

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

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2019

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

CONSOLIDATED FINANCIAL STATEMENTS

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The Corporation of the
Township of Otonabee-South Monaghan

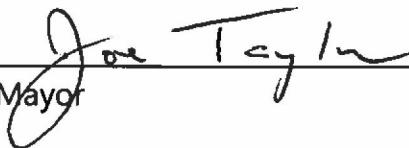
June 22, 2020

CORPORATION OF THE TOWNSHIP OF OTONABEE-SOUTH MONAGHAN

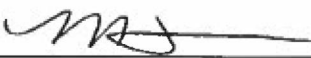
For The Year Ended December 31, 2019

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. June 22, 2020.



Mayor



Treasurer

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, 2019, 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, 2019, and the results of its consolidated operations and its consolidated cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Basis for Opinion

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

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

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

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

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

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

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

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

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

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

Baker Tilly KDN LLP

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
October 9, 2020

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



**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At December 31, 2019**

	2019	2018
	\$	\$
FINANCIAL ASSETS		
Cash (note 2)	2,208,201	1,551,810
Investments (note 3)	4,684,168	3,804,038
Accounts receivable	490,900	619,086
Taxes receivable	541,534	482,888
Long-term debt assumed by Otonabee NP Housing Corporation (note 7)	1,057,241	1,083,401
TOTAL FINANCIAL ASSETS	8,982,044	7,541,223
LIABILITIES		
OILC advance payable (note 21)	80,000	-
Accounts payable and accrued liabilities (note 4)	2,376,038	2,293,310
Deferred revenue - obligatory reserve funds (note 6)	1,031,840	629,602
Deferred revenue - other	10,735	13,550
Long-term debt (note 7)	3,022,572	3,203,858
Landfill closure and post-closure liability (note 8)	321,000	318,000
Employee future benefits (note 9)	386,300	383,800
TOTAL LIABILITIES	7,228,485	6,842,120
NET FINANCIAL ASSETS	1,753,559	699,103
NON-FINANCIAL ASSETS		
Tangible capital assets (note 10)	15,751,525	15,986,710
Inventories of materials and supplies	30,396	60,289
Prepaid expenses	241,789	242,952
TOTAL NON-FINANCIAL ASSETS	16,023,710	16,289,951
ACCUMULATED SURPLUS (note 11)	17,777,269	16,989,054

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, 2019**

	Budget 2019 \$ (Unaudited)	Actual 2019 \$	Actual 2018 \$
REVENUES			
Property taxation	5,987,253	6,034,254	5,525,744
User charges	858,267	893,208	897,187
Government of Canada	-	-	60,214
Province of Ontario	1,798,424	1,293,823	650,839
Other municipalities	16,000	18,555	22,365
Penalties and interest on taxes	70,000	85,721	85,818
Investment income	80,125	153,229	116,911
Donations	27,300	36,823	18,631
Other grants	263	2,596	39,103
Landfill compensation	271,616	360,307	317,343
Otonabee NP Housing Corporation	-	42,215	43,212
Developer charges earned	266,850	215,782	171,761
Parkland fees earned	15,000	-	11,864
Federal gas tax earned	92,000	-	183,550
Recoverable police force fees earned	-	290	12,193
TOTAL REVENUES	9,483,098	9,136,803	8,156,735
EXPENSES			
General government	1,490,250	1,559,234	1,605,500
Protection services	2,515,516	2,379,118	2,323,144
Transportation services	2,534,775	2,803,728	2,512,704
Environmental services	850,383	738,213	735,606
Health services	17,330	25,839	22,121
Social housing	-	42,215	43,212
Recreation and cultural services	770,193	712,945	853,768
Planning and development	120,186	87,296	3,118
TOTAL EXPENSES	8,298,633	8,348,588	8,099,173
ANNUAL SURPLUS	<u>1,184,465</u>	788,215	57,562
ACCUMULATED SURPLUS - beginning of year		16,989,054	16,931,492
ACCUMULATED SURPLUS - end of year		17,777,269	16,989,054

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, 2019**

	Budget 2019 \$ (Unaudited)	Actual 2019 \$	Actual 2018 \$
ANNUAL SURPLUS	1,184,465	788,215	57,562
Amortization of tangible capital assets	1,151,923	1,194,584	1,151,923
Purchase of tangible capital assets	(3,162,757)	(985,065)	(948,003)
Loss (gain) on disposal of tangible capital assets	-	(14,168)	(20,543)
Proceeds on sale of tangible capital assets	-	39,834	84,694
Change in inventories of materials and supplies	-	29,893	(21,969)
Change in prepaid expenses	-	1,163	(71,598)
CHANGE IN NET FINANCIAL ASSETS/(NET DEBT)	(826,369)	1,054,456	232,066
NET FINANCIAL ASSETS - beginning of year	699,103	699,103	467,037
NET FINANCIAL ASSETS/(NET DEBT) - end of year	(127,266)	1,753,559	699,103

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, 2019**

	2019	2018
	\$	\$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus	788,215	57,562
Items not involving cash		
Amortization of tangible capital assets	1,194,584	1,151,923
Gain on disposal of tangible capital assets	(14,168)	(20,543)
Change in landfill post-closure liability	3,000	(7,000)
Change in employee future benefits	2,500	6,300
Change in non-cash assets and liabilities		
Accounts receivable	128,186	552,111
Taxes receivable	(58,646)	12,286
Inventories of materials and supplies	29,893	(21,969)
Prepaid expenses	1,163	(71,598)
Accounts payable and accrued liabilities	82,728	140,655
Deferred revenue - obligatory reserve funds	402,238	25,981
Deferred revenue - other	(2,815)	(511)
Net change in cash from operating activities	2,556,878	1,825,197
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(985,065)	(948,003)
Proceeds on disposal of tangible capital assets	39,834	84,694
Net change in cash from capital activities	(945,231)	(863,309)
INVESTING ACTIVITIES		
Redemption of investments	636,312	-
Purchase of investments	(1,516,442)	(558,282)
Net change in cash from investing activities	(880,130)	(558,282)
FINANCING ACTIVITIES		
Debt principal repayments	(181,286)	(151,642)
Decrease in long-term debt assumed by Otonabee NP Housing Corporation	26,160	25,165
OILC advance received	80,000	-
Net change in cash from financing activities	(75,126)	(126,477)
NET CHANGE IN CASH	656,391	277,129
CASH - beginning of year	1,551,810	1,274,681
CASH - end of year	2,208,201	1,551,810

The accompanying notes are an integral part of these financial statements

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

The Township of 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
- Keene Cemetery Board
- Stewart Hall Community Centre Board
- Dawson 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, 2019**

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. 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 and opening costs of tangible capital assets are based on estimates of useful life, residual values and valuation rates; and
- The values of employee future 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:

	2019	2018
	\$	\$
Unrestricted	1,587,240	1,359,224
Restricted	620,961	192,586
	2,208,201	1,551,810

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



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

3. INVESTMENTS

Investments, stated at cost, consist of:

	2019	2018
	\$	\$
One Fund - Universe Corp bonds	1,283,174	1,154,375
One Fund - equity funds	1,169,088	1,069,092
Guaranteed investment certificates, interest rates from 1.50% to 2.65%, maturing from June 2020 to August 2021	2,024,637	1,421,571
Kawartha Credit Union shares	159,000	159,000
Affinity shares	48,269	-
	4,684,168	3,804,038

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Included in accounts payable and accrued liabilities are developer deposits totaling \$111,634 (2018 - \$164,637) and developer securities held totaling \$1,282,750 (2018 - \$1,318,834).

5. OPERATIONS OF SCHOOL BOARDS AND THE COUNTY OF PETERBOROUGH

During 2019, requisitions were made by the County of Peterborough and School Boards requiring the Township to collect property taxes and payments in lieu of property taxes on their behalf. The amounts collected and remitted are as follows:

	School Boards \$	County \$
Property taxes	3,407,791	2,146,150
Taxation from other governments	12,326	5,985
Amounts requisitioned and remitted	3,420,117	2,152,135

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

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



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

6. DEFERRED REVENUE - OBLIGATORY RESERVE FUNDS

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

	2019 \$	2018 \$
Parkland	74,164	62,349
Development charges	352,561	395,674
Federal gas tax	548,061	121,824
Recoverable police force fees	57,054	49,755
	1,031,840	629,602

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

	2019 \$	2018 \$
Balance - beginning of year	629,602	603,621
Add amounts received:		
Parkland fees	11,000	14,000
Development charges	167,265	163,507
Federal gas tax funding	418,421	212,128
Recoverable police force fees	6,835	6,050
Interest	14,789	9,664
	618,310	405,349
Less transfer to operations:		
Parkland fees earned	-	11,864
Development charges earned	215,782	171,761
Federal gas tax funding earned	-	183,550
Recoverable police force fees earned	290	12,193
	216,072	379,368
Balance - end of year	1,031,840	629,602

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

7. LONG-TERM DEBT

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

	2019	2018
	\$	\$
Ontario Infrastructure and Lands Corporation, due January 15, 2038, repayable in blended semi-annual instalments of \$43,992, interest rate at 3.22% per annum.	1,219,204	1,266,777
Ontario Infrastructure Projects Corporation debentures, due December 15, 2025, repayable in blended semi-annual instalments of \$70,814, interest rate at 4.12% per annum.	746,127	853,680
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 (e) below).	1,057,241	1,083,401
	<u>3,022,572</u>	<u>3,203,858</u>

- (b) The long-term debt in (a) issued in the name of the Township have been approved by by-law. The annual principal and interest payments required to service these liabilities are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.
- (c) The Township acts as a collection agency for the Province of Ontario for tile drainage loans for individual ratepayers. The value of these loans outstanding at December 31, 2019 is \$10,598 (2018 - \$13,247). These loans and the related repayments are not reported in these consolidated financial statements.
- (d) Interest paid during the year on long-term debt amounted to \$116,700 (2018 - \$102,354).
- (e) 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.

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



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

7. LONG-TERM DEBT, continued

(f) Future debt payments are as follows:

	Principal \$	Interest \$	Total \$
2020	188,343	109,644	297,987
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 and subsequent years	2,004,576	623,972	2,628,548
	3,022,572	1,095,911	4,118,483

8. LANDFILL CLOSURE AND POST-CLOSURE LIABILITY

The estimated liability for landfill closure and post-closure costs for the one closed Township site is \$321,000 (2018 - \$318,000). 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 2019 for this site. The liability is calculated based on estimated future annual monitoring costs with a discount factor of 2.7% (2018 - 3.4%) and inflation of 2.0% (2018 - 2.0%). The Township has a waste management reserve fund totaling \$466,451 (2018 - \$546,115) and a waste management post-closure reserve totaling \$30,000 (2018 - \$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, 2019. The Township has a separate waste management reserve for this unclosed site totaling \$188,575 (2018 - \$167,500) to fund these costs.

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



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

9. EMPLOYEE FUTURE BENEFITS

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

	2019	2018
	\$	\$
Accrued benefit obligation	312,200	318,000
Unamortized actuarial gain	74,100	65,800
Liability at December 31	386,300	383,800

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:

	2019	2018
	\$	\$
Current year benefit cost	21,300	23,400
Interest cost	10,000	10,800
Amortization of actuarial gains	(13,200)	(9,400)
	18,100	24,800

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



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

10. TANGIBLE CAPITAL ASSETS

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

	2019	2018
	\$	\$
General		
Land	703,395	603,395
Land improvements	75,384	78,759
Buildings	3,415,609	3,502,376
Machinery and equipment	1,188,818	1,317,270
Vehicles	1,770,026	1,693,447
Infrastructure		
Roads and bridges	7,587,867	7,771,308
Water systems	940,316	1,020,155
	15,681,415	15,986,710
Assets under construction	70,110	-
	15,751,525	15,986,710

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

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

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

	2019	2018
	\$	\$
General government	478,158	455,609
Protection services	2,111,059	2,086,586
Transportation services	9,495,474	9,627,437
Environmental services	988,290	1,070,865
Health services	32,196	32,586
Recreation and cultural services	2,646,348	2,713,627
	15,751,525	15,986,710

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



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

11. ACCUMULATED SURPLUS

(a) Accumulated surplus consists of the following:

	2019	2018
	\$	\$
Surplus/(Deficit)		
Township operations	-	64,745
Stewart Hall	5,293	4,667
Unfunded employee future benefits liability	(386,300)	(383,800)
Unfunded landfill post-closure liability	(321,000)	(318,000)
Keene Cemetery Board	(1,265)	(1,811)
	(703,272)	(634,199)
Invested In Capital Assets		
Tangible capital assets - net book value	15,751,525	15,986,710
Long-term debt related to tangible capital assets	(1,965,331)	(2,120,457)
Unfunded capital (see (b) below)	(70,100)	-
	13,716,094	13,866,253
Surplus	13,012,822	13,232,054
Reserves		
Working funds	254,711	133,041
General	1,162,723	367,528
Community improvements	3,417	3,417
Fire	952,652	834,821
Policing	65,755	55,480
Transportation services	199,557	470,017
Waste management and recycling	411,568	334,743
Parks and recreation programs	230,477	181,805
Arena	97,450	34,794
Planning	56,421	120
Public property	190,827	160,934
Building department	308,949	320,604
Keene Farmers Market	618	542
Waterworks	266,218	227,967
Dawson cemetery	14,359	13,931
Otonabee-South Monaghan Township Public Library Board	22,768	11,615
Total Reserves	4,238,470	3,151,359

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



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

11. ACCUMULATED SURPLUS, continued

	2019	2018
	\$	\$
Reserve Funds		
Waste management	466,451	546,115
Waste management general purpose	59,526	59,526
Total Reserve Funds	525,977	605,641
	17,777,269	16,989,054

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

	2019	2018
	\$	\$
Fire station	70,110	-

(c) The Waste Management Reserve Fund has been reduced by \$123,090 for a loan provided to Sewer operations. This amount was loaned to cover the deficit in Sewer operations. This amount is to be repaid in future years.

12. EXPENSES BY OBJECT

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

	Budget 2019 \$ (Unaudited)	Actual 2019 \$	Actual 2018 \$
Salaries and benefits	3,012,608	2,967,912	2,766,209
Interest charges	74,485	116,700	102,354
Materials	2,359,402	2,230,566	2,327,885
Contracted services	1,639,657	1,736,993	1,613,172
Rents and financial	17,750	38,988	64,423
External transfers	77,808	77,013	93,750
Amortization	1,151,923	1,194,584	1,151,923
Loss (gain) on disposal of tangible capital assets	(35,000)	(14,168)	(20,543)
	8,298,633	8,348,588	8,099,173

13. 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 2019 Annual Report disclosed total actuarial liabilities of \$107,687 million in respect of benefits accrued for service with actuarial assets of \$104,290 million indicating an actuarial deficit of \$3,397 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 2019 were \$171,131 (2018 - \$170,042).

14. TRUST FUNDS

Trust funds administered by the Township amounting to \$354,217 (2018 - \$319,894) 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.

15. 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 \$188,575 (2018 - \$168,575).

16. CREDIT FACILITY AGREEMENT

The Township has a revolving credit facility agreement with its main financial institution. The amount available at any time is limited to \$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, 2019 there was no balance outstanding (2018 - \$Nil).

17. BUDGET FIGURES

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

18. 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, 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.

19. 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.

20. SUBSEQUENT EVENTS

Subsequent to December 31, 2019, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial, market and social impact.

At the time of approval of these consolidated financial statements, the Township has experienced the following indicators of financial implications and undertaken the following activities in relation to the COVID-19 pandemic:

- Additional costs for enhanced facility cleaning and acquisition of personal protective equipment
- Temporarily closed most facilities for walk-in access
- Property tax due dates have been deferred
- Working from home requirements have been setup for those able to do so
- Reduced revenues from user charges.

The Township plans to mitigate any additional operating costs with committed Provincial government funding, costs savings in other budget items and tight controls over the operating expenses.

At this time these factors present uncertainty over future cash flows, may cause significant changes to the assets or liabilities and may have a significant impact on future operations.

21. OILC ADVANCE PAYABLE

During the year the Township received \$80,000 as a construction advance for an ongoing fire hall capital project. The variable interest rate at December 31, 2019 is 2.243%. The Township has an approved borrowing limit of \$1,000,000 for this project from OILC.

CORPORATION OF THE TOWNSHIP OF OTONABEE-SOUTH MONAGHAN



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

	General					Infrastructure		Assets Under Construction \$	Totals \$
	Land \$	Land Improvements \$	Buildings \$	Machinery and Equipment \$	Vehicles \$	Roads and Bridges \$	Water Systems \$		
COST									
Balance, beginning of year	603,395	94,229	4,466,500	2,749,185	3,055,268	21,768,151	1,995,970	-	34,732,698
Add: additions during the year	100,000	-	-	77,371	304,992	432,592	-	70,110	985,065
Less: disposals during the year	-	-	-	23,242	291,977	114,098	-	-	429,317
Balance, end 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
ACCUMULATED AMORTIZATION									
Balance, beginning of year	-	15,470	964,124	1,431,915	1,361,821	13,996,843	975,815	-	18,745,988
Add: additions during the year	-	3,375	86,767	205,823	228,413	590,367	79,839	-	1,194,584
Less: disposals during the year	-	-	-	23,242	291,977	88,432	-	-	403,651
Balance, end of year	-	18,845	1,050,891	1,614,496	1,298,257	14,498,778	1,055,654	-	19,536,921
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	703,395	75,384	3,415,609	1,188,818	1,770,026	7,587,867	940,316	70,110	15,751,525

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
Other grants	1,404	-	-	-	-	-	-	1,192	-	2,596
Landfill compensation	-	-	-	-	360,307	-	-	-	-	360,307
Otonabee NP Housing Corporation	-	-	-	-	-	-	42,215	-	-	42,215
Developer contributions earned	5,607	2,988	201,963	-	-	-	-	5,224	-	215,782
Other deferred revenue earned	-	290	-	-	-	-	-	-	-	290
Total revenues	2,651,133	1,985,780	2,659,488	391,882	562,755	10,271	42,215	719,689	113,590	9,136,803
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
Loss (gain) on disposal of tangible capital assets	-	(1,317)	(1,991)	-	-	-	-	(10,860)	-	(14,168)
Total expenses	1,559,234	2,379,118	2,803,728	410,605	327,608	25,839	42,215	712,945	87,296	8,348,588
Net surplus/(deficit)	1,091,899	(393,338)	(144,240)	(18,723)	235,147	(15,568)	-	6,744	26,294	788,215

CORPORATION OF THE TOWNSHIP OF OTONABEE-SOUTH MONAGHAN



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

	General Government \$	Protection Services \$	Transportation Services \$	Water and Sewer \$	Other Environmental Services \$	Health Services \$	Social Housing \$	Recreation and Cultural Services \$	Planning and Development \$	Consolidated \$
Revenues										
Property taxation	1,689,778	1,945,686	872,522	287,136	130,038	18,214	-	582,370	-	5,525,744
User charges	111,635	393,194	6,915	72,095	44,222	6,385	-	256,761	5,980	897,187
Government transfers - operating	73,644	521,652	3,271	5,223	13,538	-	-	26,265	-	643,593
Government transfers - capital	-	-	50,922	14,015	-	-	-	2,523	-	67,460
Other municipalities	-	-	-	-	22,365	-	-	-	-	22,365
Penalties and interest on taxes	85,818	-	-	-	-	-	-	-	-	85,818
Investment income	115,563	-	-	-	-	1,090	-	258	-	116,911
Donations	3,982	-	-	-	-	-	-	14,649	-	18,631
Other grants	37,653	-	-	-	-	-	-	1,450	-	39,103
Landfill compensation	-	-	-	-	317,343	-	-	-	-	317,343
Otonabee NP Housing Corporation	-	-	-	-	-	-	43,212	-	-	43,212
Developer contributions earned	-	8,459	158,155	-	-	-	-	5,147	-	171,761
Parkland fees earned	11,864	-	-	-	-	-	-	-	-	11,864
Federal gas tax earned	-	-	183,550	-	-	-	-	-	-	183,550
Other deferred revenue earned	-	12,193	-	-	-	-	-	-	-	12,193
Total revenues	2,129,937	2,881,184	1,275,335	378,469	527,506	25,689	43,212	889,423	5,980	8,156,735
Expenses										
Salaries and benefits	711,237	727,652	867,106	258	97,246	200	-	362,510	-	2,766,209
Interest charges	-	19,954	-	18,419	-	-	43,212	20,769	-	102,354
Materials	731,910	297,259	660,516	125,314	110,150	21,442	-	378,176	3,118	2,327,885
Contracted services	101,729	1,019,508	190,291	186,532	115,112	-	-	-	-	1,613,172
Rents and financial	37,731	26,601	-	-	-	89	-	2	-	64,423
External transfers	-	93,750	-	-	-	-	-	-	-	93,750
Amortization	22,893	145,807	804,726	82,575	-	390	-	95,532	-	1,151,923
Loss (gain) on disposal of tangible capital assets	-	(7,387)	(9,935)	-	-	-	-	(3,221)	-	(20,543)
Total expenses	1,605,500	2,323,144	2,512,704	413,098	322,508	22,121	43,212	853,768	3,118	8,099,173
Net surplus/(deficit)	524,437	558,040	(1,237,369)	(34,629)	204,998	3,568	-	35,655	2,862	57,562

INDEPENDENT AUDITOR'S REPORT

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

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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, 2019, 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, 2019, and the continuity of the Trust Funds for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Basis for Opinion

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Baker Tilly KDN LLP

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
October 9, 2020

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



**TRUST FUNDS
STATEMENT OF FINANCIAL POSITION
At December 31, 2019**

	Cemetery Perpetual Care and Maintenance \$	Responsibility Agreements \$	Darling Trust \$	Assumed Cemetery Perpetual Care and Maintenance \$	2019 Total \$	2018 Total \$
FINANCIAL ASSETS						
Cash	3,176	32,107	-	-	35,283	4,422
Investments (note 2)	21,787	262,515	2,559	5,200	292,061	286,861
Accrued interest	174	-	-	-	174	135
Due from Cemetery Board	26,699	-	-	-	26,699	28,476
	51,836	294,622	2,559	5,200	354,217	319,894
FUND BALANCES						
Capital	51,512	230,001	2,559	5,200	289,272	260,262
Income	324	64,621	-	-	64,945	59,632
	51,836	294,622	2,559	5,200	354,217	319,894

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, 2019**

	Cemetery Perpetual Care and Maintenance \$	Responsibility Agreements \$	Darling Trust \$	Assumed Cemetery Perpetual Care and Maintenance \$	2019 Total \$	2018 Total \$
BALANCES - beginning of year	51,782	260,380	2,532	5,200	319,894	314,023
RECEIPTS						
Interest earned	448	5,372	27	120	5,967	6,021
Interment fees	113	-	-	-	113	900
Operator contributions	-	28,870	-	-	28,870	-
	561	34,242	27	120	34,950	6,921
EXPENSES						
Contribution to cemetery operations	499	-	-	-	499	941
Contribution to Township Service charges	-	-	-	81	81	68
	8	-	-	39	47	41
	507	-	-	120	627	1,050
BALANCES - end of year	51,836	294,622	2,559	5,200	354,217	319,894

The accompanying notes are an integral part of these financial statements

**TRUST FUNDS
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2019**

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 January 2020 to October 2023 and bearing interest between 1.50% to 2.80% per annum.

3. CARE AND MAINTENANCE FUNDS

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

The Perpetual Care and Maintenance Fund administered by the Township is funded by the sale of cemetery plots. These funds are invested and earnings derived there from are used to perform perpetual care maintenance to the cemeteries run by the Township and its local boards. The operations and investments of the Fund are undertaken by the Township and its local boards in accordance with the regulations of the Cemeteries Act.

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, 2019

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, 2019, the statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Qualified Opinion

In common with many Public Library Boards, the Board derives revenue from user fees, 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/(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
October 9, 2020

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



**OTONABEE-SOUTH MONAGHAN TOWNSHIP PUBLIC LIBRARY BOARD
STATEMENT OF FINANCIAL POSITION
At December 31, 2019**

	2019	2018
	\$	\$
FINANCIAL ASSETS		
Cash	24,426	4,715
Investments (note 2)	8,067	11,437
Accounts receivable	3,958	4,343
TOTAL FINANCIAL ASSETS	36,451	20,495
LIABILITIES		
Accounts payable	11,637	6,297
Deferred revenue (note 4)	4,871	4,871
TOTAL LIABILITIES	16,508	11,168
NET FINANCIAL ASSETS	19,943	9,327
NON-FINANCIAL ASSETS		
Tangible capital assets (note 3)	71,824	74,665
Prepaid expenses	2,825	2,290
TOTAL NON-FINANCIAL ASSETS	74,649	76,955
ACCUMULATED SURPLUS (note 5)	94,592	86,282

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, 2019**

	Budget 2019 \$ (Unaudited)	Actual 2019 \$	Actual 2018 \$
REVENUES			
Municipal contributions - levy	171,402	171,402	151,462
Municipal contributions - development charges	5,250	5,224	5,147
Municipal contributions - occupancy (note 7)	-	11,818	28,963
Government of Canada	-	-	2,717
Province of Ontario	19,268	19,268	23,180
Other municipal grants	263	1,192	1,450
User fees	6,200	3,155	3,578
Interest	125	277	258
Donations and fundraising	17,720	17,410	15,398
TOTAL REVENUES	220,228	229,746	232,153
EXPENSES			
Salaries and benefits	178,978	164,671	154,552
Custodian	5,045	4,800	4,800
Telephone	3,900	4,205	4,813
Office, supplies, bank charges	4,850	3,961	5,112
Equipment	-	-	662
Resource and professional development	1,000	2,679	1,155
Program costs	3,655	3,126	2,752
Library collection costs	-	2,720	7,362
Amortization	23,832	23,456	23,832
Occupancy costs (note 7)	-	11,818	28,963
TOTAL EXPENSES	221,260	221,436	234,003
ANNUAL SURPLUS/(DEFICIT)	<u>(1,032)</u>	8,310	(1,850)
ACCUMULATED SURPLUS - beginning of year		86,282	88,132
ACCUMULATED SURPLUS - end of year		94,592	86,282

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, 2019**

	Budget 2019 \$ (Unaudited)	Actual 2019 \$	Actual 2018 \$
ANNUAL SURPLUS/(DEFICIT)	(1,032)	8,310	(1,850)
Amortization of tangible capital assets	23,832	23,456	23,832
Acquisition of tangible capital assets	(28,771)	(20,615)	(25,886)
Change in prepaid expenses	-	(535)	3,876
INCREASE/(DECREASE) IN NET FINANCIAL ASSETS	(5,971)	10,616	(28)
NET FINANCIAL ASSETS - beginning of year	9,327	9,327	9,355
NET FINANCIAL ASSETS - end of year	3,356	19,943	9,327

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, 2019**

	2019	2018
	\$	\$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus/(deficit)	8,310	(1,850)
Items not involving cash		
Amortization of tangible capital assets	23,456	23,832
Change in non-cash assets and liabilities		
Accounts receivable	385	(1,026)
Prepaid expenses	(535)	3,876
Accounts payable	5,340	(4,838)
Deferred revenue	-	(6,572)
Net change in cash from operating activities	36,956	13,422
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(20,615)	(25,886)
INVESTING ACTIVITIES		
Redemption of investments	11,437	9,214
Purchase of investments	(8,067)	(11,437)
Net change in cash from investing activities	3,370	(2,223)
NET CHANGE IN CASH	19,711	(14,687)
CASH - beginning of year	4,715	19,402
CASH - end of year	24,426	4,715

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, 2019**

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 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 and periodicals	7 years
-----------------------	---------

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

(d) Deferred Revenue

Deferred revenue represents grants 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.

**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, 2019**

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(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 guaranteed investment certificates and term deposits with various maturity dates in 2020 and bearing interest at 1.15-1.25% per annum.

3. TANGIBLE CAPITAL ASSETS

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

	2019 Books and Periodicals \$	2018 Books and Periodicals \$
COST		
Balance, beginning of year	166,821	161,721
Add: additions during the year	20,615	25,886
Less: disposals during the year	23,242	20,786
Balance, end of year	164,194	166,821
ACCUMULATED AMORTIZATION		
Balance, beginning of year	92,156	89,110
Add: additions during the year	23,456	23,832
Less: disposals during the year	23,242	20,786
Balance, end of year	92,370	92,156
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	71,824	74,665

**OTONABEE-SOUTH MONAGHAN TOWNSHIP PUBLIC LIBRARY BOARD
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2019**

4. DEFERRED REVENUE

Included in deferred revenue are the following amounts:

	2019	2018
	\$	\$
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

The continuity of deferred revenue is as follows:

	2019	2018
	\$	\$
Balance - beginning of year	4,871	11,443
Add: Older Adult Centres' Association of Ontario - seniors' literacy	-	452
Less transfer to operations:		
COIN - CAP student and capital	-	2,717
Older Adult Centres' Association of Ontario - seniors' literacy	-	395
Improving Library Digital Services	-	3,066
Capacity Fund	-	846
	-	7,024
Balance - end of year	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, 2019**

5. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2019	2018
	\$	\$
Invested In Capital Assets		
Tangible capital assets - net book value	71,824	74,665
Surplus	71,824	74,665
Reserves		
Capital improvements	1,877	1,177
Tech, human resources and community outreach	8,170	4,672
Book purchases	9,294	3,841
Liz Coleman	2,912	1,412
Government grants	50	50
Collection designated funds	465	465
Total Reserves	22,768	11,617
	94,592	86,282

6. BUDGET FIGURES

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

**OTONABEE-SOUTH MONAGHAN TOWNSHIP PUBLIC LIBRARY BOARD
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2019**

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:

Allocated costs:		
Occupancy costs	11,818	28,963
	11,818	28,963

8. SUBSEQUENT EVENT

On March 11, 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.

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

KEENE CEMETERY BOARD

FINANCIAL STATEMENTS

DECEMBER 31, 2019

INDEPENDENT AUDITOR'S REPORT

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

Baker Tilly KDN LLP
272 Charlotte St.
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Opinion

We have audited the financial statements of the Keene Cemetery Board of the Corporation of the Township of Otonabee-South Monaghan (the Board), which comprise the statement of financial position as at December 31, 2019, the statements of operations and accumulated deficit, change in net debt and cash flows 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 Board as at December 31, 2019, and the results of its operations and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Basis for 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 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 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
October 9, 2020

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



**KEENE CEMETERY BOARD
STATEMENT OF FINANCIAL POSITION
At December 31, 2019**

	2019	2018
	\$	\$
FINANCIAL ASSETS		
Cash	20,741	21,227
Accounts receivable	1,151	1,205
Inventory for resale	15,543	16,233
TOTAL FINANCIAL ASSETS	37,435	38,665
LIABILITIES		
Due to Township of Otonabee-South Monaghan (note 4)	12,000	12,000
Due to perpetual care fund	26,699	28,476
TOTAL LIABILITIES	38,699	40,476
NET DEBT	(1,264)	(1,811)
ACCUMULATED DEFICIT (note 2)	(1,264)	(1,811)

The accompanying notes are an integral part of these financial statements

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



**KEENE CEMETERY BOARD
STATEMENT OF OPERATIONS AND ACCUMULATED DEFICIT
For the Year Ended December 31, 2019**

	Actual 2019 \$	Actual 2018 \$
REVENUES		
Transfer from perpetual care fund	499	941
Interest	72	149
Grave openings	6,400	4,280
Sale of niches and interment rights	3,000	1,200
Donations	300	-
TOTAL REVENUES	10,271	6,570
EXPENSES		
Maintenance	5,130	7,286
Grave openings	3,685	1,300
Miscellaneous	218	289
Cost of niche sales	691	345
TOTAL EXPENSES	9,724	9,220
ANNUAL SURPLUS/(DEFICIT)	547	(2,650)
ACCUMULATED SURPLUS/(DEFICIT) - beginning of year	(1,811)	839
ACCUMULATED DEFICIT - end of year	(1,264)	(1,811)

The accompanying notes are an integral part of these financial statements

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



**KEENE CEMETERY BOARD
STATEMENT OF CHANGE IN NET DEBT
For the Year Ended December 31, 2019**

	Actual 2019 \$	Actual 2018 \$
ANNUAL SURPLUS/(DEFICIT)	547	(2,650)
NET FINANCIAL ASSETS/(NET DEBT) - beginning of year	(1,811)	839
NET DEBT - end of year	(1,264)	(1,811)

The accompanying notes are an integral part of these financial statements

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



**KEENE CEMETERY BOARD
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2019**

	2019	2018
	\$	\$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus/(deficit)	547	(2,650)
Change in non-cash assets and liabilities		
Accrued interest	-	60
Accounts receivable	54	(261)
Inventory for resale	690	346
Due to perpetual care fund	(1,777)	14,565
Net change in cash from operating activities	(486)	12,060
INVESTING ACTIVITIES		
Redemption of investment	-	6,666
NET CHANGE IN CASH	(486)	18,726
CASH - beginning of year	21,227	2,501
CASH - end of year	20,741	21,227

The accompanying notes are an integral part of these financial statements

**KEENE CEMETERY BOARD
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2019**

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.

Donations are recognized when the amounts are received.

Grave openings are recognized when the service is provided and sale of internment rights are recognized at the time of the purchase.

(b) Use of Estimates

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

(c) Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The Board has no significant capital assets.

(d) Inter-Entity Transactions

The Keene Cemetery 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.

(e) Inventory for Resale

Inventory for resale is recorded at the lower of cost or net realizable value. Cost is determined using the specific item method.

**KEENE CEMETERY BOARD
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2019**

2. ACCUMULATED DEFICIT

Accumulated surplus consists of the following:

	2019	2018
	\$	\$
Deficit		
Operations	(1,264)	(1,811)

3. TRUST FUND

Trust funds administered by the Board amounting to \$51,836 (2018 - \$51,782) have not been included in the Statement of Financial Position nor have their operations been included in the Statement of Operations and Accumulated Surplus. As such balances are held in trust by the Board for the benefit of others, they are not presented as part of the Board's financial position or operations.

4. INTER-ENTITY TRANSACTIONS

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

All balances with the Township of Otonabee-South Monaghan have been identified on the Statement of Financial Position.

Due to Township balance is unsecured, without interest and is repaid at \$500 per columbarium niche sold.

5. SUBSEQUENT EVENT

On March 11, 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.

INDEPENDENT AUDITOR'S REPORT

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

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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, 2019, 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, 2019, and the continuity of the Trust Funds for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Basis for Opinion

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Baker Tilly KDN LLP

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
October 9, 2020

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



**KEENE CEMETERY BOARD - PERPETUAL CARE AND MAINTENANCE
TRUST FUNDS
STATEMENT OF FINANCIAL POSITION
At December 31, 2019**

	2019	2018
	\$	\$
FINANCIAL ASSETS		
Cash	3,176	1,764
Investments (note 2)	21,787	21,407
Accrued interest	174	135
Due from cemetery operations	26,699	28,476
	<hr/>	<hr/>
	51,836	51,782
FUND BALANCES		
Capital	51,512	51,399
Income	324	383
	<hr/>	<hr/>
	51,836	51,782
	<hr/>	<hr/>

The accompanying notes are an integral part of these financial statements

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



**KEENE CEMETERY BOARD - PERPETUAL CARE AND MAINTENANCE
TRUST FUNDS
STATEMENT OF CONTINUITY
For the Year Ended December 31, 2019**

	2019	2018
	\$	\$
BALANCE - beginning of year	51,782	50,779
RECEIPTS		
Interest earned	448	1,046
Sale of care and maintenance	113	900
	561	1,946
EXPENSES		
Transfer to cemetery operations	499	941
Management fees	8	2
	507	943
BALANCE - end of year	51,836	51,782

The accompanying notes are an integral part of these financial statements

**KEENE CEMETERY BOARD - PERPETUAL CARE AND MAINTENANCE TRUST FUNDS
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2019**

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) Nature of Trust

This trust fund represents a portion of the sale of cemetery plots and monument foundations of the Keene Cemeteries Board. The capital amounts are to be kept intact in perpetuity, with investment income earned on the funds used to maintain the cemeteries. The operations and investments of the fund are undertaken by the Board in accordance with the regulations of the Cemeteries Act.

(b) Use of Estimates

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

(c) Revenue Recognition

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

2. INVESTMENTS

Investments include various term deposits maturing from March 2020 to October 2023 and bearing interest from 1.50% to 2.80% per annum.