

TOWNSHIP OF TUDOR & CASHEL

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2020

TOWNSHIP OF TUDOR & CASHEL

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2020

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TOWNSHIP OF TUDOR AND CASHEL

TOWNSHIP OF TUDOR & CASHEL

For The Year Ended December 31, 2020

MANAGEMENT REPORT

The accompanying consolidated financial statements of the Township of Tudor & Cashel are the responsibility of management and have been approved by Council.

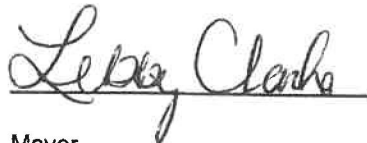
The consolidated financial statements have been prepared by management in accordance with Canadian Public Sector Accounting Standards. Financial statements are not precise since they include certain amounts based on estimates and judgements. When alternative accounting methods exist, management has chosen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



Mayor



Clerk-Treasurer

April 12, 2021

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, 2020, the consolidated statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Township as at December 31, 2020, and the results of its consolidated operations and its consolidated cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Basis for Opinion

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

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

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

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

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

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

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

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

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

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

Baker Tilly KDN LLP

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
April 12, 2021

TOWNSHIP OF TUDOR & CASHEL



CONSOLIDATED STATEMENT OF FINANCIAL POSITION At December 31, 2020

	2020 \$	2019 \$ (restated - note 2)
FINANCIAL ASSETS		
Cash	2,548,635	2,567,024
Accounts receivable	604,679	113,120
Taxes receivable	188,014	139,246
TOTAL FINANCIAL ASSETS	3,341,328	2,819,390
LIABILITIES		
Accounts payable and accrued liabilities	280,942	296,528
Deferred revenue - obligatory reserve funds (note 7)	140,813	104,683
Deferred revenue - other (note 6)	218,851	72,923
Long term debt (note 8)	544,592	340,661
Landfill closure and post-closure liability (note 9)	268,877	208,685
TOTAL LIABILITIES	1,454,075	1,023,480
NET FINANCIAL ASSETS	1,887,253	1,795,910
NON-FINANCIAL ASSETS		
Tangible capital assets (note 11)	4,676,680	4,227,131
Prepaid expenses	20,705	24,990
TOTAL NON-FINANCIAL ASSETS	4,697,385	4,252,121
ACCUMULATED SURPLUS (note 13)	6,584,638	6,048,031

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, 2020

	Budget 2020 \$ (Unaudited)	Actual 2020 \$	Actual 2019 \$ (restated - note 2)
REVENUES			
Property taxation	1,306,279	1,339,047	1,208,941
User charges	141,002	90,197	75,362
Government of Canada	1,286,003	314,946	30,949
Province of Ontario	1,426,133	842,436	938,091
Other municipalities	6,000	2,975	7,544
Penalties and interest on taxes	16,000	20,436	36,824
Investment income	27,000	14,033	41,838
Donations	-	1,140	-
Other	61,900	7,809	7,648
Federal gas tax earned	50,000	-	-
TOTAL REVENUES	4,320,317	2,633,019	2,347,197
EXPENSES			
General government	510,885	370,942	440,295
Protection services	392,675	410,702	382,032
Transportation services	1,095,068	1,044,281	1,066,422
Environmental services	173,014	202,880	137,367
Health services	17,613	16,628	22,227
Recreation and cultural services	50,649	41,205	47,442
Planning and development	2,281	1,662	2,085
Gain (loss) on sale of tangible capital assets	-	8,112	51,463
TOTAL EXPENSES	2,242,185	2,096,412	2,149,333
ANNUAL SURPLUS	<u>2,078,132</u>	536,607	197,864
ACCUMULATED SURPLUS - beginning of year		6,048,031	5,850,167
ACCUMULATED SURPLUS - end of year		6,584,638	6,048,031

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, 2020

	Budget 2020 \$ (Unaudited)	Actual 2020 \$	Actual 2019 \$ (restated - note 2)
ANNUAL SURPLUS	2,078,132	536,607	197,864
Amortization of tangible capital assets	334,790	322,677	334,791
Purchase of tangible capital assets	(2,386,825)	(791,838)	(85,236)
Loss on disposal of tangible capital assets	-	8,112	51,463
Proceeds on sale of tangible capital assets	-	11,500	6,223
Change in prepaid expenses	-	4,285	(2,868)
INCREASE IN NET FINANCIAL ASSETS	26,097	91,343	502,237
NET FINANCIAL ASSETS - beginning of year	1,795,910	1,795,910	1,293,673
NET FINANCIAL ASSETS - end of year	1,822,007	1,887,253	1,795,910

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, 2020

	2020 \$	2019 \$ (restated - note 2)
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus	536,607	197,864
Items not involving cash		
Amortization of tangible capital assets	322,677	334,791
Loss on disposal of tangible capital assets	8,112	51,463
Change in landfill closure and post-closure liability	60,192	-
Change in non-cash assets and liabilities		
Accounts receivable	(491,559)	373,092
Taxes receivable	(48,768)	74,979
Prepaid expenses	4,285	(2,868)
Accounts payable and accrued liabilities	(15,586)	(58,765)
Deferred revenue - obligatory reserve funds	36,130	74,879
Deferred revenue - other	145,928	32,678
Net change in cash from operating activities	558,018	1,078,113
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(791,838)	(85,236)
Proceeds on disposal of tangible capital assets	11,500	6,223
Net change in cash from capital activities	(780,338)	(79,013)
FINANCING ACTIVITIES		
Long term debt issued	267,973	-
Debt principal repayments	(64,042)	(62,683)
Net change in cash from financing activities	203,931	(62,683)
NET CHANGE IN CASH	(18,389)	936,417
CASH - beginning of year	2,567,024	1,630,607
CASH - end of year	2,548,635	2,567,024

The accompanying notes are an integral part of these financial statements

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

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.

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, 2020

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. RESTATEMENT FOR PRIOR PERIOD ADJUSTMENTS

The Township has restated its 2019 consolidated financial statements to account for disposals of tangible capital assets and revenue that were not previously recorded in error.

The Township determined during the year there was land that was disposed of in 2019 and years prior that was still included in the consolidated financial statements. In addition, the Township determined during the year there was 2019 revenue that was not recorded in the 2019 consolidated financial statements.

Adjustments necessary to the 2019 consolidated financial statements as a result of the prior period adjustments are as follows:

Adjustment to 2018 Tangible Capital Assets

Net book value of tangible capital assets previously recorded at December 31, 2018	\$ 4,613,185
2018 and prior years disposal of tangible capital assets, not previously recorded	<u>(78,813)</u>
Closing 2018 and opening 2019 net book value of tangible capital assets as restated	<u>\$ 4,534,372</u>

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

2. RESTATEMENT FOR PRIOR PERIOD ADJUSTMENTS, continued

Adjustment to 2019 Tangible Capital Assets

December 31, 2019 net book value of tangible capital assets, previously reported	\$ 4,353,974
2018 and prior year disposals, not previously recorded	(78,813)
2019 disposals, not previously recorded	<u>(48,030)</u>
Closing 2019 and opening 2020 net book value of tangible capital assets as restated	<u>\$ 4,227,131</u>

Adjustment to Opening 2019 Accumulated Surplus

Accumulated surplus as previously stated	
Tangible capital assets	\$ 4,209,841
Surplus (deficit)	(199,005)
Reserves and reserve funds	<u>1,918,144</u>
	5,928,980
Loss on disposal not previously recognized	<u>(78,813)</u>
Opening 2019 accumulated surplus as restated	<u>\$ 5,850,167</u>

Adjustment to 2019 Revenue

2019 revenue as previously stated	\$ 2,321,193
Add: Revenue not previously recognized	<u>26,004</u>
2019 revenue as restated for the year ended December 31, 2019	<u>\$ 2,347,197</u>

Adjustment to 2019 Expenses

2019 expenses as previously stated	\$ 2,101,303
Add: Loss on disposal not previously recognized	<u>48,030</u>
2019 expenses as restated for the year ended December 31, 2019	<u>\$ 2,149,333</u>

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 \$400,000 via an operating loan. Any balance borrowed will accrue interest at the bank's prime lending rate. Council authorized the temporary borrowing limit by By-law 2020-02. At December 31, 2020 there was no balance outstanding (2019 - \$Nil).

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

4. BUDGET FIGURES

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

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	4,720,969	4,720,969
Library budget	7,719	7,719
Total Council approved budget	4,728,688	4,728,688
Less: Tangible capital assets capitalized	-	(2,386,825)
Add: Amortization of tangible capital assets	-	334,790
Less: Principal repayment of long term debt	-	(64,597)
Less: Transfers to/from reserves and reserve funds	(320,500)	(282,000)
Less: Reclassifications for financial statement purposes	(87,871)	(87,871)
Adjusted budget per Consolidated Statement of Operations	4,320,317	2,242,185

5. OPERATIONS OF SCHOOL BOARDS AND THE COUNTY OF HASTINGS

During 2020, 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	268,416	502,126
Taxation from other governments	856	2,639
Amounts requisitioned and remitted	269,272	504,765

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

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

6. DEFERRED REVENUE - OTHER

Included in deferred revenue - other are the following amounts:

	2020	2019
	\$	\$
OCIF Formula-Based funding	100,328	50,000
New Horizons Seniors	7,131	-
Enabling Accessibility	88,884	-
AMO Main Street Funding	-	7,923
Safe Restart	7,508	-
Cannabis funding	15,000	15,000
	218,851	72,923

The continuity of deferred revenue - other is as follows:

	2020	2019
	\$	\$
Balance - beginning of year	72,923	40,245
Add amounts received:		
OCIF Formula-Based funding	50,328	50,000
New Horizons Seniors	16,203	-
Enabling Accessibility	88,884	-
Safe Restart	51,700	-
Cannabis funding	-	15,000
	207,115	65,000
Less transfer to operations:		
New Horizons Seniors	9,072	-
Senior Affairs grant	-	2,081
Safe Restart	44,192	-
AMO Main Street Funding	7,923	30,241
	61,187	32,322
Balance - end of year	218,851	72,923

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

7. 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:

	2020	2019
	\$	\$
Federal gas tax	140,813	104,683

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

	2020	2019
	\$	\$
Balance - beginning of year	104,683	29,804
Add amounts received:		
County of Hastings gas tax funding received	17,777	36,789
Federal gas tax funding received	17,777	36,789
Interest	576	1,301
	36,130	74,879
Balance - end of year	140,813	104,683

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

8. LONG TERM DEBT

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

	2020	2019
	\$	\$
Ontario Infrastructure and Lands Corporation loan repayable in blended monthly installments of \$3,970 with interest at 1.91%, due July 2022	74,223	119,952
Ontario Infrastructure and Lands Corporation loan repayable in blended monthly installments of \$2,027 with interest at 2.83%, due June 2030	202,396	220,709
Ontario Infrastructure and Lands Corporation loan repayable in blended monthly installments of \$4,582 with interest at 1.01%, due December 2025	267,973	-
	544,592	340,661

- (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 \$7,902 (2019 - \$9,278).
- (d) The long term debt reported in (a) of this note is repayable as follows:

	Principal	Interest	Total
	\$	\$	\$
2021	117,986	8,960	126,946
2022	100,027	7,052	107,079
2023	73,525	5,782	79,307
2024	74,641	4,667	79,308
2025	75,778	3,529	79,307
2026 and subsequent years	102,635	6,796	109,431
	544,592	36,786	581,378

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

9. LANDFILL CLOSURE AND POST-CLOSURE LIABILITY

The estimated liability for landfill closure and post-closure costs for the two sites the Township operates is \$268,877 (2019 - \$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 2.2% and an inflation rate of 2.0%. The remaining capacity of the solid waste landfill sites is estimated at 6,618 m3 (2019 - 5,994 m3) which is 29.9% (2019 - 27.1%) of the site's total capacity. The total discounted future cash flows for closure and post-closure cost is estimated at \$381,642 (2019 - \$284,645) as at December 31, 2020. The landfill sites are expected to reach their capacity in 11 and 14 years.

10. EXPENSES BY OBJECT

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

	Budget 2020 \$	Actual 2020 \$	Actual 2019 \$ (restated - note 2)
	(Unaudited)		
Salaries and benefits	642,930	609,937	628,061
Interest charges	7,902	7,902	9,278
Materials	648,527	576,377	644,786
Contracted services	576,598	544,087	456,620
Rents and financial	100	126	55
External transfers	31,338	27,194	24,279
Amortization	334,790	322,677	334,791
Loss (gain) on disposal of tangible capital assets	-	8,112	51,463
	2,242,185	2,096,412	2,149,333

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

11. TANGIBLE CAPITAL ASSETS

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

	2020	2019 (restated - note 2)
	\$	\$
General		
Land	208,000	217,561
Land improvements	31,259	32,995
Buildings	347,790	359,503
Machinery and equipment	484,051	524,687
Vehicles	542,263	324,362
Infrastructure		
Roads and bridges	2,557,951	2,768,023
	4,171,314	4,227,131
Assets under construction	505,366	-
	4,676,680	4,227,131

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

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

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

	2020	2019
	\$	\$
General government	341,630	351,065
Protection services	109,570	114,088
Transportation services	4,190,430	3,723,375
Environmental services	32,103	34,428
Health services	1,367	1,367
Recreation and cultural services	1,580	2,808
	4,676,680	4,227,131

12. 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, 2020

13. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2020	2019 (restated - note 2)
	\$	\$
Surplus/(Deficit)		
Township operations	-	26,004
Library Board	3,098	2,264
Cemetery Board	9,762	7,447
Unfunded landfill closure and post-closure costs	(268,877)	(208,685)
	(256,017)	(172,970)
Invested In Capital Assets		
Tangible capital assets - net book value	4,676,680	4,227,131
Long term debt	(544,592)	(340,661)
	4,132,088	3,886,470
Surplus	3,876,071	3,713,500
Reserves		
Working funds	590,848	590,848
General	303,474	187,446
Future capital	1,294,227	1,081,219
Roads	125,000	100,000
Fire	188,000	178,000
Library	425	425
Landfill closure and post-closure	206,000	196,000
Total Reserves	2,707,974	2,333,938
Reserve Funds		
Recreation	593	593
	6,584,638	6,048,031

14. 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.

15. 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.

16. UNCERTAINTY CAUSED BY COVID-19

In March 2020, the World Health Organization categorized COVID-19 as a pandemic. The potential economic effects within the Township's environment and in the global markets, possible disruption in supply chains, and measures being introduced at various levels of government to curtail the spread of the virus (such as travel restrictions, closures of non-essential municipal and private operations, imposition of quarantines and social distancing) could have a material impact on the Township's operations. The extent of the impact of this outbreak and related containment measures on the Township's operations cannot be reliably estimated at this time.

TOWNSHIP OF TUDOR & CASHEL



CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS For the Year Ended December 31, 2020

	General					Infrastructure	Assets Under Construction	Totals
	Land	Land Improvements	Buildings	Machinery and Equipment	Vehicles	Roads and Bridges		
	\$	\$	\$	\$	\$	\$	\$	\$
COST								
Balance, beginning of year restated (Note 2)	217,561	52,094	681,505	862,981	707,479	6,538,996	-	9,060,616
Add: additions during the year	-	-	2,197	8,762	272,075	9,900	498,904	791,838
Less: disposals during the year	9,561	-	15,853	26,456	189,677	8,848	-	250,395
Internal transfers	-	-	-	-	-	(6,462)	6,462	-
Balance, end of year	208,000	52,094	667,849	845,287	789,877	6,533,586	505,366	9,602,059
ACCUMULATED AMORTIZATION								
Balance, beginning of year	-	19,099	322,002	338,294	383,117	3,770,973	-	4,833,485
Add: additions during the year	-	1,736	13,910	39,347	54,174	213,510	-	322,677
Less: disposals during the year	-	-	15,853	16,405	189,677	8,848	-	230,783
Balance, end of year	-	20,835	320,059	361,236	247,614	3,975,635	-	4,925,379
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	208,000	31,259	347,790	484,051	542,263	2,557,951	505,366	4,676,680

TOWNSHIP OF TUDOR & CASHEL



CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE For the Year Ended December 31, 2020

	General Government \$	Protection Services \$	Transportation Services \$	Other Environmental Services \$	Health Services \$	Recreation and Cultural Services \$	Planning and Development \$	Consolidated \$
Revenues								
Property taxation	-	276,288	923,098	106,354	12,653	19,271	1,383	1,339,047
User charges	5,213	68,645	-	6,434	3,505	4,800	1,600	90,197
Government transfers - operating	603,400	44,192	-	17,752	-	21,550	-	686,894
Government transfers - capital	-	-	470,488	-	-	-	-	470,488
Other municipalities	-	-	2,975	-	-	-	-	2,975
Penalties and interest on taxes	20,436	-	-	-	-	-	-	20,436
Investment income	13,387	-	-	-	646	-	-	14,033
Donations	-	-	-	-	-	1,140	-	1,140
Other	6,240	-	1,569	-	-	-	-	7,809
Total revenues	648,676	389,125	1,398,130	130,540	16,804	46,761	2,983	2,633,019
Expenses								
Salaries and benefits	237,720	-	296,947	67,137	-	8,133	-	609,937
Interest charges	-	-	7,902	-	-	-	-	7,902
Materials	88,623	13,681	391,517	34,519	16,032	30,343	1,662	576,377
Contracted services	32,815	371,062	41,312	98,898	-	-	-	544,087
Rents and financial	126	-	-	-	-	-	-	126
External transfers	3,657	21,441	-	-	596	1,500	-	27,194
Amortization	8,001	4,518	306,603	2,326	-	1,229	-	322,677
Loss (gain) on disposal of tangible capital assets	-	-	8,112	-	-	-	-	8,112
Total expenses	370,942	410,702	1,052,393	202,880	16,628	41,205	1,662	2,096,412
Net surplus/(deficit)	277,734	(21,577)	345,737	(72,340)	176	5,556	1,321	536,607

TOWNSHIP OF TUDOR & CASHEL



CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE For the Year Ended December 31, 2019 (restated - note 2)

	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	886,744	1,100	-	15,606	-	6,955	-	910,405
Government transfers - capital	-	-	58,635	-	-	-	-	58,635
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	986,124	295,716	832,968	153,310	20,334	54,620	4,125	2,347,197
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	-	-	51,463	-	-	-	-	51,463
Total expenses	440,295	382,032	1,117,885	137,367	22,227	47,442	2,085	2,149,333
Net surplus/(deficit)	545,829	(86,316)	(284,917)	15,943	(1,893)	7,178	2,040	197,864

TOWNSHIP OF TUDOR & CASHEL

TUDOR AND CASHEL PUBLIC LIBRARY BOARD

FINANCIAL STATEMENTS

DECEMBER 31, 2020

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, 2020, the statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Board as at December 31, 2020, and the results of its operations and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Basis for Qualified Opinion

In common with many Public Library Boards, the Board derives revenue from user charges and other, 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 charges and other 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 12, 2021

TOWNSHIP OF TUDOR & CASHEL



TUDOR AND CASHEL PUBLIC LIBRARY BOARD STATEMENT OF FINANCIAL POSITION At December 31, 2020

	2020	2019
	\$	\$
FINANCIAL ASSETS		
Cash	3,717	2,537
Accounts receivable	768	827
TOTAL FINANCIAL ASSETS	4,485	3,364
LIABILITIES		
Due to Township	675	675
Accounts payable	287	-
TOTAL LIABILITIES	962	675
NET FINANCIAL ASSETS	3,523	2,689
NON-FINANCIAL ASSETS		
Tangible capital assets (note 2)	1,580	2,808
ACCUMULATED SURPLUS (note 3)	5,103	5,497

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, 2020

	Budget 2020 \$ (Unaudited)	Actual 2020 \$	Actual 2019 \$
REVENUES			
Municipal contribution	2,500	2,500	3,000
Province of Ontario	3,305	3,978	4,804
User charges and other	44	581	30
TOTAL REVENUES	5,849	7,059	7,834
EXPENSES			
Salaries and benefits	5,530	5,096	4,890
Supplies	319	1,129	1,260
Amortization	1,870	1,228	1,870
TOTAL EXPENSES	7,719	7,453	8,020
ANNUAL DEFICIT	<u>(1,870)</u>	(394)	(186)
ACCUMULATED SURPLUS - beginning of year		5,497	5,683
ACCUMULATED SURPLUS - end of year		5,103	5,497

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, 2020

	Budget 2020 \$ (Unaudited)	Actual 2020 \$	Actual 2019 \$
ANNUAL DEFICIT	(1,870)	(394)	(186)
Amortization of tangible capital assets	1,870	1,228	1,870
Acquisition of tangible capital assets	-	-	(67)
INCREASE IN NET FINANCIAL ASSETS	-	834	1,617
NET FINANCIAL ASSETS - beginning of year	2,689	2,689	1,072
NET FINANCIAL ASSETS - end of year	2,689	3,523	2,689

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, 2020

	2020	2019
	\$	\$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual deficit	(394)	(186)
Items not involving cash		
Amortization of tangible capital assets	1,228	1,870
Change in non-cash assets and liabilities		
Accounts receivable	59	(827)
Accounts payable	287	-
Net change in cash from operating activities	1,180	857
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	-	(67)
NET CHANGE IN CASH	1,180	790
CASH - beginning of year	2,537	1,747
CASH - end of year	3,717	2,537

The accompanying notes are an integral part of these financial statements

TUDOR AND CASHEL PUBLIC LIBRARY BOARD NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2020

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, 2020

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 \$	2020 Totals \$	2019 Totals \$
COST				
Balance, beginning of year	4,958	59,161	64,119	66,006
Add: additions during the year	-	-	-	67
Less: disposals during the year	237	-	237	1,954
Balance, end of year	4,721	59,161	63,882	64,119
ACCUMULATED AMORTIZATION				
Balance, beginning of year	3,041	58,270	61,311	61,395
Add: additions during the year	722	506	1,228	1,870
Less: disposals during the year	237	-	237	1,954
Balance, end of year	3,526	58,776	62,302	61,311
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	1,195	385	1,580	2,808

TUDOR AND CASHEL PUBLIC LIBRARY BOARD
 NOTES TO THE FINANCIAL STATEMENTS
 For the Year Ended December 31, 2020

3. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2020	2019
	\$	\$
Surplus		
Operations	3,098	2,264
Invested In Capital Assets		
Tangible capital assets - net book value	1,580	2,808
Surplus	4,678	5,072
Reserve		
Future capital	425	425
	5,103	5,497

4. BUDGET FIGURES

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

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.

6. UNCERTAINTY CAUSED BY COVID-19

In March 2020, the World Health Organization categorized COVID-19 as a pandemic. The potential economic effects within the Board's environment and in the global markets, possible disruption in supply chains, and measures being introduced at various levels of government to curtail the spread of the virus (such as travel restrictions, closures of non-essential municipal and private operations, imposition of quarantines and social distancing) could have a material impact on the Board's operations. The extent of the impact of this outbreak and related containment measures on the Board's operations cannot be reliably estimated at this time.