



**CORPORATION OF THE COUNTY OF
NORTHUMBERLAND**

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2018

**CORPORATION OF THE COUNTY OF
NORTHUMBERLAND**

CONSOLIDATED FINANCIAL STATEMENTS

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CORPORATION OF THE COUNTY OF NORTHUMBERLAND

For The Year Ended December 31, 2018

MANAGEMENT REPORT

The accompanying consolidated financial statements of the Corporation of the County of Northumberland are the responsibility of management and have been approved by Council.

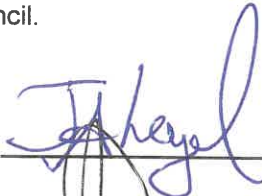
The consolidated financial statements have been prepared by management in accordance with Canadian Public Sector Accounting Standards. Financial statements are not precise since they include certain amounts based on estimates and judgements. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the financial statements are presented fairly, in all material respects.

The County maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the County's assets are appropriately accounted for and adequately safeguarded.

The County's Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving financial statements.

Council reviews and approves the County's financial statements for issuance to the members of Council, inhabitants and ratepayers of the Corporation of the County of Northumberland. Council meets periodically with management, as well as the external auditor, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities and to review the financial statements and the independent auditor's report.

The consolidated financial statements have been audited by Baker Tilly KDN LLP in accordance with Canadian generally accepted auditing standards on behalf of the County. Baker Tilly KDN LLP has full and free access to Council.

Warden _____

Date May 15/2019

Treasurer _____

Date May 15/2019

INDEPENDENT AUDITOR'S REPORT**To the Members of Council, Inhabitants and Ratepayers
of the Corporation of the County of Northumberland***Opinion*

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the County as at December 31, 2018, and the results of its consolidated operations and its consolidated cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

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 County in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the County'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 County or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County'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 County's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the County 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 consolidated financial information of the entities or business activities within the County 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.

Baker Tilly KDN LLP

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
May 28, 2019

**CORPORATION OF THE COUNTY OF
NORTHUMBERLAND**



**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At December 31, 2018**

	2018	2017
	\$	\$
FINANCIAL ASSETS		
Cash	7,044,098	14,069,699
Investments (note 5)	49,246,911	41,681,076
Accounts receivable	5,065,680	2,848,837
TOTAL FINANCIAL ASSETS	61,356,689	58,599,612
LIABILITIES		
Accounts payable and accrued liabilities	13,693,542	11,173,044
Deferred revenue - Federal gas tax (note 6)	-	169,121
Long term debt (note 7)	7,669,782	8,241,415
Landfill closure and post-closure liability (note 8)	21,255,900	22,759,988
Employee future benefits liability (note 9)	2,033,761	1,818,995
TOTAL LIABILITIES	44,652,985	44,162,563
NET FINANCIAL ASSETS	16,703,704	14,437,049
NON-FINANCIAL ASSETS		
Tangible capital assets (note 10)	172,613,862	162,459,630
Prepaid expenses	277,430	254,633
TOTAL NON-FINANCIAL ASSETS	172,891,292	162,714,263
ACCUMULATED SURPLUS (note 11)	189,594,996	177,151,312

The accompanying notes are an integral part of these financial statements

**CORPORATION OF THE COUNTY OF
NORTHUMBERLAND**



**CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
For the Year Ended December 31, 2018**

	Budget 2018 \$ (Unaudited)	Actual 2018 \$	Actual 2017 \$
REVENUES			
Tax levy from lower tiers	54,264,162	54,341,442	52,752,529
User charges	10,826,703	11,168,371	11,573,080
Government of Canada	983,285	983,284	1,081,184
Province of Ontario	34,421,550	36,928,470	31,910,221
Other municipalities	1,272,753	1,583,621	1,284,587
Investment income	850,000	1,109,310	880,169
Provincial Offences Act charges (note 12)	1,430,000	1,410,326	1,957,067
Rents	2,355,582	2,456,962	2,331,659
Federal gas tax earned	2,364,412	2,772,091	2,526,584
Waste Diversion Ontario grants	1,060,000	1,033,657	1,133,282
Other	160,600	125,778	58,043
Donations	15,000	21,454	12,951
Gain (loss) on disposal of tangible capital assets	-	372,079	(435,464)
TOTAL REVENUES	110,004,047	114,306,845	107,065,892
EXPENSES			
General government	4,134,690	4,454,322	3,388,169
Protection services	3,447,221	3,134,726	3,647,266
Transportation services	17,431,345	16,092,464	15,548,091
Environmental services	12,842,352	10,509,106	12,003,674
Health services	14,317,974	14,376,588	13,689,745
Social and family services	35,280,259	36,434,367	32,109,954
Social housing	12,308,408	12,853,765	10,969,225
Economic development, tourism and forest	4,068,316	4,007,823	3,717,422
TOTAL EXPENSES	103,830,565	101,863,161	95,073,546
ANNUAL SURPLUS	<u>6,173,482</u>	12,443,684	11,992,346
ACCUMULATED SURPLUS - beginning of year		177,151,312	165,158,966
ACCUMULATED SURPLUS - end of year		189,594,996	177,151,312

The accompanying notes are an integral part of these financial statements

**CORPORATION OF THE COUNTY OF
NORTHUMBERLAND**



**CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
For the Year Ended December 31, 2018**

	Budget 2018 \$ (Unaudited)	Actual 2018 \$	Actual 2017 \$
ANNUAL SURPLUS	6,173,482	12,443,684	11,992,346
Amortization of tangible capital assets	8,600,000	8,443,738	8,737,681
Purchase of tangible capital assets	(21,723,400)	(18,249,196)	(15,219,805)
Loss/(gain) on disposal of tangible capital assets	-	(372,079)	435,464
Proceeds on sale of tangible capital assets	-	23,305	137,536
Change in prepaid expenses	-	(22,797)	30,385
INCREASE/(DECREASE) IN NET FINANCIAL ASSETS	(6,949,918)	2,266,655	6,113,607
NET FINANCIAL ASSETS - beginning of year	14,437,049	14,437,049	8,323,442
NET FINANCIAL ASSETS - end of year	7,487,131	16,703,704	14,437,049

The accompanying notes are an integral part of these financial statements

**CORPORATION OF THE COUNTY OF
NORTHUMBERLAND**



**CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2018**

	2018	2017
	\$	\$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus	12,443,684	11,992,346
Items not involving cash		
Amortization of tangible capital assets	8,443,738	8,737,681
Loss/(gain) on disposal of tangible capital assets	(372,079)	435,464
Change in landfill closure and post-closure liability	(1,504,088)	(199,129)
Change in employee future benefits liability	214,766	(22,730)
Change in non-cash assets and liabilities		
Accounts receivable	(2,216,843)	2,044,262
Prepaid expenses	(22,797)	30,385
Accounts payable and accrued liabilities	2,520,498	(1,016,784)
Deferred revenue - Federal gas tax	(169,121)	1,340
Net change in cash from operating activities	19,337,758	22,002,835
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(18,249,196)	(15,219,805)
Proceeds on disposal of tangible capital assets	23,305	137,536
Net change in cash from capital activities	(18,225,891)	(15,082,269)
INVESTING ACTIVITIES		
Purchase of investments	(30,547,598)	(18,194,361)
Disposal of investments	22,981,763	25,678,386
Net change in cash from investing activities	(7,565,835)	7,484,025
FINANCING ACTIVITIES		
Long term debt issued	649,217	3,699,307
Debt principal repayments	(1,220,850)	(6,903,285)
Net change in cash from financing activities	(571,633)	(3,203,978)
NET CHANGE IN CASH	(7,025,601)	11,200,613
CASH - beginning of year	14,069,699	2,869,086
CASH - end of year	7,044,098	14,069,699

The accompanying notes are an integral part of these financial statements

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2018**

The County of Northumberland is an upper tier municipality in the Province of Ontario, Canada. It conducts its operations guided by the provisions of provincial statutes such as the Municipal Act, Municipal Affairs Act and related legislation.

1. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with the standards in the Chartered Professional Accountants Canada Public Sector Accounting (PSA) Handbook. Significant aspects of the accounting policies are as follows:

(a) Reporting Entity

These consolidated financial statements reflect the assets, liabilities, revenues and expenses and accumulated surplus of the reporting entity.

The reporting entity is comprised of all organizations, committees and local boards accountable for the administration of their financial affairs and resources to the County and which are owned and controlled by the County. These consolidated financial statements include:

- Northumberland County Housing Corporation

All interfund assets and liabilities and revenues and expenses are eliminated.

(b) Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, if any, of tangible capital assets is amortized on a straight-line basis, commencing in the year of acquisition except for road surface betterments where amortization commences in the year following construction, over the expected useful life of the asset, as follows:

Land improvements	10 years
Buildings	50 years
Roads and bridges	20 to 75 years
Equipment and computers	5 to 20 years
Vehicles	5 to 10 years

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and are also recorded as revenue.

Tangible capital assets categorized as assets under construction are not amortized until they are put into service.

(c) Non-financial Assets

Tangible capital and other non-financial assets are accounted for as assets by the County because they can be used to provide services in future periods. These assets do not normally provide resources to discharge the liabilities of the County unless they are sold.

(d) Reserves and Reserve Funds

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

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(e) Recognition of Revenues and Expenses

Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues in the period in which the transactions or events occurred that give rise to the revenue; expenses are recognized in the period the goods or services are acquired and a legal liability is incurred or transfers are due.

Taxation

The County establishes the tax rates annually based on the amount required to be raised. These tax rates are used to levy amounts to the lower tier municipalities are based on their annual assessment. Adjustments to the lower tier levy amounts for additions to and reductions in assessment are reported in the consolidated financial statements when amounts can be reasonably determined.

Government Funding and other grants

Government funding and other grants are recognized in the financial statements as revenues in the period in which events giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

Other revenue

Fines levied under the Provincial Offenses Act 1997 are recognized when the funds are received. (see note 12).

User charges and rents are recognized as revenue in the year the goods and services are provided, with the exception of permits that are recognized when the permits are issued.

(f) Use of Estimates

Certain items recognized in the consolidated financial statements are subject to measurement uncertainty. The recognized amounts of such items are based on the County's best information and judgment. By their nature, these estimates are subject to measurement uncertainty and the effect on the consolidated financial statements or changes in such estimates in future periods could be significant. The County's significant estimates include:

- The amounts recorded for landfill closure and post-closure care depend on estimates of usage, remaining life and capacity. The provision for future closure and post-closure costs also depends on estimates of such costs;
- The amounts recorded for amortization and opening costs of tangible capital assets are based on estimates of useful life, residual values and valuation rates;
- The values of employee future benefits depend on certain actuarial and economic assumptions; and
- The amount recorded as allowance for doubtful accounts receivable is based on management's estimate of future payments on receivable account balances.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2018**

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(g) Trust Funds

Trust funds and their related operations administered by the County are not included in these consolidated financial statements but are reported on separately on the Trust Funds Statement of Continuity and Statement of Financial Position.

2. TRUST FUNDS

Trust funds administered by the County amounting to \$143,602 (2017 - \$151,365) have not been included in the Consolidated Statement of Financial Position nor have their operations been included in the Consolidated Statement of Operations and Accumulated Surplus. As such balances are held in trust by the County for the benefit of others, they are not presented as part of the County's financial position or operations.

3. CHANGES IN ACCOUNTING POLICIES

The County has implemented the following PSA sections which are now effective under the PSA Handbook: 3320 Contingent Assets, 3380 Contractual Rights, 2200 Related Party Disclosures and 3420 Inter-Entity Transactions.

Under Section 3320, a contingent asset is a potential asset that exists at the financial statement date but requires confirmation or disproof at a future date that is not in the control of the public-sector entity. If the contingent asset is deemed to be likely to exist, then this should be disclosed in the notes to the financial statements. Disclosure should include the nature, extent (except in those cases where extent cannot be measured or disclosure would have an adverse effect on the outcome), the reason for any non-disclosure of extent, and when an estimate of the amount has been made, the basis for that estimate. This section has been applied prospectively. The adoption of this standard did not have an impact on the County's consolidated financial statements.

Under Section 3380, a contractual right arises out of a contract or agreement where it will result in the County having both an asset and future revenue. The contract or agreement must be between two or more parties and be enforceable under contract law. Contractual rights are assets and revenues that will occur in the future due to an enforceable agreement in effect at the financial statement date. If a contractual right exists, it should be disclosed in the notes or schedules to the statements and include descriptions about nature, extent and timing. This section has been applied prospectively. The adoption of this standard did not have an impact on the County's consolidated financial statements.

Section 3240 establishes the standards and requirements on how to account for and Section 2200 establishes the standards and requirements on how to report transactions between public sector entities that comprise the government's reporting entity. These sections have been applied retroactively with restatement of prior periods. The adoption of these standards did not have an impact on the County's consolidated financial statements.

4. CREDIT FACILITY AGREEMENT

The County has a revolving credit facility agreement with its main financial institution. The amount available at any time is limited to \$10,000,000 via an operating loan. Any balance borrowed will accrue interest at the bank's prime lending rate less 1.0% per annum. Council authorized the temporary borrowing limit by by-law 2018-05. At December 31, 2018 there was no balance outstanding (2017 - \$Nil).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2018**

5. INVESTMENTS

	2018	2017
	\$	\$
ONE Investment high interest savings account	23,005,000	-
Renaissance high interest savings account.	474,312	194,849
GIC's bearing interest rates between 1.54% and 1.62%, maturing between February 27, 2018 and April 16, 2018.	-	16,000,000
Corporate bonds bearing interest rates between 1.8% and 3.45%, maturing between May 15, 2019 and April 4, 2028.	25,767,599	25,486,227
	49,246,911	41,681,076

6. DEFERRED REVENUE - OBLIGATORY RESERVE FUNDS

A requirement of the Chartered Professional Accountants Canada Public Sector Accounting Handbook, is that obligatory reserve funds be reported as deferred revenue. This requirement is in place as legislation and external agreements restrict how these funds may be used and under certain circumstances these funds may possibly be refunded. The balance in the obligatory reserve funds of the County is summarized below:

	2018	2017
	\$	\$
Federal gas tax	-	169,121

The continuity of deferred revenue - obligatory reserve funds is as follows:

	2018	2017
	\$	\$
Balance - beginning of year	169,121	167,781
Add amounts received:		
Federal gas tax	2,600,853	2,526,584
Interest	2,117	1,340
	2,602,970	2,527,924
Less transfer to operations:		
Federal gas tax earned	2,772,091	2,526,584
Balance - end of year	-	169,121

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2018**

7. LONG TERM DEBT

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

	2018 \$	2017 \$
Ontario Infrastructure and Lands Corporation due December 3, 2023, repayable in blended semi annual instalments of \$70,528, and bears interest at 3.07% per annum.	649,217	-
Ontario Strategic Infrastructure Financing Authority due March 15, 2028, repayable in blended semi annual instalments of \$89,862 and bears interest at 4.92% per annum.	1,350,913	1,460,126
Ontario Infrastructure Projects Corporation due March 1, 2019, repayable in blended semi annual instalments of \$127,039 and bears interest at 4.37% per annum.	124,323	365,049
Ontario Infrastructure Projects Corporation due September 1, 2022, repayable in blended semi-annual instalments of \$266,865 and bears interest of 2.27% per annum.	2,029,878	2,509,351
Ontario Infrastructure Projects Corporation due September 15, 2019, repayable in blended semi annual instalments of \$35,104 and bears interest at 4% per annum.	68,156	133,666
Ontario Infrastructure Projects Corporation due September 4, 2035, repayable in blended semi annual instalments of \$90,923 and bears interest at 4.51% per annum.	2,142,972	2,225,372
Ontario Infrastructure Projects Corporation due May 4, 2020, repayable in blended semi annual instalments of \$76,095 and bears interest at 4.15% per annum.	219,130	357,894
Ontario Infrastructure Projects Corporation due September 1, 2027, repayable in blended semi-annual instalments of \$68,560 and bears interest of 2.78% per annum.	1,085,193	1,189,957
	7,669,782	8,241,415

- (b) The long term debt in (a) issued in the name of the County 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 and Housing.
- (c) Interest paid during the year on long term debt amounted to \$288,047 (2017 - \$468,115).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2018**

7. LONG TERM DEBT, continued

(d) The long term debt reported in (a) of this note is repayable as follows:

	Principal \$	Interest \$	Total \$
2019	1,258,041	264,874	1,522,915
2020	1,023,155	226,417	1,249,572
2021	977,153	196,324	1,173,477
2022	1,006,654	166,823	1,173,477
2023	500,387	139,360	639,747
	4,765,390	993,798	5,759,188
2024 to 2028	1,823,155	443,319	2,266,474
2029 and subsequent years	1,081,237	191,685	1,272,922
	7,669,782	1,628,802	9,298,584

8. LANDFILL CLOSURE AND POST-CLOSURE LIABILITY

The liability for landfill closure and post-closure costs of \$21,255,900 (2017 - \$22,759,988) has been estimated using discounted future cash flows associated with closure and post-closure care activities for the County's one operational site and the nine closed sites that the County has obtained from the lower tier municipalities by way of a settlement process (see Note 17). The closure costs include final cover, vegetation and additional monitoring wells. Post-closure costs include monitoring, maintenance of control systems and consulting fees for at least 25 years after the site is closed. The landfill closure and post-closure liability will be funded from taxation. There are no specific assets designated for settling this liability.

The reported liability is based upon estimates and assumptions with respect to events extending over the remaining life of the landfill. The total discounted future cash flows for closure and post-closure cost is estimated at \$25,592,387 as at December 31, 2018 (2017 - \$26,148,323) using a discount factor of 4% and an inflation rate of 2%.

The remaining capacity of the one operational landfill site is estimated at 444,997 m³ (2017 - 403,580 m³) which is 48.7% (2017 - 44.1%) of the site's total capacity. The remaining capacity of the operational landfill increased in 2018 due to revised estimated based on a new survey of the site. The County estimates the site will continue to operate until 2030.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2018**

9. EMPLOYEE FUTURE BENEFITS LIABILITY

Under the Workplace Safety and Insurance Board (WSIB), the County is self-insured (Schedule II) and remits payments to the WSIB as required to fund disability payments. The liability recorded of \$2,033,761 (2017 - \$1,818,995) has been determined by an actuarial review completed as of December 31, 2017. This liability is fully funded by a reserve set aside for this purpose and reported as part of the employee health, safety and related costs reserve as reported in the Accumulated Surplus note.

The liability is comprised of the following amounts:

	2018 \$	2017 \$
Accrued benefit obligation	2,330,513	1,355,218
Unamortized actuarial gains/(losses)	(296,752)	463,777
	2,033,761	1,818,995

The actuarial report for the WSIB liability was based on the following assumptions:

Interest discount rate	3.75%
WSIB administration and physician fees	38% of benefit costs
Expected level of employee cost increases	1.01%
Expected average remaining service life	9.96 years

The continuity of the WSIB liability is as follows:

	2018 \$	2017 \$
Accrued benefit obligation at January 1	2,136,132	1,320,241
Unamortized actuarial gains/(losses)	(317,137)	521,484
Liability at January 1	1,818,995	1,841,725
Increase due to plan amendment	16,959	-
Current year benefit cost	380,739	176,915
Interest	82,521	55,671
Amortization of actuarial loss/(gain) (amortized over the expected average remaining service life)	20,385	(57,707)
Less: benefit payments	(285,838)	(197,609)
Liability at December 31	2,033,761	1,818,995

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2018**

10. TANGIBLE CAPITAL ASSETS

The net book value of the County's tangible capital assets are:

	2018	2017
	\$	\$
General		
Land	14,127,981	14,045,181
Land improvements	3,520,637	3,122,468
Buildings	23,627,018	24,262,212
Equipment and computers	6,927,129	6,548,285
Vehicles	5,992,871	5,947,065
Infrastructure		
Roads and bridges	103,005,190	98,150,655
	157,200,826	152,075,866
Assets under construction	15,413,036	10,383,764
	172,613,862	162,459,630

For additional information, see the Consolidated Schedule of Tangible Capital Assets.

During the year there were no write-downs of assets (2017 - \$Nil) and no interest capitalized (2017 - \$Nil).

Tangible capital assets allocated by segment are as follows:

	2018	2017
	\$	\$
General government	17,567,789	14,413,723
Protection services	119,956	129,352
Transportation services	109,304,194	105,968,321
Environmental services	31,632,538	27,718,551
Health services	1,660,134	1,057,539
Social and family services	2,349,189	1,909,127
Social housing	7,013,951	7,969,979
Economic development, tourism and forest	2,966,111	3,293,038
	172,613,862	162,459,630

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2018**

11. ACCUMULATED SURPLUS

(a) Accumulated surplus consists of the following:

	2018	2017
	\$	\$
Surplus/(Deficit)		
Unfunded landfill closure and post-closure liability	(21,255,900)	(22,759,988)
Unfunded employee future benefits liability	(2,033,761)	(1,818,995)
	(23,289,661)	(24,578,983)
Invested In Capital Assets		
Tangible capital assets - net book value	172,613,862	162,459,630
Long term debt	(7,669,782)	(8,241,415)
Unfunded capital (b)	(5,579,933)	-
	159,364,147	154,218,215
Surplus	136,074,486	129,639,232
Reserves		
Working funds	821,274	821,278
Corporate services	12,303,006	10,528,431
Transportation services	8,535,169	6,348,247
Waste services	4,272,470	3,548,847
Social services	726,903	724,500
Social housing	11,027,006	10,860,460
Golden Plough Lodge	6,001,408	5,218,152
Ambulance services	1,731,318	1,590,559
Technological development	1,168,773	939,057
Emergency planning	290,050	280,050
Employee health, safety and related costs	4,221,505	4,189,115
Facilities	1,655,398	1,828,639
Economic development, tourism and forest	341,924	352,424
Plumbing and septic inspections	191,717	132,321
Land use planning	232,589	150,000
Total Reserves	53,520,510	47,512,080
	189,594,996	177,151,312

(b) Unfunded capital amounts are for projects in progress. When the projects are complete, the amounts will be funded with long term debt.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2018**

12. PROVINCIAL OFFENCES OFFICES

As a result of the provincial-municipal restructuring under Bill 108, streamlining of administration of Provincial Offences Act (“POA”) 1997, the County has assumed responsibility and administration of the POA office and courts.

Revenues from the POA office consists of fines levied under Part I and III (including delay penalties) for POA charges filed at 860 William Street in Cobourg. Offenders may pay their fines at any court office in Ontario, at which time, their receipt is recorded in the Integrated Courts Operations Network system (“ICON”) operated by the Province of Ontario. The County of Northumberland recognizes fine revenue when the receipt of funds is recorded by ICON and matched to the offence notice, regardless of the location where payment is made.

Revenues and expenses related to these operations have been reported as follows:

	2018 \$	2017 \$
Gross revenues	1,410,326	1,957,067
Operating costs and allocated charges	(1,148,567)	(1,179,444)
Net County revenue used to reduce tax levy	261,759	777,623

13. EXPENSES BY OBJECT

The expenses for the year reported on the Consolidated Statement of Operations and Accumulated Surplus by object are as follows:

	Budget 2018 \$ (Unaudited)	Actual 2018 \$	Actual 2017 \$
Salaries and benefits	40,651,018	40,636,877	38,038,992
Interest charges	297,647	288,047	468,115
Materials	17,142,035	17,866,074	17,102,323
Contracted services	13,214,880	8,803,906	9,511,774
Rents and financial	158,743	161,347	180,802
External transfers	23,766,242	25,663,172	21,033,859
Amortization	8,600,000	8,443,738	8,737,681
	103,830,565	101,863,161	95,073,546

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2018**

14. BUDGET FIGURES

The budget, approved by the County, for 2018 is reflected on the Consolidated Statement of Operations and Accumulated Surplus and the Consolidated Statement of Change in Net Financial Assets. The budget 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 amounts. Budget figures have been reclassified for the purposes of these financial statements to comply with PSA reporting requirements. Budget figures are not subject to audit.

The following is a reconciliation of the Council approved budget amounts to the PSA amounts:

	(Unaudited) Revenue \$	(Unaudited) Expenses \$
Council approved budget:		
Operating and capital	119,756,666	119,756,666
Total Council approved budget	119,756,666	119,756,666
Less: Tangible capital assets capitalized	-	(21,723,400)
Add: Amortization of tangible capital assets	-	8,600,000
Add: Long term debt proceeds (expense reduction in budget)	-	7,250,000
Less: Principal repayment of long term debt	-	(1,281,650)
Less: Net transfers to/from reserves	-	181,568
Less: Change in unfunded liabilities	-	800,000
Less: Interdepartmental charges	(9,439,618)	(9,439,618)
Revenues and expenses netted for financial reporting	(313,001)	(313,001)
Adjusted budget per Consolidated Statement of Operations	110,004,047	103,830,565

15. PENSION AGREEMENTS

Certain employees of the County are eligible members of the Ontario Municipal Employees Retirement System (OMERS), a multi-employer pension plan.

The Actuarial Opinion contained in the 2018 Annual Report disclosed total actuarial liabilities of \$100,081 million in respect of benefits accrued for service with actuarial assets of \$95,890 million indicating an actuarial deficit of \$4,191 million. Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the County does not recognize any share of the OMERS pension surplus or deficit.

The County's required contributions to OMERS in 2018 were \$2,511,492 (2017 - \$2,361,009).

16. CONTINGENT LIABILITIES

The County, in the course of its operations, has been named in several lawsuits the outcomes of which are indeterminable at this time. No amounts in connection with these items have been reflected in these financial statements.

17. COMMITMENTS

The County assumed the assets and liabilities of the waste management systems of the lower tier municipalities on January 1, 1991 according to by-law 24-90. This by-law was passed pursuant to subsection 209(a) of the Municipal Act of the Province of Ontario which required the County to pay or to receive from the lower tier municipalities' compensation based upon the discounted future cash flows of the landfill site. The County is involved with ongoing negotiations with respect to the settlements for further sites.

During 2015, the County entered into a multi-year agreement with Peterborough Fire Services for fire dispatch services. The annual costs under the agreement, which goes until the end of 2020, were approximately \$377,000 in the first year with annual increases as per the agreement. The total costs for 2018 was \$400,850.

18. SEGMENTED INFORMATION

The County of Northumberland is a municipal government organization that provides a range of services to its residents. County services are reported by function and their activities are separately disclosed in the segmented information.

For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated to the segment. Certain allocation methodologies are employed in the preparation of segmented financial information. Taxation levied to lower tiers is allocated based on each segment's net requirements. Internal transfers include the following: 1) Actual wages and benefits expenses for governance, corporate management and information technologies that are allocated based on the segment's proportionate share as determined by head count, revenue and number of computers; and 2) Actual occupancy costs that are allocated based on the segment's proportionate share of the square footage of the County buildings.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 1. For additional information see the Consolidated Schedule of Segment Disclosure.

General Government

General government consists of the activities of Council and general financial and administrative management of the County and its programs and services including contributions to the Municipal Property Assessment Corporation.

Protection Services

Protection services includes emergency measures, plumbing and septic inspections and Provincial Offences Act charges.

Transportation Services

The activities of the transportation function includes maintenance and winter control of the County's roads and bridges.

Environmental Services

The environmental function is responsible for providing waste collection, waste disposal and recycling services to ratepayers.

18. SEGMENTED INFORMATION, continued

Health Services

The health services function consists of land ambulance services and contributions to the local health unit.

Social and Family Services

The social and family services consist of general assistance to inhabitants, homes for the aged and child care services for the County.

Social Housing

The social housing services provides affordable housing to qualified inhabitants of the County.

Economic Development, Tourism and Forest

The function includes economic development and tourism operations and maintenance of the County forests.

19. SOCIAL HOUSING

The Northumberland County Housing Corporation was incorporated under Part III of The Ontario Business Corporations Act in response to the Province's overall initiative to devolve Social Housing to local municipalities. The Corporation currently provides subsidized housing to its tenants and their families.

As the Service Manager, the County is now the sole shareholder of the Corporation.

On January 1, 2001 the Ontario Housing Corporation transferred 14 properties and certain head office assets to the Corporation. The properties transferred carried the following restriction:

“The properties cannot be transferred or mortgaged or otherwise encumbered, developed or redeveloped or disposed of by any person without prior consent of the Minister of Municipal Affairs and Housing.”

CORPORATION OF THE COUNTY OF NORTHUMBERLAND



CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS
For the Year Ended December 31, 2018

	General					Infrastructure	Assets Under Construction	Totals
	Land	Land Improvements	Buildings	Equipment and Computers	Vehicles	Roads and Bridges		
	\$	\$	\$	\$	\$	\$	\$	\$
COST								
Balance, beginning of year	14,045,181	3,566,167	56,418,473	16,118,445	13,794,875	178,917,457	10,383,764	293,244,362
Add: additions during the year	82,800	494,721	1,500,895	1,278,388	1,234,231	7,088,548	6,569,613	18,249,196
Less: disposals during the year	-	-	-	-	197,894	2,744,830	-	2,942,724
Internal transfers	-	-	10,156	-	-	1,530,185	(1,540,341)	-
Balance, end of year	14,127,981	4,060,888	57,929,524	17,396,833	14,831,212	184,791,360	15,413,036	308,550,834
ACCUMULATED AMORTIZATION								
Balance, beginning of year	-	443,699	32,156,261	9,570,160	7,847,810	80,766,802	-	130,784,732
Add: additions during the year	-	96,552	2,146,245	899,544	1,188,425	4,112,972	-	8,443,738
Less: disposals during the year	-	-	-	-	197,894	3,093,604	-	3,291,498
Balance, end of year	-	540,251	34,302,506	10,469,704	8,838,341	81,786,170	-	135,936,972
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	14,127,981	3,520,637	23,627,018	6,927,129	5,992,871	103,005,190	15,413,036	172,613,862

CORPORATION OF THE COUNTY OF NORTHUMBERLAND



CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE For the Year Ended December 31, 2018

	General Government \$	Protection Services \$	Transportation Services \$	Environmental Services \$	Health Services \$	Social and Family Services \$	Social Housing \$	Economic Development, Tourism and Forest \$	Consolidated \$
Revenues									
Tax levy from lower tiers	2,997,491	1,017,136	17,264,529	6,126,155	8,304,116	10,032,751	5,709,745	2,889,519	54,341,442
User charges	394,256	435,984	286,084	6,054,080	97,660	3,495,340	64,118	340,849	11,168,371
Government transfers - operating	-	359,617	-	14,929	6,080,930	25,236,147	5,144,879	479,490	37,315,992
Government transfers - capital	-	-	496,412	-	-	-	66,950	32,400	595,762
Other municipalities	-	-	1,531,000	52,621	-	-	-	-	1,583,621
Investment income	1,109,310	-	-	-	-	-	-	-	1,109,310
Provincial Offences Act charges	-	1,410,326	-	-	-	-	-	-	1,410,326
Rents	783,437	-	-	5,894	-	-	1,607,946	59,685	2,456,962
Federal gas tax earned	-	-	2,772,091	-	-	-	-	-	2,772,091
Waste Diversion Ontario grants	-	-	-	1,033,657	-	-	-	-	1,033,657
Other	-	-	-	-	-	-	-	125,778	125,778
Donations	156	-	-	-	-	-	6,298	15,000	21,454
Gain (loss) on disposal of tangible capital assets	-	5,203	357,279	8,000	1,597	-	-	-	372,079
Total revenues	5,284,650	3,228,266	22,707,395	13,295,336	14,484,303	38,764,238	12,599,936	3,942,721	114,306,845
Expenses									
Salaries and benefits	5,331,581	1,076,354	3,813,414	3,736,661	9,602,300	14,780,641	555,378	1,740,548	40,636,877
Interest charges	131,803	4,698	-	124,484	-	27,062	-	-	288,047
Materials	2,350,007	560,609	4,463,988	3,787,697	1,054,722	2,502,656	2,200,792	945,603	17,866,074
Contracted services	2,383,202	987,132	2,273,472	1,409,999	45,802	561,715	637,850	504,734	8,803,906
Rents and financial	94,507	9,870	-	605	26,500	2,572	27,293	-	161,347
External transfers	1,600	-	-	-	2,050,362	16,321,042	7,132,168	158,000	25,663,172
Amortization	647,461	9,396	4,864,327	723,861	528,326	104,068	1,174,583	391,716	8,443,738
Internal transfers	(6,485,839)	486,667	677,263	725,799	1,068,576	2,134,611	1,125,701	267,222	-
Total expenses	4,454,322	3,134,726	16,092,464	10,509,106	14,376,588	36,434,367	12,853,765	4,007,823	101,863,161
Net surplus/(deficit)	830,328	93,540	6,614,931	2,786,230	107,715	2,329,871	(253,829)	(65,102)	12,443,684

CORPORATION OF THE COUNTY OF NORTHUMBERLAND



**CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE
For the Year Ended December 31, 2017**

	General Government \$	Protection Services \$	Transportation Services \$	Environmental Services \$	Health Services \$	Social and Family Services \$	Social Housing \$	Economic Development, Tourism and Forest \$	Consolidated \$
Revenues									
Tax levy from lower tiers	2,905,388	913,803	16,523,293	6,052,551	8,078,555	9,780,278	5,972,247	2,526,414	52,752,529
User charges	437,987	454,187	210,187	6,588,784	149,164	3,399,956	62,289	270,526	11,573,080
Government transfers - operating	-	308,244	-	19,190	5,855,320	21,802,876	2,959,418	387,955	31,333,003
Government transfers - capital	-	-	960,552	-	-	-	697,850	-	1,658,402
Other municipalities	-	-	1,284,587	-	-	-	-	-	1,284,587
Investment income	880,169	-	-	-	-	-	-	-	880,169
Provincial Offences Act charges	-	1,957,067	-	-	-	-	-	-	1,957,067
Rents	762,632	-	-	6,094	-	-	1,527,114	35,819	2,331,659
Federal gas tax earned	-	-	2,526,584	-	-	-	-	-	2,526,584
Waste Diversion Ontario grants	-	-	-	1,133,282	-	-	-	-	1,133,282
Other	-	-	-	-	-	-	-	58,043	58,043
Donations	115	-	-	-	-	12,836	-	-	12,951
Gain (loss) on disposal of tangible capital assets	(72,581)	-	(360,950)	(2,001)	68	-	-	-	(435,464)
Total revenues	4,913,710	3,633,301	21,144,253	13,797,900	14,083,107	34,995,946	11,218,918	3,278,757	107,065,892
Expenses									
Salaries and benefits	4,659,764	1,026,343	3,459,433	4,046,232	9,155,130	13,707,487	574,456	1,410,147	38,038,992
Interest charges	339,371	7,242	3,071	89,190	-	29,051	190	-	468,115
Materials	1,962,440	606,386	3,984,848	3,794,185	1,003,214	2,269,168	2,395,488	1,086,594	17,102,323
Contracted services	2,107,964	1,000,726	2,111,536	2,676,829	73,974	552,777	480,480	507,488	9,511,774
Rents and financial	94,087	11,603	-	4,865	27,736	32,240	10,271	-	180,802
External transfers	1,600	-	-	-	2,013,449	13,473,200	5,436,610	109,000	21,033,859
Amortization	546,641	9,396	5,227,926	788,697	508,988	102,928	1,168,368	384,737	8,737,681
Internal transfers	(6,323,698)	985,570	761,277	603,676	907,254	1,943,103	903,362	219,456	-
Total expenses	3,388,169	3,647,266	15,548,091	12,003,674	13,689,745	32,109,954	10,969,225	3,717,422	95,073,546
Net surplus/(deficit)	1,525,541	(13,965)	5,596,162	1,794,226	393,362	2,885,992	249,693	(438,665)	11,992,346

INDEPENDENT AUDITOR'S REPORT**To the Members of Council, Inhabitants and Ratepayers
of the Corporation of the County of Northumberland***Qualified Opinion*

We have audited the financial statements of the Trust Funds of the Corporation of the County of Northumberland (the Trust Funds), which comprise the statement of financial position as at December 31, 2018, the statement of continuity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Trust Funds as at December 31, 2018, and the continuity of the Trust Funds for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Basis for Qualified Opinion

In common with many municipal trust funds, the completeness of the revenue derived from residents is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Trust Funds and we were not able to determine whether any adjustments might be necessary to resident receipts, assets and fund balances at the end of the year.

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

Other Matter

The financial statements of the Trust Funds as at and for the year ended December 31, 2017 were audited by Collins Barrow Kawarthas LLP, which became Baker Tilly KDN LLP effective January 10, 2019.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Trust Funds'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 Trust Funds or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Trust Funds's financial reporting

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process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust Funds'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 Trust Funds's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust Funds to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Baker Tilly KDN LLP

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
May 28, 2019

**CORPORATION OF THE COUNTY OF
NORTHUMBERLAND**



**TRUST FUNDS
STATEMENT OF FINANCIAL POSITION
At December 31, 2018**

	Blacklock Bequest \$	Safekeeping Pensioners \$	2018 Total \$	2017 Total \$
FINANCIAL ASSETS				
Cash	648	28,140	28,788	38,196
Investment (note 3)	114,814	-	114,814	113,169
	115,462	28,140	143,602	151,365
FUND BALANCES				
Due to Residents	-	28,140	28,140	37,560
Bequests	115,462	-	115,462	113,805
	115,462	28,140	143,602	151,365

**TRUST FUNDS
STATEMENT OF CONTINUITY
For the Year Ended December 31, 2018**

	Blacklock Bequest \$	Safekeeping Pensioners \$	2018 Total \$	2017 Total \$
BALANCES - beginning of year	113,805	37,560	151,365	157,258
RECEIPTS				
Residents' contributions	-	38,042	38,042	47,840
Interest earned	1,657	-	1,657	1,197
	1,657	38,042	39,699	49,037
EXPENSES				
Residents' personal costs	-	47,462	47,462	54,930
BALANCES - end of year	115,462	28,140	143,602	151,365

The accompanying notes are an integral part of these financial statements

**TRUST FUNDS
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2018**

1. PURPOSE OF TRUST FUNDS

The County is required, under Section 241 of Ontario Regulation 79/10 as prescribed by the Long-Term Care Homes Act, 2007, to maintain a trust fund to manage the funds of the residents of the County's home for the aged.

The Blacklock bequest was created by a donation and is for the use of the County's Long Term Care Home called the Golden Plough Lodge.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with the standards in the Chartered Professional Accountants Canada Public Sector Accounting (PSA) Handbook.

(a) Basis of Accounting

Revenue and expenses are reported on the accrual basis of accounting which recognizes revenues as they become available and measurable; expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

(b) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions 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 revenue and expenses during the period and are based on the County's best information and judgment. Actual results could differ from these estimates.

3. INVESTMENT

The investment is recorded at cost and has been invested in a Renaissance high interest savings account SR F (5001) with CIBC Wood Gundy.