

**CORPORATION OF THE TOWNSHIP OF
CAVAN MONAGHAN**

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2019

**CORPORATION OF THE TOWNSHIP OF
CAVAN MONAGHAN**

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CORPORATION OF THE TOWNSHIP OF CAVAN MONAGHAN

For The Year Ended December 31, 2019

MANAGEMENT REPORT

The accompanying consolidated financial statements of the Corporation of the Township of Cavan Monaghan are the responsibility of management and have been approved by Council.

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

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

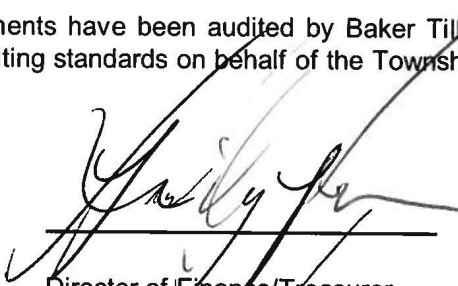
The Township's Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving financial statements.

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

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



Mayor



Director of Finance/Treasurer

July 5, 2021

INDEPENDENT AUDITOR'S REPORT**To the Members of Council, Inhabitants and Ratepayers
of the Township of Cavan Monaghan***Opinion*

We have audited the consolidated financial statements of the Corporation of the Township of Cavan Monaghan and its local boards (the Township), which comprise the consolidated statement of financial position as at December 31, 2019, the consolidated statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Township as at December 31, 2019, and the results of its consolidated operations and its consolidated cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Basis for Opinion

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

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

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

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

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

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

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

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

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

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

Baker Tilly KDN LLP

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
October 13, 2021

**CORPORATION OF THE TOWNSHIP OF
CAVAN MONAGHAN**



**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At December 31, 2019**

	2019 \$	2018 \$ (Restated - note 2)
FINANCIAL ASSETS		
Cash	10,763,271	21,455,048
Investments (note 5)	1,274,319	1,228,143
Accounts receivable (note 6)	3,423,021	1,410,897
Taxes receivable	1,723,229	1,249,483
TOTAL FINANCIAL ASSETS	17,183,840	25,343,571
LIABILITIES		
Accounts payable and accrued liabilities (note 7)	2,322,682	2,831,872
Deferred revenue - obligatory reserve funds (note 9)	4,513,325	3,190,471
Deferred revenue - other	5,200	66,623
Employee future amounts payable (note 10)	645,706	617,971
Long term debt (note 8)	7,747,052	7,998,870
Landfill post-closure liability (note 11)	71,690	89,550
TOTAL LIABILITIES	15,305,655	14,795,357
NET FINANCIAL ASSETS	1,878,185	10,548,214
NON-FINANCIAL ASSETS		
Tangible capital assets (note 13)	72,628,270	60,389,058
Inventories of materials and supplies	67,349	68,248
Prepaid expenses	896	23,005
TOTAL NON-FINANCIAL ASSETS	72,696,515	60,480,311
ACCUMULATED SURPLUS (note 14)	74,574,700	71,028,525

The accompanying notes are an integral part of these financial statements

**CORPORATION OF THE TOWNSHIP OF
CAVAN MONAGHAN**



**CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
For the Year Ended December 31, 2019**

	Budget 2019 \$	Actual 2019 \$	Actual 2018 \$ (Restated - note 2)
	(Unaudited)		
REVENUES			
Property taxation	8,614,945	8,900,850	7,923,610
User charges (note 17)	2,332,140	2,617,220	2,724,359
Government of Canada	32,825	9,660	83,393
Province of Ontario	745,809	1,256,228	860,309
Other municipalities	-	-	1,250
Penalties and interest on taxes	145,000	196,365	161,900
Investment income	119,100	302,008	333,679
Donations	800	165,831	89,323
Other	65,000	234,261	90,831
Ontario Lottery and Gaming Corporation	-	455,996	2,290,748
Contributed tangible capital assets	-	-	520,900
Developer contributions earned	459,500	597,427	542,792
Federal gas tax earned	318,693	318,693	472,732
TOTAL REVENUES	12,833,812	15,054,539	16,095,826
EXPENSES			
General government	1,966,742	1,619,052	1,433,249
Protection services	2,937,689	2,752,636	2,759,619
Transportation services	3,270,501	3,250,626	2,982,485
Environmental services	2,531,882	2,409,594	2,392,738
Recreation and cultural services	1,051,995	1,075,828	1,117,892
Planning and development	498,311	400,628	411,215
TOTAL EXPENSES	12,257,120	11,508,364	11,097,198
ANNUAL SURPLUS	<u>576,692</u>	3,546,175	4,998,628
ACCUMULATED SURPLUS - beginning of year		71,028,525	66,029,897
ACCUMULATED SURPLUS - end of year		74,574,700	71,028,525

The accompanying notes are an integral part of these financial statements

**CORPORATION OF THE TOWNSHIP OF
CAVAN MONAGHAN**



**CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
For the Year Ended December 31, 2019**

	Budget 2019 \$	Actual 2019 \$	Actual 2018 \$ (Restated - note 2)
	(Unaudited)		
ANNUAL SURPLUS	576,692	3,546,175	4,998,628
Amortization of tangible capital assets	2,036,490	2,106,720	1,915,425
Purchase of tangible capital assets	(11,306,201)	(14,474,855)	(8,615,388)
Loss on disposal of tangible capital assets	-	100,482	210,920
Proceeds on sale of tangible capital assets	-	28,441	20,220
Contributed capital assets	-	-	(520,900)
Change in inventories of materials and supplies	-	899	(20,238)
Change in prepaid expenses	-	22,109	11,175
DECREASE IN NET FINANCIAL ASSETS	(8,693,019)	(8,670,029)	(2,000,158)
NET FINANCIAL ASSETS - beginning of year	10,548,214	10,548,214	12,548,372
NET FINANCIAL ASSETS - end of year	1,855,195	1,878,185	10,548,214

The accompanying notes are an integral part of these financial statements

**CORPORATION OF THE TOWNSHIP OF
CAVAN MONAGHAN**



**CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2019**

	2019 \$	2018 \$ (Restated - note 2)
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus	3,546,175	4,998,628
Items not involving cash		
Amortization of tangible capital assets	2,106,720	1,915,425
Loss on disposal of tangible capital assets	100,482	210,920
Contributed capital assets	-	(520,900)
Change in employee future benefits	27,735	26,196
Change in landfill post-closure liability	(17,860)	-
Change in non-cash assets and liabilities		
Accounts receivable	(2,012,124)	206,919
Taxes receivable	(473,746)	(67,146)
Inventories of materials and supplies	899	(20,238)
Prepaid expenses	22,109	11,175
Accounts payable and accrued liabilities	(509,190)	439,697
Deferred revenue - obligatory reserve funds	1,322,854	1,640,532
Deferred revenue - other	(61,423)	57,920
Net change in cash from operating activities	4,052,631	8,899,128
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(14,474,855)	(8,615,388)
Proceeds on sale of tangible capital assets	28,441	20,220
Net change in cash from capital activities	(14,446,414)	(8,595,168)
INVESTING ACTIVITIES		
Purchase of investments	(46,176)	(25,280)
FINANCING ACTIVITIES		
Debt principal repayments	(251,818)	(243,899)
NET CHANGE IN CASH	(10,691,777)	34,781
CASH - beginning of year	21,455,048	21,420,267
CASH - end of year	10,763,271	21,455,048

The accompanying notes are an integral part of these financial statements

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2019**

The Township of Cavan Monaghan is a lower tier municipality in the Province of Ontario, Canada. It conducts its operations guided by the provisions of provincial statutes such as the Municipal Act, Municipal Affairs Act and related legislation.

1. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Reporting Entity

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

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

- Township of Cavan Monaghan Public Libraries
- Millbrook Business Improvement Area Board

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

(b) Trust Funds

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

(c) Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Initial costs for tangible capital assets that were acquired or developed prior to 2009 were obtained using historical cost information or using current fair market values discounted by a relevant inflation factor to the point of acquisition. The cost, less residual value, if any, of tangible capital assets is amortized on a straight-line basis, over the expected useful life of the asset, as follows:

Land improvements	10 to 20 years
Buildings and building improvements	40 to 75 years
Equipment	3 to 25 years
Vehicles	10 to 25 years or per kilometre
Roads and bridges	7 to 50 years
Water and utility systems	30 to 50 years
Sewer	75 to 80 years
Solar panels	40 years

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

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2019**

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(d) Recognition of Revenues and Expenses

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

Taxation

Property tax billings are prepared by the Township based on assessment rolls issued by the Municipal Property Assessment Corporation (MPAC) and in accordance with the provisions of the Municipal Act, 2001. The Township's Council establishes the tax rates annually, incorporating amounts to be raised for local services, and amounts the Township is required to collect on behalf of the County and School Boards. From time to time property assessments are adjusted by MPAC through the reconsideration process or by the Assessment Review Board through the appeal process. Additional assessments, referred to as supplementary and omitted assessment can also be issued by MPAC in accordance with the Assessment Act. These adjustments and additional assessments are reported in the financial statements when amounts can be reasonably determined.

The Township is entitled to collect interest and penalties on overdue taxes. These revenues are recorded in the period the interest and penalties are levied.

Government and Ontario Lottery and Gaming Corporation Funding

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

Other Revenue

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

Investment income is recorded when earned.

Federal gas tax, development charges and parkland fees are recognized in the period in which the related expenditures are recorded.

(e) Non-financial Assets

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

(f) Reserves and Reserve Funds

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2019**

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(g) Deferred Revenue

Deferred revenue represents grants, user charges and fees which have been collected but for which the related services have yet to be performed. These amounts will be recognized as revenues in the fiscal year the services are performed.

(h) Use of Estimates

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

- The amounts recorded for landfill closure and post-closure care depend on estimates of usage, remaining life and capacity. The provision for future closure and post-closure costs also depends on estimates of such costs;
- The amounts recorded for amortization of tangible capital assets are based on estimates of useful life and residual values; and
- The values of employee future benefits liability and the amount of employee future benefit costs charged to earnings depend on certain actuarial and economic assumptions.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2019**

2. PRIOR PERIOD ADJUSTMENT

The Township has restated its 2018 consolidated financial statements to recognize amounts within tangible capital assets that were previously unrecorded and to reclassify tangible capital assets between categories.

Adjustments necessary to the 2018 consolidated financial statements as a result of the prior period adjustments are as follows:

Adjustment to 2018 Tangible Capital Assets

Cost of tangible capital assets previously recorded at December 31, 2018	\$ 90,042,140
Accumulated amortization previously recorded to December 31, 2018	(30,152,304)
Tangible capital assets not previously recorded	10,628
Adjustment to accumulated amortization due to reclassification of assets	<u>488,594</u>
Closing 2018 net book value of tangible capital assets as restated	<u>\$ 60,389,058</u>

Adjustment to Opening 2018 Accumulated Surplus

Accumulated surplus as previously stated	
Invested in tangible capital asset	\$ 44,162,287
Surplus (deficit)	(636,182)
Reserves and reserve funds	<u>22,125,635</u>
	65,651,740
Amortization previously recognized	<u>378,157</u>
Opening 2018 accumulated surplus as restated	<u>\$ 66,029,897</u>

Adjustment to 2018 Annual Surplus

2018 annual surplus as previously stated	\$ 4,877,563
Add: Adjustment to amortization expense due to reclassification of assets	<u>121,065</u>
2018 annual surplus as restated	<u>\$ 4,998,628</u>

3. OPERATIONS OF SCHOOL BOARDS AND THE COUNTY OF PETERBOROUGH

During 2019, requisitions were made by the County of Peterborough and School Boards requiring the Township to collect property taxes and payments in lieu of property taxes on their behalf. The amounts collected and remitted are as follows:

	School Boards \$	County \$
Amounts requisitioned and remitted	3,102,453	4,557,703

These amounts have not been included in the Consolidated Statement of Operations and Accumulated Surplus.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2019**

4. TRUST FUNDS

Trust funds administered by the Township amounting to \$3,451 (2018 - \$3,488) have not been included in the Consolidated Statement of Financial Position nor have their operations been included in the Consolidated Statement of Operations and Accumulated Surplus. As such balances are held in trust by the Township for the benefit of others, they are not presented as part of the Township's financial position or operations.

5. INVESTMENTS

	Market Value \$	Cost 2019 \$	Cost 2018 \$
Money Market and Bond Funds	1,162,846	1,274,319	1,228,143

Investments include amounts restricted for obligatory reserve funds with a cost of \$120,841 (2018 - \$118,313) and market value of \$112,248 (2018 - \$109,390). All investments are comprised of money market funds and bond funds through the ONE Public Sector Group of Funds.

6. ACCOUNTS RECEIVABLE

Accounts receivable consists of the following:

	2019 \$	2018 \$
Government of Canada	2,479,432	575,073
Government of Ontario	2,355	1,824
Ontario Lottery and Gaming Corporation	106,328	89,963
Other receivables	834,906	744,037
	3,423,021	1,410,897

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consist of the following:

	2019 \$	2018 \$
Trade payables	1,749,620	1,707,541
Holdbacks payable	295,801	806,764
Payroll accrual	70,528	119,017
Payroll deductions	150,233	142,050
Developer deposits	56,500	56,500
	2,322,682	2,831,872

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2019**

8. LONG TERM DEBT

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

	2019 \$	2018 \$
Ontario Infrastructure and Lands Corporation, matures December 15, 2037, repayable in blended monthly payments of \$27,248, bears interest at 3.15% per annum.	4,487,951	4,670,431
Ontario Infrastructure and Lands Corporation, matures December 15, 2047, repayable in blended monthly payments of \$10,586, bears interest at 3.33% per annum.	2,311,258	2,360,430
Ontario Infrastructure and Lands Corporation, matures December 15, 2047, repayable in blended monthly payments of \$4,341, bears interest at 3.33% per annum.	947,843	968,009
	7,747,052	7,998,870

(b) Interest paid during the year on long term debt amounted to \$254,284 (2018 - \$262,203).

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

	Principal \$	Interest \$	Total \$
2020	259,995	246,108	506,103
2021	268,437	237,666	506,103
2022	277,153	228,949	506,102
2023	286,153	219,949	506,102
2024	295,444	210,658	506,102
2025 and subsequent years	6,359,870	2,010,691	8,370,561
	7,747,052	3,154,021	10,901,073

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2019**

9. DEFERRED REVENUE - OBLIGATORY RESERVE FUNDS

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

	2019	2018
	\$	\$
Development charges	4,082,069	3,002,403
Parkland	177,237	168,249
Federal gas tax	254,019	19,819
	4,513,325	3,190,471

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

	2019	2018
	\$	\$
Balance - beginning of year	3,190,471	1,549,939
Add amounts received:		
Development charges	1,588,613	2,287,391
Federal gas tax	546,890	280,111
Parkland	4,800	24,400
Interest	98,671	64,154
	2,238,974	2,656,056
Less transfer to operations:		
Development charges	597,427	542,792
Federal gas tax	318,693	472,732
	916,120	1,015,524
Balance - end of year	4,513,325	3,190,471

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2019**

10. EMPLOYEE FUTURE BENEFITS PAYABLE

The Township provides post employment health and dental benefits to certain employees based on a number of eligibility factors including their date of hire and years of service. The Township records estimated liabilities for accrued employee benefits in the year they are earned.

	2019	2018
	\$	\$
Accrued benefit obligation at January 1	555,043	523,602
Unamortized actuarial gains	62,928	68,173
Liability at January 1	617,971	591,775
Current year benefit cost	40,743	38,655
Benefit payments by employer	(13,008)	(12,459)
Employee future benefits payable	645,706	617,971

The accrued benefit obligations for the Township's employee future benefit plans are based on actuarial valuations for accounting purposes. These actuarial valuations were based on assumptions about events in future periods. The cost of future benefits is determined actuarially using the projected benefit method pro-rated on service and management's best estimate of expected salary escalation, retirement ages of employees and health care costs. The discount rate used to determine the employee future benefits payable was determined by reference to the Township's internal rate of borrowing. Past service costs from plan amendments are amortized on a straight-line basis over the average remaining service period of employees active at the date of the amendment. The most recent valuation is dated May 16, 2017. The economic assumptions used in this valuation are the Township's best estimates of expected rates:

Expected inflation rate	2.00%
Discount on accrued benefit obligations	3.75%
Health care cost escalation	5.99%
Dental cost escalation	4.50%

The employee future benefits expense is reported on the Consolidated Statement of Operations and Accumulated Surplus and is comprised of the following:

	2019	2018
	\$	\$
Current service cost	24,498	23,612
Interest on accrued benefit obligation	21,489	20,287
Amortized actuarial gain	(5,244)	(5,244)
Employee future benefits expense	40,743	38,655

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2019**

11. LANDFILL POST-CLOSURE LIABILITY

The estimated liability for landfill closure and post-closure costs for the landfill site owned by the Township is \$71,690 (2018 - \$89,550). The closure costs include final cover, vegetation and additional monitoring wells. Post-closure costs include monitoring, maintenance of control systems and consulting fees for 25 years after the site is closed. A reserve of \$52,359 (2018 - \$59,159) has been established for this liability with the remaining costs to be funded from taxation. There are no specific assets designated for settling this liability.

The reported liability is based upon estimates and assumptions with respect to events extending over the remaining monitoring period of the landfill. The total discounted future cash flows for closure and post-closure cost is estimated at \$71,690 as at December 31, 2019 (2018 - \$89,550). The landfill reached its capacity and was effectively closed in 1998. The total discounted future cash flows for post-closure and monitoring costs are estimated using a discount factor of 2.5% and an inflation rate of 2%. The total undiscounted estimated costs amount to \$80,741 (2018 - \$116,934).

12. EXPENSES BY OBJECT

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

	Budget 2019 \$	Actual 2019 \$	Actual 2018 \$ (Restated - note 2)
	(Unaudited)		
Salaries and benefits	3,754,568	3,612,307	3,564,815
Interest charges	180,000	254,284	262,203
Materials	2,588,330	2,007,665	1,914,086
Contracted services	3,348,197	3,077,205	2,883,387
Rents and financial	13,100	10,268	10,546
External transfers	336,435	339,433	335,816
Amortization	2,036,490	2,106,720	1,915,425
Loss on disposal of tangible capital assets	-	100,482	210,920
	12,257,120	11,508,364	11,097,198

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2019**

13. TANGIBLE CAPITAL ASSETS

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

	2019	2018 (Restated - note 2)
	\$	\$
General		
Land and land improvements	6,413,049	4,628,226
Buildings and building improvements	20,108,287	2,797,370
Equipment	1,178,028	917,702
Vehicles	3,303,504	2,888,474
Infrastructure		
Roads and bridges	10,941,009	11,092,442
Water systems	4,976,680	5,084,449
Sewer systems	25,647,354	26,050,532
	72,567,911	53,459,195
Assets under construction	60,359	6,929,863
	72,628,270	60,389,058

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

During the year there were no write-downs of assets (2018 - \$Nil) and no interest capitalized (2018 - \$Nil).

Tangible capital assets allocated by segment are as follows:

	2019	2018 (Restated - note 2)
	\$	\$
General government	5,619,499	4,489,723
Protection services	1,341,139	1,448,687
Transportation services	14,283,595	13,396,469
Environmental services	31,393,338	31,891,273
Health services	1,858	1,858
Recreation and cultural services	19,980,645	9,151,575
Planning and development	8,196	9,473
	72,628,270	60,389,058

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2019**

14. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2019	2018 (Restated - note 2)
	\$	\$
Surplus/(Deficit)		
Unfunded landfill post-closure liability	(71,690)	(89,550)
Unfunded employee future benefits	(645,706)	(617,971)
Township of Cavan Monaghan Public Libraries	-	4,889
Millbrook Business Improvement Area	53,291	37,210
	(664,105)	(665,422)
Invested In Tangible Capital Assets		
Tangible capital assets - net book value	72,628,270	60,389,058
Long term debt	(7,747,052)	(7,998,870)
Unfunded capital - see (a) below	(4,594,503)	(475,330)
	60,286,715	51,914,858
Surplus	59,622,610	51,249,436
Reserves		
Working funds	995,257	403,444
Phase-in levy	-	200,008
Emergency services	814,045	745,499
Transportation services	35,002	47,002
Waste disposal services	52,359	59,159
Parks and recreation services	106,125	106,125
Water and sewer operations	2,018,857	1,570,968
Planning and development	1,093,096	853,238
Future capital	8,094,794	14,729,369
Election services	26,293	16,293
Computer services	39,350	20,320
Springville & Ebenezer cemetery	26,030	26,030
New community centre	1,604,575	983,695
Library working fund	36,944	9,303
Total Reserves	14,942,727	19,770,453
Reserve Funds		
Library new initiatives	9,363	8,636
	74,574,700	71,028,525

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2019**

14. ACCUMULATED SURPLUS, continued

(a) Unfunded capital consists of the following:

	2019	2018
	\$	\$
Water / wastewater	307,403	475,330
Recreation facilities	4,287,100	-
	4,594,503	475,330

These amounts will be recovered from future development charges and recreation centre donations.

15. PENSION AGREEMENTS

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

The Actuarial Opinion contained in the 2019 Annual Report disclosed total actuarial liabilities of \$107,687 million in respect of benefits accrued for service with actuarial assets of \$104,290 million indicating an actuarial deficit of \$3,397 million. Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Township does not recognize any share of the OMERS pension surplus or deficit.

The Township's required contributions to OMERS in 2019 were \$203,351 (2018 - \$193,834).

16. CREDIT FACILITY AGREEMENT

The Township has a revolving credit facility agreement with its main financial institution. The amount available at any time is limited to \$500,000 via an operating loan. Any balance borrowed will accrue interest at the bank's prime lending rate. Council authorized the temporary borrowing limit by By-law 2019-02. At December 31, 2019 there was no balance outstanding.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2019**

17. USER CHARGES

User charges consist of the following:

	Budget 2019 \$ (Unaudited)	Actual 2019 \$	Actual 2018 \$
Water and sewer	1,592,860	1,577,254	1,320,163
Building permits and inspections	205,000	403,965	643,330
Recreation program/facilities fees, rental and registrations	183,900	167,512	191,303
Waste management tipping fees and recycling	100,200	119,671	171,517
Planning and zoning	10,600	36,815	77,489
General government user fees, licenses and permits	57,700	63,888	64,845
Roads and engineering user fees	53,800	60,201	128,795
Fire protection	60,400	105,539	57,219
Other licenses and permits	27,600	29,606	30,589
Library user fees and fines	7,500	12,334	10,857
Parks charges	8,000	7,459	8,024
Rents, concessions and franchises	4,800	5,278	6,922
Fines and penalties	11,000	13,515	6,732
BIA fundraising and event revenue	8,780	14,183	6,574
	2,332,140	2,617,220	2,724,359

18. SEGMENTED INFORMATION

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

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

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

General Government

General government consists of the activities of Council and general financial and administrative management of the Township and its programs and services. Departments included in the general government segment include Council, CAO, Clerk, and Finance.

Protection Services

Protection services include police, fire, conservation authorities and protective inspection and control. The police services are contracted to ensure the safety and protection of the citizens and their property. The fire department is responsible to provide fire suppression service, fire prevention programs, emergency preparedness, training and education. The members of the fire department consist of volunteers plus a full time Fire Chief.

Transportation Services

The activities of the transportation segment include construction and maintenance of the Township's roads, road safety devices, signs, bridges, sidewalks, street lighting and crossing guard services within the Township.

Water and Sewer

This segment is responsible for providing water and sewer services within the Township.

Other Environmental Services

This function is responsible for providing waste collection and waste disposal services to ratepayers. Curbside pick-up is provided to all wards. Residents are also provided with access to additional waste disposal and recycling services at the Transfer Station site.

Recreation and Cultural Services

The recreation and cultural services segment provides services meant to improve the health and development of the Township's citizens. This service area provides indoor and outdoor recreational facilities. Recreational and cultural programs including skating lessons, moms and tots programs, hockey groups and home schooling programs are provided at the arena and community centres. The Township also provides library services to assist with its citizens' informational needs.

Planning and Development

The planning and development services segment manages commercial, industrial and residential development within the Township.

19. BUDGET FIGURES

The budget, approved by the Township, for 2019 is reflected on the Consolidated Statement of Operations and Accumulated Surplus and the Consolidated Statement of Change in Net Financial Assets. The budget established for capital investment in tangible capital assets are on a project-oriented basis, the costs of which may be carried out over one or more years and, therefore, may not be comparable with current year's actual amounts. Budget figures have been reclassified for the purposes of these financial statements to comply with PSA reporting requirements. Budget figures are not subject to audit.

20. SUBSEQUENT EVENT

In March 2020, the World Health Organization categorized COVID-19 as a pandemic. The potential economic effects within the Township's environment and in the global markets, possible disruption in supply chains, and measures being introduced at various levels of government to curtail the spread of the virus (such as travel restrictions, closures of non-essential municipal and private operations, imposition of quarantines and social distancing) could have a material impact on the Township's operations. The extent of the impact of this outbreak and related containment measures on the Township's operations cannot be reliably estimated at this time.

CORPORATION OF THE TOWNSHIP OF CAVAN MONAGHAN



**CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS
For the Year Ended December 31, 2019**

	General				Infrastructure			Assets Under Construction	Totals
	Land and Land Improvements	Buildings and Building Improvements	Equipment	Vehicles	Roads and Bridges	Water Systems	Sewer Systems		
	\$	\$	\$	\$	\$	\$	\$	\$	
COST									
Balance, beginning of year - restated (Note 2)	5,174,038	5,103,348	2,427,700	5,145,747	30,265,249	6,168,655	28,838,168	6,929,863	90,052,768
Add: additions during the year	1,832,786	10,704,374	442,378	720,745	539,412	14,408	220,752	-	14,474,855
Less: disposals during the year	-	-	304,784	352,717	65,933	-	-	-	723,434
Internal transfers	-	6,747,143	-	-	122,361	-	-	(6,869,504)	-
Balance, end of year	7,006,824	22,554,865	2,565,294	5,513,775	30,861,089	6,183,063	29,058,920	60,359	103,804,189
ACCUMULATED AMORTIZATION									
Balance, beginning of year - restated (Note 2)	545,812	2,305,978	1,509,998	2,257,273	19,172,807	1,084,206	2,787,636	-	29,663,710
Add: additions during the year	47,963	140,600	156,892	225,792	789,366	122,177	623,930	-	2,106,720
Less: disposals during the year	-	-	279,624	272,794	42,093	-	-	-	594,511
Balance, end of year	593,775	2,446,578	1,387,266	2,210,271	19,920,080	1,206,383	3,411,566	-	31,175,919
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	6,413,049	20,108,287	1,178,028	3,303,504	10,941,009	4,976,680	25,647,354	60,359	72,628,270

CORPORATION OF THE TOWNSHIP OF CAVAN MONAGHAN



CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE For the Year Ended December 31, 2019

	General Government \$	Protection Services \$	Transportation Services \$	Water and Sewer \$	Other Environmental Services \$	Recreation and Cultural Services \$	Planning and Development \$	OLG \$	Consolidated \$
Revenues									
Property taxation	2,427,012	2,720,399	2,295,846	-	176,266	880,118	401,209	-	8,900,850
User charges	70,158	546,353	60,201	1,577,256	119,671	192,583	50,998	-	2,617,220
Government transfers - operating	1,108,191	4,377	-	-	-	146,340	1,100	-	1,260,008
Government transfers - capital	1,960	-	1,960	-	-	-	1,960	-	5,880
Penalties and interest on taxes	196,365	-	-	-	-	-	-	-	196,365
Investment income	301,138	-	-	-	-	870	-	-	302,008
Donations	16,419	-	-	-	-	149,412	-	-	165,831
Other	66,119	-	-	-	-	168,142	-	-	234,261
Ontario Lottery and Gaming	-	-	-	-	-	-	-	455,996	455,996
Developer contributions earned	22,500	-	80,000	494,927	-	-	-	-	597,427
Federal gas tax earned	-	-	318,693	-	-	-	-	-	318,693
Total revenues	4,209,862	3,271,129	2,756,700	2,072,183	295,937	1,537,465	455,267	455,996	15,054,539
Expenses									
Salaries and benefits	1,057,402	695,051	833,345	96,345	63,680	594,236	272,248	-	3,612,307
Interest charges	-	-	-	254,284	-	-	-	-	254,284
Materials	264,157	285,031	898,699	221,320	38,091	234,961	65,406	-	2,007,665
Contracted services	222,170	1,334,583	437,832	736,012	220,578	64,711	61,319	-	3,077,205
Rents and financial	10,037	-	-	-	-	231	-	-	10,268
External transfers	-	339,433	-	-	-	-	-	-	339,433
Amortization	65,286	126,979	951,827	779,284	-	181,689	1,655	-	2,106,720
Loss on disposal of tangible capital assets	-	(28,441)	128,923	-	-	-	-	-	100,482
Total expenses	1,619,052	2,752,636	3,250,626	2,087,245	322,349	1,075,828	400,628	-	11,508,364
Net surplus/(deficit)	2,590,810	518,493	(493,926)	(15,062)	(26,412)	461,637	54,639	455,996	3,546,175

CORPORATION OF THE TOWNSHIP OF CAVAN MONAGHAN



CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE For the Year Ended December 31, 2018 - Restated (Note 2)

	General Government \$	Protection Services \$	Transportation Services \$	Water and Sewer \$	Other Environmental Services \$	Recreation and Cultural Services \$	Planning and Development \$	OLG \$	Consolidated \$
Revenues									
Property taxation	2,853,904	1,518,775	2,269,818	-	192,508	716,713	371,892	-	7,923,610
User charges	76,120	726,594	128,795	1,320,163	171,518	217,106	84,063	-	2,724,359
Government transfers - operating	551,300	1,909	75,701	-	20,467	29,879	60,806	-	740,062
Government transfers - capital	1,680	-	1,680	75,000	-	123,600	1,680	-	203,640
Other municipalities	1,250	-	-	-	-	-	-	-	1,250
Penalties and interest on taxes	161,900	-	-	-	-	-	-	-	161,900
Investment income	333,319	-	-	-	-	360	-	-	333,679
Donations	26,177	-	-	-	-	63,148	-	-	89,325
Other	90,831	-	-	-	-	-	-	-	90,831
Ontario Lottery and Gaming	-	-	-	-	-	-	-	2,290,748	2,290,748
Contributed tangible capital assets	440,900	-	-	-	-	80,000	-	-	520,900
Developer contributions earned	-	-	75,000	467,792	-	-	-	-	542,792
Federal gas tax earned	-	-	472,732	-	-	-	-	-	472,732
Total revenues	4,537,381	2,247,278	3,023,726	1,862,955	384,493	1,230,806	518,441	2,290,748	16,095,828
Expenses									
Salaries and benefits	1,012,063	673,361	866,694	89,612	62,281	596,568	264,236	-	3,564,815
Interest charges	-	-	-	262,203	-	-	-	-	262,203
Materials	218,119	263,886	794,256	216,506	6,318	312,900	102,101	-	1,914,086
Contracted services	136,042	1,370,495	329,895	741,087	231,700	31,487	42,681	-	2,883,387
Rents and financial	10,480	-	-	-	-	66	-	-	10,546
External transfers	-	335,816	-	-	-	-	-	-	335,816
Amortization	56,545	122,244	828,634	728,934	-	176,871	2,197	-	1,915,425
Loss on disposal of tangible capital assets	-	(6,183)	163,006	54,097	-	-	-	-	210,920
Total expenses	1,433,249	2,759,619	2,982,485	2,092,439	300,299	1,117,892	411,215	-	11,097,198
Net surplus/(deficit)	3,104,132	(512,341)	41,241	(229,484)	84,194	112,914	107,226	2,290,748	4,998,630

INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers of the Township of Cavan Monaghan

Opinion

We have audited the financial statements of the Trust Funds of the Corporation of the Township of Cavan Monaghan (the Trust Funds), which comprise the statement of financial position as at December 31, 2019, the statement of continuity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Trust Funds as at December 31, 2019, and the continuity of the Trust Funds for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Basis for Opinion

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Baker Tilly KDN LLP

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
October 13, 2021

**CORPORATION OF THE
TOWNSHIP OF CAVAN MONAGHAN**



**TRUST FUNDS
STATEMENT OF FINANCIAL POSITION
At December 31, 2019**

	Baptie Trust \$	Endowment Trust \$	2019 Total \$	2018 Total \$
FINANCIAL ASSETS				
Cash	-	2,990	2,990	2,933
Due from Township	1,031	-	1,031	1,031
	1,031	2,990	4,021	3,964
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Due to Township	-	570	570	476
FUND BALANCES				
Capital	1,000	1,060	2,060	2,060
Income	31	1,360	1,391	1,428
	1,031	2,420	3,451	3,488
	1,031	2,990	4,021	3,964

The accompanying notes are an integral part of these financial statements

**CORPORATION OF THE
TOWNSHIP OF CAVAN MONAGHAN**



**TRUST FUNDS
STATEMENT OF CONTINUITY
For the Year Ended December 31, 2019**

	Baptie Trust \$	Endowment Trust \$	2019 Total \$	2018 Total \$
BALANCES - beginning of year	1,031	2,457	3,488	3,529
RECEIPTS				
Interest earned	-	58	58	54
EXPENSES				
Scholarship	-	95	95	95
BALANCES - end of year	1,031	2,420	3,451	3,488

The accompanying notes are an integral part of these financial statements

**TRUST FUNDS
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2019**

1. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of Accounting

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

(b) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the period and are based on the Township's best information and judgment. Actual results could differ from these estimates.

**CORPORATION OF THE TOWNSHIP OF
CAVAN MONAGHAN**

TOWNSHIP OF CAVAN MONAGHAN PUBLIC LIBRARIES

FINANCIAL STATEMENTS

DECEMBER 31, 2019

INDEPENDENT AUDITOR'S REPORT**To the Members of the Township of Cavan Monaghan Public Libraries, the Members of Council, Inhabitants and Ratepayers of the Township of Cavan Monaghan**D: 705.742.3418
F: 705.742.9775www.bakertilly.ca*Qualified Opinion*

We have audited the financial statements of the Township of Cavan Monaghan Public Libraries of the Corporation of the Township of Cavan Monaghan (the Board), which comprise the statement of financial position as at December 31, 2019, the statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Board as at December 31, 2019, and the results of its operations and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Basis for Qualified Opinion

In common with many Public Library Boards, the Board derives revenue from fundraising and donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Board. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising and donations revenue, annual surplus/(deficit), assets and accumulated surplus.

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

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 Board'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 Board or to cease operations, or has no realistic alternative but to do so.

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

ASSURANCE • TAX • ADVISORY

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Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Baker Tilly KDN LLP

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
December 3, 2020

CORPORATION OF THE TOWNSHIP OF CAVAN MONAGHAN

TOWNSHIP OF CAVAN MONAGHAN PUBLIC LIBRARIES STATEMENT OF FINANCIAL POSITION At December 31, 2019

	2019	2018
	\$	\$
FINANCIAL ASSETS		
Cash	43,077	53,500
Investments (note 2)	20,064	-
Accounts receivable	6,363	4,842
TOTAL FINANCIAL ASSETS	69,504	58,342
LIABILITIES		
Accounts payable and accrued liabilities	17,997	28,365
Deferred revenue (note 3)	5,200	7,149
TOTAL LIABILITIES	23,197	35,514
NET FINANCIAL ASSETS	46,307	22,828
NON-FINANCIAL ASSETS		
Tangible capital assets (note 4)	103,431	101,130
ACCUMULATED SURPLUS (note 6)	149,738	123,958

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF CAVAN MONAGHAN

TOWNSHIP OF CAVAN MONAGHAN PUBLIC LIBRARIES STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS For the Year Ended December 31, 2019

	Budget 2019 \$ (Unaudited)	Actual 2019 \$	Actual 2018 \$
REVENUES			
Township contribution - operating (note 8)	306,626	306,630	280,847
Township contribution - occupancy (note 8)	-	20,755	27,363
Township contribution - audit and insurance (note 8)	-	9,027	9,137
Province of Ontario	23,553	24,559	28,350
Government of Canada	3,000	3,780	3,353
User charges	5,000	6,906	5,565
Donations and fundraising	3,300	9,156	5,832
Investment income	100	870	360
TOTAL REVENUES	341,579	381,683	360,807
EXPENSES			
Salaries and benefits	253,148	250,663	247,235
Insurance (note 8)	-	6,827	6,899
Information technology	6,400	7,618	13,051
Training and development	2,415	1,765	3,091
Professional fees and honoraria	500	2,437	2,895
Program and service materials	7,537	8,036	6,652
Office	9,400	9,241	7,868
Telephone and utilities	7,910	7,725	7,635
Occupancy (note 8)	-	20,755	27,363
Amortization	41,116	40,836	41,116
TOTAL EXPENSES	328,426	355,903	363,805
ANNUAL SURPLUS/(DEFICIT)	<u>13,153</u>	25,780	(2,998)
ACCUMULATED SURPLUS - beginning of year		123,958	126,956
ACCUMULATED SURPLUS - end of year		149,738	123,958

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF CAVAN MONAGHAN

TOWNSHIP OF CAVAN MONAGHAN PUBLIC LIBRARIES STATEMENT OF CHANGE IN NET FINANCIAL ASSETS For the Year Ended December 31, 2019

	Budget 2019 \$ (Unaudited)	Actual 2019 \$	Actual 2018 \$
ANNUAL SURPLUS/(DEFICIT)	13,153	25,780	(2,998)
Amortization of tangible capital assets	41,116	40,836	41,116
Acquisition of tangible capital assets	(44,069)	(43,137)	(41,788)
Change in prepaid expenses	-	-	2,767
INCREASE/(DECREASE) IN NET FINANCIAL ASSETS	10,200	23,479	(903)
NET FINANCIAL ASSETS - beginning of year	22,828	22,828	23,731
NET FINANCIAL ASSETS - end of year	33,028	46,307	22,828

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF CAVAN MONAGHAN

TOWNSHIP OF CAVAN MONAGHAN PUBLIC LIBRARIES STATEMENT OF CASH FLOWS For the Year Ended December 31, 2019

	2019	2018
	\$	\$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus (deficit)	25,780	(2,998)
Items not involving cash		
Amortization of tangible capital assets	40,836	41,116
Change in non-cash working capital		
Due from Township of Cavan Monaghan	-	16,600
Accounts receivable	(1,521)	(2,044)
Prepaid expenses	-	2,767
Accounts payable and accrued liabilities	(10,368)	(3,914)
Deferred revenue	(1,949)	(1,554)
Net change in cash from operating activities	52,778	49,973
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(43,137)	(41,788)
INVESTING ACTIVITIES		
Purchase of investments	(20,064)	-
NET CHANGE IN CASH	(10,423)	8,185
CASH - beginning of year	53,500	45,315
CASH - end of year	43,077	53,500

The accompanying notes are an integral part of these financial statements



CORPORATION OF THE TOWNSHIP OF CAVAN MONAGHAN

TOWNSHIP OF CAVAN MONAGHAN PUBLIC LIBRARIES NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2019

NATURE OF OPERATIONS

Cavan Monaghan Public Libraries is an unincorporated non-profit organization. The Cavan Monaghan Libraries are dedicated to working with its staff, members and clients to provide efficient service to meet the needs of the community.

The Cavan Monaghan Libraries house a new and up-to-date collection of books and other items to serve the Township of Cavan Monaghan, and has a reciprocal borrowing agreement with the neighbouring Otonabee South-Monaghan Township Library Board.

The Cavan Monaghan Libraries is a registered charity, and as such is exempt from income tax.

1. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Recognition of Revenue and Expenses

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

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

User charges are recognized as revenue in the year the goods and services are provided.

Donations and fundraising revenue is recognized when the amounts are received or receivable.

(b) Use of Estimates

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

- The amounts recorded for amortization and opening costs of tangible capital assets are based on estimates of useful life, residual values and valuation rates.

CORPORATION OF THE TOWNSHIP OF CAVAN MONAGHAN

TOWNSHIP OF CAVAN MONAGHAN PUBLIC LIBRARIES NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2019

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(c) Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, if any, of tangible capital assets is amortized on a straight-line basis, over the expected useful life of the asset, as follows:

Books and audio-visuals	7 years
Furniture and equipment	10 years
Computers and software	3 years

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

(d) Deferred Revenue

Deferred revenue represents grants, user charges and fees which have been collected but for which the related services have yet to be performed. These amounts will be recognized as revenues in the fiscal year the services are performed.

(e) Non-Financial Assets

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

(f) Reserves and Reserve Funds

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

(g) Inter-Entity Transactions

The Township of Cavan Monaghan Public Libraries is a Board of the Township of Cavan Monaghan and is consolidated with the Township's financial statements.

Allocated costs and recovery of costs are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Unallocated costs are measured at the carrying amount, which is the amount recorded in the records of the Township.

CORPORATION OF THE TOWNSHIP OF CAVAN MONAGHAN

TOWNSHIP OF CAVAN MONAGHAN PUBLIC LIBRARIES NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2019

2. INVESTMENTS

Investments consist of a cashable GIC of \$20,064 (2018 - \$Nil) bearing interest at 1.5% per annum, maturing September 27, 2020.

3. DEFERRED REVENUE

Deferred revenue consists of Province of Ontario funding that relates to the next fiscal year.

4. TANGIBLE CAPITAL ASSETS

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

	Books and audio- visuals \$	Furniture and equipment \$	Computers and software \$	2019 Totals \$	2018 Totals \$
COST					
Balance, beginning of year	170,924	89,846	64,456	325,226	315,167
Add: additions during the year	31,575	11,562	-	43,137	41,788
Less: disposals during the year	29,571	-	-	29,571	31,729
Balance, end of year	172,928	101,408	64,456	338,792	325,226
ACCUMULATED AMORTIZATION					
Balance, beginning of year	85,575	83,149	55,372	224,096	214,709
Add: additions during the year	28,928	8,396	3,512	40,836	41,116
Less: disposals during the year	29,571	-	-	29,571	31,729
Balance, end of year	84,932	91,545	58,884	235,361	224,096
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	87,996	9,863	5,572	103,431	101,130

CORPORATION OF THE TOWNSHIP OF CAVAN MONAGHAN

TOWNSHIP OF CAVAN MONAGHAN PUBLIC LIBRARIES NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2019

5. PENSION AGREEMENTS

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

The Actuarial Opinion contained in the 2019 Annual Report disclosed total actuarial liabilities of \$107,687 million in respect of benefits accrued for service with actuarial assets of \$104,290 million indicating an actuarial deficit of \$3,397 million. Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Township does not recognize any share of the OMERS pension surplus or deficit.

The Board's required contributions to OMERS in 2019 were \$15,822 (2018 - \$14,481).

6. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2019	2018
	\$	\$
Surplus		
Operations	-	4,889
Invested In Capital Assets		
Tangible capital assets - net book value	103,431	101,130
Surplus	103,431	106,019
Reserves		
Working fund	25,088	9,303
Donation and fundraising reserve	5,856	-
IT hardware reserve	6,000	-
Total Reserves	36,944	9,303
Reserve Fund		
New Initiatives	9,363	8,636
	149,738	123,958

**CORPORATION OF THE TOWNSHIP OF
CAVAN MONAGHAN**

**TOWNSHIP OF CAVAN MONAGHAN PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2019**

7. BUDGET FIGURES

The operating budget, approved by the Board, for 2019 is reflected on the Statement of Operations and Accumulated Surplus and the Statement of Change in Net Financial Assets. The budgets established for capital investment in tangible capital assets are on a project-oriented basis, the costs of which may be carried out over one or more years and, therefore, may not be comparable with current year's actual expenditure amounts. Budget figures have been reclassified for the purposes of these financial statements to comply with PSA reporting requirements. Budget figures are not subject to audit.

8. INTER-ENTITY TRANSACTIONS

During the year, the Board entered into transactions with the Township of Cavan Monaghan.

As part of the budgeting process, the Township approves a contribution to the Board which is identified on the Statement of Operations and Accumulated Surplus.

Details of the inter-entity expense transactions are as follows:

	2019	2018
	\$	\$
Allocated costs:		
Occupancy	20,755	27,363
Audit and insurance	9,027	9,137
	29,782	36,500

In addition, the Township provides payroll services to the Board at no cost.

9. SUBSEQUENT EVENT

On March 11, 2020, the World Health Organization categorized COVID-19 as a pandemic. The potential economic effects within the Board's environment and in the global markets, possible disruption in supply chains, and measures being introduced at various levels of government to curtail the spread of the virus (such as travel restrictions, closures of non-essential municipal and private operations, imposition of quarantines and social distancing) could have a material impact on the Board's operations. The extent of the impact of this outbreak and related containment measures on the Board's operations cannot be reliably estimated at this time.

10. COMPARATIVE FIGURES

Certain comparative figures were restated, where required, to conform with the current year presentation.

**CORPORATION OF THE TOWNSHIP OF CAVAN
MONAGHAN**

MILLBROOK BUSINESS IMPROVEMENT AREA BOARD

FINANCIAL STATEMENTS

DECEMBER 31, 2019

INDEPENDENT AUDITOR'S REPORT**To the Members of the Millbrook Business Improvement
Area Board, the Members of Council, Inhabitants and
Ratepayers of the Township of Cavan Monaghan****T: (705) 742-3418
F: (705) 742-9775****www.bakertilly.ca***Qualified Opinion*

We have audited the financial statements of the Millbrook Business Improvement Area Board of the Corporation of the Township of Cavan Monaghan, which comprise the statement of financial position as at December 31, 2019, the statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Improvement Area as at December 31, 2019, and the results of its operations and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Basis for Qualified Opinion

In common with many Municipal boards, the Improvement Area derives revenue from donations and fundraising, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Improvement Area. Therefore, we were not able to determine whether any adjustments might be necessary to donations and fundraising revenue, annual surplus/(deficit), assets and accumulated surplus.

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

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 Improvement Area'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 Improvement Area or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Baker Tilly KDN LLP

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
October 13, 2021

**CORPORATION OF THE TOWNSHIP OF
CAVAN MONAGHAN**



**MILLBROOK BUSINESS IMPROVEMENT AREA BOARD
STATEMENT OF FINANCIAL POSITION
At December 31, 2019**

	2019	2018
	\$	\$
FINANCIAL ASSETS		
Cash	37,231	24,823
<u>Due from Township of Cavan Monaghan (note 6)</u>	16,060	13,245
TOTAL FINANCIAL ASSETS	53,291	38,068
LIABILITIES		
<u>Accounts payable and accrued liabilities</u>	-	858
NET FINANCIAL ASSETS	53,291	37,210
NON-FINANCIAL ASSETS		
<u>Tangible capital assets (note 3)</u>	4,016	4,394
<u>ACCUMULATED SURPLUS (note 4)</u>	<u>57,307</u>	<u>41,604</u>

The accompanying notes are an integral part of these financial statements

**CORPORATION OF THE TOWNSHIP OF
CAVAN MONAGHAN**



**MILLBROOK BUSINESS IMPROVEMENT AREA BOARD
STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
For the Year Ended December 31, 2019**

	Budget 2019 \$ (Unaudited)	Actual 2019 \$	Actual 2018 \$
REVENUES			
Township of Cavan Monaghan - tax levy (note 6)	13,680	13,680	13,680
Township of Cavan Monaghan - audit (note 6)	-	2,100	2,100
Donations and fundraising	8,780	13,051	8,200
User fees	-	5,707	874
TOTAL REVENUES	22,460	34,538	24,854
EXPENSES			
Administration	9,800	6,711	8,063
Christmas in the Village	2,800	2,834	2,945
Professional fees (note 6)	2,400	2,100	2,100
Ladies night	2,800	2,344	2,266
Supplies	450	173	716
Amortization	919	378	919
Car show	500	326	833
Fallfest scarecrow festival	1,500	-	1,500
Millbrook Fair	-	-	1,178
BIA dinner	1,300	3,483	585
Spring Festival Blocks and Blooms	-	-	1,500
Contributions to Township of Cavan Monaghan	-	-	10,000
Advertising and promotion	350	331	451
Donations and honoraria	500	155	650
TOTAL EXPENSES	23,319	18,835	33,706
ANNUAL SURPLUS/(DEFICIT)	<u>(859)</u>	15,703	(8,852)
ACCUMULATED SURPLUS - beginning of year		41,604	50,456
ACCUMULATED SURPLUS - end of year		57,307	41,604

The accompanying notes are an integral part of these financial statements

**CORPORATION OF THE TOWNSHIP OF
CAVAN MONAGHAN**



**MILLBROOK BUSINESS IMPROVEMENT AREA BOARD
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
For the Year Ended December 31, 2019**

	Budget 2019 \$ (Unaudited)	Actual 2019 \$	Actual 2018 \$
ANNUAL SURPLUS/(DEFICIT)	(859)	15,703	(8,852)
<u>Amortization of tangible capital assets</u>	919	378	919
INCREASE/(DECREASE) IN NET FINANCIAL ASSETS	60	16,081	(7,933)
NET FINANCIAL ASSETS - beginning of year	37,210	37,210	45,143
NET FINANCIAL ASSETS - end of year	37,270	53,291	37,210

The accompanying notes are an integral part of these financial statements

**CORPORATION OF THE TOWNSHIP OF
CAVAN MONAGHAN**



**MILLBROOK BUSINESS IMPROVEMENT AREA BOARD
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2019**

	2019	2018
	\$	\$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus/(deficit)	15,703	(8,852)
Items not involving cash		
Amortization of tangible capital assets	378	919
Change in non-cash assets and liabilities		
Due from Township of Cavan Monaghan	(2,815)	(1,909)
Accounts payable and accrued liabilities	(858)	858
NET CHANGE IN CASH	12,408	(8,984)
CASH - beginning of year	24,823	33,807
CASH - end of year	37,231	24,823

The accompanying notes are an integral part of these financial statements

**MILLBROOK BUSINESS IMPROVEMENT AREA BOARD
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2019**

1. NATURE OF OPERATIONS

The Millbrook Business Improvement Area Board (the "Board") is controlled by the Council of the Township of Cavan Monaghan. The Board's goal is promoting the Millbrook downtown business area.

2. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Recognition of Revenue and Expenses

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

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

User fees are recognized as revenue in the year the goods and services are provided.

Donations and fundraising revenue is recognized when the amounts are received.

(b) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the period and are based on the Board's best information and judgment. Actual results could differ from these estimates.

(c) Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Initial costs for tangible capital assets that were acquired or developed prior to 2009 were obtained using historical cost information or using current fair market values discounted by a relevant inflation factor to the point of acquisition. The cost, less residual value, if any, of tangible capital assets is amortized on a straight-line basis, over the expected useful life of the asset, as follows:

Signs	4 years
Benches	20 years
Bicycle racks	15 years

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

**MILLBROOK BUSINESS IMPROVEMENT AREA BOARD
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2019**

2. SIGNIFICANT ACCOUNTING POLICIES, continued

(d) Inter-Entity Transactions

The Millbrook Business Improvement Area Board is a Improvement Area of the Township of Cavan Monaghan and is consolidated with the Township's financial statements.

Allocated costs and recovery of costs are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Unallocated costs are measured at the carrying amount, which is the amount recorded in the records of the Township.

3. TANGIBLE CAPITAL ASSETS

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

	Signs \$	Benches \$	Bicycle racks \$	2019 Totals \$	2018 Totals \$
COST					
Balance, beginning of year	4,322	4,642	2,193	11,157	11,157
Balance, end of year	4,322	4,642	2,193	11,157	11,157
ACCUMULATED AMORTIZATION					
Balance, beginning of year	4,322	1,856	585	6,763	5,844
Add: additions during the year	-	232	146	378	919
Balance, end of year	4,322	2,088	731	7,141	6,763
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	-	2,554	1,462	4,016	4,394

4. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2019 \$	2018 \$
Surplus		
Operations	53,291	37,210
Invested In Capital Assets		
Tangible capital assets - net book value	4,016	4,394
	57,307	41,604

5. BUDGET FIGURES

The operating budget, approved by the Improvement Area , for 2019 is reflected on the Statement of Operations and Accumulated Surplus and the Statement of Change in Net Financial Assets. The budgets established for capital investment in tangible capital assets are on a project-oriented basis, the costs of which may be carried out over one or more years and, therefore, may not be comparable with current year's actual expenditure amounts. Budget figures have been reclassified for the purposes of these financial statements to comply with PSA reporting requirements. Budget figures are not subject to audit.

6. INTER-ENTITY TRANSACTIONS

During the year, the Improvement Area entered into transactions with the Township of Cavan Monaghan.

As part of the budgeting process, the Township approves a contribution to the Millbrook Business Improvement Area which is identified on the Statement of Operations and Accumulated Surplus. Other revenue and expenses between the Board and the Township are also identified on the Statement of Operations and Accumulated Surplus.

In addition, the Township provides accounting and administrative services to the Improvement Area at no cost.

All balances with the Township of Cavan Monaghan have been identified on the Statement of Financial Position. Due from (to) balances are unsecured, without interest and have no terms of repayment.

7. SUBSEQUENT EVENT

In March 2020, the World Health Organization categorized COVID-19 as a pandemic. The potential economic effects within the Board's environment and in the global markets, possible disruption in supply chains, and measures being introduced at various levels of government to curtail the spread of the virus (such as travel restrictions, closures of non-essential municipal and private operations, imposition of quarantines and social distancing) could have a material impact on the Board's operations. The extent of the impact of this outbreak and related containment measures on the Board's operations cannot be reliably estimated at this time.