

**CORPORATION OF THE CITY OF QUINTE WEST
CONSOLIDATED FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2018**

CORPORATION OF THE CITY OF QUINTE WEST
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AS AT DECEMBER 31, 2018

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MANAGEMENT'S REPORT

Management's Report

Management's Responsibility for the Consolidated Financial Statement

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards, and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the consolidated financial statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the consolidated financial statements. 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.

Management is also responsible for implementing and maintaining 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.

The Corporate and Financial Services Committee are responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control, and exercises these responsibilities through Council. The Committee reviews internal consolidated financial statements on a regular basis and external audited consolidated financial statements yearly. The Committee also discusses any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

The external auditors, Wilkinson & Company LLP, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the consolidated financial statements. The external auditors have full and free access to financial management of the Corporation of the City of Quinte West and meet when required. The accompanying Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the consolidated financial statements.

On behalf of the Corporation of City of Quinte West.

Committee Member

Committee Member

INDEPENDENT AUDITORS' REPORT

To the Council of the
Corporation of the City of Quinte West

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Corporation of the City of Quinte West, which comprise the consolidated statement of financial position as at December 31, 2018 and the consolidated statements of operations, cash flows and changes in net debt 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 Municipality as at December 31, 2018, and its results of operations 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 Municipality 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.

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

INDEPENDENT AUDITORS' REPORT
PAGE 3

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

Wilkinson + Company LLP

TRENTON, Canada
May 8, 2019

Chartered Professional Accountants
Licensed Public Accountants

**CORPORATION OF THE CITY OF QUINTE WEST
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2018**

	2018	Restated 2017
	\$	\$
FINANCIAL ASSETS		
Cash and cash equivalents - Note 5	32,258,026	39,348,069
Taxes receivable - net of allowance	3,708,098	5,326,726
Accounts receivable - Note 6	6,099,551	7,019,922
Land held for resale	3,758,209	3,353,220
	45,823,884	55,047,937
LIABILITIES		
Accounts payable and accrued liabilities	13,269,870	15,161,295
Deferred revenue and deposits - Note 7	6,001,124	4,641,878
Landfill obligation - Note 8	818,000	753,425
Contaminated sites obligation - Note 9	611,000	604,000
Employee future benefits - Note 10	4,076,100	3,941,100
Municipal debt - Note 11	97,309,909	101,670,119
	122,086,003	126,771,817
Net debt	(76,262,119)	(71,723,880)
NON-FINANCIAL ASSETS		
Tangible capital assets - Note 16	368,958,433	360,581,431
Inventory	146,624	114,263
Prepaid expenses	575,062	508,205
	369,680,119	361,203,899
MUNICIPAL POSITION		
Accumulated Surplus - Note 12	293,418,000	289,480,019

The accompanying notes form an integral part of these financial statements

**CORPORATION OF THE CITY OF QUINTE WEST
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Budget (Unaudited) Note 15 2018 \$	Actual 2018 \$	Restated Actual 2017 \$
REVENUES			
Taxes levied for own purposes	47,951,600	49,302,074	45,921,934
Taxes from other governments	9,655,300	10,160,651	10,130,196
User fees	19,425,350	19,580,237	17,986,291
Grants:			
Government of Canada	3,335,000	2,784,957	3,939,824
Province of Ontario	4,722,121	4,827,834	5,142,052
Other municipalities	26,200	48,567	21,767
Other:			
Developer contributions	100,000	3,126,652	8,761,900
Other	1,475,250	1,978,335	2,555,150
Loss on disposal of tangible capital assets	-	(5,431,754)	(179,684)
Interest	869,100	1,157,031	935,021
	87,559,921	87,534,584	95,214,451
EXPENDITURES			
General government	10,782,186	10,072,463	9,873,106
Protection services	15,132,100	14,778,043	14,391,201
Transportation services	23,320,550	21,621,851	20,242,038
Environmental services	17,680,049	17,438,214	16,639,211
Health services	3,554,000	3,682,512	3,218,642
Social and family services	6,160,000	6,027,965	6,002,112
Recreation and cultural services	9,001,439	8,681,569	8,872,615
Planning and development	1,332,200	1,293,986	1,247,533
	86,962,524	83,596,603	80,486,458
ANNUAL SURPLUS	597,397	3,937,981	14,727,993
ACCUMULATED SURPLUS - BEGINNING OF YEAR - AS REPORTED	-	290,645,116	276,379,811
PRIOR PERIOD ADJUSTMENT - Note 18	-	(1,165,097)	(1,627,785)
ACCUMULATED SURPLUS - BEGINNING OF YEAR - AS RESTATED	-	289,480,019	274,752,026
ACCUMULATED SURPLUS - END OF YEAR - AS RESTATED	-	293,418,000	289,480,019

The accompanying notes form an integral part of these financial statements

**CORPORATION OF THE CITY OF QUINTE WEST
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018**

	2018	Restated 2017
	\$	\$
OPERATING TRANSACTIONS		
Annual surplus	3,937,981	14,727,993
Adjustment for items which do not affect cash -		
Amortization of tangible capital assets	15,850,496	14,916,073
Loss on disposal of tangible capital assets	5,431,754	179,684
Increase (decrease) in landfill obligation	64,575	(86,826)
Increase (decrease) in contaminated sites obligation	7,000	(118,000)
Increase in employee future benefits	135,000	770,000
Decrease (increase) in taxes receivable	1,618,628	(1,627,054)
Decrease (increase) in accounts receivable	920,370	(589,315)
Decrease (increase) in inventory	(32,361)	3,216
Increase in prepaid expenses	(66,857)	(28,792)
Increase in land held for resale	(404,989)	(456,336)
Increase (decrease) in accounts payable and accrued liabilities	(1,891,426)	1,819,817
Increase (decrease) in deferred revenue and deposits	1,359,247	(3,078,285)
CASH PROVIDED BY OPERATING TRANSACTIONS	26,929,418	26,432,175
CAPITAL TRANSACTIONS		
Purchase of tangible capital assets	(29,749,236)	(29,458,652)
Proceeds on sale of tangible capital assets	89,985	139,144
CASH APPLIED TO CAPITAL TRANSACTIONS	(29,659,251)	(29,319,508)
FINANCING TRANSACTIONS		
Issuance of municipal debt	-	12,520,000
Debt principal repayments	(4,360,210)	(2,375,840)
CASH PROVIDED BY (APPLIED TO) FINANCING ACTIVITIES	(4,360,210)	10,144,160
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(7,090,043)	7,256,827
OPENING CASH AND CASH EQUIVALENTS	39,348,069	32,091,242
CLOSING CASH AND CASH EQUIVALENTS	32,258,026	39,348,069
REPRESENTED BY:		
Cash and cash equivalents	32,258,026	39,348,069

The accompanying notes form an integral part of these financial statements

**CORPORATION OF THE CITY OF QUINTE WEST
CONSOLIDATED STATEMENT OF CHANGES IN NET DEBT
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Budget (Unaudited) Note 15 2018 \$	2018 \$	Restated 2017 \$
Annual surplus	597,397	3,937,981	14,727,993
Effect of prior year adjustment - Note 18			(462,688)
Acquisition of tangible capital assets	(34,570,822)	(29,749,236)	(29,458,652)
Amortization of tangible capital assets	16,308,500	15,850,496	15,378,761
Loss on disposal of tangible capital assets	-	5,431,754	179,684
Proceeds on sale of tangible capital assets	-	89,985	139,144
	(17,664,925)	(4,439,020)	504,242
Acquisition of inventory	-	(146,624)	(114,263)
Consumption of inventory	-	114,262	117,479
Acquisition of prepaid expenses	-	(575,062)	(508,205)
Consumption of prepaid expenses	-	508,205	479,413
	-	(99,219)	(25,576)
Decrease (increase) in net debt	(17,664,925)	(4,538,239)	478,666
Net debt - beginning of year	(71,723,880)	(71,723,880)	(72,202,546)
Net debt - end of year	(89,388,805)	(76,262,119)	(71,723,880)

The accompanying notes form an integral part of these financial statements

**CORPORATION OF THE CITY OF QUINTE WEST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Corporation of the City of Quinte West are prepared by management in accordance with Canadian generally accepted accounting policies as recommended by the Public Sector Accounting Board of CPA Canada. Significant aspects of the accounting policies adopted by the City are as follows:

(a) Basis of Accounting

These financial statements are prepared in accordance with Canadian public sector accounting standards.

(b) Basis of Consolidation

The Consolidated financial statements reflect the assets, liabilities, revenues and expenses of the reporting entity, which are composed of all boards, which are controlled by the Council. These boards are the Quinte West Public Library Board and Trenton Downtown Business Improvement Area Board.

All interfund and inter-entity assets, liabilities, revenues and expenses are eliminated upon consolidation.

Trust funds and their related operations administered by the City are not consolidated, but are disclosed separately in Note 2.

The taxes, other revenues, expenses, assets and liabilities with respect to the operations of the school boards are not reflected in the balances of these consolidated financial statements, but are disclosed separately in Note 3.

(c) Land Held for Resale

Land held for resale is recorded at the lower of cost or net realizable value. Costs include amounts for improvements to prepare the land for sale.

**CORPORATION OF THE CITY OF QUINTE WEST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Cont'd)

(d) Tangible Capital Assets

Tangible capital assets are recorded at historical cost, which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Where historical cost is not available, management has developed estimation techniques to determine cost. The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over the useful lives of the assets. The only exception is for land, which is considered to have an indefinite life. Assets under construction are not amortized until the asset is available for productive use. Gains and/or losses on the disposal of an asset are recorded on the consolidated statement of operations as "gain/loss on disposal of tangible capital assets". Amortization of tangible capital assets which is based on management's estimate of the useful life, is calculated from the month of addition as follows:

Asset	Basis	Useful Life
Land improvements	Straight-line	10-50 years
Buildings	Straight-line	20-110 years
Equipment	Straight-line	3-30 years
Computer hardware and software	Straight-line	3-5 years
Vehicles and rolling equipment	Straight-line	10-20 years
Furniture and fixtures	Straight-line	3-30 years
Road network	Straight-line	15-75 years
Water and sewer network	Straight-line	30-80 years

Tangible capital assets are written down when conditions indicate that they no longer contribute to the City's ability to provide services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for in the consolidated statement of operations.

(e) Pension Agreement

The City is an employer member of the Ontario Municipal Employee Retirement System (OMERS), which is a multi-employer, defined benefit pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of the benefits. The City has adopted defined contribution plan accounting principles for the plan because it is a multi-employer plan. The City records as pension expense the current service cost, amortization of past costs and interest costs related to the future employer contributions to the plan for past employee service.

**CORPORATION OF THE CITY OF QUINTE WEST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Cont'd)

(f) Use of Estimates and Measurement Uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Significant items subject to such estimates and assumptions include valuation of employee future benefits, landfill obligation, contaminated sites obligation, fair value of contributed tangible capital assets, allowance for uncollectible taxes and the estimated useful life of tangible capital assets.

Estimates are based on actuarial and engineering reports that are based on the best information available at the time of preparation of the consolidated financial statements. Actual results could differ from those estimates.

(g) Cash and Equivalents

Cash and equivalents consist of bank balances and investments in term deposits with maturity dates of less than three months from the date they are acquired, and is net of any temporary borrowings for current purposes.

(h) Deferred Revenue

Obligatory reserve funds and any other externally restricted financing amounts must be reported as deferred revenue. Only the amount earned by qualifying expenditures in the current year is reflected as revenue in the Consolidated Statement of Operations.

(i) Revenue Recognition

Revenue is reported on the accrual basis of accounting.

Tax revenue is recognized in the calendar year to which the tax assessment applies. When necessary, taxes are recorded at estimated amounts when actual balances are not known. Taxes receivable are recognized net of an allowance for anticipated uncollectible amounts.

Fines and donations are recognized when collected.

Developer contributions and fees for services are recognized over the period of service or when required expenditures occur if applicable.

Except as noted in the government transfers policy below, conditional grant revenue is recognized to the extent the conditions imposed on it have been fulfilled. Unconditional grant revenue is recognized when monies are receivable. Grants for the acquisition of tangible capital assets are recognized in the period in which eligible expenses are made.

**CORPORATION OF THE CITY OF QUINTE WEST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Cont'd)

(j) Government Transfers

Government transfers are recognized as revenue in the consolidated financial statements 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 statement of operations as the liabilities are settled.

(k) Liability for Contaminated Sites

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of contaminated sites is recognized when all the following criteria are met:

- (i) an environmental standard exists;
- (ii) contamination exceeds environmental standard;
- (iii) The City is directly responsible or accepts responsibility; and
- (iv) a reasonable estimate of the amount can be made.

(l) Financial Instruments

The City initially measures its financial assets and liabilities at fair value adjusted by, in the case of financial instruments that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

The City subsequently measures all its financial assets and financial liabilities at amortized cost except for equities quoted in an active market, which are subsequently measured at fair value.

All financial assets and financial liabilities are measured at amortized cost.

2. TRUST FUNDS

	2018	2017
	\$	\$
Mount Evergreen Cemetery	340,480	333,060
Mount Zion Cemetery	11,300	11,300
Mount Carmel Cemetery	34,823	34,823
McVicar Trust	2,629	2,581
Stone Church Cemetery	100	-
	389,332	381,764

**CORPORATION OF THE CITY OF QUINTE WEST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

3. TAXES RAISED ON BEHALF OF OTHERS

	2018	2017
	\$	\$
School boards	12,223,094	12,060,742

The ratepayers of the City of Quinte West support the operations of various school boards operating in the Municipality. These taxes are collected by the City on behalf of the school boards and are not reflected on the Statement of Operations. To the extent that the tax amounts remain uncollected at year end, the outstanding amounts are included in taxes receivable.

4. RESTRICTED ASSETS

	2018	2017
	\$	\$
Cash	8,164,820	4,830,292
Short-term investments	-	15,500
Due to/from own municipality	(3,168,422)	(953,258)
	4,996,398	3,892,534
Consists of:		
Obligatory funds in deferred revenue	4,978,798	3,874,934
Reid fund reserve in surplus	17,600	17,600
	4,996,398	3,892,534

5. CASH AND CASH EQUIVALENTS

	2018	2017
	\$	\$
Unrestricted:		
Unrestricted cash	21,233,939	30,981,193
Designated:		
Designated cash	2,859,267	3,521,084
Restricted		
Restricted cash	8,164,820	4,830,292
Restricted investments	-	15,500
	8,164,820	4,845,792
	32,258,026	39,348,069

**CORPORATION OF THE CITY OF QUINTE WEST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

5. CASH AND CASH EQUIVALENTS - (Cont'd)

The majority of the cash is on deposit at one financial institution (TD Canada Trust). The restricted investments consisted of investments held TD Waterhouse which matured during the current year. Interest earned on these funds at 1.02% was restricted to the purchase of historical books in the library.

6. ACCOUNTS RECEIVABLE

	2018	2017
	\$	\$
Government of Canada	2,056,131	2,642,060
Province of Ontario	12,084	942,215
Other Municipalities	11,088	15,751
Other	4,020,248	3,419,896
	6,099,551	7,019,922

7. DEFERRED REVENUE AND DEPOSITS

	2018	2017
	\$	\$
Obligatory reserve funds:		
Development Charges Act	2,685,206	2,301,713
Parkland (Planning Act)	481,982	456,946
Federal Gas Tax	1,316,378	1,095,843
Provincial Gas Tax	38,236	20,432
OMCC (Ontario Municipal Commuter Cycling)	250,000	-
OG Alyea Park	36,000	-
OCIF (Ontario Community Infrastructure Fund)	170,996	-
	4,978,798	3,874,934
Deferred revenue:		
Stormwater	60,580	59,468
Other deferred revenue and deposits	961,746	707,476
	1,022,326	766,944
	6,001,124	4,641,878

**CORPORATION OF THE CITY OF QUINTE WEST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

7. DEFERRED REVENUE AND DEPOSITS - (Cont'd)

The net change during the year in the restricted deferred revenue balances is made up of the following:

	Development charges \$	Parkland \$	Federal Gas tax \$	Provincial Gas tax \$	OMCC \$	OG Alyea Park \$	OCIF \$	Total \$
Opening balance	2,301,713	456,946	1,095,843	20,432	-	-	-	3,874,934
Amounts received	1,438,761	34,000	2,744,661	506,884	314,569	36,000	2,821,972	7,896,847
Interest earned	54,627	8,860	35,669	920	4,622	-	22,160	126,858
Revenue recognized	(1,109,895)	(17,824)	(2,559,795)	(490,000)	(69,191)	-	(2,673,136)	(6,919,841)
Ending obligatory funds	2,685,206	481,982	1,316,378	38,236	250,000	36,000	170,996	4,978,798

Gas tax revenue is provided by the Government of Canada. The use of the funds is established by the funding agreement signed between the City and the Association of Municipalities of Ontario. Gas tax funds may be used towards designated projects as specified in the funding agreements.

**CORPORATION OF THE CITY OF QUINTE WEST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

8. LANDFILL OBLIGATION

The consolidated statement of financial position reflects a liability for anticipated future costs related to the closing and monitoring of the existing landfill site. The waste site closure and post closure cost liability has been estimated at December 31, 2018 to be \$818,000 (2017 - \$753,425). This liability represents the estimated total expenditures for closure and post closure care. This liability was initially estimated by an accredited engineering firm hired by the City who has experience with landfill construction, closure and on-going monitoring work and related processes. For purposes of the above calculation, the landfill has an estimated remaining life span of 8 years and remaining capacity of 39,482 cubic meters. Once closed, the site will be monitored for an estimated period of 25 years with the estimated costs of \$25,878 per year. The estimated present value of total closure and post closure costs is \$1,020,998, using an updated average inflation rate of 2.48% and an interest rate of 3.64% that is equal to the rate available to the City on long-term borrowing, with an estimated portion related to remaining available capacity is \$202,997. As at December 31, 2018, the landfill closure and post closure costs have not been fully financed.

9. CONTAMINATED SITES OBLIGATION

The consolidated statement of financial position recognizes and estimates a liability of \$611,000 (2017 - \$604,000) for remediation of two properties using a net present value calculation with an updated inflation rate of 2.48% and an interest rate of 3.64% that is equal to the rate available to the City on long-term borrowing. The nature of the liability is due to a history of industrial contamination associated with the use of various chemicals, of which leaking buried drums containing these chemicals were discovered in 1990 and subsequently removed. This liability was initially estimated by an accredited engineering firm hired by the City who has experience with contaminated sites and on-going monitoring work and related processes. For purposes of the above calculation, the contaminated sites have an estimated remaining life span of six years. As at December 31, 2018, the costs associated with the contaminated sites have not been fully financed.

**CORPORATION OF THE CITY OF QUINTE WEST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

10. EMPLOYEE FUTURE BENEFITS

The city provides certain employee amounts which will require funding in future periods.

(i) Vacation Payable

Vacation pay owing at December 31, 2018 of \$224,123 (2017 - \$207,120) has been fully funded from operations and included in accounts payable in these financial statements.

(ii) Pension Agreement

OMERS provides pension services to more than 496,000 active and retired members and approximately 1,000 employers. Each year an independent actuary determines the funding status of OMERS Primary Pension Plan (the Plan) by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial valuation of the Plan was conducted at December 31, 2018. The results of this valuation disclosed total actuarial liabilities of \$100,081 million in respect of benefits accrued for service with actuarial assets at that date of \$95,890 million indicating an actuarial deficit of \$4,191 million. OMERS is a multi-employer plan, accordingly, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the municipality does not recognize any share of the OMERS pension surplus or deficit. Contributions made by the municipality to OMERS for 2018 were \$1,590,257 (2017 - \$1,511,178).

(iii) Post-Employment Benefits

Under the provisions of certain employee benefit plans, an employee, who is eligible for a retirement pension from OMERS, and is under the age of 65 will be provided with Extended Health coverage.

Regular firefighters receive health benefits until death, Water and Sewer retirees with life insurance benefits also receive coverage until death. For all other groups, health benefits are terminated on the members 65th birthday. The plan requires no contribution from employees. Total benefit payments for retirees during the year were \$253,400 (2017 - \$213,800).

**CORPORATION OF THE CITY OF QUINTE WEST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

10. EMPLOYEE FUTURE BENEFITS - (Cont'd)

(iii) Post-Employment Benefits - (Cont'd)

Actuarial valuations for accounting purposes will be performed triennially using the projected benefit method prorated on services. The last actuarial valuation was completed as at December 31, 2017. The next actuarial valuation is to be completed as at December 31, 2020. The accrued benefit obligation of \$4,076,100 shown for December 31, 2018 is based on that valuation. Actual experienced cost increases and discount rate adjustments have resulted in a net loss of \$527,100 which will be recognized over the estimated average remaining service life of the employee group.

The post-employment benefit liability at December 31, 2018 includes the following components.

	2018	2017
	\$	\$
Actuarially determined accrued benefit obligation	4,603,200	4,532,300
Unamortized actuarial losses	(527,100)	(591,200)
	4,076,100	3,941,100

The actuarial valuation and extrapolation were based on a number of assumptions about future events, such as wage and salary increases, and employee turnover and mortality. The assumptions used reflect the municipalities, best estimates. The main actuarial assumptions employed for the extrapolation are as follows:

Discount rate	3.4%
Medical cost increases:	
First year	6.87%
Decreasing over 20 years to	4%
Expected rate of dental cost increase	4%
Estimated average remaining service life of the employee group	11 years

The post-employment benefit expense is reported as a component of current expenditures on the statement of financial activities. Composition of the amount is as follows:

	2018	2017
	\$	\$
Current year benefit cost	168,800	155,300
Amortization of actuarial losses	64,100	64,100
Plan amendments during the year	-	611,800
Interest on post-employment benefit liability	155,500	152,600
	388,400	983,800

**CORPORATION OF THE CITY OF QUINTE WEST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

11. MUNICIPAL DEBT

	2018	2017
	\$	\$
Total long-term liabilities incurred for capital purposes by the City including those incurred on behalf of public works, Municipal Enterprise and individuals outstanding at year-end.	97,321,767	101,686,970
Of the long-term liabilities shown above, the responsibility for payment of principal and interest for tile drainage and shoreline property assistance loans assumed by individuals.	(11,858)	(16,851)
Net municipal debt	97,309,909	101,670,119

- (i) The interest rates charged on debt range from 2.56% to 4.83%. The estimated requirement for future repayments, assuming payment on the demand loans is not enforced before debentures are finalized, are summarized as follows:

	2019	2020	2021	2022	2023 +	Total
	\$	\$	\$	\$	\$	\$
Principal	4,477,029	4,329,476	4,448,540	4,569,517	79,485,347	97,309,909
Interest	3,353,299	3,204,459	3,048,756	2,893,289	25,385,713	37,885,516
	7,830,328	7,533,935	7,497,296	7,462,806	104,871,060	135,195,425

- (ii) The long-term liabilities issued in the City's name have been approved by by-law as required and the annual principal and interest payments required are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.

**CORPORATION OF THE CITY OF QUINTE WEST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

11. MUNICIPAL DEBT - (Cont'd)

(iii) The City of Quinte West is contingently liable for long-term liabilities with respect to tile drainage and shoreline property assistance loans. The total amount outstanding as at December 31, 2018 is \$11,858 (2017 - \$16,851) and is not recorded on the Consolidated Statement of Financial Position.

12. ACCUMULATED SURPLUS

	2018	Restated 2017
	\$	\$
Total reserve and reserve funds	34,421,635	32,809,064
Land held for sale	3,758,209	3,353,220
Surplus attributable to net capital assets	368,958,433	360,581,431
Municipal debt to be recovered in future	(97,309,909)	(101,670,119)
Employee future benefits to be recovered in future	(4,076,100)	(3,941,100)
Landfill liability to be recovered in future	(818,000)	(753,425)
Contaminated sites liability to be recovered in future	(611,000)	(604,000)
Operating deficit	(10,905,268)	(295,052)
	293,418,000	289,480,019

13. CONTINGENCIES AND COMMITMENTS

(i) Credit facility agreement

The City has a revolving credit facility agreement with its main financial institution. The amount available at any time is limited to \$5 million through an operating line of credit. Any balance borrowed will bear interest at prime less 0.5% per annum on prime based loans, prime less 0.25% per annum on bankers acceptances and 1% per annum on letters of credit. Council authorized the temporary borrowing limit for 2016 in by-law 14-17, and there was a balance owing as at December 31, 2018 of Nil (2017 - Nil).

(ii) Other contingencies

In the normal course of its operations, the City is subject to various litigations and claims. The ultimate outcome of these claims cannot be determined at this time. However, the City's management believes that the ultimate disposition of these matters will not have a material adverse effect on its financial position.

**CORPORATION OF THE CITY OF QUINTE WEST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

13. CONTINGENCIES AND COMMITMENTS - (Cont'd)

(iii) Legal matters

The City has been named in litigation matters, the outcome of which are undeterminable. Accordingly, no provision has been provided for these matters in these financial statements. Should any loss result from these claims, not covered by insurance, such loss would be charged to operations in the year of resolution.

(iv) Spending commitments

The City has assumed and entered into certain agreements for collection, disposal and recycling of garbage.

The City has entered into a commitment with Hastings County to support the capital construction of the Hastings Manor in Belleville with an additional contribution of \$181,000 annually for 20 years, commencing in 2004, for a total estimated capital commitment of \$3,620,000. At December 31, 2018 the remaining commitment is \$905,000.

The City has entered into a commitment with the Kingston Hospital Foundation to contribute a total of \$395,000 over 5 years commencing in 2018. At December 31, 2018 the remaining commitment is \$316,000.

The City has entered into a commitment with the Trenton Memorial Hospital Foundation to contribute a total of \$1,000,000 over 9 years commencing in 2013. At December 31, 2018 the remaining commitment is \$333,333.

The City has entered into a commitment with Loyalist College to contribute a total of \$500,000 over 9 years commencing in 2013. At December 31, 2018 the remaining commitment is \$166,666.

The City has entered into a commitment with Highway of Hero's - Tree Planting to contribute a total of \$100,000 over 4 years commencing in 2019.

The City has entered into a commitment with the Humane Society to contribute a total of \$250,000 over 4 years commencing in 2019.

The City has entered into a commitment with the Natural History Museum to contribute a total of \$2,000,000 over 10 years commencing in 2019.

14. RELATED PARTY TRANSACTIONS

The City of Quinte West is related to a local non-profit organization that provides transportation services. Transactions during the year included payment of certain operating expenses totalling \$156,154 and funding provided totalling \$1,106,900. These transactions are recorded at an exchange amount that is agreed upon by both parties. At year-end there is funding payable of \$0 and reimbursement of expenses receivable of \$73,774.

**CORPORATION OF THE CITY OF QUINTE WEST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

15. BUDGET AMOUNTS

The 2018 budget adopted by Council was not prepared on a basis consistent with that used to report actual results. The budget was prepared on a modified accrual basis while Public Sector accounting standards now require a full accrual basis. The budget figures treated all tangible capital expenditures as expenses. As a result, the budget figures presented in the consolidated statement of operations and consolidated change in net debt represent the budget adopted by Council with adjustments as follows:

	2018 budget adopted by Council \$	Non TCA expenditures from capital \$	2018 budget presented in statements \$
Revenue			
Taxes levied for own purposes	47,951,600	-	47,951,600
Taxes from other governments	9,655,300	-	9,655,300
User fees	19,425,350	-	19,425,350
Grants	8,083,321	-	8,083,321
Other	2,444,350	-	2,444,350
	87,559,921	-	87,559,921
Expenditures			
General government	10,767,186	15,000	10,782,186
Protection services	15,132,100	-	15,132,100
Transportation services	22,850,550	470,000	23,320,550
Environmental services	17,570,049	110,000	17,680,049
Health services	3,554,000	-	3,554,000
Social and family services	6,160,000	-	6,160,000
Recreation and cultural services	8,916,439	85,000	9,001,439
Planning and development	1,332,200	-	1,332,200
	86,282,524	680,000	86,962,524
Annual deficit	1,277,397	(680,000)	597,397
Capital expenditures	(34,570,822)	680,000	
Transfers from (to) reserve/reserve funds	3,817,025	-	
Debt proceeds	17,300,000	-	
Debt repayment	(4,132,100)	-	
Budget use of prior year surplus	(16,308,500)	-	
General levy surplus	13,378,500	-	
Area rating surplus	-	-	
Water and sewer surplus	2,695,000	-	
Library surplus	235,000	-	
	-	-	

**CORPORATION OF THE CITY OF QUINTE WEST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

16. TANGIBLE CAPITAL ASSETS

	General Assets					Infrastructure Assets							
	Land Improvements \$	Buildings \$	Equipment \$	Furniture & Fixtures & Equipment \$	Computer Hardware & Software \$	Land \$	Buildings \$	Equipment \$	Road Network \$	Water & Sewer Network \$	Work in Progress \$	2018 \$	
Cost, Beginning of year	7,808,478	10,798,522	78,573,040	11,397,742	1,388,677	1,623,108	214,594	55,625,401	16,930,320	437,559,469	100,579,276	31,874,980	754,373,607
Additions	20,000	420,961	5,749,948	823,965	133,535	278,950	-	3,199,358	1,240,393	7,127,767	1,934,064	8,817,387	29,746,328
Disposals	(75,000)	(67,968)	(21,607)	(360,579)	(117,410)	(251,642)	-	(10,745,677)	(408,457)	(4,730,231)	(190,508)	-	(16,969,079)
Internal Transfers	-	-	1,819,919	-	-	-	-	29,431,815	-	105,639	451,020	(31,808,393)	-
Cost, End of Year	7,753,478	11,151,515	86,121,300	11,861,128	1,404,802	1,650,416	214,594	77,510,897	17,762,256	440,062,644	102,773,852	8,883,974	767,150,856
Accumulated Dep'n Beginning of Year	-	4,220,800	17,043,929	7,074,936	917,814	934,528	-	26,639,327	9,057,254	288,404,147	39,499,441	-	393,792,176
Amortization	-	425,120	1,955,451	706,177	142,748	292,758	-	1,610,244	932,746	8,443,864	1,341,388	-	15,850,496
Disposals	-	(64,541)	(21,607)	(370,712)	(117,410)	(236,232)	-	(5,908,023)	(344,539)	(4,226,039)	(161,146)	-	(11,450,249)
Accumulated Dep'n End of Year	-	4,581,379	18,977,773	7,410,401	943,152	991,054	-	22,341,548	9,645,461	292,621,972	40,679,683	-	398,192,423
Net Book Value Beginning of Year	7,808,478	6,577,722	61,529,111	4,322,806	470,863	688,580	214,594	28,986,074	7,873,066	149,155,322	61,079,835	31,874,980	360,581,431
Net Book Value End of Year	7,753,478	6,570,136	67,143,527	4,450,727	461,650	659,362	214,594	55,169,349	8,116,795	147,440,672	62,094,169	8,883,974	368,958,433

**CORPORATION OF THE CITY OF QUINTE WEST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

16. TANGIBLE CAPITAL ASSETS - (Cont'd)

	General Assets				Infrastructure Assets								
	Land	Land Improvements	Buildings	Equipment	Furniture Fixtures & Equipment	Computer Hardware & Software	Land	Buildings	Vehicles & Rollings Equipment	Road Network	Water & Sewer Network	Work in Progress	Restated 2017
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cost, Beginning of year	7,397,615	10,361,478	55,621,171	11,040,524	1,369,059	1,696,039	178,644	54,584,475	16,154,894	432,593,136	97,377,575	40,996,007	729,370,617
Additions	410,863	440,688	4,228,866	757,201	139,777	335,091	35,950	1,170,150	931,294	7,735,843	2,464,435	10,808,494	29,458,652
Disposals	-	(21,900)	(222,128)	(399,983)	(120,159)	(408,022)	-	(212,393)	(155,868)	(2,769,510)	(145,699)	-	(4,455,662)
Internal Transfers	-	18,256	18,945,131	-	-	-	-	83,169	-	-	882,965	(19,929,521)	-
Cost, End of Year	7,808,478	10,798,522	78,573,040	11,397,742	1,388,677	1,623,108	214,594	55,625,401	16,930,320	437,559,469	100,579,276	31,874,980	754,373,607
Accumulated Dep'n Beginning of Year	-	3,821,521	15,423,094	6,765,357	881,909	1,062,478	-	25,620,403	8,296,714	282,838,638	38,306,269	-	383,016,383
Amortization	-	410,777	1,644,063	666,886	156,064	280,072	-	1,201,376	910,439	8,335,019	1,311,377	-	14,916,073
Disposals	-	(11,498)	(23,228)	(357,307)	(120,159)	(408,022)	-	(182,452)	(149,899)	(2,769,510)	(118,205)	-	(4,140,280)
Accumulated Dep'n End of Year	-	4,220,800	17,043,929	7,074,936	917,814	934,528	-	26,639,327	9,057,254	288,404,147	39,499,441	-	393,792,176
Net Book Value Beginning of Year	7,397,615	6,539,957	40,198,077	4,275,168	487,151	586,060	178,643	28,990,534	7,858,180	149,761,133	59,088,717	40,996,006	346,357,241
Net Book Value End of Year	7,808,478	6,577,722	61,529,111	4,322,806	470,863	688,580	214,594	28,986,074	7,873,066	149,155,322	61,079,835	31,874,980	360,581,431

**CORPORATION OF THE CITY OF QUINTE WEST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

16. TANGIBLE CAPITAL ASSETS - (Cont'd)

The net book value of tangible capital assets not being amortized because they are under construction is \$8,883,974 (2017 - \$31,875,080).

Assets contributed to the City in 2018, consisting of road network and water & sewer network, had a fair market value of \$1,969,854 (2017 - road network and water & sewer network of \$3,792,976). They have been capitalized at their fair market value.

The City holds various works of art and historical treasures pertaining to the heritage and history of the Corporation of the City of Quinte West. These items are not recognized as tangible capital assets in the financial statements because a reasonable estimate of the future economic benefits associated with such property cannot be made.

17. SEGMENTED INFORMATION

The Corporation of the City of Quinte West is a municipal government institution that provides a wide range of services to its citizens. City services are reported by function and their activities are separately disclosed in the segmented information.

For each reported segment, revenues and expenditures represent both amount that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Certain allocation methodologies are employed in the preparation of segmented financial information. Taxes, payments-in-lieu of taxes and unconditional government transfers are apportioned based on each segment's net budget requirements.

The nature of the segments and the activities they encompass are as follows:

General government:

General government consists of the activities of the Council and general financial and administrative management of the City and its programs and services.

Protection to persons and property:

Protection includes fire, police and emergency control and protective inspection.

**CORPORATION OF THE CITY OF QUINTE WEST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

17. SEGMENTED INFORMATION - (Cont'd)

Transportation services:

The activities of the transportation services department include the construction and maintenance of the City's roads and bridges, winter control, street lighting and transit services.

Environmental services

The environmental services department looks after the City's water and wastewater operations as well as garbage collection and disposal.

Health services:

This service is provided through the local health unit and also encompasses costs associated with operating abandoned cemeteries within the City.

**CORPORATION OF THE CITY OF QUINTE WEST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

17. SEGMENTED INFORMATION - (Cont'd)

2018	General Government \$	Protection to Persons and Property \$	Transportation Services \$	Environment Services \$	Health Services \$	Social and Family Services \$	Recreational and Cultural Services \$	Planning and Development \$	2018 Total \$
REVENUE									
Tax Revenue Distributed	7,970,699	11,933,065	15,761,963	(2,662,486)	3,682,512	6,027,965	5,723,631	864,726	49,302,075
PIL Revenue Distributed	372,360	417,205	5,838,799	2,241,249	-	-	1,291,038	-	10,160,651
Penalty and Interest on Tax	19,379	21,713	303,872	116,643	-	-	67,190	-	528,797
OMPF Distributed	-	-	-	-	-	-	-	-	-
User Fees	2,151	1,201,829	94,206	16,582,733	-	-	1,423,836	275,482	19,580,237
Grants	1,217,100	101,286	5,729,776	374,477	-	-	172,934	65,785	7,661,358
Developer Contributions	-	1,007,500	1,184,131	819,802	-	-	115,219	-	3,126,652
Other Revenue	227,083	262,236	382,630	656,752	-	-	392,376	57,258	1,978,335
Interest Revenue	409,703	-	1,999	205,054	-	-	11,477	-	628,233
Gain (loss) on disposition of assets	-	-	(5,462,489)	-	-	-	-	30,735	(5,431,754)
	10,218,475	14,944,834	23,834,887	18,334,224	3,682,512	6,027,965	9,197,701	1,293,986	87,534,584
EXPENSES									
Salaries and Benefits	5,250,827	4,351,768	5,318,276	3,700,457	150,000	-	3,865,795	900,059	23,537,182
Materials, Supplies and Services	958,250	441,433	3,306,003	2,103,241	2,382	-	1,249,969	87,976	8,149,254
Contracted Services	1,981,474	637,733	1,660,618	5,074,002	59,429	-	917,227	24,932	10,355,415
Interest and Financial Expenses	241,430	17,975	1,122,833	2,244,976	-	-	525,170	-	4,152,384
Amortization Expense	580,984	650,954	9,107,221	3,496,963	-	-	2,014,374	-	15,850,496
Transfer to Other Entities	1,059,498	8,678,180	1,106,900	818,575	3,470,701	6,027,965	109,034	281,019	21,551,872
	10,072,463	14,778,043	21,621,851	17,438,214	3,682,512	6,027,965	8,681,569	1,293,986	83,596,603
SURPLUS	146,012	166,791	2,213,036	896,010	-	-	516,132	-	3,937,981

**CORPORATION OF THE CITY OF QUINTE WEST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

17. SEGMENTED INFORMATION - (Cont'd)

2017 - Restated	General Government \$	Protection to Persons and Property \$	Transportation Services \$	Environment Services \$	Health Services \$	Social and Family Services \$	Recreational and Cultural Services \$	Planning and Development \$	2017 Total \$
REVENUE									
Tax Revenue Distributed	9,455,729	12,813,352	13,374,232	(6,923,067)	3,218,642	6,002,112	7,028,391	952,543	45,921,934
PIL Revenue Distributed	362,390	349,739	6,122,050	1,999,982	-	-	1,296,035	-	10,130,196
Penalty and Interest on Tax	18,750	18,096	316,761	103,481	-	-	67,058	-	524,146
OMPF Distributed	46,520	44,895	785,880	256,735	-	-	166,370	-	1,300,400
User Fees	8,143	1,306,217	80,904	15,103,459	-	-	1,321,670	177,692	17,998,085
Grants	-	105,634	5,360,381	1,915,032	-	-	351,165	71,031	7,803,243
Developer Contributions	-	-	2,775,512	5,932,754	-	-	53,634	-	8,761,900
Other Revenue	216,412	248,264	642,855	968,348	-	-	421,210	46,267	2,543,356
Interest Revenue	279,687	426	1,490	122,073	-	-	7,199	-	410,875
Gain (loss) on disposition of assets	-	1,139	(180,823)	-	-	-	-	-	(179,684)
	10,387,631	14,887,762	29,279,242	19,478,797	3,218,642	6,002,112	10,712,732	1,247,533	95,214,451
EXPENSES									
Salaries and Benefits	5,460,952	3,996,085	5,001,410	3,977,607	-	-	3,717,503	851,145	23,004,702
Materials, Supplies and Services	1,139,497	434,071	2,801,248	2,236,768	955	-	1,302,897	106,296	8,021,732
Contracted Services	1,686,613	748,188	2,155,291	4,709,308	60,453	-	1,223,930	14,243	10,598,026
Interest and Financial Expenses	81,114	11,789	755,766	1,834,324	-	-	604,123	-	3,287,116
Amortization Expense	550,272	531,061	8,829,900	3,036,875	-	-	1,967,965	-	14,916,073
Transfer to Other Entities	954,657	8,670,008	698,423	844,329	3,157,234	6,002,112	56,197	275,849	20,658,809
	9,873,105	14,391,202	20,242,038	16,639,211	3,218,642	6,002,112	8,872,615	1,247,533	80,486,458
SURPLUS	514,526	496,560	9,037,204	2,839,586	-	-	1,840,117	-	14,727,993

**CORPORATION OF THE CITY OF QUINTE WEST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

18. PRIOR PERIOD ADJUSTMENT

In the fiscal year-ended December 31, 2008, the original cost of road networks was incorrectly reported due to an error. The error has been corrected retroactively, resulting in a decrease in cost of \$232,142,155 at the beginning of the comparative period 2017 and a decrease in accumulated depreciation of \$230,977,058 at the beginning of the comparative period 2017. The net effect on surplus attributable to net capital assets is a decrease of \$1,165,097. The effect in fiscal year-ended December 31, 2017 is a decrease in amortization expense of \$462,688.

19. COMPARATIVE FIGURES

The prior year's figures have been restated to conform with the current year's financial statement presentation.