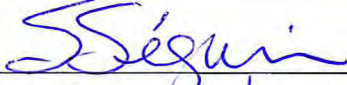
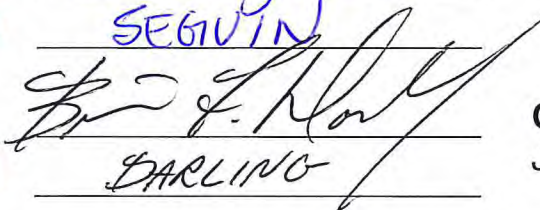




The Corporation of the
Town of Cobourg

Resolution

Moved By		Resolution No.:
Last Name Printed	SEGUIN	268-19
Seconded By		Council Date:
Last Name Printed	DARLING	July 22, 2019

WHEREAS at the Committee of the Whole on July 22, 2019, Council considered a Memo from the Director of Corporate Services/Treasurer, regarding the Audit Committee Report on the review of the draft Audited Financial Statements for the fiscal year ending December 31, 2018;

NOW THEREFORE BE IT RESOLVED THAT Council approve the 2018 Consolidated Financial Statements of the Corporation of the Town of Cobourg, attached as Appendix 'A'; and

FURTHER THAT notice be published in the newspaper and on the municipal website advising that the Consolidated Financial Statements for the Corporation of the Town of Cobourg for the year ended December 31, 2018 have been posted to the municipal website in accordance with Section 295 of the Municipal Act, 2001.

Consolidated Financial Statements

**THE CORPORATION OF THE
TOWN OF COBOURG**

Year ended December 31, 2018

THE CORPORATION OF THE TOWN OF COBOURG

Consolidated Financial Statements

Year ended December 31, 2018

	<u>Page</u>
Management's Responsibility	1
Independent Auditors' Report	2
Consolidated Statement of Financial Position	5
Consolidated Statement of Operations and Accumulated Surplus	6
Consolidated Statement of Change in Net Debt	7
Consolidated Statement of Cash Flows	8
Notes to Consolidated Financial Statements	9
Consolidated Schedule of Segment Information	30

Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of The Corporation of the Town of Cobourg (the "Town") are the responsibility of the Town's management and have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards. A summary of the significant accounting policies are described in Note 1 to the consolidated financial statements. 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.

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

The audit committee meets with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

The consolidated financial statements have been audited by KPMG LLP, independent external auditors appointed by the Town. The accompanying Independent Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the Town's consolidated financial statements.

Stephen Peacock
Chief Administrative Officer

Ian Davey
Treasurer

INDEPENDENT AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers of the Corporation of the Town of Cobourg

Opinion

We have audited the consolidated financial statements of the Corporation of the Town of Cobourg (the "Town"), which comprise:

- the consolidated statement of financial position as at December 31, 2018
- the consolidated statement of operations and accumulated surplus for the year then ended
- the consolidated statement of change in net debt for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Town as at December 31, 2018, and its consolidated results of operations, its consolidated change in net debt and its consolidated 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 "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Town in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

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

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

Auditors' 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 auditors' 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 the 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 Town's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Town's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Town to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Chartered Professional Accountants, Licensed Public Accountants

Kingston, Canada

July 22, 2019

THE CORPORATION OF THE TOWN OF COBOURG

Consolidated Statement of Financial Position

December 31, 2018, with comparative information for 2017

	2018	2017
Financial assets:		
Cash	\$ 1,824,854	\$ 5,625,559
Investments (note 2)	3,222,979	3,272,466
Taxes receivable	2,824,960	2,062,893
Receivables - grant	467,504	582,935
Receivables - other	4,303,632	5,522,105
Other financial assets	256,904	196,567
Note receivable (note 4(c))	7,000,000	7,000,000
Investment in Town of Cobourg Holdings Inc. (note 4(a))	12,133,396	11,691,324
	<u>32,034,229</u>	<u>35,953,849</u>
Liabilities:		
Temporary borrowings (note 8(a))	-	5,500,000
Accounts payable and accrued liabilities	11,359,977	10,122,764
Deferred revenue	461,696	171,240
Deferred revenue - obligatory reserve funds (note 6)	11,513,233	10,424,159
Employee future benefit liability (note 7(d))	2,683,365	2,641,860
Mortgage payable (note 8(b))	-	312,387
Promissory note payable (note 4(d))	495,000	540,000
Net long-term liabilities (note 9)	7,945,132	9,550,191
	<u>34,458,403</u>	<u>39,262,601</u>
Total net debt	(2,424,174)	(3,308,752)
Non-financial assets:		
Tangible capital assets (note 13)	192,363,289	187,410,812
Other assets	1,619,625	1,645,696
	<u>193,982,914</u>	<u>189,056,508</u>
Contingent liabilities (note 15)		
Accumulated surplus (note 10)	\$ 191,558,740	\$ 185,747,756

See accompanying notes to consolidated financial statements.

THE CORPORATION OF THE TOWN OF COBOURG

Consolidated Statement of Operations and Accumulated Surplus

Year ended December 31, 2018, with comparative information for 2017

	Budget 2018 (note 14)	Actual 2018	Actual 2017
Revenue:			
Taxation:			
Property taxation	\$ 22,935,148	\$ 23,703,850	\$ 22,477,198
Payments in lieu of taxation	60,600	174,160	172,897
User charges	13,412,291	17,819,799	16,506,925
Development charges	1,099,727	840,104	438,500
Contributed tangible capital assets	-	991,962	-
Grants:			
Government of Canada	932,348	868,598	158,401
Province of Ontario	2,233,651	977,365	1,577,327
Other municipalities	678,232	829,237	855,103
Other:			
Rental income	4,600,698	4,690,599	4,484,544
Penalty and interest	401,500	369,660	394,784
Other income	2,249,663	1,864,769	1,633,963
Donations	15,000	71,322	87,317
Interest income - Town of Cobourg Holdings Inc. (note 4(c))	507,500	507,500	507,500
Interest and dividend income	251,000	316,886	267,615
Gain (loss) on sale of assets	-	(91,302)	214,379
Net equity increase (decrease) in investment in Town of Cobourg Holdings Inc. (note 4)	-	442,072	(110,420)
Total revenue	49,377,358	54,376,581	49,666,033
Expenses (note 11):			
General government	4,322,645	3,876,024	3,912,980
Protection to persons and property	13,096,679	14,794,423	12,671,109
Transportation services	6,334,177	6,554,366	5,700,930
Environmental services	8,923,835	9,350,435	8,971,796
Industrial property	3,335,874	2,443,805	2,574,064
Social and family services	91,962	38,554	61,155
Recreation and cultural services	10,116,528	10,154,827	9,430,212
Planning and development	1,315,176	1,353,163	1,182,746
Total expenses	47,536,876	48,565,597	44,504,992
Annual surplus	1,840,482	5,810,984	5,161,041
Accumulated surplus, beginning of year		185,747,756	180,586,715
Accumulated surplus, end of year (note 10)		\$ 191,558,740	\$ 185,747,756

See accompanying notes to consolidated financial statements.

THE CORPORATION OF THE TOWN OF COBOURG

Consolidated Statement of Change in Net Debt

Year ended December 31, 2018, with comparative information for 2017

	Budget 2018	Actual 2018	Actual 2017
Annual surplus	\$ 1,840,482	\$ 5,810,984	\$ 5,161,041
Acquisition of tangible capital assets	(12,315,380)	(10,366,955)	(12,974,381)
Decrease (increase) in construction- n-progress	-	(2,251,440)	4,373,202
Amortization of tangible capital assets	7,351,732	7,510,379	7,113,664
Loss (gain) on disposal of tangible capital assets	-	91,302	(214,379)
Proceeds on disposals of tangible capital assets	-	64,237	344,754
Disposal (acquisition) of other assets	-	26,071	(160,075)
	(3,123,166)	884,578	3,643,826
Net debt, beginning of year	(3,308,752)	(3,308,752)	(6,952,578)
Net debt, end of year	\$ (6,431,918)	\$ (2,424,174)	\$ (3,308,752)

See accompanying notes to consolidated financial statements.

THE CORPORATION OF THE TOWN OF COBOURG

Consolidated Statement of Cash Flows

Year ended December 31, 2018, with comparative information for 2017

	2018	2017
Operations:		
Annual surplus	\$ 5,810,984	\$ 5,161,041
Items not involving cash:		
Amortization of tangible capital assets	7,510,379	7,113,664
Increase in employee future benefit liability	41,505	61,689
Changes in non-cash working capital balances:		
Taxes receivable	(762,067)	569,382
Receivables - grant	115,431	(437,491)
Receivables - other	1,218,473	(2,303,129)
Other financial assets	(60,337)	(63,217)
Other assets	26,071	(160,075)
Accounts payable and accrued liabilities	1,237,213	(56,803)
Deferred revenue	290,456	(431,631)
Deferred revenue - obligatory reserve funds	1,089,074	1,120,240
Net change in cash from operations	16,517,182	10,573,670
Capital activities:		
Cash used to acquire capital assets	(10,366,955)	(12,974,381)
Decrease (increase) in construction-in-progress	(2,251,440)	4,373,202
Loss (gain) on disposal of tangible capital assets	91,302	(214,379)
Proceeds on disposal of tangible capital assets	64,237	344,754
Net change in cash from capital activities	(12,462,856)	(8,470,804)
Investing activities:		
Decrease (increase) in investment in Town of Cobourg Holdings Inc.	(442,072)	110,420
Decrease (increase) in investments	49,487	(773,844)
Net change in cash from investing activities	(392,585)	(663,424)
Financing activities:		
Repayment of mortgage payable	(312,387)	(1,229,433)
Proceeds of long-term liabilities	-	4,500,000
Repayment of long-term liabilities	(1,605,059)	(828,332)
Repayment of promissory note	(45,000)	(45,000)
Temporary borrowings	(5,500,000)	(1,500,000)
Net change in cash from financing activities	(7,462,446)	897,235
Increase (decrease) in cash	(3,800,705)	2,336,677
Cash, beginning of year	5,625,559	3,288,882
Cash, end of year	\$ 1,824,854	\$ 5,625,559

See accompanying notes to consolidated financial statements.

THE CORPORATION OF THE TOWN OF COBOURG

Notes to Consolidated Financial Statements

Year ended December 31, 2018

1. Significant accounting policies:

The consolidated financial statements of The Corporation of the Town of Cobourg (the "Town") are the representations of management. They have been prepared in accordance with Canadian public sector accounting standards. Significant aspects of the accounting policies adopted by the Town are as follows:

(a) Basis of consolidation:

(i) Consolidated entities:

The consolidated financial statements reflect the assets, liabilities, revenue, expenses and fund balances of the current, capital and reserves of the reporting entity. The reporting entity is comprised of all organizations, committees and local boards which are owned or controlled by the Town.

Interdepartmental and interorganizational transactions and balances between these organizations are eliminated. These consolidated financial statements include:

Downtown Business Improvement Area
Library Board
Waterworks of the Town of Cobourg

These consolidated financial statements also include the assets, liabilities, revenue and expenses of the industrial property, which is 100% owned by the Town.

(ii) Investment in Town of Cobourg Holdings Inc.:

Town of Cobourg Holdings Inc. ("TCHI") and its subsidiaries are accounted for on a modified equity basis, consistent with Canadian public sector accounting standards. Under the modified equity basis of accounting, the business enterprise's accounting principles are not adjusted to conform to those of the Corporation, and inter-organizational transactions and balances are not eliminated. The Town recognizes its equity interest in the annual income or loss of TCHI in its Consolidated Statement of Operations with a corresponding increase or decrease in its investment asset account. Any dividends that the Town may receive from TCHI will be reflected as reductions in the investment asset account.

(iii) Accounting for school board and County transactions:

The taxation, other revenue, expenses, assets and liabilities with respect to the operations of the school boards, and the County of Northumberland are not reflected in the municipal fund balances of these consolidated financial statements. Overlevies (underlevies) are reported on the Consolidated Statement of Financial Position.

THE CORPORATION OF THE TOWN OF COBOURG

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2018

1. Significant accounting policies (continued):

(b) Basis of accounting:

Revenue and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenue as they become earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and/or the creation of a legal obligation to pay.

(c) Deferred revenue - obligatory reserve funds:

The Town receives restricted contributions under the authority of federal and provincial legislation and Town by-laws. These funds by their nature are restricted in their use and until applied to applicable costs are recorded as deferred revenue. Amounts applied to qualifying expenses are recorded as revenue in the fiscal period they are expended.

(d) Employee future benefit liability:

The Town accrues its obligations for employee benefit plans which require funding in future periods. The cost of post-retirement and post-employment benefits earned by employees is actuarially determined using the projected benefit method pro-rated on services and management's best estimate of salary escalation, retirement ages of employees and expected health care costs.

Actuarial gains (losses), which can arise from changes in actuarial assumptions used to determine the accrued benefit obligation, are amortized over the average remaining service life of the related employee groups, which is estimated to be 9 years (2017 - 9 years).

(e) Deferred revenue:

The Town receives contributions pursuant to legislation, regulations or agreement that may only be used for certain programs or in the completion of specific work. In addition, certain user charges and fees are collected for which the related services have yet to be performed. These amounts are recognized as revenue in the fiscal year the related expenses are incurred or services performed.

(f) Investments:

Investments are recorded at cost plus accrued interest and amortization of purchase premiums and discounts. If the market value of investments becomes lower than cost and this decline in value is considered to be other than temporary, the investments are written down to market value.

Investment income earned on current available funds and reserve funds (other than obligatory funds) are reported as revenue in the period earned. Investment income earned on obligatory reserve funds is added to the fund balance and forms part of the respective deferred revenue balance.

THE CORPORATION OF THE TOWN OF COBOURG

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2018

1. Significant accounting policies (continued):

(g) Workplace safety and insurance compensation:

The Town bears the cost of certain insurance and pension benefits awarded under workplace safety and insurance legislation and accrues the actuarially determined cost of these obligations.

Actuarial gains (losses), which can arise from changes in actuarial assumptions used to determine the accrued obligation, are amortized over the mean term of the liabilities which is estimated to be 12 years (2017 - 12 years).

(h) Government transfers:

Government transfers are recognized as revenue in the consolidated financial statements when the transfer is authorized, any eligibility criteria are met and a reasonable estimate of the amount can be made except, when and to the extent that, stipulations by the transferor give rise to an obligation that meets the definition of a liability. Government transfers that meet the definition of a liability are recognized as revenue as the liability is extinguished.

(i) Use of estimates:

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts in the consolidated financial statements and accompanying notes. Due to the inherent uncertainty in making estimates, actual results could differ from those estimates.

(j) Land held for resale:

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

(k) Property taxation:

The Town recognizes property tax revenue using the approved tax rate and the anticipated assessment. Taxes receivable and tax revenue are recognized when they meet the definition of an asset, the tax is authorized and the taxable event has occurred. The standard requires that property tax revenue be reported net of tax concessions. Tax transfers are reported as an expense and taxes levied on behalf of others in a flow through arrangement are not reported in the consolidated statement of operations.

(l) Non-financial assets:

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

THE CORPORATION OF THE TOWN OF COBOURG

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2018

1. Significant accounting policies (continued):

(l) Non-financial assets (continued):

(i) Tangible capital assets:

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

Asset		Years
Land improvements	Straight-line	20 to 80
Buildings and building improvements	Straight-line	15 to 95
Roads, sewer, water infrastructure	Straight-line	20 to 80
Machinery and equipment	Straight-line	3 to 30
Vehicles	Straight-line	6 to 20
Books and periodicals	Straight-line	7
Industrial property - land improvements and buildings	Declining balance	5%

Annual amortization is charged for months in use. Assets under construction are not amortized until the asset is available for productive use.

(ii) Contributions of tangible capital assets:

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

(iii) Natural resources:

Natural resources that have not been purchased are not recognized as assets in the consolidated financial statements.

(iv) Works of art and cultural and historic assets:

Works of art and cultural and historic assets are not recorded as assets in these consolidated financial statements.

(v) Inventories of supplies:

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

(vi) Interest capitalization:

The Town capitalizes interest costs associated with the acquisition or construction of a tangible capital asset.

THE CORPORATION OF THE TOWN OF COBOURG

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2018

2. Investments:

Investments, which consist of guaranteed investment certificates, are recorded on the Consolidated Statement of Financial Position at cost plus accrued interest which also approximates market value. These investments are being held in trust from a developer and all investment income earned is payable to the developer.

3. Operations of school boards and the County of Northumberland:

Requisitions were made by the school boards and the County of Northumberland requiring the Town to collect property taxes and payments in lieu of property taxes on their behalf. The amounts collected and remitted are summarized below:

	School Boards		County of Northumberland	
	2018	2017	2018	2017
Amounts requisitioned and collected	\$ 8,408,453	\$ 8,481,178	\$ 13,164,063	\$ 12,866,925

4. Investment in Town of Cobourg Holdings Inc.:

In compliance with provincial legislation enacted to restructure the electricity industry in Ontario, Council approved the incorporation of the electricity distribution business of the former Public Utilities Commission - Electric Department of Cobourg (the "Commission") in April 2000. Through its 99.9% interest in Town of Cobourg Holdings Inc. ("TCHI"), the Town retains its interest in the electricity business conducted by TCHI.

As part of electricity restructuring, incorporated distribution utilities have been allowed to take on commercial debt structures and have the ability to earn a regulated commercial rate of return. Effective May 1, 2000, the electricity distribution business formerly conducted by the Commission was transferred to TCHI. The Corporation's consolidated financial statements as a result of this transaction are comprised of the following:

	2018		2017	
9,999,999 common shares of TCHI	\$	7,002,145	\$	7,002,145
Retained earnings, beginning of year		4,689,182		4,799,599
Restatement of retained earnings, beginning of year		-		(357,887)
Revised retained earnings, beginning of year		4,689,182		4,441,712
Pro-rata share of net income during the year		592,069		469,701
Dividend		(150,000)		(200,000)
Accumulated other comprehensive income change		-		(22,234)
Total investment in Town of Cobourg Holdings Inc.	\$	12,133,396	\$	11,691,324

THE CORPORATION OF THE TOWN OF COBOURG

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2018

4. Investment in Town of Cobourg Holdings Inc. (continued):

The following tables provide condensed supplementary financial information with respect to the Town's investment in TCHI as at December 31, 2018 and December 31, 2017 and its results of operations for both years:

(a) Financial position:

	2018	2017
Current assets	\$ 8,353,964	\$ 8,888,656
Capital assets	21,479,839	21,220,128
Other assets	2,087,268	1,827,886
Total assets	31,921,071	31,936,670
Current liabilities	3,286,576	5,806,309
Long-term liabilities	14,499,125	13,200,282
Regulatory deferral account credit balances	2,001,974	1,238,755
Total liabilities	19,787,675	20,245,346
Net assets	\$ 12,133,396	\$ 11,691,324

(b) Results of operations:

	2018	2017
Revenue	\$ 31,808,036	\$ 34,561,023
Expenses	31,215,967	34,091,322
Net earnings for the period	\$ 592,069	\$ 469,701

(c) The note receivable bears interest at 7.25% per annum. The Town does not intend to demand repayment from LUI, a wholly-owned subsidiary of TCHI, prior to January 1, 2018. Interest earned on this note amounted to \$507,500 (2017 - \$507,500). Fair value of the note receivable is indeterminable as it is a non-arm's length loan.

(d) The promissory note payable to LUI bears interest at 5.4% and is due in annual repayments of \$45,000 plus interest with the total balance due on January 1, 2029. Interest paid in 2018 was \$29,160 (2017 - \$31,590).

THE CORPORATION OF THE TOWN OF COBOURG

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2018

5. Industrial property:

- Non-financial assets of the Industrial property represent the unamortized cost of the land, land improvements and buildings purchased by the Town and rented out.

	Cost	Accumulated amortization	2018	2017
Land	\$ 3,125,000	\$ —	\$ 3,125,000	\$ 3,125,000
Land improvements	967,348	355,326	612,022	633,972
Buildings	23,674,322	10,063,634	13,610,688	14,052,823
	<u>\$ 27,766,670</u>	<u>\$ 10,418,960</u>	<u>\$ 17,347,710</u>	<u>\$ 17,811,795</u>

Cost and accumulated amortization at December 31, 2017 amounted to \$27,491,908 and \$9,680,113, respectively.

(a) Financial position:

Included in the Consolidated Statement of Financial Position are the following assets and liabilities pertaining to the industrial property operations:

	2018	2017
Cash	\$ 2,299,707	\$ 504,171
Accounts receivable	251,083	233,041
Prepaid expenses	11,896	11,915
Industrial property	17,347,710	17,811,796
Total assets	19,910,396	18,560,923
Accounts payable and accrued liabilities	302,317	266,403
Deferred revenue	134,734	131,720
Mortgage payable	—	312,387
Total liabilities	437,051	710,510
Net equity in industrial property	\$ 19,473,345	\$ 17,850,413

THE CORPORATION OF THE TOWN OF COBOURG

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2018

5. Industrial property:

(b) Results of operations and change in net equity:

The following table provides condensed financial information for the industrial property operations:

	2018	2017
Gross rental income	\$ 3,463,270	\$ 3,219,294
Operating expenses	(1,493,908)	(1,532,142)
Operating expenses recovery	1,090,567	1,173,805
Administrative expenses	(210,357)	(263,468)
Interest on long-term debt	(694)	(20,767)
Amortization	(738,846)	(757,687)
Net earnings for the year	\$ 2,110,032	\$ 1,819,035
Equity, beginning of the year	\$ 16,850,413	\$ 15,272,378
Net income for the period	2,110,032	1,819,035
Transfer to reserves	(487,100)	(241,000)
Capital reserve	1,000,000	1,000,000
Equity, end of year	\$ 19,473,345	\$ 17,850,413

The industrial property is managed by an independent management company under a year-to-year contract. Rental income is recognized on a straight-line basis over the term of the tenants' respective lease agreements.

THE CORPORATION OF THE TOWN OF COBOURG

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2018

6. Deferred revenue - obligatory reserve funds:

A requirement of the Canadian public sector accounting standards is that obligatory reserve funds be reported as deferred revenue. This requirement is in place as provincial and municipal legislation restricts how these funds may be used. The balances in the obligatory reserve funds of the Town are summarized below:

	2018	2017
Balance, beginning of year	\$ 10,424,159	\$ 9,303,919
Recreational land	80,006	118,869
Federal grant - gasoline tax	589,848	573,004
Provincial grant - gasoline tax transit	203,002	197,354
Development contributions	1,157,453	825,137
Building code	362,005	77,351
Ontario Community Infrastructure Fund	411,148	35,376
Investment income	201,618	106,133
Utilization - capital	(1,107,570)	(275,184)
Utilization - operating	(808,436)	(537,800)
Balance, end of year	\$ 11,513,233	\$ 10,424,159
Analyzed as follows:		
Sub-divider contributions	\$ 308,903	\$ 287,123
Recreational land	(12,203)	73,336
Ontario Community Infrastructure Fund	243,997	35,376
Development charges	8,174,630	7,621,948
Building code	942,063	580,058
Gasoline tax:		
Provincial	73,000	57,695
Federal	1,782,843	1,768,623
	\$ 11,513,233	\$ 10,424,159

7. Employee future benefit liability:

(a) Extended health care and dental benefits:

(i) The Corporation of the Town of Cobourg:

The Town provides extended health care and dental benefits to its employees. An independent actuarial study of the post-retirement and post-employment benefits was undertaken in January 2017.

At December 31, 2018, the Town's accrued benefit liability relating to post-retirement and post-employment benefit plans is \$2,277,617 (2017 - \$2,235,846).

THE CORPORATION OF THE TOWN OF COBOURG

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2018

7. Employee future benefit liability (continued):

(a) Extended health care and dental benefits (continued):

(i) The Corporation of the Town of Cobourg (continued):

The significant actuarial assumptions adopted in estimating the Town's accrued benefit obligation are as follows:

Discount rate	4.00% per annum
Inflation rate	1.75% per annum
Salary escalation	2.75% per annum
Dental benefits escalation	3.75% per annum
Health benefits escalation	4.42% in 2018 reducing by 0.33% per year to 3.75% in 2020

Information with respect to the Town's post-retirement and post-employment obligations is as follows:

	2018	2017
Accrued benefit liability, January 1	\$ 2,235,846	\$ 2,206,388
Service cost	83,808	79,004
Benefits paid for the period	(160,519)	(167,479)
Interest cost	96,847	96,298
Amortization of actuarial loss	21,635	21,635
Accrued benefit liability, December 31	\$ 2,277,617	\$ 2,235,846

The accrued benefit liabilities at December 31, includes the following components:

	2018	2017
Accrued benefit obligation	\$ 2,479,656	\$ 2,459,520
Unamortized actuarial loss	(202,039)	(223,674)
Accrued benefit liability, end of year	\$ 2,277,617	\$ 2,235,846

THE CORPORATION OF THE TOWN OF COBOURG

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2018

7. Employee future benefit liability (continued):

(a) Extended health care and dental benefits (continued):

(ii) Waterworks of the Town of Cobourg:

The Waterworks of the Town of Cobourg (the "Waterworks") provides extended health, dental and life insurance benefits for retired employees. An independent actuarial valuation was undertaken as at December 31, 2017.

At December 31, 2018, the accrued benefit liability relating to post-retirement benefit plans is \$329,413 (2017 - \$326,884).

The significant actuarial assumptions adopted in estimating the Waterworks' accrued benefit obligation are as follows:

Discount rate	3.5% per annum
Inflation rate	2.0% per annum
Salary escalation	3.0% per annum
Dental benefits escalation	4.5% per annum
Health benefits escalation	6.2% in 2018 decreasing by 0.25% per annum until 2025

Information with respect to the Waterworks' post-retirement and post-employment obligations is as follows:

	2018	2017
Accrued benefit liability, January 1	\$ 326,884	\$ 278,954
Actuarial adjustments to opening liability	-	45,036
Revised accrued benefit liability, January 1	326,884	323,990
Service cost	14,377	7,751
Past service cost	-	36,643
Benefits paid for the period	(22,656)	(49,851)
Actuarial gain	(496)	(3,194)
Interest cost	11,304	11,545
Accrued benefit liability, December 31	\$ 329,413	\$ 326,884

THE CORPORATION OF THE TOWN OF COBOURG

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2018

7. Employee future benefit liability (continued):

(b) Workplace safety and insurance:

In common with other Schedule 2 employers, the Town funded its obligations to the Workplace Safety and Insurance Board on a "pay-as-you-go" basis for employees under Schedule 2. An independent actuarial study of the work place Safety and Insurance Board liabilities was completed July 2017.

Effective March 31, 2010, the Town is included in Workplace Safety and Insurance Board Schedule 1 and therefore has no additional liability for Workplace Safety and Insurance Board claims on or after that date.

At December 31, 2018, the Town's accrued benefit liability relating to future payments on Workplace Safety and Insurance Board claims is \$76,335 (2017 - \$79,130).

Information with respect to the Town's Workplace Safety and Insurance Board future payments is as follows:

	2018	2017
Accrued benefit liability, beginning of year	\$ 79,130	\$ 94,829
Benefits paid for the period	(5,391)	(5,834)
Survivor award	-	542
Interest cost	2,991	3,091
Amortization of actuarial gain	(395)	(13,498)
Accrued benefit liability, end of year	\$ 76,335	\$ 79,130

The accrued benefit liability at December 31, 2017, includes the following components:

	2018	2017
Accrued benefit obligation	\$ 75,058	\$ 77,458
Unamortized actuarial gain	1,277	1,672
Accrued benefit liability	\$ 76,335	\$ 79,130

(c) Liability for vacation credits:

Compensated vacation expense is accrued for employees as entitlement to these payments is earned in accordance with the Town's benefit plans for vacation time. Vacation credits earned as at December 31, 2018 amount to \$1,136,777 (2017 - \$1,041,357) and are included in accounts payable and accrued liabilities on the consolidated statement of financial position.

THE CORPORATION OF THE TOWN OF COBOURG

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2018

7. Employee future benefit liability (continued):

(d) Employee future benefit liability:

	2018	2017
Employee future benefit liability is comprised of:		
Health and dental benefits - Town	\$ 2,277,617	\$ 2,235,846
Workplace safety and insurance	76,335	79,130
	2,353,952	2,314,976
Health, dental and life insurance benefits - Waterworks	329,413	326,884
	\$ 2,683,365	\$ 2,641,860

8. Temporary borrowings and mortgage payable:

(a) Temporary borrowings:

The Town had construction loans through its bank to bridge finance certain costs of construction. The loans were fully paid in March 2018, with interest payable at the bank's prime rate minus 0.75% per annum.

(b) Mortgage payable:

	2018	2017
Royal Bank of Canada: 2.33%, due on March 5, 2018, blended monthly payments of principal and interest in the amount of \$104,352, secured by industrial property	\$ -	\$ 312,387

THE CORPORATION OF THE TOWN OF COBOURG

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2018

9. Net long-term liabilities:

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

	2018	2017
Total long-term liabilities incurred by the Town and outstanding at the end of the year	\$ 7,945,132	\$ 9,550,191

- (b) Of the net long-term liabilities reported in note 9(a) of this note, principal payments are payable from general municipal revenues as follows:

2019	\$ 1,459,989
2020	1,320,785
2021	1,266,654
2022	1,300,747
2023	366,758
Thereafter	2,230,199
	\$ 7,945,132

- (c) Approval of the Ontario Municipal Board or by-law as required has been obtained for the long-term liabilities in note 9(a) issued in the name of the Town.
- (d) Total interest on long-term liabilities that are reported on the Consolidated Statement of Operations amount to \$287,577 (2017 - \$218,335). The long-term liabilities bear interest at rates ranging from 2.22% to 4.57% with term renewals to take place in 2019 through 2033.

THE CORPORATION OF THE TOWN OF COBOURG

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2018

10. Accumulated surplus:

Accumulated surplus consists of individual fund surplus and reserves and reserve funds as follows:

	2018	2017
Surplus (deficit):		
Operations	\$ (3,700,657)	\$ (6,132,219)
Unfinanced capital	(14,090,342)	(13,169,012)
Invested in tangible capital assets	192,363,289	187,410,810
Long-term debt	(7,945,132)	(9,550,191)
Mortgage	-	(312,387)
Unfunded:		
Employee benefits	(2,683,365)	(2,641,860)
Promissory note payable to Town of Cobourg Holdings Inc.	(495,000)	(540,000)
Waterworks	436,525	1,436,737
Downtown Business Improvement Area	102,429	94,934
Town of Cobourg Public Library Board	(16,686)	49,147
Note receivable from Town of Cobourg Holdings Inc.	7,000,000	7,000,000
Investment in Town of Cobourg Holdings Inc.	12,133,396	11,691,324
Total surplus	183,104,457	175,337,283
Reserves:		
Contingencies	73,613	53,613
Parking	579,329	547,787
Current:		
Health services	4,207	4,207
Library	195,239	187,844
Capital:		
General government	1,287,726	2,077,317
Protection services	1,242,424	2,626,628
Transportation services	119,173	684,391
Environmental services	4,030,410	3,236,159
Recreation and cultural services	678,356	651,009
Planning and development	243,806	341,518
Total reserves	8,454,283	10,410,473
Total accumulated surplus	\$ 191,558,740	\$ 185,747,756

THE CORPORATION OF THE TOWN OF COBOURG

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2018

11. Classification of expenses by object:

The Consolidated Statement of Operations presents the expenses by function, whereas the following classifies those same expenses by object:

	2018	2017
Salary, wages and employee benefits	\$ 22,528,041	\$ 20,844,105
Operating materials and supplies	7,980,436	7,025,561
Contracted services	9,098,335	8,264,853
Rents and financial expenses	529,103	432,145
External transfers to other	631,727	606,329
Interest on long-term debt	287,576	218,335
Amortization of tangible capital assets	7,510,379	7,113,664
	<u>\$ 48,565,597</u>	<u>\$ 44,504,992</u>

12. Pension agreements:

The Town makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of its staff. As a result, the Town does not recognize any share of the OMERS pension surplus or deficit. The last available report for the OMERS plan was December 31, 2018. At that time, the plan reported at \$4.191 billion actuarial deficit (2017 - \$5.4 billion actuarial deficit). The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay.

For the year ended December 31, 2018, the amount contributed for and included as current service pension cost expenses on the Consolidated Statement of Operations and Accumulated Surplus is \$1,595,574 (2017 - \$1,585,553).

THE CORPORATION OF THE TOWN OF COBOURG

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2018

13. Tangible capital assets:

Cost	Balance at December 31, 2017	Additions	Disposals/ transfers/ write-offs	Balance at December 31, 2018
Land	\$ 15,326,678	\$ 21,204	\$ –	\$ 15,347,882
Land improvements	10,553,893	585,937	–	11,139,830
Buildings and building improvements	73,035,345	4,131,513	701	77,166,157
Machinery and equipment	16,464,644	1,360,305	203,807	17,621,142
Vehicles	11,538,374	1,186,619	886,415	11,838,578
Roads infrastructure	34,740,656	1,756,509	3,592	36,493,573
Sewer infrastructure	84,294,512	1,085,020	36	85,379,496
Water infrastructure	37,355,361	178,288	–	37,533,649
Books and periodicals	847,416	61,560	145,850	763,126
Construction-in-progress	8,891,708	9,661,934	7,410,494	11,143,148
	\$ 293,048,587	\$ 20,028,889	\$ 8,650,895	\$ 304,426,581

Accumulated amortization	Balance at December 31, 2017	Amortization expense	Disposals/ transfers/ write-offs	Balance at December 31, 2018
Land improvements	\$ 3,972,430	\$ 314,467	\$ –	\$ 4,286,897
Buildings and building improvements	21,652,436	1,997,355	701	23,649,090
Machinery and equipment	8,727,147	910,899	50,950	9,587,096
Vehicles	5,540,604	927,551	883,733	5,584,422
Roads infrastructure	14,954,113	833,406	3,592	15,783,927
Sewer infrastructure	33,694,919	1,590,839	36	35,285,722
Water infrastructure	16,561,548	840,445	–	17,401,993
Books and periodicals	534,578	95,417	145,850	484,145
	\$ 105,637,775	\$ 7,510,379	\$ 1,084,862	\$ 112,063,292

THE CORPORATION OF THE TOWN OF COBOURG

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2018

13. Tangible capital assets (continued):

	Net book value December 31, 2017	Net book value December 31, 2018
Land	\$ 15,326,678	\$ 15,347,882
Land improvements	6,581,463	6,852,933
Buildings and building improvements	51,382,909	53,517,067
Machinery and equipment	7,737,497	8,034,046
Vehicles	5,997,770	6,254,156
Roads infrastructure	19,786,543	20,709,646
Sewer infrastructure	50,599,593	50,093,774
Water infrastructure	20,793,813	20,131,656
Books and periodicals	312,838	278,981
Construction-in-progress	8,891,708	11,143,148
	<u>\$ 187,410,812</u>	<u>\$ 192,363,289</u>

(a) Construction-in-progress:

Construction-in-progress having a value of \$11,143,148 (2017 - \$8,891,708) has not been amortized. Amortization of this asset will commence when the asset is put into service.

(b) Tangible capital assets disclosed at nominal value:

Where an estimate of fair value could not be made, the tangible asset was recognized at a nominal value. Land is the only category where nominal values were assigned.

(c) Write-down of tangible capital assets

The write-down of tangible capital assets during the year \$Nil (2017 - \$Nil).

THE CORPORATION OF THE TOWN OF COBOURG

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2018

14. Budget figures:

The budget figures reported on the Consolidated Statement of Operations are based on the 2018 municipal and other local board operating and capital budgets as approved by Council on January 29, 2018.

Approved budget figures also include council approved budget estimates for Public Sector Accounting Board (PSAB) reporting requirements. The budgets established for capital investment in tangible capital assets are on a project-oriented basis, the costs of which may be carried out over one or more years and therefore may not be comparable with current year's actual amounts. The chart below reconciles the approved Town operating budgets and PSAB budget estimates to the total consolidated budget figures as reported on the Consolidated Statement of Operations and Accumulated Surplus.

	Budget 2018
Total revenue as reported on the consolidated statement of operations:	
Operating budget	\$ 31,316,350
Capital budget	3,817,660
Water budget	4,681,065
Wastewater budget	5,091,860
Northam Industrial Park budget	4,470,423
	<u>49,377,358</u>
Total expenses as reported on the consolidated statement of operations:	
Operating budget	36,706,375
Water budget	3,726,116
Wastewater budget	3,518,511
Northam Industrial Park budget	3,585,874
	<u>47,536,876</u>
Annual operating surplus	1,840,482
Budget not reported on consolidated financial statements:	
Operating net transfer (to)/from reserves	1,733,679
Capital income and amortization transfers	1,638,110
Principal debt repayments	(1,799,424)
Operating transfer to reserves - water	(954,949)
Operating transfer to reserves - wastewater	(1,573,349)
Operating transfer to reserves - Northam Industrial Park	(884,549)
Total budgeted surplus not reported on consolidated financial statements	\$ (1,840,482)

THE CORPORATION OF THE TOWN OF COBOURG

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2018

15. Contingent liabilities:

- (a) The nature of municipal activities is such that there may be litigation pending or in prospect at any time. With respect to claims at December 31, 2018, management believes that the Town has valid defenses and appropriate and adequate insurance coverages in place. In the event any claims are successful, the amount of any potential liability is not determinable, therefore no amount has been accrued in the consolidated financial statements.
- (b) In 2014, the Town assumed ownership of property that was identified as being contaminated. In accordance with the site management plan established by the Town, regular monitoring and sampling of ground water is performed. To date, this monitoring has indicated that certain levels of contaminants have decreased. Until the Town is required to complete a zoning amendment that would identify the need for another Phase II environmental assessment, the estimates for remediation, if any, remains uncertain and unmeasurable.

16. Segmented information:

The Town is a municipal government institution that provides a range of services to its citizens, including police, fire, transportation, recreational, and environmental. For management reporting purposes the Town's operations and activities are organized and reported by department. Funds were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations.

Municipal services are provided by departments and their activities are reported in these funds. Certain departments that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

- (a) **General Government Administration:** Includes administration, corporate services and governance of the Town. Administration as a segment includes human resource management, support to Council for policy development, by-law development in compliance with the Municipal Act, tax billing and collection responsibilities, financial management reporting, monitoring and overall budget status as well as frontline reception and customer service.
- (b) **Protection Services:** Includes policing, fire protection, conservation authority, protective inspection and control and emergency measures. The mandate of the police services is to ensure the safety of the lives and property of citizens; preserve peace and good order; prevent crimes from occurring; detect offenders; and enforce the law. Fire protection includes inspection, extinguishing and suppression services; emergency medical first response; and prevention education and training programs. Inspection and control includes building inspection, by-law enforcement and dog control services.
- (c) **Transportation Services:** This department provides the winter and summer maintenance, the repair and the construction of the municipal roads system including bridges and culverts.

THE CORPORATION OF THE TOWN OF COBOURG

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2018

16. Segmented information (continued):

- (d) **Environmental Services:** Includes the management and maintenance of the wastewater plant and sanitary sewer distribution services.
- (e) **Water Services:** Includes the management and maintenance of water treatment and distribution.
- (f) **Industrial property:** Includes the management and maintenance of the Industrial Park.
- (g) **Health and Social Services:** Provides resources to assist with community physician recruitment and retention and assistance with one specific housing project.
- (h) **Parks, Recreation and Culture:** Provides services that contribute to neighbourhood development and sustainability through the provision of recreation and leisure programs and facilities including community halls, libraries, parks, recreation fields, arena and marina.
- (i) **Planning and Development:** Manages development for business interests, environmental concerns, heritage matters, local neighbourhoods and community development. It facilitates economic development by providing services for the approval of all land development plans, the application and enforcement of the zoning by-law and official plan, and the provision of geomatics services.

For each segment separately reported, the segment revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information. These municipal services are funded primarily by property tax revenue.

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.

17. Adoption of new accounting policies:

The Town adopted the following accounting standards effective January 1, 2018: PS2200 Related party disclosures, PS3420 Inter-entity transactions, PS3210 Assets, PS3320 Contingent assets and PS3380 Contractual rights. The adoption of these standards did not result in an accounting policy change for the Town, and did not result in any adjustments to the consolidated financial statements as at January 1, 2018.

18. Comparative information:

Certain comparative information has been reclassified to conform with the financial statement presentation adopted in the current year.

THE CORPORATION OF THE TOWN OF COBOURG

Consolidated Schedule of Segment Information, continued

Year ended December 31, 2018

	General Government Administration	Protection Services	Transportation Services	Environmental Services	Industrial Property	Health and Social Services	Parks Recreation and Culture	Planning and Development	Total
Revenue:									
Taxation									
Tax revenue distributed	\$ 2,379,069	\$ 10,272,697	\$ 4,132,159	\$ (61,297)	\$ -	\$ 38,554	\$ 6,298,908	\$ 643,760	\$ 23,703,850
PIL revenue distributed	8,777	16,418	45,739	53,847	-	-	49,193	186	174,160
User fees and service charges	272,428	3,375,690	509,676	10,565,813	-	-	3,015,059	81,133	17,819,799
Development charges	-	-	274,868	-	-	-	565,236	-	840,104
Contributed tangible capital assets	-	-	991,962	-	-	-	-	-	991,962
Grants:									
Government of Canada	-	-	610,989	101,362	-	-	156,247	-	868,598
Province of Ontario	79,500	261,138	442,784	63,966	-	-	113,257	16,720	977,365
Other municipalities	-	487,992	-	-	-	-	337,885	3,360	829,237
Other:									
Rental income	6,609	-	4,425	36,612	4,553,837	-	66,720	22,396	4,690,599
Penalty and interest	18,629	34,848	97,082	114,293	-	-	104,413	395	369,660
Other income	(6,641)	734,154	140,581	273,995	-	-	134,564	588,116	1,864,769
Donations	15,000	600	-	-	-	-	55,722	-	71,322
Interest income - Town of Cobourg Holdings Inc.	507,500	-	-	-	-	-	-	-	507,500
Interest and dividend income	290,076	-	-	24,937	-	-	1,873	-	316,886
Gain (loss) on sale of assets	-	(132,857)	18,000	-	-	-	23,555	-	(91,302)
Net equity increase in investment in Town of Cobourg Holdings Inc.	442,072	-	-	-	-	-	-	-	442,072
	4,013,019	15,050,680	7,268,265	11,173,528	4,553,837	38,554	10,922,632	1,356,066	54,376,581
Expenses:									
Salaries, wages and employee benefits	2,230,838	11,175,769	2,128,172	1,452,720	-	-	4,755,655	784,887	22,528,041
Long-term debt charges (interest)	-	-	91,421	46,019	-	-	150,136	-	287,576
Materials	547,331	1,963,020	1,125,958	1,536,243	-	-	2,544,874	263,010	7,980,436
Contracted services	467,156	920,054	1,687,362	3,296,271	1,704,959	-	897,556	124,977	9,098,335
Rents and financial expenses	349,999	-	58,687	98,089	-	-	22,328	-	529,103
External transfers	-	210,513	-	-	-	38,554	211,060	171,600	631,727
Amortization	280,700	525,067	1,462,766	2,921,093	738,846	-	1,573,218	8,689	7,510,379
	3,876,024	14,794,423	6,554,366	9,350,435	2,443,805	38,554	10,154,827	1,353,163	48,565,597
Excess of revenue over expenses	\$ 136,995	\$ 256,257	\$ 713,899	\$ 1,823,093	\$ 2,110,032	\$ -	\$ 767,805	\$ 2,903	\$ 5,810,984