

Corporation of the Municipality of Brighton
Consolidated Financial Statements
For the year ended December 31, 2017

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

For the year ended December 31, 2017

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Independent Auditor's Report

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

We have audited the accompanying consolidated financial statements of the Corporation of the Municipality of Brighton, which comprise the consolidated statement of financial position as at December 31, 2017, and the consolidated statements of operations, change in net financial assets (debt) and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility 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.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Corporation of the Municipality of Brighton as at December 31, 2017, and of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Lindsay, Ontario
August 13, 2018

BDO Canada LLP, a Canadian limited liability partnership, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the International BDO network of independent member firms.

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

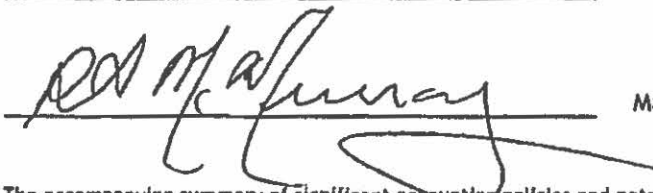
December 31	2017	2016
Financial assets		
Cash (Note 4)	\$ 6,465,858	\$ 2,338,692
Taxes receivable	1,481,363	1,479,774
Accounts receivable (Note 5)	1,175,414	1,561,621
Inventory for resale	25,759	25,759
	<u>9,148,394</u>	<u>5,405,846</u>
Liabilities		
Accounts payable and accrued expenses	2,350,870	2,911,724
Deferred revenue - obligatory reserve funds (Note 6)	3,339,528	2,512,579
Deferred revenue - other (Note 6)	90,202	87,776
Municipal debt (Note 8)	6,090,587	2,700,095
	<u>11,871,187</u>	<u>8,212,174</u>
Net debt (Page 6)	<u>(2,722,793)</u>	<u>(2,806,328)</u>
Non-financial assets		
Tangible capital assets (Note 12)	69,343,032	66,817,158
Inventories of supplies	21,087	62,379
	<u>69,364,119</u>	<u>66,879,537</u>
Accumulated surplus (Note 9)	<u>\$ 66,641,326</u>	<u>\$ 64,073,209</u>

Contingent Liabilities and Commitments (Note 10)

On behalf of Council



Mayor/Councillor



Mayor/Councillor

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

**Corporation of the Municipality of Brighton
Consolidated Statement of Operations**

For the year ended December 31	Budget 2017	Actual 2017	Actual 2016
	(Note 11)		
Revenues			
Taxation levied for own purposes (Note 2)	\$ 8,127,560	\$ 8,181,845	\$ 7,845,311
User charges, licences and fines	2,951,018	3,493,992	3,380,714
Grants			
Government of Canada	615,536	599,909	649,142
Province of Ontario	1,850,299	1,375,058	1,161,323
Other			
Developer contributions earned	391,140	64,534	586,644
Investment income	35,500	46,494	43,033
Penalties and interest on taxes	215,000	237,808	229,605
Donations	4,000	6,691	13,755
Contributed tangible capital assets (Note 12)	-	2,436,610	1,861,564
Loss on disposition of assets	175,000	(392,807)	(150,982)
	14,365,053	16,050,134	15,620,109
Expenses			
General government	1,088,604	1,344,748	1,247,215
Protection to persons and property	2,903,923	2,962,569	2,889,727
Transportation services	2,692,464	4,323,867	4,568,490
Environmental services	1,984,220	2,111,088	2,403,175
Health services	251,890	413,617	191,385
Recreational and cultural services	1,352,209	1,628,479	1,600,717
Planning and development	649,253	697,649	805,869
	10,922,563	13,482,017	13,706,578
Annual surplus	3,442,490	2,568,117	1,913,531
Accumulated surplus, beginning of year	64,073,209	64,073,209	62,159,678
Accumulated surplus, end of year	\$67,515,699	\$66,641,326	\$ 64,073,209

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

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

For the year ended December 31	Budget 2017	Actual 2017	Actual 2016
	(Note 11)		
Annual surplus	\$ 3,442,490	\$ 2,568,117	\$ 1,913,531
Acquisition of tangible capital assets	(5,071,979)	(6,026,511)	(7,540,981)
Amortization of tangible capital assets	-	2,994,996	2,806,798
Loss on disposition of assets	-	392,807	150,982
Proceeds on disposal of tangible capital assets	175,000	112,834	28,624
	<u>(1,454,489)</u>	<u>42,243</u>	<u>(2,641,046)</u>
Acquisition inventory of supplies	-	(21,087)	(62,379)
Use/consumption of inventory of supplies	-	62,379	81,087
Use/consumption of prepaid expenses	-	-	3,782
	<u>-</u>	<u>41,292</u>	<u>22,490</u>
Net change in net financial assets (debt)	(1,454,489)	83,535	(2,618,556)
Net debt, beginning of year	(2,806,328)	(2,806,328)	(187,772)
Net debt, end of year	<u>\$ (4,260,817)</u>	<u>\$ (2,722,793)</u>	<u>\$ (2,806,328)</u>

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

**Corporation of the Municipality of Brighton
Consolidated Statement of Cash Flows**

For the year ended December 31	Actual 2017	Actual 2016
Cash flows from operating activities		
Annual surplus (Page 5)	\$ 2,568,117	\$ 1,913,531
Items not involving cash		
Amortization	2,994,996	2,806,798
Loss on disposition of assets	392,807	150,982
Contributed tangible capital assets	(2,436,610)	(1,861,564)
	<u>3,519,310</u>	<u>3,009,747</u>
Uses		
Increase in taxes receivable	(1,589)	(78,610)
Increase in accounts receivable	-	(511,616)
Decrease in accounts payable and accrued expenses	(560,854)	-
Decrease in deferred revenue - obligatory reserve funds	-	(79,067)
Decrease in deferred revenue - other	-	(15,020)
Sources		
Decrease in accounts receivable	386,207	-
Increase in accounts payable and accrued expenses	-	336,892
Increase in deferred revenue - obligatory reserve funds	826,949	-
Increase in deferred revenue - other	2,426	-
Decrease in inventory of supplies	41,292	18,708
Decrease in prepaid expenses	-	3,783
	<u>4,213,741</u>	<u>2,684,817</u>
Cash flows from capital transactions		
Acquisition of tangible capital assets	(3,589,901)	(5,679,417)
Proceeds on disposal of tangible capital assets	112,834	28,624
	<u>(3,477,067)</u>	<u>(5,650,793)</u>
Cash flows from financing activities		
Municipal debt incurred	3,646,591	-
Debt principal repayments	(256,099)	(150,981)
	<u>3,390,492</u>	<u>(150,981)</u>
Net change in cash	4,127,166	(3,116,957)
Cash, beginning of year	2,338,692	5,455,649
Cash, end of year	\$ 6,465,858	\$ 2,338,692

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

Corporation of the Municipality of Brighton Summary of Significant Accounting Policies

December 31, 2017

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.

The focus of these consolidated financial statements is on the financial position of the municipality and the changes thereto. The consolidated statement of financial position includes all the financial assets and liabilities of the municipality as well as non-financial assets.

Financial assets are those assets which could provide resources to discharge existing liabilities or finance future operations. Net financial assets form a part of the financial position and is the difference between financial assets and liabilities. This provides information about the municipality's overall future revenue requirements and its ability to finance activities and meet its obligations.

Non-financial assets are normally used to deliver services. Their value lies with their service potential rather than their ability to generate future cash inflows. They form part of the financial position as they provide resources that the municipality can employ in the future to meet its objectives.

The accumulated surplus is made up of the combination of net financial assets (debt) and non-financial assets.

Basis of Consolidation

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

Brighton Public Library Board
Brighton Downtown Business Improvement Area Board

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

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

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.

Corporation of the Municipality of Brighton Summary of Significant Accounting Policies

December 31, 2017

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.												
Deferred Revenue	Under PSAB accounting principles, obligatory reserve funds and any other externally restricted financing amounts must be reported as deferred revenue. Only the amount earned by qualifying expenditures in the current year is reflected as revenue in the Consolidated Statement of Operations.												
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 style="padding-left: 40px;">Land improvements</td><td style="padding-left: 40px;">10-50 years</td></tr><tr><td style="padding-left: 40px;">Buildings</td><td style="padding-left: 40px;">15-50 years</td></tr><tr><td style="padding-left: 40px;">Machinery and equipment</td><td style="padding-left: 40px;">5-30 years</td></tr><tr><td style="padding-left: 40px;">Vehicles</td><td style="padding-left: 40px;">10 years</td></tr><tr><td style="padding-left: 40px;">Roads and bridges</td><td style="padding-left: 40px;">10-75 years</td></tr><tr><td style="padding-left: 40px;">Water and sewer systems</td><td style="padding-left: 40px;">15-50 years</td></tr></table>	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
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												

Corporation of the Municipality of Brighton Summary of Significant Accounting Policies

December 31, 2017

Revenue Recognition	<p>Revenue is reported on the accrual basis of accounting. Revenues are recognized as follows:</p> <ul style="list-style-type: none">a) Tax 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.b) 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.
Government Transfers	<p>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.</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 the 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
Notes to Consolidated Financial Statements**

December 31, 2017

1. Trust Funds

	2017	2016
Mount Hope Cemetery	\$ 230,839	\$ 226,249

2. Taxation Raised on Behalf of Others

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

	2017	2016
School Boards	\$ 3,185,456	\$ 3,222,483
County of Northumberland	6,718,157	6,402,835
	\$ 9,903,613	\$ 9,625,318

3. Restricted Assets

	2017	2016
Cash (Note 4)	\$ 2,878,200	\$ 2,121,552
Due from (to) own municipality	461,328	391,027
	\$ 3,339,528	\$ 2,512,579
Consists of:		
Obligatory funds in deferred revenue (Note 6)	\$ 3,339,528	\$ 2,512,579

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

December 31, 2017

4. Cash		<u>2017</u>	<u>2016</u>
Unrestricted			
Unrestricted cash	\$ 3,203,675		\$ 2,751,191
Designated			
Designated cash	264,521		(2,652,019)
Designated GIC	119,462		117,968
Restricted			
Restricted cash	<u>2,878,200</u>		<u>2,121,552</u>
	<u>\$ 6,465,858</u>		<u>\$ 2,338,692</u>

Most of the cash is on deposit at one financial institution (RBC). Designated cash relates to reserve funds of \$3,828,042.

5. Accounts Receivable		<u>2017</u>	<u>2016</u>
Unrestricted			
Canada	\$ 242,255		\$ 713,639
Ontario	165,281		22,655
Other municipalities and school boards	49,869		103,969
Water and sewer customer accounts	569,889		594,712
Other	197,523		176,049
Allowance for doubtful accounts	<u>(49,403)</u>		<u>(49,403)</u>
	<u>\$ 1,175,414</u>		<u>\$ 1,561,621</u>

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

December 31, 2017

6. Deferred Revenue

	2017	2016
Obligatory Reserve Funds		
Development Charges Act	\$ 2,882,366	\$ 2,073,521
Parkland (Planning Act)	62,097	82,756
Gas tax	124,598	188,564
Building Department	270,467	167,738
	<u>3,339,528</u>	<u>2,512,579</u>
Other deferred revenue	90,202	87,776
	<u>\$ 3,429,730</u>	<u>\$ 2,600,355</u>

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	\$ 2,073,521	\$ 82,756	\$ 188,564	\$ 167,738	\$ 2,512,579
Restricted funds received	819,624	5,552	332,246	102,729	1,260,151
Interest earned	24,985	914	2,860	-	28,759
Revenue recognized	(35,764)	(27,125)	(399,072)	-	(461,961)
Closing obligatory funds	<u>\$ 2,882,366</u>	<u>\$ 62,097</u>	<u>\$ 124,598</u>	<u>\$ 270,467</u>	<u>\$ 3,339,528</u>

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, 2017

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, 2017 of \$26,553 (2016 - \$9,847) 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, 2017. The results of this valuation disclosed total actuarial liabilities of \$94,431 million in respect of benefits accrued for service with actuarial assets at that date of \$89,028 million indicating an actuarial deficit of \$5,403 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 2017 were \$268,703 (2016 - \$231,950).

Corporation of the Municipality of Brighton Notes to Consolidated Financial Statements

December 31, 2017

8. Municipal Debt

	2017	2016
Long term bank loan maturing August 26, 2030 repayable in blended monthly instalments of \$7,657, with interest at 3.89%	\$ 916,229	\$ 973,368
Long term bank loan maturing August 26, 2030 repayable in blended monthly instalments of \$13,250, with interest at 3.89%	1,585,396	1,684,266
Long term bank loan maturing December 20, 2022 repayable in blended monthly instalments of \$652, with interest at 2.93%	35,792	42,461
Long term bank loan maturing April 3, 2027 repayable in blended semi-annual instalments of \$28,087, with interest at 2.69%	468,166	-
Long term bank loan maturing April 3, 2032 repayable in blended semi-annual instalments of \$114,596, with interest at 3.13%	2,655,004	-
Interest-free long term loan with no fixed maturity, repayable annually at 80% of unaudited fiscal year-end Municipal cash surplus	430,000	-
Net municipal debt	\$ 6,090,587	\$ 2,700,095

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

Years	2018	2019	2020	2021	2022+	Total
Principal	\$ 395,820	\$ 366,409	\$ 379,062	\$ 392,159	\$4,557,137	\$ 6,090,587
Interest	189,905	177,682	165,029	151,932	723,085	1,407,633
Total payment	\$ 585,725	\$ 544,091	\$ 544,091	\$ 544,091	\$5,280,222	\$ 7,498,220

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:

	2017	2016
Principal payments	\$ 256,099	\$ 150,981
Interest	153,951	107,744
Gross payments	\$ 410,050	\$ 258,725

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

December 31, 2017

9. Accumulated Surplus

	2017	2016
Municipal surplus (deficit)	\$ 436,652	\$ (77,198)
Public Library Board surplus	52,393	115,142
Business Improvement Area Board surplus	18,148	12,760
Cemetery surplus	-	25,370
	507,193	76,074
Unfunded capital	(3,479,670)	(6,213,489)
Invested in tangible capital assets (Note 12)	69,343,032	66,817,158
Municipal debt to be recovered in future (Note 8)	(6,090,587)	(2,700,095)
Reserve/reserve fund balances	6,361,358	6,093,561
	\$66,641,326	\$ 64,073,209

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 2017 in by-law 044-2017, and there was no balance outstanding in either 2016 or 2017.

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 in 2018.

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, 2017

11. Budget Amounts

The 2017 Budget adopted by Council on March 6, 2017 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 March 6, 2017 with adjustments as follows:

	2017 budget adopted by Council	Non TCA expenditures from capital	2017 budget presented in statements
Revenue			
Taxation levied for own purposes	\$ 8,127,560	\$ -	\$ 8,127,560
User charges, licences and fines	2,951,018	-	2,951,018
Grants	2,465,835	-	2,465,835
Other	820,640	-	820,640
	<u>14,365,053</u>	-	<u>14,365,053</u>
Expenditures			
General government	1,065,604	23,000	1,088,604
Protection to persons and property	2,843,423	60,500	2,903,923
Transportation services	2,527,809	164,655	2,692,464
Environmental services	1,968,920	15,300	1,984,220
Health services	239,390	12,500	251,890
Recreation and cultural services	1,303,259	48,950	1,352,209
Planning and development	649,253	-	649,253
	<u>10,597,658</u>	<u>324,905</u>	<u>10,922,563</u>
Annual surplus (deficit)	3,767,395	(324,905)	<u>\$ 3,442,490</u>
Capital expenditures	(5,396,884)	324,905	
Transfers from (to)			
reserve/reserve funds	479,502	-	
Debt proceeds	1,215,006	-	
Debt repayment	(255,487)	-	
Budgeted use of prior year surplus	<u>\$ (190,468)</u>	<u>\$ -</u>	
Consists of:			
Brighton Public Library	\$ (6,000)		
Brighton Downtown BIA	-		
Municipality of Brighton	<u>(184,468)</u>		
	<u>\$ (190,468)</u>		

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

December 31, 2017

12. Tangible Capital Assets

	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, 2017

12. Tangible Capital Assets (Cont'd)

	General Assets					Infrastructure Assets			2016
	Land	Land Improvements	Buildings	Machinery and Equipment	Vehicles	Roads and Bridges	Water and Sewer	Assets Under Construction	
Cost, beginning of year	\$ 3,377,721	\$ 3,152,748	\$ 11,858,005	\$ 3,098,274	\$ 3,598,909	\$ 59,781,124	\$ 15,437,816	\$ 4,622,688	\$ 104,927,285
Additions	133,558	174,782	75,260	152,765	317,934	3,914,057	1,136,455	1,636,170	7,540,981
Disposals	-	-	-	(159,966)	(256,475)	(691,279)	(404,316)	-	(1,512,036)
Internal transfers	-	-	-	-	-	1,156,503	769,725	(1,926,228)	-
Cost, end 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
Accumulated Amortization, beginning of year	\$ -	\$ 1,368,218	\$ 3,936,060	\$ 2,194,904	\$ 2,511,750	\$ 23,746,827	\$ 8,906,945	\$ -	\$ 42,664,704
Amortization	-	109,685	294,784	176,088	236,978	1,666,081	323,182	-	2,806,798
Disposals	-	-	-	(159,966)	(256,475)	(562,286)	(353,703)	-	(1,332,430)
Accumulated Amortization, end of year	\$ -	\$ 1,477,903	\$ 4,230,844	\$ 2,211,026	\$ 2,492,253	\$ 24,850,622	\$ 8,876,424	\$ -	\$ 44,139,072
Net book value, beginning of year	\$ 3,377,721	\$ 1,784,530	\$ 7,921,945	\$ 903,370	\$ 1,087,159	\$ 36,034,297	\$ 6,530,871	\$ 4,622,688	\$ 62,262,581
Net book value, end 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

Corporation of the Municipality of Brighton Notes to Consolidated Financial Statements

December 31, 2017

12. Tangible Capital Assets (Cont'd)

The net book value of tangible capital assets not being amortized because they are under construction is \$2,116,404 (2016 - \$4,332,630).

Assets contributed to the Municipality in 2017, consisting of Buildings, Road Network and Storm Water Network, had a fair market value of \$2,436,610 (2016 - \$1,861,564). 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.

13. 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, 2017

13. 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, 2017

13. 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	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
Notes to Consolidated Financial Statements**

December 31, 2017

13. 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	2016 Total
Revenue								
Taxation	\$ 867,916	\$ 1,590,881	\$ 3,620,382	\$ -	\$ 68,212	\$ 1,112,114	\$ 585,806	\$ 7,845,311
User charges	240,640	263,032	159,369	2,301,039	48,835	294,712	73,087	3,380,714
Government transfers - provincial	107,155	234,414	446,980	-	8,422	292,027	72,325	1,161,323
Government transfers - federal	-	-	-	-	-	4,000	-	4,000
Federal gas tax funding	-	-	645,142	-	-	-	-	645,142
Developer contributions	-	-	70,000	448,000	-	68,644	-	586,644
Investment income	43,033	-	-	-	-	-	-	43,033
Penalties and interest on taxes	229,605	-	-	-	-	-	-	229,605
Donations	-	-	-	-	-	8,570	5,185	13,755
Contributed TCA	-	-	1,193,309	668,255	-	-	-	1,861,564
Gain (loss) on disposition of assets	-	-	(103,611)	(50,613)	-	3,242	-	(150,982)
	<u>1,488,349</u>	<u>2,088,327</u>	<u>6,031,571</u>	<u>3,366,681</u>	<u>125,469</u>	<u>1,783,309</u>	<u>736,403</u>	<u>15,620,109</u>
Expenses								
Salaries and benefits	859,159	697,784	1,033,499	589,386	11,463	871,233	71,406	4,133,930
Materials, supplies and services	328,281	249,382	969,176	1,064,714	23,419	389,742	483,326	3,508,040
Contracted services	26,686	1,818,451	706,476	120,925	-	-	5,088	2,677,626
Rent and financial expenses	20,132	19,179	32,122	10,085	-	6,832	-	88,350
Interest charges	-	-	-	67,428	-	40,316	-	107,744
Amortization expense	52,957	91,931	1,895,217	500,637	3,462	262,594	-	2,806,798
Internal transfers	(40,000)	13,000	(68,000)	50,000	-	30,000	15,000	-
Transfers to other entities	-	-	-	-	153,041	-	231,049	384,090
	<u>1,247,215</u>	<u>2,889,727</u>	<u>4,568,490</u>	<u>2,403,175</u>	<u>191,385</u>	<u>1,600,717</u>	<u>805,869</u>	<u>13,706,578</u>
Annual surplus/(deficit)	\$ 241,134	\$ (801,400)	\$ 1,463,081	\$ 963,506	\$ (65,916)	\$ 182,592	\$ (69,466)	\$ 1,913,531

Corporation of the Municipality of Brighton

Trust Funds

Financial Statements

For the year ended December 31, 2017

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Independent Auditor's Report

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

We have audited the accompanying financial statements of the Trust Funds of the Corporation of the Municipality of Brighton, which comprise the statement of financial position as at December 31, 2017 and the statement of continuity for the year then ended and notes to financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Trust Funds of the Corporation of the Municipality of Brighton as at December 31, 2017, and their continuity for the year then ended in accordance with Canadian public sector accounting standards.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Lindsay, Ontario
August 13, 2018


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

December 31	2017	2016
Financial assets		
Cash	\$ 230,839	\$ 226,249
Liabilities and Fund Balances		
Fund balance	\$ 231,739	\$ 226,249

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	2017	2016
Fund Balance, beginning of year	\$ 226,249	\$ 219,559
Revenues		
Monument care	900	1,300
Sale of plots and niches	4,590	5,290
Interest	2,508	2,115
Scattering grounds	-	100
	<u>7,998</u>	<u>8,805</u>
Expenditures		
Transfer to Cemetery	<u>2,508</u>	<u>2,115</u>
Fund Balance, end of year	\$ 231,739	\$ 226,249

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

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

December 31, 2017

1. 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.

Revenues for the Mount Hope Cemetery trust funds occur when a cemetery plot is sold or when an interment occurs.

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, 2017

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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**

We have audited the accompanying financial statements of the Corporation of the Municipality of Brighton Public Library Board, which comprise the statement of financial position as at December 31, 2017 and the statements of operations, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and notes to financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Basis for Qualified Opinion

In common with many non-profit organizations, the entity derives revenue from cash receipts for donations, fines, fees and fundraising revenue, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the organization. Therefore, we were not able to determine whether any adjustments might be necessary to donations, fines and fees, book sales, miscellaneous and non-resident user fees, annual surplus, and cash flows from operations for the years ended December 31, 2017 and 2016, financial assets as at December 31, 2017 and 2016 and accumulated surplus as at January 1 and December 31 for both the 2017 and 2016 years. Our audit opinion on the financial statements for the year ended December 31, 2016 was modified accordingly because of the possible effects of this limitation in scope.



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Lindsay ON K9V 4S3 Canada

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Corporation of the Municipality of Brighton Public Library Board as at December 31, 2017, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants
Lindsay, Ontario

June 25, 2018

**Corporation of the Municipality of Brighton
Public Library Board
Statement of Financial Position**

December 31	2017	2016
Financial assets		
Cash (Note 1)	\$ 54,559	\$ 114,626
Temporary investments (Note 2)	119,462	117,968
Accounts receivable	4,267	6,062
	<u>178,288</u>	<u>238,656</u>
Liabilities		
Accounts payable and accrued liabilities	14,732	13,451
Deferred revenue	1,100	-
	<u>162,456</u>	<u>225,205</u>
Net financial assets	<u>162,456</u>	<u>225,205</u>
Non-financial assets		
Tangible capital assets (Note 5)	<u>168,788</u>	<u>167,084</u>
Accumulated surplus (Note 7)	<u>\$ 331,244</u>	<u>\$ 392,289</u>

On behalf of the Board:



Chair *M. D'Onofrio Jones*

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**

For the year ended December 31	Budget	2017	2016
	(Note 3)		
Revenues			
Municipal contributions	\$ 397,827	\$ 322,827	\$ 461,715
Government grants	33,609	41,823	43,276
Interest	500	1,510	946
Donations, fines and fees	9,000	8,277	12,813
Book sales	3,000	3,655	2,769
Miscellaneous	3,150	3,175	3,459
Non-resident user fees	-	391	470
	<u>447,086</u>	<u>381,658</u>	<u>525,448</u>
Expenses			
Salaries and employee benefits	326,193	320,841	323,582
Amortization	-	52,273	51,374
Supplies	4,993	12,627	7,892
Professional fees	6,800	6,337	5,554
Travel	3,500	3,510	1,831
Computer	36,500	34,948	48,574
Equipment maintenance	1,000	733	851
Communication	2,600	2,393	2,234
Outreach programs	4,500	4,105	6,083
Professional development	5,000	4,936	1,561
	<u>391,086</u>	<u>442,703</u>	<u>449,536</u>
Annual surplus (deficit)	56,000	(61,045)	75,912
Accumulated surplus, beginning of the year	392,289	392,289	316,377
Accumulated surplus, end of year	\$ 448,289	\$ 331,244	\$ 392,289

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**

<u>For the year ended December 31</u>	<u>Budget</u>	<u>2017</u>	<u>2016</u>
	(Note 3)		
Annual surplus (deficit)	\$ 56,000	\$ (61,045)	\$ 75,912
Acquisition of tangible capital assets	(62,000)	(53,977)	(55,102)
Amortization of tangible capital assets	-	52,273	51,374
Use of prepaid expenses	-	-	3,782
Net change in net financial assets	(6,000)	(62,749)	75,966
Net financial assets, beginning of year	225,205	225,205	149,239
Net financial assets, end of year	\$ 219,205	\$ 162,456	\$ 225,205

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	2017	2016
Cash flows from operating activities		
Annual surplus (deficit)	\$ (61,045)	\$ 75,912
Items not involving cash		
Amortization	52,273	51,374
	<u>(8,772)</u>	<u>127,286</u>
Uses		
Decrease in accounts payable and accrued liabilities	-	(5,817)
Sources		
Decrease in accounts receivable	1,795	2,705
Decrease in prepaid expense	-	3,782
Increase in accounts payable and accrued liabilities	1,281	-
Increase in deferred revenue	1,100	-
	<u>4,176</u>	<u>6,487</u>
Capital transactions		
Acquisition of tangible capital assets	(53,977)	(55,102)
Net change in cash	(58,573)	72,854
Cash and temporary investments, beginning of year	232,594	159,740
Cash and temporary investments, end of year	<u>\$ 174,021</u>	<u>\$ 232,594</u>
Consists of:		
Cash	\$ 54,559	\$ 114,626
Temporary Investment	119,462	117,968
Total	<u>\$ 174,021</u>	<u>\$ 232,594</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 Summary of Significant Accounting Policies

December 31, 2017

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 Canadian Institute of Chartered Professional Accountants.

Basis of Accounting

Sources of financing and expenditures are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; 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.

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

Estimates and Measurement Uncertainty

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

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.

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

December 31, 2017

Revenue Recognition

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

- a) Grants and municipal contributions 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.

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

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, 2017

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 three Guaranteed Investment Certificates with CIBC totalling \$117,462. The investments bear interest at rates ranging from 0.35% to 0.85% and expire at various times within the next year.

The Library also holds undesignated funds in the form of one Guaranteed Investment Certificate with Royal Bank for \$2,000. The investment bears an interest rate of 0.65% and expires on August 9, 2018.

3. Budget Figures

The budget adopted by the Library Board on March 22, 2017 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 March 22, 2017 with adjustments as follows:

	2017
Balanced budget for the year	\$ -
Add:	
Capital expenditures	62,000
Less:	
HST - Public Service Bodies rebate	(6,000)
Budget surplus per statement of operations	\$ 56,000

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, 2017. The results of this valuation disclosed total actuarial liabilities of \$94,431 million in respect of benefits accrued for service with actuarial assets at that date of \$89,028 million indicating an actuarial deficit of \$5,403 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 2017 were \$15,592 (2016 - \$17,243).

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

December 31, 2017

5. Tangible Capital Assets

	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	<u>\$ 352,431</u>	<u>\$ 100,938</u>	<u>\$ 453,369</u>
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	<u>\$ 196,471</u>	<u>\$ 88,110</u>	<u>\$ 284,581</u>
Net book value beginning of year	<u>\$ 152,330</u>	<u>\$ 14,754</u>	<u>\$ 167,084</u>
Net book value end of year	<u>\$ 155,960</u>	<u>\$ 12,828</u>	<u>\$ 168,788</u>

	Books and Periodicals	Computer Hardware & Furniture	2016
Cost beginning of year	\$ 339,792	\$ 99,159	\$ 438,951
Additions during the year	53,323	1,779	55,102
Disposals during the year	(46,982)	-	(46,982)
Cost end of the year	<u>\$ 346,133</u>	<u>\$ 100,938</u>	<u>\$ 447,071</u>
Accumulated amortization beginning of year	\$ 191,337	\$ 84,258	\$ 275,595
Amortization expense	49,448	1,926	51,374
Accumulated amortization of disposals	(46,982)	-	(46,982)
Accumulated amortization end of year	<u>\$ 193,803</u>	<u>\$ 86,184</u>	<u>\$ 279,987</u>
Net book value beginning of year	<u>\$ 148,455</u>	<u>\$ 14,901</u>	<u>\$ 163,356</u>
Net book value end of year	<u>\$ 152,330</u>	<u>\$ 14,754</u>	<u>\$ 167,084</u>

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

December 31, 2017

6. Accumulated Surplus

	<u>2017</u>	<u>2016</u>
Operating surplus	\$ 52,393	\$ 115,142
Surplus attributable to net capital assets	168,788	167,084
Reserve funds	<u>110,063</u>	<u>110,063</u>
	<u>\$ 331,244</u>	<u>\$ 392,289</u>

7. Commitment

In 2017 the Municipality of Brighton approved an expansion of the library. Building expansion costs are to be paid by the Municipality, however Library is responsible for the additional furnishings for the new space. On February 28, 2018 the board approved expenditures of up to \$150,000 for shelving and furnishings for the new library expansion.

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

Financial Statements

For the year ended December 31, 2017

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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

We have audited the accompanying financial statements of the Corporation of the Municipality of Brighton Downtown Business Improvement Area, which comprise the statement of financial position as at December 31, 2017 and the statements of operations and cash flows for the year then ended, and a summary of significant accounting policies and notes to financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Basis for Qualified Opinion

In common with many non-profit organizations, the entity derives revenue from cash receipts for donations and fundraising, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the organization. Therefore, we were not able to determine whether any adjustments might be necessary to donations and fundraising revenues, annual surplus, and cash flows from operations for the years ended December 31, 2017 and 2016, financial assets as at December 31, 2017 and 2016 and accumulated surplus as at January 1 and December 31 for both the 2017 and 2016 years. Our audit opinion on the financial statements for the year ended December 31, 2016 was modified accordingly because of the possible effects of this limitation in scope.



Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Corporation of the Municipality of Brighton Downtown Business Improvement Area as at December 31, 2017, in accordance with Canadian public sector accounting standards.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Lindsay, Ontario
August 9, 2018

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

<u>December 31</u>	<u>2017</u>	<u>2016</u>
Assets		
Cash (Note 2)	\$ 17,899	\$ 13,637
Accounts receivable	2,149	2,540
	<u>20,048</u>	<u>16,177</u>
Liabilities		
Accounts payable and accrued liabilities	<u>1,900</u>	<u>3,417</u>
Accumulated surplus	<u>\$ 18,148</u>	<u>\$ 12,760</u>

Kayne Jefferson **TREASURER**

On behalf of the Board:

Daniel Pastor 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 2017	Actual 2017	Actual 2016
	(Note 1)		
Revenues			
Tax revenue	\$ 35,775	\$ 35,775	\$ 34,500
Grant Revenue	-	1,700	-
Donations and fundraising	-	2,322	4,960
	<u>35,775</u>	<u>39,797</u>	<u>39,460</u>
Expenses			
Administration	2,625	3,398	4,460
Advertising and business promotion	7,100	6,958	16,682
Area development	14,000	10,549	10,836
Professional fees	1,650	2,038	1,779
Special events	10,400	11,466	9,448
	<u>35,775</u>	<u>34,409</u>	<u>43,205</u>
Annual surplus (deficit)	-	5,388	(3,745)
Accumulated surplus, beginning of year	-	12,760	16,505
Accumulated surplus, end of year	<u>\$ -</u>	<u>\$ 18,148</u>	<u>\$ 12,760</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**

<u>For the year ended December 31</u>	<u>2017</u>	<u>2016</u>
Cash flows from operating activities		
Annual surplus (deficit)	\$ 5,388	\$ (3,745)
Uses		
Decrease in accounts payable and accrued liabilities	(1,517)	-
Sources		
Decrease in accounts receivable	391	305
Increase in accounts payable and accrued liabilities	-	1,797
	<u>391</u>	<u>2,102</u>
Net change in cash	4,262	(1,643)
Cash, beginning of year	13,637	15,280
Cash, end of year	\$ 17,899	\$ 13,637

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, 2017

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	<p>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.</p> <p>The focus of these financial statements is on the financial position of the Board and the changes thereto. The statement of financial position includes all the assets and liabilities of the Board. Financial assets are those assets which could provide resources to discharge existing liabilities or finance future operations. Accumulated surplus represents the financial position and is the difference between financial assets and liabilities. This provides information about the Board's overall future revenue requirements and its ability to finance activities and meet its obligations.</p>
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, 2017

1. Budget Amounts

The budget approved by the Board on December 7, 2016 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.