
THE CORPORATION OF THE MUNICIPALITY OF CALVIN

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2018

THE CORPORATION OF THE MUNICIPALITY OF CALVIN

CONTENTS

	Page
Independent Auditor's Report	1 - 2
Consolidated Statement of Financial Position	3
Consolidated Statements of Operations and Accumulated Surplus	4
Consolidated Statement of Change in Net Financial Assets	5
Consolidated Statement of Cash Flows	6
Notes to the Consolidated Financial Statements	7 - 20

Independent auditor's report

To the Members of Council, Inhabitants and Ratepayers of
The Corporation of the Municipality of Calvin

Opinion

We have audited the consolidated financial statements of The Corporation of the Municipality of Calvin ("the Municipality"), which comprise the consolidated statement of financial position as at December 31, 2018, and 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 financial position of The Corporation of the Municipality of Calvin as at December 31, 2018, and its results of operations, its changes in its net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Municipality 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 these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Municipality's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the Municipality or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Municipality'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 Municipality'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 Municipality'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 Municipality to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Municipality and the organizations it controls 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.

Grant Thornton LLP

North Bay, Canada
April 23, 2019

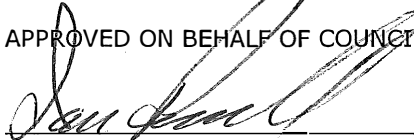
Chartered Professional Accountants
Licensed Public Accountants

THE CORPORATION OF THE MUNICIPALITY OF CALVIN
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2018

	2018	2017
FINANCIAL ASSETS		
Cash and cash equivalents (Note 4)	\$ 630,932	\$ 655,586
Taxes receivable (Note 5)	84,391	95,488
Accounts receivable	229,631	100,626
	944,954	851,700
LIABILITIES		
Accounts payable and accrued liabilities	108,377	80,022
Deferred revenue-obligatory reserve funds (Note 6)	290,506	209,131
Municipal debt (Note 7)	130,000	150,000
Tangible capital lease liability (Note 9)	32,283	71,757
Long-term commitments (Note 10)	-	6,558
Employee benefits payable (Note 11)	22,731	18,529
Landfill closure and post-closure liability (Note 12)	254,030	103,309
	837,927	639,306
NET FINANCIAL ASSETS	107,027	212,394
NON-FINANCIAL ASSETS		
Tangible capital assets - net (Note 14)	3,186,011	2,718,787
Inventories of supplies	22,601	24,696
Prepaid expenses	15,849	14,737
	3,224,461	2,758,220
ACCUMULATED SURPLUS (Note 15)	\$ 3,331,488	\$ 2,970,614

Contingencies (see Note 2)
 Commitments (see Note 13)

APPROVED ON BEHALF OF COUNCIL:



Mayor

THE CORPORATION OF THE MUNICIPALITY OF CALVIN
CONSOLIDATED STATEMENTS OF OPERATIONS AND ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2018

	Budget 2018 <i>(see Note 17)</i>	Actual 2018	Actual 2017
REVENUE			
Property taxes	\$ 1,271,085	\$ 1,276,346	\$ 1,211,507
User charges	23,070	20,755	20,274
Government transfers	683,381	685,269	248,400
Other	38,489	47,738	64,159
TOTAL REVENUE	2,016,025	2,030,108	1,544,340
EXPENSES			
General government	310,302	308,001	264,652
Protection to persons and property	257,865	237,172	243,302
Transportation services	482,199	459,224	452,927
Environmental services	242,982	234,626	105,947
Health services	31,610	27,413	31,431
Social and family services	267,135	259,423	252,371
Recreation and cultural services	124,690	112,180	120,333
Planning and development	30,058	31,195	31,418
TOTAL EXPENSES	1,746,841	1,669,234	1,502,381
ANNUAL SURPLUS (Note 15)	269,184	360,874	41,959
ACCUMULATED SURPLUS, BEGINNING OF YEAR	2,970,614	2,970,614	2,928,655
ACCUMULATED SURPLUS, END OF YEAR	\$ 3,239,798	\$ 3,331,488	\$ 2,970,614

The accompanying notes are an integral part of these financial statements

THE CORPORATION OF THE MUNICIPALITY OF CALVIN
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2018

	Budget 2018 <i>(see Note 17)</i>	Actual 2018	Actual 2017
Annual surplus	\$ 269,184	\$ 360,874	\$ 41,959
Acquisition of tangible capital assets	(609,566)	(772,895)	(252,785)
Contributed tangible capital assets	-	-	(1,132)
Amortization of tangible capital assets	301,600	301,382	170,170
(Gain) Loss on disposal of tangible capital assets	-	750	(21,764)
Proceeds from disposal of tangible capital assets	-	3,539	35,217
Change in supplies inventories	-	2,095	(13,224)
Change in prepaid expenses	-	(1,112)	(298)
Decrease in net financial assets	(38,782)	(105,367)	(41,857)
Net financial assets, beginning of year	212,394	212,394	254,251
Net financial assets, end of year	\$ 173,612	\$ 107,027	\$ 212,394

The accompanying notes are an integral part of these financial statements

THE CORPORATION OF THE MUNICIPALITY OF CALVIN
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018

	2018	2017
Operating transactions		
Annual surplus	\$ 360,874	\$ 41,959
Non-cash charges to operations:		
Amortization	301,382	170,170
(Gain) Loss on disposal of tangible capital assets	750	(21,764)
Change in employee benefits payable	4,202	2,297
Change in landfill closure and post-closure liability	150,721	23,220
	817,929	215,882
Changes in non-cash items:		
Taxes receivable	11,097	23,624
Accounts receivable	(129,005)	(41,477)
Accounts payable and accrued liabilities	28,355	(5,422)
Deferred revenue-obligatory reserve funds	81,375	87,160
Inventories of supplies	2,095	(13,224)
Prepaid expenses	(1,112)	(298)
	(7,195)	50,363
Cash provided by operating transactions	810,734	266,245
Capital transactions		
Acquisition of tangible capital assets	(772,895)	(134,392)
Contributed tangible capital assets	-	(1,132)
Proceeds from disposal of tangible capital assets	3,539	35,217
Cash applied to capital transactions	(769,356)	(100,307)
Financing transactions		
Tangible capital lease repayments	(39,474)	(57,158)
Debt principal repayments	(20,000)	(20,000)
Decrease in long-term commitments	(6,558)	(6,454)
Cash applied to financing transactions	(66,032)	(83,612)
Net change in cash and cash equivalents	(24,654)	82,326
Cash and cash equivalents, beginning of year	655,586	573,260
Cash and cash equivalents, end of year	\$ 630,932	\$ 655,586
Cash flow supplementary information:		
Cash paid for interest	\$ 3,706	\$ 4,324
Non-cash capital and financing transactions:		
Capital lease	\$ -	\$ 118,393

The accompanying notes are an integral part of these financial statements

THE CORPORATION OF THE MUNICIPALITY OF CALVIN

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

Management Responsibility

The consolidated financial statements of the Corporation of the Municipality of Calvin (the "Municipality") are the responsibility of management and have been prepared in accordance with Canadian generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. A summary of significant accounting policies is provided in Note 1. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

Management maintains a system of internal controls to provide reasonable assurance that reliable financial information is produced. The internal controls are 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.

1. SIGNIFICANT ACCOUNTING POLICIES

Significant aspects of the accounting policies adopted by the Municipality are as follows:

(a) Reporting Entity

These consolidated statements reflect the assets, liabilities, revenue, expenses and accumulated surplus of the reporting entity. The reporting entity is comprised of all committees of Council and the boards, joint boards and municipal enterprises for which Council is politically accountable as follows:

(i) Consolidated entities

The Recreation Committee, which was dissolved in 2017, is consolidated.

Inter-organizational transactions and balances between the Municipality and this committee are eliminated.

(ii) Non-consolidated entities

The following joint boards are not consolidated:
North Bay Parry Sound District Health Unit
District of Nipissing Social Services Administration Board
East Nipissing District Home for the Aged

(iii) Accounting for school board transactions

The taxation, other revenue, expenses, assets and liabilities with respect to the operations of the school boards are not reflected in these consolidated financial statements.

(iv) Trust funds

Trust funds administered by the Municipality are not included in these consolidated financial statements, but are reported separately on the trust funds financial statements.

THE CORPORATION OF THE MUNICIPALITY OF CALVIN

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

(b) Basis of Accounting

(i) Accrual basis of accounting

Revenue and expenses are reported on the accrual basis of accounting. Revenue is recognized in the year in which it is earned 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.

(ii) Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with financial institutions and short-term deposits with original maturities of three months or less.

(iii) Non-financial assets

Non-financial assets are not available to discharge existing liabilities but are held for use in the provision of municipal services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

(a) Tangible capital assets

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

Land improvements - 10 to 25 years
Buildings - 10 to 50 years
Machinery, equipment and furniture - 5 to 25 years
Vehicles - 10 to 25 years
Roads - 10 to 45 years
Bridges - 25 to 75 years

One half of the 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 available for productive use.

Estimated closure and post-closure expenses for active landfill sites as well as the land occupied by the sites are amortized annually on the basis of capacity used during the year as a percentage of the estimated total capacity of the landfill site.

Interest related to the acquisition of capital assets is not capitalized, but is expensed in the year incurred.

(b) Inventories of supplies

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

THE CORPORATION OF THE MUNICIPALITY OF CALVIN

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

- (iv) Reserves and reserve funds
Certain amounts, as approved by Council, are set aside in reserves and reserve funds for future operating and capital purposes. Balances related to these funds are included in the accumulated surplus of the Consolidated Statement of Financial Position.
- (v) Deferred Revenue
Revenue restricted by legislation, regulation or agreement and not available for general municipal purposes is reported as deferred revenue on the Consolidated Statement of Financial Position. The revenue is reported on the Consolidated Statement of Operations in the year in which it is used for the specified purpose.
- (vi) Government transfers
Government transfers are recognized in the financial statements as revenue when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the Consolidated Statement of Operations as the stipulation liabilities are settled.
- (vii) Taxation and related revenue
Tax rates are established annually by Council, incorporating amounts to be raised for local services and amounts the Municipality is required to collect on behalf of the Province of Ontario in respect of education taxes. Property tax billings are prepared by the Municipality based on assessment rolls, supplementary assessment rolls and other assessment adjustments issued by the Municipal Property Assessment Corporation ("MPAC"). Taxation revenue is initially recorded at the time assessment information is received from MPAC and is subsequently adjusted based on management's best estimate of the amount of tax revenue resulting from assessment adjustments that have not yet been received from MPAC. The Municipality is entitled to collect interest and penalties on overdue taxes. This revenue is recorded in the period the interest and penalties are levied.
- (viii) Pensions and employee benefits
The Municipality accounts for its employee pension contributions as a defined contribution plan. Sick leave benefits are accrued as the employees render the services necessary to earn the benefits.
- (ix) 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 revenue and expenses during the period. These estimates and assumptions are based on management's historical experience, best knowledge of current events and actions that the Municipality may undertake in the future. Significant accounting estimates include valuation allowances for taxes and accounts receivable, estimated useful lives of tangible capital assets, employee benefits payable, solid waste landfill closure and post-closure liabilities and supplementary taxes. Actual results could differ from these estimates.

THE CORPORATION OF THE MUNICIPALITY OF CALVIN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2018

2. CONTRIBUTIONS TO UNCONSOLIDATED JOINT BOARDS

Further to Note 1(a)(ii), the following contributions were made by the Municipality to these boards:

	2018		2017	
District of Nipissing Social Services Administration Board	\$	214,184	\$	209,693
North Bay Parry Sound District Health Unit		19,300		19,325
East Nipissing District Home for the Aged		42,739		42,678
	\$	276,223	\$	271,696

The Municipality is contingently liable for its share, if any, of the accumulated deficits as at the end of the year for these boards. The Municipality's share of the accumulated surpluses (or deficits) of these boards has not been determined at this time.

The Municipality is also contingently liable for its share, if any, of the long-term liabilities issued by other municipalities for these boards. The Municipality's share of these long-term liabilities has not been determined at this time.

3. TRANSACTIONS ON BEHALF OF OTHERS

(a) During the year, \$356,382 of taxation was levied on behalf of school boards (2017 \$356,898).

(b) The Municipality administers care and maintenance trust funds totalling \$26,808 (2017 \$26,808) which are funded by the sale of cemetery interment rights and markers. These funds are invested and earnings derived therefrom are used to perform maintenance at the Municipality's cemetery. The trust funds are not included in these consolidated financial statements, as they are being held in trust for the benefit of others.

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents is comprised of:

	2018		2017	
Unrestricted cash	\$	340,426	\$	446,455
Restricted cash		290,506		209,131
	\$	630,932	\$	655,586

Federal, Provincial and Municipal legislation restricts how restricted cash related to obligatory reserve funds, reported in Note 6, may be used.

THE CORPORATION OF THE MUNICIPALITY OF CALVIN

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

5. TAXES RECEIVABLE

Taxes receivable are comprised of the following:

	2018	2017
Taxes receivable	\$ 86,391	\$ 125,488
Valuation allowance	(2,000)	(30,000)
	\$ 84,391	\$ 95,488

6. DEFERRED REVENUE-OBLIGATORY RESERVE FUNDS

The Municipality receives payments in lieu of parkland under the Planning Act, federal gas tax funding under an agreement with the Association of Municipalities of Ontario, and Ontario Community Infrastructure Fund funding under an agreement with the Ministry of Infrastructure. Legislation restricts how these funds may be used, and under certain circumstances, how these funds may be refunded.

In the case of payments in lieu of parkland, revenue recognition occurs when the Municipality has approved eligible expenditures for park and other public recreation purposes. Gas tax and Ontario Community Infrastructure Fund revenue recognition occurs when the Municipality has approved the expenditures for eligible capital works. Historically, the Municipality has applied its gas tax and infrastructure funding to local road and bridge improvements and landfill capacity building.

Details of the deferred revenue-obligatory reserve funds reported on the Consolidated Statement of Financial Position are as follows:

	2018	2017
Balance, beginning of year:		
Recreational land (the Planning Act)	\$ 20,866	\$ 19,919
Federal Gas Tax	137,919	102,052
Ontario Community Infrastructure Fund	50,346	-
	209,131	121,971
Received during the year:		
Recreational land (the Planning Act)	420	824
Federal Gas Tax	36,183	35,149
Ontario Community Infrastructure Fund	50,000	50,000
Interest earned	3,472	1,187
	90,075	87,160
Recognized in revenue during the year	(8,700)	-
Balance, end of year	\$ 290,506	\$ 209,131
Recreational land (the Planning Act)	\$ 12,795	\$ 20,866
Federal Gas Tax	176,107	137,919
Ontario Community Infrastructure Fund	101,604	50,346
Balance, end of year	\$ 290,506	\$ 209,131

THE CORPORATION OF THE MUNICIPALITY OF CALVIN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2018

7. MUNICIPAL DEBT

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

	2018	2017
Ontario Infrastructure and Lands Corporation serial debenture, due June 2025, repayable in semi-annual payments of \$10,000 plus interest calculated at 2.4% As security the Municipality has pledged future Provincial funding.	\$ 130,000	\$ 150,000

(b) Future estimated principal and interest payments on the municipal debt are as follows:

	Principal	Interest
2019	\$ 20,000	\$ 2,980
2020	20,000	2,507
2021	20,000	2,020
2022	20,000	1,540
2023	20,000	1,060
2024 onwards	30,000	692
	\$ 130,000	\$ 10,799

(c) Total charges for the year for municipal debt which are reported in the financial statements are as follows:

	2018	2017
Principal payments	\$ 20,000	\$ 20,000
Interest	3,460	3,940
	\$ 23,460	\$ 23,940

8. CREDIT FACILITY AGREEMENT

The Municipality has an authorized operating loan with the Bank of Nova Scotia of \$100,000 (2017 \$100,000) which was unused at the end of the year. As security, the Municipality has pledged its revenue.

THE CORPORATION OF THE MUNICIPALITY OF CALVIN

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

9. TANGIBLE CAPITAL LEASE LIABILITY

The Municipality leases equipment and vehicles, which are accounted for on the Consolidated Statement of Financial Position at the present value of future minimum lease payments. Future minimum lease payments are as follows:

	2018	2017
2018	\$ -	\$ 39,592
2019	30,022	30,022
2020	1,314	1,314
2021	1,094	1,094
Total minimum lease payments	32,430	72,022
Less amount representing interest (implicit rate of interest from 0.00% to 2.79% per contract terms)	(147)	(265)
Present value of future minimum capital lease payments	\$ 32,283	\$ 71,757

Interest of \$118 (2017 \$151) relating to capital lease obligations has been reported on the Consolidated Statement of Operations.

10. LONG-TERM COMMITMENTS

Municipal commitments are accounted for on the Consolidated Statement of Financial Position at the present value of future payments, using an estimated long-term borrowing rate of 1.64% (2017 1.64%). Municipal commitments are as follows:

	2018	2017
Antoine Mountain Resort - \$25,000 contribution paid in the period 2015-2018.	\$ -	\$ 6,666
Less: amount representing interest	-	(108)
	\$ -	\$ 6,558

11. EMPLOYEE BENEFITS PAYABLE

Under the sick leave benefits plan, unused sick leave can accumulate to a prescribed maximum and employees may become entitled to a cash payment when they leave the Municipality's employment. The sick leave benefit liability estimates use of accumulated sick leave prior to retirement as well as lump-sum payments upon retirement, and assumes that both the appropriate discount rate and future salary and wage levels will increase by 2% per annum. The liability for these accumulated days amounted to \$22,731 (2017 \$18,529) at the end of the year.

THE CORPORATION OF THE MUNICIPALITY OF CALVIN

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

12. LANDFILL CLOSURE AND POST-CLOSURE LIABILITY

Landfill closure and post-closure care requirements have been defined in accordance with industry standards and include final cover and landscaping of the landfill site, management of groundwater and leachates, and ongoing environmental monitoring and site inspection and maintenance. Estimated expenditures related to the closure and subsequent maintenance of this site are recognized in the financial statements over the operating life of the site, in proportion to its utilized capacity.

The liability for the landfill site is recorded at \$254,030 (2017 \$103,309) and represents the present value of closure and post-closure costs for 67% (2017 52%) of the total site area, using an estimated long-term borrowing rate of 3.63% (2017 3.31%) and inflation rate of 1.65% (2017 1.57%). The total estimated future expenditures - representing the sum of the discounted future cash flows for closure and post-closure care - are \$381,237 (2017 \$197,564), leaving an amount to be recognized of \$127,207 (2017 \$94,255). The estimated remaining capacity of the site is approximately 33,784 cubic metres, estimated to be filled in 31 years (2017 73 years). Post-closure care is estimated to be required for a period of 10 years.

The closure and post-closure liability is calculated from a number of factors which are themselves estimates, each of which can be made using different methodologies yielding highly variable results. As a result of changes made in 2018 in the assumptions that underlie the liability calculation, most notably the estimated annual fill rate, the estimated liability has been increased by approximately \$145,351.

The Municipality has reserves of \$104,657 (2017 \$111,538) related to its landfill site that could be used to fund this liability.

13. COMMITMENTS

In 2016 the Municipality, in conjunction with the Town of Mattawa and the Townships of Papineau-Cameron and Mattawan, agreed in principle to jointly contribute \$3,809,500 over the next 25 years towards the capital redevelopment of the Algonquin Nursing Home. The payment terms, including the distribution of the cost among the municipalities, have not yet been determined.

THE CORPORATION OF THE MUNICIPALITY OF CALVIN

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

14. TANGIBLE CAPITAL ASSETS

The tangible capital assets of the Municipality by major asset class are outlined below.

2018							
	Land and Land Improvements	Buildings	Machinery and Equipment	Vehicles	Roads and Bridges	Assets Under Construction	TOTAL
COST							
Balance, beginning of year	\$ 234,229	\$ 502,807	\$ 355,570	\$ 948,855	\$ 3,994,355	\$ 18,753	\$ 6,054,569
Additions and betterments	150,721	34,848	47,140	-	540,186	-	772,895
Disposals and writedowns	-	(18,956)	(19,495)	-	(42,765)	-	(81,216)
Transfer between classes	-	-	-	-	18,753	(18,753)	-
BALANCE, END OF YEAR	384,950	518,699	383,215	948,855	4,510,529	-	6,746,248
ACCUMULATED AMORTIZATION							
Balance, beginning of year	137,038	246,729	239,925	378,375	2,333,715	-	3,335,782
Annual amortization	153,464	21,402	23,501	49,893	53,122	-	301,382
Amortization disposals	-	(17,505)	(19,495)	-	(39,927)	-	(76,927)
BALANCE, END OF YEAR	290,502	250,626	243,931	428,268	2,346,910	-	3,560,237
TANGIBLE CAPITAL ASSETS-NET	\$ 94,448	\$ 268,073	\$ 139,284	\$ 520,587	\$ 2,163,619	\$ -	\$ 3,186,011

2017							
	Land and Land Improvements	Buildings	Machinery and Equipment	Vehicles	Roads and Bridges	Assets Under Construction	TOTAL
COST							
Balance, beginning of year	\$ 211,009	\$ 502,807	\$ 494,180	\$ 902,979	\$ 3,976,009	\$ 18,753	\$ 6,105,737
Additions and betterments	23,220	-	58,120	147,885	23,560	-	252,785
Contributed assets	-	-	1,132	-	-	-	1,132
Disposals and writedowns	-	-	(197,862)	(102,009)	(5,214)	-	(305,085)
BALANCE, END OF YEAR	234,229	502,807	355,570	948,855	3,994,355	18,753	6,054,569
ACCUMULATED AMORTIZATION							
Balance, beginning of year	111,076	225,339	408,077	422,017	2,290,735	-	3,457,244
Annual amortization	25,962	21,390	23,028	51,596	48,194	-	170,170
Amortization disposals	-	-	(191,180)	(95,238)	(5,214)	-	(291,632)
BALANCE, END OF YEAR	137,038	246,729	239,925	378,375	2,333,715	-	3,335,782
TANGIBLE CAPITAL ASSETS-NET	\$ 97,191	\$ 256,078	\$ 115,645	\$ 570,480	\$ 1,660,640	\$ 18,753	\$ 2,718,787

Included in tangible capital assets are leased tangible capital assets with a cost of \$154,576 (2017 \$154,576) and accumulated amortization of \$17,837 (2017 \$6,757).

THE CORPORATION OF THE MUNICIPALITY OF CALVIN

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

15. ACCUMULATED SURPLUS

The 2018 continuity of accumulated surplus reported on the Consolidated Statement of Financial Position is as follows:

	Balance Beginning of Year	Annual Surplus (Deficit)	Balance End of Year
RESERVES AND RESERVE FUNDS			
Working funds	\$ 107,964	\$ 11,131	\$ 119,095
Sick leave	3,000	-	3,000
Building department	9,000	-	9,000
Fire department	27,412	34,576	61,988
Roads	215,358	(43,762)	171,596
Landfill	111,538	(6,881)	104,657
Algonquin Nursing Home	-	15,424	15,424
Emergency	3,007	-	3,007
Recreation	5,508	-	5,508
	482,787	10,488	493,275
OTHER			
Consolidated tangible capital assets	2,718,787	467,224	3,186,011
General operating surplus	119,193	(27,947)	91,246
Unfunded amounts -			
Municipal debt	(150,000)	20,000	(130,000)
Tangible capital lease	(71,757)	39,474	(32,283)
Long-term commitments	(6,558)	6,558	-
Employee benefits	(18,529)	(4,202)	(22,731)
Landfill closure and post-closure liability	(103,309)	(150,721)	(254,030)
	\$ 2,970,614	\$ 360,874	\$ 3,331,488

THE CORPORATION OF THE MUNICIPALITY OF CALVIN

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

16. SEGMENT DISCLOSURES AND EXPENSES BY OBJECT

The Municipality provides a wide range of services to its citizens. The schedule of segment disclosure provides a breakdown of the annual surplus (deficit) reported on the Consolidated Statement of Operations by major reporting segment. The segments correspond to the major functional categories used in the Municipality's Financial Information Return, which include the following activities:

General Government

This segment includes Council, Clerk's Department, and Treasury. This area supports the operating departments in implementing priorities of Council and provides strategic leadership on issues relating to governance, strategic planning and service delivery.

Protection to Persons and Property

This segment includes fire, police, building inspection, conservation authority, emergency measures and bylaw enforcement. Police services are provided by the Ontario Provincial Police under contract.

Transportation Services

Transportation services include roadway systems and winter control.

Environmental Services

This segment includes solid waste management.

Health Services

This segment includes cemeteries as well as payments to the district health unit.

Social and Family Services

This segment consists primarily of payments made to the district social services administration board and home for the aged for the provision of social services such as childcare, social housing, general assistance and assistance to the elderly.

Recreation and Culture

This segment includes parks, recreation programs, recreation facilities and library services.

Planning and Development

This segment includes activities related to planning, zoning and economic development.

Unallocated Amounts

Items are recorded as unallocated amounts when there is no reasonable basis for allocating them to a segment. Major items included in this category are property taxation and related penalty and interest charges, and the municipality's annual Ontario Municipal Partnership Fund unconditional grant.

In the preparation of segmented financial information, some allocation of expenses is made. This generally includes charges of machinery use to specific segments.

THE CORPORATION OF THE MUNICIPALITY OF CALVIN

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

16. SEGMENT DISCLOSURES AND EXPENSES BY OBJECT (continued)

FOR THE YEAR ENDED DECEMBER 31, 2018

	General Government	Protection to Persons and Property	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation and Cultural Services	Planning and Development	Unallocated Amounts	Consolidated
REVENUE										
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,276,346	\$ 1,276,346
User charges	492	5,515	180	12,640	1,600	-	328	-	-	20,755
Government transfers -										
Federal	3,520	-	-	-	-	-	-	-	-	3,520
Ontario	3,491	40,430	430,000	8,126	-	-	1,177	746	194,900	678,870
Other municipalities	-	2,879	-	-	-	-	-	-	-	2,879
Gain (loss) on disposal of capital assets	-	(815)	(2,979)	3,044	-	-	-	-	-	(750)
Other	550	6,744	2,501	3,810	363	-	9,441	-	25,079	48,488
TOTAL REVENUE	8,053	54,753	429,702	27,620	1,963	-	10,946	746	1,496,325	2,030,108
EXPENSES										
Salaries, wages and benefits	219,080	48,810	152,207	48,293	7,275	-	76,827	-	-	552,492
Long-term debt charges (interest)	118	3,460	-	-	-	-	-	108	-	3,686
Materials	33,441	42,782	162,250	4,280	561	-	25,029	-	-	268,343
Contracted services	46,871	118,668	36,572	28,406	-	-	1,177	31,087	-	262,781
Rents and financial expenses	1,637	-	-	-	-	-	-	-	-	1,637
External transfers	190	-	-	-	19,300	259,423	-	-	-	278,913
Interfunctional adjustments	-	-	(1,587)	1,296	-	-	291	-	-	-
Amortization	6,664	23,452	109,782	152,351	277	-	8,856	-	-	301,382
TOTAL EXPENSES	308,001	237,172	459,224	234,626	27,413	259,423	112,180	31,195	-	1,669,234
ANNUAL SURPLUS (DEFICIT)	\$ (299,948)	\$ (182,419)	\$ (29,522)	\$ (207,006)	\$ (25,450)	\$ (259,423)	\$ (101,234)	\$ (30,449)	\$ 1,496,325	\$ 360,874

THE CORPORATION OF THE MUNICIPALITY OF CALVIN

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

16. SEGMENT DISCLOSURES AND EXPENSES BY OBJECT (continued)

FOR THE YEAR ENDED DECEMBER 31, 2017

	General Government	Protection to Persons and Property	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation and Cultural Services	Planning and Development	Unallocated Amounts	Consolidated
REVENUE										
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,211,507	\$ 1,211,507
User charges	1,144	3,655	90	11,670	1,750	-	1,965	-	-	20,274
Government transfers -										
Federal	-	-	-	-	-	-	-	-	1,285	1,285
Ontario	-	24,028	-	9,340	-	-	7,777	2,409	201,700	245,254
Other municipalities	-	1,861	-	-	-	-	-	-	-	1,861
Gain (loss) on disposal of capital assets	(6,681)	4,598	23,228	-	-	-	619	-	-	21,764
Other	74	11,966	1,525	4,620	264	-	451	-	23,495	42,395
TOTAL REVENUE	(5,463)	46,108	24,843	25,630	2,014	-	10,812	2,409	1,437,987	1,544,340
EXPENSES										
Salaries, wages and benefits	180,178	68,297	152,990	44,277	8,432	-	84,897	-	-	539,071
Long-term debt charges (interest)	151	3,940	-	-	-	-	-	213	-	4,304
Materials	31,204	44,649	158,423	4,081	897	-	26,965	-	-	266,219
Contracted services	42,499	102,147	37,392	30,660	-	-	1,177	31,205	-	245,080
Rents and financial expenses	2,193	-	508	-	-	-	-	-	-	2,701
External transfers	640	-	-	-	21,825	252,371	-	-	-	274,836
Interfunctional adjustments	-	-	(2,556)	2,556	-	-	-	-	-	-
Amortization	7,787	24,269	106,170	24,373	277	-	7,294	-	-	170,170
TOTAL EXPENSES	264,652	243,302	452,927	105,947	31,431	252,371	120,333	31,418	-	1,502,381
ANNUAL SURPLUS (DEFICIT)	\$ (270,115)	\$ (197,194)	\$ (428,084)	\$ (80,317)	\$ (29,417)	\$ (252,371)	\$ (109,521)	\$ (29,009)	\$ 1,437,987	\$ 41,959

THE CORPORATION OF THE MUNICIPALITY OF CALVIN

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

17. BUDGET FIGURES

The budget adopted for the current year was prepared on a modified accrual basis, and has been restated to conform with the accounting and reporting standards applicable to the actual results. A reconciliation of the adopted and reported budgets is presented below.

	Budget
ADOPTED BUDGET:	
Decrease in general municipal operating surplus	\$ (119,183)
Increase in municipal reserves and reserve funds	14,368
ADJUSTMENTS:	
Acquisition of tangible capital assets	609,566
Amortization of tangible capital assets	(301,600)
Decrease in municipal debt	20,000
Decrease in tangible capital leases	39,475
Long-term commitment payments	6,558
ANNUAL SURPLUS	\$ 269,184

18. PENSION AGREEMENTS

The Municipality makes contributions to a group pension plan, on behalf of certain members of its staff. Each member is required to contribute a specified percentage of earnings based on completed years of continuous employment, ranging from 1.5% to 4.5%. The Municipality is required to contribute an amount equal to each member's required contributions.

The amount contributed to the plan for 2018 was \$12,415 (2017 \$13,385) for current service and is included as an expense on the Consolidated Statement of Operations.

**THE CORPORATION OF THE MUNICIPALITY OF
CALVIN TRUST FUNDS**

FINANCIAL STATEMENTS

DECEMBER 31, 2018

THE CORPORATION OF THE MUNICIPALITY OF CALVIN TRUST FUNDS

CONTENTS

	Page
Independent Auditor's Report	1-2
Statement of Financial Position	3
Statements of Operations and Accumulated Surplus	4
Statement of Change in Net Financial Assets	5
Statement of Cash Flows	6
Notes to the Financial Statements	7

Independent auditor's report

To the Members of Council, Inhabitants and Ratepayers of
The Corporation of the Municipality of Calvin

Opinion

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The Corporation of the Municipality of Calvin Trust Funds as at December 31, 2018, and its results of operations, its changes in its net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the 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 opinion.

Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the Trust Fund's ability to continue as a going concern, disclosing, as applicable, matters related to a 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 Fund's financial reporting 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 Fund'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 Fund'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.

The logo for Grant Thornton LLP, featuring the company name in a stylized, cursive script font.

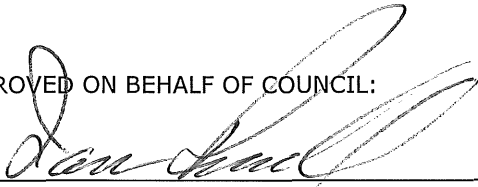
North Bay, Canada
April 23, 2019

Chartered Professional Accountants
Licensed Public Accountants

THE CORPORATION OF THE MUNICIPALITY OF CALVIN TRUST FUNDS
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2018

	2018	2017
Financial Assets		
Cash and cash equivalents	\$ 27,452	\$ 27,090
Liabilities		
Accounts payable and accrued liabilities	644	282
Net Financial Assets and Accumulated Surplus	\$ 26,808	\$ 26,808

APPROVED ON BEHALF OF COUNCIL:



Mayor

THE CORPORATION OF THE MUNICIPALITY OF CALVIN TRUST FUNDS
STATEMENTS OF OPERATIONS AND ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2018

	2018	2017
Revenue		
Capital receipts	\$ -	\$ 350
Annual Surplus	-	350
Accumulated Surplus, beginning of year	26,808	26,458
Accumulated Surplus, end of year	\$ 26,808	\$ 26,808

The accompanying notes are an integral part of these financial statements

THE CORPORATION OF THE MUNICIPALITY OF CALVIN TRUST FUNDS
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2018

	2018	2017
Annual surplus and increase in net financial assets	\$ -	\$ 350
Net financial assets, beginning of year	26,808	26,458
Net financial assets, end of year	\$ 26,808	\$ 26,808

The accompanying notes are an integral part of these financial statements

THE CORPORATION OF THE MUNICIPALITY OF CALVIN TRUST FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018

	2018	2017
Operating transactions		
Annual surplus	\$ -	\$ 350
Changes in non-cash items:		
Accounts payable and accrued liabilities	362	164
Cash provided by operating transactions	362	514
Net change in cash and cash equivalents	362	514
Cash and cash equivalents, beginning of year	27,090	26,576
Cash and cash equivalents, end of year	\$ 27,452	\$ 27,090

The accompanying notes are an integral part of these financial statements

THE CORPORATION OF THE MUNICIPALITY OF CALVIN TRUST FUNDS

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

Management Responsibility

The financial statements of the trust funds of the Corporation of the Municipality of Calvin (the "Municipality") are the responsibility of management and have been prepared in accordance with Canadian generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. A summary of significant accounting policies is provided in Note 1. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

Management maintains a system of internal controls to provide reasonable assurance that reliable financial information is produced. The internal controls are 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 financial statements.

1. SIGNIFICANT ACCOUNTING POLICIES

Significant aspects of the accounting policies adopted by the Municipality are as follows:

- (i) Reporting Entity
The financial statements reflect the assets, liabilities, revenue and expenses of the Municipality's trust funds. The Municipality's assets, liabilities, revenue and expenses are reported separately in the Municipality's consolidated financial statements.
- (ii) Basis of accounting
Sources of revenue and expenses are reported on the accrual basis of accounting. Revenue is recognized in the year in which it is earned 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.
- (iii) Cash and cash equivalents
Cash and cash equivalents include balances held at financial institutions.
- (iv) Use of Estimates
The preparation of financial statements in accordance 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 revenue and expenses during the reporting period. Actual results could differ from these estimates.
- (v) Revenue Recognition
Capital receipts are recognized when received. Interest is recognized when earned.

2. CARE AND MAINTENANCE FUND

The care and maintenance fund administered by the Municipality is funded by the sale of cemetery interment rights and markers. These funds are invested and earnings derived therefrom can be used to perform maintenance at the Municipality's cemetery. The operations and investments of the fund are undertaken by the Municipality in accordance with the regulations of the Funeral, Burial and Cremation Services Act, 2002.