

**CORPORATION OF THE TOWNSHIP OF
CAVAN MONAGHAN**

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2021

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CAVAN MONAGHAN**

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CORPORATION OF THE TOWNSHIP OF CAVAN MONAGHAN

For The Year Ended December 31, 2021

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.

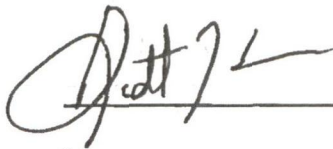
The consolidated financial statements have been prepared by management in accordance with Canadian Public Sector Accounting Standards. Financial statements are not precise since they include certain amounts based on estimates and judgements. When alternative accounting methods exist, management has chosen 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.

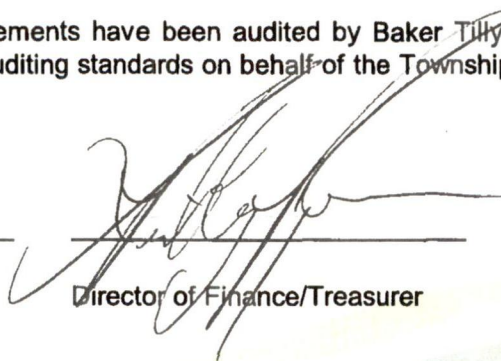
The Township's Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving financial statements.

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 4, 2022

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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, 2021, 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, 2021, 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
September 30, 2022



CORPORATION OF THE TOWNSHIP OF CAVAN MONAGHAN

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At December 31, 2021

	2021	2020
	\$	\$
FINANCIAL ASSETS		
Cash	19,645,444	17,254,998
Investments (note 4)	1,311,400	1,340,470
Accounts receivable (note 5)	1,572,178	1,255,637
Taxes receivable	2,002,601	1,955,346
TOTAL FINANCIAL ASSETS	24,531,623	21,806,451
LIABILITIES		
Accounts payable and accrued liabilities (note 6)	1,882,550	1,989,632
Deferred revenue - obligatory reserve funds (note 9)	3,169,953	3,262,623
Deferred revenue - other	-	5,200
Employee future benefits payable (note 10)	748,871	705,236
Long term debt (note 8)	7,218,620	7,487,057
Landfill post-closure liability (note 7)	69,400	70,200
TOTAL LIABILITIES	13,089,394	13,519,948
NET FINANCIAL ASSETS	11,442,229	8,286,503
NON-FINANCIAL ASSETS		
Tangible capital assets (note 13)	71,281,366	71,052,036
Inventories of materials and supplies	43,960	48,769
Prepaid expenses	88,972	-
TOTAL NON-FINANCIAL ASSETS	71,414,298	71,100,805
ACCUMULATED SURPLUS (note 14)	82,856,527	79,387,308

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, 2021

	Budget 2021 \$ (Unaudited)	Actual 2021 \$	Actual 2020 \$
REVENUES			
Property taxation	9,819,596	10,226,152	9,935,560
User charges (note 17)	2,192,781	2,535,392	2,525,558
Government of Canada	122,400	88,281	66,838
Province of Ontario	1,715,988	886,182	889,972
Penalties and interest on taxes	155,000	276,323	111,297
Investment income	157,100	69,165	111,832
Donations	310	10,395	167,526
Other	67,200	97,090	82,173
Ontario Lottery and Gaming	-	247,431	86,016
Developer contributions earned	949,993	870,055	3,164,180
Federal gas tax earned	274,000	373,315	264,150
TOTAL REVENUES	15,454,368	15,679,781	17,405,102
EXPENSES			
General government	1,842,188	1,753,794	1,778,264
Protection services	2,981,521	2,657,178	2,820,654
Transportation services	3,084,985	2,982,541	3,208,824
Environmental services	3,162,849	2,533,294	2,658,582
Recreation and cultural services	1,771,603	1,711,883	1,632,758
Planning and development	685,219	571,872	493,412
TOTAL EXPENSES	13,528,365	12,210,562	12,592,494
ANNUAL SURPLUS	<u>1,926,003</u>	3,469,219	4,812,608
ACCUMULATED SURPLUS - beginning of year		79,387,308	74,574,700
ACCUMULATED SURPLUS - end of year		82,856,527	79,387,308

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, 2021

	Budget 2021 \$ (Unaudited)	Actual 2021 \$	Actual 2020 \$
ANNUAL SURPLUS	1,926,003	3,469,219	4,812,608
Amortization of tangible capital assets	2,577,828	2,608,047	2,577,828
Purchase of tangible capital assets	(6,558,510)	(2,980,389)	(1,126,034)
Loss on disposal of tangible capital assets	-	44,036	73,983
Proceeds on sale of tangible capital assets	-	98,975	50,457
Change in inventories of materials and supplies	-	4,809	18,580
Change in prepaid expenses	-	(88,971)	896
INCREASE/(DECREASE) IN NET FINANCIAL ASSETS	(2,054,679)	3,155,726	6,408,318
NET FINANCIAL ASSETS - beginning of year	8,286,503	8,286,503	1,878,185
NET FINANCIAL ASSETS - end of year	6,231,824	11,442,229	8,286,503

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, 2021

	2021	2020
	\$	\$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus	3,469,219	4,812,608
Items not involving cash		
Amortization of tangible capital assets	2,608,047	2,577,828
Loss on disposal of tangible capital assets	44,036	73,983
Change in employee future benefits	43,635	59,530
Change in landfill post-closure liability	(800)	(1,490)
Change in non-cash assets and liabilities		
Accounts receivable	(316,541)	2,167,384
Taxes receivable	(47,255)	(232,117)
Inventories of materials and supplies	4,809	18,580
Prepaid expenses	(88,971)	896
Accounts payable and accrued liabilities	(107,082)	(333,050)
Deferred revenue - obligatory reserve funds	(92,670)	(1,250,702)
Deferred revenue - other	(5,200)	-
Net change in cash from operating activities	5,511,227	7,893,450
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(2,980,389)	(1,126,034)
Proceeds on sale of tangible capital assets	98,975	50,457
Net change in cash from capital activities	(2,881,414)	(1,075,577)
INVESTING ACTIVITIES		
Purchase of investments	(170,930)	(86,215)
Redemption of investments	200,000	20,064
Net change in cash from investing activities	29,070	(66,151)
FINANCING ACTIVITIES		
Debt principal repayments	(268,437)	(259,995)
NET CHANGE IN CASH	2,390,446	6,491,727
CASH - beginning of year	17,254,998	10,763,271
CASH - end of year	19,645,444	17,254,998

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF CAVAN MONAGHAN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2021

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 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 TOWNSHIP OF CAVAN MONAGHAN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2021

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.

CORPORATION OF THE TOWNSHIP OF CAVAN MONAGHAN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2021

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 2021, 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	3,074,792	5,199,052

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



CORPORATION OF THE TOWNSHIP OF CAVAN MONAGHAN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2021

3. TRUST FUNDS

Trust funds administered by the Township amounting to \$3,104 (2020 - \$3,284) 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.

4. INVESTMENTS

Investments consist of:

	Market Value \$	Cost 2021 \$	Cost 2020 \$
Money Market and Bond Funds	1,206,342	1,311,400	1,290,470
GICs	-	-	50,000
	1,206,342	1,311,400	1,340,470

Investments include amounts restricted for obligatory reserve funds with a cost of \$126,403 (2020 - \$124,362) and market value of \$116,479 (2020 - \$118,186). 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:

	2021 \$	2020 \$
Government of Canada	397,142	304,023
Government of Ontario	310,150	56,250
County and School Boards	1,031	12,439
Other receivables	863,855	882,925
	1,572,178	1,255,637

CORPORATION OF THE TOWNSHIP OF CAVAN MONAGHAN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2021

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consist of the following:

	2021	2020
	\$	\$
Trade payables	1,104,775	1,483,708
Holdbacks payable	338,907	281,310
Payroll accrual	163,449	86,101
Payroll deductions	140,619	79,513
Developer deposits	134,800	59,000
	1,882,550	1,989,632

7. LANDFILL POST-CLOSURE LIABILITY

The estimated liability for landfill closure and post-closure costs for the landfill site owned by the Township is \$69,400 (2020 - \$70,200). Post-closure costs include monitoring, maintenance of control systems and consulting fees for 25 years after the site is closed. A reserve of \$42,359 (2020 - \$47,359) 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 \$69,400 as at December 31, 2021 (2020 - \$70,200). 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 1.5% and an inflation rate of 2%. The total undiscounted estimated costs amount to \$77,025 (2020 - \$78,079).

CORPORATION OF THE TOWNSHIP OF CAVAN MONAGHAN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2021

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:

	2021	2020
	\$	\$
Ontario Infrastructure and Lands Corporation, matures December 15, 2037, repayable in blended monthly payments of \$27,248, bears interest at 3.15% per annum.	4,105,310	4,299,640
Ontario Infrastructure and Lands Corporation, matures December 15, 2047, repayable in blended monthly payments of \$10,586, bears interest at 3.33% per annum.	2,207,867	2,260,422
Ontario Infrastructure and Lands Corporation, matures December 15, 2047, repayable in blended monthly payments of \$4,341, bears interest at 3.33% per annum.	905,443	926,995
	7,218,620	7,487,057

- (b) Interest paid during the year on long term debt amounted to \$237,666 (2020 - \$246,108).

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

	Principal	Interest	Total
	\$	\$	\$
2022	277,153	228,949	506,102
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 and subsequent years	5,739,888	1,618,469	7,358,357
	7,218,620	2,670,247	9,888,867

CORPORATION OF THE TOWNSHIP OF CAVAN MONAGHAN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2021

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:

	2021	2020
	\$	\$
Development charges	2,547,856	2,825,504
Parkland	185,044	178,123
Federal gas tax	437,053	258,996
	<u>3,169,953</u>	<u>3,262,623</u>

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

	2021	2020
	\$	\$
Balance - beginning of year	3,262,623	4,513,325
Add amounts received:		
Development charges	582,556	1,881,694
Federal gas tax	549,198	267,839
Interest	18,946	28,095
	<u>1,150,700</u>	<u>2,177,628</u>
Less transfer to operations:		
Development charges	870,055	3,164,180
Federal gas tax	373,315	264,150
	<u>1,243,370</u>	<u>3,428,330</u>
Balance - end of year	<u>3,169,953</u>	<u>3,262,623</u>

CORPORATION OF THE TOWNSHIP OF CAVAN MONAGHAN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2021

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.

	2021	2020
	\$	\$
Accrued benefit obligation at January 1	709,135	588,021
Unamortized actuarial gains/(losses)	(3,899)	57,685
Liability at January 1	705,236	645,706
Current year benefit cost	54,430	70,766
Benefit payments by employer	(10,795)	(11,236)
Employee future benefits payable	748,871	705,236

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	5.40%
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:

	2021	2020
	\$	\$
Current service cost	35,667	25,417
Interest on accrued benefit obligation	18,485	22,793
Amortized actuarial gain	279	(5,244)
Prior service cost	-	27,800
Employee future benefits expense	54,431	70,766

CORPORATION OF THE TOWNSHIP OF CAVAN MONAGHAN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2021

11. EXPENSES BY OBJECT

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

	Budget 2021 \$ (Unaudited)	Actual 2021 \$	Actual 2020 \$
Salaries and benefits	4,288,222	4,033,078	3,938,581
Interest charges	180,000	237,666	246,108
Materials	2,934,635	2,144,055	2,328,477
Contracted services	3,244,542	2,966,752	3,074,357
Rents and financial	12,100	11,519	7,636
External transfers	291,038	165,409	345,524
Amortization	2,577,828	2,608,047	2,577,828
Loss (gain) on disposal of tangible capital assets	-	44,036	73,983
	13,528,365	12,210,562	12,592,494

12. 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 2021 Annual Report disclosed total actuarial liabilities of \$120,796 million in respect of benefits accrued for service with actuarial assets of \$117,665 million indicating an actuarial deficit of \$3,131 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 2021 were \$225,108 (2020 - \$230,303).

CORPORATION OF THE TOWNSHIP OF CAVAN MONAGHAN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2021

13. TANGIBLE CAPITAL ASSETS

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

	2021	2020
	\$	\$
General		
Land and land improvements	6,381,773	6,342,174
Buildings and building improvements	19,613,237	19,633,296
Equipment	1,398,037	1,160,515
Vehicles	3,440,070	3,386,811
Infrastructure		
Roads and bridges	10,706,160	10,608,433
Water systems	4,731,901	4,854,173
Sewer systems	24,588,211	25,020,872
	70,859,389	71,006,274
Assets under construction	421,977	45,762
	71,281,366	71,052,036

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

During the year there were no write-downs of assets (2020 - \$Nil) and no interest capitalized (2020 - \$Nil).

Tangible capital assets allocated by segment are as follows:

	2021	2020
	\$	\$
General government	6,064,081	5,544,368
Protection services	1,246,051	1,328,733
Transportation services	14,050,092	13,978,657
Environmental services	30,488,855	30,606,553
Health services	1,858	1,858
Recreation and cultural services	19,394,592	19,545,133
Planning and development	35,837	46,734
	71,281,366	71,052,036

CORPORATION OF THE TOWNSHIP OF CAVAN MONAGHAN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2021

14. ACCUMULATED SURPLUS

(a) Accumulated surplus consists of the following:

	2021	2020
	\$	\$
Surplus/(Deficit)		
General	224,000	-
Unfunded landfill post-closure liability	(69,400)	(70,200)
Unfunded employee future benefits	(748,871)	(705,236)
Township of Cavan Monaghan Public Libraries	(27,930)	-
Millbrook Business Improvement Area	38,942	39,842
	<u>(583,259)</u>	<u>(735,594)</u>
Invested In Tangible Capital Assets		
Tangible capital assets - net book value	71,281,366	71,052,036
Long term debt	(7,218,620)	(7,487,057)
Unfunded capital - See (b) below	(1,891,789)	(1,802,694)
	<u>62,170,957</u>	<u>61,762,285</u>
Surplus	<u>61,587,698</u>	<u>61,026,691</u>
Reserves		
Working funds	1,461,605	1,767,210
Policing	44,973	-
Emergency services	3,132,026	2,763,500
Transportation services	46,055	35,002
Waste disposal services	42,359	47,359
Parks and recreation services	106,125	106,125
Water and sewer operations	3,454,251	2,743,156
Planning and development	1,034,115	1,158,623
Future capital	11,813,466	9,543,583
Election services	41,293	36,293
Computer services	27,512	55,338
Springville & Ebenezer cemetery	26,030	26,030
Cavan Monaghan Public Libraries	39,007	69,009
Total Reserves	<u>21,268,817</u>	<u>18,351,228</u>
Reserve Funds		
Cavan Monaghan Public Libraries	12	9,389
	<u>82,856,527</u>	<u>79,387,308</u>

(b) Unfunded capital consists of the following:

	2021	2020
	\$	\$
Recreation facilities	1,891,789	1,802,694

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

CORPORATION OF THE TOWNSHIP OF CAVAN MONAGHAN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2021

15. 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 2021-02. At December 31, 2021 there was no balance outstanding.

16. BUDGET FIGURES

The budget, approved by the Township, for 2021 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.

17. USER CHARGES

User charges consist of the following:

	Budget 2021 \$ (Unaudited)	Actual 2021 \$	Actual 2020 \$
Water and sewer	1,697,867	1,907,334	1,798,531
Building permits and inspections	200,000	294,387	388,604
Recreation program/facilities fees, rental and registrations	1,000	33,692	24,116
Waste management tipping fees and recycling	92,970	81,964	90,502
Planning and zoning	20,400	31,175	77,161
General government user fees, licenses and permits	57,700	58,735	33,167
Roads and engineering user fees	23,000	13,586	21,527
Fire protection	50,000	70,095	53,387
Other licenses and permits	27,000	27,583	28,468
Library user fees and fines	7,044	8,546	3,726
Parks charges	4,000	2,041	955
Rents, concessions and franchises	-	1,561	576
Fines and other	5,000	2,933	4,838
BIA fundraising and event revenue	6,800	1,760	-
	2,192,781	2,535,392	2,525,558

CORPORATION OF THE TOWNSHIP OF CAVAN MONAGHAN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2021

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 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 TOWNSHIP OF CAVAN MONAGHAN

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2021

19. UNCERTAINTY CAUSED BY COVID-19

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, 2021

	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	7,006,824	22,654,593	2,626,434	5,658,926	31,309,842	6,183,063	29,058,920	45,762	104,544,364
Add: additions during the year	110,201	581,104	423,787	417,408	877,853	-	193,821	376,215	2,980,389
Less: disposals during the year	-	51,651	32,671	255,693	-	-	-	-	340,015
Balance, end of year	7,117,025	23,184,046	3,017,550	5,820,641	32,187,695	6,183,063	29,252,741	421,977	107,184,738
ACCUMULATED AMORTIZATION									
Balance, beginning of year	664,650	3,021,297	1,465,919	2,272,115	20,701,409	1,328,890	4,038,048	-	33,492,328
Add: additions during the year	70,602	573,723	186,265	248,577	780,126	122,272	626,482	-	2,608,047
Less: disposals during the year	-	24,211	32,671	140,121	-	-	-	-	197,003
Balance, end of year	735,252	3,570,809	1,619,513	2,380,571	21,481,535	1,451,162	4,664,530	-	35,903,372
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	6,381,773	19,613,237	1,398,037	3,440,070	10,706,160	4,731,901	24,588,211	421,977	71,281,366

CORPORATION OF THE TOWNSHIP OF CAVAN MONAGHAN

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 \$	OLG \$	Consolidated \$
Revenues									
Property taxation	2,788,383	3,125,456	2,637,689	-	202,512	1,011,164	460,948	-	10,226,152
User charges	64,175	389,558	13,586	1,907,333	81,965	45,840	32,935	-	2,535,392
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	-	-	10,395
Other	97,090	-	-	-	-	-	-	-	97,090
Ontario Lottery and Gaming	-	-	-	-	-	-	-	247,431	247,431
Developer contributions earned	78,417	-	309,095	327,000	-	155,543	-	-	870,055
Federal gas tax earned	-	-	373,315	-	-	-	-	-	373,315
Total revenues	4,201,196	3,521,338	3,451,403	2,234,333	284,477	1,245,720	493,883	247,431	15,679,781
Expenses									
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	285,447	315,105	867,929	283,067	9,283	293,593	89,631	-	2,144,055
Contracted services	283,907	1,399,977	211,803	700,368	300,072	33,014	37,611	-	2,966,752
Rents and financial	11,369	-	-	-	-	150	-	-	11,519
External transfers	-	165,409	-	-	-	-	-	-	165,409
Amortization	127,548	115,828	949,908	780,640	-	633,745	378	-	2,608,047
Loss (gain) on disposal of tangible capital assets	-	(98,975)	115,571	-	-	27,440	-	-	44,036
Internal transfers	-	-	-	-	(1,750)	1,750	-	-	-
Total expenses	1,753,794	2,657,178	2,982,541	2,153,184	380,110	1,711,883	571,872	-	12,210,562
Net surplus/(deficit)	2,447,402	864,160	468,862	81,149	(95,633)	(466,163)	(77,989)	247,431	3,469,219

CORPORATION OF THE TOWNSHIP OF CAVAN MONAGHAN

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE

For the Year Ended December 31, 2020

	General Government \$	Protection Services \$	Transportation Services \$	Water and Sewer \$	Other Environmental Services \$	Recreation and Cultural Services \$	Planning and Development \$	OLG \$	Consolidated \$
Revenues									
Property taxation	2,709,148	3,036,641	2,562,735	-	196,757	982,430	447,849	-	9,935,560
User charges	37,291	471,172	21,527	1,798,532	90,502	29,373	77,161	-	2,525,558
Government transfers - operating	719,400	1,726	-	117,424	5,668	37,592	-	-	881,810
Government transfers - capital	75,000	-	-	-	-	-	-	-	75,000
Penalties and interest on taxes	111,297	-	-	-	-	-	-	-	111,297
Investment income	111,661	-	-	-	-	171	-	-	111,832
Donations	960	-	-	-	-	166,566	-	-	167,526
Other	82,173	-	-	-	-	-	-	-	82,173
Ontario Lottery and Gaming	-	-	-	-	-	-	-	86,016	86,016
Developer contributions earned	76,307	-	29,721	670,235	-	2,387,917	-	-	3,164,180
Federal gas tax earned	-	-	264,150	-	-	-	-	-	264,150
Total revenues	3,923,237	3,509,539	2,878,133	2,586,191	292,927	3,604,049	525,010	86,016	17,405,102
Expenses									
Salaries and benefits	1,065,388	763,349	875,300	119,848	68,688	665,615	380,393	-	3,938,581
Interest charges	-	-	-	246,108	-	-	-	-	246,108
Materials	397,699	235,504	936,508	423,724	8,663	231,180	95,200	-	2,328,478
Contracted services	211,230	1,373,282	420,147	733,593	271,173	48,768	16,163	-	3,074,356
Rents and financial	7,369	-	-	-	-	267	-	-	7,636
External transfers	-	345,524	-	-	-	-	-	-	345,524
Amortization	96,578	102,995	957,963	786,785	-	631,851	1,656	-	2,577,828
Loss (gain) on disposal of tangible capital assets	-	-	18,906	-	-	55,077	-	-	73,983
Total expenses	1,778,264	2,820,654	3,208,824	2,310,058	348,524	1,632,758	493,412	-	12,592,494
Net surplus/(deficit)	2,144,973	688,885	(330,691)	276,133	(55,597)	1,971,291	31,598	86,016	4,812,608

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, 2021, 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, 2021, 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
September 30, 2022

CORPORATION OF THE TOWNSHIP OF CAVAN MONAGHAN

TRUST FUNDS STATEMENT OF FINANCIAL POSITION At December 31, 2021

	Baptie Trust \$	Endowment Trust \$	2021 Total \$	2020 Total \$
FINANCIAL ASSETS				
Cash	-	2,738	2,738	2,728
Due from Township	1,031	-	1,031	1,031
	1,031	2,738	3,769	3,759
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Due to Township	-	665	665	475
FUND BALANCES				
Capital	1,000	1,060	2,060	2,060
Income	31	1,013	1,044	1,224
	1,031	2,073	3,104	3,284
	1,031	2,738	3,769	3,759

TRUST FUNDS STATEMENT OF CONTINUITY For the Year Ended December 31, 2021

	Baptie Trust \$	Endowment Trust \$	2021 Total \$	2020 Total \$
BALANCES - beginning of year	1,031	2,253	3,284	3,451
RECEIPTS				
Interest earned	-	10	10	23
EXPENSES				
Scholarship	-	190	190	190
BALANCES - end of year	1,031	2,073	3,104	3,284

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF CAVAN MONAGHAN

TRUST FUNDS NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2021

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, 2021

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****T: (705) 742-3418**
F: (705) 742-9775**www.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, 2021, 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, 2021, 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.

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
September 30, 2022

CORPORATION OF THE TOWNSHIP OF CAVAN MONAGHAN

TOWNSHIP OF CAVAN MONAGHAN PUBLIC LIBRARIES STATEMENT OF FINANCIAL POSITION At December 31, 2021

	2021	2020
	\$	\$
FINANCIAL ASSETS		
Cash	181,395	49,435
Investments	-	50,000
Accounts receivable	15,859	5,203
TOTAL FINANCIAL ASSETS	197,254	104,638
LIABILITIES		
Accounts payable and accrued liabilities	82,036	21,040
Deferred revenue (note 2)	104,129	5,200
TOTAL LIABILITIES	186,165	26,240
NET FINANCIAL ASSETS	11,089	78,398
NON-FINANCIAL ASSETS		
Tangible capital assets (note 3)	79,597	99,328
ACCUMULATED SURPLUS (note 5)	90,686	177,726

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, 2021

	Budget 2021 \$ (Unaudited)	Actual 2021 \$	Actual 2020 \$
REVENUES			
Township contribution - operating (note 7)	272,294	272,294	325,499
Township contribution - occupancy (note 7)	-	18,187	29,796
Township contribution - audit, insurance, payroll and IT (note 7)	-	12,832	5,913
Township contribution - development charges (note 7)	3,862	3,862	3,511
Province of Ontario	20,754	20,754	20,754
Government of Canada	3,000	7,987	16,838
User charges	5,544	6,554	1,637
Donations and fundraising	1,810	6,137	4,304
Investment income	300	287	171
TOTAL REVENUES	307,564	348,894	408,423
EXPENSES			
Salaries and benefits	260,797	327,942	269,845
Insurance (note 7)	-	5,321	3,613
Information technology	8,350	5,926	5,398
Training and development	2,915	1,185	1,912
Professional fees and honoraria (note 7)	10,429	16,928	2,525
Program and service materials	12,237	11,442	10,134
Office (note 7)	9,910	8,345	10,384
Telephone and utilities	8,453	8,824	8,107
Occupancy (note 7)	-	18,187	29,796
Amortization	38,721	31,834	38,721
TOTAL EXPENSES	351,812	435,934	380,435
ANNUAL SURPLUS/(DEFICIT)	<u>(44,248)</u>	(87,040)	27,988
ACCUMULATED SURPLUS - beginning of year		177,726	149,738
ACCUMULATED SURPLUS - end of year		90,686	177,726

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, 2021

	Budget 2021 \$ (Unaudited)	Actual 2021 \$	Actual 2020 \$
ANNUAL SURPLUS/(DEFICIT)	(44,248)	(87,040)	27,988
Amortization of tangible capital assets	38,721	31,834	38,721
Acquisition of tangible capital assets	(39,850)	(12,103)	(34,618)
INCREASE/(DECREASE) IN NET FINANCIAL ASSETS	(45,377)	(67,309)	32,091
NET FINANCIAL ASSETS - beginning of year	78,398	78,398	46,307
NET FINANCIAL ASSETS - end of year	33,021	11,089	78,398

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, 2021

	2021	2020
	\$	\$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus (deficit)	(87,040)	27,988
Items not involving cash		
Amortization of tangible capital assets	31,834	38,721
Change in non-cash working capital		
Accounts receivable	(10,656)	1,160
Accounts payable and accrued liabilities	60,996	3,043
Deferred revenue	98,929	-
Net change in cash from operating activities	94,063	70,912
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(12,103)	(34,618)
INVESTING ACTIVITIES		
Purchase of investments	(150,000)	(50,000)
Disposal of investments	200,000	20,064
Net change in cash from investing activities	50,000	(29,936)
NET CHANGE IN CASH	131,960	6,358
CASH - beginning of year	49,435	43,077
CASH - end of year	181,395	49,435

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, 2021

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

CORPORATION OF THE TOWNSHIP OF CAVAN MONAGHAN

TOWNSHIP OF CAVAN MONAGHAN PUBLIC LIBRARIES NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2021

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.

2. DEFERRED REVENUE

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

CORPORATION OF THE TOWNSHIP OF CAVAN MONAGHAN

TOWNSHIP OF CAVAN MONAGHAN PUBLIC LIBRARIES NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2021

3. 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 \$	2021 Totals \$	2020 Totals \$
COST					
Balance, beginning of year	201,233	94,214	76,018	371,465	338,792
Add: additions during the year	12,103	-	-	12,103	34,618
Less: disposals during the year	27,408	-	-	27,408	1,945
Balance, end of year	185,928	94,214	76,018	356,160	371,465
ACCUMULATED AMORTIZATION					
Balance, beginning of year	113,679	91,178	67,280	272,137	235,361
Add: additions during the year	26,562	1,418	3,854	31,834	38,721
Less: disposals during the year	27,408	-	-	27,408	1,945
Balance, end of year	112,833	92,596	71,134	276,563	272,137
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	73,095	1,618	4,884	79,597	99,328

CORPORATION OF THE TOWNSHIP OF CAVAN MONAGHAN

TOWNSHIP OF CAVAN MONAGHAN PUBLIC LIBRARIES

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2021

4. 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 2021 Annual Report disclosed total actuarial liabilities of \$120,796 million in respect of benefits accrued for service with actuarial assets of \$117,665 million indicating an actuarial deficit of \$3,131 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 2021 were \$17,130 (2020 - \$17,893).

5. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2021	2020
	\$	\$
Deficit		
Operations	(27,930)	-
Invested In Capital Assets		
Tangible capital assets - net book value	79,597	99,328
Surplus	51,667	99,328
Reserves		
Working fund	2,375	33,082
Donation and fundraising reserve	8,706	7,661
IT hardware reserve	2,500	11,635
Future capital reserve	491	16,631
ICIP reserve	24,935	-
Total Reserves	39,007	69,009
Reserve Fund		
New Initiatives	12	9,389
	90,686	177,726

CORPORATION OF THE TOWNSHIP OF CAVAN MONAGHAN

TOWNSHIP OF CAVAN MONAGHAN PUBLIC LIBRARIES

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2021

6. BUDGET FIGURES

The operating budget, approved by the Board, for 2021 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.

7. 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:

	2021	2020
	\$	\$
Allocated costs:		
Occupancy	18,187	29,796
Audit, insurance, payroll and IT	12,832	5,913
	31,019	35,709

8. UNCERTAINTY CAUSED BY COVID-19

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.

9. 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, 2021

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 (the Millbrook Business Improvement Area), which comprise the statement of financial position as at December 31, 2021, 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, 2021, 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 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

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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 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
September 30, 2022

CORPORATION OF THE TOWNSHIP OF CAVAN MONAGHAN

MILLBROOK BUSINESS IMPROVEMENT AREA BOARD

STATEMENT OF FINANCIAL POSITION

At December 31, 2021

	2021	2020
	\$	\$
FINANCIAL ASSETS		
Cash	30,029	32,939
Due from Township of Cavan Monaghan (note 6)	8,913	6,903
NET FINANCIAL ASSETS	38,942	39,842
NON-FINANCIAL ASSETS		
Tangible capital assets (note 3)	3,259	3,637
ACCUMULATED SURPLUS (note 4)	42,201	43,479

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, 2021

	Budget 2021 \$ (Unaudited)	Actual 2021 \$	Actual 2020 \$
REVENUES			
Township of Cavan Monaghan - tax levy (note 6)	13,680	13,680	13,680
Donations, fundraising and sponsorships	7,000	12,579	-
TOTAL REVENUES	20,680	26,259	13,680
EXPENSES			
Administration	3,140	2,927	2,847
Christmas in the Village	3,100	2,431	2,511
Professional fees	2,400	644	2,161
Ladies night	2,800	-	-
Decoration	10,680	6,799	10,838
Amortization	378	378	379
Car show	200	-	-
Contracted services	-	1,522	-
BIA dinner	200	-	-
Advertising and promotion	4,800	12,536	8,557
Donations and honoraria	200	300	215
TOTAL EXPENSES	27,898	27,537	27,508
ANNUAL DEFICIT	<u>(7,218)</u>	(1,278)	(13,828)
ACCUMULATED SURPLUS - beginning of year		43,479	57,307
ACCUMULATED SURPLUS - end of year		42,201	43,479

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, 2021

	Budget 2021 \$ (Unaudited)	Actual 2021 \$	Actual 2020 \$
ANNUAL DEFICIT	(7,218)	(1,278)	(13,828)
<u>Amortization of tangible capital assets</u>	<u>378</u>	<u>378</u>	<u>379</u>
DECREASE IN NET FINANCIAL ASSETS	(6,840)	(900)	(13,449)
NET FINANCIAL ASSETS - beginning of year	<u>39,842</u>	<u>39,842</u>	<u>53,291</u>
NET FINANCIAL ASSETS - end of year	<u>33,002</u>	<u>38,942</u>	<u>39,842</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 CASH FLOWS

For the Year Ended December 31, 2021

	2021	2020
	\$	\$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual deficit	(1,278)	(13,828)
Items not involving cash		
Amortization of tangible capital assets	378	379
Change in non-cash assets and liabilities		
Due from Township of Cavan Monaghan	(2,010)	9,157
NET CHANGE IN CASH	(2,910)	(4,292)
CASH - beginning of year	32,939	37,231
CASH - end of year	30,029	32,939

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF CAVAN MONAGHAN

MILLBROOK BUSINESS IMPROVEMENT AREA BOARD NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2021

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 TOWNSHIP OF CAVAN MONAGHAN

MILLBROOK BUSINESS IMPROVEMENT AREA BOARD NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2021

2. SIGNIFICANT ACCOUNTING POLICIES, continued

(d) Inter-Entity Transactions

The Millbrook Business Improvement Area Board is a Millbrook Business 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 \$	2021 Totals \$	2020 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	2,320	878	7,520	7,141
Add: additions during the year	-	232	146	378	379
Balance, end of year	4,322	2,552	1,024	7,898	7,520
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	-	2,090	1,169	3,259	3,637

4. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2021 \$	2020 \$
Surplus		
Operations	38,942	39,842
Invested In Capital Assets		
Tangible capital assets - net book value	3,259	3,637
	42,201	43,479

CORPORATION OF THE TOWNSHIP OF CAVAN MONAGHAN

MILLBROOK BUSINESS IMPROVEMENT AREA BOARD

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2021

5. BUDGET FIGURES

The operating budget, approved by the Millbrook Business Improvement Area, for 2021 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 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 Millbrook Business 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. COMPARATIVE FIGURES

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

8. UNCERTAINTY CAUSED BY COVID-19

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.