

**CORPORATION OF THE  
TOWN OF DEEP RIVER**

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**Consolidated Financial Statements**  
For the Year Ended December 31, 2018

## **MANAGEMENT REPORT**

### **MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS**


The accompanying consolidated financial statements of the **Corporation of the Town of Deep River** are the responsibility of the Town's management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles 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 the consolidated financial statements necessarily involves the use of estimates based on management's judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

Town 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.

Council meets with management and the external auditors to review the consolidated financial statements and discuss any significant reporting or internal control matters prior to the Council's approval of the consolidated financial statements.

The consolidated financial statements have been audited by Dean ~ Sinclair, Chartered Professional Accountants, independent external auditors appointed by the Town. The accompanying Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Town's consolidated financial statements.

  
\_\_\_\_\_  
Mayor  
\_\_\_\_\_  
Treasurer

September 25, 2019

# **CORPORATION OF THE TOWN OF DEEP RIVER**

## **Consolidated Financial Statements**

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## INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers of the  
**CORPORATION OF THE TOWN OF DEEP RIVER**

### Opinion

We have audited the accompanying consolidated financial statements of the **CORPORATION OF THE TOWN OF DEEP RIVER** which comprise the consolidated statement of financial position as at December 31, 2018 and the consolidated statements of operations, change in net financial assets (net debt) and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of **CORPORATION OF THE TOWN OF DEEP RIVER** as at December 31, 2018 and the results of its consolidated operations, changes in net financial assets (net debt) and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### Basis for Opinion

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

### Responsibilities of Management and Those Charged with Governance for the 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 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 Town's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Town or to cease operations, or has no realistic alternative but to do so.

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

### **Auditor's Responsibility 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 Town'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 Town'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 the auditor's report. However, future events or conditions may cause the Town to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Town to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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



Chartered Professional Accountants  
Licensed Public Accountants

Pembroke, Ontario  
September 25, 2019

**CORPORATION OF THE TOWN OF DEEP RIVER**  
**Consolidated Statement of Financial Position**  
**As At December 31, 2018**

	2018	2017
<b>FINANCIAL ASSETS</b>		
Cash (Note 2)	\$ 2,055,925	\$ 2,382,382
Investments (Note 3)	596,175	591,510
Taxes receivable	249,510	449,311
Trade and other receivables	505,464	682,405
Loan receivable (Note 4)	30,000	-
Inventories for resale	7,754	9,601
	<b>\$ 3,444,828</b>	<b>\$ 4,115,209</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 759,670	\$ 677,545
Deferred revenue - general	49,761	-
Deferred revenue - obligatory (Schedule 3)	377,391	239,075
Long term liabilities (Note 5)	9,685,486	10,099,479
Employee benefits and post employment liabilities (Note 6)	2,345,471	2,170,626
Landfill closure and post-closure liabilities (Note 7)	226,721	205,774
	<b>13,444,500</b>	<b>13,392,499</b>
<b>NET FINANCIAL ASSETS (NET DEBT)</b>	<b>(9,999,672)</b>	<b>(9,277,290)</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets - net (Schedule 4)	35,047,254	35,408,453
Inventory of supplies	5,101	3,528
Prepaid expenses	9,698	13,335
	<b>35,062,053</b>	<b>35,425,316</b>
<b>ACCUMULATED SURPLUS (Schedule 5)</b>	<b>\$ 25,062,381</b>	<b>\$ 26,148,026</b>

**CORPORATION OF THE TOWN OF DEEP RIVER**  
**Consolidated Statement of Operations**  
For the Year Ended December 31, 2018

	2018	2018	2017
	Budget	Actual	Actual
	(Note 17)		
<b>REVENUES (Note 9)</b>			
Taxation and payments in lieu	\$ 6,610,319	\$ 6,798,315	\$ 6,583,267
User charges	3,429,020	3,029,131	2,977,585
Government transfers	517,690	671,117	531,276
Deferred revenue earned - Schedule 3	-	-	3,612
Other	179,200	459,985	2,086,998
	10,736,229	10,958,548	12,182,738
<b>EXPENDITURES</b>			
General government	1,153,661	1,268,039	1,392,635
Protection to persons and property	3,133,877	3,871,052	3,655,274
Transportation services	1,204,217	1,188,849	1,227,777
Environmental services	3,218,533	3,655,162	3,344,457
Health services	5,629	7,159	14,463
Recreation and cultural services	1,421,788	2,029,793	1,836,021
Planning and development	110,034	24,139	49,811
	10,247,739	12,044,193	11,520,438
<b>ANNUAL SURPLUS (DEFICIT)</b>	488,490	(1,085,645)	662,300
<b>ACCUMULATED SURPLUS, beginning of year</b>	26,148,026	26,148,026	25,485,726
<b>ACCUMULATED SURPLUS, end of year</b>	\$ 26,636,516	\$ 25,062,381	\$ 26,148,026

**CORPORATION OF THE TOWN OF DEEP RIVER**  
**Consolidated Statement of Change in Net Financial Assets (Net Debt)**  
For the Year Ended December 31, 2018

	2018	2017
	Actual	Actual
<b>ANNUAL SURPLUS (DEFICIT)</b>	\$ (1,085,645)	\$ 662,300
Amortization of tangible capital assets	1,631,760	1,592,759
Acquisition of tangible capital assets	(1,307,240)	(2,143,305)
Loss on disposal of tangible capital assets	36,679	-
Changes in level of supplies inventories	(1,573)	341
Changes in level of prepaid expenses	3,637	916
<b>CHANGE IN NET FINANCIAL ASSETS (NET DEBT)</b>	(722,382)	113,011
<b>NET FINANCIAL ASSETS (NET DEBT), beginning of year</b>	(9,277,290)	(9,390,301)
<b>NET FINANCIAL ASSETS (NET DEBT), end of year</b>	\$ (9,999,672)	\$ (9,277,290)



**CORPORATION OF THE TOWN OF DEEP RIVER****Consolidated Statement of Cash Flows**

For the Year Ended December 31, 2018

	2018	2017
<b>CASH FROM OPERATING ACTIVITIES</b>		
Annual surplus (deficit)	\$ (1,085,645)	\$ 662,300
Adjustments for items not affecting cash		
Amortization of tangible capital assets	1,631,760	1,592,759
Loss on disposal of tangible capital assets	36,679	-
Changes in non-cash working capital		
Taxes receivable	199,801	(2,639)
Trade and other receivables	176,941	17,993
Loan receivable	(30,000)	11,549
Inventories for resale	1,847	14
Inventory of supplies	(1,573)	341
Prepaid expenses	3,637	916
Accounts payable and accrued liabilities	82,125	(771,670)
Employee benefits and post-employment liabilities	174,845	396,354
Landfill closure and post-closure liabilities	20,947	6,405
Deferred revenue - general	49,761	128,167
Deferred revenue - obligatory	138,316	-
Infrastructure loan	-	(1,200,000)
	1,399,441	842,489
<b>CASH FROM (USED IN) FINANCING ACTIVITIES</b>		
Advances on long term liabilities	-	2,406,241
Payments on long term liabilities	(413,993)	(318,775)
	(413,993)	2,087,466
<b>CASH (USED IN) INVESTING ACTIVITIES</b>		
Investments	(4,665)	1,114
Purchase of tangible capital assets	(1,307,240)	(2,143,305)
	(1,311,905)	(2,142,191)
<b>INCREASE (DECREASE) IN CASH</b>	(326,457)	787,764
<b>CASH, beginning of year</b>	2,382,382	1,594,618
<b>CASH, end of year</b>	\$ 2,055,925	\$ 2,382,382

See accompanying notes and schedules.

9.

**CORPORATION OF THE TOWN OF DEEP RIVER**  
**Consolidated Schedule of Continuity of Reserves**  
For the Year Ended December 31, 2018

**SCHEDULE 1**

	BALANCE	REVENUES				TRANSFERS				BALANCE
	Beginning of Year	Interest Earned	From Operations	Other	Total	To Operations	To Capital	Other	Total	End of Year
<b>Reserves</b>										
Acquisition of capital assets	\$ 5,065	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,065
Sick leave and payroll contingency	329,589	-	100,000	-	100,000	-	-	-	-	429,589
Legal contingency	48,526	-	-	-	-	-	-	-	-	48,526
Waterworks	555,266	-	-	-	-	103,135	159,262	-	262,397	292,869
Sewer	247,912	-	-	-	-	11,526	(7,448)	-	4,078	243,834
Working funds	50,000	-	-	-	-	-	-	-	-	50,000
Recreation facilities	1,333	-	-	-	-	-	-	-	-	1,333
Insurance claims	46,720	-	-	-	-	-	-	-	-	46,720
WSIB	72,964	-	-	-	-	-	-	-	-	72,964
Physician recruitment	11,610	-	-	-	-	-	-	-	-	11,610
Living legacy	4,425	-	-	-	-	-	-	-	-	4,425
Asset replacement	273,800	-	294,980	-	294,980	-	203,128	-	203,128	365,652
Landfill closure	58,674	-	14,999	-	14,999	-	-	-	-	73,673
Recreation	17,055	-	-	-	-	-	6,920	-	6,920	10,135
Marina capital	4,916	-	4,171	-	4,171	-	-	-	-	9,087
Capital contingency	79,304	-	-	-	-	-	-	-	-	79,304
Airport Runway	5,000	-	5,000	-	5,000	-	-	-	-	10,000
	1,812,159	-	419,150	-	419,150	114,661	361,862	-	476,523	1,754,786
<b>Reserve Funds (Schedule 2)</b>	<b>1,119,628</b>	<b>8,911</b>	<b>147,425</b>	<b>-</b>	<b>156,336</b>	<b>-</b>	<b>423,608</b>	<b>-</b>	<b>423,608</b>	<b>852,356</b>
<b>Total Reserves and Reserve Funds</b>	<b>\$2,931,787</b>	<b>\$ 8,911</b>	<b>\$ 566,575</b>	<b>\$ -</b>	<b>\$ 575,486</b>	<b>\$ 114,661</b>	<b>\$ 785,470</b>	<b>\$ -</b>	<b>\$ 900,131</b>	<b>\$2,607,142</b>

10. See accompanying notes and schedules.

**CORPORATION OF THE TOWN OF DEEP RIVER**  
**Consolidated Statement of Continuity of Reserve Funds**  
For the Year Ended December 31, 2018

**SCHEDULE 2**

	BALANCE	REVENUES				TRANSFERS				BALANCE
	Beginning of Year	Interest Earned	From Operations	Other	Total	To Operations	To Capital	Other	Total	End of Year
<b>Reserve Funds</b>										
Capital asset replacement	\$ 803,333	\$ 4,184	\$ -	\$ -	\$ 4,184	\$ -	\$ 378,181	\$ -	\$ 378,181	\$ 429,336
Hydro sale proceeds	280,289	4,353	90,975	-	95,328	-	45,427	-	45,427	330,190
Humanitarian donations	3,371	64	-	-	64	-	-	-	-	3,435
Airport operations	32,635	-	15,169	-	15,169	-	-	-	-	47,804
Main Street Revitalization	-	310	41,281	-	41,591	-	-	-	-	41,591
		\$1,119,628	\$ 8,911	\$ 147,425	\$ -	\$ 156,336	\$ -	\$ 423,608	\$ -	423,608
	\$									852,356

11. See accompanying notes and schedules.

**CORPORATION OF THE TOWN OF DEEP RIVER**  
**Consolidated Schedule of Deferred Revenue - Obligatory**  
For the Year Ended December 31, 2018

**SCHEDULE 3**

	BALANCE	REVENUES				TRANSFERS				BALANCE
	Beginning of Year	Interest on Investments	From Government Operating	Transfers	Total	To Operating	To Capital	Other	Total	End of Year
Deferred Revenue										
Obligatory Reserve Funds										
Gas tax rebates	\$ 239,075	\$ 4,765	\$ -	\$ 133,551	\$ 138,316	\$ -	\$ -	\$ -	\$ -	\$ 377,391

12. See accompanying notes and schedules.

**Corporation of the Town of Deep River**  
**Consolidated Schedule of Tangible Capital Assets**  
For the Year Ended December 31, 2018

**Schedule 4**

	BY ASSET CLASS												Totals	
	General						Infrastructure							
	Land	Buildings	Vehicles	Equipment	Computer Equipment	Other	Roads	Plants & Facilities	Underground & Other	Other Structures	Assets Under Construction	2018	2017	
Cost														
Balance, Beginning of year	\$ 1,640,434	\$ 9,082,912	\$ 3,185,490	\$ 941,634	\$ 16,863	\$ 1,011,534	\$ 4,412,749	\$ 20,462,246	\$ 9,086,693	\$ 2,654,608	\$ 7,666,991	\$ 60,162,154	\$ 58,018,849	
Add:														
Additions during year	-		165,321	29,023	-	57,819	52,217	159,262	436,810	211,734	195,054	1,307,240	2,143,305	
Less:														
Disposals during year	-	-	(184,497)	-	-	-	(36,240)	-	(85,310)	-	-	(306,047)	-	
Balance, End of year	1,640,434	9,082,912	3,166,314	970,657	16,863	1,069,353	4,428,726	20,621,508	9,438,193	2,866,342	7,862,045	61,163,347	60,162,154	
Accumulated Amortization														
Balance, Beginning of year	-	4,252,185	1,955,956	594,521	16,863	836,697	3,014,595	9,630,211	3,341,171	1,111,502	-	24,753,701	23,160,942	
Add:														
Amortization during the year	-	194,341	178,460	54,667	-	53,960	81,359	834,588	130,958	103,427	-	1,631,760	1,592,759	
Less:														
Reduction on disposals	-	-	(152,106)	-	-	-	(36,240)	-	(81,022)	-	-	(269,368)	-	
Balance, End of year	-	4,446,526	1,982,310	649,188	16,863	890,657	3,059,714	10,464,799	3,391,107	1,214,929	-	26,116,093	24,753,701	
Net Book Value of Tangible Capital Assets	\$ 1,640,434	\$ 4,636,386	\$ 1,184,004	\$ 321,469	\$ -	\$ 178,696	\$ 1,369,012	\$ 10,156,709	\$ 6,047,086	\$ 1,651,413	\$ 7,862,045	\$ 35,047,254	\$ 35,408,453	
BY FUNCTIONAL CLASSIFICATION														
	General Government	Police	Fire	Roads	Other Transportation	Water Supply	Sewer	Waste Management	Recreation	Planning Other	Assets Under Construction	2018	2017	
Cost														
Balance, Beginning of year	\$ 2,503,410	\$ 304,710	\$ 1,222,853	\$ 6,887,188	\$ 1,243,604	\$ 18,924,872	\$ 10,963,831	\$ 126,120	\$ 9,984,200	\$ 334,375	\$ 7,666,991	\$ 60,162,154	\$ 58,018,849	
Add:														
Additions during year	32,930	21,901	29,023	162,707	-	159,262	436,810	-	269,553	-	195,054	1,307,240	2,143,305	
Less:														
Disposals during year	-	-	-	(220,738)	-	-	(85,309)	-	-	-	-	(306,047)	-	
Balance, End of year	2,536,340	326,611	1,251,876	6,829,157	1,243,604	19,084,134	11,315,332	126,120	10,253,753	334,375	7,862,045	61,163,347	60,162,154	
Accumulated Amortization														
Balance, Beginning of year	1,295,118	263,760	698,170	4,454,008	749,579	7,753,525	5,240,259	43,266	4,232,683	23,333	-	24,753,701	23,160,942	
Add:														
Amortization during the year	65,498	23,327	61,447	205,538	32,006	639,583	338,460	2,525	255,190	8,186	-	1,631,760	1,592,759	
Less:														
Reduction on disposals	-	-	-	(188,346)	-	-	(81,022)	-	-	-	-	(269,368)	-	
Balance, End of year	1,360,616	287,087	759,617	4,471,200	781,585	8,393,108	5,497,697	45,791	4,487,873	31,519	-	26,116,093	24,753,701	
Net Book Value of Tangible Capital Assets	\$ 1,175,724	\$ 39,524	\$ 492,259	\$ 2,357,957	\$ 462,019	\$ 10,691,026	\$ 5,817,635	\$ 80,329	\$ 5,765,880	\$ 302,856	\$ 7,862,045	\$ 35,047,254	\$ 35,408,453	

**CORPORATION OF THE TOWN OF DEEP RIVER**  
**Consolidated Schedule of Accumulated Surplus**  
For the Year Ended December 31, 2018

**SCHEDULE 5**

	2018	2017
<b>RESERVE FUNDS - Schedule 2</b>		
Capital asset replacement	\$ 429,336	\$ 803,333
Hydro sale proceeds	330,190	280,289
Humanitarian donations	3,435	3,371
Airport operations	47,804	32,635
Main Street Revitalization	41,591	-
<b>Total</b>	<b>852,356</b>	<b>1,119,628</b>

**RESERVES - Schedule 1**

Acquisition of capital assets	5,065	5,065
Sick leave and payroll contingency	429,589	329,589
Legal contingency	48,526	48,526
Waterworks	292,869	555,266
Sewer	243,834	247,912
Working funds	50,000	50,000
Recreation facilities	1,333	1,333
Insurance claims	46,720	46,720
WSIB	72,964	72,964
Physician recruitment	11,610	11,610
Living legacy	4,425	4,425
Asset replacement	365,652	273,800
Landfill closure	73,673	58,674
Recreation	10,135	17,055
Marina capital	9,087	4,916
Capital contingency	79,304	79,304
Airport Runway	10,000	5,000
<b>Total</b>	<b>1,754,786</b>	<b>1,812,159</b>
<b>Total - Reserves and Reserve Funds</b>	<b>2,607,142</b>	<b>2,931,787</b>

**SURPLUSES**

Invested in tangible capital assets	25,315,303	25,308,974
General revenue fund	(314,099)	264,999
Landfill operations board	26,227	18,666
Unfunded		
• Employment benefits and post-employment liabilities	(2,345,471)	(2,170,626)
• Landfill closure and post-closure liabilities	(226,721)	(205,774)
<b>Total Surpluses</b>	<b>22,455,239</b>	<b>23,216,239</b>

<b>ACCUMULATED SURPLUS</b>	<b>\$ 25,062,381</b>	<b>\$ 26,148,026</b>
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Corporation of the Town of Deep River  
Consolidated Schedule of Segmented Disclosure  
For the Year Ended December 31, 2018

Schedule 6

	General Government		Protection		Transportation		Environment		Health		Recreation		Planning		Totals	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
<b>Revenues</b>																
Taxation	\$ 1,026,287	\$ 810,079	\$ 3,086,559	\$ 3,117,720	\$ 1,141,141	\$ 1,111,164	\$ 480,422	\$ 470,884	\$ (14,125)	\$ (10,721)	\$ 1,004,651	\$ 1,072,378	\$ 73,380	\$ 11,763	\$ 6,798,315	\$ 6,583,267
User charges	7,164	7,535	119,924	131,898	37,593	23,092	2,397,828	2,359,351	6,325	20,631	454,879	433,398	5,418	1,680	3,029,131	2,977,585
Government transfers	321,400	372,300	39,182	38,165	59,194	78,150	157,966	4,572	-	-	52,095	38,089	41,280	-	671,117	531,276
Other income	172,829	132,562	65	259	27,323	85,803	206,829	1,735,384	-	-	52,939	132,990	-	-	459,985	2,086,998
Deferred revenue earned	-	-	-	-	-	3,612	-	-	-	-	-	-	-	-	-	3,612
	1,527,680	1,322,476	3,245,730	3,288,042	1,265,251	1,301,821	3,243,045	4,570,191	(7,800)	9,910	1,564,564	1,676,855	120,078	13,443	10,958,548	12,182,738
<b>Expenses</b>																
Salaries, wages and benefits	890,310	816,697	2,954,443	3,211,403	553,323	606,329	200,156	178,646	5,477	12,728	1,035,188	938,794	640	-	5,639,537	5,764,597
Interest on long term liabilities	-	-	-	-	3,435	3,804	315,669	278,045	-	-	77,883	51,813	-	-	396,987	333,662
Materials and supplies	410,393	603,774	204,603	141,037	386,361	383,160	807,457	681,735	1,682	1,735	629,328	556,400	6,622	27,916	2,446,446	2,395,757
Contracted services	4,838	6,252	509,562	95,472	-	-	1,365,983	1,255,168	-	-	4,351	4,307	16,877	21,895	1,901,611	1,383,094
Rents and financial expenses	-	-	-	-	-	-	-	-	-	-	-	13,730	-	-	-	13,730
External transfers	-	-	-	-	-	-	-	-	-	-	27,852	36,839	-	-	27,852	36,839
Interfunctional adjustments	(103,000)	(93,000)	117,670	117,520	-	-	(14,670)	(14,520)	-	-	-	(10,000)	-	-	-	-
Amortization	65,498	58,912	84,774	89,842	245,730	234,484	980,567	965,383	-	-	255,191	244,138	-	-	1,631,760	1,592,759
	1,268,039	1,392,635	3,871,052	3,655,274	1,188,849	1,227,777	3,655,162	3,344,457	7,159	14,463	2,029,793	1,836,021	24,139	49,811	12,044,193	11,520,438
<b>Net Revenue (Expenses)</b>	<b>\$ 259,641</b>	<b>\$ (70,159)</b>	<b>\$ (625,322)</b>	<b>\$ (367,232)</b>	<b>\$ 76,402</b>	<b>\$ 74,044</b>	<b>\$ (412,117)</b>	<b>\$ 1,225,734</b>	<b>\$ (14,959)</b>	<b>\$ (4,553)</b>	<b>\$ (465,229)</b>	<b>\$ (159,166)</b>	<b>\$ 95,939</b>	<b>\$ (36,368)</b>	<b>\$ (1,085,645)</b>	<b>\$ 662,300</b>

# **CORPORATION OF THE TOWN OF DEEP RIVER**

## **Notes to the Consolidated Financial Statements**

For the Year Ended December 31, 2018

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The **CORPORATION OF THE TOWN OF DEEP RIVER** is an incorporated municipality in the Province of Ontario. Its operations are guided by the provisions of provincial statutes such as the *Municipal Act*, *Municipal Affairs Act* and related legislation.

### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The consolidated financial statements of the Corporation of the Town of Deep River are the representation of management prepared in accordance with local government accounting standards established by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada.

#### **REPORTING ENTITY**

- (a) The consolidated financial statements reflect the assets, liabilities, revenues and expenditures, reserves, reserve funds and cash flows of the Town and include the activities of all committees of Council and the following boards and utilities which are under the control of Council:

- Deep River Public Library Board
- Deep River Waterworks

The municipality is also a member of two joint local boards which are accounted for using the proportionate consolidation method whereby the municipality's proportionate share of revenues, expenditures, assets and liabilities are included in the accounts after elimination of the proportionate share of inter-entity transactions:

	<b>Proportionate Share</b>
• North Renfrew Landfill Operations Board	52.00 %
• Pembroke and Area Airport Commission	7.974 %

(b) **Accounting for County and School Board Transactions**

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

(c) **Trust Funds**

Trust funds and their related operations administered by the municipality are not consolidated, but are reported separately in the Trust Funds Statement of Financial Activities and Fund Balances and the Trust Funds Statement of Financial Position.

#### **BASIS OF ACCOUNTING**

(a) **Accrual Basis of Accounting**

The financial statements have been prepared using the accrual basis of accounting. The accrual basis of accounting recognizes revenues in the period in which transactions or events occurred that gave rise to the revenues; expenditures are recognized in the period the goods and services are acquired and a liability is incurred or transfers are due.

(b) **Cash**

Cash is defined as cash on hand, cash on deposit and short term deposits with maturity dates of less than 90 days, net of cheques issued and outstanding at the reporting date.



**CORPORATION OF THE TOWN OF DEEP RIVER**  
**Notes to the Consolidated Financial Statements**  
**For the Year Ended December 31, 2018**

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**1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**(c) Revenue Recognition**

Property tax billings are prepared by the Municipality based on an assessment roll prepared by the Municipal Property Assessment Corporation ("MPAC"), an agency of the Ontario government. Any supplementary billing adjustments made necessary by assessment appeals submitted by the ratepayers and changes to assessed value reflecting new construction are recognized in the year they are determined.

User charges and fees are recognized as revenue in the year the goods and services are provided.

Investment income is recognized as it is earned. Investment income earned on federal gas tax reserve funds is recorded as deferred revenue and included in Municipal revenues in the year that they are applied to qualifying capital expenditures.

Government transfers are recognized as revenue in the year in which the events giving rise to the transfer occur, providing the transfers are authorized, any eligible criteria have been met, and reasonable estimates of the amounts can be made.

**(d) Inventories for Resale**

Inventories for resale are valued at the lower of cost and net realizable value with cost determined on a first-in, first-out basis.

**(e) 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, provided the Change in Net Financial Assets (Net Debt) for the year.

**Tangible Capital Assets**

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

<u><b>Assets</b></u>	<u><b>Useful Life-Years</b></u>
Buildings	10-50
Vehicles	4-20
Equipment	10-20
Computer equipment	2
Other	5-7
Roads	20-40
Plants and facilities	20-80
Underground and other networks	50-75
Other structures	15-25

Landfill sites are amortized using the units of production method based upon capacity used during the year.

# **CORPORATION OF THE TOWN OF DEEP RIVER**

## **Notes to the Consolidated Financial Statements**

**For the Year Ended December 31, 2018**

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### **1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

- (e) Annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is in service.

The Town 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.

Certain assets have been assigned a nominal value of one Canadian dollar because of the difficulty of determining a tenable valuation. The most significant of such assets are the Town's road allowances and most Town lands.

#### Contributions of Tangible Capital Assets

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

#### 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.

#### Inventories

Inventories held for consumption are recorded at the lower of cost or replacement cost.

- (f) **Pension and Employee Benefits**

The Town expenses its contributions to the Ontario Municipal Employees Retirement System ("OMERS"), a multi-employer public sector pension fund, when contributions are due.

Employee benefits include vacation entitlement, sick leave benefits and certain post employment benefits. Vacation entitlements and sick leave benefits are accrued as entitlements are earned. Other post employment benefits are subject to actuarial valuations and are accrued in accordance with the projected benefit method, prorated on service and management's best estimate of salary escalation and retirement ages of employees. Any actuarial gains and losses related to past service of employees are amortized over the expected average remaining service life of the employee groups.

- (g) **Deferred Revenue**

Government transfers of gas taxes are reported as deferred revenue in the Consolidated Statement of Financial Position. These amounts will be recognized as revenues in the period in which related expenditures are incurred.

- (h) **Investments**

Investments consist of bond and money market mutual funds and are recorded at market value.

# CORPORATION OF THE TOWN OF DEEP RIVER

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2018

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### 1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### (i) Use of Estimates

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts in the financial statements and accompanying notes. Due to the inherent uncertainty in making estimates, actual results could differ from these estimates. Management makes accounting estimates when determining the estimated useful life of the Corporation's tangible assets, its allowances for doubtful accounts, the carrying value of its inventory, the accrued liabilities for employee benefits and solid waste landfill closure and post-closure care. Actual results could differ from those estimates.

#### (j) Segment Disclosures

The municipality adopted the Public Sector Accounting Board standard requiring financial information to be provided on a segmented basis (PSAB 2700). Municipal services have been segmented by grouping activities that have similar service objectives (by function). Revenues that are directly related to the costs of the function have been attributed to each segment.

### 2. CASH

Cash and investments in the amount of \$1,229,747 (2017 - \$1,358,703) have been restricted to support reserve funds and deferred revenue - obligatory. As at December 31, 2018, the Town's general fund had outstanding borrowings of \$183,117 from the reserve funds.

### 3. INVESTMENTS

	2018	2017
Investment in Public Sector Group of Funds		
• Bond Fund	\$ 573,408	\$ 564,871
Mutual funds	22,767	26,639
	<hr/>	<hr/>
	\$ 596,175	\$ 591,510

The book value of the investment in Public Sector Group of Funds is \$642,046 (2017 - \$606,440).

### 4. LOAN RECEIVABLE

Loan receivable from Community Skiway Inc. (Mount Martin Ski Hill), bearing interest at the Bank of Canada prime rate and secured by a chattel mortgage on Mount Martin Ski Hill equipment (Prime rate at December 31, 2018 – 3.95%). The loan is due September 2028 but the Town has the option to demand repayment in full any time after September 2023 on six months written notice.

**CORPORATION OF THE TOWN OF DEEP RIVER**  
**Notes to the Consolidated Financial Statements**  
For the Year Ended December 31, 2018

**5. LONG TERM LIABILITIES**

- (a) The balance of long term liabilities reported on the Consolidated Statement of Financial Position is made up of the following:

	2018	2017
Prime minus 0.85% non-revolving term loan, maturing June 2022, repayable in blended monthly instalments of \$19,940	\$ 1,883,383	\$ 2,069,097
5.42% debentures, maturing September 2049, repayable in blended semi-annual instalments of \$129,685	3,873,560	3,921,044
4.12% debentures, maturing December 2025, repayable in blended semi-annual instalments of \$31,693	382,074	428,286
2.9% debentures, maturing November 2036, repayable in blended semi-annual instalments of \$43,871	1,223,669	1,274,811
3.5% debentures, maturing September 2047, repayable in blended semi-annual instalments of \$32,464	1,176,871	1,200,000
3.14% debentures, maturing December 2037, repayable in semi-annual instalments of \$30,156 plus interest	1,145,929	1,206,241
	<u>\$ 9,685,486</u>	<u>\$10,099,479</u>

- (b) Principal payments on long term liabilities are estimated as follows:

2019	\$ 418,611
2020	431,520
2021	444,918
2022	458,828
2023	473,269
Thereafter	7,458,340
	<u>\$ 9,685,486</u>

The long term liabilities in (a) issued in the name of the municipality have been approved by by-law. The annual principal and interest payments required to service these liabilities are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs.

- (c) Total interest charges for Town long term liabilities reported on the Consolidated Statement of Operations are \$396,987 (2017 - \$333,662).

Of the total charges shown above, \$81,318 (2017 - \$55,617) was paid from general revenues of the Town, \$255,231 (2017 - \$222,503) was recovered from the water supply operation and \$60,438 (2017 - \$55,542) was recovered from the sanitary sewer operation. These amounts are included on the Consolidated Statement of Operation, classified under the appropriate functional expenditure headings.

**CORPORATION OF THE TOWN OF DEEP RIVER**  
**Notes to the Consolidated Financial Statements**  
For the Year Ended December 31, 2018

**6. EMPLOYEE BENEFITS AND POST EMPLOYMENT LIABILITIES**

	<b>2018</b>	<b>2017</b>
Accrued vacation pay benefits	\$ 83,739	\$ 69,487
Sick leave (Note 6 (a))	629,528	643,836
Post-employment benefits (Note 6 (b))	811,215	772,637
WSIB (Note 6 (c))	820,989	684,666
	<b>\$ 2,345,471</b>	<b>\$ 2,170,626</b>

**(a) SICK LEAVE BENEFITS**

Under the sick leave benefit plans, unused sick leave can accumulate and employees may become entitled to a cash payment when they leave the municipality's employment. An amount of \$270,044 (2017 - \$105,311) was paid to employees who left the municipality's employment during the current year. Reserves in the amount of \$429,589 (2017 - \$329,589) have been established to provide for these liabilities and are reported on the Consolidated Statement of Financial Position.

**(b) POST EMPLOYMENT BENEFITS**

The Municipality has defined benefit plans providing various post-retirement medical and life insurance benefits.

The liability and expense for 2018 is based on an actuarial valuation performed as at December 31, 2017 and forecasted for 2018.

Information about the plan is as follows:

**Accrued benefit liability**

	<b>2018</b>	<b>2017</b>
Accrued benefit liability as at beginning of year	\$ 772,637	\$ 763,059
Current service cost	46,797	30,871
Interest cost	25,435	23,811
Amortization of actuarial gain/loss	4,346	(10,504)
Contributions/benefits paid during the year	(38,000)	(34,600)
Accrued benefit liability as at end of year	<b>\$ 811,215</b>	<b>\$ 772,637</b>

**Reconciliation of accrued benefit obligation**

	<b>2018</b>	<b>2017</b>
Accrued benefit obligation as at beginning of year	\$ 816,101	\$ 663,272
Benefits accrued during year	46,797	30,871
Benefits paid during year	(38,000)	(34,600)
Interest on accrued benefit obligation during year	25,435	23,811
Experience loss	-	132,747
Accrued benefit obligation as at end of year	<b>\$ 850,333</b>	<b>\$ 816,101</b>

Discount rate	3.1%
Assumed dental cost trend rate	4.0%

The assumed health care cost trend rate was 10%, decreasing by 1% annually to 5%.

## **CORPORATION OF THE TOWN OF DEEP RIVER**

### **Notes to the Consolidated Financial Statements**

For the Year Ended December 31, 2018

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#### **6. EMPLOYEE BENEFITS AND POST EMPLOYMENT LIABILITIES (cont'd)**

##### **(c) WORKPLACE SAFETY & INSURANCE BOARD (WSIB)**

As a Schedule 2 employer, the Municipality funds its obligations to the WSIB on a "pay as you go" basis. The future benefit costs recorded at the year end are based on calculations prepared by the WSIB. No independent actuarial valuation is considered necessary.

#### **7. LANDFILL CLOSURE AND POST-CLOSURE LIABILITIES**

The Town operates a landfill site that now receives only construction and demolition waste. Currently the landfill site is estimated to be 73% filled and has a remaining volume of approximately 86,728 m<sup>3</sup>. The estimated remaining life of the site at the current level of usage is 20 years. The estimated required period of post-closure care is six years. These financial statements recognize a liability for closure and post-closure care to the extent that the site has been used to date. Since costs are to be incurred in the future they have been discounted at 4.0% . Currently a liability of \$187,000 has been accrued. The present value of estimated total expenditures is approximately \$257,000. The liability remaining to be recognized is \$70,000. A reserve in the amount of \$73,673 has been established to provide for this liability and is reported on the Consolidated Statement of Financial Position.

The Town is also a joint member of the North Renfrew Landfill Operations Board which owns and operates one open landfill site. Currently, the landfill site is estimated to be 48% filled and has a remaining volume of 102,888 m<sup>3</sup>. At the current rate of usage, the landfill site is expected to close in 22.4 years or as early as May 31, 2041. The Board is liable for closing costs of this landfill site and post-closure costs for monitoring, reporting, site reconnaissance and maintenance on an annual basis for a period of at least four years following the closure of the site. The present value of the expected closure and post-closure costs have been reported as a liability in the Consolidated Statement of Financial Position. The liability was estimated using a discount factor of 4.95% and is accrued based on site usage. Currently a liability of \$76,386 (Town share - \$39,721) has been accrued. The present value of estimated expenditures for closure and post-closure care is \$159,138 (Town share - \$82,752). The liability remaining to be recognized is \$82,752 (Town share - \$43,031).

#### **8. CONTAMINATED SITES LIABILITY**

The Town has adopted PS3260 Liability for Contaminated Sites. The Town has not identified any liabilities as at December 31, 2018 (2017 - Nil) as a result of this standard.

**CORPORATION OF THE TOWN OF DEEP RIVER****Notes to the Consolidated Financial Statements**

For the Year Ended December 31, 2018

**9. REVENUES**

	2018	2018	2017
	Budget	Actual	Actual
<b>Taxation</b>			
Residential and farm taxation	\$ 5,699,771	\$ 5,430,318	\$ 5,627,865
Commercial, industrial and business taxation	963,237	962,552	964,250
Taxation from other governments	2,989,303	3,371,331	3,020,438
	9,652,311	9,764,201	9,612,553
Deduct: amounts received or receivable for			
County and school boards	(3,041,992)	(2,965,886)	(3,029,286)
	6,610,319	6,798,315	6,583,267
<b>User Charges</b>	3,429,020	3,029,131	2,977,585
<b>Government Transfers</b>			
Government of Canada	-	2,100	1,197
Province of Ontario	499,190	652,143	513,540
Other municipalities	18,500	16,874	16,539
	517,690	671,117	531,276
<b>Deferred Revenue Earned</b>	-	-	3,612
<b>Other</b>			
Investment income	13,400	57,392	18,597
Penalties and interest on taxes	47,500	87,236	76,235
Donations	10,118	31,390	136,530
CNL capital cost recovery	-	195,054	1,641,634
Other	108,182	125,592	214,002
Loss on disposal of tangible capital assets	-	(36,679)	-
	179,200	459,985	2,086,998
	\$10,736,229	\$10,958,548	\$12,182,738

**CORPORATION OF THE TOWN OF DEEP RIVER**  
**Notes to the Consolidated Financial Statements**  
**For the Year Ended December 31, 2018**

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**10. EXPENDITURES BY OBJECT**

The Consolidated Statement of Operations presents the consolidated expenditures by function. The following classifies those same expenditures by object.

	<b>2018</b>	<b>2017</b>
Salaries, wages and employee benefits	\$ 5,639,537	\$ 5,764,597
Interest on long term liabilities	396,987	333,662
Transfers to external organizations	27,852	13,730
Materials, contracted services, rents and financial expenses	4,348,057	3,815,690
Amortization	1,631,760	1,592,759
	<b>\$ 12,044,193</b>	<b>\$ 11,520,438</b>

**11. PENSION AGREEMENT**

The Corporation of the Town of Deep River, on behalf of its eligible employees, is a participant in the Ontario Municipal Employees Retirement System (OMERS). OMERS is a defined benefit pension plan, fully funded by equal contributions from participating employers and employees, and by the investment earnings of the OMERS Fund. OMERS pensions are calculated using a defined benefit formula, taking into account length of service and average annual wage that is designed to integrate with the pension payable from the Canada Pension Plan.

Because OMERS is a multi-employer pension plan, The Corporation of the Town of Deep River does not recognize any share of the pension plan deficit of \$2.79 billion (2017 - \$605 million surplus) based on the total fair market value of the plans's assets, as this is a joint responsibility of all Ontario municipalities and their employees.

The amount contributed to OMERS for 2018 was \$353,644 (2017 - \$366,487) for current service and is included as an expenditure on the Consolidated Statement of Operations. At December 31, 2018 there is no liability for past service under this agreement.

**12. FINANCIAL INSTRUMENTS**

The Municipality's financial instruments consist of cash, investments, taxes receivable, trade and other receivables, loan receivable, accounts payable and accrued liabilities and long term liabilities. The fair value of these financial instruments is approximately equal to their carrying value.

It is management's opinion that the Municipality is not exposed to significant interest or currency risks arising from these financial instruments. The Town is subject to credit risk with respect to taxes receivable and trade and other receivables. Credit risk arises from the possibility that taxpayers and entities to which the Town provides services may experience financial difficulty and be unable to fulfill their obligations. It is management's opinion that the large number and diversity of taxpayers and users minimizes the credit risk.



## CORPORATION OF THE TOWN OF DEEP RIVER

### Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2018

#### 13. JOINT LOCAL BOARDS

The Town is a member of two joint local boards as follows:

##### **Pembroke and Area Airport Commission**

The Pembroke and Area Airport Commission was established in 1968 under the *Municipal Act* and on June 25, 1992 was continued as a body corporation by special legislation of the province of Ontario. The Commission's primary function is the management of the Pembroke and Area Airport.

The Town's proportionate share of contributions to the Commission is 7.974% (2017 - 8.06%). The only transactions the Town had with the Commission during the year was the annual municipal levy of \$6,444 (2017 - \$6,204). This transaction is in the normal course of operations and measured at its exchange amount.

Summary financial information for the year ended December 31, 2018 and the Town's proportionate share are as follows:

	<b>Total</b>	<b>Town's Share</b>
Net financial assets	\$ 586,506	\$ 46,768
Non-financial assets	3,554,303	283,420
Accumulated surplus	4,140,809	330,188
Revenue	566,989	45,212
Expenditures	423,134	33,741
Annual surplus	\$ 143,855	\$ 11,471

##### **North Renfrew Landfill Operations Board**

The North Renfrew Landfill Operations Board is a joint local board which was formed to direct the operation of the Bagg's Road Landfill.

The Town's proportionate share of contributions to the Board is 52% (2017 - 52%). The Town made operating contributions to the Board in the amount of \$145,820 (2017 - \$105,067).

These transactions are in the normal course of operations and measured at their exchange amount.

Summary financial information for the year ended December 31, 2018 and the Town's proportionate share are as follows:

	<b>Total</b>	<b>Town's Share</b>
Net financial assets (debt)	\$ (34,855)	\$ (18,125)
Non-financial assets	39,733	20,661
Accumulated surplus	4,878	2,536
Revenue	321,461	167,159
Expenses	315,520	164,070
Annual surplus	\$ 5,941	\$ 3,089

**CORPORATION OF THE TOWN OF DEEP RIVER**  
**Notes to the Consolidated Financial Statements**  
**For the Year Ended December 31, 2018**

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**14. CONTRACTUAL OBLIGATIONS AND COMMITMENTS**

The Town has entered into a fire protection services agreement with Canadian Nuclear Laboratories Ltd. for the period June 1, 2018 to March 31, 2021 at an annual amount of \$690,000 plus HST.

The Town has entered into a contract in the amount of \$1,993,320 including HST for the collection, handling and processing of recyclables and the collection and disposal of residential and commercial waste for the period October 1, 2018 to September 30, 2023 with an option to renew the contract for an additional two years at the amount of \$415,277 per year including HST.

The Town has an agreement with the Ontario Clean Water Agency (OCWA) to manage, operate and maintain the drinking water system and the wastewater treatment system. The agreement is for an initial five-year term commencing January 1, 2017 and renewable for five additional five-year terms if agreed to by the parties. The cost for 2018 was \$1,410,221. The agreement can be terminated by either the Town or OCWA by giving at least 365 days notice in writing.

The Town has awarded a five-year contract effective April 1, 2016 for the provision of landfill operation services for the Miller Road Construction and Demolition Waste Disposal Site for an annual fee of \$62,160 plus HST increasing by approximately 1.9% in each year of the contract.

**15. TRUST FUNDS**

Trust funds administered by the Town totalling \$315,691 (2017 - \$308,420) are presented in separate trust fund financial statements. As such, balances held in trust by the Town for the benefit of others have not been included in the Consolidated Statement of Financial Position nor have their operations been included in the Consolidated Statement of Operations.

**16. CONTINGENT LIABILITIES**

The Town is the subject of a legal proceeding related to employment issues which was brought subsequent to the year end date. Management believes that the ultimate settlement amount, if any, cannot be reasonably determined at this time. In addition, the nature of municipal activities is such that there may be litigation pending or in prospect at any time. Management believes that the Town has valid defences and appropriate insurance coverages in place. In the event any claims are successful, management believes that such claims are not expected to have a material effect on the Town's financial position. Any adjustments, arising from these matters, will be recorded in future years.

**17. BUDGET FIGURES**

The operating budget approved by Town Council for 2018 is reflected on the Consolidated Statement of Operations. The budgets established for capital investment in tangible capital assets are on a project-oriented basis, the costs of which may be carried out over one or more years and, therefore, may not be comparable with current year's actual expenditure amounts. As well, the Town does not in some cases include tangible capital asset amounts in the annual budget as they do not require immediate funding. Budget figures have been reclassified for the purposes of these financial statements to comply with PSAB reporting requirements. The budget figures are unaudited.

**18. SEGMENTED DISCLOSURES**

The Town of Deep River provides a range of services to its ratepayers. For each segment as reported in Schedule 6, revenues and expenses represent amounts that are directly attributable to the segment. Amounts not directly attributable to a segment are reported in general government. The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in Note 1.