



**CORPORATION OF THE TOWNSHIP OF  
CAVAN MONAGHAN**

**CONSOLIDATED FINANCIAL STATEMENTS**

**DECEMBER 31, 2020**

**CORPORATION OF THE TOWNSHIP OF  
CAVAN MONAGHAN**

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## CORPORATION OF THE TOWNSHIP OF CAVAN MONAGHAN

For The Year Ended December 31, 2020

### MANAGEMENT REPORT

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

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

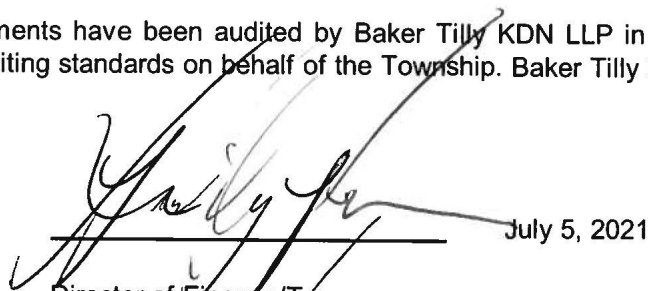
The Township maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the Township's assets are appropriately accounted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

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

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

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

  
\_\_\_\_\_  
Mayor

  
\_\_\_\_\_  
Director of Finance/Treasurer

July 5, 2021

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

We have audited the consolidated financial statements of the Corporation of the Township of Cavan Monaghan and its local boards (the Township), which comprise the consolidated statement of financial position as at December 31, 2020, 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, 2020, and the results of its consolidated operations and its consolidated cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

*Basis for Opinion*

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

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

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

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

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

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

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

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

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

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

***Baker Tilly KDN LLP***

Chartered Professional Accountants  
Licensed Public Accountants

Peterborough, Ontario  
October 13, 2021

**CORPORATION OF THE TOWNSHIP OF  
CAVAN MONAGHAN**



**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
At December 31, 2020**

	2020	2019
	\$	\$
<b>FINANCIAL ASSETS</b>		
Cash	17,254,998	10,763,271
Investments (note 4)	1,340,470	1,274,319
Accounts receivable (note 5)	1,255,637	3,423,021
Taxes receivable	1,955,346	1,723,229
<b>TOTAL FINANCIAL ASSETS</b>	<b>21,806,451</b>	<b>17,183,840</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities (note 6)	1,989,632	2,322,682
Deferred revenue - obligatory reserve funds (note 9)	3,262,623	4,513,325
Deferred revenue - other	5,200	5,200
Employee future benefits payable (note 10)	705,236	645,706
Long term debt (note 8)	7,487,057	7,747,052
Landfill post-closure liability (note 7)	70,200	71,690
<b>TOTAL LIABILITIES</b>	<b>13,519,948</b>	<b>15,305,655</b>
<b>NET FINANCIAL ASSETS</b>	<b>8,286,503</b>	<b>1,878,185</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (note 13)	71,052,036	72,628,270
Inventories of materials and supplies	48,769	67,349
Prepaid expenses	-	896
<b>TOTAL NON-FINANCIAL ASSETS</b>	<b>71,100,805</b>	<b>72,696,515</b>
<b>ACCUMULATED SURPLUS (note 14)</b>	<b>79,387,308</b>	<b>74,574,700</b>

*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, 2020**

	Budget 2020 \$ (Unaudited)	Actual 2020 \$	Actual 2019 \$
<b>REVENUES</b>			
Property taxation	9,534,049	9,935,560	8,900,850
User charges (note 17)	2,689,594	2,525,558	2,617,220
Government of Canada	53,000	66,838	11,560
Province of Ontario	644,054	889,972	1,254,328
Penalties and interest on taxes	155,000	111,297	196,365
Investment income	170,300	111,832	302,008
Donations	-	167,526	165,831
Other	91,600	82,173	234,261
Ontario Lottery and Gaming	-	86,016	455,996
Developer contributions earned	418,404	3,164,180	597,427
Federal gas tax earned	267,839	264,150	318,693
<b>TOTAL REVENUES</b>	<b>14,023,840</b>	<b>17,405,102</b>	<b>15,054,539</b>
<b>EXPENSES</b>			
General government	2,016,292	1,778,264	1,591,554
Protection services	3,054,044	2,824,641	2,752,636
Transportation services	3,210,659	3,208,824	3,250,626
Environmental services	2,910,911	2,658,582	2,409,594
Recreation and cultural services	1,715,967	1,628,771	1,103,326
Planning and development	602,844	493,412	400,628
<b>TOTAL EXPENSES</b>	<b>13,510,717</b>	<b>12,592,494</b>	<b>11,508,364</b>
<b>ANNUAL SURPLUS</b>	<b><u>513,123</u></b>	<b>4,812,608</b>	<b>3,546,175</b>
<b>ACCUMULATED SURPLUS - beginning of year</b>		<b>74,574,700</b>	<b>71,028,525</b>
<b>ACCUMULATED SURPLUS - end of year</b>		<b>79,387,308</b>	<b>74,574,700</b>

*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, 2020**

	Budget 2020 \$ (Unaudited)	Actual 2020 \$	Actual 2019 \$
<b>ANNUAL SURPLUS</b>	513,123	4,812,608	3,546,175
Amortization of tangible capital assets	2,106,720	2,577,828	2,106,720
Purchase of tangible capital assets	(2,157,029)	(1,126,034)	(14,474,855)
Loss on disposal of tangible capital assets	-	73,983	100,482
Proceeds on sale of tangible capital assets	-	50,457	28,441
Change in inventories of materials and supplies	-	18,580	22,109
Change in prepaid expenses	-	896	899
<b>INCREASE/(DECREASE) IN NET FINANCIAL ASSETS</b>	462,814	6,408,318	(8,670,029)
<b>NET FINANCIAL ASSETS - beginning of year</b>	1,878,185	1,878,185	10,548,214
<b>NET FINANCIAL ASSETS - end of year</b>	2,340,999	8,286,503	1,878,185

*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, 2020**

	2020	2019
	\$	\$
<b>CASH PROVIDED BY (USED IN)</b>		
<b>OPERATING ACTIVITIES</b>		
Annual surplus	4,812,608	3,546,175
Items not involving cash		
Amortization of tangible capital assets	2,577,828	2,106,720
Loss on disposal of tangible capital assets	73,983	100,482
Change in employee future benefits	59,530	27,735
Change in landfill post-closure liability	(1,490)	(17,860)
Change in non-cash assets and liabilities		
Accounts receivable	2,167,384	(2,012,124)
Taxes receivable	(232,117)	(473,746)
Inventories of materials and supplies	18,580	899
Prepaid expenses	896	22,109
Accounts payable and accrued liabilities	(333,050)	(509,190)
Deferred revenue - obligatory reserve funds	(1,250,702)	1,322,854
Deferred revenue - other	-	(61,423)
<b>Net change in cash from operating activities</b>	<b>7,893,450</b>	<b>4,052,631</b>
<b>CAPITAL ACTIVITIES</b>		
Purchase of tangible capital assets	(1,126,034)	(14,474,855)
Proceeds on sale of tangible capital assets	50,457	28,441
<b>Net change in cash from capital activities</b>	<b>(1,075,577)</b>	<b>(14,446,414)</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of investments	(86,215)	(46,176)
Redemption of investments	20,064	-
<b>Net change in cash from investing activities</b>	<b>(66,151)</b>	<b>(46,176)</b>
<b>FINANCING ACTIVITIES</b>		
Debt principal repayments	(259,995)	(251,818)
<b>NET CHANGE IN CASH</b>	<b>6,491,727</b>	<b>(10,691,777)</b>
<b>CASH - beginning of year</b>	<b>10,763,271</b>	<b>21,455,048</b>
<b>CASH - end of year</b>	<b>17,254,998</b>	<b>10,763,271</b>

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the Year Ended December 31, 2020**

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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 or per kilometre
Roads and bridges	7 to 50 years
Water and utility systems	30 to 50 years
Sewer	75 to 80 years
Solar panels	40 years

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

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

**1. SIGNIFICANT ACCOUNTING POLICIES, continued**

(d) Recognition of Revenues and Expenses

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

Taxation

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

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

Government and Ontario Lottery and Gaming Corporation Funding

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

Other Revenue

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

Investment income is recorded when earned.

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

(e) Non-financial Assets

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

(f) Reserves and Reserve Funds

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the Year Ended December 31, 2020**

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**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 2020, 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	3,126,414	4,996,819

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the Year Ended December 31, 2020**

**3. TRUST FUNDS**

Trust funds administered by the Township amounting to \$3,284 (2019 - \$3,451) 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**

	Market Value \$	Cost 2020 \$	Cost 2019 \$
Money Market and Bond Funds	1,223,832	1,290,470	1,254,255
GICs	50,111	50,000	20,064
	<b>1,273,943</b>	<b>1,340,470</b>	<b>1,274,319</b>

Investments include amounts restricted for obligatory reserve funds with a cost of \$124,362 (2019 - \$120,841) and market value of \$118,186 (2019 - \$112,248). 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:

	2020 \$	2019 \$
Government of Canada	304,023	2,479,432
Government of Ontario	56,250	2,355
County and School Boards	12,439	-
Ontario Lottery and Gaming Corporation	-	106,328
Other receivables	882,925	834,906
	<b>1,255,637</b>	<b>3,423,021</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the Year Ended December 31, 2020**

**6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

Accounts payable and accrued liabilities consist of the following:

	2020	2019
	\$	\$
Trade payables	1,483,708	1,749,620
Holdbacks payable	281,310	295,801
Payroll accrual	86,101	70,528
Payroll deductions	79,513	150,233
Developer deposits	59,000	56,500
	<b>1,989,632</b>	<b>2,322,682</b>

**7. LANDFILL POST-CLOSURE LIABILITY**

The estimated liability for landfill closure and post-closure costs for the landfill site owned by the Township is \$70,200 (2019 - \$71,690). Post-closure costs include monitoring, maintenance of control systems and consulting fees for 25 years after the site is closed. A reserve of \$47,359 (2019 - \$52,359) 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 \$70,200 as at December 31, 2020 (2019 - \$71,690). 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 \$78,079 (2019 - \$80,741).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the Year Ended December 31, 2020**

**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:

	2020 \$	2019 \$
Ontario Infrastructure and Lands Corporation, matures December 15, 2037, repayable in blended monthly payments of \$27,248, bears interest at 3.15% per annum.	4,299,640	4,487,951
Ontario Infrastructure and Lands Corporation, matures December 15, 2047, repayable in blended monthly payments of \$10,586, bears interest at 3.33% per annum.	2,260,422	2,311,258
Ontario Infrastructure and Lands Corporation, matures December 15, 2047, repayable in blended monthly payments of \$4,341, bears interest at 3.33% per annum.	926,995	947,843
	<b>7,487,057</b>	<b>7,747,052</b>

(b) Interest paid during the year on long term debt amounted to \$246,108 (2019 - \$254,284).

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

	Principal \$	Interest \$	Total \$
2021	268,437	237,666	506,103
2022	277,153	228,949	506,102
2023	286,153	219,949	506,102
2024	295,444	210,658	506,102
2025	305,038	201,064	506,102
2026 and subsequent years	6,054,832	1,809,627	7,864,459
	<b>7,487,057</b>	<b>2,907,913</b>	<b>10,394,970</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the Year Ended December 31, 2020**

**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:

	2020	2019
	\$	\$
Development charges	2,825,504	4,082,069
Parkland	178,123	177,237
Federal gas tax	258,996	254,019
	<b>3,262,623</b>	<b>4,513,325</b>

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

	2020	2019
	\$	\$
Balance - beginning of year	4,513,325	3,190,471
Add amounts received:		
Development charges	1,881,694	1,588,613
Federal gas tax	267,839	546,890
Parkland	-	4,800
Interest	28,095	98,671
	<b>2,177,628</b>	<b>2,238,974</b>
Less transfer to operations:		
Development charges	3,164,180	597,427
Federal gas tax	264,150	318,693
	<b>3,428,330</b>	<b>916,120</b>
Balance - end of year	<b>3,262,623</b>	<b>4,513,325</b>



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the Year Ended December 31, 2020**

**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.

	2020	2019
	\$	\$
Accrued benefit obligation at January 1	588,021	555,043
Unamortized actuarial gains	57,685	62,928
Liability at January 1	645,706	617,971
Current year benefit cost	70,766	40,743
Benefit payments by employer	(11,236)	(13,008)
<b>Employee future benefits payable</b>	<b>705,236</b>	<b>645,706</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	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:

	2020	2019
	\$	\$
Current service cost	25,417	24,498
Interest on accrued benefit obligation	22,793	21,489
Amortized actuarial gain	(5,244)	(5,244)
Prior service cost	27,800	-
<b>Employee future benefits expense</b>	<b>70,766</b>	<b>40,743</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the Year Ended December 31, 2020**

**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 2020 \$ (Unaudited)	Actual 2020 \$	Actual 2019 \$
Salaries and benefits	4,260,406	3,938,581	3,612,307
Interest charges	180,000	246,108	254,284
Materials	3,282,054	2,328,477	2,007,665
Contracted services	3,323,468	3,074,356	3,077,205
Rents and financial	12,500	7,636	10,268
External transfers	345,569	345,524	339,433
Amortization	2,106,720	2,577,828	2,106,720
Loss (gain) on disposal of tangible capital assets	-	73,983	100,482
	<b>13,510,717</b>	<b>12,592,493</b>	<b>11,508,364</b>

**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 2020 Annual Report disclosed total actuarial liabilities of \$113,055 million in respect of benefits accrued for service with actuarial assets of \$109,844 million indicating an actuarial deficit of \$3,211 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 2020 were \$230,303 (2019 - \$203,351).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the Year Ended December 31, 2020**

**13. TANGIBLE CAPITAL ASSETS**

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

	2020	2019
	\$	\$
General		
Land and land improvements	6,342,174	6,413,049
Buildings and building improvements	19,633,296	20,108,287
Equipment	1,160,515	1,178,028
Vehicles	3,386,811	3,303,504
Infrastructure		
Roads and bridges	10,608,433	10,941,009
Water systems	4,854,173	4,976,680
Sewer systems	25,020,872	25,647,354
	71,006,274	72,567,911
Assets under construction	45,762	60,359
	71,052,036	72,628,270

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

During the year there were no write-downs of assets (2019 - \$Nil) and no interest capitalized (2019 - \$Nil).

Tangible capital assets allocated by segment are as follows:

	2020	2019
	\$	\$
General government	5,544,368	5,619,499
Protection services	1,328,733	1,341,139
Transportation services	13,978,657	14,283,595
Environmental services	30,606,553	31,393,338
Health services	1,858	1,858
Recreation and cultural services	19,545,133	19,980,645
Planning and development	46,734	8,196
	71,052,036	72,628,270

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the Year Ended December 31, 2020**

**14. ACCUMULATED SURPLUS**

(a) Accumulated surplus consists of the following:

	2020	2019
	\$	\$
<b>Surplus/(Deficit)</b>		
Unfunded landfill post-closure liability	(70,200)	(71,690)
Unfunded employee future benefits	(705,236)	(645,706)
Millbrook Business Improvement Area	39,842	53,291
	<u>(735,594)</u>	<u>(664,105)</u>
<b>Invested In Tangible Capital Assets</b>		
Tangible capital assets - net book value	71,052,036	72,628,270
Long term debt	(7,487,057)	(7,747,052)
Unfunded capital - See (b) below	(1,802,694)	(4,594,503)
	<u>61,762,285</u>	<u>60,286,715</u>
<b>Surplus</b>	<u>61,026,691</u>	<u>59,622,610</u>
<b>Reserves</b>		
Working funds	1,767,210	995,257
Emergency services	2,763,500	2,418,620
Transportation services	35,002	35,002
Waste disposal services	47,359	52,359
Parks and recreation services	106,125	106,125
Water and sewer operations	2,743,156	2,018,857
Planning and development	1,158,623	1,093,096
Future capital	9,543,583	8,094,794
Election services	36,293	26,293
Computer services	55,338	39,350
Springville & Ebenezer cemetery	26,030	26,030
Cavan Monaghan Public Libraries	69,009	36,944
<b>Total Reserves</b>	<u>18,351,228</u>	<u>14,942,727</u>
<b>Reserve Funds</b>		
Cavan Monaghan Public Libraries	9,389	9,363
	<u>79,387,308</u>	<u>74,574,700</u>

(b) Unfunded capital consists of the following:

	2020	2019
	\$	\$
Water / wastewater	-	307,403
Recreation facilities	1,802,694	4,287,100
	<u>1,802,694</u>	<u>4,594,503</u>

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the Year Ended December 31, 2020**

**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 2020-02. At December 31, 2020 there was no balance outstanding.

**16. BUDGET FIGURES**

The budget, approved by the Township, for 2020 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 2020 \$ (Unaudited)	Actual 2020 \$	Actual 2019 \$
Water and sewer	1,832,570	1,798,531	1,577,254
Building permits and inspections	205,000	388,604	403,965
Recreation program/facilities fees, rental and registrations	299,600	24,116	167,512
Waste management tipping fees and recycling	93,000	90,502	119,671
Planning and zoning	7,800	77,161	36,815
General government user fees, licenses and permits	58,200	33,167	63,888
Roads and engineering user fees	73,000	21,527	60,201
Fire protection	50,350	53,387	105,539
Other licenses and permits	28,500	28,468	29,606
Library user fees and fines	8,374	3,726	12,334
Parks charges	8,000	955	7,459
Rents, concessions and franchises	5,000	576	5,278
Fines and other	11,000	4,838	13,515
BIA fundraising and event revenue	9,200	-	14,183
	<b>2,689,594</b>	<b>2,525,558</b>	<b>2,617,220</b>

**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.

**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, 2020

	General				Infrastructure			Assets Under Construction	Totals
	Land and Land Improvements	Buildings and Building Improvements	Equipment	Vehicles	Roads and Bridges	Water Systems	Sewer Systems		
	\$	\$	\$	\$	\$	\$	\$	\$	
<b>COST</b>									
Balance, beginning of year	7,006,824	22,554,865	2,565,294	5,513,775	30,861,089	6,183,063	29,058,920	60,359	103,804,189
Add: additions during the year	-	99,728	154,985	376,806	448,753	-	-	45,762	1,126,034
Less: disposals during the year	-	-	93,845	231,655	-	-	-	60,359	385,859
Balance, end 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
<b>ACCUMULATED AMORTIZATION</b>									
Balance, beginning of year	593,775	2,446,578	1,387,266	2,210,271	19,920,080	1,206,383	3,411,566	-	31,175,919
Add: additions during the year	70,875	574,719	172,498	229,418	781,329	122,507	626,482	-	2,577,828
Less: disposals during the year	-	-	93,845	167,574	-	-	-	-	261,419
Balance, end 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
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<b>6,342,174</b>	<b>19,633,296</b>	<b>1,160,515</b>	<b>3,386,811</b>	<b>10,608,433</b>	<b>4,854,173</b>	<b>25,020,872</b>	<b>45,762</b>	<b>71,052,036</b>



# 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 \$
<b>Revenues</b>									
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
<b>Total revenues</b>	<b>3,923,237</b>	<b>3,509,539</b>	<b>2,878,133</b>	<b>2,586,191</b>	<b>292,927</b>	<b>3,604,049</b>	<b>525,010</b>	<b>86,016</b>	<b>17,405,102</b>
<b>Expenses</b>									
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	239,491	936,508	423,724	8,663	227,193	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
<b>Total expenses</b>	<b>1,778,264</b>	<b>2,824,641</b>	<b>3,208,824</b>	<b>2,310,058</b>	<b>348,524</b>	<b>1,628,771</b>	<b>493,412</b>	<b>-</b>	<b>12,592,494</b>
<b>Net surplus/(deficit)</b>	<b>2,144,973</b>	<b>684,898</b>	<b>(330,691)</b>	<b>276,133</b>	<b>(55,597)</b>	<b>1,975,278</b>	<b>31,598</b>	<b>86,016</b>	<b>4,812,608</b>

# CORPORATION OF THE TOWNSHIP OF CAVAN MONAGHAN



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

	General Government \$	Protection Services \$	Transportation Services \$	Water and Sewer \$	Other Environmental Services \$	Recreation and Cultural Services \$	Planning and Development \$	OLG \$	Consolidated \$
<b>Revenues</b>									
Property taxation	2,427,012	2,720,399	2,295,846	-	176,266	880,118	401,209	-	8,900,850
User charges	70,158	546,353	60,201	1,577,256	119,671	192,583	50,998	-	2,617,220
Government transfers - operating	1,106,291	4,377	-	-	-	146,340	1,100	-	1,258,108
Government transfers - capital	3,860	-	1,960	-	-	-	1,960	-	7,780
Penalties and interest on taxes	196,365	-	-	-	-	-	-	-	196,365
Investment income	301,138	-	-	-	-	870	-	-	302,008
Donations	16,419	-	-	-	-	149,412	-	-	165,831
Other	66,119	-	-	-	-	168,142	-	-	234,261
Ontario Lottery and Gaming	-	-	-	-	-	-	-	455,996	455,996
Developer contributions earned	22,500	-	80,000	494,927	-	-	-	-	597,427
Federal gas tax earned	-	-	318,693	-	-	-	-	-	318,693
<b>Total revenues</b>	<b>4,209,862</b>	<b>3,271,129</b>	<b>2,756,700</b>	<b>2,072,183</b>	<b>295,937</b>	<b>1,537,465</b>	<b>455,267</b>	<b>455,996</b>	<b>15,054,539</b>
<b>Expenses</b>									
Salaries and benefits	1,029,904	695,051	833,345	96,345	63,680	621,734	272,248	-	3,612,307
Interest charges	-	-	-	254,284	-	-	-	-	254,284
Materials	264,157	285,031	898,699	221,320	38,091	234,961	65,406	-	2,007,665
Contracted services	222,170	1,334,583	437,832	736,012	220,578	64,711	61,319	-	3,077,205
Rents and financial	10,037	-	-	-	-	231	-	-	10,268
External transfers	-	339,433	-	-	-	-	-	-	339,433
Amortization	65,286	126,979	951,827	779,284	-	181,689	1,655	-	2,106,720
Loss (gain) on disposal of tangible capital assets	-	(28,441)	128,923	-	-	-	-	-	100,482
<b>Total expenses</b>	<b>1,591,554</b>	<b>2,752,636</b>	<b>3,250,626</b>	<b>2,087,245</b>	<b>322,349</b>	<b>1,103,326</b>	<b>400,628</b>	<b>-</b>	<b>11,508,364</b>
<b>Net surplus/(deficit)</b>	<b>2,618,308</b>	<b>518,493</b>	<b>(493,926)</b>	<b>(15,062)</b>	<b>(26,412)</b>	<b>434,139</b>	<b>54,639</b>	<b>455,996</b>	<b>3,546,175</b>

**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, 2020, 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, 2020, and the continuity of the Trust Funds for the year then ended in accordance with Canadian Public Sector Accounting Standards.

*Basis for Opinion*

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

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

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

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

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

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

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

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

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

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

*Baker Tilly KDN LLP*

Chartered Professional Accountants  
Licensed Public Accountants

Peterborough, Ontario  
October 13, 2021

**CORPORATION OF THE  
TOWNSHIP OF CAVAN MONAGHAN**



**TRUST FUNDS  
STATEMENT OF FINANCIAL POSITION  
At December 31, 2020**

	Baptie Trust \$	Endowment Trust \$	2020 Total \$	2019 Total \$
<b>FINANCIAL ASSETS</b>				
Cash	-	2,728	2,728	2,990
Due from Township	1,031	-	1,031	1,031
	1,031	2,728	3,759	4,021
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Due to Township	-	475	475	570
<b>FUND BALANCES</b>				
Capital	1,000	1,060	2,060	2,060
Income	31	1,193	1,224	1,391
	1,031	2,253	3,284	3,451
	1,031	2,728	3,759	4,021

**TRUST FUNDS  
STATEMENT OF CONTINUITY  
For the Year Ended December 31, 2020**

	Baptie Trust \$	Endowment Trust \$	2020 Total \$	2019 Total \$
<b>BALANCES - beginning of year</b>	1,031	2,420	3,451	3,488
<b>RECEIPTS</b>				
Interest earned	-	23	23	58
<b>EXPENSES</b>				
Scholarship	-	190	190	95
<b>BALANCES - end of year</b>	1,031	2,253	3,284	3,451

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

**TRUST FUNDS  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended December 31, 2020**

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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 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, 2020**

**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](http://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, 2020, 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, 2020, 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, 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 21, 2021

**CORPORATION OF THE TOWNSHIP OF  
CAVAN MONAGHAN**



**TOWNSHIP OF CAVAN MONAGHAN PUBLIC LIBRARIES  
STATEMENT OF FINANCIAL POSITION  
At December 31, 2020**

	2020	2019
	\$	\$
<b>FINANCIAL ASSETS</b>		
Cash	49,435	43,077
Investments (note 2)	50,000	20,064
Accounts receivable	5,203	6,363
<b>TOTAL FINANCIAL ASSETS</b>	<b>104,638</b>	<b>69,504</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	21,040	17,997
Deferred revenue (note 3)	5,200	5,200
<b>TOTAL LIABILITIES</b>	<b>26,240</b>	<b>23,197</b>
<b>NET FINANCIAL ASSETS</b>	<b>78,398</b>	<b>46,307</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (note 4)	99,328	103,431
<b>ACCUMULATED SURPLUS (note 6)</b>	<b>177,726</b>	<b>149,738</b>

*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, 2020**

	Budget 2020 \$ (Unaudited)	Actual 2020 \$	Actual 2019 \$
<b>REVENUES</b>			
Township contribution - operating (note 8)	325,499	325,499	306,630
Township contribution - occupancy (note 8)	-	29,796	20,755
Township contribution - audit and insurance (note 8)	-	5,913	9,027
Township contribution - development charges (note 8)	3,511	3,511	-
Province of Ontario	20,754	20,754	24,559
Government of Canada	3,000	16,838	3,780
User charges	6,874	1,637	6,906
Donations and fundraising	1,500	4,304	9,156
Investment income	300	171	870
<b>TOTAL REVENUES</b>	<b>361,438</b>	<b>408,423</b>	<b>381,683</b>
<b>EXPENSES</b>			
Salaries and benefits	260,207	269,845	250,663
Insurance (note 8)	-	3,613	6,827
Information technology	8,350	5,398	7,618
Training and development	2,915	1,912	1,765
Professional fees and honoraria (note 8)	500	2,525	2,437
Program and service materials	12,237	10,134	8,036
Office	9,600	10,384	9,241
Telephone and utilities	8,217	8,107	7,725
Occupancy (note 8)	-	29,796	20,755
Amortization	40,836	38,721	40,836
<b>TOTAL EXPENSES</b>	<b>342,862</b>	<b>380,435</b>	<b>355,903</b>
<b>ANNUAL SURPLUS</b>	<b><u>18,576</u></b>	<b>27,988</b>	<b>25,780</b>
<b>ACCUMULATED SURPLUS - beginning of year</b>		<b>149,738</b>	<b>123,958</b>
<b>ACCUMULATED SURPLUS - end of year</b>		<b>177,726</b>	<b>149,738</b>

*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, 2020**

	Budget 2020 \$ (Unaudited)	Actual 2020 \$	Actual 2019 \$
<b>ANNUAL SURPLUS</b>	18,576	27,988	25,780
Amortization of tangible capital assets	40,836	38,721	40,836
Acquisition of tangible capital assets	(59,412)	(34,618)	(43,137)
<b>INCREASE IN NET FINANCIAL ASSETS</b>	-	32,091	23,479
<b>NET FINANCIAL ASSETS - beginning of year</b>	46,307	46,307	22,828
<b>NET FINANCIAL ASSETS - end of year</b>	46,307	78,398	46,307

*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, 2020**

	2020	2019
	\$	\$
<b>CASH PROVIDED BY (USED IN)</b>		
<b>OPERATING ACTIVITIES</b>		
Annual surplus (deficit)	27,988	25,780
Items not involving cash		
Amortization of tangible capital assets	38,721	40,836
Change in non-cash working capital		
Accounts receivable	1,160	(1,521)
Accounts payable and accrued liabilities	3,043	(10,368)
Deferred revenue	-	(1,949)
<b>Net change in cash from operating activities</b>	<b>70,912</b>	<b>52,778</b>
<b>CAPITAL ACTIVITIES</b>		
Acquisition of tangible capital assets	(34,618)	(43,137)
<b>INVESTING ACTIVITIES</b>		
Purchase of investments	(50,000)	(20,064)
Disposal of investments	20,064	-
<b>Net change in cash from investing activities</b>	<b>(29,936)</b>	<b>(20,064)</b>
<b>NET CHANGE IN CASH</b>	<b>6,358</b>	<b>(10,423)</b>
<b>CASH - beginning of year</b>	<b>43,077</b>	<b>53,500</b>
<b>CASH - end of year</b>	<b>49,435</b>	<b>43,077</b>

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

**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.

**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. 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:

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.

**TOWNSHIP OF CAVAN MONAGHAN PUBLIC LIBRARIES  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended December 31, 2020**

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**2. INVESTMENTS**

Investments consist of a cashable GIC of \$50,000 (2019 - \$20,064) bearing interest at 0.5% per annum, maturing July 23, 2021.

**3. DEFERRED REVENUE**

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

**4. TANGIBLE CAPITAL ASSETS**

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

	Books and audio- visuals \$	Furniture and equipment \$	Computers and software \$	2020 Totals \$	2019 Totals \$
<b>COST</b>					
Balance, beginning of year	172,928	89,846	76,018	338,792	325,226
Add: additions during the year	28,305	6,313	-	34,618	43,137
Less: disposals during the year	-	1,945	-	1,945	29,571
Balance, end of year	201,233	94,214	76,018	371,465	338,792
<b>ACCUMULATED AMORTIZATION</b>					
Balance, beginning of year	84,932	91,545	58,884	235,361	224,096
Add: additions during the year	28,747	1,578	8,396	38,721	40,836
Less: disposals during the year	-	1,945	-	1,945	29,571
Balance, end of year	113,679	91,178	67,280	272,137	235,361
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<b>87,554</b>	<b>3,036</b>	<b>8,738</b>	<b>99,328</b>	<b>103,431</b>



**TOWNSHIP OF CAVAN MONAGHAN PUBLIC LIBRARIES  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended December 31, 2020**

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**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 2020 Annual Report disclosed total actuarial liabilities of \$113,055 million in respect of benefits accrued for service with actuarial assets of \$109,844 million indicating an actuarial deficit of \$3,211 million. Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Township does not recognize any share of the OMERS pension surplus or deficit.

The Board's required contributions to OMERS in 2020 were \$17,893 (2019 - \$15,822).

**6. ACCUMULATED SURPLUS**

Accumulated surplus consists of the following:

	2020	2019
	\$	\$
<b>Invested In Capital Assets</b>		
Tangible capital assets - net book value	99,328	103,431
<b>Surplus</b>	99,328	103,431
<b>Reserves</b>		
Working fund	33,082	25,088
Donation and fundraising reserve	7,661	5,856
IT hardware reserve	11,635	6,000
Future capital reserve	16,631	-
<b>Total Reserves</b>	69,009	36,944
<b>Reserve Fund</b>		
New Initiatives	9,389	9,363
	<b>177,726</b>	<b>149,738</b>

**TOWNSHIP OF CAVAN MONAGHAN PUBLIC LIBRARIES  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended December 31, 2020**

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**7. BUDGET FIGURES**

The operating budget, approved by the Board, for 2020 is reflected on the Statement of Operations and Accumulated Surplus and the Statement of Change in Net Financial Assets. The budgets established for capital investment in tangible capital assets are on a project-oriented basis, the costs of which may be carried out over one or more years and, therefore, may not be comparable with current year's actual expenditure amounts. Budget figures have been reclassified for the purposes of these financial statements to comply with PSA reporting requirements. Budget figures are not subject to audit.

**8. INTER-ENTITY TRANSACTIONS**

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

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

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

	2020	2019
	\$	\$
Allocated costs:		
Occupancy	29,796	20,755
Audit and insurance	5,913	9,027
	<b>35,709</b>	<b>29,782</b>

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

**9. 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.

**10. COMPARATIVE FIGURES**

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

**CORPORATION OF THE TOWNSHIP OF CAVAN  
MONAGHAN**

**MILLBROOK BUSINESS IMPROVEMENT AREA BOARD**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2020**

**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](http://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, 2020, 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, 2020, 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.

*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  
October 13, 2021

**CORPORATION OF THE TOWNSHIP OF  
CAVAN MONAGHAN**



**MILLBROOK BUSINESS IMPROVEMENT AREA BOARD  
STATEMENT OF FINANCIAL POSITION  
At December 31, 2020**

	2020	2019
	\$	\$
<b>FINANCIAL ASSETS</b>		
Cash	32,939	37,231
<u>Due from Township of Cavan Monaghan (note 5)</u>	<u>6,903</u>	<u>16,060</u>
<b>NET FINANCIAL ASSETS</b>	39,842	53,291
<b>NON-FINANCIAL ASSETS</b>		
<u>Tangible capital assets (note 2)</u>	<u>3,637</u>	<u>4,016</u>
<b><u>ACCUMULATED SURPLUS (note 3)</u></b>	<u>43,479</u>	<u>57,307</u>

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*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, 2020**

	Budget 2020 \$ (Unaudited)	Actual 2020 \$	Actual 2019 \$
<b>REVENUES</b>			
Township of Cavan Monaghan - tax levy (note 5)	13,680	13,680	13,680
Township of Cavan Monaghan - audit (note 5)	-	-	2,100
Donations and fundraising	6,800	-	13,051
User fees	-	-	5,707
<b>TOTAL REVENUES</b>	<b>20,480</b>	<b>13,680</b>	<b>34,538</b>
<b>EXPENSES</b>			
Administration	3,900	2,847	384
Christmas in the Village	3,100	2,511	2,834
Professional fees	2,400	2,161	2,100
Ladies night	2,800	-	2,344
Decoration	13,500	10,838	3,573
Amortization	378	379	378
Car show	200	-	326
BIA dinner	1,000	-	3,483
Advertising and promotion	8,800	8,557	3,258
Donations and honoraria	200	215	155
<b>TOTAL EXPENSES</b>	<b>36,278</b>	<b>27,508</b>	<b>18,835</b>
<b>ANNUAL SURPLUS/(DEFICIT)</b>	<b>(15,798)</b>	<b>(13,828)</b>	<b>15,703</b>
<b>ACCUMULATED SURPLUS - beginning of year</b>		<b>57,307</b>	<b>41,604</b>
<b>ACCUMULATED SURPLUS - end of year</b>		<b>43,479</b>	<b>57,307</b>

*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, 2020**

	Budget 2020 \$ (Unaudited)	Actual 2020 \$	Actual 2019 \$
<b>ANNUAL SURPLUS/(DEFICIT)</b>	(15,798)	(13,828)	15,703
<u>Amortization of tangible capital assets</u>	378	379	378
<b>INCREASE/(DECREASE) IN NET FINANCIAL ASSETS</b>	(15,420)	(13,449)	16,081
<b>NET FINANCIAL ASSETS - beginning of year</b>	53,291	53,291	37,210
<b>NET FINANCIAL ASSETS - end of year</b>	37,871	39,842	53,291

*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, 2020**

	2020	2019
	\$	\$
<b>CASH PROVIDED BY (USED IN)</b>		
<b>OPERATING ACTIVITIES</b>		
Annual surplus/(deficit)	(13,828)	15,703
Items not involving cash		
Amortization of tangible capital assets	379	378
Change in non-cash assets and liabilities		
Due from Township of Cavan Monaghan	9,157	(2,815)
Accounts payable and accrued liabilities	-	(858)
<b>NET CHANGE IN CASH</b>	<b>(4,292)</b>	<b>12,408</b>
<b>CASH - beginning of year</b>	<b>37,231</b>	<b>24,823</b>
<b>CASH - end of year</b>	<b>32,939</b>	<b>37,231</b>

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

**MILLBROOK BUSINESS IMPROVEMENT AREA BOARD  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended December 31, 2020**

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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.

**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 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, 2020**

**1. 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.

**2. TANGIBLE CAPITAL ASSETS**

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

	Signs \$	Benches \$	Bicycle racks \$	2020 Totals \$	2019 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	2,087	732	7,141	6,763
Add: additions during the year	-	233	146	379	378
Balance, end of year	4,322	2,320	878	7,520	7,141
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<b>-</b>	<b>2,322</b>	<b>1,315</b>	<b>3,637</b>	<b>4,016</b>

**3. ACCUMULATED SURPLUS**

Accumulated surplus consists of the following:

	2020 \$	2019 \$
<b>Surplus</b>		
Operations	39,842	53,291
<b>Invested In Capital Assets</b>		
Tangible capital assets - net book value	3,637	4,016
	<b>43,479</b>	<b>57,307</b>

**MILLBROOK BUSINESS IMPROVEMENT AREA BOARD  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended December 31, 2020**

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**4. BUDGET FIGURES**

The operating budget, approved by the Millbrook Business Improvement Area, for 2020 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.

**5. 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.

**6. COMPARATIVE FIGURES**

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

**7. 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.