

**CORPORATION OF THE CAVAN MONAGHAN,  
TOWNSHIP OF**

**CONSOLIDATED FINANCIAL STATEMENTS**

**DECEMBER 31, 2022**

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TOWNSHIP OF**

**CONSOLIDATED FINANCIAL STATEMENTS**

**DECEMBER 31, 2022**

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## **CORPORATION OF THE TOWNSHIP OF CAVAN MONAGHAN**

**For The Year Ended December 31, 2022**

### **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.

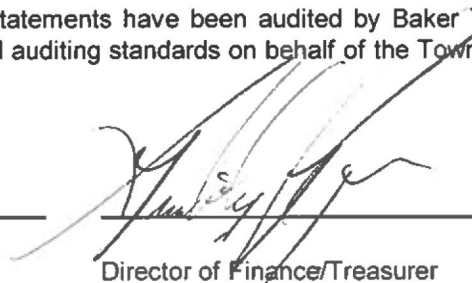
The Township's Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving financial statements.

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

November 20, 2023

988 County Rd 10  
Millbrook, Ontario L0A 1G0

[www.cavanmonaghan.net](http://www.cavanmonaghan.net)

Phone: 705-932-2929

Fax: 705-932-3458

## **INDEPENDENT AUDITOR'S REPORT**

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

#### *Opinion*

We have audited the consolidated financial statements of the Corporation of the Cavan Monaghan, Township of and its local boards (the Township), which comprise the consolidated statement of financial position as at December 31, 2022, 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, 2022, 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.



Chartered Professional Accountants  
Licensed Public Accountants

Peterborough, Ontario  
December 12, 2023

# CORPORATION OF THE CAVAN MONAGHAN, TOWNSHIP OF

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At December 31, 2022

	2022	2021
	\$	\$
<b>FINANCIAL ASSETS</b>		
Cash	24,626,537	19,645,444
Investments (note 4)	1,331,891	1,311,400
Accounts receivable (note 5)	1,701,233	1,572,178
Taxes receivable	2,361,833	2,002,601
<b>TOTAL FINANCIAL ASSETS</b>	<b>30,021,494</b>	<b>24,531,623</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities (note 6)	2,880,169	1,882,550
Deferred revenue - obligatory reserve funds (note 10)	1,912,321	3,169,953
Deferred revenue - other (note 9)	545,886	-
Employee future benefits payable (note 11)	795,107	748,871
Long term debt (note 8)	6,941,468	7,218,620
Landfill post-closure liability (note 7)	56,800	69,400
<b>TOTAL LIABILITIES</b>	<b>13,131,751</b>	<b>13,089,394</b>
<b>NET FINANCIAL ASSETS</b>	<b>16,889,743</b>	<b>11,442,229</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (note 14)	71,895,281	71,281,366
Inventories of materials and supplies	90,629	43,960
Prepaid expenses	14,593	88,972
<b>TOTAL NON-FINANCIAL ASSETS</b>	<b>72,000,503</b>	<b>71,414,298</b>
<b>ACCUMULATED SURPLUS (note 15)</b>	<b>88,890,246</b>	<b>82,856,527</b>

The accompanying notes are an integral part of these financial statements

# CORPORATION OF THE CAVAN MONAGHAN, TOWNSHIP OF

## CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

For the Year Ended December 31, 2022

	Budget 2022 \$ (Unaudited)	Actual 2022 \$	Actual 2021 \$
<b>REVENUES</b>			
Property taxation	11,142,348	11,040,718	10,226,152
User charges (note 18)	2,589,910	2,852,491	2,705,032
Government of Canada	292,156	1,640	88,281
Province of Ontario	611,179	617,487	886,182
Other municipalities	27,000	28,300	-
Penalties and interest on taxes	210,000	319,616	276,323
Investment income	157,100	528,486	69,165
Donations	32,830	241,275	13,095
Other	165,440	236,808	99,921
Ontario Lottery and Gaming	-	478,010	247,431
Developer contributions earned	6,332,992	1,601,706	870,055
Canada Community-Building Fund earned	288,520	321,958	373,315
Gain/(loss) on disposal of tangible capital assets	-	1,335,163	(44,036)
<b>TOTAL REVENUES</b>	<b>21,849,475</b>	<b>19,603,658</b>	<b>15,810,916</b>
<b>EXPENSES</b>			
General government	2,101,624	2,220,961	1,754,450
Protection services	3,066,890	3,035,090	2,756,209
Transportation services	3,202,207	3,086,326	2,866,970
Environmental services	2,093,130	2,554,329	2,533,295
Recreation and cultural services	2,101,651	2,021,487	1,859,556
Planning and development	656,051	651,746	571,217
<b>TOTAL EXPENSES</b>	<b>13,221,553</b>	<b>13,569,939</b>	<b>12,341,697</b>
<b>ANNUAL SURPLUS</b>	<b><u>8,627,922</u></b>	<b>6,033,719</b>	<b>3,469,219</b>
<b>ACCUMULATED SURPLUS - beginning of year</b>		<b>82,856,527</b>	<b>79,387,308</b>
<b>ACCUMULATED SURPLUS - end of year</b>		<b>88,890,246</b>	<b>82,856,527</b>

The accompanying notes are an integral part of these financial statements

# CORPORATION OF THE CAVAN MONAGHAN, TOWNSHIP OF

## CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

For the Year Ended December 31, 2022

	Budget 2022 \$ (Unaudited)	Actual 2022 \$	Actual 2021 \$
<b>ANNUAL SURPLUS</b>	8,627,922	6,033,719	3,469,219
Amortization of tangible capital assets	2,608,047	2,734,267	2,608,047
Purchase of tangible capital assets	(16,623,757)	(4,294,075)	(2,980,389)
Loss/(gain) on disposal of tangible capital assets	-	(1,335,163)	44,036
Proceeds on sale of tangible capital assets	-	2,281,056	98,975
Change in inventories of materials and supplies	-	(46,669)	4,809
Change in prepaid expenses	-	74,379	(88,971)
<b>INCREASE/(DECREASE) IN NET FINANCIAL ASSETS</b>	(5,387,788)	5,447,514	3,155,726
<b>NET FINANCIAL ASSETS - beginning of year</b>	11,442,229	11,442,229	8,286,503
<b>NET FINANCIAL ASSETS - end of year</b>	6,054,441	16,889,743	11,442,229

The accompanying notes are an integral part of these financial statements



# CORPORATION OF THE CAVAN MONAGHAN, TOWNSHIP OF

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2022

	2022	2021
	\$	\$
<b>CASH PROVIDED BY (USED IN)</b>		
<b>OPERATING ACTIVITIES</b>		
Annual surplus	6,033,719	3,469,219
Items not involving cash		
Amortization of tangible capital assets	2,734,267	2,608,047
Loss/(gain) on disposal of tangible capital assets	(1,335,163)	44,036
Change in employee future benefits	46,236	43,635
Change in landfill post-closure liability	(12,600)	(800)
Change in non-cash assets and liabilities		
Accounts receivable	(129,055)	(316,541)
Taxes receivable	(359,232)	(47,255)
Inventories of materials and supplies	(46,669)	4,809
Prepaid expenses	74,379	(88,971)
Accounts payable and accrued liabilities	997,619	(107,082)
Deferred revenue - obligatory reserve funds	(1,257,632)	(92,670)
Deferred revenue - other	545,886	(5,200)
<b>Net change in cash from operating activities</b>	<b>7,291,755</b>	<b>5,511,227</b>
<b>CAPITAL ACTIVITIES</b>		
Purchase of tangible capital assets	(4,294,075)	(2,980,389)
Proceeds on sale of tangible capital assets	2,281,056	98,975
<b>Net change in cash from capital activities</b>	<b>(2,013,019)</b>	<b>(2,881,414)</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of investments	(1,331,891)	(170,930)
Redemption of investments	1,311,400	200,000
<b>Net change in cash from investing activities</b>	<b>(20,491)</b>	<b>29,070</b>
<b>FINANCING ACTIVITIES</b>		
Debt principal repayments	(277,152)	(268,437)
<b>NET CHANGE IN CASH</b>	<b>4,981,093</b>	<b>2,390,446</b>
<b>CASH - beginning of year</b>	<b>19,645,444</b>	<b>17,254,998</b>
<b>CASH - end of year</b>	<b>24,626,537</b>	<b>19,645,444</b>

The accompanying notes are an integral part of these financial statements

# CORPORATION OF THE CAVAN MONAGHAN, TOWNSHIP OF

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

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The Cavan Monaghan, Township of 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 Enter description and which are owned and controlled by the Enter description. 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 improvement	40 to 75 years
Equipment	3 to 25 years
Vehicles	10 to 25 years
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.

# CORPORATION OF THE CAVAN MONAGHAN, TOWNSHIP OF

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

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### 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 Enter description 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 Enter description 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 Enter description 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.

Canada Community-Building Fund, Provincial 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 Enter description because they can be used to provide services in future periods. These assets do not normally provide resources to discharge the liabilities of the Enter description 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.

# CORPORATION OF THE CAVAN MONAGHAN, TOWNSHIP OF

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2022

### 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.

### 2. OPERATIONS OF SCHOOL BOARDS AND THE COUNTY OF PETERBOROUGH

During 2022, requisitions were made by the County of Peterborough and School Boards requiring the Enter description 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	3,207,408	5,556,094

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



# CORPORATION OF THE CAVAN MONAGHAN, TOWNSHIP OF

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

### 3. TRUST FUNDS

Trust funds administered by the Enter description amounting to \$3,065 (2021 - \$3,104) 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 Enter description for the benefit of others, they are not presented as part of the Township's financial position or operations.

### 4. INVESTMENTS

Investments consist of:

	Market Value \$	Cost 2022 \$	Cost 2021 \$
Money Market and Bond Funds	1,158,338	1,331,891	1,311,400

Investments include amounts restricted for obligatory reserve funds with a cost of \$128,383 (2021 - \$126,403) and market value of \$111,779 (2021 - \$116,479). All investments are comprised of money market funds and bond funds through the ONE Public Sector Group of Funds and GICs through TD Canada Trust.

### 5. ACCOUNTS RECEIVABLE

Accounts receivable consists of the following:

	2022 \$	2021 \$
Government of Canada	456,233	397,142
Government of Ontario	163,468	310,150
County and School Boards	10,892	1,031
Other receivables	1,070,640	863,855
	1,701,233	1,572,178

# CORPORATION OF THE CAVAN MONAGHAN, TOWNSHIP OF

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

### 6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consist of the following:

	2022	2021
	\$	\$
Trade payables	1,847,858	1,104,775
Holdbacks payable	466,699	338,907
Payroll accrual	120,395	163,449
Payroll deductions	308,217	140,619
Developer deposits	137,000	134,800
	2,880,169	1,882,550

### 7. LANDFILL POST-CLOSURE LIABILITY

The estimated liability for landfill closure and post-closure costs for the landfill site owned by the Township is \$56,800 (2021 - \$69,400). Post-closure costs include monitoring, maintenance of control systems and consulting fees for 25 years after the site is closed. A reserve of \$34,159 (2021 - \$42,359) 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 \$56,800 as at December 31, 2022 (2021 - \$69,400). 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 4.47% and an inflation rate of 3%. The total undiscounted estimated costs amount to \$74,173 (2021 - \$77,025).

# CORPORATION OF THE CAVAN MONAGHAN, TOWNSHIP OF

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2022

### 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:

	2022	2021
	\$	\$
Ontario Infrastructure and Lands Corporation, matures December 15, 2037, repayable in blended monthly payments of \$27,248, bears interest at 3.15% per annum.	3,904,770	4,105,310
Ontario Infrastructure and Lands Corporation, matures December 15, 2047, repayable in blended monthly payments of \$10,586, bears interest at 3.33% per annum.	2,153,536	2,207,867
Ontario Infrastructure and Lands Corporation, matures December 15, 2047, repayable in blended monthly payments of \$4,341, bears interest at 3.33% per annum.	883,162	905,443
	<b>6,941,468</b>	<b>7,218,620</b>

- (b) Interest paid during the year on long term debt amounted to \$228,949 (2021 - \$237,666).

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

	Principal	Interest	Total
	\$	\$	\$
2023	286,153	219,949	506,102
2024	295,444	210,658	506,102
2025	305,038	201,064	506,102
2026	314,944	191,158	506,102
2027	325,171	180,931	506,102
2028 and subsequent years	5,414,718	1,437,538	6,852,256
	<b>6,941,468</b>	<b>2,441,298</b>	<b>9,382,766</b>

# CORPORATION OF THE CAVAN MONAGHAN, TOWNSHIP OF

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

### 9. DEFERRED REVENUE - OTHER

Included in deferred revenue - other is the following amount:

	2022	2021
	\$	\$
Ontario Community Infrastructure Funding	545,886	-

### 10. 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 Enter description are summarized below:

	2022	2021
	\$	\$
Development charges	1,155,616	2,547,856
Parkland	335,125	185,044
Canada Community-Building Fund	421,580	437,053
	<u>1,912,321</u>	<u>3,169,953</u>

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

	2022	2021
	\$	\$
Balance - beginning of year	3,169,953	3,262,623
Add amounts received:		
Development charges	333,033	582,556
Canada Community-Building Fund	280,013	549,198
Interest	52,987	18,946
	<u>666,033</u>	<u>1,150,700</u>
Less transfer to operations:		
Development charges	1,601,707	870,055
Canada Community-Building Fund	321,958	373,315
	<u>1,923,665</u>	<u>1,243,370</u>
Balance - end of year	<u>1,912,321</u>	<u>3,169,953</u>



# CORPORATION OF THE CAVAN MONAGHAN, TOWNSHIP OF

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

### 11. 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.

	2022	2021
	\$	\$
Accrued benefit obligation at January 1	752,492	709,135
Unamortized actuarial losses	(3,621)	(3,899)
Liability at January 1	748,871	705,236
Current year benefit cost	57,397	54,430
Benefit payments by employer	(11,161)	(10,795)
<b>Employee future benefits payable</b>	<b>795,107</b>	<b>748,871</b>

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 August 20, 2021. The economic assumptions used in this valuation are the Township's best estimates of expected rates:

Discount on accrued benefit obligations	2.50%
Health care cost escalation	4.70%
Dental cost escalation	4.90%

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

	2022	2021
	\$	\$
Current service cost	37,508	35,667
Interest on accrued benefit obligation	19,610	18,484
Amortized actuarial gain	279	279
<b>Employee future benefits expense</b>	<b>57,397</b>	<b>54,430</b>

# CORPORATION OF THE CAVAN MONAGHAN, TOWNSHIP OF

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

### 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 2022 \$ (Unaudited)	Actual 2022 \$	Actual 2021 \$
Salaries and benefits	4,483,489	4,406,695	4,033,078
Interest charges	248,165	228,949	237,666
Materials	2,556,989	2,754,542	2,311,597
Contracted services	3,212,817	3,244,382	2,974,322
Rents and financial	12,220	101,279	11,578
External transfers	99,826	99,825	165,409
Amortization	2,608,047	2,734,267	2,608,047
	13,221,553	13,569,939	12,341,697

### 13. PENSION AGREEMENTS

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

The Actuarial Opinion contained in the 2022 Annual Report disclosed total actuarial liabilities of \$130,306 million in respect of benefits accrued for service with actuarial assets of \$123,628 million indicating an actuarial deficit of \$6,678 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 Enter description does not recognize any share of the OMERS pension surplus or deficit.

The Township's required contributions to OMERS in 2022 were \$245,416 (2021 - \$225,108).

# CORPORATION OF THE CAVAN MONAGHAN, TOWNSHIP OF

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2022

### 14. TANGIBLE CAPITAL ASSETS

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

	2022	2021
	\$	\$
General		
Land and land improvements	5,491,500	6,381,773
Buildings and building improvements	19,991,526	19,613,237
Equipment	1,567,790	1,398,037
Vehicles	3,284,737	3,440,070
Infrastructure		
Roads and bridges	10,658,559	10,706,160
Water systems	4,685,093	4,731,901
Sewer systems	23,977,052	24,588,211
	69,656,257	70,859,389
Assets under construction	2,239,024	421,977
	71,895,281	71,281,366

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

During the year there were no write-downs of assets (2021 - \$Nil) and no interest capitalized (2021 - \$Nil).

Tangible capital assets allocated by segment are as follows:

	2022	2021
	\$	\$
General government	6,251,430	6,064,081
Protection services	2,013,811	1,246,051
Transportation services	15,187,836	14,050,092
Environmental services	29,387,429	30,488,855
Health services	1,858	1,858
Recreation and cultural services	19,021,063	19,394,592
Planning and development	31,854	35,837
	71,895,281	71,281,366

# CORPORATION OF THE CAVAN MONAGHAN, TOWNSHIP OF

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

### 15. ACCUMULATED SURPLUS

(a) Accumulated surplus consists of the following:

	2022	2021
	\$	\$
<b>Surplus/(Deficit)</b>		
General	951,364	224,000
Unfunded landfill post-closure liability	(56,800)	(69,400)
Unfunded employee future benefits	(795,107)	(748,871)
Township of Cavan Monaghan Public Libraries	13,232	(27,930)
Millbrook Business Improvement Area	52,676	38,942
	165,365	(583,259)
<b>Invested In Tangible Capital Assets</b>		
Tangible capital assets - net book value	71,895,281	71,281,366
Long term debt	(6,941,468)	(7,218,620)
Unfunded capital - See (b) below	(2,288,282)	(1,891,789)
	62,665,531	62,170,957
<b>Surplus</b>	62,830,896	61,587,698
<b>Reserves</b>		
Working funds	1,486,663	1,461,605
Policing	42,093	44,973
Emergency services	2,651,532	3,132,026
Transportation services	296,055	46,055
Waste disposal services	34,159	42,359
Parks and recreation services	114,925	106,125
Water and sewer operations	4,179,349	3,454,251
Planning and development	990,705	1,034,115
Future capital	16,173,862	11,813,466
Election services	25,169	41,293
Computer services	-	27,512
Springville & Ebenezer cemetery	26,030	26,030
New community centre	25,000	-
Cavan Monaghan Public Libraries	13,796	39,007
<b>Total Reserves</b>	26,059,338	21,268,817
<b>Reserve Funds</b>		
Cavan Monaghan Public Libraries	12	12
	88,890,246	82,856,527

(b) Unfunded capital consists of the following:

	2022	2021
	\$	\$
Recreation	2,288,282	1,891,789

# CORPORATION OF THE CAVAN MONAGHAN, TOWNSHIP OF

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

### 15. ACCUMULATED SURPLUS, continued

These amounts will be recovered from future development charges and other revenues.

### 16. CREDIT FACILITY AGREEMENT

The Enter description 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 2021-02. At December 31, 2022 there was no balance outstanding.

### 17. BUDGET FIGURES

The budget, approved by the Enter description, for 2022 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.

### 18. USER CHARGES

User charges consist of the following:

	Budget 2022 \$ (Unaudited)	Actual 2022 \$	Actual 2021 \$
Water and sewer	1,885,696	1,949,776	1,907,334
Building permits and inspections	200,000	232,138	294,387
Recreation program/facilities fees, rental and registrations	230,950	367,460	205,475
Waste management tipping fees and recycling	87,500	83,545	81,964
Planning and zoning	22,000	53,125	31,175
General government user fees, licenses and permits	46,720	60,474	62,064
Roads and engineering user fees	3,000	6,160	7,355
Fire protection	60,350	31,314	70,160
Other licenses and permits	25,000	31,835	27,583
Library user fees and fines	5,594	5,655	8,546
Parks charges	3,800	9,011	2,041
Rents, concessions and franchises	4,800	2,342	1,561
Fines and other	5,000	16,136	2,927
BIA fundraising and event revenue	9,500	3,520	2,460
	2,589,910	2,852,491	2,705,032

# CORPORATION OF THE CAVAN MONAGHAN, TOWNSHIP OF

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

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### 19. SEGMENTED INFORMATION

The Cavan Monaghan, Township of is a municipal government organization that provides a range of services to its residents. Enter description 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 volunteer fire department is responsible to provide fire suppression service, fire prevention programs, emergency preparedness, training and education.

#### **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.

# CORPORATION OF THE CAVAN MONAGHAN, TOWNSHIP OF

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2022

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### 20. COMPARATIVE FIGURES

Certain comparative figures were restated, where required, to conform with the current year presentation. The reclassifications made had no impact on the prior year surplus.

# CORPORATION OF THE CAVAN MONAGHAN, TOWNSHIP OF

## CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS For the Year Ended December 31, 2022

	General			Infrastructure			Totals
	Land and Land Improvements	Buildings and Building Improvements	Equipment	Vehicles	Roads and Bridges	Water Systems	
	\$	\$	\$	\$	\$	\$	\$
<b>COST</b>							
Balance, beginning of year	7,117,025	23,184,046	3,017,550	5,820,641	32,187,695	6,183,063	29,252,741
Add: additions during the year	-	987,883	383,760	212,397	792,138	75,978	24,872
Less: disposals during the year	814,103	14,569	1,998	333,521	-	-	-
Balance, end of year	6,302,922	24,157,360	3,399,312	5,699,517	32,979,833	6,259,041	29,277,613
<b>ACCUMULATED AMORTIZATION</b>							
Balance, beginning of year	735,252	3,570,809	1,619,513	2,380,571	21,481,535	1,451,162	4,664,530
Add: additions during the year	76,170	595,025	214,007	250,509	839,739	122,786	636,031
Less: disposals during the year	-	-	1,998	216,300	-	-	-
Balance, end of year	811,422	4,165,834	1,831,522	2,414,780	22,321,274	1,573,948	5,300,561
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	5,491,500	19,991,526	1,567,790	3,284,737	10,658,559	4,685,093	23,977,052
						2,239,024	71,895,281



# CORPORATION OF THE CAVAN MONAGHAN, TOWNSHIP OF

## CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE

For the Year Ended December 31, 2022

	General Government \$	Protection Services \$	Transportation Services \$	Water and Sewer \$	Other Environmental Services \$	Recreation and Cultural Services \$	Planning and Development \$	OLG \$	Consolidated \$
<b>Revenues</b>									
Property taxation	3,010,492	3,374,415	2,847,795	-	218,643	1,091,708	497,665	-	11,040,718
User charges	334,341	304,286	6,160	1,949,778	83,545	117,736	56,645	-	2,852,491
Government transfers - operating	532,707	1,600	-	-	-	22,394	44,622	-	601,323
Government transfers - capital	12,387	-	-	-	-	-	5,417	-	17,804
Other municipalities	28,300	-	-	-	-	-	-	-	28,300
Penalties and interest on taxes	319,616	-	-	-	-	-	-	-	319,616
Investment income	528,486	-	-	-	-	-	-	-	528,486
Donations	2,500	-	-	-	-	213,775	25,000	-	241,275
Other	117,842	-	118,966	-	-	-	-	-	236,808
Ontario Lottery and Gaming	-	-	-	-	-	-	-	478,010	478,010
Developer contributions earned	231,715	-	173,200	1,329,407	-	(132,616)	-	-	1,601,706
Canada Community-Building Fund	-	-	-	-	-	-	-	-	-
earned	-	-	321,958	-	-	-	-	-	321,958
Gain/(loss) on disposal of tangible capital assets	-	2,281,054	(117,220)	-	-	(828,671)	-	-	1,335,163
<b>Total revenues</b>	5,118,386	5,961,355	3,350,859	3,279,185	302,188	484,326	629,349	478,010	19,603,658
<b>Expenses</b>									
Salaries and benefits	1,208,141	872,977	876,264	173,743	72,324	717,959	485,287	-	4,406,695
Interest charges	-	-	-	228,949	-	-	-	-	228,949
Materials	470,728	330,797	1,046,254	211,708	14,253	561,902	118,900	-	2,754,542
Contracted services	365,120	1,520,706	159,171	719,540	343,108	89,556	47,181	-	3,244,382
Rents and financial	7,153	93,826	-	-	-	300	-	-	101,279
External transfers	-	99,825	-	-	-	-	-	-	99,825
Amortization	169,819	116,959	1,004,637	790,704	-	651,770	378	-	2,734,267
<b>Total expenses</b>	2,220,961	3,035,090	3,086,326	2,124,644	429,685	2,021,487	651,746	-	13,569,939
<b>Net surplus/(deficit)</b>	2,897,425	2,926,265	264,533	1,154,541	(127,497)	(1,537,161)	(22,397)	478,010	6,033,719



# CORPORATION OF THE CAVAN MONAGHAN, TOWNSHIP OF

## CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE

For the Year Ended December 31, 2021

	General Government \$	Protection Services \$	Transportation Services \$	Water and Sewer \$	Other Environmental Services \$	Recreation and Cultural Services \$	Planning and Development \$	Consolidated \$
<b>Revenues</b>								
Property taxation	2,788,383	3,125,456	2,637,689	-	202,512	1,011,164	460,948	10,226,152
User charges	232,687	389,617	7,355	1,907,333	81,965	52,440	33,635	2,705,032
Government transfers - operating	630,630	6,324	117,424	-	-	28,741	-	783,119
Government transfers - capital	191,050	294	-	-	-	-	-	191,344
Penalties and interest on taxes	276,323	-	-	-	-	-	-	276,323
Investment income	68,878	-	-	-	-	287	-	69,165
Donations	6,250	-	-	-	-	4,145	2,700	13,095
Other	93,690	-	6,231	-	-	-	-	99,921
Ontario Lottery and Gaming	247,431	-	-	-	-	-	-	247,431
Developer contributions earned	78,417	-	309,095	327,000	-	155,543	-	870,055
Canada Community-Building Fund	-	-	373,315	-	-	-	-	373,315
Gain/(loss) on disposal of tangible capital assets	-	98,975	(115,571)	-	-	(27,440)	-	(44,036)
<b>Total revenues</b>	<b>4,613,739</b>	<b>3,620,372</b>	<b>3,335,832</b>	<b>2,234,333</b>	<b>284,477</b>	<b>1,224,880</b>	<b>497,283</b>	<b>15,810,916</b>
<b>Expenses</b>								
Salaries and benefits	1,045,523	759,834	837,330	151,443	72,505	722,191	444,252	4,033,078
Interest charges	-	-	-	237,666	-	-	-	237,666
Materials	286,103	315,105	867,929	283,067	9,283	468,706	81,404	2,311,597
Contracted services	283,907	1,399,974	211,803	700,368	300,073	33,014	45,183	2,974,322
Rents and financial	11,369	59	-	-	-	150	-	11,578
External transfers	-	165,409	-	-	-	-	-	165,409
Amortization	127,548	115,828	949,908	780,640	-	633,745	378	2,608,047
Internal transfers	-	-	-	-	(1,750)	1,750	-	-
<b>Total expenses</b>	<b>1,754,450</b>	<b>2,756,209</b>	<b>2,866,970</b>	<b>2,153,184</b>	<b>380,111</b>	<b>1,859,556</b>	<b>571,217</b>	<b>12,341,697</b>
<b>Net surplus/(deficit)</b>	<b>2,859,289</b>	<b>864,163</b>	<b>468,862</b>	<b>81,149</b>	<b>(95,634)</b>	<b>(634,676)</b>	<b>(73,934)</b>	<b>3,469,219</b>

## **INDEPENDENT AUDITOR'S REPORT**

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

#### *Opinion*

We have audited the financial statements of the Trust Funds of the Corporation of the Cavan Monaghan, Township of (the Trust Funds), which comprise the statement of financial position as at December 31, 2022, 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, 2022, 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  
December 12, 2023

# CORPORATION OF THE CAVAN MONAGHAN, TOWNSHIP OF

## TRUST FUNDS STATEMENT OF FINANCIAL POSITION At December 31, 2022

	Baptie Trust \$	Endowment Trust \$	2022 Total \$	2021 Total \$
<b>FINANCIAL ASSETS</b>				
Cash	-	2,794	2,794	2,738
Due from Township	1,031	-	1,031	1,031
	1,031	2,794	3,825	3,769
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Due to Township	-	760	760	665
<b>FUND BALANCES</b>				
Capital	1,000	1,060	2,060	2,060
Income	31	974	1,005	1,044
	1,031	2,034	3,065	3,104
	1,031	2,794	3,825	3,769

## TRUST FUNDS STATEMENT OF CONTINUITY For the Year Ended December 31, 2022

	Baptie Trust \$	Endowment Trust \$	2022 Total \$	2021 Total \$
<b>BALANCES - beginning of year</b>	1,031	2,073	3,104	3,284
<b>RECEIPTS</b>				
Interest earned	-	56	56	10
<b>EXPENSES</b>				
Scholarship	-	95	95	190
<b>BALANCES - end of year</b>	1,031	2,034	3,065	3,104

The accompanying notes are an integral part of these financial statements

# CORPORATION OF THE CAVAN MONAGHAN, TOWNSHIP OF

## TRUST FUNDS NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2022

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### 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 Enter description best information and judgment. Actual results could differ from these estimates.

**CORPORATION OF THE CAVAN MONAGHAN,  
TOWNSHIP OF**

**TOWNSHIP OF CAVAN MONAGHAN PUBLIC LIBRARIES**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2022**

## **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**

#### *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, 2022, 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, 2022, 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 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 Board. 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 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.

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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  
June 20, 2023

# CORPORATION OF THE CAVAN MONAGHAN, TOWNSHIP OF

## TOWNSHIP OF CAVAN MONAGHAN PUBLIC LIBRARIES

### STATEMENT OF FINANCIAL POSITION

At December 31, 2022

	2022	2021
	\$	\$
<b>FINANCIAL ASSETS</b>		
Cash	136,427	181,395
Accounts receivable	20,005	15,859
<b>TOTAL FINANCIAL ASSETS</b>	156,432	197,254
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	19,868	82,036
Deferred revenue (note 3)	114,343	104,129
<b>TOTAL LIABILITIES</b>	134,211	186,165
<b>NET FINANCIAL ASSETS</b>	22,221	11,089
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (note 4)	69,235	79,597
Prepaid expenses	4,819	-
<b>TOTAL NON-FINANCIAL ASSETS</b>	74,054	79,597
<b>ACCUMULATED SURPLUS (note 6)</b>	96,275	90,686

The accompanying notes are an integral part of these financial statements

# CORPORATION OF THE CAVAN MONAGHAN, TOWNSHIP OF

## TOWNSHIP OF CAVAN MONAGHAN PUBLIC LIBRARIES STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS For the Year Ended December 31, 2022

	Budget 2022 \$ (Unaudited)	Actual 2022 \$	Actual 2021 \$
<b>REVENUES</b>			
Township contribution - operating (note 8)	280,953	280,953	272,294
Township contribution - occupancy (note 8)	-	39,700	18,187
Township contribution - audit, insurance, payroll and IT (note 8)	-	17,277	12,832
Township contribution - development charges (note 8)	4,248	4,248	3,862
Province of Ontario	20,754	20,754	20,754
Government of Canada	3,000	1,640	7,987
User charges	4,094	3,592	6,554
Donations and fundraising	2,800	15,838	6,137
Investment income	300	-	287
Contributed tangible capital assets	-	3,000	-
<b>TOTAL REVENUES</b>	<b>316,149</b>	<b>387,002</b>	<b>348,894</b>
<b>EXPENSES</b>			
Salaries and benefits	272,834	263,731	327,942
Insurance (note 8)	-	7,828	5,321
Information technology	10,385	6,766	5,926
Training and development	2,915	1,631	1,185
Professional fees and honoraria (note 8)	1,040	8,492	16,928
Program and service materials	15,637	11,621	11,442
Office (note 8)	13,600	12,480	8,345
Telephone and utilities	3,500	3,087	8,824
Occupancy (note 8)	-	39,700	18,187
Amortization	31,834	26,077	31,834
<b>TOTAL EXPENSES</b>	<b>351,745</b>	<b>381,413</b>	<b>435,934</b>
<b>ANNUAL SURPLUS/(DEFICIT)</b>	<b><u>(35,596)</u></b>	<b>5,589</b>	<b>(87,040)</b>
<b>ACCUMULATED SURPLUS - beginning of year</b>		<b>90,686</b>	<b>177,726</b>
<b>ACCUMULATED SURPLUS - end of year</b>		<b>96,275</b>	<b>90,686</b>

The accompanying notes are an integral part of these financial statements

# CORPORATION OF THE CAVAN MONAGHAN, TOWNSHIP OF

## TOWNSHIP OF CAVAN MONAGHAN PUBLIC LIBRARIES STATEMENT OF CHANGE IN NET FINANCIAL ASSETS For the Year Ended December 31, 2022

	Budget 2022 \$ (Unaudited)	Actual 2022 \$	Actual 2021 \$
<b>ANNUAL SURPLUS/(DEFICIT)</b>	(35,596)	5,589	(87,040)
Amortization of tangible capital assets	31,834	26,077	31,834
Acquisition of tangible capital assets	(4,739)	(12,715)	(12,103)
Contributed tangible capital assets	-	(3,000)	-
Change in prepaid expenses	-	(4,819)	-
<b>INCREASE/(DECREASE) IN NET FINANCIAL ASSETS</b>	(8,501)	11,132	(67,309)
<b>NET FINANCIAL ASSETS - beginning of year</b>	11,089	11,089	78,398
<b>NET FINANCIAL ASSETS - end of year</b>	2,588	22,221	11,089

*The accompanying notes are an integral part of these financial statements*

# CORPORATION OF THE CAVAN MONAGHAN, TOWNSHIP OF

## TOWNSHIP OF CAVAN MONAGHAN PUBLIC LIBRARIES

### STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2022

	2022	2021
	\$	\$
<b>CASH PROVIDED BY (USED IN)</b>		
<b>OPERATING ACTIVITIES</b>		
Annual surplus (deficit)	5,589	(87,040)
Items not involving cash		
Amortization of tangible capital assets	26,077	31,834
Contributed tangible capital assets	(3,000)	-
Change in non-cash working capital		
Accounts receivable	(4,146)	(10,656)
Prepaid expenses	(4,819)	-
Accounts payable and accrued liabilities	(62,168)	60,996
Deferred revenue	10,214	98,929
Net change in cash from operating activities	(32,253)	94,063
<b>CAPITAL ACTIVITIES</b>		
Acquisition of tangible capital assets	(12,715)	(12,103)
<b>INVESTING ACTIVITIES</b>		
Purchase of investments	-	(150,000)
Disposal of investments	-	200,000
Net change in cash from investing activities	-	50,000
<b>NET CHANGE IN CASH</b>	(44,968)	131,960
<b>CASH - beginning of year</b>	181,395	49,435
<b>CASH - end of year</b>	136,427	181,395

The accompanying notes are an integral part of these financial statements

# CORPORATION OF THE CAVAN MONAGHAN, TOWNSHIP OF

## TOWNSHIP OF CAVAN MONAGHAN PUBLIC LIBRARIES

### NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

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#### 1 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.

#### 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 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 of tangible capital assets are based on estimates of useful life and residual values.

# CORPORATION OF THE CAVAN MONAGHAN, TOWNSHIP OF

## TOWNSHIP OF CAVAN MONAGHAN PUBLIC LIBRARIES

### NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

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## 2. 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.

## 3. DEFERRED REVENUE

Deferred revenue consists of funding received from the Township of Cavan Monaghan that relates to the next fiscal year.

# CORPORATION OF THE CAVAN MONAGHAN, TOWNSHIP OF

## TOWNSHIP OF CAVAN MONAGHAN PUBLIC LIBRARIES

### NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

#### 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 \$	2022 Totals \$	2021 Totals \$
<b>COST</b>					
Balance, beginning of year	185,928	94,214	76,018	356,160	371,465
Add: additions during the year	15,715	-	-	15,715	12,103
Less: disposals during the year	28,217	-	-	28,217	27,408
Balance, end of year	173,426	94,214	76,018	343,658	356,160
<b>ACCUMULATED AMORTIZATION</b>					
Balance, beginning of year	112,833	92,596	71,134	276,563	272,137
Add: additions during the year	24,775	-	1,302	26,077	31,834
Less: disposals during the year	28,217	-	-	28,217	27,408
Balance, end of year	109,391	92,596	72,436	274,423	276,563
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	64,035	1,618	3,582	69,235	79,597

#### 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 2022 Annual Report disclosed total actuarial liabilities of \$130,306 million in respect of benefits accrued for service with actuarial assets of \$123,628 million indicating an actuarial deficit of \$6,678 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 Board does not recognize any share of the OMERS pension surplus or deficit.

The Board's required contributions to OMERS in 2022 were \$17,021 (2021 - \$17,130).



# CORPORATION OF THE CAVAN MONAGHAN, TOWNSHIP OF

## TOWNSHIP OF CAVAN MONAGHAN PUBLIC LIBRARIES

### NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

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#### 6. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2022	2021
	\$	\$
<b>Surplus/(Deficit)</b>		
Operations	13,232	(27,930)
<b>Invested In Capital Assets</b>		
Tangible capital assets - net book value	69,235	79,597
<b>Surplus</b>	<b>82,467</b>	<b>51,667</b>
<b>Reserves</b>		
Working fund	3,068	2,375
Donation and fundraising reserve	10,728	8,706
IT hardware reserve	-	2,500
Future capital reserve	-	491
ICIP reserve	-	24,935
<b>Total Reserves</b>	<b>13,796</b>	<b>39,007</b>
<b>Reserve Fund</b>		
New Initiatives	12	12
	<b>96,275</b>	<b>90,686</b>

#### 7. BUDGET FIGURES

The operating budget, approved by the Board, for 2022 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.

# CORPORATION OF THE CAVAN MONAGHAN, TOWNSHIP OF

## TOWNSHIP OF CAVAN MONAGHAN PUBLIC LIBRARIES

### NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

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#### 8. INTER-ENTITY TRANSACTIONS

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

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:

	2022	2021
	\$	\$
Allocated costs:		
Occupancy	39,700	18,187
Audit, insurance, payroll and IT	17,277	12,832
	<hr/>	<hr/>
	56,977	31,019

#### 9. COMPARATIVE FIGURES

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

**CORPORATION OF THE CAVAN MONAGHAN,  
TOWNSHIP OF**

**MILLBROOK BUSINESS IMPROVEMENT AREA BOARD**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2022**

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

We have audited the financial statements of the Millbrook Business Improvement Area Board of the Corporation of the Cavan Monaghan, Township of (the Millbrook Business Improvement Area), which comprise the statement of financial position as at December 31, 2022, 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 Millbrook Business Improvement Area as at December 31, 2022, 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 Millbrook Business 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 Millbrook Business 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 Millbrook Business 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 Millbrook Business 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 Millbrook Business Improvement Area or to cease operations, or has no realistic alternative but to do so.

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

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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 Millbrook Business 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 Millbrook Business 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 Millbrook Business 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  
December 12, 2023

# CORPORATION OF THE CAVAN MONAGHAN, TOWNSHIP OF

## MILLBROOK BUSINESS IMPROVEMENT AREA BOARD

### STATEMENT OF FINANCIAL POSITION

At December 31, 2022

	2022	2021
	\$	\$
<b>FINANCIAL ASSETS</b>		
Cash	37,549	30,029
Due from Township of Cavan Monaghan (note 6)	14,696	8,913
<b>NET FINANCIAL ASSETS</b>	52,245	38,942
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (note 3)	2,881	3,259
Prepaid expenses	431	-
<b>TOTAL NON-FINANCIAL ASSETS</b>	3,312	3,259
<b>ACCUMULATED SURPLUS (note 4)</b>	55,557	42,201

*The accompanying notes are an integral part of these financial statements*

# CORPORATION OF THE CAVAN MONAGHAN, TOWNSHIP OF

## MILLBROOK BUSINESS IMPROVEMENT AREA BOARD STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS For the Year Ended December 31, 2022

	Budget 2022 \$ (Unaudited)	Actual 2022 \$	Actual 2021 \$
<b>REVENUES</b>			
Township of Cavan Monaghan - tax levy (note 6)	13,680	14,000	13,680
Donations, fundraising and sponsorships	42,030	34,680	12,579
User fees	-	90	-
<b>TOTAL REVENUES</b>	<b>55,710</b>	<b>48,770</b>	<b>26,259</b>
<b>EXPENSES</b>			
Administration	1,790	1,602	2,927
Christmas in the Village	3,100	1,133	2,431
Professional fees	4,259	1,476	644
Ladies night	2,800	733	-
Decoration	11,675	6,960	8,120
Amortization	378	378	378
Car show	200	183	-
Contracted services	9,232	7,360	9,750
BIA dinner	200	1,763	-
Summer festival	8,000	11,905	-
Advertising and promotion	6,350	1,671	2,987
Donations and honoraria	200	250	300
<b>TOTAL EXPENSES</b>	<b>48,184</b>	<b>35,414</b>	<b>27,537</b>
<b>ANNUAL SURPLUS/(DEFICIT)</b>	<b><u>7,526</u></b>	<b>13,356</b>	<b>(1,278)</b>
<b>ACCUMULATED SURPLUS - beginning of year</b>		<b>42,201</b>	<b>43,479</b>
<b>ACCUMULATED SURPLUS - end of year</b>		<b>55,557</b>	<b>42,201</b>

The accompanying notes are an integral part of these financial statements

# CORPORATION OF THE CAVAN MONAGHAN, TOWNSHIP OF

## MILLBROOK BUSINESS IMPROVEMENT AREA BOARD STATEMENT OF CHANGE IN NET FINANCIAL ASSETS For the Year Ended December 31, 2022

	Budget 2022 \$ (Unaudited)	Actual 2022 \$	Actual 2021 \$
<b>ANNUAL SURPLUS/(DEFICIT)</b>	7,526	13,356	(1,278)
Amortization of tangible capital assets	378	378	378
Change in prepaid expenses	-	(431)	-
<b>INCREASE/(DECREASE) IN NET FINANCIAL ASSETS</b>	7,904	13,303	(900)
<b>NET FINANCIAL ASSETS - beginning of year</b>	38,942	38,942	39,842
<b>NET FINANCIAL ASSETS - end of year</b>	46,846	52,245	38,942

*The accompanying notes are an integral part of these financial statements*



# CORPORATION OF THE CAVAN MONAGHAN, TOWNSHIP OF

## MILLBROOK BUSINESS IMPROVEMENT AREA BOARD

### STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2022

	2022	2021
	\$	\$
<b>CASH PROVIDED BY (USED IN)</b>		
<b>OPERATING ACTIVITIES</b>		
Annual surplus	13,356	(1,278)
Items not involving cash		
Amortization of tangible capital assets	378	378
Change in non-cash assets and liabilities		
Due from Township of Cavan Monaghan	(5,783)	(2,010)
Prepaid expenses	(431)	-
<b>NET CHANGE IN CASH</b>	7,520	(2,910)
<b>CASH - beginning of year</b>	30,029	32,939
<b>CASH - end of year</b>	37,549	30,029

*The accompanying notes are an integral part of these financial statements*

# CORPORATION OF THE CAVAN MONAGHAN, TOWNSHIP OF

## MILLBROOK BUSINESS IMPROVEMENT AREA BOARD NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2022

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### 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 Millbrook Business 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.

# CORPORATION OF THE CAVAN MONAGHAN, TOWNSHIP OF

## MILLBROOK BUSINESS IMPROVEMENT AREA BOARD NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2022

### 2. SIGNIFICANT ACCOUNTING POLICIES, continued

#### (d) Inter-Entity Transactions

The Millbrook Business Improvement Area Board is a Millbrook Business Improvement Area of the Cavan Monaghan, Township of 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 \$	2022 Totals \$	2021 Totals \$
<b>COST</b>					
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
<b>ACCUMULATED AMORTIZATION</b>					
Balance, beginning of year	4,322	2,552	1,024	7,898	7,520
Add: additions during the year	-	232	146	378	378
Balance, end of year	4,322	2,784	1,170	8,276	7,898
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<b>-</b>	<b>1,858</b>	<b>1,023</b>	<b>2,881</b>	<b>3,259</b>

### 4. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2022 \$	2021 \$
<b>Surplus</b>		
Operations	52,676	38,942
<b>Invested In Capital Assets</b>		
Tangible capital assets - net book value	2,881	3,259
	<b>55,557</b>	<b>42,201</b>

# CORPORATION OF THE CAVAN MONAGHAN, TOWNSHIP OF

## MILLBROOK BUSINESS IMPROVEMENT AREA BOARD

### NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

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#### 5. BUDGET FIGURES

The operating budget, approved by the Millbrook Business Improvement Area, for 2022 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 Millbrook Business Improvement Area entered into transactions with the Cavan Monaghan, Township of.

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 Millbrook Business Improvement Area at no cost.

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

#### 7. COMPARATIVE FIGURES

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