Planning and development	1,033,852	40,000	1,073,852
	<u>11,392,747</u>	<u>800,226</u>	<u>12,192,973</u>
Annual surplus (deficit)	4,211,000	(800,226)	<u>\$ 3,410,774</u>
Capital expenditures	(6,216,066)	800,226	
Transfers from (to) reserve/reserve funds	805,097	-	
Debt proceeds	2,519,670	-	
Debt repayment	(331,628)	-	
	<u>\$ 988,073</u>	<u>\$ -</u>	
Budgeted surplus			
Consists of:			
Brighton Public Library	\$ (6,000)		
Brighton Downtown BIA	-		
Municipality of Brighton	<u>994,073</u>		
	<u>\$ 988,073</u>		

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

December 31, 2018

13. Tangible Capital Assets

	General Assets					Infrastructure Assets		Assets Under Construction	2018
	Land	Land Improvements	Buildings	Machinery and Equipment	Vehicles	Roads and Bridges	Water and Sewer		
Cost, beginning of year	\$ 3,778,279	\$ 3,347,916	\$ 12,781,265	\$ 3,268,994	\$ 3,769,836	\$ 67,881,052	\$ 18,114,397	\$ 2,116,404	\$ 115,058,143
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)	-	(672,897)	(1,401,024)
Internal transfers	-	46,218	-	-	-	-	-	(46,218)	-
Cost, end of year	\$ 3,778,279	\$ 3,414,486	\$ 12,796,803	\$ 3,521,541	\$ 3,631,604	\$ 71,248,563	\$ 19,622,726	\$ 2,785,120	\$ 120,799,122
Accumulated Amortization, beginning of year	\$ -	\$ 1,556,515	\$ 4,541,536	\$ 2,374,717	\$ 2,570,390	\$ 25,679,555	\$ 8,992,398	\$ -	\$ 45,715,111
Amortization	-	114,198	311,726	211,205	213,007	1,901,739	382,786	-	3,134,661
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	\$ 27,295,513	\$ 9,375,184	\$ -	\$ 48,270,322
Net book value, beginning of year	\$ 3,778,279	\$ 1,791,401	\$ 8,239,729	\$ 894,277	\$ 1,199,446	\$ 42,201,497	\$ 9,121,999	\$ 2,116,404	\$ 69,343,032
Net book value, end of year	\$ 3,778,279	\$ 1,743,773	\$ 7,943,541	\$ 1,029,156	\$ 1,048,339	\$ 43,953,050	\$ 10,247,542	\$ 2,785,120	\$ 72,528,800

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

December 31, 2018

13. Tangible Capital Assets (Cont'd)

	General Assets					Infrastructure Assets		Assets Under Construction	2017
	Land	Land Improvements	Buildings	Machinery and Equipment	Vehicles	Roads and Bridges	Water and Sewer		
Cost, beginning of year	\$ 3,511,279	\$ 3,327,530	\$ 11,933,265	\$ 3,091,073	\$ 3,660,368	\$ 64,160,405	\$ 16,939,680	\$ 4,332,630	\$ 110,956,230
Additions	267,000	61,521	848,000	225,600	282,449	3,396,264	906,498	39,179	6,026,511
Disposals	-	(41,135)	-	(47,679)	(172,981)	(1,294,532)	(247,257)	(121,014)	(1,924,598)
Internal transfers	-	-	-	-	-	1,618,915	515,476	(2,134,391)	-
Cost, end of year	\$ 3,778,279	\$ 3,347,916	\$ 12,781,265	\$ 3,268,994	\$ 3,769,836	\$ 67,881,052	\$ 18,114,397	\$ 2,116,404	\$ 115,058,143
Accumulated Amortization, beginning of year	\$ -	\$ 1,477,903	\$ 4,230,844	\$ 2,211,026	\$ 2,492,253	\$ 24,850,622	\$ 8,876,424	\$ -	\$ 44,139,072
Amortization	-	112,067	310,692	211,370	251,118	1,765,734	344,015	-	2,994,996
Disposals	-	(33,455)	-	(47,679)	(172,981)	(936,801)	(228,041)	-	(1,418,957)
Accumulated Amortization, end of year	\$ -	\$ 1,556,515	\$ 4,541,536	\$ 2,374,717	\$ 2,570,390	\$ 25,679,555	\$ 8,992,398	\$ -	\$ 45,715,111
Net book value, beginning of year	\$ 3,511,279	\$ 1,849,627	\$ 7,702,421	\$ 880,047	\$ 1,168,115	\$ 39,309,783	\$ 8,063,256	\$ 4,332,630	\$ 66,817,158
Net book value, end of year	\$ 3,778,279	\$ 1,791,401	\$ 8,239,729	\$ 894,277	\$ 1,199,446	\$ 42,201,497	\$ 9,121,999	\$ 2,116,404	\$ 69,343,032

Corporation of the Municipality of Brighton Notes to Consolidated Financial Statements

December 31, 2018

13. Tangible Capital Assets (Cont'd)

The net book value of tangible capital assets not being amortized because they are under construction is \$2,785,120 (2017 - \$2,116,404).

Assets contributed to the Municipality in 2018, consisting of Road Network and Storm Water Network, had a fair market value of \$4,276,751 (2017 - \$2,436,610). 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.

14. 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, 2018

14. 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, 2018

14. 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		2018 Total	
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 disposition of assets		-		-		(390,705)		-		-		-		-		(390,705)
		<u>1,976,860</u>		<u>2,901,653</u>		<u>6,154,261</u>		<u>4,201,589</u>		<u>340,766</u>		<u>1,997,289</u>		<u>1,066,437</u>		<u>18,638,855</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		2,139,503		568,877		23,065		272,959		-		3,134,661
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>4,636,553</u>		<u>2,967,041</u>		<u>297,959</u>		<u>1,706,368</u>		<u>1,149,884</u>		<u>15,288,010</u>
Annual surplus/(deficit)	\$	<u>326,724</u>	\$	<u>21,584</u>	\$	<u>1,517,708</u>	\$	<u>1,234,548</u>	\$	<u>42,807</u>	\$	<u>290,921</u>	\$	<u>(83,447)</u>	\$	<u>3,350,845</u>

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

December 31, 2018

14. 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	2017 Total
Revenue								
Taxation	\$ 1,095,727	\$ 2,467,943	\$ 2,469,303	\$ -	\$ 202,621	\$ 1,209,853	\$ 736,398	\$ 8,181,845
User charges	331,746	307,445	91,980	2,286,410	49,905	280,499	146,007	3,493,992
Government transfers - provincial	141,220	363,351	493,702	-	26,114	230,762	119,909	1,375,058
Government transfers - federal	-	-	-	-	-	6,531	-	6,531
Federal gas tax funding	-	-	593,378	-	-	-	-	593,378
Developer contributions	-	-	-	-	-	64,534	-	64,534
Investment income	46,494	-	-	-	-	-	-	46,494
Penalties and interest on taxes	237,808	-	-	-	-	-	-	237,808
Donations	219	-	-	-	-	2,450	4,022	6,691
Contributed TCA	-	-	1,091,893	659,717	685,000	-	-	2,436,610
Gain (loss) on disposition of assets	-	-	(322,706)	(19,215)	-	127	(51,013)	(392,807)
	<u>1,853,214</u>	<u>3,138,739</u>	<u>4,417,550</u>	<u>2,926,912</u>	<u>963,640</u>	<u>1,794,756</u>	<u>955,323</u>	<u>16,050,134</u>
Expenses								
Salaries and benefits	957,404	755,794	1,118,311	665,197	-	874,419	197,569	4,568,694
Materials, supplies and services	323,845	295,431	968,400	700,792	192,865	417,296	218,115	3,116,744
Contracted services	39,028	1,806,025	165,029	109,505	-	-	11,878	2,131,465
Rent and financial expenses	16,175	18,610	19,056	2,431	-	7,121	-	63,393
Interest charges	-	-	57,905	60,137	-	35,909	-	153,951
Amortization expense	53,296	73,709	2,063,166	523,026	23,065	258,734	-	2,994,996
Internal transfers	(45,000)	13,000	(68,000)	50,000	-	35,000	15,000	-
Transfers to other entities	-	-	-	-	197,687	-	255,087	452,774
	<u>1,344,748</u>	<u>2,962,569</u>	<u>4,323,867</u>	<u>2,111,088</u>	<u>413,617</u>	<u>1,628,479</u>	<u>697,649</u>	<u>13,482,017</u>
Annual surplus/(deficit)	\$ 508,466	\$ 176,170	\$ 93,683	\$ 815,824	\$ 550,023	\$ 166,277	\$ 257,674	\$ 2,568,117

Corporation of the Municipality of Brighton

Trust Funds

Financial Statements

For the year ended December 31, 2018

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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, 2018, 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, 2018, 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
June 17, 2019

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

<u>December 31</u>	<u>2018</u>	<u>2017</u>
Financial assets		
Cash	\$ 235,896	\$ 230,839
Due from Municipality	783	900
	<u>\$ 236,679</u>	<u>\$ 231,739</u>
Liabilities and Fund Balances		
Accumulated Surplus	<u>\$ 236,679</u>	<u>\$ 231,739</u>

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	2018	2017
Accumulated Surplus, beginning of year	\$ 231,739	\$ 226,249
Revenues		
Monument care	950	900
Sale of plots and niches	3,940	4,590
Interest	4,157	2,508
Scattering grounds	50	-
	9,097	7,998
Expenses		
Transfer to Cemetery	4,157	2,508
Accumulated Surplus, end of year	\$ 236,679	\$ 231,739

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

December 31, 2018

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.

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

Financial Statements

For the year ended December 31, 2018

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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 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, 2018, 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, 2018, 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

In common with many non-profit organizations, 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, 2018 and 2017, net financial assets as at December 31, 2018 and 2017, and accumulated surplus as at January 1 and December 31 for both the 2018 and 2017 years. Our audit opinion on the financial statements for the year ended December 31, 2017 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 11, 2019

**Corporation of the Municipality of Brighton
Public Library Board
Statement of Financial Position
December 31, 2018**

December 31	2018	2017
Financial assets		
Cash (Note 1)	\$ 57,474	\$ 54,559
Temporary investments (Note 2)	50,000	119,462
Accounts receivable	22,001	4,267
	<u>129,475</u>	<u>178,288</u>
Liabilities		
Accounts payable and accrued liabilities	28,989	14,732
Deferred revenue	1,050	1,100
	<u>30,039</u>	<u>15,832</u>
Net financial assets	<u>99,436</u>	<u>162,456</u>
Non-financial assets		
Tangible capital assets (Note 5)	321,077	168,788
Accumulated surplus (Note 6)	<u>\$ 420,513</u>	<u>\$ 331,244</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, 2018**

For the year ended December 31	Budget	2018	2017
	(Note 3)		
Revenues			
Municipal contributions (Note 7)	\$ 435,931	\$ 441,531	\$ 322,827
Government grants	34,109	38,642	41,823
Interest	500	778	1,510
Donations, fines and fees	9,000	103,927	8,277
Book sales	3,000	613	3,655
Miscellaneous	3,150	4,492	3,175
Non-resident user fees	-	130	391
	485,690	590,113	381,658
Expenses			
Salaries and employee benefits (Note 7)	361,790	347,580	320,841
Amortization	-	64,367	52,273
Supplies	6,300	7,433	12,627
Professional fees	6,500	6,882	6,337
Travel	4,500	4,568	3,510
Computer	35,500	43,625	34,948
Equipment maintenance	1,000	430	733
Communication	2,600	2,166	2,393
Outreach programs	4,500	4,292	4,105
Professional development	5,000	5,196	4,936
Rent and utilities	-	14,305	-
	427,690	500,844	442,703
Annual surplus (deficit)	58,000	89,269	(61,045)
Accumulated surplus, beginning of the year	331,244	331,244	392,289
Accumulated surplus, end of year	\$ 389,244	\$ 420,513	\$ 331,244

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	2018	2017
	(Note 3)		
Annual surplus (deficit)	\$ 58,000	\$ 89,269	\$ (61,045)
Acquisition of tangible capital assets	(64,000)	(216,656)	(53,977)
Amortization of tangible capital assets	-	64,367	52,273
Net change in net financial assets	(6,000)	(63,020)	(62,749)
Net financial assets, beginning of year	162,456	162,456	225,205
Net financial assets, end of year	\$ 156,456	\$ 99,436	\$ 162,456

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	2018	2017
Cash flows from operating activities		
Annual surplus (deficit)	\$ 89,269	\$ (61,045)
Items not involving cash		
Amortization	64,367	52,273
	<u>153,636</u>	<u>(8,772)</u>
Uses		
Increase in accounts receivable	(17,734)	-
Decrease in deferred revenue	(50)	-
	<u>(17,784)</u>	<u>-</u>
Sources		
Decrease in accounts receivable	-	1,795
Increase in accounts payable and accrued liabilities	14,257	1,281
Increase in deferred revenue	-	1,100
	<u>14,257</u>	<u>4,176</u>
Capital transactions		
Acquisition of tangible capital assets	<u>(216,656)</u>	<u>(53,977)</u>
Net change in cash	(66,547)	(58,573)
Cash and temporary investments, beginning of year	174,021	232,594
Cash and temporary investments, end of year	\$ 107,474	\$ 174,021
Consists of:		
Cash	\$ 57,474	\$ 54,559
Temporary Investment	50,000	119,462
Total	\$ 107,474	\$ 174,021

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, 2018

Management Responsibility	The financial statements of the Public 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; 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 tangible capital asset policies 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.
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.

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

December 31, 2018

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 and periodicals	7 years
Computer hardware and furniture	5-15 years

Non-financial assets

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.

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 past service costs and interest costs related to the future employer contributions to the Plan for past employee service.

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

December 31, 2018

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 \$50,000. The investment bears interest at 2.50% and expires in December 2019.

3. Budget Figures

The budget adopted by the Library Board on April 3, 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 April 3, 2018 with adjustments as follows:

	<u>2018</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 more than 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, 2018. The results of this valuation disclosed total actuarial liabilities of \$100,081 million in respect of benefits accrued for service with actuarial assets at that date of \$95,890 million indicating an actuarial deficit of \$4,191 million. Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the municipality does not recognize any share of the OMERS pension surplus or deficit. Contributions made by the municipality to OMERS for 2018 were \$19,613 (2017 - \$15,592).

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

December 31, 2018

5. Tangible Capital Assets

	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	\$ 362,332	\$ 259,176	\$ 621,508
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	\$ 199,716	\$ 100,715	\$ 300,431
Net book value beginning of year	\$ 155,960	\$ 12,828	\$ 168,788
Net book value end of year	\$ 162,616	\$ 158,461	\$ 321,077

	Books and Periodicals	Computer Hardware & Furniture	2017
Cost beginning of year	\$ 346,133	\$ 100,938	\$ 447,071
Additions during the year	53,977	-	53,977
Disposals during the year	(47,679)	-	(47,679)
Cost end of the year	\$ 352,431	\$ 100,938	\$ 453,369
Accumulated amortization beginning of year	\$ 193,803	\$ 86,184	\$ 279,987
Amortization expense	50,347	1,926	52,273
Accumulated amortization of disposals	(47,679)	-	(47,679)
Accumulated amortization end of year	\$ 196,471	\$ 88,110	\$ 284,581
Net book value beginning of year	\$ 152,330	\$ 14,754	\$ 167,084
Net book value end of year	\$ 155,960	\$ 12,828	\$ 168,788

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

December 31, 2018

6. Accumulated Surplus

	<u>2018</u>	<u>2017</u>
Operating surplus	\$ (10,627)	\$ 52,393
Surplus attributable to tangible capital assets	321,077	168,788
Reserve funds	110,063	110,063
	<u>\$ 420,513</u>	<u>\$ 331,244</u>

7. Related Party Transactions

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

The Municipality contributed \$441,531 to help fund the operations of the Library in the year. The Library paid \$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.

**Corporation of the
Municipality of Brighton
Brighton Downtown Business
Improvement Area
Financial Statements
For the year ended December 31, 2018**

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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, 2018, 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, 2018, 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

In common with many non-profit organizations, 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, 2018 and 2017, net financial assets as at December 31, 2018 and 2017, and accumulated surplus as at January 1 and December 31 for both the 2018 and 2017 years. Our audit opinion on the financial statements for the year ended December 31, 2017 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
May 2, 2019

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

December 31	2018	2017
Financial Assets		
Cash (Note 2)	\$ 20,079	\$ 17,899
Accounts receivable	1,691	2,149
	<u>21,770</u>	<u>20,048</u>
Liabilities		
Accounts payable and accrued liabilities	<u>2,100</u>	<u>1,900</u>
Accumulated surplus	\$ 19,670	\$ 18,148

SANDY PASILO

On behalf of the Board:

Sandy Pasilo President

WAYNE JEFFERSON

Wayne Jefferson
TREASURER

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 2018	Actual 2018	Actual 2017
	(Note 1)		
Revenues			
Tax revenue	\$ 36,850	\$ 36,850	\$ 35,775
Grant revenue	-	-	1,700
Donations and fundraising	-	725	2,322
	<u>36,850</u>	<u>37,575</u>	<u>39,797</u>
Expenses			
Administration	7,100	4,442	3,398
Advertising and business promotion	8,750	9,369	6,958
Area development	18,375	18,942	10,549
Professional fees	2,000	2,249	2,038
Special events	625	1,051	11,466
	<u>36,850</u>	<u>36,053</u>	<u>34,409</u>
Annual surplus	-	1,522	5,388
Accumulated surplus, beginning of year	-	18,148	12,760
Accumulated surplus, end of year	<u>\$ -</u>	<u>\$ 19,670</u>	<u>\$ 18,148</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	2018	2017
Cash flows from operating activities		
Annual surplus	\$ 1,522	\$ 5,388
Uses		
Decrease in accounts payable and accrued liabilities	-	(1,517)
Sources		
Decrease in accounts receivable	458	391
Increase in accounts payable and accrued liabilities	200	-
	658	391
Net change in cash	2,180	4,262
Cash, beginning of year	17,899	13,637
Cash, end of year	\$ 20,079	\$ 17,899

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
Summary of Significant Accounting Policies**

December 31, 2018

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 Board are the representation of management prepared in accordance with accounting policies and standards established by the Public Sector Accounting Board (PSAB) of the Canadian Institute of 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.
Revenue Recognition	<p>The Business Improvement Area receives revenue from a variety of sources and applies the following revenue recognition policies:</p> <ol 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, 2018

1. Budget Amounts

The budget approved by the Board on April 5, 2018 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.