

TOWNSHIP OF TUDOR & CASHEL

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2019

TOWNSHIP OF TUDOR & CASHEL

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DECEMBER 31, 2019

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371 Weslemkoon Lake Road
GILMOUR, ON K0L 1W0

clerk@tudorandcashel.com
www.tudorandcashel.com



LIBBY CLARKE, REEVE
BERNICE CROCKER, CLERK-TREASURER
613-474-2583 (Phone)
613-474-0664 (Facsimile)
855-474-2583 (Toll-Free)

THE CORPORATION OF THE TOWNSHIP OF TUDOR AND CASHEL

TOWNSHIP OF TUDOR & CASHEL

For The Year Ended December 31, 2019

MANAGEMENT REPORT

The accompanying consolidated financial statements of the Township of Tudor & Cashel 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 Township of Tudor & Cashel. 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.

Handwritten signature of Libby Clarke in cursive script.

Reeve

Handwritten signature of Bernice Crocker in cursive script.

Clerk-Treasurer

-March 3, 2020

INDEPENDENT AUDITOR'S REPORT**To the Members of Council, Inhabitants and Ratepayers
of the Township of Tudor & Cashel***Opinion*

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

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

Basis for Opinion

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

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

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

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

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

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

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

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

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

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

Baker Tilly KDN LLP

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
April 8, 2020

TOWNSHIP OF TUDOR & CASHEL



CONSOLIDATED STATEMENT OF FINANCIAL POSITION At December 31, 2019

	2019	2018
	\$	\$
FINANCIAL ASSETS		
Cash	2,567,024	1,630,607
Accounts receivable	87,116	486,212
Taxes receivable	139,246	214,225
TOTAL FINANCIAL ASSETS	2,793,386	2,331,044
LIABILITIES		
Accounts payable and accrued liabilities	296,528	355,293
Deferred revenue - obligatory reserve funds (note 6)	104,683	29,804
Deferred revenue - other (note 5)	72,923	40,245
Long term debt (note 7)	340,661	403,344
Landfill closure and post-closure liability (note 8)	208,685	208,685
TOTAL LIABILITIES	1,023,480	1,037,371
NET FINANCIAL ASSETS	1,769,906	1,293,673
NON-FINANCIAL ASSETS		
Tangible capital assets (note 10)	4,353,974	4,613,185
Prepaid expenses	24,990	22,122
TOTAL NON-FINANCIAL ASSETS	4,378,964	4,635,307
ACCUMULATED SURPLUS (note 12)	6,148,870	5,928,980

The accompanying notes are an integral part of these financial statements

TOWNSHIP OF TUDOR & CASHEL



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

	Budget 2019 \$ (Unaudited)	Actual 2019 \$	Actual 2018 \$
REVENUES			
Property taxation	1,200,425	1,208,941	1,196,749
User charges	44,330	75,362	54,709
Government of Canada	34,300	2,864	6,179
Province of Ontario	959,430	940,172	1,858,304
Other municipalities	2,800	7,544	5,819
Penalties and interest on taxes	30,000	36,824	36,217
Investment income	15,000	41,838	35,075
Other	9,100	7,648	8,577
Federal gas tax earned	-	-	128,793
TOTAL REVENUES	2,295,385	2,321,193	3,330,422
EXPENSES			
General government	428,329	440,295	390,866
Protection services	356,009	382,032	404,882
Transportation services	1,062,450	1,066,422	1,009,145
Environmental services	160,034	137,367	122,234
Health services	17,682	22,227	24,682
Recreation and cultural services	52,192	47,442	57,893
Planning and development	2,732	2,085	3,092
Gain (loss) on sale of tangible capital assets	-	3,433	69,203
TOTAL EXPENSES	2,079,428	2,101,303	2,081,997
ANNUAL SURPLUS	<u>215,957</u>	219,890	1,248,425
ACCUMULATED SURPLUS - beginning of year		5,928,980	4,680,555
ACCUMULATED SURPLUS - end of year		6,148,870	5,928,980

The accompanying notes are an integral part of these financial statements

TOWNSHIP OF TUDOR & CASHEL



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

	Budget 2019 \$ (Unaudited)	Actual 2019 \$	Actual 2018 \$
ANNUAL SURPLUS	215,957	219,890	1,248,425
Amortization of tangible capital assets	340,991	334,791	340,991
Purchase of tangible capital assets	(238,327)	(85,236)	(1,401,118)
Loss on disposal of tangible capital assets	-	3,433	69,203
Proceeds on sale of tangible capital assets	-	6,223	-
Change in land held for resale	-	-	(1,070)
Change in prepaid expenses	-	(2,868)	-
INCREASE IN NET FINANCIAL ASSETS	318,621	476,233	256,431
NET FINANCIAL ASSETS - beginning of year	1,293,673	1,293,673	1,037,242
NET FINANCIAL ASSETS - end of year	1,612,294	1,769,906	1,293,673

The accompanying notes are an integral part of these financial statements

TOWNSHIP OF TUDOR & CASHEL



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

	2019	2018
	\$	\$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus	219,890	1,248,425
Items not involving cash		
Amortization of tangible capital assets	334,791	340,991
Loss on disposal of tangible capital assets	3,433	69,203
Change in landfill closure and post-closure liability	-	(8,315)
Change in non-cash assets and liabilities		
Accounts receivable	399,096	(397,714)
Taxes receivable	74,979	(39,156)
Land held for resale	-	(1,070)
Prepaid expenses	(2,868)	-
Accounts payable and accrued liabilities	(58,765)	226,195
Deferred revenue - obligatory reserve funds	74,879	(90,756)
Deferred revenue - other	32,678	(634,264)
Net change in cash from operating activities	1,078,113	713,539
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(85,236)	(1,401,118)
Proceeds on disposal of tangible capital assets	6,223	-
Net change in cash from capital activities	(79,013)	(1,401,118)
FINANCING ACTIVITIES		
Debt principal repayments	(62,683)	(77,116)
NET CHANGE IN CASH	936,417	(764,695)
CASH - beginning of year	1,630,607	2,395,302
CASH - end of year	2,567,024	1,630,607

The accompanying notes are an integral part of these financial statements

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

The Township of Tudor & Cashel 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:

- Tudor and Cashel Public Library Board
- Tudor and Cashel Cemetery Board

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

(b) 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	30 years
Buildings	50 years
Roads and bridges	5 to 50 years
Machinery and equipment	5 to 50 years
Vehicles	10 to 12 years

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

(c) 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.

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(d) 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.

(e) 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 funding

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.

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.

(f) Deferred Revenue

Deferred revenue represents restricted grants, gas tax, 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.

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

1. SIGNIFICANT ACCOUNTING POLICIES, continued

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

2. OPERATIONS OF SCHOOL BOARDS AND THE COUNTY OF HASTINGS

During 2019, requisitions were made by the County of Hastings 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	263,108	457,846
Taxation from other governments	1,022	2,875
Amounts requisitioned and remitted	264,130	460,721

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

3. 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 \$300,000 via an operating loan. Any balance borrowed will accrue interest at the bank's prime lending rate. Council authorized the temporary borrowing limit by By-law 2019-02. At December 31, 2019 there was no balance outstanding (2018 - \$Nil).

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

4. BUDGET FIGURES

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

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

	(Unaudited) Revenue \$	(Unaudited) Expenses \$
Council approved budget:		
Operating and capital - township	2,509,266	2,509,266
Library budget	7,119	6,719
Total Council approved budget	2,516,385	2,515,985
Less: Tangible capital assets capitalized	-	(238,327)
Add: Amortization of tangible capital assets	-	340,991
Less: Principal repayment of long term debt	-	(63,221)
Less: Transfers to/from reserves and reserve funds	-	(255,000)
Less: Internal transfer	(3,000)	(3,000)
Less: Reclassifications for financial statement purposes	(218,000)	(218,000)
Adjusted budget per Consolidated Statement of Operations	2,295,385	2,079,428

TOWNSHIP OF TUDOR & CASHEL



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

5. DEFERRED REVENUE - OTHER

Included in deferred revenue - other are the following amounts:

	2019	2018
	\$	\$
OCIF Formula-Based funding	50,000	-
Senior Affairs grant	-	2,081
AMO Main Street Funding	7,923	38,164
Cannabis funding	15,000	-
	72,923	40,245

The continuity of deferred revenue - other is as follows:

	2019	2018
	\$	\$
Balance - beginning of year	40,245	674,509
Add amounts received:		
OCIF Formula-Based funding	50,000	-
AMO Main Street Funding	-	38,164
Cannabis funding	15,000	-
	65,000	38,164
Less transfer to operations:		
Weslemkoon Road rehabilitation grant	-	669,123
Senior Affairs grant	2,081	-
Library Capacity grant	-	3,305
AMO Main Street Funding	30,241	-
	32,322	672,428
Balance - end of year	72,923	40,245

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

6. 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 balance in the obligatory reserve funds of the Township is summarized below:

	2019	2018
	\$	\$
Federal gas tax	104,683	29,804

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

	2019	2018
	\$	\$
Balance - beginning of year	29,804	120,560
Add amounts received:		
County of Hastings gas tax funding received	36,789	16,968
Federal gas tax funding received	36,789	18,665
Interest	1,301	2,404
	74,879	38,037
Less transfer to operations:		
Federal gas tax earned	-	128,793
Balance - end of year	104,683	29,804

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

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:

	2019	2018
	\$	\$
Ontario Infrastructure and Lands Corporation loan repayable in blended monthly installments of \$3,970 with interest at 1.91%, due July 2022	119,952	164,833
Ontario Infrastructure and Lands Corporation loan repayable in blended monthly installments of \$2,027 with interest at 2.83%, due June 2030	220,709	238,511
	<u>340,661</u>	<u>403,344</u>

- (b) The long term debt in (a) issued in the name of the Township have been approved by by-law. The annual principal and interest payments required to service these liabilities are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.
- (c) Interest paid during the year on long term debt amounted to \$9,278 (2018 - \$10,781).
- (d) The long term debt reported in (a) of this note is repayable as follows:

	Principal	Interest	Total
	\$	\$	\$
2020	64,058	7,902	71,960
2021	65,465	6,496	71,961
2022	46,990	5,120	52,110
2023	19,933	4,389	24,322
2024 and subsequent years	144,215	13,843	158,058
	<u>340,661</u>	<u>37,750</u>	<u>378,411</u>

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

8. LANDFILL CLOSURE AND POST-CLOSURE LIABILITY

The estimated liability for landfill closure and post-closure costs for the two sites the Township operates is \$208,685 (2018 - \$208,685). The closure costs include final cover, vegetation and additional monitoring wells. Post-closure costs include monitoring, maintenance of control systems and consulting fees for 25 years after the site is closed. The landfill closure and post-closure liability will 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 life of the landfill sites, using a discount factor of 4% and an inflation rate of 2%. The remaining capacity of the solid waste landfill sites is estimated at 6,400 m³ (2018 - 6400 m³) which is 28.9% (2018 - 28.9%) of the site's total capacity. The total discounted future cash flows for closure and post-closure cost is estimated at \$325,687 (2018 - \$325,687) as at December 31, 2019. The landfill sites are expected to reach their capacity in 4 and 9 years.

9. EXPENSES BY OBJECT

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

	Budget 2019 \$ (Unaudited)	Actual 2019 \$	Actual 2018 \$
Salaries and benefits	654,756	628,061	594,395
Interest charges	9,278	9,278	10,781
Materials	637,629	644,786	599,663
Contracted services	404,712	456,620	439,357
Rents and financial	125	55	761
External transfers	31,937	24,279	26,846
Amortization	340,991	334,791	340,991
Loss (gain) on disposal of tangible capital assets	-	3,433	69,203
	-	-	69,203
	2,079,428	2,101,303	2,151,200

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

10. TANGIBLE CAPITAL ASSETS

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

	2019	2018
	\$	\$
General		
Land	344,404	344,404
Land improvements	32,995	34,731
Buildings	359,503	373,303
Machinery and equipment	524,687	531,567
Vehicles	324,362	367,134
Infrastructure		
Roads and bridges	2,768,023	2,962,046
	4,353,974	4,613,185

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

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

The allocation of tangible capital assets by segment is as follows:

	2019	2018
	\$	\$
General government	477,908	470,030
Protection services	114,088	118,606
Transportation services	3,723,375	4,001,151
Environmental services	34,428	17,420
Health services	1,367	1,367
Recreation and cultural services	2,808	4,611
	4,353,974	4,613,185

11. COMPARATIVE FIGURES

Certain comparative figures were restated, where required, to conform with the current year presentation. These restatements did not impact prior year annual surplus.

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

12. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2019	2018
	\$	\$
Surplus/(Deficit)		
Library Board	2,264	647
Cemetery Board	7,447	9,033
Unfunded landfill closure and post-closure costs	(208,685)	(208,685)
	(198,974)	(199,005)
Invested In Capital Assets		
Tangible capital assets - net book value	4,353,974	4,613,185
Long term debt	(340,661)	(403,344)
	4,013,313	4,209,841
Surplus	3,814,339	4,010,836
Reserves		
Working funds	590,848	307,514
General	187,446	177,446
Future capital	1,081,219	1,003,166
Roads	100,000	75,000
Fire	178,000	168,000
Library	425	425
Landfill closure and post-closure	196,000	186,000
Total Reserves	2,333,938	1,917,551
Reserve Funds		
Recreation	593	593
	6,148,870	5,928,980

13. CONTINGENT LIABILITIES

The Township, in the course of its operations, has been named in several lawsuits the outcomes of which are indeterminable at this time. No amounts in connection with these items have been reflected in these financial statements.

14. SEGMENTED INFORMATION

The Township of Tudor & Cashel 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.

Protection Services

Protection services include police, fire, conservation authority and protective inspection and control.

Transportation Services

The activities of the transportation function include construction and maintenance of the Township's roads and bridges and winter control.

Environmental Services

The environmental function is responsible for waste disposal and recycling services to ratepayers.

Health Services

The health services function consists of the operations of the cemetery and external transfers to the local medical centre.

Recreation and Cultural Services

The recreation and cultural services function provides indoor and outdoor recreational facilities and library services.

Planning and Development

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

15. COMMITMENT

Subsequent to year end the Township committed to the purchase of a tandem axle diesel truck in the amount of \$302,572 including HST. This truck will be funded with long term debt if approved through Infrastructure Ontario. If approval is not granted the truck will be funded with reserves.

16. SUBSEQUENT EVENT

On March 11, 2020, the World Health Organization categorized COVID-19 as a pandemic. The potential economic effects within the Township's environment and in the global markets, possible disruption in supply chains, and measures being introduced at various levels of government to curtail the spread of the virus (such as travel restrictions, closures of non-essential municipal and private operations, imposition of quarantines and social distancing) could have a material impact on the Township's operations. The extent of the impact of this outbreak and related containment measures on the entity's operations cannot be reliably estimated at this time, and no amounts have been recorded in these financial statements.

TOWNSHIP OF TUDOR & CASHEL



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

	General					Infrastructure	Totals
	Land	Land	Buildings	Machinery and	Vehicles	Roads and	
	\$	Improvements	\$	Equipment	\$	Bridges	\$
		\$	\$	\$	\$	\$	\$
COST							
Balance, beginning of year	344,404	52,094	681,505	848,920	707,479	6,514,067	9,148,469
Add: additions during the year	-	-	-	46,841	-	38,395	85,236
Less: disposals during the year	-	-	-	32,780	-	13,466	46,246
Balance, end of year	344,404	52,094	681,505	862,981	707,479	6,538,996	9,187,459
ACCUMULATED AMORTIZATION							
Balance, beginning of year	-	17,363	308,202	317,353	340,345	3,552,021	4,535,284
Add: additions during the year	-	1,736	13,800	44,065	42,772	232,418	334,791
Less: disposals during the year	-	-	-	23,124	-	13,466	36,590
Balance, end of year	-	19,099	322,002	338,294	383,117	3,770,973	4,833,485
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	344,404	32,995	359,503	524,687	324,362	2,768,023	4,353,974

TOWNSHIP OF TUDOR & CASHEL



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

	General Government \$	Protection Services \$	Transportation Services \$	Other Environmental Services \$	Health Services \$	Recreation and Cultural Services \$	Planning and Development \$	Consolidated \$
Revenues								
Property taxation	-	247,370	766,689	131,418	19,114	42,225	2,125	1,208,941
User charges	13,745	47,246	-	6,286	645	5,440	2,000	75,362
Government transfers - operating	889,925	-	-	15,606	-	4,874	-	910,405
Government transfers - capital	-	-	32,631	-	-	-	-	32,631
Other municipalities	-	-	7,544	-	-	-	-	7,544
Penalties and interest on taxes	36,824	-	-	-	-	-	-	36,824
Investment income	41,263	-	-	-	575	-	-	41,838
Other	7,548	-	100	-	-	-	-	7,648
Total revenues	989,305	294,616	806,964	153,310	20,334	52,539	4,125	2,321,193
Expenses								
Salaries and benefits	272,651	-	272,273	69,700	3,931	9,506	-	628,061
Interest charges	-	-	9,278	-	-	-	-	9,278
Materials	123,736	8,197	419,165	38,462	18,296	34,845	2,085	644,786
Contracted services	33,564	348,755	47,422	26,879	-	-	-	456,620
Rents and financial	55	-	-	-	-	-	-	55
External transfers	2,496	20,562	-	-	-	1,221	-	24,279
Amortization	7,793	4,518	318,284	2,326	-	1,870	-	334,791
Loss (gain) on disposal of tangible capital assets	-	-	3,433	-	-	-	-	3,433
Total expenses	440,295	382,032	1,069,855	137,367	22,227	47,442	2,085	2,101,303
Net surplus/(deficit)	549,010	(87,416)	(262,891)	15,943	(1,893)	5,097	2,040	219,890

TOWNSHIP OF TUDOR & CASHEL



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

	General Government \$	Protection Services \$	Transportation Services \$	Other Environmental Services \$	Health Services \$	Recreation and Cultural Services \$	Planning and Development \$	Consolidated \$
Revenues								
Property taxation	-	273,369	784,288	85,823	12,666	36,850	3,753	1,196,749
User charges	1,550	34,669	-	4,767	7,245	5,278	1,200	54,709
Government transfers - operating	604,904	22,231	-	13,360	-	6,610	-	647,105
Government transfers - capital	-	-	1,217,378	-	-	-	-	1,217,378
Other municipalities	-	-	5,819	-	-	-	-	5,819
Penalties and interest on taxes	36,217	-	-	-	-	-	-	36,217
Investment income	34,590	-	-	-	485	-	-	35,075
Other	7,527	-	1,050	-	-	-	-	8,577
Federal gas tax earned	-	-	128,793	-	-	-	-	128,793
Total revenues	684,788	330,269	2,137,328	103,950	20,396	48,738	4,953	3,330,422
Expenses								
Salaries and benefits	240,501	-	282,289	61,830	-	9,775	-	594,395
Interest charges	-	-	10,781	-	-	-	-	10,781
Materials	111,494	9,820	370,303	37,275	23,642	44,037	3,092	599,663
Contracted services	30,024	367,815	19,426	22,092	-	-	-	439,357
Rents and financial	761	-	-	-	-	-	-	761
External transfers	1,077	22,729	-	-	1,040	2,000	-	26,846
Amortization	7,009	4,518	326,346	1,037	-	2,081	-	340,991
Loss (gain) on disposal of tangible capital assets	-	-	69,203	-	-	-	-	69,203
Total expenses	390,866	404,882	1,078,348	122,234	24,682	57,893	3,092	2,081,997
Net surplus/(deficit)	293,922	(74,613)	1,058,980	(18,284)	(4,286)	(9,155)	1,861	1,248,425

TOWNSHIP OF TUDOR & CASHEL

TUDOR AND CASHEL PUBLIC LIBRARY BOARD

FINANCIAL STATEMENTS

DECEMBER 31, 2019

INDEPENDENT AUDITOR'S REPORT**To the Members of the Tudor and Cashel Public Library
Board, the Members of Council, Inhabitants and Ratepayers
of the Township of Tudor & Cashel****T: (705) 742-3418
F: (705) 742-9775****www.bakertilly.ca***Qualified Opinion*

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

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

Basis for Qualified Opinion

In common with many Public Library Boards, the Board derives revenue from user fees, 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 user fees, fundraising and donations revenue, annual deficit, assets and accumulated surplus.

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Baker Tilly KDN LLP

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
April 8, 2020

TOWNSHIP OF TUDOR & CASHEL



TUDOR AND CASHEL PUBLIC LIBRARY BOARD STATEMENT OF FINANCIAL POSITION At December 31, 2019

	2019	2018
	\$	\$
FINANCIAL ASSETS		
Cash	2,537	1,747
Accounts receivable	827	-
TOTAL FINANCIAL ASSETS	3,364	1,747
LIABILITIES		
Due to Township	675	675
NET FINANCIAL ASSETS	2,689	1,072
NON-FINANCIAL ASSETS		
Tangible capital assets (note 2)	2,808	4,611
ACCUMULATED SURPLUS (note 3)	5,497	5,683

The accompanying notes are an integral part of these financial statements

TOWNSHIP OF TUDOR & CASHEL



TUDOR AND CASHEL PUBLIC LIBRARY BOARD STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS For the Year Ended December 31, 2019

	Budget 2019 \$ (Unaudited)	Actual 2019 \$	Actual 2018 \$
REVENUES			
Municipal contribution	2,000	3,000	2,500
Province of Ontario	4,989	4,804	6,610
User charges and other	130	30	119
TOTAL REVENUES	7,119	7,834	9,229
EXPENSES			
Salaries and benefits	5,096	4,890	5,445
Supplies	696	1,260	2,756
Amortization	2,081	1,870	2,081
TOTAL EXPENSES	7,873	8,020	10,282
ANNUAL DEFICIT	<u>(754)</u>	(186)	(1,053)
ACCUMULATED SURPLUS - beginning of year		5,683	6,736
ACCUMULATED SURPLUS - end of year		5,497	5,683

The accompanying notes are an integral part of these financial statements

TOWNSHIP OF TUDOR & CASHEL



TUDOR AND CASHEL PUBLIC LIBRARY BOARD STATEMENT OF CHANGE IN NET FINANCIAL ASSETS For the Year Ended December 31, 2019

	Budget 2019 \$ (Unaudited)	Actual 2019 \$	Actual 2018 \$
ANNUAL DEFICIT	(754)	(186)	(1,053)
Amortization of tangible capital assets	2,081	1,870	2,081
Acquisition of tangible capital assets	-	(67)	(1,934)
INCREASE/(DECREASE) IN NET FINANCIAL ASSETS	1,327	1,617	(906)
NET FINANCIAL ASSETS - beginning of year	1,072	1,072	1,978
NET FINANCIAL ASSETS - end of year	2,399	2,689	1,072

The accompanying notes are an integral part of these financial statements

TOWNSHIP OF TUDOR & CASHEL



TUDOR AND CASHEL PUBLIC LIBRARY BOARD STATEMENT OF CASH FLOWS For the Year Ended December 31, 2019

	2019	2018
	\$	\$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual deficit	(186)	(1,053)
Items not involving cash		
Amortization of tangible capital assets	1,870	2,081
Change in non-cash assets and liabilities		
Accounts receivable	(827)	-
Deferred revenue - capacity grant	-	(3,305)
Net change in cash from operating activities	857	(2,277)
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(67)	(1,934)
NET CHANGE IN CASH	790	(4,211)
CASH - beginning of year	1,747	5,958
CASH - end of year	2,537	1,747

The accompanying notes are an integral part of these financial statements

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 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.

(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.

(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	7 years
Furniture and equipment	7 to 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.

(d) Deferred Revenue

Deferred revenue represents restricted 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.

TUDOR AND CASHEL PUBLIC LIBRARY BOARD
 NOTES TO THE FINANCIAL STATEMENTS
 For the Year Ended December 31, 2019

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(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 Tudor and Cashel Public Library Board is a Board of the Township of Tudor & Cashel and is consolidated with the Township's financial statements.

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

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

2. TANGIBLE CAPITAL ASSETS

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

	Books \$	Furniture and Equipment \$	2019 Totals \$	2018 Totals \$
COST				
Balance, beginning of year	6,845	59,161	66,006	64,224
Add: additions during the year	67	-	67	1,934
Less: disposals during the year	1,954	-	1,954	-
Balance, end of year	4,958	59,161	64,119	66,158
ACCUMULATED AMORTIZATION				
Balance, beginning of year	4,239	57,156	61,395	59,466
Add: additions during the year	756	1,114	1,870	2,081
Less: disposals during the year	1,954	-	1,954	-
Balance, end of year	3,041	58,270	61,311	61,547
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	1,917	891	2,808	4,611

TUDOR AND CASHEL PUBLIC LIBRARY BOARD
 NOTES TO THE FINANCIAL STATEMENTS
 For the Year Ended December 31, 2019

3. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2019	2018
	\$	\$
Surplus		
Operations	2,264	647
Invested In Capital Assets		
Tangible capital assets - net book value	2,808	4,611
Surplus	5,072	5,258
Reserve		
Future capital	425	425
	5,497	5,683

4. BUDGET FIGURES

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

5. INTER-ENTITY TRANSACTIONS

During the year, the Board entered into transactions with the Township of Tudor & Cashel.

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.

In addition, the Township provides the following expenses to the Board at no cost.

- Accounting and administrative services
- Use of buildings
- Buildings and grounds maintenance
- Other occupancy costs

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