

**CORPORATION OF THE TOWN OF GREATER NAPANEE**

**CONSOLIDATED FINANCIAL STATEMENTS**

**December 31, 2018**



# Greater Napanee

GREATER FOR MANY REASONS

Town Hall  
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## **Management's Responsibility for the Consolidated Financial Statements**

The consolidated financial statements of the Corporation of the Town of Greater Napanee are the responsibility of management and have been approved by Council.

The consolidated financial statements have been prepared in compliance with Canadian public sector accounting standards for local governments established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. A summary of the significant accounting policies are described in Note 1 to the consolidated financial statements. The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Corporation's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

The Town Council is responsible for ensuring that management fulfills its responsibilities for financial reporting. Council through the Audit Committee, reviews the Corporation's consolidated financial statements and discusses any significant financial reporting or internal control matters prior to Council approval of the consolidated financial statements.

The consolidated financial statements have been audited by Welch LLP, independent external auditors appointed by the Corporation, in accordance with Canadian generally accepted auditing standards. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Corporation's consolidated financial statements.

Ray Callery

Chief Administrative Officer

## INDEPENDENT AUDITOR'S REPORT

To the members of Council of the  
**CORPORATION OF THE TOWN OF GREATER NAPANEE**

### ***Opinion***

We have audited the consolidated financial statements of Corporation of the Town of Greater Napanee (the Corporation), which comprise the consolidated statement of financial position as at December 31, 2018, and the consolidated statements of operations and accumulated surplus and the consolidated statement change in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Corporation of the Town of Greater Napanee as at December 31, 2018 and the results of its operations, changes in net financial assets, and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards (PSAB).

### ***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 Corporation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, 2018 and we have fulfilled our 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 the 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 Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

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

### ***Auditor's Responsibilities for the Audit of the Consolidated 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 Corporation'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 Corporation'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 Corporation 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.

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.

Napanee, Ontario  
July 16, 2019

  
CHARTERED PROFESSIONAL ACCOUNTANTS  
LICENSED PUBLIC ACCOUNTANTS

**CORPORATION OF THE TOWN OF GREATER NAPANEE  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2018**

	<u>2018</u>	<u>2017</u>
<b>FINANCIAL ASSETS</b>		
Cash - <i>note 4</i>	\$ 12,508,860	\$ 10,515,064
Taxes receivable	3,733,300	5,296,201
Accounts receivable	1,653,757	727,511
User charges receivable	688,520	691,905
Long-term receivable	13,983	32,467
Long-term investments - <i>note 5</i>	<u>3,342,700</u>	<u>3,327,219</u>
	<u>21,941,120</u>	<u>20,590,367</u>
 <b>LIABILITIES</b>		
Accounts payable and accrued liabilities	4,573,452	2,880,796
Employee benefits payable and other liabilities - <i>note 8</i>	298,079	278,622
Deferred revenue - <i>note 9</i>	5,512,043	4,298,931
Municipal debt - <i>note 10</i>	<u>6,741,183</u>	<u>7,622,381</u>
	<u>17,124,757</u>	<u>15,080,730</u>
<b>NET FINANCIAL ASSETS</b>	<u>4,816,363</u>	<u>5,509,637</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets - <i>note 6 and Schedule 1</i>	116,141,207	112,247,907
Prepaid expenses	<u>362,467</u>	<u>416,213</u>
	<u>116,503,674</u>	<u>112,664,120</u>
<b>ACCUMULATED SURPLUS - <i>note 13</i></b>	<u>\$121,320,037</u>	<u>\$118,173,757</u>
<b>CONTINGENT LIABILITIES - <i>note 18</i></b>		

(See accompanying notes)

**CORPORATION OF THE TOWN OF GREATER NAPANEE**  
**CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS**  
**YEAR ENDED DECEMBER 31, 2018**

	2018 <u>Budget</u> <i>(Note 17)</i>	2018 <u>Actual</u>	2017 <u>Actual</u>
<b>REVENUE</b>			
Municipal taxation - <i>note 21</i>	\$ 9,673,395	\$ 8,822,839	\$ 9,709,519
Taxation from other governments	1,400,682	1,375,125	1,339,730
User charges	7,581,770	8,880,384	7,953,220
Government transfers			
Government of Canada	3,000	13,735	12,933
Province of Ontario	1,860,700	1,884,504	1,829,105
Other Municipalities	943,817	938,752	920,784
Other	25,000	68,792	-
Investment income	145,000	207,362	108,880
Interest and penalties on taxes	475,000	491,291	651,209
Donations	31,100	47,249	44,203
Miscellaneous	<u>120,000</u>	<u>43,991</u>	<u>355,144</u>
	<u>22,259,464</u>	<u>22,774,024</u>	<u>22,924,727</u>
<b>EXPENDITURES</b>			
General government - <i>note 21</i>	2,606,316	2,601,546	2,449,699
Protection to persons and property	6,443,949	6,185,258	6,187,533
Transportation services	6,175,004	6,520,733	5,846,080
Environmental services	4,803,041	4,468,780	4,395,773
Recreation and cultural services	3,160,018	2,993,109	3,062,941
Planning and development	581,383	672,899	713,356
Health services	<u>169,158</u>	<u>146,086</u>	<u>118,026</u>
	<u>23,938,869</u>	<u>23,588,411</u>	<u>22,773,408</u>
<b>INCOME (LOSS) FROM OPERATIONS</b>	<u>(1,679,405)</u>	<u>(814,387)</u>	<u>151,319</u>
<b>OTHER INCOME AND (EXPENSES) RELATED TO CAPITAL</b>			
Municipal taxation	685,134	686,738	674,890
Taxation from other governments	43,146	44,812	42,485
Contributed land - <i>note 6</i>	-	1,313,482	-
Government transfers			
Government of Canada	485,520	485,520	855,837
Government of Ontario	435,238	1,342,345	317,982
Development charges	383,000	-	-
Donations and miscellaneous	23,442	215,202	457,997
Tangible capital asset gain (loss)	<u>-</u>	<u>(60,034)</u>	<u>(53,064)</u>
	<u>2,055,480</u>	<u>4,028,065</u>	<u>2,296,127</u>
<b>ANNUAL SURPLUS</b>	376,075	3,213,678	2,447,446
<b>ACCUMULATED SURPLUS, beginning of year</b>	118,173,757	118,173,757	115,622,031
Change in estimate adjustment - <i>note 20</i>	<u>-</u>	<u>(67,398)</u>	<u>104,280</u>
<b>ACCUMULATED SURPLUS, end of year</b>	<u>\$118,549,832</u>	<u>\$121,320,037</u>	<u>\$118,173,757</u>
	(See accompanying notes)		

**CORPORATION OF THE TOWN OF GREATER NAPANEE**  
**CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS**  
**YEAR ENDED DECEMBER 31, 2018**

	2018 <u>Budget</u> <i>(Note 17)</i>	2018 <u>Actual</u>	2017 <u>Actual</u>
<b>ANNUAL SURPLUS</b>	\$ 376,075	\$ 3,213,678	\$ 2,447,446
Amortization of tangible capital assets	4,548,524	4,548,524	4,337,545
Acquisition of tangible capital assets	(6,560,132)	(4,445,985)	(6,061,242)
Change in assets under construction	-	(4,199,598)	779,755
Loss on sale of tangible capital assets	-	60,034	53,064
Proceeds on sale of tangible capital assets	-	76,327	129,796
Acquisition of prepaid expense	-	(362,467)	(416,213)
Use of prepaid expense	<u>-</u>	<u>416,213</u>	<u>409,383</u>
<b>CHANGE IN NET FINANCIAL ASSETS</b>	<u>(1,635,533)</u>	<u>(693,274)</u>	<u>1,679,534</u>
<b>NET FINANCIAL ASSETS, beginning of year</b>	<u>5,509,637</u>	<u>5,509,637</u>	<u>3,830,103</u>
<b>NET FINANCIAL ASSETS, end of year</b>	<u>\$ 3,874,104</u>	<u>\$ 4,816,363</u>	<u>\$ 5,509,637</u>

(See accompanying notes)

**CORPORATION OF THE TOWN OF GREATER NAPANEE**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**YEAR ENDED DECEMBER 31, 2018**

	<u>2018</u>	<u>2017</u>
<b>OPERATING ACTIVITIES</b>		
Annual surplus	\$ 3,213,678	\$ 2,447,446
Non-cash items:		
Amortization	4,548,524	4,337,545
Loss on sale of tangible capital assets	60,034	53,064
Contributed land and buildings	(1,313,482)	-
Employee benefits payable	10,925	(304,643)
Solid waste landfill closure and post-closure care	<u>8,532</u>	<u>4,825</u>
	6,528,211	6,538,237
Changes in non-cash charges to operations (net change):		
Taxes receivable	1,562,901	192,674
Accounts receivable	(926,246)	(298,997)
User charges receivable	3,385	63,199
Prepaid expenses	53,746	(6,830)
Accounts payable and accrued liabilities	1,692,656	1,609,261
Deferred revenue	<u>1,213,112</u>	<u>616,299</u>
	<u>10,127,765</u>	<u>8,713,843</u>
<b>CAPITAL ACTIVITIES</b>		
Acquisition of tangible capital assets	(7,332,101)	(5,281,487)
Proceeds on disposal of capital assets	<u>76,327</u>	<u>129,796</u>
	<u>(7,255,774)</u>	<u>(5,151,691)</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of long-term investments	(1,890,596)	(1,273,705)
Proceeds from sale of long-term investments	1,875,115	1,300,000
Repayment of long-term receivable	<u>18,484</u>	<u>14,546</u>
	<u>3,003</u>	<u>40,841</u>
<b>FINANCING ACTIVITIES</b>		
Long-term debt repaid	<u>(881,198)</u>	<u>(1,385,384)</u>
<b>NET CHANGE IN CASH</b>	1,993,796	2,217,609
<b>CASH, beginning of year</b>	<u>10,515,064</u>	<u>8,297,455</u>
<b>CASH, end of year</b>	<u>\$12,508,860</u>	<u>\$10,515,064</u>

(See accompanying notes)



**CORPORATION OF THE TOWN OF GREATER NAPANEE**  
**CONSOLIDATED NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2018**

**1. SIGNIFICANT ACCOUNTING POLICIES**

The consolidated financial statements of the Corporation of the Town of Greater Napanee are the representation of management prepared in accordance with generally accepted accounting policies for local governments, as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by the Corporation are as follows:

**Reporting Entity**

The consolidated financial statements reflect the assets, liabilities, revenues, expenditures, and cash flows of the reporting entity. The reporting entity is comprised of all organizations and enterprises accountable for the administration of their financial affairs and resources to the Corporation and which are owned or controlled by the Corporation. In addition to general government tax-supported operations, they include the following:

Napanee Business Improvement Area Association

Interdepartmental and organizational transactions and balances are eliminated.

**Accounting for County and School Board Transactions**

The assets, liabilities, revenues, and expenditures with respect to the operations of school boards and the County of Lennox and Addington are not reflected in these consolidated financial statements.

**Trust Funds**

Trust funds and their related operations administered by the Corporation are not reflected in these consolidated financial statements, but are reported separately on the "Trust Funds Statement of Financial Position and Statement of Financial Activities and Changes in Fund Balances".

**Basis of Accounting**

The consolidated financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the creation of a legal obligation to pay.

**Land Held for Resale**

Land held for resale is recorded at the lower of cost and net realizable value. Cost includes amounts for improvements to prepare the land for sale or servicing.

**CORPORATION OF THE TOWN OF GREATER NAPANEE**  
**CONSOLIDATED NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2018**

**1. SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

**Deferred Revenue**

The Corporation receives contributions under the authority of provincial legislation and funding agencies. These funds, by their nature, are restricted in their use, and, until applied to applicable projects, are recorded as deferred revenue. Amounts applied to projects are recorded as revenue in the fiscal period in which they are expended.

**Reserve and Reserve Funds**

Certain amounts, as approved by Council, are set aside in reserve and reserve funds for future operating and capital expenditures. Transfers to, or from, reserves and reserve funds are recorded as an adjustment to the respective fund when approved.

**Government Transfers**

Government transfers are recognized as revenues or expenditures in the year that the events giving rise to the transfer occurred, provided the transfer is authorized, eligibility criteria, if any, have been met by the recipient, and a reasonable estimate of the amount can be made.

**Taxation and Related Revenues**

Property tax billings are prepared by the Corporation based on assessment rolls issued by the Municipal Property Assessment Corporation ("MPAC"). Tax rates are established annually by Council incorporating amounts to be raised for local services and amounts the Corporation is required to collect on behalf of the County of Lennox and Addington for general and library purposes and the Province of Ontario in respect of education taxes. Realty taxes are billed based on the assessment rolls provided by MPAC. Taxation revenues are recorded at the time tax billings are issued. A normal part of the assessment process is the issue of supplementary assessment rolls that provide updated information with respect to changes in property assessment. Once a supplementary assessment roll is received, the Corporation determines the taxes applicable and renders supplementary tax billings. Assessments and the related property taxes are subject to appeal. Any supplementary billing adjustments made necessary by the determination of such changes will be recognized in the fiscal year they are determined and the effect shared with the school boards as appropriate.

**Investments**

Investments are stated at cost except for those cases where the decline in value is considered to be permanent in which case the investment is written down to market value.

**Non-Financial Assets**

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year, and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the Consolidated Change in Net Financial Assets for the year.

**CORPORATION OF THE TOWN OF GREATER NAPANEE  
CONSOLIDATED NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2018**

**1. SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

**Non-Financial Assets** *(continued)*

**a) Tangible Capital Assets**

Tangible capital assets are recorded at cost, which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over their estimated useful life as follows:

Land improvements	10 to 45 years
Buildings	25 to 50 years
Machinery and equipment	10 to 30 years
Vehicles	5 to 20 years
Computer hardware and software	3 to 5 years
Water and waste plants and networks	
- underground networks	50 to 125 years
- sewage treatment plants and lift stations	50 to 100 years
- water pumping stations and reservoirs	50 to 100 years
- flood stations and other infrastructure	50 to 100 years
Transportation	
- roads	10 to 40 years
- bridges and structures	45 to 50 years
Leased assets	5 to 40 years

Amortization will begin on the acquisition date in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use, at which time they are capitalized. Amortization will be prorated from the acquisition month or the month the asset is available for use.

The Corporation has a capitalization threshold so that individual tangible capital assets of lesser value are expensed, unless they are pooled because, collectively, they have significant value, or for operational reasons.

**b) Contribution of Tangible Capital Assets**

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and also are recorded as revenue. Similarly, transfer of assets to third parties are recorded as an expense equal to the net book value of the assets as of the date of transfer.

**c) Works of Art**

Assets that have a historical or cultural significance, which include works of art, monuments and other cultural artifacts are not recognized as tangible capital assets because a reasonable estimate of future benefits associated with this property can not be made.

**CORPORATION OF THE TOWN OF GREATER NAPANEE**  
**CONSOLIDATED NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2018**

**1. SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

**Non-Financial Assets** *(continued)*

**d) Leases**

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

**Forgivable Loan**

The Corporation has developed a doctor recruitment and retention program which provides a forgivable loan in the aggregate amount of \$60,000 per doctor. The doctors enter into a forgivable loan agreement in exchange for a minimum five year commitment to practice family medicine within the Town of Greater Napanee. The Corporation does not expect to be repaid unless certain conditions are not met, accordingly, payments under the forgivable loan agreements have been included as an expenditure in the consolidated financial statements.

**Contaminated Sites Liability**

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of a contaminated site is recognized when, as at the financial reporting date, all of the following criteria are met for a site or a portion of a site which is no longer in productive use:

- i) an environmental standard exists;
- ii) contamination exceeds environmental standard;
- iii) the Corporation is directly responsible or accepts responsibility; and
- iv) a reasonable estimate of the amount can be made.

**Use of Estimates**

The preparation of consolidated financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Management makes accounting estimates when determining the estimated useful life of the Corporation's tangible capital assets, its allowance for doubtful accounts, the accrued liability for employee benefits and solid waste landfill closure and post-closure care. Actual results could differ from those estimates.

**CORPORATION OF THE TOWN OF GREATER NAPANEE**  
**CONSOLIDATED NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2018**

**2. ADOPTION OF ACCOUNTING POLICIES**

Effective January 1, 2018, the Corporation adopted the following new Canadian public sector (PS) accounting standards on a prospective basis. The adoption of these new standards has not had a material impact on these statements.

a) **PS 2200 Related Party Disclosures**

PS 2200 defines related parties and established disclosures required for related party transactions. A related party exists when one party has the ability to exercise control or shared control over the other. Related parties include key management personnel, their spouse or dependents and the entities they control or have shared control. Disclosure of information about related party transactions and the relationship underlying them is required when they have occurred at a value different from that which would have been arrived at if the parties were unrelated, and they have, or could have, a material financial effect on the financial statements.

Key management personnel of the Corporation and its consolidated entities are those individuals having authority and responsibility for planning, directing and controlling the activities and have been identified as Members of Council, in addition to the Corporation's Executive Leadership Team. The Corporation and its consolidated entities have a wide variety of controls in place to ensure that key management personnel do not enter into transactions with related parties.

b) **PS 3420 Inter-Entity Transactions**

PS 3420 provides guidance on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective. The main features of the new section deal with the measurement of these transactions. Inter-entity transactions are disclosed in accordance with the requirements of PS 2200 - Related Party Disclosures.

c) **PS 3210 Assets**

PS 3210 provides additional guidance on the definition of assets and what is meant by economic resources, control, past transactions or events and from which future economic benefits are expected to be obtained.

d) **PS 3220 Contingent Assets**

PS 3320 introduces a definition for possible assets arising from existing conditions or situations involving uncertainty which will ultimately be resolved when one or more future events occur that are not wholly within the government's control. Disclosure is required under this standard when the occurrence of a confirming future event is considered likely.

c) **PS 3380 Contractual Rights**

PS 3380 requires disclosure of information pertaining to future rights to economic resources arising from contracts or agreements that will result in both an asset and revenue in the future. Such disclosure includes the nature, extent and timing of the contractual rights.

**CORPORATION OF THE TOWN OF GREATER NAPANEE**  
**CONSOLIDATED NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2018**

**3. FINANCIAL INSTRUMENTS**

The Corporation's financial instruments consist of cash, taxes receivable, accounts and mortgages receivable, investments, accounts payable and accrued liabilities and long-term debt. Unless otherwise noted, it is management's opinion that the Corporation is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of the Corporation's financial instruments approximates their carrying value due to their short-term nature. It is not practical to determine the fair market value of long-term debt. The terms of such long-term debt have been disclosed separately.

**4. CASH**

Cash consist of the following:

	<u>2018</u>	<u>2017</u>
Unappropriated cash	\$ 5,221,227	\$ 3,923,057
Designated under Federal Gas Tax agreement	149,637	141,117
Designated under Development charges by-law	3,181,391	2,377,121
Designated under Planning Act - Parkland	80,765	80,765
Designated under the Town of Greater Napanee bylaw for Water and Wastewater Utilities	3,538,531	3,640,214
Napanee Hydro Electric Commission proceeds	<u>337,309</u>	<u>352,790</u>
	<u>\$12,508,860</u>	<u>\$10,515,064</u>

Cash received under the Federal Gas Tax agreement is restricted for expenditure on environmentally sustainable municipal infrastructure.

Cash raised under the Development charges bylaw is restricted for growth related capital costs for which the development charge was imposed.

Cash raised under the Planning Act regarding parkland is restricted for capital costs for the acquisition of land or other capital expenditures for park or other recreational purposes.

Cash raised under the Town of Greater Napanee bylaw for Greater Napanee Utilities is restricted for ongoing maintenance, capital projects and emergency expenses.

**CORPORATION OF THE TOWN OF GREATER NAPANEE  
CONSOLIDATED NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2018**

**5. LONG-TERM INVESTMENTS**

The balance of long-term investments consists of the following:

	<u>2018</u>		<u>2017</u>	
	<u>Cost</u>	<u>Market Value</u>	<u>Cost</u>	<u>Market Value</u>
Napanee Hydro Electric Commission Proceeds				
- Provincial bond coupon	\$ 445,000	\$ 453,328	\$ 445,000	\$ 444,521
Guaranteed investment certificates	<u>2,897,700</u>	<u>3,031,300</u>	<u>2,882,219</u>	<u>2,937,711</u>
	<u>\$ 3,342,700</u>	<u>\$ 3,484,628</u>	<u>\$ 3,327,219</u>	<u>\$ 3,382,232</u>

Investments are initially recorded at cost. Cost is adjusted annually to amortize any premiums or discounts over the term of the respective investments.

The Corporation holds provincial coupon bonds for the Provinces of Ontario, Nova Scotia and Newfoundland which have effective interest rate of 1.437% to 1.753% and maturity dates between June 2, 2019 and February 7, 2020. Guaranteed investment certificates have effective interest rates of 1.25% to 3.0% with maturity dates from April 30, 2019 to December 29, 2020. Included in accounts receivable is \$24,796 (2017 - \$42,043) of accrued interest on government bonds and guaranteed investment certificates.

**6. TANGIBLE CAPITAL ASSETS**

Schedule 1 provides information on the cost and accumulated amortization of tangible capital assets of the Corporation by major asset category.

**Contributed tangible capital assets**

During the year, Council approved the write-off of taxes receivable, accrued interest and related charges on several development, abandoned or inactive properties owned by taxpayers. The properties have been vested in the name of the Corporation under the tax sale provisions of the Municipal Act, declared surplus and advertised for sale. The value of contributed assets during the year is \$1,313,482 and have been recorded at the current Municipal Property Corporation (MPAC) value.

Proceeds from future sales will be returned to the Reserve for Assessment Appeals with County and School board portions returned accordingly.

**7. BANK INDEBTEDNESS**

The Corporation has an operating line of credit of \$4,000,000 at an interest rate of prime less .5% of which \$Nil (2017 \$Nil) was utilized at year end.

**CORPORATION OF THE TOWN OF GREATER NAPANEE**  
**CONSOLIDATED NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2018**

**8. EMPLOYEE BENEFITS PAYABLE AND OTHER LIABILITIES**

The Corporation provides certain employee benefits and operates two solid waste landfill sites which will require funding in future periods and are comprised of the following:

	<u>2018</u>	<u>2017</u>
Solid waste landfill closure and post-closure care	\$ 71,206	\$ 62,674
Staff retirement allowance	226,873	215,948
	<u>\$ 298,079</u>	<u>\$ 278,622</u>

**a) Landfill Closure and Post-Closure Care**

The Ontario Environmental Protection Act sets out the regulatory requirements to properly close and maintain all active and inactive landfill sites. The estimated liability for these expenditures is recognized based on the cumulative capacity used to date, compared to the total estimated landfill capacity.

The estimated liability for the South Fredricksburg and Roblin landfills is \$71,206 based on the present value of closure and post-closure costs estimated at \$462,998 using assumed rates of 3% for inflation and 6% for interest.

The South Fredricksburg landfill has an estimated remaining capacity of 84% and is expected to provide capacity for 44 years based on estimated current waste generation rates.

The Roblin landfill site is closed and no longer receiving waste. The landfill has an estimated remaining capacity of 89%.

The liability is currently unfunded, it is expected to be funded through budget allocations to a landfill reserve over the remaining life of the landfill.

Post-closure care is estimated to continue for a period of approximately 25 years.

**b) Staff Retirement Allowance**

Under Town of Greater Napanee Bylaw 2016-0060 "Conditions of employment, compensation and benefits", upon retirement a full time employee with more than 1 year of service but less than 10 years shall receive one day's pay per year of service to the Corporation, for full time employees with 10 years of service or more shall receive two day's pay per year of service. All retirement packages are capped at a maximum of \$7,500.

**c) WSIB**

The Workplace Safety and Insurance Board (WSIB) administers injured workers benefits on behalf of the Corporation as a schedule 2 employer. The expense for the year was \$Nil (2017 \$4,000). A portion of the expense has been recovered from the Corporation's group insurance plan in the amount of \$Nil (2017- \$4,000). As a result of the death of the spouse of the deceased worker who was receiving benefits from WSIB the Corporation is no longer liable for reimbursing WSIB for all costs relating to its workers' WSIB claims



**CORPORATION OF THE TOWN OF GREATER NAPANEE  
CONSOLIDATED NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2018**

**9. DEFERRED REVENUE**

The balance of deferred revenue consists of the following:

	Balance December 31, <u>2017</u>	<u>Additions</u>	Transferred to <u>Income</u>	Balance December 31, <u>2018</u>
Externally restricted				
Development charges	\$ 2,377,121	\$ 804,270	\$ -	\$ 3,181,391
Developer contributions	152,000	-	-	152,000
Federal Gas tax	141,117	496,584	(485,520)	152,181
Parkland	<u>80,765</u>	<u>-</u>	<u>-</u>	<u>80,765</u>
	2,751,003	1,300,854	(485,520)	3,566,337
Water and Wastewater Utilities				
Impost fees	1,337,826	435,552	-	1,773,378
Recreation revenue	35,774	-	(35,774)	-
Deferred deposits	<u>(174,328)</u>	<u>-</u>	<u>(2,000)</u>	<u>172,328</u>
	<u>\$ 4,298,931</u>	<u>\$ 1,736,406</u>	<u>\$ (521,294)</u>	<u>\$ 5,512,043</u>

Development charges are restricted by legislation. These funds are recognized as revenue in the period they are used for the purpose specified.

Developer contributions are restricted by agreement for the future construction of a regional storm water management facility and urbanization of Alkenbrack Street and remediation work on McPherson Drive.

Parkland is restricted by legislation. These funds are for the acquisition of land to be used for park or other public recreational purposes, including the erection or repair of buildings and the acquisition of machinery for park or other public recreational purposes.

**CORPORATION OF THE TOWN OF GREATER NAPANEE  
CONSOLIDATED NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2018**

**10. LONG-TERM DEBT**

Long-term debt consists of the following:

	<u>2018</u>	<u>2017</u>
Bank loans - Strathcona Paper Centre	\$ 2,699,956	\$ 3,155,885
Debenture - tile drainage	1,923	10,145
OMEIFA loan	2,639,304	2,706,351
Assessment appeal settlement - <i>note 19</i>	<u>1,400,000</u>	<u>1,750,000</u>
	<u>\$ 6,741,183</u>	<u>\$ 7,622,381</u>

The Strathcona Paper Centre bank loan of \$ 2,699,956 has an effective interest rate of 3.18%, payable in monthly blended payments of \$45,806, with a maturity date of April 20, 2024.

Outstanding tile drainage debentures of \$1,923 have varying maturity dates bearing interest at 6.00%.

The OMEIFA loan bears interest at 2.74%, payable in semi-annual payments of \$70,372, with maturity date of June 15, 2045.

The assessment appeal settlement is payable in annual installments of \$350,000, bearing interest at an escalating rate of 0.5% each year, for 2017 the interest rate is 2.5 % (2016 - 2.0%) with a maturity date of January 2022.

Principal repayments are estimated to be as follows:

2019	\$ 891,460
2020	906,433
2021	924,248
2022	942,437
2023	611,228
2024 - 2028	607,172
2029 and subsequent	1,858,205

**CORPORATION OF THE TOWN OF GREATER NAPANEE**  
**CONSOLIDATED NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2018**

**11. COMMITMENTS**

The Corporation has commitments under various operating leases. The minimum payments under the leases are as follows:

2019	22,961
2020	22,961
2021	22,330
2022	6,219

The Corporation has an agreement with Waste Management of Canada Corporation for garbage collection and disposal services and recycling and processing services to December 31, 2019. Charges for the 2018 year garbage collection and disposal services were 329,732 and for recycling collection and processing were \$87,348.

The Corporation has an agreement with the Ministry of Community Safety and Correctional Services for the provision of police services to December 31, 2020. Charges for 2018 for police services were \$3,373,872.

The Corporation has entered into a cost sharing agreement with the County of Hastings to share the cost of recruitment of family doctors. The Corporation has agreed to reimburse Country of Hastings 30% of the expenses.

As at December 31, 2018 the Corporation has no outstanding capital project contractual commitments.

**12. CONTRACTUAL RIGHTS**

The Corporation is involved in various contracts and agreements arising in the ordinary course of business. This results in contractual rights to economic resources, leading to both assets and revenue in the future.

**a) Lease revenue**

The Corporation has entered into a number of fixed term lease agreements for the use of Corporation owned land and/or buildings that are anticipated to provide the Corporation with future revenues.

**b) Developer contributions**

The Corporation has entered into property development agreements which require the developers to contribute various infrastructure assets to the Corporation, including roads and underground networks. The timing and extent of these future contributions vary depending on development activity and fair value of the assets at time of contribution which cannot be determined with certainty at this time.

**CORPORATION OF THE TOWN OF GREATER NAPANEE  
CONSOLIDATED NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2018**

**12. CONTRACTUAL RIGHTS (continued)**

c) Funding agreements and grants

The Corporation is the recipient of funding agreements and grants from federal, provincial, municipal and other government agencies. These funding agreements do not abnormally impact the Corporation's financial position and do not guarantee the Corporation the right to future funding. At December 31, 2018, the balance of the outstanding contractual rights not accrued in the financial statements are as follows:

2019	\$ 551,778
2020	505,328
2021	504,017
2022	504,017
2023	525,931

**13. ACCUMULATED SURPLUS**

Accumulated surplus consists of restricted and unrestricted amounts and equity in tangible capital assets as follows:

	<u>2018</u>	<u>2017</u>
Equity in tangible capital assets	\$ 116,141,207	\$ 112,247,907
Less: related debt	<u>(5,339,260)</u>	<u>(5,862,236)</u>
	110,801,947	106,385,671
Capital projects	(3,811,751)	(3,256,884)
Reserve and reserve funds - <i>schedule 2</i>	10,481,073	10,660,596
Amounts to be recovered		
Landfill closure and post-closure costs	(71,206)	(62,674)
Employee costs	(226,873)	(215,948)
Unrestricted Surplus		
Town of Greater Napanee	4,111,757	4,634,790
Napanee Business Improvement Area	<u>35,090</u>	<u>28,206</u>
	<u>\$ 121,320,037</u>	<u>\$ 118,173,757</u>

**CORPORATION OF THE TOWN OF GREATER NAPANEE**  
**CONSOLIDATED NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2018**

**14. SEGMENTED INFORMATION**

The Corporation's services are provided by departments. Certain departments that have been separately disclosed in the segmented information, along with services they provide, are as follows:

**General Government**

General government is comprised of council, chief administrative office (CAO), community and corporate services department, and finance department. A municipal council is the ultimate authority, subject to provincial law, for all actions taken on behalf of the municipal corporation in that it exercises both executive and legislative roles. It fulfills its role by making policies in accordance with the wishes and concerns of the general public, subject to provincial laws, policies and directives. Council plays a managerial role by monitoring ongoing administrative performance and ensuring the best care of resources. The chief administrative officer is responsible to council for the general control and management of the affairs of the Corporation as prescribed by council. The CAO, as head of the corporation's civic administration, provides leadership and direction to the senior management team, co-ordinates the administrative functions of the Corporation and exercises general management and control of operations. The CAO's office ensures coordinated responsible services are delivered to residents and businesses in accordance with the approved policies and directions. The community and corporate services department consists of clerks & by-law enforcement department, economic development department, information technology department and recreation department. Clerks and by-law enforcement department is responsible for the following service areas: birth and death certificates, marriage licenses, lottery and taxi licensing, by-laws and minutes, by-law enforcement, requests for information, crossing guards and dog and kennel licensing.

The finance department is responsible for the administration of taxes, water and wastewater billing, accounts payable and receivable, financial statements and all other financial information and reporting for the Corporation.

**Protection to Persons and Property**

Protection to persons and property is comprised of police services, emergency services, and bylaw enforcement. Police services are provided by the Ontario provincial police whose mandate is the safety of lives and property of citizens, preserve peace and good order, prevent crimes from occurring, detect offenders and enforce the law. The emergency services goal is to ensure that we protect our residents and properties in our community through prompt emergency response in the event of fire, accident or disaster relief, and in our commitment to meeting the health, safety and accessibility needs of all people. By-law enforcement department of community and corporate services is committed to serve, protect and provide a desired quality of life for citizens and visitors through education to raise awareness of community standards and enforcement of by-Laws to ensure timely compliance with a professional, unbiased approach.

**CORPORATION OF THE TOWN OF GREATER NAPANEE**  
**CONSOLIDATED NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2018**

**14. SEGMENTED INFORMATION** *(continued)*

**Transportation Services**

As part of infrastructure services the public works department is responsible for the delivery of municipal public works services related to the planning, development and maintenance of roadway systems, storm water management, parking, fleet, and street lighting.

**Environmental Services**

The Corporation contracts with Waste Management Inc. for the collection and disposal of household and commercial solid waste. The Corporation contracts with Waste Management Inc. for the collection of household recycling. The Corporation owns and operates two landfill sites within the municipal limits. Twice a year the Corporation provides free pickup of leaf and yard waste. The Corporation occasionally provides free drop off of Hazardous Household waste. As part of infrastructure services the utilities department owns and operates its water and wastewater treatment plants and is responsible for water distribution and wastewater collection systems.

**Recreation and Cultural Services**

As part of community and corporate service the recreation department is a social service with its purpose to assist individual and community development, to enhance social functioning and to improve the quality of life. The recreation department provides accessible recreational programs including aquatics, minor ball and skating. Infrastructure services is responsible for the Corporation's facilities, including community halls, arenas, pools, parks, ball diamonds, soccer fields, tennis courts and boat launches.

**Planning and Development**

As part of infrastructure services the planning department is responsible for building and planning matters within the municipality including the issuance of building permits, land severance and minor variance applications, applications for official plan amendments and zoning by-law amendments, site plan control and subdivision matters and property standards inspections. As part of community and corporate services, economic development services is geared to assisting the existing business community while also encouraging new business development and growth to ensure a strong and diversified economic base.

The Napanee Business Improvement Area, under the municipal government, is mandated to promote and encourage local businesses by attracting residents and visitors to the areas shops, other attractions and enterprises, by means of beautification, revitalization and special promotions.

**CORPORATION OF THE TOWN OF GREATER NAPANEE  
CONSOLIDATED NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2018**

**15. OPERATION OF SCHOOL BOARD AND THE COUNTY OF LENNOX AND ADDINGTON**

Further to Note 1, the taxation, other revenues and expenditures of school boards and the County of Lennox and Addington are comprised of the following:

	<u>School Boards</u>	<u>County</u>
Taxation	\$ 5,487,822	\$10,366,362
Requisitions	<u>5,487,822</u>	<u>10,366,362</u>
	<u>\$ -</u>	<u>\$ -</u>

**16. PENSION AGREEMENTS**

The Corporation makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan on behalf of its staff. The plan is a defined benefit plan which specified the amount of the retirement benefit to be received by the employees based on length of service and rates of pay. Employees and employers contribute jointly to the plan.

Contributions for employees with a normal retirement age of 65 were being made at a rate of 9.0% (2017 - 9.0%) for earnings up to the annual maximum pensionable earnings of \$55,900 (2017 - \$55,300) and at a rate of 14.6% (2017 - 14.6%) for earnings greater than the annual maximum pensionable earnings. -

Contributions from employees with a normal retirement age of 60 were being made at a rate of 9.2% (2017 - 9.2%) for earnings up to the maximum pensionable earnings of \$55,900 (2017 - \$55,300) and at a rate of 15.8% (2017 - 15.8%) for earnings greater than the actual maximum pensionable earnings.

The amount contributed to OMERS for 2018 was \$512,900 (2017 - \$502,342) for current service and is included as an expenditure on the "Consolidated Statement of Operations". The actuarial valuation of the OMERS plan at December 31, 2018 indicated a (deficit)/surplus in the plan of (\$2,790,000,000) (2017 - \$605,000,000). Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario Municipal organization and their employees. As a result, the Corporation does not recognize any share of the OMERS pension surplus or deficit.

**CORPORATION OF THE TOWN OF GREATER NAPANEE  
CONSOLIDATED NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2018**

**17. BUDGET FIGURES**

Budget established by the corporation are based on a project oriented basis, the costs of which may be carried out over one or more years. Although they are not directly comparable with current year actual amounts, budget figures have been reflected on the "Consolidated Statement of Operations". Budget figures have been reclassified for the purpose of these consolidated financial statements to comply with PSAB reporting requirements.

**18. CONTINGENT LIABILITIES**

In the course of its business, the Corporation becomes involved in various claims and legal proceedings. Litigation is subject to many uncertainties and the outcome of individual matters is not predictable. An estimate of the contingency cannot be made since the outcome of these matters is not predictable. The Corporation carries liability insurance. Any settlement in excess of amounts which have been recorded in the accounts and insurance coverage will be accounted for as a current transaction in the year of settlement. Contingent environmental liabilities may arise out of existing operations. Such liabilities are different from environmental remediation and solid waste landfill closure and post-closure care liabilities because the liabilities are not determinable, the condition which may give rise to the expenditures are uncertain, and the future expectations of the applicable regulatory authorities are not known. Potential costs that may arise in connection with such liabilities are not included in our provisions until the source and nature of the obligation become clear and is reasonably estimable.

**19. ASSESSMENT APPEAL SETTLEMENT**

On April 5, 2013 the Corporation reached an agreement regarding an assessment by a taxpayer for the years 2003 to 2012. The Corporation is refunding the taxpayer the total amount of \$3,500,000, repayable in annual payments of \$350,000 commencing in 2014. \$950,430 of this liability, being the County's share has been recovered from the County of Lennox and Addington in 2014. A reserve has been established regarding this liability and is reported in schedule 2 to the financial statements.

**20. CHANGE IN ESTIMATE ADJUSTMENT**

In 2018, as a result of evolving tangible capital asset accounting, certain land improvements and equipment was identified as having errors in amortization calculations. The adjustment was accounted for prospectively within the current year. The effect of these changes on the 2018 tangible capital assets and accumulated surplus are:

Financial statement item	<u>Opening Balance</u>	<u>Change</u>	<u>Adjusted Balance</u>
Statement of financial position			
Tangible capital assets			
- Cost	\$184,412,779	\$ -	\$184,412,779
- Accumulated amortization	\$ 77,164,871	\$ 67,398	\$ 77,232,269
Accumulated surplus	\$118,173,757	\$ (67,398)	\$118,106,358

**21. COMPARATIVE FIGURES**

Certain figures for 2017 have been reclassified to reflect the financial statement presentation adopted for 2018.



**CORPORATION OF THE TOWN OF GREATER NAPANEE  
SCHEDULE 1 - CONSOLIDATED STATEMENT OF TANGIBLE CAPITAL ASSETS  
YEAR ENDED DECEMBER 31, 2018**

COST	GENERAL					INFRASTRUCTURE					TOTALS
	Land	Buildings and Leasehold Improvements	Vehicles	Other Equipment	Assets Under Construction	Plant and Facilities	Roads	Underground and Other Networks	Bridges and Other Structures	Assets Under Construction	2018
Opening cost previously reported	\$ 9,604,516	\$ 15,764,375	\$ 9,009,895	\$ 6,861,834	\$ 336,371	\$ 13,443,074	\$ 79,406,467	\$ 49,842,025	\$ 4,644,776	\$ 499,446	\$ 189,412,779
Adjustment	36,113	-	-	(36,113)	-	-	-	-	-	-	-
Opening cost revised	9,640,629	15,764,375	9,009,895	6,825,721	336,371	13,443,074	79,406,467	49,842,025	4,644,776	499,446	189,412,779
Additions during the year	1,375,352	13,737	388,272	448,798	338,719	123,836	1,755,864	340,825	-	4,021,274	8,806,677
Disposals during the year	(8,056)	-	(384,267)	(204,110)	(149,476)	-	(355,699)	-	-	(10,919)	(1,112,527)
Closing cost	11,007,925	15,778,112	9,013,900	7,070,402	525,614	13,566,910	80,806,632	50,182,850	4,644,776	4,509,801	197,106,929
<b>ACCUMULATED AMORTIZATION</b>											
Opening accumulated amortization previously reported	474,599	4,324,312	4,340,702	3,186,202	-	5,671,901	42,643,840	14,401,515	2,121,801	-	77,164,872
Adjustment	36,113	-	-	31,285	-	-	-	-	-	-	67,398
Opening accumulated amortization revised	510,712	4,324,312	4,340,702	3,217,487	-	5,671,901	42,643,840	14,401,515	2,121,801	-	77,232,270
Amortization during the year	60,953	350,343	553,100	450,455	-	230,940	2,236,080	562,432	104,221	-	4,548,524
Disposals and writedowns	-	-	(344,227)	(117,434)	-	-	(353,411)	-	-	-	(815,072)
Balance end of year	571,665	4,674,655	4,549,575	3,550,508	-	5,902,841	44,526,509	14,963,947	2,226,022	-	80,965,724
Net Book Value of Tangible Capital Assets	\$ 10,436,260	\$ 11,103,457	\$ 4,464,325	\$ 3,519,901	\$ 525,614	\$ 7,664,069	\$ 36,280,123	\$ 35,218,903	\$ 2,418,754	\$ 4,509,801	\$ 116,141,207

**YEAR ENDED DECEMBER 31, 2017**

COST	GENERAL					INFRASTRUCTURE					TOTALS
	Land	Buildings and Leasehold Improvements	Vehicles	Other Equipment	Assets Under Construction	Plant and Facilities	Roads	Underground and Other Networks	Bridges and Other Structures	Assets Under Construction	2017
Opening costs previously reported	\$ 9,578,988	\$ 15,735,360	\$ 8,730,775	\$ 5,710,511	\$ 245,514	\$ 13,279,468	\$ 77,758,066	\$ 47,560,386	\$ 4,634,733	\$ 1,370,058	\$ 184,603,859
Adjustment	-	-	-	448,885	-	-	(61,007)	-	-	-	387,878
Opening costs - revised	9,578,988	15,735,360	8,730,775	6,159,396	245,514	13,279,468	77,697,059	47,560,386	4,634,733	1,370,058	184,991,737
Additions during the year	90,529	29,015	653,126	860,875	175,971	163,606	1,856,341	2,398,406	10,043	295,222	6,531,134
Disposals during the year	(65,001)	-	(374,006)	(158,437)	(83,114)	-	(146,933)	(116,767)	-	(1,165,834)	(2,110,092)
Closing cost	9,604,516	15,764,375	9,009,895	6,861,834	336,371	13,443,074	79,406,467	49,842,025	4,644,776	499,446	189,412,779
<b>ACCUMULATED AMORTIZATION</b>											
Opening accumulated amortization previously reported	415,580	3,974,158	4,203,070	2,580,601	-	5,437,569	40,634,715	13,955,476	2,020,145	-	73,221,314
Adjustment	-	-	-	369,885	-	-	(88,192)	3,002	-	-	284,695
Opening accumulated amortization - revised	415,580	3,974,158	4,203,070	2,950,486	-	5,437,569	40,546,523	13,958,478	2,020,145	-	73,506,009
Amortization during the year	59,019	350,154	515,419	394,263	-	234,332	2,163,934	518,768	101,656	-	4,337,545
Disposals and writedowns	-	-	377,787	158,547	-	-	66,617	75,731	-	-	678,682
Balance end of year	474,599	4,324,312	4,340,702	3,186,202	-	5,671,901	42,643,840	14,401,515	2,121,801	-	77,164,872
Net Book Value of Tangible Capital Assets	\$ 9,129,917	\$ 11,440,063	\$ 4,669,193	\$ 3,675,632	\$ 336,371	\$ 7,771,173	\$ 36,762,627	\$ 35,440,510	\$ 2,522,975	\$ 499,446	\$ 112,247,907

(See accompanying notes)

**CORPORATION OF THE TOWN OF GREATER NAPANEE  
SCHEDULE 2 - CONSOLIDATED SCHEDULE OF CONTINUITY OF RESERVES AND RESERVE FUNDS  
YEAR ENDED DECEMBER 31, 2018**

	Balance, beginning of year	Revenue Contributions			Transfers		Balance, end of year
		Interest on Reserve Funds	From Operations	From Capital	To Operations	To Capital	
<b>Reserves</b>							
Acquisition of capital assets and debt reduction	\$ 236,061	\$ -	\$ 263,360	\$ -	\$ -	\$ -	\$ 499,421
Arena reserve	277,873	-	-	-	-	-	277,873
Arena user surcharge	524,375	-	27,652	-	-	-	552,027
Assessment appeals	795,277	-	109,597	-	350,000	233,450	321,424
Bag tag	5,594	-	-	-	-	-	5,594
Conservation Authority	-	-	35,000	-	-	-	35,000
Election	37,000	-	-	-	37,000	-	-
Accessibility reserve	41,000	-	5,000	-	-	-	46,000
Park land	8,690	-	-	-	-	-	8,690
Physician recruitment	65,000	-	-	-	18,000	-	47,000
Recreational and cultural services capital reserve	77,936	-	-	-	-	-	77,936
Self-insurance	50,000	-	-	-	-	-	50,000
Strategic Plan	-	-	50,000	-	-	-	50,000
Working capital	1,221,567	-	70,000	-	-	-	1,291,567
	<u>3,340,373</u>		<u>560,609</u>		<u>405,000</u>	<u>233,450</u>	<u>3,262,532</u>
<b>Reserve Funds</b>							
Napanee Hydro Electric Commission proceeds	3,680,009	-	35,000	-	35,000	-	3,680,009
Capital improvement fund	2,185,376	38,318	1,113,823	563,966	-	2,399,342	1,502,141
Emergency operating	255,214	-	-	-	-	-	255,214
Maintenance reserve fund	1,199,624	21,034	1,113,823	381,386	-	934,691	1,781,176
	<u>7,320,223</u>	<u>59,352</u>	<u>2,262,646</u>	<u>945,352</u>	<u>35,000</u>	<u>3,334,033</u>	<u>7,218,540</u>
<b>Total</b>	\$ <u>10,660,596</u>	\$ <u>59,352</u>	\$ <u>2,823,255</u>	\$ <u>945,352</u>	\$ <u>440,000</u>	\$ <u>3,567,483</u>	\$ <u>10,481,072</u>

(See accompanying notes)

**CORPORATION OF THE TOWN OF GREATER NAPANEE  
SCHEDULE 3 - CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE STATEMENT OF OPERATIONS  
YEAR ENDED DECEMBER 31, 2018**

**BUDGET**

	<u>GENERAL GOVERNMENT</u>	<u>PROTECTION SERVICES</u>	<u>TRANSPORTATION SERVICES</u>	<u>ENVIRONMENTAL SERVICES</u>	<u>RECREATION AND CULTURAL SERVICES</u>	<u>PLANNING AND DEVELOPMENT</u>	<u>HEALTH SERVICES</u>	<u>CONSOLIDATED</u>
<b>REVENUES</b>								
Municipal taxation	\$ 16,149	\$ 5,172,541	\$ 2,167,034	\$ (21,982)	\$ 1,777,054	\$ 414,988	\$ 147,611	\$ 9,673,395
Taxation from other governments	2,212	755,205	316,331	(3,209)	259,404	49,192	21,547	1,400,682
User Charges	62,800	338,000	138,068	5,870,950	1,139,952	32,000	-	7,581,770
Government Transfers	-	-	-	-	-	-	-	-
Government of Canada	1,644,700	45,000	-	110,000	-	3,000	-	3,000
Province of Ontario	-	-	938,317	-	-	50,000	-	1,860,700
Other Municipalities	-	-	-	-	-	5,500	-	943,817
Other	-	-	-	-	-	25,000	-	25,000
Investment Income	145,000	-	-	-	-	-	-	145,000
Interest and Penalties on taxes	475,000	-	-	-	-	-	-	475,000
Donations	-	10,000	-	-	21,100	-	-	31,100
Miscellaneous	95,000	-	25,000	-	-	-	-	120,000
	<u>2,440,861</u>	<u>6,320,746</u>	<u>3,584,750</u>	<u>5,955,752</u>	<u>3,208,510</u>	<u>572,680</u>	<u>169,158</u>	<u>22,259,464</u>
<b>EXPENDITURES</b>								
Salaries, wages and employee benefits	1,479,406	1,954,947	1,592,608	1,557,082	1,370,530	363,794	102,598	8,420,965
Interest on long-term debt	-	4,600	86,815	-	134,043	-	-	225,458
Materials and supplies	905,380	611,460	1,540,830	1,654,580	1,194,820	194,934	66,560	6,168,564
Contracted services and general services	-	3,380,272	237,500	554,470	-	-	-	4,172,242
Rents and financial expenses	22,000	5,850	5,700	91,400	8,700	5,366	-	139,016
External transfers	29,000	235,100	-	-	-	-	-	264,100
Amortization	170,530	251,720	2,711,551	945,509	451,925	17,289	-	4,548,524
	<u>2,606,316</u>	<u>6,443,949</u>	<u>6,175,004</u>	<u>4,803,041</u>	<u>3,160,018</u>	<u>581,383</u>	<u>169,158</u>	<u>23,938,869</u>
<b>Net Revenues (Expenditures)</b>	\$ <u>(165,455)</u>	\$ <u>(123,203)</u>	\$ <u>(2,590,254)</u>	\$ <u>1,152,718</u>	\$ <u>48,492</u>	\$ <u>(1,703)</u>	\$ <u>-</u>	\$ <u>(1,679,405)</u>

(See accompanying notes)

**CORPORATION OF THE TOWN OF GREATER NAPANEE**  
**SCHEDULE 3 - CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE STATEMENT OF OPERATIONS**  
**YEAR ENDED DECEMBER 31, 2018**

**ACTUAL**

	GENERAL GOVERNMENT	PROTECTION SERVICES	TRANSPORTATION SERVICES	ENVIRONMENTAL SERVICES	RECREATION AND CULTURAL SERVICES	PLANNING AND DEVELOPMENT	HEALTH SERVICES	CONSOLIDATED
<b>REVENUES</b>								
Municipal taxation	\$ 13,806	\$ 4,714,927	\$ 1,974,935	\$ (20,033)	\$ 1,619,525	\$ 385,153	\$ 134,526	\$ 8,822,839
Taxation from other governments	2,171	741,425	310,560	(3,150)	254,671	48,294	21,154	1,375,125
User Charges	84,960	437,572	782,524	6,282,440	1,161,775	131,113	-	8,880,384
Government Transfers	-	-	-	-	-	-	-	-
Government of Canada	-	-	-	2,520	5,520	5,695	-	13,735
Province of Ontario	1,644,699	104,393	-	91,529	-	43,883	-	1,884,504
Other Municipalities	-	411	938,341	-	-	-	-	938,752
Other	-	-	-	-	43,792	25,000	-	68,792
Investment Income	206,753	-	-	-	-	609	-	207,362
Interest and Penalties on taxes	491,291	-	-	-	-	-	-	491,291
Donations	7,259	14,725	-	-	25,265	-	-	47,249
Miscellaneous	-	-	43,983	-	-	-	-	43,991
	<u>2,450,939</u>	<u>6,013,453</u>	<u>4,050,343</u>	<u>6,353,306</u>	<u>3,110,556</u>	<u>639,747</u>	<u>155,680</u>	<u>22,774,024</u>
<b>EXPENDITURES</b>								
Salaries, wages and employee benefits	1,510,126	1,776,877	1,484,284	1,527,101	1,347,810	437,835	97,638	8,181,671
Interest on long-term debt	-	-	73,698	-	93,740	609	-	168,047
Materials and supplies	851,719	583,081	1,625,611	1,388,935	1,090,169	138,045	48,448	5,726,008
Contracted services and general services	458	3,377,951	577,993	521,047	15,264	71,369	-	4,563,682
Rents and financial expenses	43,249	1,958	47,996	86,188	(5,799)	7,752	-	181,344
External transfers	25,464	193,671	-	-	-	-	-	219,135
Amortization	170,530	251,720	2,711,551	945,509	451,925	17,289	-	4,548,524
	<u>2,601,546</u>	<u>6,185,258</u>	<u>6,520,733</u>	<u>4,468,780</u>	<u>2,993,109</u>	<u>672,899</u>	<u>146,086</u>	<u>23,588,411</u>
Net Revenues (Expenditures)	\$ (150,607)	\$ (171,805)	\$ (2,470,390)	\$ 1,884,526	\$ 117,447	\$ (33,152)	\$ 9,594	\$ (814,387)

(See accompanying notes)

**CORPORATION OF THE TOWN OF GREATER NAPANEE**  
**SCHEDULE 3 - CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE STATEMENT OF OPERATIONS**  
**YEAR ENDED DECEMBER, 31 2017**

**ACTUAL**

	GENERAL GOVERNMENT	PROTECTION SERVICES	TRANSPORTATION SERVICES	ENVIRONMENTAL SERVICES	RECREATION AND CULTURAL SERVICES	PLANNING AND DEVELOPMENT	HEALTH SERVICES	CONSOLIDATED
<b>REVENUES</b>								
Municipal taxation	\$ (20,969)	\$ 5,037,770	\$ 2,125,695	\$ (164,896)	\$ 2,165,139	\$ 419,000	\$ 147,780	\$ 9,709,519
Taxation from other governments	(2,919)	700,731	295,675	(22,936)	301,161	47,462	20,556	1,339,730
User Charges	158,778	373,736	443,146	5,653,561	1,147,532	176,467	-	7,953,220
Government Transfers	-	-	-	-	-	-	-	-
Government of Canada	-	-	-	2,736	5,565	4,632	-	12,933
Province of Ontario	1,571,200	139,740	-	118,165	-	-	-	1,829,105
Other Municipalities	-	-	920,784	-	-	-	-	920,784
Other	-	-	-	-	-	-	-	-
Investment Income	107,806	-	-	-	-	-	-	108,880
Interest and Penalties on taxes	651,209	-	-	-	-	1,074	-	651,209
Donations	6,200	1,000	-	-	-	-	-	44,203
Miscellaneous	-	314,738	40,406	-	37,003	-	-	355,144
	<u>2,471,305</u>	<u>6,567,715</u>	<u>3,825,706</u>	<u>5,586,630</u>	<u>3,656,400</u>	<u>648,635</u>	<u>168,336</u>	<u>22,924,727</u>
<b>EXPENDITURES</b>								
Salaries, wages and employee benefits	1,370,468	1,806,398	1,325,328	1,434,237	1,304,961	373,084	94,391	7,708,867
Interest on long-term debt	-	-	75,419	7,233	107,569	1,074	-	191,295
Materials and supplies	668,495	513,921	1,492,462	1,446,168	1,168,931	174,713	23,635	5,488,325
Contracted services and general services	-	3,380,782	353,379	502,315	-	137,500	-	4,373,976
Rents and financial expenses	254,343	5,406	6,392	87,611	59,699	8,647	-	422,098
External transfers	18,247	233,056	-	-	-	-	-	251,303
Amortization	138,146	247,970	2,593,100	918,209	421,781	18,338	-	4,337,544
	<u>2,449,699</u>	<u>6,187,533</u>	<u>5,846,080</u>	<u>4,395,773</u>	<u>3,062,941</u>	<u>713,356</u>	<u>118,026</u>	<u>22,773,408</u>
<b>Net Revenues (Expenditures)</b>	<u>\$ 21,606</u>	<u>\$ 380,182</u>	<u>\$ (2,020,374)</u>	<u>\$ 1,190,857</u>	<u>\$ 593,459</u>	<u>\$ (64,721)</u>	<u>\$ 50,310</u>	<u>\$ 151,319</u>

(See accompanying notes)

**CORPORATION OF THE TOWN OF GREATER NAPANEE  
SCHEDULE 4 - CONSOLIDATED SCHEDULE OF RECONCILIATION OF FINANCIAL PLAN TO THE BUDGET  
YEAR ENDED 2018**

	OPERATING BUDGET	CAPITAL BUDGET	RESERVES AND RESERVE FUNDS	TANGIBLE CAPITAL ASSET ADJUSTMENTS	NAPANEE BUSINESS IMPROVEMENT	ELIMINATIONS	PSAB BUDGET
<b>REVENUES</b>							
Municipal taxation	\$ 9,595,395	\$ -	\$ -	\$ -	\$ 78,000	\$ -	\$ 9,673,395
Taxation from other governments	1,400,682	-	-	-	-	-	1,400,682
Utilities and sale of goods and services	7,707,275	-	-	-	10,000	(123,280)	7,593,995
Government Transfers							
Government of Canada	3,000	-	-	-	-	-	3,000
Province of Ontario	1,860,700	-	-	-	-	-	1,860,700
Other Municipalities	943,817	-	-	-	-	-	943,817
Other	25,000	-	-	-	-	-	25,000
Investment income	145,000	-	-	-	-	-	145,000
Penalty and interest on taxes	475,000	-	-	-	-	-	475,000
Donations	31,100	-	-	-	-	-	31,100
Miscellaneous	120,000	-	-	-	-	-	120,000
	<u>22,306,962</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>88,000</u>	<u>(123,280)</u>	<u>22,271,682</u>
<b>EXPENDITURES</b>							
Current							
General government	2,435,786	-	-	170,530	-	-	2,606,316
Protection services	6,195,029	-	-	251,720	-	(2,800)	6,443,949
Transportation services	3,465,653	-	-	2,711,551	-	(2,200)	6,175,004
Environmental services	3,910,282	-	-	945,509	-	(52,750)	4,803,041
Recreational and cultural services	2,773,623	-	-	451,925	-	(65,530)	3,160,018
Planning and development	478,094	-	-	11,109	92,180	-	581,383
Health services	169,158	-	-	-	-	-	169,158
Capital							
General government	-	190,340	-	(190,340)	-	-	-
Protection services	-	506,930	-	(506,930)	-	-	-
Transportation services	-	2,036,122	-	(2,036,122)	-	-	-
Environmental services	-	3,607,000	-	(3,607,000)	-	-	-
Recreational and cultural services	-	219,740	-	(219,740)	-	-	-
	<u>19,427,625</u>	<u>6,560,132</u>	<u>-</u>	<u>(2,017,788)</u>	<u>92,180</u>	<u>(123,280)</u>	<u>23,938,869</u>
<b>NET REVENUES/(EXPENDITURES)</b>	<b>2,879,344</b>	<b>(6,560,132)</b>	<b>-</b>	<b>2,017,788</b>	<b>(4,180)</b>	<b>-</b>	<b>(1,667,180)</b>
<b>OTHER INCOME AND EXPENSES RELATED TO CAPITAL</b>							
Municipal taxation	-	685,134	-	-	-	-	685,134
Taxation from other governments	-	43,146	-	-	-	-	43,146
Government transfers	-		-				
Canada	-	485,520	-	-	-	-	485,520
Ontario	-	435,238	-	-	-	-	435,238
Development changes	-	383,000	-	-	-	-	383,000
Other	-	23,442	-	-	-	-	23,442
	<u>-</u>	<u>2,055,480</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,055,480</u>
<b>FINANCING AND TRANSFERS</b>							
Depreciation and other long-term borrowing	-	2,394,535	-	(2,394,535)	-	-	-
Debt repayment	(503,057)	-	-	503,057	-	-	-
Transfers from (to) other funds	(1,872,080)	2,589,285	(717,205)	-	-	-	-
	<u>(2,375,137)</u>	<u>4,983,820</u>	<u>(717,205)</u>	<u>(1,891,478)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>ANNUAL SURPLUS (DEFICIT)</b>	<b>\$ 504,207</b>	<b>\$ 479,168</b>	<b>\$ (717,205)</b>	<b>\$ 126,310</b>	<b>\$ (4,180)</b>	<b>\$ -</b>	<b>\$ 388,300</b>

(See accompanying notes)