



**CORPORATION OF THE
TOWNSHIP OF CAVAN MONAGHAN**

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2018

**CORPORATION OF THE
TOWNSHIP OF CAVAN MONAGHAN**

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2018

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CORPORATION OF THE TOWNSHIP OF CAVAN MONAGHAN

For The Year Ended December 31, 2018

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.

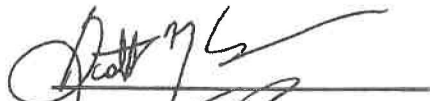
The Township maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the Township's assets are appropriately accounted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



Date

August 6, 2019

Director of
Finance/Treasurer



Date

AUGUST 6, 2019

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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, 2018, the consolidated statements of operations and accumulated surplus, change in net financial assets/(liabilities) 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, 2018, 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.

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
August 8, 2019

**CORPORATION OF THE
TOWNSHIP OF CAVAN MONAGHAN**



**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At December 31, 2018**

	2018	2017
	\$	\$
FINANCIAL ASSETS		
Cash	21,455,048	21,420,267
Investments (note 4)	1,228,143	1,202,863
Accounts receivable (note 5)	1,410,897	1,617,816
Taxes receivable	1,249,483	1,182,337
TOTAL FINANCIAL ASSETS	25,343,571	25,423,283
LIABILITIES		
Accounts payable and accrued liabilities (note 6)	2,831,872	2,392,175
Deferred revenue - obligatory reserve funds (note 8)	3,190,471	1,549,939
Deferred revenue - other	66,623	8,703
Employee future benefits (note 9)	617,971	591,775
Long term debt (note 7)	7,998,870	8,242,769
Landfill post-closure liability (note 10)	89,550	89,550
TOTAL LIABILITIES	14,795,357	12,874,911
NET FINANCIAL ASSETS	10,548,214	12,548,372
NON-FINANCIAL ASSETS		
Tangible capital assets (note 13)	59,889,836	53,021,178
Prepaid expenses	23,005	2,767
Inventories	68,248	79,423
TOTAL NON-FINANCIAL ASSETS	59,981,089	53,103,368
ACCUMULATED SURPLUS (note 14)	70,529,303	65,651,740

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, 2018**

	Budget 2018 \$ (Unaudited)	Actual 2018 \$	Actual 2017 \$
REVENUES			
Property taxation	7,580,923	7,923,610	7,179,853
User charges (note 17)	1,854,010	2,724,359	2,007,676
Government of Canada	2,200	83,393	125,004
Province of Ontario	745,357	860,309	577,142
Other municipalities	-	1,250	4,874
Penalties and interest on taxes	145,000	161,900	147,511
Investment income	95,500	333,678	253,525
Donations	500	89,324	19,067
Other	81,256	90,831	130,412
Development contributions earned	402,000	542,792	379,934
Federal gas tax earned	472,732	472,732	297,943
Ontario Lottery and Gaming Corporation	-	2,290,748	3,111,089
Contributed tangible capital assets	-	520,900	-
TOTAL REVENUES	11,379,478	16,095,826	14,234,030
EXPENSES			
General government	1,797,857	1,573,483	1,709,586
Protection services	3,050,173	2,763,725	2,514,010
Transportation services	3,081,694	3,077,888	2,894,410
Environmental services	2,126,855	2,410,173	2,194,754
Recreation and cultural services	971,078	983,057	957,680
Planning and development	463,456	409,937	409,667
TOTAL EXPENSES	11,491,113	11,218,263	10,680,107
ANNUAL SURPLUS/(DEFICIT)	<u>(111,635)</u>	4,877,563	3,553,923
ACCUMULATED SURPLUS - beginning of year		65,651,740	62,097,817
ACCUMULATED SURPLUS - end of year		70,529,303	65,651,740

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/(LIABILITIES)
For the Year Ended December 31, 2018**

	Budget 2018 \$ (Unaudited)	Actual 2018 \$	Actual 2017 \$
ANNUAL SURPLUS/(DEFICIT)	(111,635)	4,877,563	3,553,923
Amortization of tangible capital assets	2,104,500	2,036,490	2,104,500
Purchase of tangible capital assets	(18,051,497)	(8,615,388)	(3,681,331)
Loss on disposal of tangible capital assets	-	210,920	82,940
Proceeds on sale of tangible capital assets	-	20,220	300
Contributed capital assets	-	(520,900)	-
Change in prepaid expenses	-	(20,238)	934
Change in inventories	-	11,175	113,081
CHANGE IN NET FINANCIAL ASSETS/(LIABILITIES)	(16,058,632)	(2,000,158)	2,174,347
NET FINANCIAL ASSETS - beginning of year	12,548,372	12,548,372	10,374,025
NET FINANCIAL ASSETS/(LIABILITIES) - end of year	(3,510,260)	10,548,214	12,548,372

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, 2018**

	2018	2017
	\$	\$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus	4,877,563	3,553,923
Items not involving cash		
Amortization of tangible capital assets	2,036,490	2,104,500
Loss on disposal of tangible capital assets	210,920	82,940
Contributed capital assets	(520,900)	-
Change in employee future benefits	26,196	24,745
Change in landfill post-closure liability	-	12,250
Change in non-cash assets and liabilities		
Accounts receivable	206,919	221,308
Taxes receivable	(67,146)	(117,067)
Inventories for resale	-	2,367
Prepaid expenses	(20,238)	934
Inventories	11,175	113,081
Accounts payable and accrued liabilities	439,697	474,827
Deferred revenue - obligatory reserve funds	1,640,532	485,766
Deferred revenue - other	57,920	615
Net change in cash from operating activities	8,899,128	6,960,189
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(8,615,388)	(3,681,331)
Proceeds on sale of tangible capital assets	20,220	300
Net change in cash from capital activities	(8,595,168)	(3,681,031)
INVESTING ACTIVITIES		
Purchase of investments	(25,280)	(95,786)
FINANCING ACTIVITIES		
Debt principal repayments	(243,899)	-
Long term debt issued	-	8,242,769
Repayment of OILC advance	-	(8,242,769)
Net change in cash from financing activities	(243,899)	-
NET CHANGE IN CASH	34,781	3,183,372
CASH - beginning of year	21,420,267	18,236,895
CASH - end of year	21,455,048	21,420,267

The accompanying notes are an integral part of these financial statements

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2018**

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. The cost, less residual value, if any, of tangible capital assets is amortized on a straight-line basis, over the expected useful life of the asset, as follows:

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

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

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

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.

Property 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, 2018**

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 and opening costs of tangible capital assets are based on estimates of useful life, residual values and valuation rates; 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 2018, 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 \$
Property taxes	2,999,789	4,055,883
Taxation from other governments	8,469	14,325
Amounts requisitioned and remitted	3,008,258	4,070,208

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, 2018**

3. TRUST FUNDS

Trust funds administered by the Township amounting to \$3,488 (2017 - \$3,529) 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 2018 \$	Cost 2017 \$
Money Market and Bond Funds	1,133,351	1,228,143	1,202,863

Investments include amounts restricted for obligatory reserve funds with a cost of \$118,313 (2017 - \$115,864) and market value of \$109,390 (2017 - \$107,761). All investments are comprised of money market funds and bond funds through the ONE Public Sector Group of Funds.

5. ACCOUNTS RECEIVABLE

Accounts receivable consists of the following:

	2018 \$	2017 \$
Government of Canada	575,073	393,754
Government of Ontario	1,824	-
Ontario Lottery and Gaming Corporation	89,963	725,280
Other receivables	744,037	498,782
	1,410,897	1,617,816

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consist of the following:

	2018 \$	2017 \$
Trade payables	1,707,541	1,977,806
Holdbacks payable	806,764	71,335
Payroll accrual	119,017	104,906
Payroll deductions	142,050	181,628
Developer deposits	56,500	56,500
	2,831,872	2,392,175

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2018**

7. LONG TERM DEBT

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

	2018 \$	2017 \$
Ontario Infrastructure and Lands Corporation, matures December 15, 2037, repayable in blended monthly payments of \$27,248, bears interest at 3.15% per annum.	4,670,431	4,847,259
Ontario Infrastructure and Lands Corporation, matures December 15, 2047, repayable in blended monthly payments of \$10,586, bears interest at 3.33% per annum.	2,360,430	2,407,995
Ontario Infrastructure and Lands Corporation, matures December 15, 2047, repayable in blended monthly payments of \$4,341, bears interest at 3.33% per annum.	968,009	987,515
	7,998,870	8,242,769

(b) Interest paid during the year on long term debt amounted to \$262,203 (2017 - \$139,456).

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

	Principal \$	Interest \$	Total \$
2019	251,818	254,284	506,102
2020	259,995	246,108	506,103
2021	268,437	237,666	506,103
2022	277,153	228,949	506,102
2023	286,153	219,949	506,102
2024 and subsequent years	6,655,314	2,221,349	8,876,663
	7,998,870	3,408,305	11,407,175

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2018**

8. 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:

	2018 \$	2017 \$
Development charges	3,002,403	1,198,094
Parkland	168,249	139,874
Federal gas tax	19,819	211,971
	3,190,471	1,549,939

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

	2018 \$	2017 \$
Balance - beginning of year	1,549,939	1,064,173
Add amounts received:		
Development charges	2,287,391	870,051
Federal gas tax	280,111	266,239
Parkland	24,400	5,400
Interest	64,154	21,953
	2,656,056	1,163,643
Less transfer to operations:		
Development charges	542,792	379,934
Federal gas tax	472,732	297,943
	1,015,524	677,877
Balance - end of year	3,190,471	1,549,939

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2018**

9. 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.

	2018	2017
	\$	\$
Accrued benefit obligation at January 1	523,602	493,614
Unamortized actuarial gains	68,173	73,416
Liability at January 1	591,775	567,030
Current year benefit cost	38,655	36,656
Benefit payments by employer	(12,459)	(11,911)
Employee future benefits payable	617,971	591,775

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

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

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

	2018	2017
	\$	\$
Current service cost	23,612	22,759
Interest on accrued benefit obligation	20,287	19,141
Amortized actuarial gain	(5,244)	(5,244)
Employee future benefits expense	38,655	36,656

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2018**

10. LANDFILL POST-CLOSURE LIABILITY

The liability for landfill closure and post-closure costs of \$89,550 (2017 - \$89,550) has been estimated using discounted future cash flows associated with post-closure care activities for the landfill site owned by the Township. Post-closure costs include monitoring, maintenance of control systems and consulting fees for 25 years after the site is closed. A reserve of \$59,159 (2017 - \$65,159) has been established for this liability with the remaining costs to be funded from taxation. There are no specific assets designated for settling this liability.

The reported liability is based upon estimates and assumptions with respect to events extending over the remaining monitoring period of the landfill. The total discounted future cash flows for closure and post-closure cost is estimated at \$89,550 as at December 31, 2018 (2017 - \$89,550). The landfill reached its capacity and was effectively closed in 1998. The total discounted future cash flows for post-closure and monitoring costs are estimated using a discount factor of 3.3% and an inflation rate of 2.1%. The total undiscounted estimated costs amount to \$116,934 (2017 - \$117,910).

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 2018 \$ (Unaudited)	Actual 2018 \$	Actual 2017 \$
Salaries and benefits	3,541,963	3,564,815	3,258,279
Interest charges	180,000	262,203	139,456
Materials	2,062,525	1,914,086	1,795,899
Contracted services	3,254,041	2,883,387	2,931,239
Rents and financial	13,400	10,546	11,608
External transfers	334,684	335,816	356,186
Amortization	2,104,500	2,036,490	2,104,500
Loss on disposal of tangible capital assets	-	210,920	82,940
	11,491,113	11,218,263	10,680,107

12. COMPARATIVE FIGURES

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2018**

13. TANGIBLE CAPITAL ASSETS

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

	2018	2017
	\$	\$
General		
Land and land improvements	4,257,759	3,765,429
Buildings and building improvements	22,607,167	23,184,949
Equipment	908,769	827,356
Vehicles	2,893,242	2,840,449
Infrastructure		
Roads and bridges	10,322,492	9,859,808
Water systems	6,441,360	5,131,583
Sewer systems	5,169,258	4,912,010
Solar panels	359,926	370,217
	52,959,973	50,891,801
Assets under construction	6,929,863	2,129,377
	59,889,836	53,021,178

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

During the year there were no write-downs of assets (2017 - \$Nil) and no interest capitalized (2017 - \$Nil).

Tangible capital assets allocated by segment are as follows:

	2018	2017
	\$	\$
General government	4,585,133	4,042,606
Protection services	1,370,004	1,454,512
Transportation services	12,683,625	12,493,293
Environmental services	32,446,786	32,298,917
Health services	1,858	1,858
Recreation and cultural services	8,787,796	2,715,358
Planning and development	14,634	14,634
	59,889,836	53,021,178

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2018**

14. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2018	2017
	\$	\$
Surplus/(Deficit)		
Unfunded landfill post-closure liability	(89,550)	(89,550)
Unfunded employee future benefits	(617,971)	(591,775)
Township of Cavan Monaghan Public Libraries	4,889	-
Millbrook Business Improvement Area	37,210	45,143
	(665,422)	(636,182)
Invested In Tangible Capital Assets		
Tangible capital assets - net book value	59,889,836	53,021,178
Long term debt	(7,998,870)	(8,242,769)
Unfunded capital	(475,330)	(616,122)
	51,415,636	44,162,287
Surplus	50,750,214	43,526,105
Reserves		
Working funds	403,444	426,669
Phase-in levy	200,008	2,380,008
Emergency services	745,499	729,739
Transportation services	47,002	109,002
Waste disposal services	59,159	65,159
Parks and recreation services	106,125	133,702
Water and sewer operations	1,570,968	1,293,554
Planning and development	853,238	449,231
Future capital	14,729,369	13,248,496
Election services	16,293	41,639
Computer services	20,320	54,908
Springville & Ebenezer cemetery	26,030	26,030
New community centre	983,695	3,141,000
Library working fund	9,303	9,303
Total Reserves	19,770,453	22,108,440
Reserve Funds		
Library new initiatives	8,636	17,195
	70,529,303	65,651,740

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2018**

15. PENSION AGREEMENTS

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

The Actuarial Opinion contained in the 2018 Annual Report disclosed total actuarial liabilities of \$100,081 million in respect of benefits accrued for service with actuarial assets of \$95,890 million indicating an actuarial deficit of \$4,191 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 2018 were \$193,834 (2017 - \$191,632).

16. CREDIT FACILITY AGREEMENT

The Township has a revolving credit facility agreement with its main financial institution. The amount available at any time is limited to \$500,000 via an operating loan. Any balance borrowed will accrue interest at the bank's prime lending rate. Council authorized the temporary borrowing limit by By-law 2018-02. At December 31, 2018 there was no balance outstanding.

17. USER CHARGES

User charges consist of the following:

	Budget 2018 \$ (Unaudited)	Actual 2018 \$	Actual 2017 \$
Water and sewer	1,205,760	1,320,163	1,064,679
Building permits and inspections	134,000	643,330	183,648
Recreation program/facilities fees, rental and registrations	168,400	191,303	158,976
Waste management tipping fees and recycling	80,500	171,517	199,229
Planning and zoning	14,000	77,489	40,800
General government user fees, licenses and permits	58,200	64,845	69,495
Roads and engineering user fees	60,600	128,795	143,312
Fire protection	60,150	57,219	56,054
Other licenses and permits	29,000	30,589	27,961
Library user fees and fines	7,000	10,857	8,408
Parks charges	9,300	8,024	9,305
Rents, concessions and franchises	6,800	6,922	8,786
Fines and penalties	11,000	6,732	28,869
BIA fundraising and event revenue	9,300	6,574	8,154
	1,854,010	2,724,359	2,007,676

18. SEGMENTED INFORMATION

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

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

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

General Government

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

Protection Services

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

Transportation Services

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

Water and Sewer

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

Other Environmental Services

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

Recreation and Cultural Services

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2018**

18. SEGMENTED INFORMATION, continued

Planning and Development

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

19. CHANGES IN ACCOUNTING POLICIES

The Township has implemented the following PSA sections which are now effective under the PSA Handbook: 3320 Contingent Assets, 3380 Contractual Rights, 2200 Related Party Disclosures and 3420 Inter-Entity Transactions.

Under Section 3320, a contingent asset is a potential asset that exists at the financial statement date but requires confirmation or disproof at a future date that is not in the control of the public-sector entity. If the contingent asset is deemed to be likely to exist, then this should be disclosed in the notes to the financial statements. Disclosure should include the nature, extent (except in those cases where extent cannot be measured or disclosure would have an adverse effect on the outcome), the reason for any non-disclosure of extent, and when an estimate of the amount has been made, the basis for that estimate. This section has been applied prospectively. The adoption of this standard did not have an impact on the Township's consolidated financial statements.

Under Section 3380, a contractual right arises out of a contract or agreement where it will result in the Township having both an asset and future revenue. The contract or agreement must be between two or more parties and be enforceable under contract law. Contractual rights are assets and revenues that will occur in the future due to an enforceable agreement in effect at the financial statement date. If a contractual right exists, it should be disclosed in the notes or schedules to the statements and include descriptions about nature, extent and timing. This section has been applied prospectively. The adoption of this standard did not have an impact on the Township's consolidated financial statements.

Section 3240 establishes the standards and requirements on how to account for and Section 2200 establishes the standards and requirements on how to report transactions between public sector entities that comprise the government's reporting entity. These sections have been applied retroactively with restatement of prior periods. The adoption of these standards did not have an impact on the Township's consolidated financial statements.

20. BUDGET FIGURES

The budget, approved by the Township, for 2018 is reflected on the Consolidated Statement of Operations and Accumulated Surplus and the Consolidated Statement of Change in Net Financial Assets/(Liabilities). 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.

CORPORATION OF THE TOWNSHIP OF CAVAN MONAGHAN



CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS
For the Year Ended December 31, 2018

	General				Infrastructure				Assets Under Construction	Totals
	Land and Land Improvements	Buildings and Building Improvements	Equipment	Vehicles	Roads and Bridges	Water Systems	Sewer Systems	Solar Panels		
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
COST										
Balance, beginning of year	4,220,549	26,506,622	2,225,470	5,048,233	29,035,728	6,101,503	6,076,510	411,924	2,129,377	81,755,916
Add: additions during the year	529,566	103,047	235,794	429,138	996,545	193,363	378,335	-	6,270,500	9,136,288
Less: disposals during the year	-	145,584	43,138	397,762	182,450	81,130	-	-	-	850,064
Internal transfers	-	-	-	-	246,414	1,223,600	-	-	(1,470,014)	-
Balance, end of year	4,750,115	26,464,085	2,418,126	5,079,609	30,096,237	7,437,336	6,454,845	411,924	6,929,863	90,042,140
ACCUMULATED AMORTIZATION										
Balance, beginning of year	455,120	3,321,673	1,398,114	2,207,784	19,175,920	969,920	1,164,500	41,707	-	28,734,738
Add: additions during the year	37,236	638,090	154,381	211,128	768,449	95,828	121,087	10,291	-	2,036,490
Less: disposals during the year	-	102,845	43,138	232,545	170,624	69,772	-	-	-	618,924
Balance, end of year	492,356	3,856,918	1,509,357	2,186,367	19,773,745	995,976	1,285,587	51,998	-	30,152,304
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	4,257,759	22,607,167	908,769	2,893,242	10,322,492	6,441,360	5,169,258	359,926	6,929,863	59,889,836

CORPORATION OF THE TOWNSHIP OF CAVAN MONAGHAN



CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE For the Year Ended December 31, 2018

	General Government \$	Protection Services \$	Transportation Services \$	Water and Sewer \$	Other Environmental Services \$	Recreation and Cultural Services \$	Planning and Development \$	OLG \$	Consolidated \$
Revenues									
Property taxation	2,853,904	1,518,775	2,269,818	-	192,508	716,713	371,892	-	7,923,610
User charges	109,087	700,549	128,795	1,320,163	171,518	210,184	84,063	-	2,724,359
Government transfers - operating	551,300	1,909	75,701	-	20,467	29,879	60,806	-	740,062
Government transfers - capital	1,680	-	1,680	75,000	-	123,600	1,680	-	203,640
Other municipalities	1,250	-	-	-	-	-	-	-	1,250
Penalties and interest on taxes	161,900	-	-	-	-	-	-	-	161,900
Investment income	333,678	-	-	-	-	-	-	-	333,678
Donations	-	-	-	-	-	89,324	-	-	89,324
Other	90,831	-	-	-	-	-	-	-	90,831
Development contributions earned	-	-	75,000	467,792	-	-	-	-	542,792
Federal gas tax earned	-	-	472,732	-	-	-	-	-	472,732
Ontario Lottery and Gaming	-	-	-	-	-	-	-	2,290,748	2,290,748
Contributed tangible capital assets	440,900	-	-	-	-	80,000	-	-	520,900
Total revenues	4,544,530	2,221,233	3,023,726	1,862,955	384,493	1,249,700	518,441	2,290,748	16,095,826
Expenses									
Salaries and benefits	1,012,063	673,361	866,694	89,612	62,281	596,568	264,236	-	3,564,815
Interest charges	-	-	-	262,203	-	-	-	-	262,203
Materials	218,119	263,886	794,256	216,506	6,318	312,900	102,101	-	1,914,086
Contracted services	136,042	1,370,495	329,895	741,087	231,700	31,487	42,681	-	2,883,387
Rents and financial	10,480	-	-	-	-	66	-	-	10,546
External transfers	-	335,816	-	-	-	-	-	-	335,816
Amortization	196,779	126,350	924,037	746,369	-	42,036	919	-	2,036,490
Loss on disposal of tangible capital assets	-	(6,183)	163,006	54,097	-	-	-	-	210,920
Total expenses	1,573,483	2,763,725	3,077,888	2,109,874	300,299	983,057	409,937	-	11,218,263
Net surplus/(deficit)	2,971,047	(542,492)	(54,162)	(246,919)	84,194	266,643	108,504	2,290,748	4,877,563

CORPORATION OF THE TOWNSHIP OF CAVAN MONAGHAN



CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE For the Year Ended December 31, 2017

	General Government \$	Protection Services \$	Transportation Services \$	Water and Sewer \$	Other Environmental Services \$	Recreation and Cultural Services \$	Planning and Development \$	OLG \$	Consolidated \$
Revenues									
Property taxation	1,960,165	2,145,481	1,856,389	-	186,392	827,968	203,458	-	7,179,853
User charges	135,110	239,702	143,312	1,064,679	199,230	176,689	48,954	-	2,007,676
Government transfers - operating	494,500	4,390	53,110	115,000	-	33,646	1,500	-	702,146
Other municipalities	-	-	4,874	-	-	-	-	-	4,874
Penalties and interest on taxes	147,511	-	-	-	-	-	-	-	147,511
Investment income	253,212	-	-	-	-	313	-	-	253,525
Donations	3,797	-	-	-	-	15,270	-	-	19,067
Other	75,882	-	36,773	-	11,322	6,435	-	-	130,412
Development contributions earned	-	-	-	379,934	-	-	-	-	379,934
Federal gas tax earned	-	-	297,943	-	-	-	-	-	297,943
Ontario Lottery and Gaming	-	-	-	-	-	-	-	3,111,089	3,111,089
Total revenues	3,070,177	2,389,573	2,392,401	1,559,613	396,944	1,060,321	253,912	3,111,089	14,234,030
Expenses									
Salaries and benefits	994,549	558,066	766,962	87,775	57,555	547,070	246,302	-	3,258,279
Interest charges	-	-	-	139,456	-	-	-	-	139,456
Materials	232,194	254,263	703,188	200,448	15,110	317,781	72,915	-	1,795,899
Contracted services	245,099	1,254,914	355,561	735,251	198,794	52,089	89,531	-	2,931,239
Rents and financial	10,543	-	-	-	-	1,065	-	-	11,608
External transfers	12,234	332,197	11,755	-	-	-	-	-	356,186
Amortization	193,087	114,870	1,030,269	725,680	-	39,675	919	-	2,104,500
Loss on disposal of tangible capital assets	21,880	(300)	26,675	34,685	-	-	-	-	82,940
Total expenses	1,709,586	2,514,010	2,894,410	1,923,295	271,459	957,680	409,667	-	10,680,107
Net surplus/(deficit)	1,360,591	(124,437)	(502,009)	(363,682)	125,485	102,641	(155,755)	3,111,089	3,553,923

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, 2018, 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, 2018, and the continuity of the Trust Funds for the year then ended in accordance with Canadian Public Sector Accounting Standards.

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
August 8, 2019

**CORPORATION OF THE
TOWNSHIP OF CAVAN MONAGHAN**



**TRUST FUNDS
STATEMENT OF FINANCIAL POSITION
At December 31, 2018**

	Baptie Trust \$	Endowment Trust \$	2018 Total \$	2017 Total \$
FINANCIAL ASSETS				
Cash	-	2,933	2,933	4,111
Due from Township	1,031	-	1,031	-
	1,031	2,933	3,964	4,111
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Due to Township	-	476	476	487
Scholarships payable	-	-	-	95
	-	476	476	582
FUND BALANCES				
Capital	1,000	1,060	2,060	2,060
Income	31	1,397	1,428	1,469
	1,031	2,457	3,488	3,529
	1,031	2,933	3,964	4,111

The accompanying notes are an integral part of these financial statements

**CORPORATION OF THE
TOWNSHIP OF CAVAN MONAGHAN**



**TRUST FUNDS
STATEMENT OF CONTINUITY
For the Year Ended December 31, 2018**

	Baptie Trust \$	Endowment Trust \$	2018 Total \$	2017 Total \$
BALANCES - beginning of year	1,025	2,504	3,529	3,588
RECEIPTS				
Interest earned	6	48	54	36
EXPENSES				
Scholarship	-	95	95	95
BALANCES - end of year	1,031	2,457	3,488	3,529

The accompanying notes are an integral part of these financial statements

**TRUST FUNDS
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2018**

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, 2018

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, 2018, 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, 2018, and the results of its operations and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Basis for Qualified Opinion

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

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

Other Matter

The financial statements of the Board as at and for the year ended December 31, 2017 were audited by Collins Barrow Kawarthas LLP, which became Baker Tilly KDN LLP effective January 10, 2019.

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
June 18, 2019

**CORPORATION OF THE
TOWNSHIP OF CAVAN MONAGHAN**



**TOWNSHIP OF CAVAN MONAGHAN PUBLIC LIBRARIES
STATEMENT OF FINANCIAL POSITION
At December 31, 2018**

	2018	2017
	\$	\$
FINANCIAL ASSETS		
Cash	53,500	45,315
Due from Township of Cavan Monaghan	-	16,600
Accounts receivable	4,842	2,798
TOTAL FINANCIAL ASSETS	58,342	64,713
LIABILITIES		
Accounts payable and accrued liabilities	28,365	32,279
Deferred revenue (note 3)	7,149	8,703
TOTAL LIABILITIES	35,514	40,982
NET FINANCIAL ASSETS	22,828	23,731
NON-FINANCIAL ASSETS		
Tangible capital assets (note 5)	101,130	100,458
Prepaid expenses	-	2,767
TOTAL NON-FINANCIAL ASSETS	101,130	103,225
ACCUMULATED SURPLUS (note 6)	123,958	126,956

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, 2018**

	Budget 2018 \$ (Unaudited)	Actual 2018 \$	Actual 2017 \$
REVENUES			
Township contribution - operating	280,847	280,847	244,247
Township contribution - occupancy (note 8)	-	27,363	23,651
Township contribution - audit and insurance (note 8)	-	9,137	13,519
Township contribution - pay equity (note 8)	-	-	16,600
Province of Ontario	25,107	28,350	25,498
Government of Canada	2,200	3,353	4,004
User charges	5,000	5,565	5,290
Donations and fundraising	2,500	5,832	4,974
Investment income	-	360	313
TOTAL REVENUES	315,654	360,807	338,096
EXPENSES			
Salaries and benefits	246,338	247,235	227,001
Insurance	-	6,899	11,484
Information technology	6,500	13,051	5,323
Training and development	2,990	3,091	3,480
Periodicals	1,600	1,003	1,507
Professional fees and honorariums	500	2,895	2,288
Program and service materials	6,423	5,649	4,445
Office	9,600	7,868	6,971
Telephone and utilities	7,700	7,635	7,239
Occupancy	-	27,363	23,651
Amortization	38,754	41,116	38,754
TOTAL EXPENSES	320,405	363,805	332,143
ANNUAL SURPLUS/(DEFICIT)	<u>(4,751)</u>	(2,998)	5,953
ACCUMULATED SURPLUS - beginning of year		126,956	121,003
ACCUMULATED SURPLUS - end of year		123,958	126,956

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, 2018**

	Budget 2018 \$ (Unaudited)	Actual 2018 \$	Actual 2017 \$
ANNUAL SURPLUS/(DEFICIT)	(4,751)	(2,998)	5,953
Amortization of tangible capital assets	38,754	41,116	38,754
Acquisition of tangible capital assets	(34,003)	(41,788)	(32,762)
Change in prepaid expenses	-	2,767	(912)
INCREASE/(DECREASE) IN NET FINANCIAL ASSETS	-	(903)	11,033
NET FINANCIAL ASSETS - beginning of year	23,731	23,731	12,698
NET FINANCIAL ASSETS - end of year	23,731	22,828	23,731

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, 2018**

	2018	2017
	\$	\$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus (deficit)	(2,998)	5,953
Items not involving cash		
Amortization of tangible capital assets	41,116	38,754
Change in non-cash working capital		
Due from Township of Cavan Monaghan	16,600	(16,600)
Accounts receivable	(2,044)	10,124
Prepaid expenses	2,767	(912)
Accounts payable and accrued liabilities	(3,914)	(9,511)
Deferred revenue	(1,554)	615
Net change in cash from operating activities	49,973	28,423
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(41,788)	(32,762)
INVESTING ACTIVITIES		
Proceeds on disposition of investments	-	160,000
Acquisition of investments	-	(160,000)
Net change in cash from investing activities	-	-
NET CHANGE IN CASH	8,185	(4,339)
CASH - beginning of year	45,315	49,654
CASH - end of year	53,500	45,315

The accompanying notes are an integral part of these financial statements

**TOWNSHIP OF CAVAN MONAGHAN PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2018**

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 are a registered charity, and as such is exempt from income tax.

1. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Recognition of Revenue and Expenses

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

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

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

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

(b) Use of Estimates

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

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

**TOWNSHIP OF CAVAN MONAGHAN PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2018**

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.

**TOWNSHIP OF CAVAN MONAGHAN PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2018**

2. CHANGES IN ACCOUNTING POLICIES

The Board has implemented the following PSA sections which are now effective under the PSA Handbook: 3320 Contingent Assets, 3380 Contractual Rights, 2200 Related Party Disclosures and 3420 Inter-Entity Transactions.

Under Section 3320, a contingent asset is a potential asset that exists at the financial statement date but requires confirmation or disproof at a future date that is not in the control of the public-sector entity. If the contingent asset is deemed to be likely to exist, then this should be disclosed in the notes to the financial statements. Disclosure should include the nature, extent (except in those cases where extent cannot be measured or disclosure would have an adverse effect on the outcome), the reason for any non-disclosure of extent, and when an estimate of the amount has been made, the basis for that estimate. This section has been applied prospectively. The adoption of this standard did not have an impact on the Board's financial statements.

Under Section 3380, a contractual right arises out of a contract or agreement where it will result in the Board having both an asset and future revenue. The contract or agreement must be between two or more parties and be enforceable under contract law. Contractual rights are assets and revenues that will occur in the future due to an enforceable agreement in effect at the financial statement date. If a contractual right exists, it should be disclosed in the notes or schedules to the statements and include descriptions about nature, extent and timing. This section has been applied prospectively. The adoption of this standard did not have an impact on the Board's financial statements.

Section 3240 establishes the standards and requirements on how to account for and Section 2200 establishes the standards and requirements on how to report transactions between public sector entities that comprise the government's reporting entity. These sections have been applied retroactively with restatement of prior periods. The adoption of these standards resulted in additions to the Board's revenues and expenses as disclosed in note 8.

3. DEFERRED REVENUE

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

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 2018 Annual Report disclosed total actuarial liabilities of \$100,081 million in respect of benefits accrued for service with actuarial assets of \$95,890 million indicating an actuarial deficit of \$4,191 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 2018 were \$14,481 (2017 - \$13,632).

**TOWNSHIP OF CAVAN MONAGHAN PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2018**

5. 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 \$	2018 Totals \$	2017 Totals \$
COST					
Balance, beginning of year	174,491	89,846	50,830	315,167	314,323
Add: additions during the year	28,162	-	13,626	41,788	32,762
Less: disposals during the year	31,729	-	-	31,729	31,918
Balance, end of year	170,924	89,846	64,456	325,226	315,167
ACCUMULATED AMORTIZATION					
Balance, beginning of year	88,354	76,558	49,797	214,709	207,873
Add: additions during the year	28,950	6,591	5,575	41,116	38,754
Less: disposals during the year	31,729	-	-	31,729	31,918
Balance, end of year	85,575	83,149	55,372	224,096	214,709
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	85,349	6,697	9,084	101,130	100,458

6. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2018 \$	2017 \$
Surplus		
Operations	4,889	-
Invested In Capital Assets		
Tangible capital assets - net book value	101,130	100,458
Surplus	106,019	100,458
Reserve		
Working fund	9,303	9,303
Reserve Fund		
New initiatives	8,636	17,195
	123,958	126,956

**TOWNSHIP OF CAVAN MONAGHAN PUBLIC LIBRARIES
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2018**

7. BUDGET FIGURES

The operating budget, approved by the Board, for 2018 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.

The following is a reconciliation of the Board approved budget amounts to the PSA amounts:

	(Unaudited) Revenue \$	(Unaudited) Expenses \$
Board approved budget	315,654	315,654
Less: Tangible capital assets capitalized	-	(34,003)
Add: Amortization of tangible capital assets	-	38,754
	315,654	320,405

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 related party expense transactions are as follows:

	2018 \$	2017 \$
Allocated costs:		
Occupancy	27,363	23,651
Audit and insurance	9,137	13,519
Pay equity	-	16,600
	36,500	53,770

In addition, the Township provides payroll services to the Board 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.

**CORPORATION OF THE TOWNSHIP OF
CAVAN MONAGHAN**

MILLBROOK BUSINESS IMPROVEMENT AREA BOARD

FINANCIAL STATEMENTS

DECEMBER 31, 2018

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, 2018, 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, 2018, 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
August 8, 2019

**CORPORATION OF THE
TOWNSHIP OF CAVAN MONAGHAN**



**MILLBROOK BUSINESS IMPROVEMENT AREA BOARD
STATEMENT OF FINANCIAL POSITION
At December 31, 2018**

	2018	2017
	\$	\$
FINANCIAL ASSETS		
Cash	24,823	33,807
<u>Due from Township of Cavan Monaghan</u>	<u>13,245</u>	<u>11,336</u>
TOTAL FINANCIAL ASSETS	38,068	45,143
LIABILITIES		
<u>Accounts payable and accrued liabilities</u>	<u>858</u>	<u>-</u>
NET FINANCIAL ASSETS	37,210	45,143
NON-FINANCIAL ASSETS		
<u>Tangible capital assets (note 3)</u>	<u>4,394</u>	<u>5,313</u>
<u>ACCUMULATED SURPLUS (note 4)</u>	<u>41,604</u>	<u>50,456</u>

The accompanying notes are an integral part of these financial statements

**CORPORATION OF THE
TOWNSHIP OF CAVAN MONAGHAN**



**MILLBROOK BUSINESS IMPROVEMENT AREA BOARD
STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
For the Year Ended December 31, 2018**

	Budget 2018 \$ (Unaudited)	Actual 2018 \$	Actual 2017 \$
REVENUES			
Township of Cavan Monaghan - tax levy	14,000	13,680	14,000
Township of Cavan Monaghan - audit	-	2,100	2,100
Donations and fundraising	9,300	8,200	11,491
User fees	2,500	874	1,663
TOTAL REVENUES	25,800	24,854	29,254
EXPENSES			
Administration	10,700	8,063	7,191
Christmas in the Village	3,100	2,945	3,371
Professional fees	2,400	2,100	2,100
Ladies night	2,800	2,266	2,000
Supplies	3,000	716	1,695
Amortization	919	919	919
Car show	1,500	833	774
Fallfest scarecrow festival	1,500	1,500	-
Millbrook Fair	1,000	1,178	676
BIA dinner	1,700	585	611
Spring Festival Blocks and Blooms	1,500	1,500	-
Contributions to Township of Cavan Monaghan	-	10,000	-
Advertising and promotion	250	451	69
Donations and honoraria	500	650	50
TOTAL EXPENSES	30,869	33,706	19,456
ANNUAL SURPLUS/(DEFICIT)	<u>(5,069)</u>	(8,852)	9,798
ACCUMULATED SURPLUS - beginning of year		50,456	40,658
ACCUMULATED SURPLUS - end of year		41,604	50,456

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, 2018**

	Budget 2018 \$ (Unaudited)	Actual 2018 \$	Actual 2017 \$
ANNUAL SURPLUS/(DEFICIT)	(5,069)	(8,852)	9,798
<u>Amortization of tangible capital assets</u>	919	919	919
INCREASE/(DECREASE) IN NET FINANCIAL ASSETS	(4,150)	(7,933)	10,717
NET FINANCIAL ASSETS - beginning of year	45,143	45,143	34,426
NET FINANCIAL ASSETS - end of year	40,993	37,210	45,143

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, 2018**

	2018	2017
	\$	\$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus/(deficit)	(8,852)	9,798
Items not involving cash		
Amortization of tangible capital assets	919	919
Change in non-cash assets and liabilities		
Due from Township of Cavan Monaghan	(1,909)	(1,212)
Accounts payable and accrued liabilities	858	(4,422)
NET CHANGE IN CASH	(8,984)	5,083
CASH - beginning of year	33,807	28,724
CASH - end of year	24,823	33,807

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, 2018**

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. The cost, less residual value, if any, of tangible capital assets is amortized on a straight-line basis, over the expected useful life of the asset, as follows:

Signs	4 years
Benches	20 years
Bicycle racks	15 years

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

**MILLBROOK BUSINESS IMPROVEMENT AREA BOARD
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2018**

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 \$	2018 Totals \$	2017 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	3,781	1,624	439	5,844	4,925
Add: additions during the year	541	232	146	919	919
Balance, end of year	4,322	1,856	585	6,763	5,844
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	-	2,786	1,608	4,394	5,313

4. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2018 \$	2017 \$
Surplus		
Operations	37,210	45,143
Invested In Capital Assets		
Tangible capital assets - net book value	4,394	5,313
	41,604	50,456

**MILLBROOK BUSINESS IMPROVEMENT AREA BOARD
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2018**

5. BUDGET FIGURES

The operating budget, approved by the Millbrook Business Improvement Area, for 2018 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.

**MILLBROOK BUSINESS IMPROVEMENT AREA BOARD
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2018**

7. CHANGES IN ACCOUNTING POLICIES

The Millbrook Business Improvement Area has implemented the following PSA sections which are now effective under the PSA Handbook: 3320 Contingent Assets, 3380 Contractual Rights, 2200 Related Party Disclosures and 3420 Inter-Entity Transactions.

Under Section 3320, a contingent asset is a potential asset that exists at the financial statement date but requires confirmation or disproof at a future date that is not in the control of the public-sector entity. If the contingent asset is deemed to be likely to exist, then this should be disclosed in the notes to the financial statements. Disclosure should include the nature, extent (except in those cases where extent cannot be measured or disclosure would have an adverse effect on the outcome), the reason for any non-disclosure of extent, and when an estimate of the amount has been made, the basis for that estimate. This section has been applied prospectively. The adoption of this standard did not have an impact on the Board's financial statements.

Under Section 3380, a contractual right arises out of a contract or agreement where it will result in the Millbrook Business Improvement Area having both an asset and future revenue. The contract or agreement must be between two or more parties and be enforceable under contract law. Contractual rights are assets and revenues that will occur in the future due to an enforceable agreement in effect at the financial statement date. If a contractual right exists, it should be disclosed in the notes or schedules to the statements and include descriptions about nature, extent and timing. This section has been applied prospectively. The adoption of this standard did not have an impact on the Board's financial statements.

Section 3240 establishes the standards and requirements on how to account for and Section 2200 establishes the standards and requirements on how to report transactions between public sector entities that comprise the government's reporting entity. These sections have been applied retroactively with restatement of prior periods. The adoption of these standards resulted in additions to the Board's revenues and expenses as disclosed in note 6.