



**CORPORATION OF THE TOWNSHIP OF
OTONABEE-SOUTH MONAGHAN**

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2020

**CORPORATION OF THE TOWNSHIP OF
OTONABEE-SOUTH MONAGHAN**

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2020

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The Corporation of the
Township of Otonabee-South Monaghan

CORPORATION OF THE TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

For The Year Ended December 31, 2020

MANAGEMENT REPORT

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

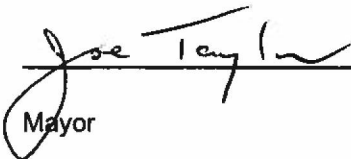
The consolidated financial statements have been prepared by management in accordance with Canadian Public Sector Accounting Standards. Financial statements are not precise since they include certain amounts based on estimates and judgements. When alternative accounting methods exist, management has chosen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

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


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

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

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



Mayor



Director of Financial
Services/Treasurer

August 16, 2021

INDEPENDENT AUDITOR'S REPORT**To the Members of Council, Inhabitants and Ratepayers
of the Corporation of the Township of Otonabee-South
Monaghan****T: (705) 742-3418
F: (705) 742-9775****www.bakertilly.ca***Opinion*

We have audited the consolidated financial statements of the Corporation of the Township of Otonabee-South Monaghan and its local boards (the Township), which comprise the consolidated statement of financial position as at December 31, 2020, the consolidated statements of operations and accumulated surplus, change in net financial assets/(net debt) 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
November 15, 2021

**CORPORATION OF THE TOWNSHIP OF
OTONABEE-SOUTH MONAGHAN**



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

	2020	2019
	\$	\$
FINANCIAL ASSETS		
Cash (note 2)	3,269,956	2,208,201
Investments (note 3)	4,846,450	4,684,168
Accounts receivable	554,472	513,951
Taxes receivable	605,361	541,534
Long-term debt assumed by Otonabee NP Housing Corporation (note 7)	1,030,045	1,057,241
TOTAL FINANCIAL ASSETS	10,306,284	9,005,095
LIABILITIES		
OILC advance payable (note 9)	1,000,000	80,000
Accounts payable and accrued liabilities	2,775,421	2,399,089
Deferred revenue - obligatory reserve funds (note 6)	801,774	1,031,840
Deferred revenue - other	29,947	10,735
Long-term debt (note 7)	2,834,230	3,022,572
Landfill closure and post-closure liability (note 8)	281,000	321,000
Employee future benefits (note 11)	399,500	386,300
TOTAL LIABILITIES	8,121,872	7,251,536
NET FINANCIAL ASSETS	2,184,412	1,753,559
NON-FINANCIAL ASSETS		
Tangible capital assets (note 12)	17,325,840	15,751,525
Inventories of materials and supplies	30,093	30,396
Prepaid expenses	3,318	241,789
TOTAL NON-FINANCIAL ASSETS	17,359,251	16,023,710
ACCUMULATED SURPLUS (note 13)	19,543,663	17,777,269

The accompanying notes are an integral part of these financial statements

**CORPORATION OF THE TOWNSHIP OF
OTONABEE-SOUTH MONAGHAN**



**CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
For the Year Ended December 31, 2020**

	Budget 2020 \$ (Unaudited)	Actual 2020 \$	Actual 2019 \$
REVENUES			
Property taxation	6,464,732	6,469,278	6,034,254
User charges	989,617	894,478	893,208
Province of Ontario	2,932,528	822,567	1,293,823
Other municipalities	16,000	18,994	18,555
Penalties and interest on taxes	70,000	96,475	85,721
Investment income	80,100	185,429	153,229
Donations	20,800	12,773	36,823
Landfill compensation	271,616	351,512	360,307
Other	-	42,235	44,811
Developer charges earned	194,495	179,309	215,782
Parkland fees earned	11,000	9,000	-
Federal gas tax earned	700,000	597,006	-
Recoverable police force fees earned	-	4,261	290
Gain on disposal of tangible capital assets	30,000	59,125	14,168
TOTAL REVENUES	11,780,888	9,742,442	9,150,971
EXPENSES			
General government	1,416,851	1,417,392	1,559,234
Protection services	2,457,895	2,240,026	2,380,435
Transportation services	2,853,963	2,799,314	2,805,719
Environmental services	796,489	612,555	738,213
Health services	16,165	24,391	25,839
Social housing	-	41,180	42,215
Recreation and cultural services	792,359	726,565	723,805
Planning and development	140,775	114,625	87,296
TOTAL EXPENSES	8,474,497	7,976,048	8,362,756
ANNUAL SURPLUS	<u>3,306,391</u>	1,766,394	788,215
ACCUMULATED SURPLUS - beginning of year		17,777,269	16,989,054
ACCUMULATED SURPLUS - end of year		19,543,663	17,777,269

The accompanying notes are an integral part of these financial statements

**CORPORATION OF THE TOWNSHIP OF
OTONABEE-SOUTH MONAGHAN**



**CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS/(NET DEBT)
For the Year Ended December 31, 2020**

	Budget 2020 \$ (Unaudited)	Actual 2020 \$	Actual 2019 \$
ANNUAL SURPLUS	3,306,391	1,766,394	788,215
Amortization of tangible capital assets	1,194,586	1,272,216	1,194,584
Purchase of tangible capital assets	(6,643,415)	(2,850,135)	(985,065)
Gain on disposal of tangible capital assets	(30,000)	(59,125)	(14,168)
Proceeds on sale of tangible capital assets	30,000	62,729	39,834
Change in inventories of materials and supplies	-	303	29,893
Change in prepaid expenses	-	238,471	1,163
CHANGE IN NET FINANCIAL ASSETS/(NET DEBT)	(2,142,438)	430,853	1,054,456
NET FINANCIAL ASSETS - beginning of year	1,753,559	1,753,559	699,103
NET FINANCIAL ASSETS/(NET DEBT) - end of year	(388,879)	2,184,412	1,753,559

The accompanying notes are an integral part of these financial statements

**CORPORATION OF THE TOWNSHIP OF
OTONABEE-SOUTH MONAGHAN**



**CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2020**

	2020	2019
	\$	\$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus	1,766,394	788,215
Items not involving cash		
Amortization of tangible capital assets	1,272,216	1,194,584
Gain on disposal of tangible capital assets	(59,125)	(14,168)
Change in landfill post-closure liability	(40,000)	3,000
Change in employee future benefits	13,200	2,500
Change in non-cash assets and liabilities		
Accounts receivable	(40,521)	128,186
Taxes receivable	(63,827)	(58,646)
Inventories of materials and supplies	303	29,893
Prepaid expenses	238,471	1,163
Accounts payable and accrued liabilities	376,332	82,728
Deferred revenue - obligatory reserve funds	(230,066)	402,238
Deferred revenue - other	19,212	(2,815)
Net change in cash from operating activities	3,252,589	2,556,878
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(2,850,135)	(985,065)
Proceeds on disposal of tangible capital assets	62,729	39,834
Net change in cash from capital activities	(2,787,406)	(945,231)
INVESTING ACTIVITIES		
Redemption of investments	-	636,312
Purchase of investments	(162,282)	(1,516,442)
Net change in cash from investing activities	(162,282)	(880,130)
FINANCING ACTIVITIES		
Debt principal repayments	(188,342)	(181,286)
Decrease in long-term debt assumed by Otonabee NP Housing Corporation	27,196	26,160
OILC advance received	920,000	80,000
Net change in cash from financing activities	758,854	(75,126)
NET CHANGE IN CASH	1,061,755	656,391
CASH - beginning of year	2,208,201	1,551,810
CASH - end of year	3,269,956	2,208,201

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 Otonabee-South Monaghan is a lower tier municipality in the Province of Ontario, Canada. It conducts its operations guided by the provisions of provincial statutes such as the Municipal Act, Municipal Affairs Act and related legislation.

1. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Reporting Entity

These consolidated financial statements reflect the assets, liabilities, revenues and expenses and accumulated surplus of the reporting entity.

The reporting entity is comprised of all organizations, committees and local boards accountable for the administration of their financial affairs and resources to the Township and which are owned and controlled by the Township. These consolidated financial statements include:

- Otonabee-South Monaghan Township Public Library Board
- Stewart Hall Community Centre Board
- Dawson Cemetery
- Keene Cemetery

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

(b) Trust Funds

Trust funds and their related operations administered by the Township are not included in these consolidated financial statements but are reported on separately on the Trust Funds Statement of Continuity and Statement of Financial Position.

(c) Deferred Revenue

Deferred revenue represents grants, user charges and fees which have been collected but for which the related services have yet to be performed. These amounts will be recognized as revenues in the period the services are performed.

(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) 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

(f) 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 period the goods and services are provided, with the exception of building permits which are recognized when the permits are issued.

Investment income is recorded when earned.

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

Landfill compensation is recorded when earned

(g) Inventories of Materials and Supplies

Inventories of materials and supplies are recorded at cost on a first-in first-out basis.

**CORPORATION OF THE TOWNSHIP OF
OTONABEE-SOUTH MONAGHAN**



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

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(h) Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Initial costs for tangible capital assets that were acquired or developed prior to 2009 were obtained using historical cost information or using current fair market values discounted by a relevant inflation factor to the point of acquisition. The cost, less residual value, if any, of tangible capital assets is amortized on a straight-line basis, over the expected useful life of the asset, as follows:

Land improvements	30 years
Buildings	50 years
Machinery and equipment	3 to 30 years
Vehicles	5 to 25 years
Roads and bridges	15 to 50 years
Water systems	25 years

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

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

(i) Use of Estimates

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

- The amounts recorded for landfill closure and post-closure care depend on estimates of usage, remaining life and capacity. The provision for future closure and post-closure costs also depends on estimates of such costs;
- The amounts recorded for amortization of tangible capital assets are based on estimates of useful life and residual values; and
- The values of employee future benefit liabilities and the amount of employee future benefit costs charged to earnings depend on certain actuarial and economic assumptions.

2. CASH

Cash consists of the following:

	2020	2019
	\$	\$
Unrestricted	2,499,106	1,587,240
Restricted	770,850	620,961
	<u>3,269,956</u>	<u>2,208,201</u>

**CORPORATION OF THE TOWNSHIP OF
OTONABEE-SOUTH MONAGHAN**



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

3. INVESTMENTS

Investments, stated at cost, consist of:

	2020	2019
	\$	\$
One Fund - Universe Corp bonds	1,329,112	1,283,174
One Fund - equity funds	1,212,868	1,169,088
Guaranteed investment certificates, interest rates from 0.30% to 1.50%, maturing from February 2021 to October 2021	2,094,441	2,024,637
Kawartha Credit Union shares	159,000	159,000
Affinity shares	51,029	48,269
	4,846,450	4,684,168

4. 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.

5. OPERATIONS OF SCHOOL BOARDS AND THE COUNTY OF PETERBOROUGH

During 2020, requisitions were made by the County of Peterborough and School Boards requiring the Township to collect property taxes and payments in lieu of property taxes on their behalf. The amounts collected and remitted are as follows:

	School Boards \$	County \$
Amounts requisitioned and remitted	2,161,920	3,706,588

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 - OBLIGATORY RESERVE FUNDS

A requirement of the Chartered Professional Accountants Canada Public Sector Accounting Handbook is that obligatory reserve funds be reported as deferred revenue. This requirement is in place as legislation and external agreements restrict how these funds may be used and under certain circumstances these funds may possibly be refunded. The balances in the obligatory reserve funds of the Township are summarized below:

	2020	2019
	\$	\$
Parkland	71,931	74,164
Development charges	505,069	352,561
Federal gas tax	166,564	548,061
Recoverable police force fees	58,210	57,054
	801,774	1,031,840

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

	2020	2019
	\$	\$
Balance - beginning of year	1,031,840	629,602
Add amounts received:		
Parkland fees	6,000	11,000
Development charges	326,731	167,265
Federal gas tax funding	202,343	418,421
Recoverable police force fees	4,708	6,835
Interest	19,728	14,789
	559,510	618,310
Less transfer to operations:		
Parkland fees earned	9,000	-
Development charges earned	179,309	215,782
Federal gas tax funding earned	597,006	-
Recoverable police force fees earned	4,261	290
	789,576	216,072
Balance - end of year	801,774	1,031,840

**CORPORATION OF THE TOWNSHIP OF
OTONABEE-SOUTH MONAGHAN**



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

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:

	2020 \$	2019 \$
Ontario Infrastructure and Lands Corporation debentures for Arena upgrades, due January 15, 2038, repayable in blended semi-annual instalments of \$43,992, interest rate at 3.22% per annum.	1,170,087	1,219,204
Ontario Infrastructure Projects Corporation debentures for Fire Hall 1 and water system upgrades, due December 15, 2025, repayable in blended semi-annual instalments of \$70,814, interest rate at 4.12% per annum.	634,098	746,127
Ontario Infrastructure Projects Corporation debentures, due July 2, 2043, repayable in blended semi-annual instalments of \$34,188, interest rate at 3.92% per annum (see (d) below).	1,030,045	1,057,241
	2,834,230	3,022,572

- (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 \$109,644 (2019 - \$116,700).
- (d) In 2013, the Township approved the issuance of debentures from the Ontario Infrastructure Projects Corporation (OIPC) for \$1,200,000 which was assumed by Otonabee Non-Profit Housing Corporation. A portion of long-term debt reported in (a) is recoverable from Otonabee Non-Profit Housing Corporation with blended semi-annual payments of \$34,188 (\$68,376 annually) and interest at a rate of 3.92% per annum to match the debt held by the Township.
- (e) Future debt payments are as follows:

	Principal \$	Interest \$	Total \$
2021	195,677	102,310	297,987
2022	203,299	94,688	297,987
2023	211,221	86,766	297,987
2024	219,456	78,531	297,987
2025	228,014	69,973	297,987
2026 and subsequent years	1,776,563	553,999	2,330,562
	2,834,230	986,267	3,820,497

8. LANDFILL CLOSURE AND POST-CLOSURE LIABILITY

The estimated liability for landfill closure and post-closure costs for the one closed Township site is \$281,000 (2019 - \$321,000). 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. Only post-closure care activities remain at the end of 2020 for this site. The liability is calculated based on estimated future annual monitoring costs with a discount factor of 1.94% (2019 - 2.7%) and inflation of 2.0% (2019 - 2.0%). The Township has a waste management reserve fund totaling \$520,119 (2019 - \$466,451) and a waste management post-closure reserve totaling \$30,000 (2019 - \$30,000) to fund these costs and other waste management projects.

The Township also has one landfill site which has not been fully closed. The liability for closure and post-closure costs for this site is indeterminable and no amount has been included as a liability as at December 31, 2020. The Township has a separate waste management reserve for this unclosed site totaling \$198,424 (2019 - \$188,575) to fund these costs.

9. OILC ADVANCE PAYABLE

During the year the Township received \$920,000 (2019 - \$80,000) as a construction advance for an ongoing fire hall capital project. The variable interest rate at December 31, 2020 is 2.243%. The Township has an approved borrowing limit of \$1,000,000 for this project from OILC. This advance was repaid to OILC in 2021.

10. COMPARATIVE FIGURES

Certain comparative figures were restated, where required, to conform with the current year presentation. The restatement did not affect the prior year surplus.

**CORPORATION OF THE TOWNSHIP OF
OTONABEE-SOUTH MONAGHAN**



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

11. EMPLOYEE FUTURE BENEFITS

The Township provides certain employee future benefits that will require funding in future periods.

	2020	2019
	\$	\$
Accrued benefit obligation	337,000	312,200
Unamortized actuarial gain	62,500	74,100
Liability at December 31	399,500	386,300

The Township sponsors benefit plans to pay costs of life, accidental death and dismemberment, medical, dental and employee assistance program, for eligible employees after they retire and their eligible dependents. All benefits are provided upon retirement and continue for a period of 10 years, but not beyond the age of 65, at which time the benefits cease. The plans are not funded by the Township until the plan premiums are paid.

The actuarial valuation as at December 31, 2019 was based on a number of assumptions about future events, such as discount rate, weighted average health care trend rates, and employee turnover and mortality. Under this method, the benefit costs are recognized over the expected average service life of the employee group. Any actuarial gains and losses related to the past service of employees are amortized over the expected average remaining service life of the employee group, which is 10 years. The assumptions used reflect management's best estimate. The main actuarial assumptions employed for the valuation are as follows:

Discount rate	2.90%
Weighted average health care trend rate - initial 2012	7.11%
- ultimate	4.00%
- year ultimate reached	2040

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

	2020	2019
	\$	\$
Current year benefit cost	23,900	21,300
Interest cost	9,600	10,000
Amortization of actuarial gains	(11,600)	(13,200)
Annual expense	21,900	18,100

**CORPORATION OF THE TOWNSHIP OF
OTONABEE-SOUTH MONAGHAN**



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

12. TANGIBLE CAPITAL ASSETS

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

	2020	2019
	\$	\$
General		
Land	703,395	703,395
Land improvements	72,009	75,384
Buildings	3,328,842	3,415,609
Machinery and equipment	1,162,027	1,188,818
Vehicles	2,120,931	1,770,026
Infrastructure		
Roads and bridges	7,985,115	7,587,867
Water systems	860,478	940,316
	16,232,797	15,681,415
Assets under construction	1,093,043	70,110
	17,325,840	15,751,525

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 was capitalized (2019 - \$Nil).

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

	2020	2019
	\$	\$
General government	453,017	478,158
Protection services	3,273,414	2,111,059
Transportation services	9,993,312	9,495,474
Environmental services	905,716	988,290
Health services	31,807	32,196
Recreation and cultural services	2,668,574	2,646,348
	17,325,840	15,751,525

**CORPORATION OF THE TOWNSHIP OF
OTONABEE-SOUTH MONAGHAN**



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

13. ACCUMULATED SURPLUS

(a) Accumulated surplus consists of the following:

	2020	2019
	\$	\$
Surplus/(Deficit)		
Stewart Hall	5,240	5,293
Unfunded employee future benefits liability	(399,500)	(386,300)
Keene Cemetery	(2,599)	(1,265)
Unfunded landfill post-closure liability	(281,000)	(321,000)
	(677,859)	(703,272)
Invested In Capital Assets		
Tangible capital assets - net book value	17,325,840	15,751,525
Long-term debt related to tangible capital assets	(1,804,185)	(1,965,331)
Unfunded capital (see (b) below)	(1,093,043)	(70,100)
	14,428,612	13,716,094
Surplus	13,750,753	13,012,822
Reserves		
Working funds	299,062	254,711
General	1,799,414	1,162,723
Community improvements	3,417	3,417
Fire	1,131,266	952,652
Policing	82,752	65,755
Transportation services	127,434	279,282
Waste management and recycling	494,985	411,568
Parks and recreation programs	139,892	150,752
Arena	43,643	97,450
Planning	107,406	56,421
Public property	259,969	190,827
Building department	335,924	308,949
Keene Farmers Market	618	618
Waterworks	340,591	266,218
Dawson cemetery	12,993	14,359
Otonabee-South Monaghan Township Public Library Board	34,342	22,768
Total Reserves	5,213,708	4,238,470

**CORPORATION OF THE TOWNSHIP OF
OTONABEE-SOUTH MONAGHAN**



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

13. ACCUMULATED SURPLUS, continued

	2020	2019
	\$	\$
Reserve Funds		
Waste management	520,119	466,451
Waste management general purpose	59,083	59,526
Total Reserve Funds	579,202	525,977
	19,543,663	17,777,269

(b) Unfunded capital projects will be funded from future long term debt debentures. Unfunded capital projects consist of the following:

	2020	2019
	\$	\$
Fire hall	1,093,043	70,100

(c) In prior years, the Waste Management Reserve Fund was reduced for a loan provided to Sewer operations. This amount was loaned to cover the deficit in Sewer operations. The amount owing to the Reserve Fund at December 31, 2020 is \$96,317 (2019 - \$123,090).

14. EXPENSES BY OBJECT

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

	Budget 2020 \$ (Unaudited)	Actual 2020 \$	Actual 2019 \$
Salaries and benefits	3,259,028	2,983,631	2,967,912
Interest charges	68,465	109,644	116,700
Materials	2,215,156	1,966,903	2,230,566
Contracted services	1,642,204	1,565,384	1,736,993
Rents and financial	17,250	6,026	38,988
External transfers	77,808	72,244	77,013
Amortization	1,194,586	1,272,216	1,194,584
	8,474,497	7,976,048	8,362,756

15. PENSION AGREEMENTS

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

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

The Township's required contributions to OMERS in 2020 were \$179,821 (2019 - \$171,131).

16. TRUST FUNDS

Trust funds administered by the Township amounting to \$374,805 (2019 - \$354,217) have not been included in the Consolidated Statement of Financial Position nor have their operations been included in the Consolidated Statement of Operations and Accumulated Surplus. As such balances are held in trust by the Township for the benefit of others, they are not presented as part of the Township's financial position or operations.

17. CONTINGENT LIABILITIES

The Township, in the course of its operations, has been named in litigation matters, the outcome of which is indeterminable at this time. No amounts in connection with this item has been reflected in these financial statements.

The Township along with another municipality and possibly a private land owner are responsible for a closed landfill site that has not met all Provincial closure requirements. Amounts cannot be estimated at this time as the Province has not yet approved a final closure plan. No amounts in connection with this item have been reflected in these financial statements. The Township has a separate waste management reserve for any contingent liabilities associated with this site totaling \$221,263 (2019 - \$188,575).

18. 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 \$750,000 via a line of credit. Any balance borrowed will accrue interest at the bank's prime lending rate per annum. Council authorized the temporary borrowing limit by By-law 2019-02. At December 31, 2020 there was no balance outstanding (2019 - \$Nil).

19. 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/(Net Debt). 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.

20. SEGMENTED INFORMATION

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

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

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

General Government

General government consists of the activities of Council and general financial and administrative management of the Township and its programs and services.

Protection Services

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

Transportation Services

The activities of the transportation function include operations and maintenance of the Township's roads and bridges, winter control and street lighting.

Environmental Services

The environmental function is responsible for water, sewer, waste collection, waste disposal and recycling activities not provided by the County of Peterborough.

Health Services

The health services function consists of the activities of the cemetery board, assumed cemetery and operations of the Keene Medical Centre building.

Social Housing

The social housing segment represents the interest on long-term debt for the loan borrowed by the Township on behalf of the Otonabee Non-Profit Housing Corporation.

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.

CORPORATION OF THE TOWNSHIP OF OTONABEE-SOUTH MONAGHAN



**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 \$	Water Systems \$		
COST									
Balance, beginning of year	703,395	94,229	4,466,500	2,803,314	3,068,283	22,086,645	1,995,970	70,110	35,288,446
Add: additions during the year	-	-	-	160,413	628,596	1,038,193	-	1,022,933	2,850,135
Less: disposals during the year	-	-	-	97,405	68,076	-	-	-	165,481
Balance, end of year	703,395	94,229	4,466,500	2,866,322	3,628,803	23,124,838	1,995,970	1,093,043	37,973,100
ACCUMULATED AMORTIZATION									
Balance, beginning of year	-	18,845	1,050,891	1,614,496	1,298,257	14,498,778	1,055,654	-	19,536,921
Add: additions during the year	-	3,375	86,767	187,204	274,087	640,945	79,838	-	1,272,216
Less: disposals during the year	-	-	-	97,405	64,472	-	-	-	161,877
Balance, end of year	-	22,220	1,137,658	1,704,295	1,507,872	15,139,723	1,135,492	-	20,647,260
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	703,395	72,009	3,328,842	1,162,027	2,120,931	7,985,115	860,478	1,093,043	17,325,840

CORPORATION OF THE TOWNSHIP OF OTONABEE-SOUTH MONAGHAN



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

	General Government \$	Protection Services \$	Transportation Services \$	Water and Sewer \$	Other Environmental Services \$	Health Services \$	Social Housing \$	Recreation and Cultural Services \$	Planning and Development \$	Consolidated \$
Revenues										
Property taxation	1,185,477	1,575,969	2,305,568	25,528	98,636	15,775	-	1,121,550	140,775	6,469,278
User charges	97,382	505,498	7,896	86,712	29,705	4,489	-	154,720	8,076	894,478
Government transfers - operating	217,086	505,677	-	-	652	-	-	20,769	-	744,184
Government transfers - capital	-	-	78,383	-	-	-	-	-	-	78,383
Other municipalities	-	-	-	-	18,994	-	-	-	-	18,994
Penalties and interest on taxes	96,475	-	-	-	-	-	-	-	-	96,475
Investment income	184,675	-	-	-	-	542	-	212	-	185,429
Donations	7,500	-	-	-	-	-	-	5,273	-	12,773
Landfill compensation	-	-	-	-	351,512	-	-	-	-	351,512
Other	-	-	-	-	-	-	41,180	1,055	-	42,235
Developer contributions earned	18,000	27,088	124,221	-	-	-	-	10,000	-	179,309
Parkland fees earned	-	-	-	-	-	-	-	9,000	-	9,000
Federal gas tax earned	-	-	597,006	-	-	-	-	-	-	597,006
Other deferred revenue earned	-	4,261	-	-	-	-	-	-	-	4,261
Gain on disposal of tangible capital assets	-	9,460	33,377	-	-	-	-	16,288	-	59,125
Total revenues	1,806,595	2,627,953	3,146,451	112,240	499,499	20,806	41,180	1,338,867	148,851	9,742,442
Expenses										
Salaries and benefits	741,230	752,954	959,166	-	89,215	-	-	386,848	54,218	2,983,631
Interest charges	-	15,391	-	14,207	-	-	41,180	38,866	-	109,644
Materials	539,571	202,758	779,506	118,461	40,563	23,962	-	201,675	60,407	1,966,903
Contracted services	106,641	1,045,883	145,326	142,009	125,525	-	-	-	-	1,565,384
Rents and financial	4,809	-	-	-	-	39	-	1,178	-	6,026
External transfers	-	72,244	-	-	-	-	-	-	-	72,244
Amortization	25,141	150,796	915,316	82,575	-	390	-	97,998	-	1,272,216
Total expenses	1,417,392	2,240,026	2,799,314	357,252	255,303	24,391	41,180	726,565	114,625	7,976,048
Net surplus/(deficit)	389,203	387,927	347,137	(245,012)	244,196	(3,585)	-	612,302	34,226	1,766,394

CORPORATION OF THE TOWNSHIP OF OTONABEE-SOUTH MONAGHAN



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

	General Government \$	Protection Services \$	Transportation Services \$	Water and Sewer \$	Other Environmental Services \$	Health Services \$	Social Housing \$	Recreation and Cultural Services \$	Planning and Development \$	Consolidated \$
Revenues										
Property taxation	1,651,417	1,062,138	2,371,259	298,476	136,777	-	-	422,941	91,246	6,034,254
User charges	103,760	387,261	7,350	77,911	47,116	9,700	-	252,766	7,344	893,208
Government transfers - operating	633,346	531,603	-	-	7,064	-	-	19,463	15,000	1,206,476
Government transfers - capital	-	-	78,916	8,431	-	-	-	-	-	87,347
Other municipalities	-	-	-	-	18,555	-	-	-	-	18,555
Penalties and interest on taxes	85,721	-	-	-	-	-	-	-	-	85,721
Investment income	152,378	-	-	-	-	571	-	280	-	153,229
Donations	17,500	1,500	-	-	-	-	-	17,823	-	36,823
Landfill compensation	-	-	-	-	360,307	-	-	-	-	360,307
Other	1,404	-	-	-	-	-	42,215	1,192	-	44,811
Developer contributions earned	5,607	2,988	201,963	-	-	-	-	5,224	-	215,782
Other deferred revenue earned	-	290	-	-	-	-	-	-	-	290
Gain on disposal of tangible capital assets	-	1,317	1,991	-	-	-	-	10,860	-	14,168
Total revenues	2,651,133	1,987,097	2,661,479	384,818	569,819	10,271	42,215	730,549	113,590	9,150,971
Expenses										
Salaries and benefits	741,165	722,658	1,008,326	4,279	99,736	100	-	360,598	31,050	2,967,912
Interest charges	-	17,719	-	16,356	-	-	42,215	40,410	-	116,700
Materials	544,715	346,542	811,404	113,173	106,784	25,306	-	226,396	56,246	2,230,566
Contracted services	240,101	1,039,473	142,109	194,222	121,088	-	-	-	-	1,736,993
Rents and financial	7,115	31,393	-	-	-	43	-	437	-	38,988
External transfers	-	77,013	-	-	-	-	-	-	-	77,013
Amortization	26,138	145,637	843,880	82,575	-	390	-	95,964	-	1,194,584
Total expenses	1,559,234	2,380,435	2,805,719	410,605	327,608	25,839	42,215	723,805	87,296	8,362,756
Net surplus/(deficit)	1,091,899	(393,338)	(144,240)	(25,787)	242,211	(15,568)	-	6,744	26,294	788,215

INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers of the Corporation of the Township of Otonabee-South Monaghan

Opinion

We have audited the financial statements of the Trust Funds of the Corporation of the Township of Otonabee-South Monaghan (the Trust Funds), which comprise the statement of financial position as at December 31, 2020, the statement of continuity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Trust Funds as at December 31, 2020, and the continuity of the Trust Funds for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Basis for Opinion

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Baker Tilly KDN LLP

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
November 15, 2021

**CORPORATION OF THE TOWNSHIP OF
OTONABEE-SOUTH MONAGHAN**



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

	Cemetery Care and Maintenance \$	Responsibility Agreements \$	Darling Trust \$	Assumed Cemetery Care and Maintenance \$	2020 Total \$	2019 Total \$
FINANCIAL ASSETS						
Cash	3,586	307,995	-	-	311,581	35,283
Investments (note 2)	22,206	7,095	2,268	5,200	36,769	292,061
Accrued interest	147	-	-	-	147	174
Due from Cemetery Board	25,935	-	-	-	25,935	26,699
Due from Township	-	-	373	-	373	-
	51,874	315,090	2,641	5,200	374,805	354,217
FUND BALANCES						
Capital	51,612	244,755	2,641	5,200	304,208	289,272
Income	262	70,335	-	-	70,597	64,945
	51,874	315,090	2,641	5,200	374,805	354,217

The accompanying notes are an integral part of these financial statements

**CORPORATION OF THE TOWNSHIP OF
OTONABEE-SOUTH MONAGHAN**



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

	Cemetery Care and Maintenance \$	Responsibility Agreements \$	Darling Trust \$	Assumed Cemetery Care and Maintenance \$	2020 Total \$	2019 Total \$
BALANCES - beginning of year	51,836	294,622	2,559	5,200	354,217	319,894
RECEIPTS						
Interest earned	393	5,714	82	9	6,198	5,967
Interment fees	100	-	-	-	100	113
Operator contributions	-	14,754	-	-	14,754	28,870
	493	20,468	82	9	21,052	34,950
EXPENSES						
Contribution to cemetery operations	452	-	-	-	452	499
Contribution to Township	-	-	-	9	9	81
Service charges	3	-	-	-	3	47
	455	-	-	9	464	627
BALANCES - end of year	51,874	315,090	2,641	5,200	374,805	354,217

The accompanying notes are an integral part of these financial statements

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

1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with the standards in the Chartered Professional Accountants Canada Public Sector Accounting (PSA) Handbook.

(a) Basis of Accounting

Revenue and expenses are reported on the accrual basis of accounting which recognizes revenues as they become available and measurable; expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

(b) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the period and are based on the Township's best information and judgment. Actual results could differ from these estimates.

(c) Revenue Recognition

Interment fees are recognized on the accrual basis of accounting which recognizes the revenues as they are earned. Investment income is recognized when earned.

2. INVESTMENTS

Investments include guaranteed investment certificates, term deposits, Universe Corp bond, and equity funds with various maturity dates between March 2021 to February 2025 and bearing interest between 0.3% to 2.55% per annum.

3. CARE AND MAINTENANCE FUNDS

The figures reported for the cemetery care and maintenance funds represent the trust fund activities for the Keene cemetery. The figures reported for the assumed cemetery care and maintenance funds represent the trust fund activities for the Dawson cemetery.

The Care and Maintenance Funds administered by the Township are funded by the sale of cemetery plots, monuments, markers and niches. These funds are invested and earnings derived there from are used to perform care and maintenance for the Township's cemeteries. The operations and investments of the Fund are undertaken by the Township in accordance with the regulations of the Funeral, Burial and Cremation Services Act, 2002.

4. RESPONSIBILITY AGREEMENTS

The figures reported for the responsibility agreements represent funds held from Kawartha Trails and Shady Acres for maintenance of water systems in these respective areas should the owners not fulfill their requirements.

**CORPORATION OF THE TOWNSHIP OF
OTONABEE-SOUTH MONAGHAN**

**OTONABEE-SOUTH MONAGHAN TOWNSHIP
PUBLIC LIBRARY BOARD**

FINANCIAL STATEMENTS

DECEMBER 31, 2020

INDEPENDENT AUDITOR'S REPORT

**To the Members of the Otonabee-South Monaghan Township
Public Library Board, the Members of Council, Inhabitants
and Ratepayers of the Corporation of the Township of
Otonabee-South Monaghan**

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Qualified Opinion

We have audited the financial statements of the Otonabee-South Monaghan Township Public Library Board of the Corporation of the Township of Otonabee-South Monaghan (the Board), which comprise the statement of financial position as at December 31, 2020, the statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Qualified Opinion

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Baker Tilly KDN LLP

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
November 15, 2021

**CORPORATION OF THE TOWNSHIP OF
OTONABEE-SOUTH MONAGHAN**



**OTONABEE-SOUTH MONAGHAN TOWNSHIP PUBLIC LIBRARY BOARD
STATEMENT OF FINANCIAL POSITION
At December 31, 2020**

	2020	2019
	\$	\$
FINANCIAL ASSETS		
Cash	50,195	24,426
Investments (note 2)	8,191	8,067
Accounts receivable	3,767	3,958
TOTAL FINANCIAL ASSETS	62,153	36,451
LIABILITIES		
Accounts payable	25,765	11,637
Deferred revenue (note 4)	4,871	4,871
TOTAL LIABILITIES	30,636	16,508
NET FINANCIAL ASSETS	31,517	19,943
NON-FINANCIAL ASSETS		
Tangible capital assets (note 3)	64,691	71,824
Prepaid expenses	2,825	2,825
TOTAL NON-FINANCIAL ASSETS	67,516	74,649
ACCUMULATED SURPLUS (note 5)	99,033	94,592

The accompanying notes are an integral part of these financial statements

**CORPORATION OF THE TOWNSHIP OF
OTONABEE-SOUTH MONAGHAN**



**OTONABEE-SOUTH MONAGHAN TOWNSHIP 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 contributions - levy (note 7)	190,288	190,288	171,402
Municipal contributions - development charges	5,295	6,642	5,224
Municipal contributions - occupancy (note 7)	-	12,865	11,818
Province of Ontario	20,268	19,268	19,268
Other grants	-	1,055	1,192
User fees	2,400	2,220	3,155
Interest	100	210	277
Donations and fundraising	13,720	4,894	17,410
TOTAL REVENUES	232,071	237,442	229,746
EXPENSES			
Salaries and benefits	185,571	175,582	164,671
Custodian	5,300	5,200	4,800
Telephone	3,400	4,551	4,205
Office, supplies, bank charges	6,150	4,152	3,961
Resource and professional development	1,000	878	2,679
Program costs	3,355	2,557	3,126
Library collection costs	700	4,584	2,720
Amortization	23,456	22,632	23,456
Occupancy costs (note 7)	-	12,865	11,818
TOTAL EXPENSES	228,932	233,001	221,436
ANNUAL SURPLUS	<u>3,139</u>	4,441	8,310
ACCUMULATED SURPLUS - beginning of year		94,592	86,282
ACCUMULATED SURPLUS - end of year		99,033	94,592

The accompanying notes are an integral part of these financial statements

**CORPORATION OF THE TOWNSHIP OF
OTONABEE-SOUTH MONAGHAN**



**OTONABEE-SOUTH MONAGHAN TOWNSHIP 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 SURPLUS	3,139	4,441	8,310
Amortization of tangible capital assets	23,456	22,632	23,456
Acquisition of tangible capital assets	(28,795)	(15,499)	(20,615)
Change in prepaid expenses	-	-	(535)
INCREASE/(DECREASE) IN NET FINANCIAL ASSETS	(2,200)	11,574	10,616
NET FINANCIAL ASSETS - beginning of year	19,943	19,943	9,327
NET FINANCIAL ASSETS - end of year	17,743	31,517	19,943

The accompanying notes are an integral part of these financial statements

**CORPORATION OF THE TOWNSHIP OF
OTONABEE-SOUTH MONAGHAN**



**OTONABEE-SOUTH MONAGHAN TOWNSHIP PUBLIC LIBRARY BOARD
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2020**

	2020	2019
	\$	\$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus	4,441	8,310
Items not involving cash		
Amortization of tangible capital assets	22,632	23,456
Change in non-cash assets and liabilities		
Accounts receivable	191	385
Prepaid expenses	-	(535)
Accounts payable	14,128	5,340
Net change in cash from operating activities	41,392	36,956
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(15,499)	(20,615)
INVESTING ACTIVITIES		
Redemption of investments	8,067	11,437
Purchase of investments	(8,191)	(8,067)
Net change in cash from investing activities	(124)	3,370
NET CHANGE IN CASH	25,769	19,711
CASH - beginning of year	24,426	4,715
CASH - end of year	50,195	24,426

The accompanying notes are an integral part of these financial statements

**OTONABEE-SOUTH MONAGHAN TOWNSHIP 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.

User fees, donations and fundraising are recognized as revenue in the year amounts are received or become receivable if collection is reasonably assured.

(b) Use of Estimates

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

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

(c) Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Initial costs for tangible capital assets that were acquired or developed prior to 2009 were obtained using historical cost information or using current fair market values discounted by a relevant inflation factor to the point of acquisition. The cost, less residual value, if any, of tangible capital assets is amortized on a straight-line basis, over the expected useful life of the asset, as follows:

Books and periodicals	7 years
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Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and are also recorded as revenue.

(d) Deferred Revenue

Deferred revenue represents grants 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.

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(e) Non-Financial Assets

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

(f) Reserves

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

(g) Inter-Entity Transactions

The Otonabee-South Monaghan Township Public Library Board is a Board of the Township of Otonabee-South Monaghan and is consolidated with the Township's financial statements.

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

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

2. INVESTMENTS

Investments consist of a term deposit with a maturity date of February 8, 2021 and bearing interest at 1.50% per annum.

**OTONABEE-SOUTH MONAGHAN TOWNSHIP PUBLIC LIBRARY BOARD
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2020**

3. TANGIBLE CAPITAL ASSETS

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

	2020 Books and Periodicals \$	2019 Books and Periodicals \$
COST		
Balance, beginning of year	164,194	166,821
Add: additions during the year	15,499	20,615
Less: disposals during the year	21,270	23,242
Balance, end of year	158,423	164,194
ACCUMULATED AMORTIZATION		
Balance, beginning of year	92,370	92,156
Add: additions during the year	22,632	23,456
Less: disposals during the year	21,270	23,242
Balance, end of year	93,732	92,370
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	64,691	71,824

4. DEFERRED REVENUE

Included in deferred revenue are the following amounts:

	2020 \$	2019 \$
Capacity Fund	2,529	2,529
Older Adult Centres' Association of Ontario - seniors' literacy	636	636
Improving Library Digital Services	1,706	1,706
	4,871	4,871

**CORPORATION OF THE TOWNSHIP OF
OTONABEE-SOUTH MONAGHAN**



**OTONABEE-SOUTH MONAGHAN TOWNSHIP PUBLIC LIBRARY BOARD
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2020**

5. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2020	2019
	\$	\$
Invested In Capital Assets		
Tangible capital assets - net book value	64,691	71,824
Surplus	64,691	71,824
Reserves		
Capital improvements	3,877	1,877
Technology	7,251	3,260
Book purchases	11,244	9,294
Liz Coleman	3,162	2,912
Human resources	5,493	4,110
Community outreach	2,800	800
Government grants	50	50
Collection designated funds	465	465
Total Reserves	34,342	22,768
	99,033	94,592

6. 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.

**OTONABEE-SOUTH MONAGHAN TOWNSHIP PUBLIC LIBRARY BOARD
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2020**

7. INTER-ENTITY TRANSACTIONS

During the year, the Board entered into transactions with the Township of Otonabee-South Monaghan.

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

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

	2020	2019
	\$	\$
Allocated costs:		
Occupancy costs	12,865	11,818
	<u>12,865</u>	<u>11,818</u>

8. UNCERTAINTY CAUSED BY COVID-19

On March 11, 2020, the World Health Organization categorized COVID-19 as a pandemic which has remained in effect in 2021. 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.