

**CORPORATION OF THE
TOWN OF DEEP RIVER**

Consolidated Financial Statements
For the Year Ended December 31, 2017

MANAGEMENT REPORT

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

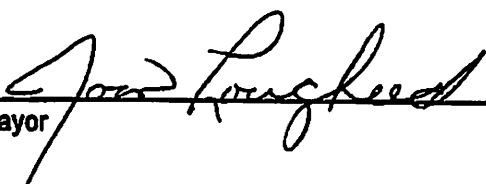
The accompanying consolidated financial statements of the **Corporation of the Town of Deep River** are the responsibility of the Town's management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles established by the Public Sector Accounting 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 Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the Town's consolidated financial statements.



Mayor



CAO/Clerk

September 6, 2018

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

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, 2017 and the consolidated statements of operations, change in net financial assets (net debt) and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the **CORPORATION OF THE TOWN OF DEEP RIVER** as at December 31, 2017 and the results of its operations, change in its net financial assets (net debt) and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Professional Accountants
Licensed Public Accountants

Pembroke, Ontario
September 6, 2018

CORPORATION OF THE TOWN OF DEEP RIVER
Consolidated Statement of Financial Position
As At December 31, 2017

	2017	2016
		(Note 18)
FINANCIAL ASSETS		
Cash and investments (Note 2)	\$ 2,973,892	\$ 2,187,242
Taxes receivable	449,311	446,672
Trade and other receivables	682,405	700,398
Loan receivable (Note 3)	-	11,549
Inventories for resale	9,601	9,615
	\$ 4,115,209	\$ 3,355,476
LIABILITIES		
Infrastructure loan (Note 4)	\$ -	\$ 1,200,000
Accounts payable and accrued liabilities	677,545	1,449,215
Deferred revenue (Schedule 3)	239,075	110,908
Long term liabilities (Note 5)	10,099,479	8,012,013
Employee benefits and post employment liabilities (Note 6)	2,170,626	1,774,272
Landfill closure and post-closure liabilities (Note 7)	205,774	199,369
	13,392,499	12,745,777
Net Financial Assets (Net Debt)	(9,277,290)	(9,390,301)
Non-Financial Assets		
Tangible capital assets - net (Schedule 4)	35,408,453	34,857,907
Inventory of supplies	3,528	3,869
Prepaid expenses	13,335	14,251
	35,425,316	34,876,027
ACCUMULATED SURPLUS (Schedule 5)	\$26,148,026	\$25,485,726

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

2.

CORPORATION OF THE TOWN OF DEEP RIVER
Consolidated Statement of Operations
For the Year Ended December 31, 2017

	2017	2017	2016
	Budget	Actual	Actual
	(Note 16)		(Note 18)
REVENUES (Note 9)			
Taxation and payments in lieu	\$ 6,454,334	\$ 6,583,267	\$ 6,340,500
User charges	2,918,996	2,977,585	2,903,406
Government transfers	503,408	531,276	572,617
Deferred revenue earned - Schedule 3	-	3,612	189,725
Other	93,223	2,086,998	6,085,846
	9,969,961	12,182,738	16,092,094
EXPENDITURES			
General government	1,020,882	1,392,635	1,051,612
Protection to persons and property	3,306,894	3,655,274	3,395,749
Transportation services	1,228,993	1,227,777	1,181,348
Environmental services	2,826,009	3,344,457	3,339,260
Health services	3,019	14,463	313,931
Recreation and cultural services	1,508,306	1,836,021	1,720,202
Planning and development	22,300	49,811	38,746
	9,916,403	11,520,438	11,040,848
ANNUAL SURPLUS	53,558	662,300	5,051,246
ACCUMULATED SURPLUS, beginning of year	25,485,726	25,485,726	20,434,480
ACCUMULATED SURPLUS, end of year	\$25,539,284	\$26,148,026	\$25,485,726

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

3.

CORPORATION OF THE TOWN OF DEEP RIVER
Consolidated Statement of Change in Net Financial Assets (Net Debt)
For the Year Ended December 31, 2017

	2017	2016
	Actual	Actual
		(Note 18)
ANNUAL SURPLUS	\$ 662,300	\$ 5,051,246
Amortization of tangible capital assets	1,592,759	1,604,452
Acquisition of tangible capital assets	(2,143,305)	(7,868,890)
Changes in level of supplies inventories	341	338
Changes in level of prepaid expenses	916	112,233
CHANGE IN NET FINANCIAL ASSETS (NET DEBT)	113,011	(1,100,621)
NET FINANCIAL ASSETS (NET DEBT), beginning of year	(9,390,301)	(8,289,680)
NET FINANCIAL ASSETS (NET DEBT), end of year	\$(9,277,290)	\$(9,390,301)

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

4.

CORPORATION OF THE TOWN OF DEEP RIVER
Consolidated Statement of Cash Flows
For the Year Ended December 31, 2017

	2017	2016
		(Note 18)
CASH FROM OPERATING ACTIVITIES		
Annual surplus	\$ 662,300	\$ 5,051,246
Adjustment for item not affecting cash		
Amortization of tangible capital assets	1,592,759	1,604,452
Changes in non-cash working capital		
Taxes receivable	(2,639)	(19,725)
Trade and other receivables	17,993	(153,780)
Loan receivable	11,549	12,902
Inventories for resale	14	(2,521)
Inventory of supplies	341	338
Prepaid expenses	916	112,233
Accounts payable and accrued liabilities	(771,670)	314,559
Employee benefits and post-employment liabilities	396,354	226,913
Landfill closure and post-closure liabilities	6,405	40,088
Deferred revenue	128,167	(60,424)
Infrastructure loan	(1,200,000)	(159,460)
	842,489	6,966,821
CASH FROM (USED IN) FINANCING ACTIVITIES		
Advances on long term liabilities	2,406,241	1,324,500
Payments on long term liabilities	(318,775)	(249,668)
	2,087,466	1,074,832
CASH (USED IN) INVESTING ACTIVITIES		
Purchase of tangible capital assets	(2,143,305)	(7,868,890)
INCREASE IN CASH POSITION	786,650	172,763
CASH POSITION, beginning of year	2,187,242	2,014,479
CASH POSITION, end of year	\$ 2,973,892	\$ 2,187,242
COMPRISED OF:		
Cash	\$ 2,382,382	\$ 1,594,618
Investments	591,510	592,624
	\$ 2,973,892	\$ 2,187,242

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

5.

CORPORATION OF THE TOWN OF DEEP RIVER
Consolidated Schedule of Continuity of Reserves
For the Year Ended December 31, 2017

SCHEDULE 1

	BALANCE	REVENUES				TRANSFERS				BALANCE
	Beginning of Year	Interest Earned	From Operations	Other	Total	To Operations	To Capital	Other	Total	End of Year
Reserves										
Acquisition of capital assets	\$ 1,565	\$ -	\$ -	\$ 3,500	\$ 3,500	\$ -	\$ -	\$ -	\$ -	\$ 5,065
Sick leave and payroll contingency	329,589	-	-	-	-	-	-	-	-	329,589
Legal contingency	88,526	-	-	-	-	40,000	-	-	40,000	48,526
Waterworks	471,501	-	83,765	-	83,765	-	-	-	-	555,266
Sewer	281,135	-	113,459	-	113,459	-	146,682	-	146,682	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	234,812	-	265,489	-	265,489	6,000	220,501	-	226,501	273,800
100 th Anniversary	3,039	-	-	-	-	3,039	-	-	3,039	-
Landfill closure	58,674	-	-	-	-	-	-	-	-	58,674
Recreation	17,055	-	-	-	-	-	-	-	-	17,055
Marina capital	925	-	3,991	-	3,991	-	-	-	-	4,916
Capital contingency	79,304	-	-	-	-	-	-	-	-	79,304
Airport Runway	-	-	5,000	-	5,000	-	-	-	-	5,000
	1,753,177	-	471,704	3,500	475,204	49,039	367,183	-	416,222	1,812,159
Reserve Funds (Schedule 2)	1,182,554	38	87,857	-	87,895	6,192	144,629	-	150,821	1,119,628
Total Reserves and Reserve Funds	\$2,935,731	\$ 38	\$ 563,061	\$ 3,500	\$ 566,599	\$ 55,231	\$ 511,812	\$ 3,500	\$ 570,543	\$2,931,787

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

CORPORATION OF THE TOWN OF DEEP RIVER
Consolidated Statement of Continuity of Reserve Funds
For the Year Ended December 31, 2017

SCHEDULE 2

	BALANCE	REVENUES				TRANSFERS				BALANCE
	Beginning of Year	Interest Earned	From Operations	Other	Total	To Operations	To Capital	Other	Total	End of Year
Reserve Funds										
Capital asset replacement	\$ 947,962	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 144,629	\$ -	\$ 144,629	\$ 803,333
Hydro sale proceeds	192,432	-	87,857	-	87,857	-	-	-	-	280,289
Humanitarian donations	3,333	38	-	-	38	-	-	-	-	3,371
Airport operations	38,827	-	-	-	-	6,192	-	-	6,192	32,635
	\$1,182,554	\$ 38	\$ 87,857	\$ -	\$ 87,895	\$ 6,192	\$ 144,629	\$ -	\$ 150,821	\$1,119,628

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

CORPORATION OF THE TOWN OF DEEP RIVER
Consolidated Schedule of Deferred Revenue
For the Year Ended December 31, 2017

SCHEDULE 3

	BALANCE	REVENUES				TRANSFERS				BALANCE
	Beginning of Year	Interest on Investments	From Operating	Government Transfers	Total	To Operating	To Capital	Other	Total	End of Year
Deferred Revenue										
Obligatory Reserve Funds										
Gas tax rebates	\$ 110,908	\$ 2,042	\$ -	\$ 129,737	\$ 131,779	\$ 3,612	\$ -	\$ -	\$ 3,612	\$ 239,075

Corporation of the Town of Deep River
Consolidated Schedule of Tangible Capital Assets
For the Year Ended December 31, 2017

Schedule 4

	BY ASSET CLASS												Totals	
	General						Infrastructure					Assets Under Construction	2017	2016
	Land	Buildings	Vehicles	Equipment	Computer Equipment	Other	Roads	Plants & Facilities	Underground & Other	Other Structures				
Cost														
Balance, Beginning of year	\$ 1,640,434	\$ 9,005,729	\$ 2,944,979	\$ 904,050	\$ 16,863	\$ 957,419	\$ 4,412,749	\$ 20,462,246	\$ 9,086,693	\$ 2,635,294	\$ 5,952,393	\$ 58,018,849	\$ 50,278,917	
Add:														
Additions during year	-	77,183	240,511	37,584	-	54,115	-	-	-	19,314	1,714,598	2,143,305	8,817,946	
Less:														
Disposals during year	-	-	-	-	-	-	-	-	-	-	-	-	(1,078,014)	
Balance, End 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	
Accumulated Amortization														
Balance, Beginning of year	-	4,052,487	1,792,017	541,566	16,863	781,641	2,935,194	8,803,586	3,217,440	1,020,148	-	23,160,942	21,685,448	
Add:														
Amortization during the year	-	199,698	163,939	52,955	-	55,056	79,401	826,625	123,731	91,354	-	1,592,759	1,604,452	
Less:														
Reduction on disposals	-	-	-	-	-	-	-	-	-	-	-	-	(128,958)	
Balance, End 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	
Net Book Value of Tangible Capital Assets	\$ 1,640,434	\$ 4,830,727	\$ 1,229,534	\$ 347,113	\$ -	\$ 174,837	\$ 1,398,154	\$ 10,832,035	\$ 5,745,522	\$ 1,543,106	\$ 7,666,991	\$ 35,408,453	\$ 34,857,907	
BY FUNCTIONAL CLASSIFICATION														
												Assets Under Construction	2017	2016
	General Government	Police	Fire	Roads	Other Transportation	Water Supply	Sewer	Waste Management	Recreation	Planning & Econ. Dev.				
Cost														
Balance, Beginning of year	\$ 2,503,410	\$ 304,710	\$ 1,222,853	\$ 6,633,947	\$ 1,243,604	\$ 18,915,230	\$ 10,963,831	\$ 126,120	\$ 9,818,376	\$ 334,375	\$ 5,952,393	\$ 58,018,849	\$ 50,278,917	
Add:														
Additions during year	-	-	-	253,241	-	9,642	-	-	165,824	-	1,714,598	2,143,305	8,817,946	
Less:														
Disposals during year	-	-	-	-	-	-	-	-	-	-	-	-	(1,078,014)	
Balance, End 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	
Accumulated Amortization														
Balance, Beginning of year	1,236,206	238,343	633,745	4,265,634	711,654	7,121,898	4,909,027	40,742	3,988,545	15,148	-	23,160,942	21,685,448	
Add:														
Amortization during the year	58,912	25,417	64,425	188,374	37,925	631,627	331,232	2,524	244,138	8,185	-	1,592,759	1,604,452	
Less:														
Reduction on disposals	-	-	-	-	-	-	-	-	-	-	-	-	(128,958)	
Balance, End 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	
Net Book Value of Tangible Capital Assets	\$ 1,208,292	\$ 40,950	\$ 524,683	\$ 2,433,180	\$ 494,025	\$ 11,171,347	\$ 5,723,572	\$ 82,854	\$ 5,751,517	\$ 311,042	\$ 7,666,991	\$ 35,408,453	\$ 34,857,907	

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

CORPORATION OF THE TOWN OF DEEP RIVER
Consolidated Schedule of Accumulated Surplus
For the Year Ended December 31, 2017

SCHEDULE 5

	2017	2016
RESERVE FUNDS - Schedule 2		
Capital asset replacement	\$ 803,333	\$ 947,962
Hydro sale proceeds	280,289	192,432
Humanitarian donations	3,371	3,333
Airport operations	32,635	38,827
Total	1,119,628	1,182,554

RESERVES - Schedule 1

Acquisition of capital assets	5,065	1,565
Sick leave and payroll contingency	329,589	329,589
Legal contingency	48,526	88,526
Waterworks	555,266	471,501
Sewer	247,912	281,135
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	234,812
100 th Anniversary	-	3,039
Landfill closure	58,674	58,674
Recreation	17,055	17,055
Marina capital	4,916	925
Capital contingency	79,304	79,304
Airport Runway	5,000	-
Total	1,812,159	1,753,177
Total - Reserves and Reserve Funds	2,931,787	2,935,731

SURPLUSES

Invested in tangible capital assets	25,308,974	24,158,010
General revenue fund	264,999	316,108
Landfill operations board	18,666	49,518
Unfunded		
• Employment benefits and post-employment liabilities	(2,170,626)	(1,774,272)
• Landfill closure and post-closure liabilities	(205,774)	(199,369)
Total Surpluses	23,216,239	22,549,995
ACCUMULATED SURPLUS	\$26,148,026	\$25,485,726

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

10.

Corporation of the Town of Deep River
Consolidated Schedule of Segmented Disclosure
For the Year Ended December 31, 2017

Schedule 6

	General Government		Protection		Transportation		Environment		Health		Recreation		Planning		Totals	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Revenues																
Taxation	\$ 810,079	\$ 815,512	\$ 3,117,720	\$ 2,962,112	\$ 1,111,164	\$ 1,004,606	\$ 470,884	\$ 483,501	\$ (10,721)	\$ (11,538)	\$ 1,072,378	\$ 1,066,742	\$ 11,763	\$ 19,565	\$ 6,583,267	\$ 6,340,500
User charges	7,535	7,285	131,898	123,986	23,092	26,426	2,359,351	2,333,192	20,631	18,314	433,398	387,971	1,680	6,232	2,977,585	2,903,406
Government transfers	372,300	434,900	38,165	39,652	78,150	47,064	4,572	5,274	-	-	38,089	45,727	-	-	531,276	572,617
Other income	132,562	103,983	259	-	85,803	52,705	1,735,384	5,884,556	-	10,853	132,990	33,749	-	-	2,086,998	6,085,846
Deferred revenue earned	-	-	-	-	3,612	189,725	-	-	-	-	-	-	-	-	3,612	189,725
	1,322,476	1,361,680	3,288,042	3,125,750	1,301,821	1,320,526	4,570,191	8,706,523	9,910	17,629	1,676,855	1,534,189	13,443	25,797	12,182,738	16,092,094
Expenses																
Salaries, wages and benefits	816,697	656,199	3,211,403	2,924,647	606,329	543,270	178,646	194,466	12,728	12,838	938,794	924,360	-	3,228	5,764,597	5,259,008
Interest on long term liabilities	-	-	-	-	3,804	4,159	278,045	284,159	-	-	51,813	6,402	-	-	333,662	294,720
Materials and supplies	603,774	435,333	141,037	154,579	383,160	414,903	681,735	691,114	1,735	301,093	556,400	486,057	27,916	35,518	2,395,757	2,518,597
Contracted services	6,252	4,168	95,472	85,480	-	-	1,255,168	1,219,624	-	-	4,307	2,910	21,895	-	1,383,094	1,312,182
Rents and financial expenses	-	-	-	-	-	-	-	-	-	-	13,730	25,011	-	-	13,730	25,011
External transfers	-	-	-	-	-	-	-	-	-	-	36,839	26,878	-	-	36,839	26,878
Interfunctional adjustments	(93,000)	(103,000)	117,520	117,520	-	-	(14,520)	(14,520)	-	-	(10,000)	-	-	-	-	-
Amortization	58,912	58,912	89,842	113,523	234,484	219,016	965,383	964,417	-	-	244,138	248,584	-	-	1,592,759	1,604,452
	1,392,635	1,051,612	3,655,274	3,395,749	1,227,777	1,181,348	3,344,457	3,339,260	14,463	313,931	1,836,021	1,720,202	49,811	38,746	11,520,438	11,040,848
Net Revenue (Expenses)	\$ (70,159)	\$ 310,068	\$ (367,232)	\$ (269,999)	\$ 74,044	\$ 139,178	\$ 1,225,734	\$ 5,367,263	\$ (4,553)	\$ (296,302)	\$ (159,166)	\$ (186,013)	\$ (36,368)	\$ (12,949)	\$ 662,300	\$ 5,051,246

CORPORATION OF THE TOWN OF DEEP RIVER
Notes to the Consolidated Financial Statements
For the Year Ended December 31, 2017

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:

	Proportionate Share
• North Renfrew Landfill Operations Board	52.00 %
• Pembroke and Area Airport Commission	8.06%

(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.

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:

Assets	Useful Life-Years
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.

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.

CORPORATION OF THE TOWN OF DEEP RIVER
Notes to the Consolidated Financial Statements
For the Year Ended December 31, 2017

1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(h) Investments

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

(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 AND INVESTMENTS

	2017	2016
Cash	\$ 2,382,382	\$ 1,594,618
Investment in Public Sector Group of Funds		
• Bond Fund	564,871	565,728
Mutual funds	26,639	26,896
	<u>\$ 2,973,892</u>	<u>\$ 2,187,242</u>

The book value of the investment in Public Sector Group of Funds is \$606,440 (2016 - \$579,528).

Cash and investments in the amount of \$1,358,703 (2016 - \$1,293,462) have been restricted to support reserve funds and deferred revenue. As at December 31, 2017, the Town's general fund had outstanding borrowings of \$518,749 from the reserve funds.

3. LOAN RECEIVABLE

Loan receivable from Deep River Golf Club (1972) Incorporated, bearing interest at 4% per annum.

4. INFRASTRUCTURE LOAN

Floating rate infrastructure loan from Ontario Infrastructure and Lands Corporation (OILC). This is a construction loan advance for the refurbishment of the community pool.

CORPORATION OF THE TOWN OF DEEP RIVER
Notes to the Consolidated Financial Statements
For the Year Ended December 31, 2017

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:

	2017	2016
Prime minus 0.85% non-revolving term loan for wastewater treatment plant, maturing June 2022, repayable in blended monthly instalments of \$19,940	\$ 2,069,097	\$ 2,248,805
5.42% debentures for water treatment plant, maturing September 2049, repayable in blended semi-annual instalments of \$129,685	3,921,044	3,966,056
4.12% debentures, maturing December 2025, repayable in blended semi-annual instalments of \$31,693	428,286	472,652
2.9% debentures, maturing November 2036, repayable in blended semi-annual instalments of \$43,871	1,274,811	1,324,500
3.5% debentures, maturing September 2047, repayable in blended semi-annual instalments of \$32,464	1,200,000	-
3.14% debentures, maturing December 2037, repayable in semi-annual instalments of \$30,156 plus interest	1,206,241	-
	\$10,099,479	\$ 8,012,013

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

2018	\$ 420,975
2019	432,395
2020	444,221
2021	456,466
2022	469,150
Thereafter	7,876,272
	\$10,099,479

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 \$333,662 (2016 - \$294,720).

Of the total charges shown above, \$55,617 (2016 - \$10,561) was paid from general revenues of the Town, \$222,503 (2016 - \$224,249) was recovered from the water supply operation and \$55,542 (2016 - \$59,910) 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, 2017

6. EMPLOYEE BENEFITS AND POST EMPLOYMENT LIABILITIES

	2017	2016
Accrued vacation pay benefits	\$ 69,487	\$ 59,409
Sick leave (Note 6 (a))	643,836	766,154
Post-employment benefits (Note 6 (b))	772,637	763,059
WSIB (Note 6 (c))	684,666	185,650
	\$ 2,170,626	\$ 1,774,272

(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 \$105,311 (2016 - \$31,055) was paid to employees who left the municipality's employment during the current year. Reserves in the amount of \$329,589 (2016 - \$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 2017 is based on an actuarial valuation performed as at December 31, 2017.

Information about the plan is as follows:

Accrued benefit liability

	2017	2016
Accrued benefit liability as at beginning of year	\$ 763,059	\$ 748,349
Current service cost	30,871	29,798
Interest cost	23,811	22,999
Amortization of actuarial losses	(10,504)	(11,087)
Contributions/benefits paid during the year	(34,600)	(27,000)
Accrued benefit liability as at end of year	\$ 772,637	\$ 763,059

Reconciliation of accrued benefit obligation

	2017	2016
Accrued benefit obligation as at beginning of year	\$ 663,272	\$ 637,475
Benefits accrued during year	30,871	29,798
Benefits paid during year	(34,600)	(27,000)
Interest on accrued benefit obligation during year	23,811	22,999
Experience loss	132,747	-
Accrued benefit obligation as at end of year	\$ 816,101	\$ 663,272

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%.

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 72% filled and has a remaining volume of approximately 88,317 m³. The estimated remaining life of the site at the current level of usage is 20 - 25 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 \$168,000 has been accrued. The present value of estimated total expenditures is approximately \$237,000. The liability remaining to be recognized is \$69,000. A reserve in the amount of \$58,674 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 47.5% filled and has a remaining volume of 100,531 m³. At the current rate of usage, the landfill site is expected to close in 20 to 22 years or as early as December 31, 2037. 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 4.45% and is accrued based on site usage. Currently a liability of \$72,643 (Town share - \$37,774) has been accrued. The present value of estimated expenditures for closure and post-closure care is \$152,932 (Town share - \$79,525). The liability remaining to be recognized is \$80,289 (Town share - \$41,750).

8. CONTAMINATED SITES LIABILITY

The Town has adopted PS3260 Liability for Contaminated Sites. The Town has not identified any liabilities as at December 31, 2017 (2016 - 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, 2017

9. REVENUES

	2017	2017	2016
	Budget	Actual	Actual
Taxation			
Residential and farm taxation	\$ 5,670,411	\$ 5,627,865	\$ 5,500,490
Commercial, industrial and business taxation	975,060	964,250	1,048,007
Taxation from other governments	2,911,365	3,020,438	2,861,172
	9,556,836	9,612,553	9,409,669
Deduct: amounts received or receivable for County and school boards	(3,102,502)	(3,029,286)	(3,069,169)
	6,454,334	6,583,267	6,340,500
User Charges	2,918,996	2,977,585	2,903,406
Government Transfers			
Government of Canada	-	1,197	1,500
Province of Ontario	485,308	513,540	537,859
Other municipalities	18,100	16,539	33,258
	503,408	531,276	572,617
Deferred Revenue Earned	-	3,612	189,725
Other			
Investment income	7,260	18,597	33,250
Penalties and interest on taxes	-	76,235	65,442
Donations	3,500	136,530	14,036
CNL capital cost recovery	-	1,641,634	5,836,090
Other	82,463	214,002	137,028
	93,223	2,086,998	6,085,846
	\$ 9,969,961	\$12,182,738	\$16,092,094

10. EXPENDITURES BY OBJECT

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

	2017	2016
Salaries, wages and employee benefits	\$ 5,764,597	\$ 5,259,008
Interest on long term liabilities	333,662	294,720
Transfers to external organizations	13,730	25,011
Materials, contracted services, rents and financial expenses	3,815,690	3,857,657
Amortization	1,592,759	1,604,452
	\$11,520,438	\$11,040,848

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 surplus of \$605 million (2016 - \$2.3 billion deficit) 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 2017 was \$366,487 (2016 - \$359,744) for current service and is included as an expenditure on the Consolidated Statement of Operations. At December 31, 2017 there is no liability for past service under this agreement.

12. FINANCIAL INSTRUMENTS

The Municipality's financial instruments consist of cash and investments, taxes receivable, trade and other receivables, loan receivable, infrastructure loan, 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, 2017

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 8.06% (2016 - 8.305%). The only transactions the Town had with the Commission during the year was the annual municipal levy of \$6,204 (2016 - \$6,088). This transaction is in the normal course of operations and measured at its exchange amount.

Summary financial information for the year ended December 31, 2017 and the Town's proportionate share are as follows:

	Total Town's Share	
Net financial assets	\$ 392,165	\$ 31,608
Non-financial assets	3,604,789	290,546
Accumulated surplus	\$ 3,996,954	\$ 322,154
Revenue	\$ 349,291	\$ 28,153
Expenditures	463,098	37,326
Annual (deficit)	\$ (113,807)	\$ (9,173)

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% (2016 - 52%). The Town made operating contributions to the Board in the amount of \$105,067 (2016 - \$144,158).

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

Summary financial information for the year ended December 31, 2017 and the Town's proportionate share are as follows:

	Total Town's Share	
Net financial assets (debt)	\$ (45,613)	\$ (19,428)
Non-financial assets	44,550	23,166
Accumulated surplus (deficit)	\$ (1,063)	\$ 3,738
Revenue	\$ 240,073	\$ 124,838
Expenses	316,576	164,619
Annual (deficit)	\$ (76,503)	\$ (39,781)

14. CONTRACTUAL OBLIGATIONS AND COMMITMENTS

The Town has entered into an agreement for the collection of residential and commercial waste for a period ending September 30, 2018 at an annual cost of \$193,007 plus HST.

The Town has entered into an agreement for recyclables collection services for a period ending September 30, 2018 at an annual cost of \$136,817 plus 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 projected base cost for 2017 of \$1,344,301 plus HST is comprised of an annual O & M charge of \$861,301, which increases in subsequent years by the CPI plus 1.5%, plus allowances of \$483,000 for bio-solids management, hydro, natural gas, major maintenance and a strategic infrastructure program. 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 \$308,420 (2016 - \$303,323) 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 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 2017 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.

19. COMPARATIVE FIGURES

The 2016 comparative figures have been adjusted to include an accrual for Workplace Safety & Insurance Board (WSIB) future employee benefits. As a result, the liability for employee benefits and post employments as at December 31, 2016 has increased by \$185,650 and the accumulated surplus as at December 31, 2015 and 2016 has decreased by that amount.

DEEP RIVER PUBLIC LIBRARY BOARD

Financial Statements

For the Year Ended December 31, 2017



INDEPENDENT AUDITORS' REPORT

To the Board Members, Members of Council, Inhabitants and Ratepayers of
The Corporation of the Town of Deep River

We have audited the accompanying financial statements of **DEEP RIVER PUBLIC LIBRARY BOARD**, which comprise the statement of financial position as at December 31, 2017 and the statement of operations, statement of changes in accumulated surplus, statement of changes in net financial assets (liabilities) and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of **DEEP RIVER PUBLIC LIBRARY BOARD** as at December 31, 2017 and the results of its operations and the changes in its net financial assets (liabilities) and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Professional Accountants
Licensed Public Accountants

Pembroke, Ontario
July 19, 2018

DEEP RIVER PUBLIC LIBRARY BOARD
Statement of Financial Position
As At December 31, 2017

	2017	2016
		(Note 7)
Financial assets		
Cash and cash equivalents	\$ 6,735	\$ 11,867
Investment (Note 2)	6,000	-
Due from own municipality	45,120	37,126
	57,855	48,993
Financial liabilities		
Accounts payable and accrued liabilities	17,891	13,901
Deferred contributions (Note 4)	5,016	4,131
Post-employment liabilities (Note 3)	43,234	43,234
	66,141	61,266
Net financial assets (liabilities)	\$ (8,286)	\$ (12,273)
Non-financial assets		
Tangible capital assets - net (Schedule 1)	\$ 158,545	\$ 156,871
Accumulated surplus (deficit)		
Invested in tangible capital assets	158,545	156,871
Operating fund	34,948	30,961
Unfunded employee benefits and post-employment liabilities	(43,234)	(43,234)
	\$ 150,259	\$ 144,598

The accompanying notes are an integral part of this financial statement.

2.

DEEP RIVER PUBLIC LIBRARY BOARD
Statement of Changes in Accumulated Surplus
For the Year Ended December 31, 2017

				2017	2016
					(Note 7)
	Invested in Tangible Capital Assets	Operating Fund	Unfunded Employee Benefits and Post- Employment Liabilities	Total	Total
Balance, beginning of year	\$ 156,871	\$ 30,961	\$ (43,234)	\$ 144,598	\$ 123,344
Annual surplus (deficit)	(52,441)	58,102	-	5,661	21,254
Invested in tangible capital assets	54,115	(54,115)	-	-	-
Balance, end of year	\$ 158,545	\$ 34,949	\$ (43,234)	\$ 150,259	\$ 144,598

The accompanying notes are an integral part of this financial statement.

3.

DEEP RIVER PUBLIC LIBRARY BOARD
Statement of Operations
For the Year Ended December 31, 2017

	2017	2017	2016
	Budget	Actual	Actual
Revenues			
Town of Deep River	\$ 358,750	\$ 358,750	\$ 386,877
Province of Ontario	9,581	13,712	9,581
Federal Youth Employment grant	-	1,197	1,500
Fines and fees	7,000	6,640	6,820
Room and equipment rental	3,500	4,552	3,742
Donations, fundraising and miscellaneous	3,500	13,519	14,710
	382,331	398,370	423,230
Expenses			
Amortization	-	52,441	51,891
Salaries and employee benefits	278,535	280,512	274,815
Books, periodicals and non-print materials	49,930	-	-
Utilities and telephone	39,066	30,057	35,714
Copying expenses	2,765	1,738	1,834
Supplies	5,500	6,299	5,335
Office and general	3,350	2,638	2,233
Professional fees	1,900	1,832	1,832
Repairs and maintenance	20,615	22,823	16,640
Insurance	10,177	3,582	10,177
Computer equipment and software	1,455	2,109	1,505
	413,293	404,031	401,976
Annual surplus (deficit)	\$ (30,962)	\$ 5,661	\$ 21,254

The accompanying notes are an integral part of this financial statement.

DEEP RIVER PUBLIC LIBRARY BOARD
Statement of Changes in Net Financial Assets (Liabilities)
For the Year Ended December 31, 2017

	2017	2016
Annual surplus (deficit)	\$ 5,661	\$ 21,254
Amortization of tangible capital assets	52,441	51,891
Acquisition of tangible capital assets	(54,115)	(53,117)
Increase (decrease) in net financial assets	3,987	20,028
Net financial assets (liabilities), beginning of year	(12,273)	(32,301)
Net financial assets (liabilities), end of year	\$ (8,286)	\$ (12,273)

The accompanying notes are an integral part of this financial statement.

5.

DEEP RIVER PUBLIC LIBRARY BOARD
Statement of Cash Flows
For the Year Ended December 31, 2017

	2017	2016
Cash from operating activities		
Annual surplus (deficit)	\$ 5,661	\$ 21,254
Adjustment for item not affecting cash		
Amortization	52,441	51,891
Changes in non-cash working capital		
Due from own municipality	(7,995)	(19,254)
Accounts payable and accrued liabilities	3,991	(683)
Deferred contributions	885	4,131
	54,983	57,339
Cash (used in) investing activities		
Tangible capital asset additions	(54,115)	(53,117)
Increase in cash and cash equivalents	868	4,222
Cash and cash equivalents, beginning of year	11,867	7,645
Cash and cash equivalents, end of year	\$ 12,735	\$ 11,867

The accompanying notes are an integral part of this financial statement.

6.

DEEP RIVER PUBLIC LIBRARY BOARD
Notes to the Financial Statements
For the Year Ended December 31, 2017

The Deep River Public Library Board is a local board of the Town of Deep River. The organization provides library service to the Town of Deep River and surrounding area.

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Deep River Public Library Board are the representation of management prepared in accordance with generally accepted accounting policies for local governments as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada.

Accrual Basis of Accounting

Expenditures and related sources of financing are reported on 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.

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 change in net financial assets for the year.

Cash and Cash Equivalents

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

Tangible Capital Assets

Tangible capital assets consist of the library's collection and equipment which are recorded at cost. The collection has been pooled and is amortized on a straight line basis over its estimated useful life of seven years. The equipment is amortized on a straight-line basis over its estimated useful life of 10 years.

Revenue Recognition

Grants, fees, fines and other receipts are recorded in the period to which they relate and when collection is reasonably assured.

Donations are reported on a cash basis. Donation pledges are not reported in the accounts until received.

Use of Estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards 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 expenditures during the reporting period. Significant items subject to estimates include the estimated useful lives of tangible capital assets. Actual results could vary from those estimates.

DEEP RIVER PUBLIC LIBRARY BOARD
Notes to the Financial Statements
For the Year Ended December 31, 2017

1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Investments

Investments are valued at amortized cost. When there has been a decline in value that is other than a temporary decline, the respective investment is written to recognize the loss. Investment premiums or discounts are amortized on a net present value basis over the term of the respective investments.

Pension and Employee Benefits

The Library Board 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 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 group.

2. INVESTMENT

During the year the Library Board invested an endowment of \$6,000 with Deep River and District Community Foundation. This investment accrues earnings based on an apportionment of the Foundation's overall investment performance and can be recovered upon three months notice.

In addition the Foundation holds a Library Board endowment contribution of \$20,000 made in 2008 plus accumulated earnings to December 31, 2017 of \$2,469 (total of \$22,469). This amount can be recovered by the Library Board effective April 2018 upon provision of three months notice.

3. EMPLOYEE BENEFITS AND POST-EMPLOYMENT LIABILITIES

	2017	2016
Post-employment benefits (Note 2 (a))	\$ 10,000	\$ 10,000
Accrued vacation pay	3,077	3,077
Sick leave (Note 2 (b))	30,157	30,157
	\$ 43,234	\$ 43,234

(a) Post Employment Benefits

The Library Board has a defined benefit plan providing post-retirement extended health and dental benefits.

The liability and expense for post-retirement extended health and dental benefits were determined by an actuarial valuation performed as at December 31, 2017.

DEEP RIVER PUBLIC LIBRARY BOARD
Notes to the Financial Statements
For the Year Ended December 31, 2017

3. **EMPLOYEE BENEFITS AND POST-EMPLOYMENT LIABILITIES (cond't)**

Information about the Library's Board benefit plan is as follows:

Accrued benefit liability

	2017	2016
Accrued benefit liability, beginning of year	\$ 10,000	\$ 10,000
Current service cost	340	340
Interest	300	300
Amortization of experience (gain) loss	(640)	(640)
Accrued benefit liability, end of year	\$ 10,000	\$ 10,000

Reconciliation of accrued benefit obligation

	2017	2016
Accrued benefit obligation, beginning of year	\$ 10,500	\$ 10,500
Benefits accrued during year	(300)	(300)
Interest on accrued benefit obligation during year	300	300
Accrued benefit obligation, end of year	\$ 10,500	\$ 10,500
Discount rate	3.1 %	
Assumed health care trend rate	10.0 %	
Assumed dental trend rate	4.0 %	

(b) **Sick Leave Benefits**

Under the Library Board's sick leave benefit plan, unused sick leave can accumulate and employees are entitled to a cash benefit when they leave employment.

4. **DEFERRED CONTRIBUTIONS**

Deferred contributions consist of amounts received for specific purposes for which expenditures have not yet been incurred.

	2017	2016
Balance, beginning of year	\$ 4,131	\$ -
Add: amount received related to the following year	5,016	4,131
Less: amount recognized as revenue in the year	(4,131)	-
Balance, end of year	\$ 5,016	\$ 4,131

5. PENSION AGREEMENT

The Library Board makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of 5 members of its staff. The plan is a defined benefit plan, fully funded by equal contributions from participating employers and employees and by investment earnings of the OMERS Fund. The amount of the retirement benefit to be received by the employees is based on the length of service and rates of pay, and is integrated with the Canada Pension Plan.

The amount contributed to OMERS for 2017 was \$20,632 (2016 - \$19,343) for current service and is included as an expenditure in Statement of Operations.

6. FINANCIAL INSTRUMENTS

Risks and concentrations

The board is exposed to various risks through its financial instruments. The following analysis provides a measure of the entity's risk exposure and concentration at the balance sheet date.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The board is exposed to this risk mainly in respect of its accounts payable.

7. COMPARATIVE FIGURES

The 2016 comparative figures have been adjusted to include future employee benefits and post-employment liabilities. As a result, financial liabilities and unfunded employee benefits as at December 31, 2016 have been increased by \$43,234.

DEEP RIVER PUBLIC LIBRARY BOARD
Schedule of Tangible Capital Assets
For the Year Ended December 31, 2017

SCHEDULE 1

			2017	2016
	Library Collection	Equipment	Total	Total
Cost				
Balance, beginning of year	\$ 812,053	\$ 10,809	\$ 822,862	\$ 769,745
Additions during the year	54,115	-	54,115	53,117
Balance, end of year	866,168	10,809	876,977	822,862
Accumulated Amortization				
Balance, beginning of year	658,424	7,567	665,991	614,100
Amortization during the year	51,360	1,081	52,441	51,891
Balance, end of year	709,784	8,648	718,432	665,991
Net book value of tangible capital assets	\$ 156,384	\$ 2,161	\$ 158,545	\$ 156,871

**CORPORATION OF THE
TOWN OF DEEP RIVER WATERWORKS
Financial Statements
For the Year Ended December 31, 2017**



INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers of the
Corporation of the Town of Deep River

We have audited the accompanying financial statements of **CORPORATION OF THE TOWN OF DEEP RIVER WATERWORKS**, which comprise the statement of financial position as at December 31, 2017 and the statements of operations, changes in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of **CORPORATION OF THE TOWN OF DEEP RIVER WATERWORKS** as at December 31, 2017 and the results of its operations, change in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Professional Accountants
Licensed Public Accountants

Pembroke, Ontario
September 6, 2018

CORPORATION OF THE TOWN OF DEEP RIVER
WATERWORKS
Statement of Financial Position
As At December 31, 2017

	2017	2016
Financial assets		
Accounts and other receivables	\$ 420,006	\$ 510,877
Advances to own municipality	248,194	-
	668,200	510,877
Financial liabilities		
Accounts payable and accrued liabilities	112,936	543,429
Advances from own municipality	-	702,189
Long term liabilities (Note 4)	5,298,599	4,155,117
	5,411,535	5,400,735
Net financial assets (net debt)	\$(4,743,335)	\$(4,889,858)
Non-financial assets		
Tangible capital assets - net (Schedule 1)	\$18,839,977	\$17,747,362
Accumulated surplus		
Invested in tangible capital assets	13,541,376	12,386,004
Reserve (Note 2)	555,266	471,500
	\$14,096,642	\$12,857,504

The accompanying notes are an integral part of this financial statement.

2.

CORPORATION OF THE TOWN OF DEEP RIVER
WATERWORKS
Statement of Operations
For the Year Ended December 31, 2017

	2017	2017	2016
	Budget	Actual	Actual
	(Note 5)		
Revenues			
Sale of water	\$ 1,278,733	\$ 1,281,441	\$ 1,261,179
Hydrant rental	26,520	26,520	26,520
CNL capital cost recovery	-	1,641,634	5,836,090
Other	-	82,605	1,876
Total revenues	1,305,253	3,032,200	7,125,665
Expenses			
Administration	109,956	83,904	86,949
Amortization	-	631,624	630,659
Plant operations and water treatment	775,990	731,910	705,262
Water transmission and distribution	123,748	123,121	139,751
Interest on long term liabilities	295,249	222,503	224,249
Total expenses	1,304,943	1,793,062	1,786,870
Annual surplus	310	1,239,138	5,338,795
Accumulated surplus, at the beginning of the year	11,099,582	12,857,504	7,518,709
Accumulated surplus, at the end of the year	\$11,099,892	\$14,096,642	\$12,857,504

The accompanying notes are an integral part of this financial statement.

3.

CORPORATION OF THE TOWN OF DEEP RIVER
WATERWORKS
Statement of Changes in Net Financial Assets
As At December 31, 2017

	2017	2016
Annual surplus	\$ 1,239,138	\$ 5,338,795
Amortization of tangible capital assets	631,624	630,659
Acquisition of tangible capital assets	(1,724,239)	(6,072,713)
Change in net financial assets (net debt)	146,523	(103,259)
Net financial assets (net debt), beginning of year	(4,889,858)	(4,786,599)
Net financial assets (net debt), end of year	\$(4,743,335)	\$(4,889,858)

The accompanying notes are an integral part of this financial statement.

4.

CORPORATION OF THE TOWN OF DEEP RIVER
WATERWORKS
Statement of Cash Flows
For the Year Ended December 31, 2017

	2017	2016
Cash from (used in) operating activities		
Annual surplus	\$ 1,239,138	\$ 5,338,795
Amortization	631,624	630,659
Changes in non-cash working capital		
Accounts and grants receivable	90,871	(479,048)
Accounts payable and accrued liabilities	(430,493)	360,597
	1,531,140	5,851,003
Cash (used in) investing activities		
Acquisition of tangible capital assets	(1,724,239)	(6,072,713)
Cash from (used in) financing activities		
Advances on long term liabilities	1,206,241	-
Advances (to) from own municipality	(950,383)	281,415
Repayment of long term liabilities	(62,759)	(59,705)
	193,099	221,710
Increase in cash	-	-
Cash, beginning of year	-	-
Cash, end of year	\$ -	\$ -

The accompanying notes are an integral part of this financial statement.

5.

CORPORATION OF THE TOWN OF DEEP RIVER
WATERWORKS
Notes to the Financial Statements
For the Year Ended December 31, 2017

1. SIGNIFICANT ACCOUNTING POLICIES

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

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.

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.

Revenue Recognition

Revenue from the sale of water and provision of services is recognized as revenue in the year the goods and services are provided.

Other revenues are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

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:

Assets	Useful Life-Years
Equipment	10
Watermains	50
Water treatment plant	20-80

Annual amortization is charged in the year of acquisition and in the year of disposal.

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 such assets are water facility lands.

Use of Estimates

The preparation of financial statements in conformity with Canadian Public Sector Accounting Standards 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 expenditures during the reporting period. Actual results could vary from those estimates.

CORPORATION OF THE TOWN OF DEEP RIVER
WATERWORKS
Notes to the Financial Statements
For the Year Ended December 31, 2017

2. RESERVE

The waterworks surplus is held as a reserve for acquisition of capital assets.

3. PENSION AGREEMENT

The Corporation of the Town of Deep River, on behalf of its eligible employees, including those of the Town of Deep River Waterworks, 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.

The Town expenses its contributions to OMERS when contributions are due.

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 surplus of \$605 million (2016 - \$2.3 billion deficit) 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.

4. LONG TERM LIABILITIES

	2017	2016
5.42% debentures, maturing September 2049, repayable in blended semi-annual instalments of \$129,685	\$ 3,921,044	\$ 3,966,056
Waterworks share of debentures issued by the Town of Deep River, maturing in December 2025, payable in semi-annual instalments of \$12,677 including interest at 4.12%	171,314	189,061
3.14% debenture, maturing December 2037, repayable in semi-annual principal payments of \$30,156 plus interest	1,206,241	-
	\$ 5,298,599	\$ 4,155,117

Projected principal payments on the long term liabilities are as follows:

2018	\$ 126,281
2019	129,659
2020	133,213
2021	136,950
2022	140,883
Thereafter	4,631,613
	\$ 5,298,599

CORPORATION OF THE TOWN OF DEEP RIVER
WATERWORKS
Notes to the Financial Statements
For the Year Ended December 31, 2017

5. BUDGET FIGURES

Budget figures established for capital investment in tangible capital assets are based on a project-oriented basis, the costs of which may be incurred over one or more years. Although they may not be directly comparable with current year actual amounts, they have been reflected on the Statement of Operations. The budget figures are unaudited.

6. FINANCIAL INSTRUMENTS

The Town of Deep River Waterworks financial instruments consist of accounts and other receivables, 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 Utility is not exposed to significant interest or currency risks arising from these financial instruments. The Utility is subject to credit risk with respect to accounts receivable. Credit risk arises from the possibility that ratepayers to which the Utility 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 ratepayers and users minimizes the credit risk.

CORPORATION OF THE TOWN OF DEEP RIVER
WATERWORKS
Schedule of Tangible Capital Assets
For the Year Ended December 31, 2017

SCHEDULE 1

							2017	2016
	Land	Watermains	Equipment	Water Treatment Plant	Assets Under Construction	Total	Total	
Cost								
Balance, beginning of year	\$ 3	\$ 4,539,136	\$ -	\$ 14,376,092	\$ 5,952,393	\$ 24,867,624	\$ 18,816,828	
Additions during the year	-	-	9,641	-	1,714,598	1,724,239	6,402,831	
Disposals during the year	-	-	-	-	-	-	352,035	
Balance, end of year	\$ 3	\$ 4,539,136	\$ 9,641	\$ 14,376,092	\$ 7,666,991	\$ 26,591,863	\$ 24,867,624	
Accumulated Amortization								
Balance, beginning of year	\$ -	\$ 1,530,040	\$ -	\$ 5,590,222	\$ -	\$ 7,120,262	\$ 6,511,520	
Amortization during the year	-	61,991	964	568,669	-	631,624	630,659	
Disposals during the year	-	-	-	-	-	-	21,917	
Balance, end of year	-	1,592,031	964	6,158,891	-	7,751,886	7,120,262	
Net book value of tangible capital assets	\$ 3	\$ 2,947,105	\$ 8,677	\$ 8,217,201	\$ 7,666,991	\$ 18,839,977	\$ 17,747,362	

CORPORATION OF THE TOWN OF DEEP RIVER
TRUST FUND - CEMETERY CARE
Financial Statements
For the Year Ended December 31, 2017



INDEPENDENT AUDITORS' REPORT

To the Members of Council, Inhabitants, and Ratepayers of:
The Corporation of the Town of Deep River

We have audited the accompanying financial statements of **CORPORATION OF THE TOWN OF DEEP RIVER TRUST FUND - CEMETERY CARE**, which comprise the statement of financial position as at December 31, 2017 and the statement of financial activities and fund balances for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of **CORPORATION OF THE TOWN OF DEEP RIVER TRUST FUND - CEMETERY CARE** as at December 31, 2017 and the results of the financial activities of the trust fund for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Professional Accountants
Licensed Public Accountants

Pembroke, Ontario
September 6, 2018

CORPORATION OF THE TOWN OF DEEP RIVER
Trust Fund - Cemetery Care
Statement of Financial Position
As At December 31, 2017

	2017	2016
Assets		
Cash	\$ 39,608	\$ 34,105
Investments (Note 2)	268,812	269,218
	\$ 308,420	\$ 303,323
Fund Balances	\$ 308,420	\$ 303,323

The accompanying notes are an integral part of this financial statement.

2.

CORPORATION OF THE TOWN OF DEEP RIVER
Trust Fund - Cemetery Care
Statement of Financial Activities and Fund Balance
For the Year Ended December 31, 2017

	2017	2016
Receipts		
Sale of plots	\$ 5,113	\$ 5,160
Investment income (loss)	(16)	2,045
	5,097	7,205
Expenditures	-	-
Excess of receipts (expenditures)	5,097	7,205
Fund Balance at the beginning of the year	303,323	296,118
Fund Balance at the end of the year	\$ 308,420	\$ 303,323

The accompanying notes are an integral part of this financial statement.

3.

CORPORATION OF THE TOWN OF DEEP RIVER
Trust Fund - Cemetery Care
Notes to the Financial Statements
For the Year Ended December 31, 2017

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the **Corporation of the Town of Deep River Trust Fund - Cemetery Care** are the representation of management, prepared in accordance with generally accepted accounting policies for local governments as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada.

Accrual Method of Accounting

The Trust Fund follows the accrual method of accounting. The accrual basis of accounting recognizes revenue in the period in which the transactions or events occurred that gave rise to the revenues. Expenditures are the cost of goods or services acquired in the period whether or not payment has been made.

Revenue Recognition

Revenue from cemetery plot sales are recorded in the period that the goods are provided.

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.

Interest income is recorded as it is earned.

Use of Estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards 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 expenditures during the reporting period. Actual results could vary from those estimates.

Investments

Investments consist of bond funds recorded at market value.

2. INVESTMENTS

	2017	2016
Investment in Public Sector Group of Funds		
• Bond Fund	\$ 268,812	\$ 269,218

The book value of the investments is \$290,223 (2016 - \$283,901).

3. FINANCIAL INSTRUMENTS

The Trust's financial instruments consist of cash and investments. The fair value of these financial instruments is approximately equal to their carrying value. It is management's opinion that the Trust is not exposed to significant interest, currency or credit risks arising from these financial instruments.